



# QUARTERLY UPDATE

January - March 2025

13 May 2025



US Masters  
Residential  
Property Group



# Executive Summary

Welcome to the US Masters Residential Property Group's (URF or Group) Quarterly Report for the period 1 January 2025 to 31 March 2025.

The quarter was marked by uncertainty in the US markets, as inflation concerns and uncertainty around potential tariffs imposed by the United States government stoked fears amongst investors. While the uncertainty and broader economic concerns have persisted into Q2, the rebound of US equity markets has somewhat alleviated the fears of property buyers, although mortgage rates have remained stubbornly high. Pleasingly, in Q1 (and thus far in Q2) the Group has continued to see strong buyer appetite for its sales listings, and is continuing to press ahead with the sales program, but will continue to monitor conditions throughout the year.

During the period, the Group closed on the sale of 39 properties for a total of US\$48.07 million. The full sales pipeline as of the end of the quarter was US\$150.50 million, which includes assets in the pipeline for sale, on the market or in attorney review and under contract. Though there is no guarantee that assets under contract will close, particularly in light of recent US equity market volatility, the Group remains optimistic that it will meet the 2025 sales target by year-end based on the sales pipeline as at 31 March 2025, as well as additional properties that are expected to be added to the pipeline as the year progresses.

Looking to the operational performance of the Group for Q1 2025:

- General & Administrative (**G&A**) expenses for Q1 2025 were A\$2.8 million, or A\$2.6 million on a normalised basis. This compares with Q1 2024 normalised G&A of A\$2.4 million. The slight increase is attributable to a reduction in the value of the Australian dollar relative to the US dollar (0.6578 in Q1 2024 versus 0.6279 in Q1 2025) as well as costs associated with the internalised RE structure which was put into effect in Q2 of 2024.
- Net Operating Income (**NOI**) on a same-home basis for the 12-months ended 31 March 2025 was US\$8.1 million, which is a 5% increase when compared to the 2024 calendar year result. As has been detailed in prior investor communications, the Group continues to drive vacancy by issuing significant rental increases, as it is generally advantageous to market properties for sale with at least one unit vacant (rather than tenanted). In cases where the tenant accepts the rental increase rather than vacating the property, the underlying NOI on a 'same home' basis is bolstered.
- The Group recorded a Funds From Operations (**FFO**) loss of A\$8.8 million for Q1 2025. Excluding disposal costs and one-off items, the adjusted FFO was a loss of A\$2.3 million. As previously advised, the Group expects to incur a FFO loss as it continues to sell down the portfolio. In addition to lost revenue on properties held vacant for sale, properties in the sales pipeline continue to incur holding costs (such as property taxes and insurance) during the period in which they are marketed for sale.

The net proceeds generated from the Group's sales programme during the quarter was used to repay US\$30.19 million of the Global Atlantic Term Loan, as well as to fund buybacks of URF Stapled Securities (formally URF Ordinary Units) and the declaration of a 1 cent special distribution subsequent to quarter end. During the quarter, the Group purchased 0.75 million URF Stapled Securities for an aggregate consideration of A\$0.27 million. The special distribution that was declared on 3 April 2025 is expected to be paid on or around 1 May 2025.

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

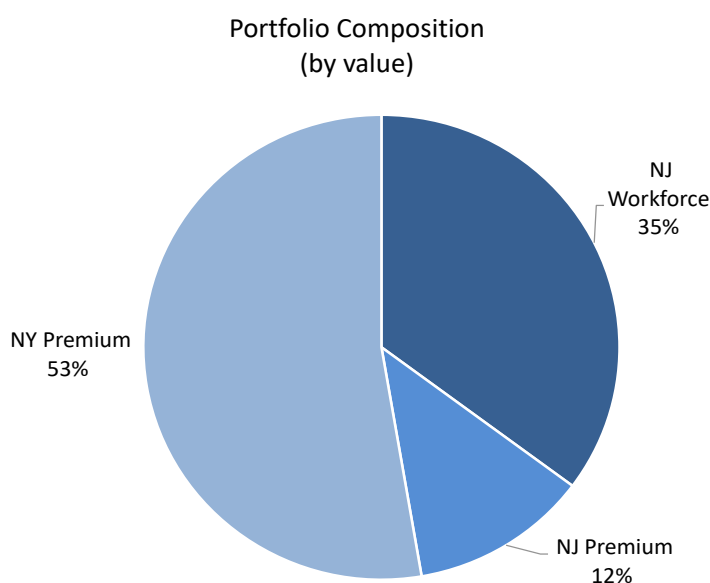


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# Portfolio Composition

The following breakdown represents the Group's 1-4 family portfolio as at 31 March 2025. At the end of the period, the Group held 301 1-4 family properties for a total value of US\$393.09 million.



