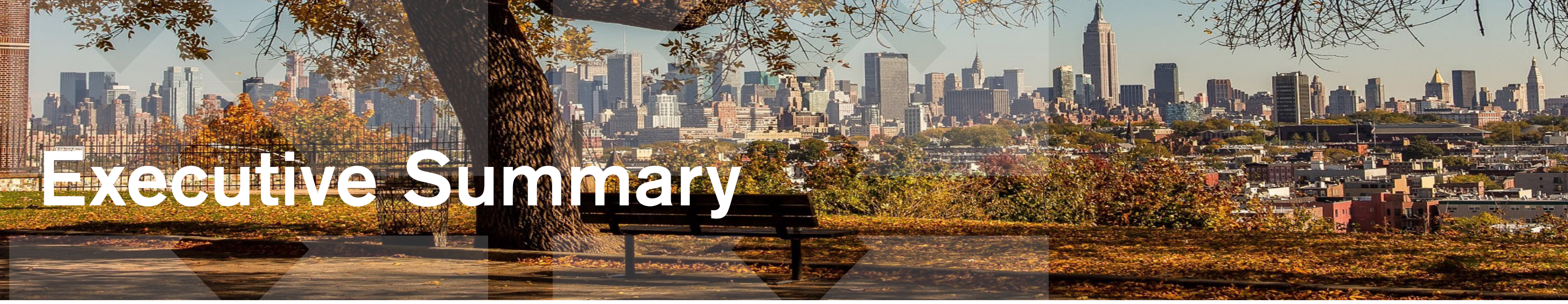
QUARTERLY UPDATE

January - March 2022

11 May 2022

US Masters Residential Property Fund



Executive Summary

We welcome investors to the US Masters Residential Property Fund's (URF or Fund) Quarterly Report for the period 1 January 2022 to 31 March 2022.

On 27 March 2022, the Fund announced that E&P Investments Limited as responsible entity of URF entered into a conditional Purchase and Sale Agreement for the sale of substantially all of URF's 1-4 Family property portfolio. This announcement can be found on the ASX and also on the Fund's website (here), and we have addressed some common questions and answers in the following section of this report. Additional information on this potential transaction will be provided to investors following the conclusion of the examination period, which expires on 25 May 2022.

Regarding the URF's regular operating activities, Q1 2022 saw continued progress in the execution of the Fund's strategic plan.

Asset sales of US$18.37 million were closed, and the Fund has substantially completed its dedicated sales program. Proceeds from these sales saw the Fund's cash balances increase to US$50.8 million, while debt levels reduced slightly (down US$1.85 million). Proactive debt repayments and other capital management initiatives remain on hold pending the result of the bulk sale transaction.

Rent collection rates continued to be strong, with 99.5% of the quarter's expected rent roll being realised. In addition, portfolio occupancy continued to strengthen, reaching a multi-year high of 98% as the portfolio has fully completed the prior renovation program and cleared the asset sales pipeline.

Despite the Fund incurring A$410,000 in nonrecurring expenses associated with the proposed bulk sale transaction, General & Administrative Costs were reduced by A$300,000 compared to Q1 2021. The portfolio's stabilised Net Operating Income also strengthened by US$408,000 compared to Q1 2021, largely driven by improved revenue results in Q1 2022.

These factors culminated in a Funds From Operations (FFO) loss (excluding disposal costs and non-recurring items) of A$0.5 million for the quarter. Compared to the same period in 2021, this represents an 85% improvement in FFO (Q1 2021: A$3.5m loss excluding disposal and one-off costs), and illustrates the Fund's continued progress in maximising cash flows, and moving towards a positive FFO run rate, which is expected to be achieved in the second half of 2022.

As always, we welcome investor feedback and questions via our Investor Relations team at URFInvestorRelations@usmrpf.com.

Brian Disler
Co-Head of the US REIT

Kevin McAvey
Co-Head of the US REIT

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Potential Bulk Sale Transaction

On 27 March 2022, the Fund announced that E&P Investments Limited as responsible entity of URF entered into a conditional Purchase and Sale agreement with a joint venture between Brooksville Company LLC and Rockpoint Group LLC for the sale of nearly all of URF's 1-4 Family property portfolio. This announcement can be found on the ASX and also on the Fund's website (here).