Location	Value (USD)	Property Count	Location	Value (USD)	Property Count
<b>NJ Workforce</b>	<b>\$138,246,722</b>	<b>202</b>	<b>NY Premium</b>	<b>\$207,172,529</b>	<b>72</b>
Bayonne	\$28,613,173	43	Bedford-Stuyvesant	\$52,583,613	20
Bergen-Lafayette	\$6,380,085	8	Boerum Hill	\$5,900,000	1
Greenville	\$26,407,170	43	Bushwick	\$15,493,637	11
Jersey City Heights	\$28,500,437	32	Clinton Hill	\$11,037,027	3
Journal Square	\$14,922,823	21	Cobble Hill	\$6,946,735	2
North Bergen	\$4,505,189	7	Crown Heights	\$23,184,080	9
Secaucus	\$520,000	1	Lefferts Garden	\$3,405,500	1
Union City	\$1,980,095	3	Fort Greene	\$4,056,100	1
West Bergen	\$24,797,521	42	Park Slope	\$22,759,600	4
West New York	\$1,620,229	2	Williamsburg	\$13,285,403	4
<b>NJ Premium</b>	<b>\$47,675,023</b>	<b>27</b>	Hamilton Heights	\$9,930,000	3
Downtown	\$43,950,174	24	Harlem	\$38,590,834	13
Weehawken	\$3,724,849	3	<b>Total Portfolio</b>	<b>\$393,094,274</b>	<b>301</b>

Source: US REIT.

# Asset Sales

## Q1 2025 Sales

During Q1 2025, the Group closed on the sale of US\$48.07 million in sales across 39 properties.

Location	Sales Price (\$USD million)	Book Value (\$USD million)	Transaction Cost (\$USD million)	GA Loan Repayment (\$USD million)
Bayonne	\$2.25	\$2.27	-\$0.17	-\$1.17
Bedford-Stuyvesant	\$7.98	\$7.98	-\$0.59	-\$5.90
Bergen-Lafayette	\$0.88	\$0.88	-\$0.06	-\$0.52
Crown Heights	\$4.36	\$4.38	-\$0.33	-\$2.65
Downtown	\$10.70	\$10.74	-\$0.65	-\$7.11
East Williamsburg	\$2.65	\$2.65	-\$0.19	-\$1.99
Fort Greene	\$4.53	\$4.59	-\$0.33	-\$2.37
Greenville	\$2.46	\$2.46	-\$0.19	-\$1.40
Jersey City Heights	\$4.02	\$4.02	-\$0.28	-\$2.47
Journal Square	\$1.32	\$1.31	-\$0.08	-\$0.87
Union City	\$0.79	\$0.79	-\$0.06	-\$0.43
Weehawken	\$1.00	\$1.00	-\$0.07	-\$0.62
West Bergen	\$5.16	\$5.11	-\$0.43	-\$2.68
<b>Total</b>	<b>\$48.07</b>	<b>\$48.16</b>	<b>-\$3.43</b>	<b>-\$30.19</b>

## Sales Pipeline

As of 31 March 2025, the Group had US\$71.86 million of properties under contract or with an accepted offer in place, US\$31.62 million on the market and US\$47.02 million in the short-term pipeline for sale. The properties under contract are likely, but not guaranteed, to close.

Category	New York Premium	New Jersey Premium	New Jersey Workforce	Total
Sales Pipeline	\$18.54	\$6.71	\$21.78	<b>\$47.02</b>
On the Market	\$22.43	\$1.60	\$7.60	<b>\$31.62</b>
Attorney Review or Under Contract	\$40.73	\$9.57	\$21.57	<b>\$71.86</b>
<b>Total</b>	<b>\$81.69</b>	<b>\$17.87</b>	<b>\$50.94</b>	<b>\$150.50</b>