The potential transaction would see substantially all of URF's 1-4 Family property assets sold for US$506.6 million. If the transaction is completed, it is expected that the Responsible Entity will terminate the Fund, all the assets of URF will be divested, and the net proceeds of realisation will be returned to investors. URF will be de-listed from the ASX and wound up as part of this process. On wind-up, distributions are payable in the first instance to URFPA holders at the issue price of A$100 per URFPA unit (in accordance with the URFPA terms), with the residual amount then payable to URF ordinary unitholders. As outlined in the 27 March 2022 announcement, this implies an estimated realisable value of A$0.22 per URF ordinary unit at an AUD:USD exchange rate of 0.75. The expected proceeds available to URF ordinary unitholders will continue to be impacted by movements in the AUD:USD exchange rate. Since this potential transaction was announced, the Australian dollar has depreciated against the US dollar which increases the estimated proceeds for ordinary unitholders.

The potential transaction is subject to a number of pending conditions including a favourable vote by URF Ordinary Unitholders.

The Fund is currently within a 60-day examination period which expires on 25 May (US-time) 2022. During this period routine due diligence is undertaken, and simultaneously an Independent Expert is reviewing the transaction and preparing an Independent Expert's Report. Subject to the following conditions, the Responsible Entity intends to recommend the transaction to investors;

a) the successful completion of this examination period,

b) the Independent Expert Report concluding that the transaction is reasonable and in the best interests of unitholders,

c) Global Atlantic approving the assignment of their loan, and

d) the absence of a superior competing offer (the Responsible Entity is free to evaluate any higher, competing bids per the Purchase and Sale Agreement).

Following such a recommendation from the Responsible Entity, a meeting of ordinary unitholders would be convened to vote on the transaction, with detailed transaction documentation (including an Explanatory Memorandum containing the Independent Expert's Report) provided to investors prior to the meeting.

The following answers are provided to some common questions that have arisen since this announcement:

What do investors need to do now?

No action is required from investors at this time. Detailed transaction documentation to be provided in due course.

What types of potential buyers were targeted as part of the capital markets process?

Ackman Ziff, the Fund's advisor for the capital markets process, consciously approached a wide selection of groups when discussing this potential transaction. This included; private equity managers, insurance groups, pension funds, family offices, single family rental (SFR) operators, NY property investors and asset managers. In total, over 80 parties were contacted regarding the offering.

Who gets to vote on the proposed transaction?

All Ordinary unitholders as of the Record Date (which will be specified in the meeting documents) will be eligible to vote on the transaction.

While the Fund's Constitution typically provides CPU holders with voting rights, in the scenario of a disposal of URF's main undertaking, ASX Listing Rule 11.2 takes precedence over the Fund's Constitution. This listing rule specifically notes that only ordinary unitholders are to vote on the resolution. As such, CPU holders will not be entitled to vote on this proposed transaction.

Potential Bulk Sale Transaction

If the bulk sale transaction doesn't proceed, what are the other options available to the Fund?

Detailed information on alternative options to the transaction will be provided in the Explanatory Memorandum. This will be distributed to investors prior to any meeting or vote being held.

What are the possible opinions likely to be offered by the independent expert?

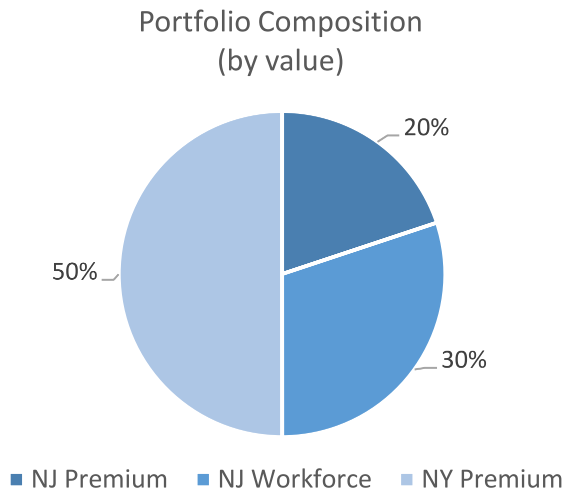
ASIC RG 111 "Content of expert reports" sets out the differing opinion types for an independent expert's report. In transactions of this nature they typically fall into the following categories;

- "Fair and reasonable"
- "Not fair but reasonable"
- "Not fair and not reasonable"

Fairness usually considers whether the offer price or consideration is equal to or greater than the value of the asset subject to the offer, whereas reasonableness considers whether there are sufficient reasons for securityholders to accept the offer in the absence of a higher bid.

Portfolio Composition

The following breakdown represents the Fund's 1-4 family portfolio as at 31 March 2022. These valuations reflect the asset-by-asset appraisals conducted as at 31 December 2021 as part of the regular six-monthly valuation exercise (using a "comparable sales" methodology), adjusted for capital expenditure and asset sales through Q1 2022.



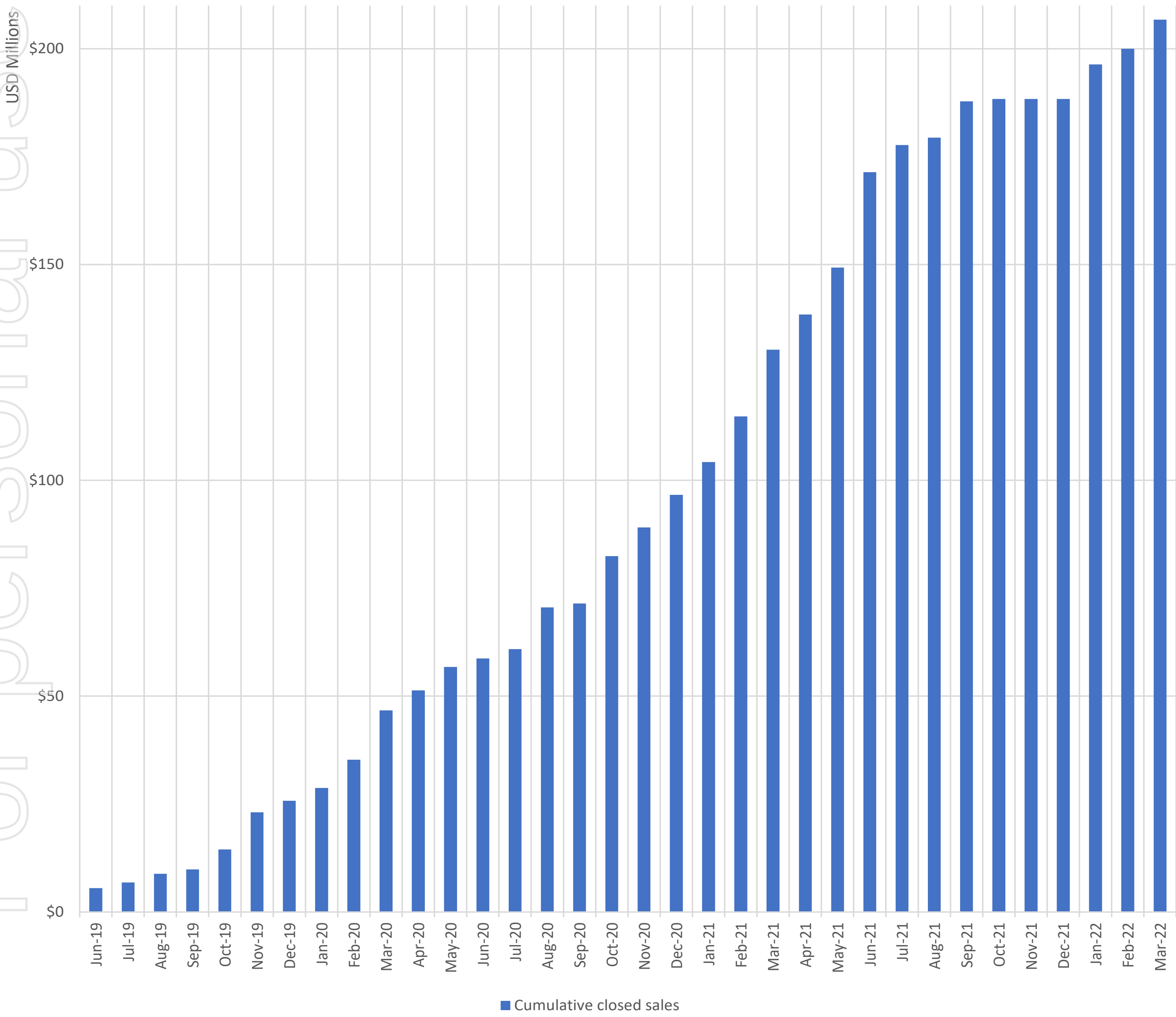
Location	Value (USD)	Property Count	Location	Value (USD)	Property Count
NJ Workforce	**$190,617,557**	**300**	**NY Premium**	**$313,157,591**	**109**
Bayonne	$30,928,053	54	Bedford-Stuyvesant	$95,311,391	38
Bergen-Lafayette	$7,846,398	11	Boerum Hill	$10,048,080	2
Greenville	$36,984,680	68	Bushwick	$20,402,447	14
Jersey City Heights	$51,450,318	62	Clinton Hill	$14,994,253	4
Journal Square	$18,036,727	26	Cobble Hill	$7,267,132	2
Secaucus & North Bergen	$5,779,898	10	Crown Heights & Lefferts Garden	$33,767,643	14
Union City & West New York	$4,590,447	8	Fort Greene	$11,080,201	3
West Bergen	$35,001,037	61	Park Slope	$33,892,203	7
NJ Premium	**$124,579,231**	**70**	Prospect Heights	$5,330,425	1
Downtown	$115,595,643	64	Williamsburg	$15,948,644	6
Weehawken	$8,983,588	6	Hamilton Heights & Harlem	$65,115,172	18