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

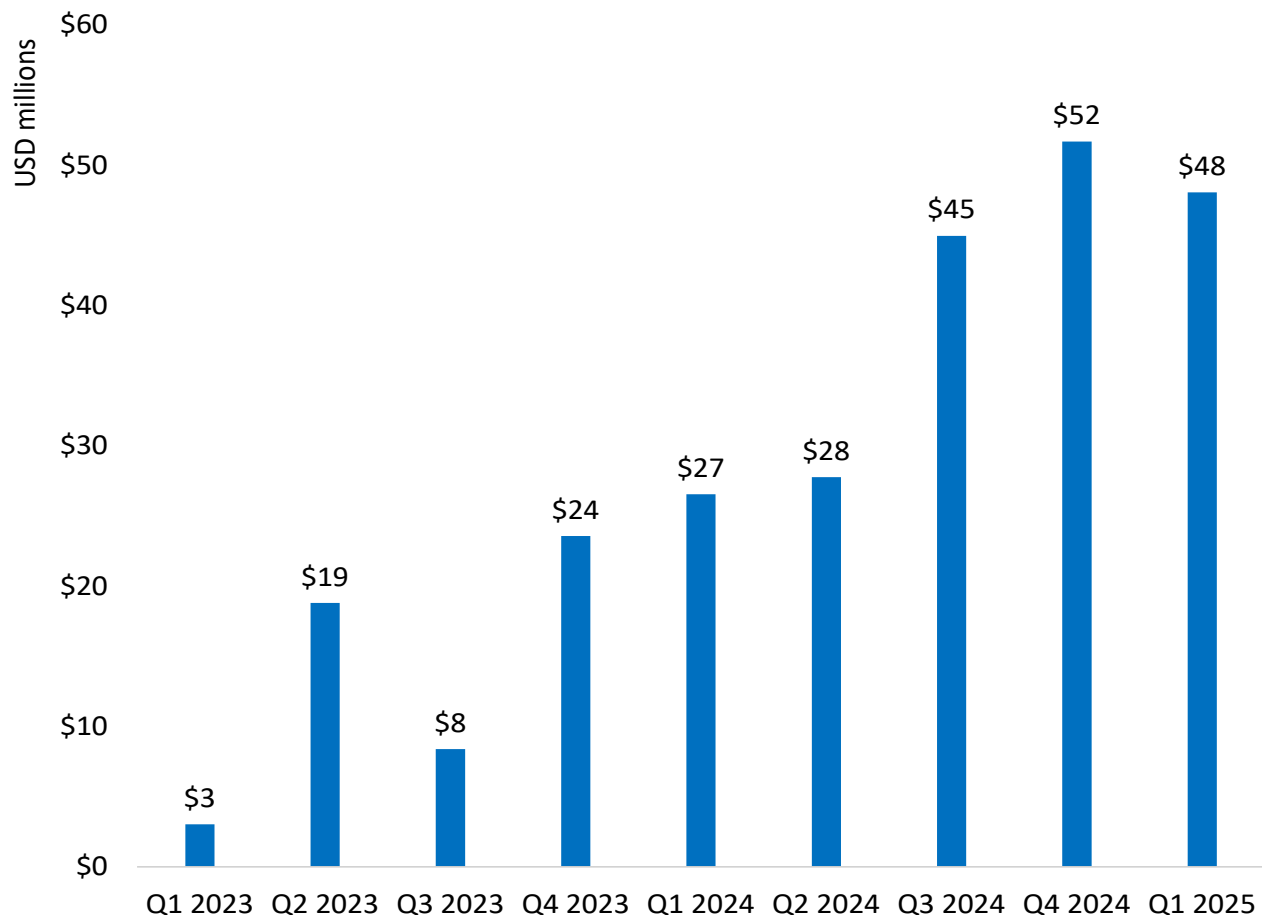
# Asset Sales

## 2025 Outlook

As advised in late 2024, the Group has set a sales target for the 2025 calendar year in the range of US\$200 to \$225 million. The Group recorded US\$48.07 million in closed sales during Q1 2025, and has an additional US\$71.86 million under contract for sale at the end of the quarter.

Though there is no guarantee that assets under contract will close, particularly in light of recent US equity market volatility, the Group remains optimistic that it will meet the 2025 sales target by year-end based on actual sales year to date, the existing pipeline at quarter end and the properties that are expected to be added to the sales pipeline as the year progresses.

Quarterly Closed 1-4 Family Sales



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

# Capital Management

During the quarter, the Group reduced the balance of its senior debt facility with Global Atlantic by US\$31.08 million, as properties forming part of the collateral pool were sold and a corresponding principal repayment was made. Loan repayment amounts are determined based on each sold property's allocated loan amount, as well as the application of Exempt Property Payments made in prior periods. Under the terms of the loan agreement, the Group can nominate properties that remain vacant during the preparation and marketing phase of the sales process to be excluded from all covenant calculations ("Exempt Property"). Upon nomination of an Exempt Property, the Group is required to make a payment equal to the difference between the Release Amount and the Allocated Loan Amount of each Exempt Property. Such payments are applied to the outstanding principal balance upon sale of each Exempt Property, reducing the principal repayment required at sale.