Source: US REIT, as at 31 March 2022. Figures may not sum due to rounding.

Asset Sales

Throughout Q1 2022 the Fund closed on the sale of four 1-4 Family properties, for a combined value of US$18.37 million.

The Fund's dedicated sales program is now largely complete, and as at 31 March 2022 over US$206 million in assets have been sold from the 1-4 Family portfolio since the sales program was first announced in 2019.



Source: US REIT.

Capital Management

The Fund's debt levels were largely unchanged across the quarter, with US$1.85 million being repaid from the Global Atlantic Term Loan following the settlement of property sales used as collateral for this loan account.

Asset sales throughout the quarter increased the Fund's cash holdings, which were US$50.8 million at 31 March 2022.

Due to the bulk sale transaction currently being assessed, consideration of capital management initiatives such as early repayments against the Term Loan or security buybacks have been paused.

Debt Levels & Blended Cost of Interest Calculation

	US$ Balance at 31-Mar-21	US$ Balance at 30-Jun-21	US$ Balance at 30-Sep-21	US$ Balance at 31-Dec-21	US$ Balance at 31-Mar-22
Global Atlantic - Term Loan (4.00%)	353,764,177	350,913,925	349,885,636	349,885,636	348,034,311
Global Atlantic - Bridge Loan (5.00%)	49,671,212	24,601,050	0	0	0
Total	**403,435,389**	**375,514,975**	**349,885,636**	**349,885,636**	**348,034,311**
Indicative Annual Interest Cost	**16,634,128**	**15,266,610**	**13,995,425**	**13,995,425**	**13,921,372**

Source: US REIT.

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

Rental Income Collections

As has been the case since the onset of the COVID-19 pandemic, the Fund continued to work collaboratively with tenants to maximise rent collections during the quarter. Tenants who have been financially impacted by COVID-19 have been encouraged to dialogue directly with the Fund, and resolutions have been handled on a case-by-case basis.

Eviction moratoriums expired in January 2022 across both New Jersey and New York. While eviction processing is substantially delayed due to the backlog of cases before the courts, this represents another step towards a normalised property market.

Pleasingly, collection rates were resilient throughout the quarter, equating to 99.5% of the quarter's occupied rent roll. The rent collected includes receipts for Q1, as well as outstanding payments for prior months:

Month	Collection Rate
January 2022	97.0%
February 2022	101.1%
March 2022	100.4%
Q1 2022	**99.5%**

Source: US REIT.

Portfolio Occupancy

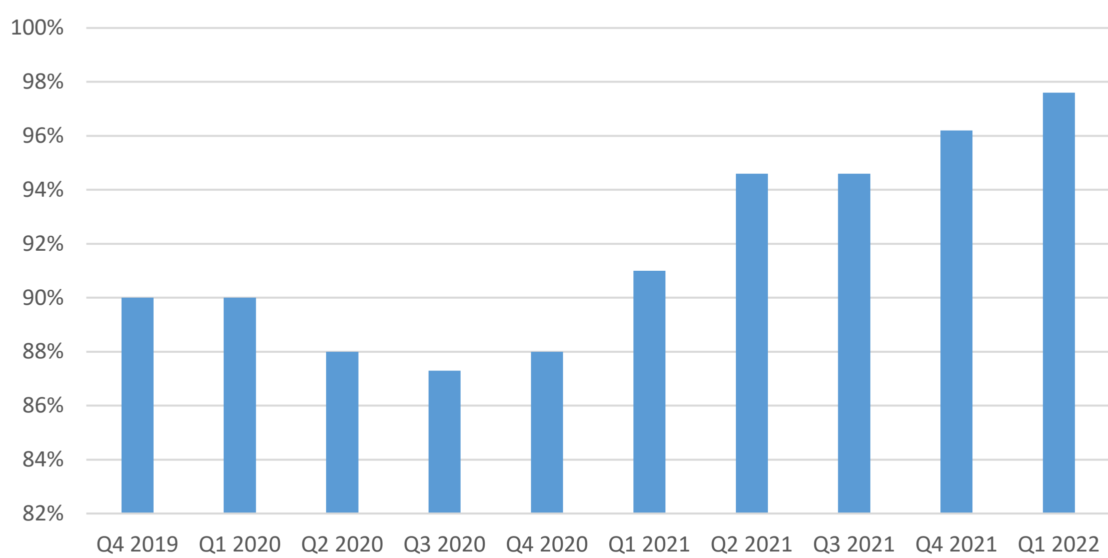
The Fund's goal is to have as many properties fully leased as possible, while noting that properties in the sales program may be intentionally left vacant in order to maximise the potential sales price.

At 31 March 2022, the Fund's 1-4 family portfolio had 98% of its units leased, with 2% of units available for lease or undergoing a turnover in between leases. Three units (across two properties) were vacant as the properties are being individually sold.

This represents another historically high occupancy rate for the Fund, made possible following the conclusions of the prior renovation pipeline and substantial completion of the sales program, as well as the Fund's focus on minimising re-leasing time and costs.

Total Portfolio (as at 31 March 2022)	**Unit Count**	**%**
Leased	863	98%
In Turnover or For Lease	18	2%
Held for sale - on the market (vacant)	1	0%
Sale asset - pending closing (vacant)	2	0%
Total Units	**884**	**100%**

1-4 Family portfolio occupancy (unadjusted)



Source: US REIT.