The Group's debt has reduced by US\$104.73 million over the twelve-month period ended 31 March 2025.

## Debt Levels & Blended Cost of Interest Calculation

	US\$ Balance at 31-Mar-24	US\$ Balance at 31-Dec-24	US\$ Balance at 31-Mar-25
Global Atlantic - Term Loan (4.00%)	296,841,528	223,196,431	192,113,282
<b>Total</b>	<b>296,841,528</b>	<b>223,196,431</b>	<b>192,113,282</b>
<b>Indicative Annual Interest Cost</b>	<b>11,873,661</b>	<b>8,927,857</b>	<b>7,684,531</b>

Source: US REIT.

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

Depending on the share price relative to the underlying Net Asset Value of the Group, the RE will continue on-market security buybacks as part of its capital management strategy. During the quarter, the Group purchased 0.75 million of URF Stapled Securities for total consideration of A\$0.27 million.

Month end	Stapled Securities (# million)	Consideration (A\$ million)
January	0.75	\$0.27
February	-	-
March	-	-
	<b>0.75</b>	<b>\$0.27</b>

Source: US REIT.

# Capital Management

As of 31 March 2025, the Group had broadly allocated its available capital as outlined in the table below:

Capital Allocation	\$A million
Cash Balance	\$100.57
<i>Comprised of:</i>	
<i>Cash balance held in the US</i>	<i>\$92.04</i>
<i>Cash balance held in Australia</i>	<i>\$8.53</i>
Less: Global Atlantic Liquidity Covenant	-\$16.01
Less: Working Capital	-\$11.50
Less: AFSL Cash Reserve Requirement (1)	-\$3.50
Less: Reserved for share buybacks	-\$2.16
<b>Cash Available</b>	<b>\$67.40</b>

Source: US REIT.

<sup>1</sup>Cash reserve required under the terms of the AFSL.

31 March 2025 exchange rate 0.6247 used (AUD:USD).

As stated at the general meeting of securityholders held on 3 April 2025, the Directors are committed to a capital management program that returns surplus funds to investor through on-market buybacks and distributions. The Directors will continue to consider and determine future distributions based on economic developments in the US, the property market performance and accompanying outlook in our respective markets, and the progress made against the 2025 sales targets.

In addition, the Directors remain conscious of the May 2026 maturity date of the Global Atlantic facility, as well as any cash buffer considered prudent to hold in the US. The Directors are particularly mindful that by the end of May 2025, the facility will have entered into its final year, which offers full prepayment flexibility. As such, the Group is free to use excess sale proceeds to pay down the facility or refinance the facility from this point. As a part of its ongoing capital management review, the Directors are currently evaluating all prospective options in this regard.



# Portfolio Occupancy

At 31 March 2025, the Group's 1-4 family portfolio had 79% of its units leased.

As noted in previous investor communications, the primary focus of the Group is the execution of the sales programme and the return of the resulting net proceeds to security holders.

The results of the sales programme are generally optimised when at least one unit is vacant as opposed to selling properties fully tenanted. Accordingly, the Group is actively driving vacancy across the portfolio either via the issuance of significant rental increases upon lease expiration to encourage non-renewal (in jurisdictions where the Group is required to offer a renewal) or by not issuing a renewal at all (in jurisdictions where the Group is not required to offer a renewal).

<b>1-4 Family portfolio (as at 31 March 2025)</b>	<b>Unit Count</b>	<b>%</b>
Leased	438	79%
For Lease or In Turnover	8	1%
Vacant pending sale	106	19%
<b>Total</b>	<b>552</b>	<b>100%</b>

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



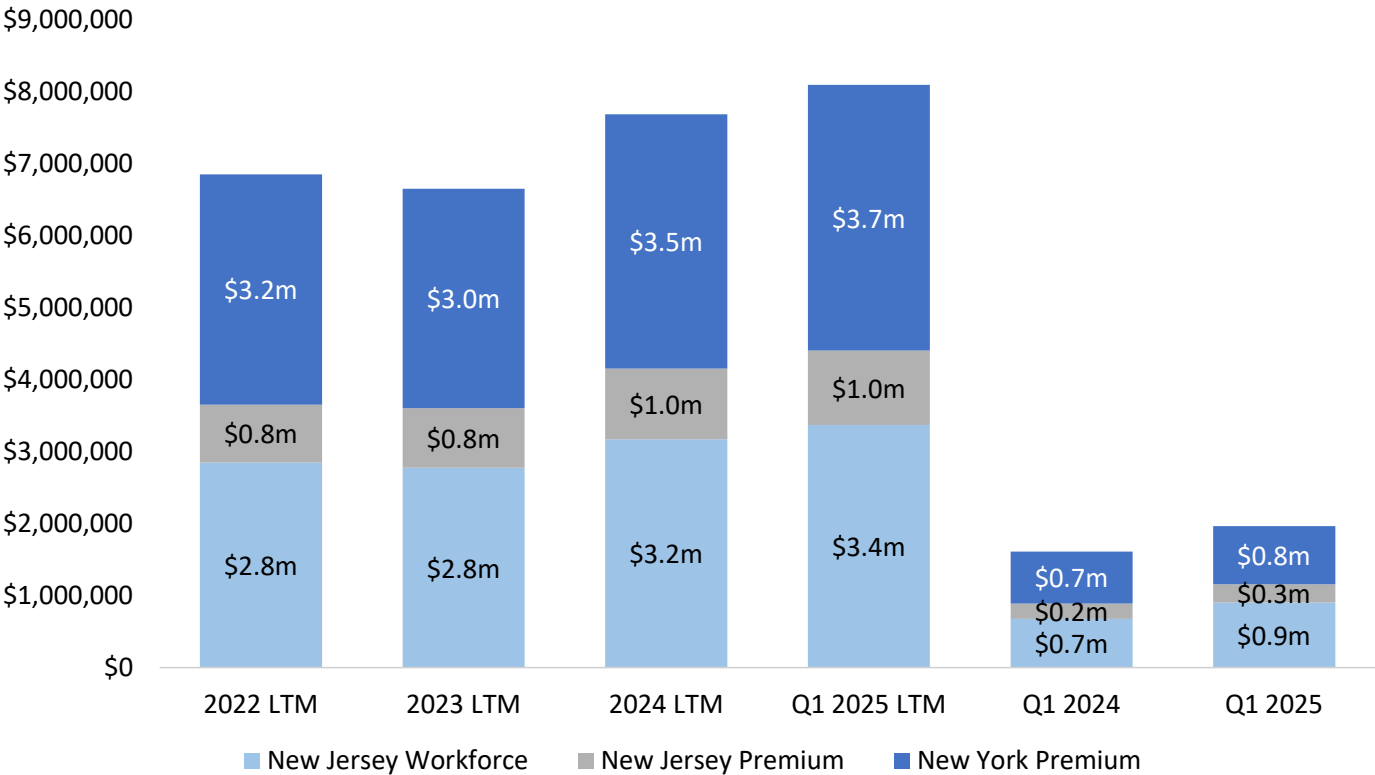
# Net Operating Income (NOI)

The Group is focused on managing the portfolio as efficiently as possible to maximise the NOI on properties that do not form part of the sales pipeline.

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

Looking specifically at NOI for the 12 months to 31 March 2025, the same-home NOI was US\$8.1 million, which is a 5% increase when compared to the full-year 2024 result. The increase in NOI is largely attributable to strong rental growth on renewal leases, as the Group has been sending significant rental increases in jurisdictions where the Group is required to issue renewals. By doing so, the Group is able to drive vacancy and increase the sales pipeline for tenants who are unwilling to accept the renewal offer, and - in circumstances where the tenant is willing to accept the rental increase and sign a renewal lease - the Group receives the benefit of outsized rental growth, which helps to boost same-home NOI when the increased rent outpaces increases in the cost of property taxes, insurance, and repairs and maintenance. There has also been an improvement in the bad debt provision in Q1 2025 relative to Q1 2024.