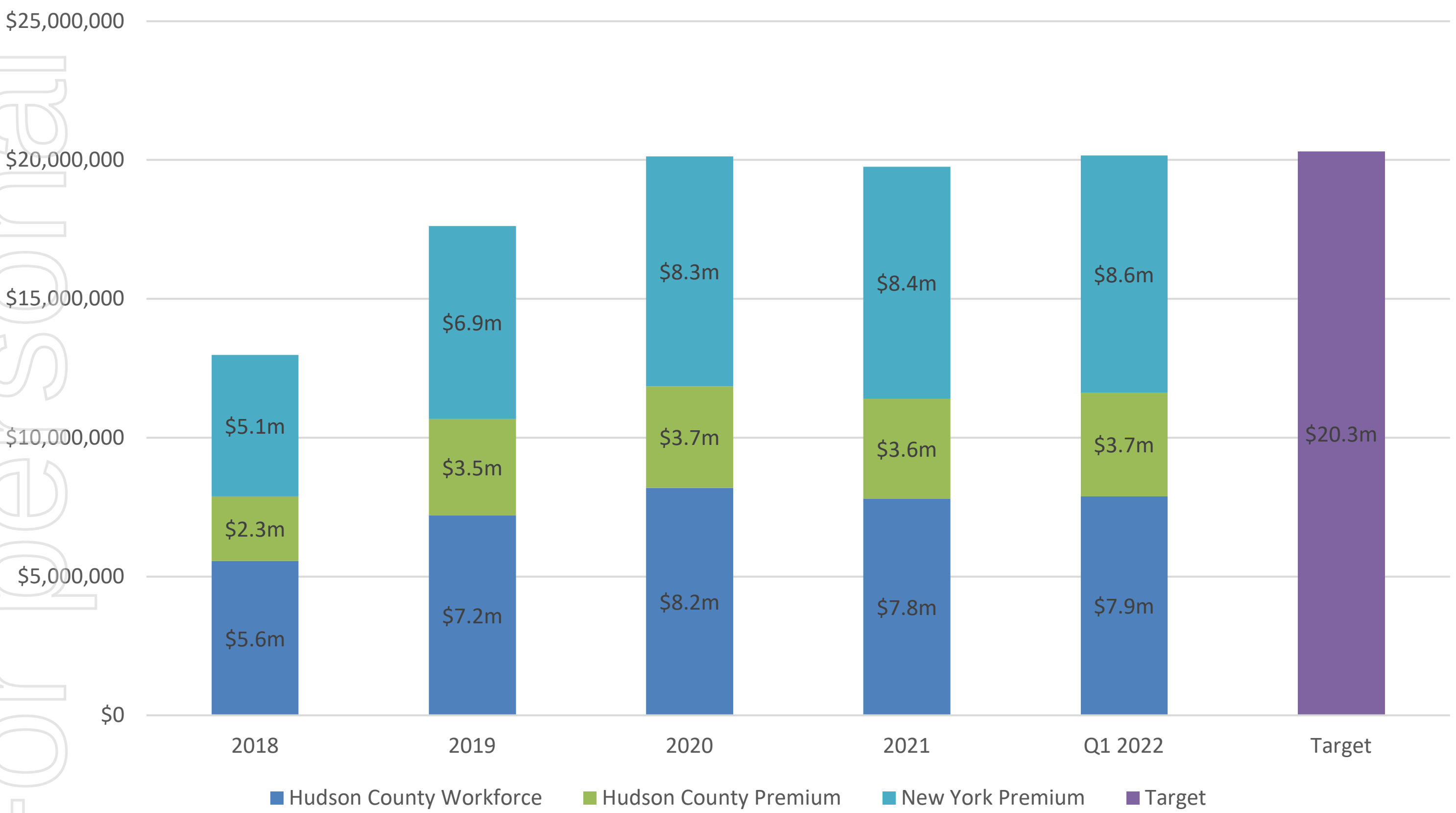
Net Operating Income

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

As a result of the sales program, total portfolio revenue has decreased relative to historic levels as the portfolio has reduced in size. To remove the impact of the sales program and review income performance in a consistent manner, the following analysis reviews the portfolio on a 'same home' basis, meaning that it only considers assets currently owned and income generating (or for lease), and looks at the income generated by that "stabilised" pool of properties over time. As the Fund is nearing the end of its sales program and transitioning to a fully stabilised state, this pool of properties will largely be reflective of the entirety of the portfolio, with the only exclusions being any properties currently on the market for sale or any opportunistic sales that the Fund considers in the future.

Looking specifically at both Q1 2021 and Q1 2022, the portfolio NOI increased by US$408,000, largely driven by improved revenue results in Q1 2022. At the end of Q1 the Fund's same-home trailing 12-month NOI was US$20.2 million. This result was within 0.75% of the target originally set at the end of 2019, prior to the impact of the COVID-19 pandemic.

NOI (USD): Same-Home Stabilised 1-4 Family Properties (trailing 12 month basis)