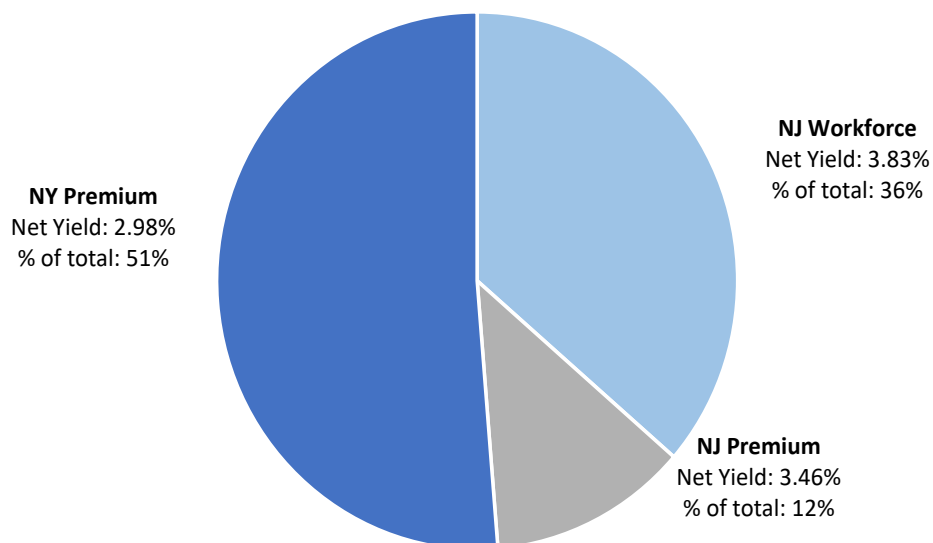
**NOI (USD): Same-Home Stabilised 1-4 Family Properties**



Source: US REIT. Figures may not sum due to rounding. Past performance is not a reliable indicator of future performance.  
Notes: “Same-home” assets by segment will not match the total portfolio distribution as it excludes assets held for sale. LTM refers to last twelve months.

# Net Operating Income (NOI)

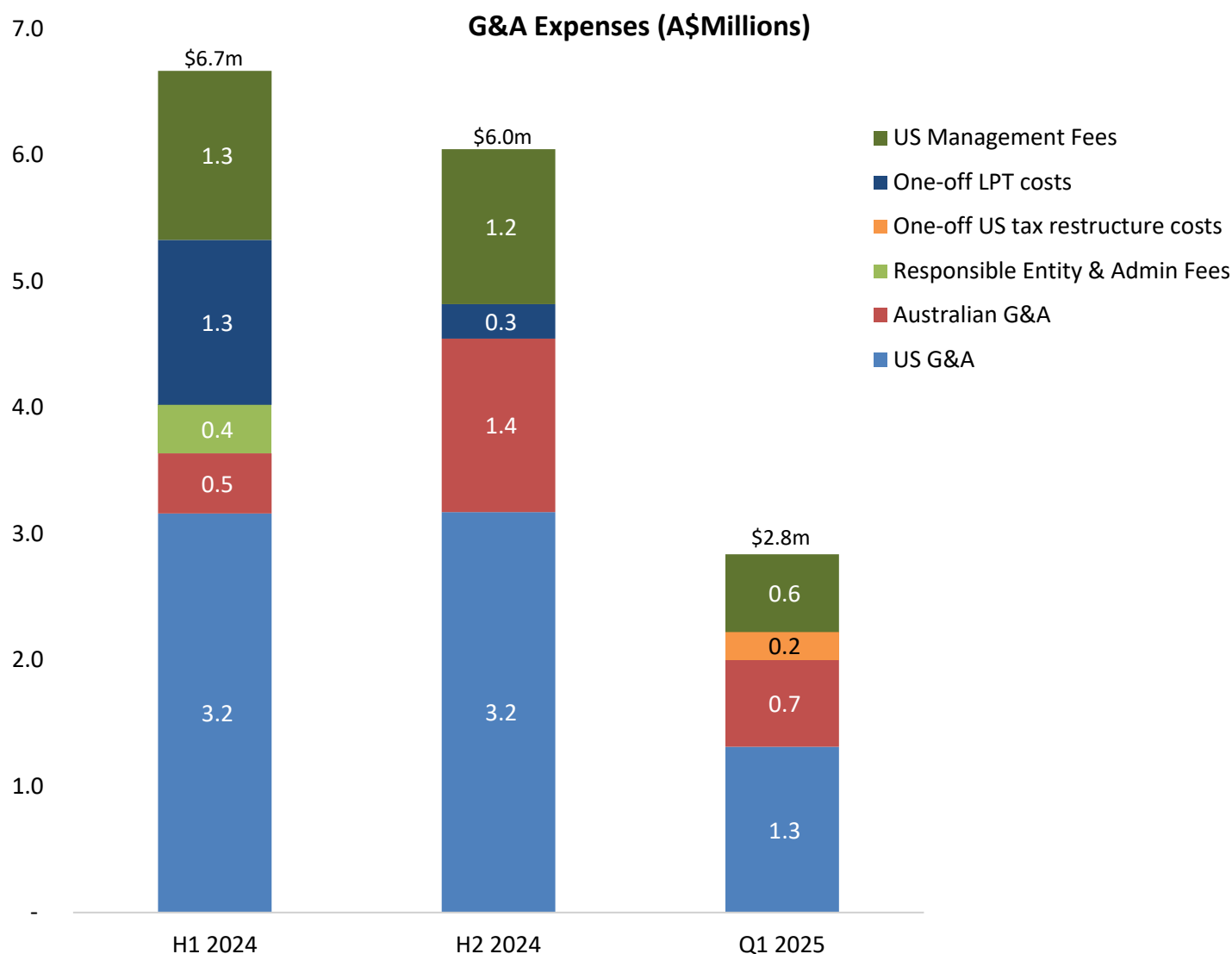
**Q1 2025 LTM NOI Yield: Same-Home Stabilised 1-4 Family Properties**



Source: US REIT. Figures may not sum due to rounding. Past performance is not a reliable indicator of future performance.  
Notes: "Same-home" assets by segment will not match the total portfolio distribution as it excludes assets held for sale. LTM refers to last twelve months.  
NOI Yield refers to the same-home NOI divided by the aggregate book value of each segment as at 31 March 2025.

# General and Administrative (G&A) Expenses

G&A expenses for the quarter were A\$2.8 million, or A\$2.6 million on a normalised basis. This compares with Q1 2024 normalised G&A of A\$2.4 million. The slight increase is attributable to a reduction in the value of the Australian dollar relative to the US dollar as well as costs associated with the internalised RE structure which was put into effect in Q2 of 2024.



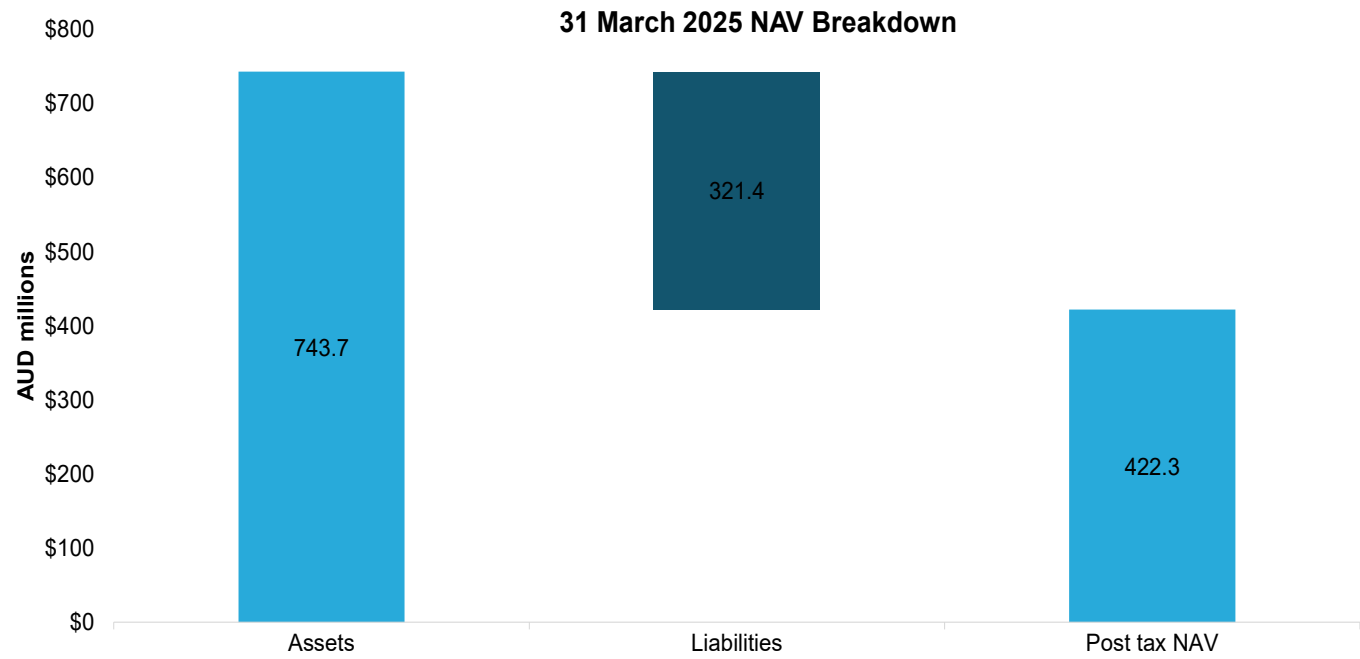
AUD/USD average rate of 0.6597 and 0.6279 for 2024 and Q1 2025 respectively.  
Source: US REIT. Figures may not sum due to rounding.



# Net Asset Value (NAV)

At 31 March 2025, the Group’s post-tax NAV was \$0.611 per stapled security.

31 March 2025 NAV Breakdown



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

Note: The Fund’s NAV per security is calculated and presented in accordance with ASX listing rules and the relevant accounting standards. Securityholders should be aware that the NAV is reported without provision for the various transaction costs associated with property sales. As the Group continues to dispose of properties the NAV of the Group and each security will naturally fall slightly as these expected costs are realised, all else being equal.

# Cash Flow Profile

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

Due to the transaction costs incurred on property sales coupled with the drag on cash flows associated with properties that comprise the sales pipeline, it is expected that the Group will continue to incur a FFO loss as it executes the sales programme.

The Group recorded a FFO loss of A\$8.8 million for Q1 2025. After excluding disposal costs and other one-off items, the Group's adjusted FFO loss was A\$2.3 million for the quarter.

A\$ Millions	2022	2023	2024	Q1 2025
Revenue from Ordinary Operations	44.1	44.1	37.0	7.1
One-Off Income	0.2	-	-	-
Insurance Proceeds	0.1	1.4	-	-
Investment Property Expenses	(16.1)	(19.1)	(17.9)	(3.9)
Investment Property Disposal Costs	(2.2)	(5.6)	(16.4)	(6.2)
Equity Investment Disposal Costs	-	-	(0.8)	-
G&A	(11.7)	(11.6)	(11.3)	(2.6)
One-Off Transaction Related Costs - G&A	(1.5)	-	-	-
One-Off Restructuring Costs - G&A	(1.7)	-	-	-
One-off US Tax Restructure Costs - G&A	-	-	-	(0.2)
One-Off Severance Costs - G&A	(1.0)	-	-	-
One-Off LPT Costs - G&A	(0.4)	(0.5)	(1.6)	-
<b>EBITDA</b>	<b>9.7</b>	<b>8.7</b>	<b>(10.9)</b>	<b>(5.9)</b>
<b>EBITDA (excluding disposal costs and one-off items)</b>	<b>16.2</b>	<b>13.4</b>	<b>7.9</b>	<b>0.4</b>
Net Interest Expenses (Excluding Notes Interest)	(20.1)	(20.1)	(16.3)	(2.9)
<b>Funds From Operations (FFO)</b>	<b>(10.5)</b>	<b>(11.4)</b>	<b>(27.2)</b>	<b>(8.8)</b>
<b>FFO (excluding disposal costs and one-off items)</b>	<b>(3.9)</b>	<b>(6.7)</b>	<b>(8.4)</b>	<b>(2.3)</b>

Source: US REIT. Excludes Convertible Preference Unit (URFPA) distributions in 2022 as they are equity distributions.

AUD/USD average rate of 0.6947, 0.6644, 0.6597 and 0.6279 for 2022, 2023, 2024 and Q1 2025 respectively.

FFO is reported on a cash accounting basis. Figures in table may not sum due to rounding.



## Board of the Responsible Entity

Stuart Nisbett INDEPENDENT CHAIR

Peter Shear INDEPENDENT DIRECTOR

Jack Lowenstein INDEPENDENT DIRECTOR

Sean Banchik INDEPENDENT DIRECTOR

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### Important Information

This Quarterly Update (**Update**) has been prepared and authorised for release by US Masters Responsible Entity Limited (ACN 672 783 345 | AFSL 553 794) (**Responsible Entity**) as the Responsible Entity of the US Masters Residential Property Group a listed stapled entity consisting of US Masters Residential Property Fund (ARSN 150 256 161) and US Masters Residential Property Fund II (ARSN 676 798 468 (together the **Group** or **Fund**)). An investment in the Fund is subject to various risks, many of which are beyond the control of the Responsible Entity. This Update may contain general advice. Any general advice provided has been prepared without taking into account your objectives, financial situation or needs. Before acting on the advice, you should consider the appropriateness of the advice with regard to your objectives, financial situation and needs. Past performance is not a reliable indicator of future performance. All figures in this Update are in AUD unless stated otherwise. Readers are cautioned not to place undue reliance on forward looking statements and the Parties assume no obligation to update that information. The Parties give no warranty, representation or guarantee as to the accuracy or completeness or reliability of the information contained in this document. The Parties do not accept, except to the extent required by law, responsibility for any loss, claim, damages, costs or expenses arising out of, or in connection with, the information contained in this Update.