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

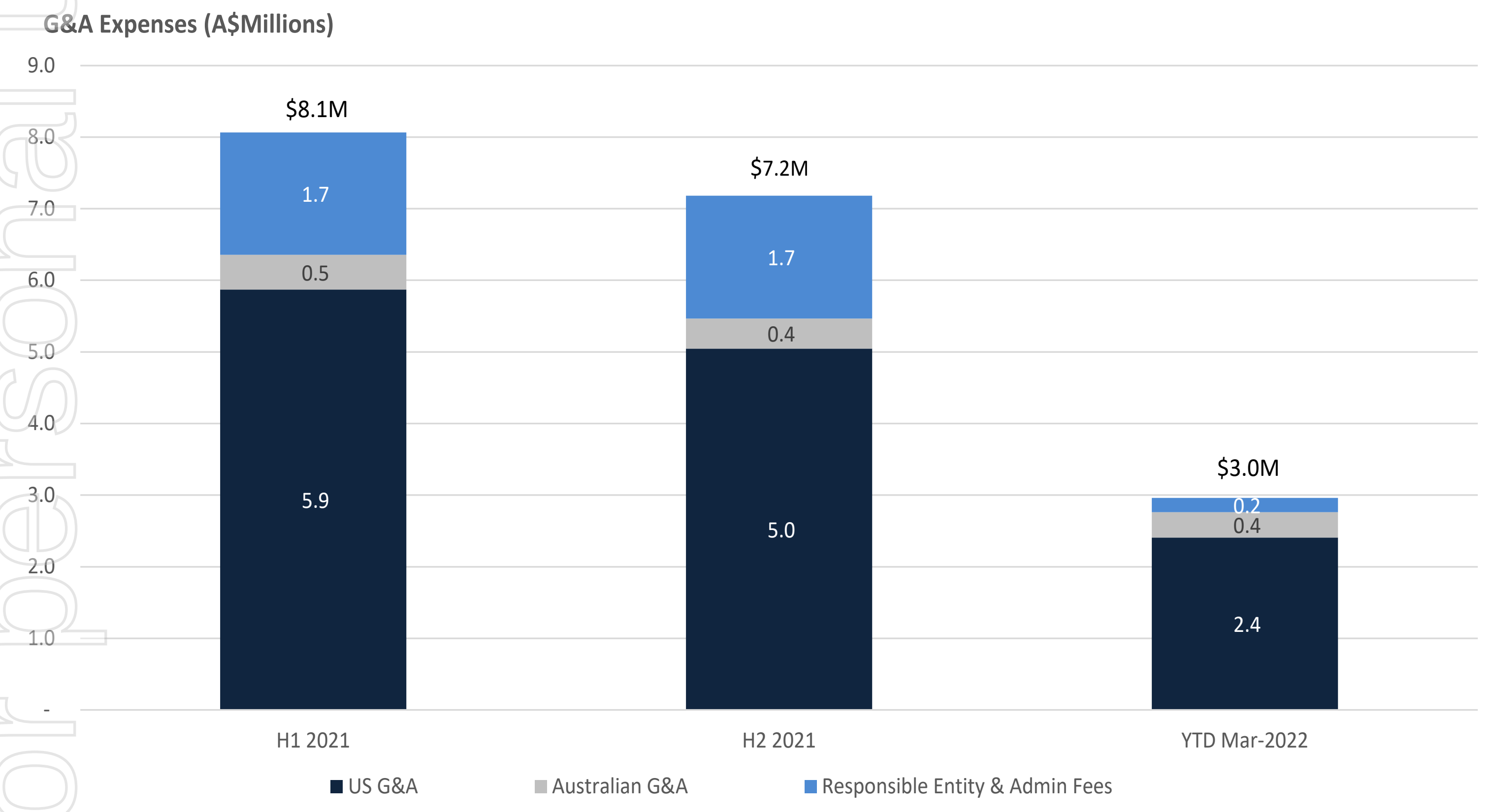
Note: "Same-home" assets by segment will not match the total portfolio distribution as it excludes assets held for individual sale.

General and Administrative Expenses

Reducing General and Administrative (G&A) expenses is a key goal for the Fund's management team, with substantial progress being made since the change in management in 2019.

For Q1 2022 total G&A expenses were A$3.0 million, down from A$3.3 million for the same period in 2021. This Q1 2022 figure includes nonrecurring bulk sale transaction-related costs of approximately A$410,000 for external consulting and advisory services.

As detailed in the CEO Report of the FY21 accounts, as the Fund entered the capital markets process the operations were kept unchanged so that URF would be able to market the portfolio to the widest universe of potential buyers, including those that would need the operations to remain in place. In the event that no bulk sale eventuates the current operations of the Fund will be further reduced, and the business will move from a co-CEO model to a single CEO model, further reducing G&A costs.



AUD/USD average rate of 0.7513 and 0.7245 for 2021 and Q1 2022 respectively.

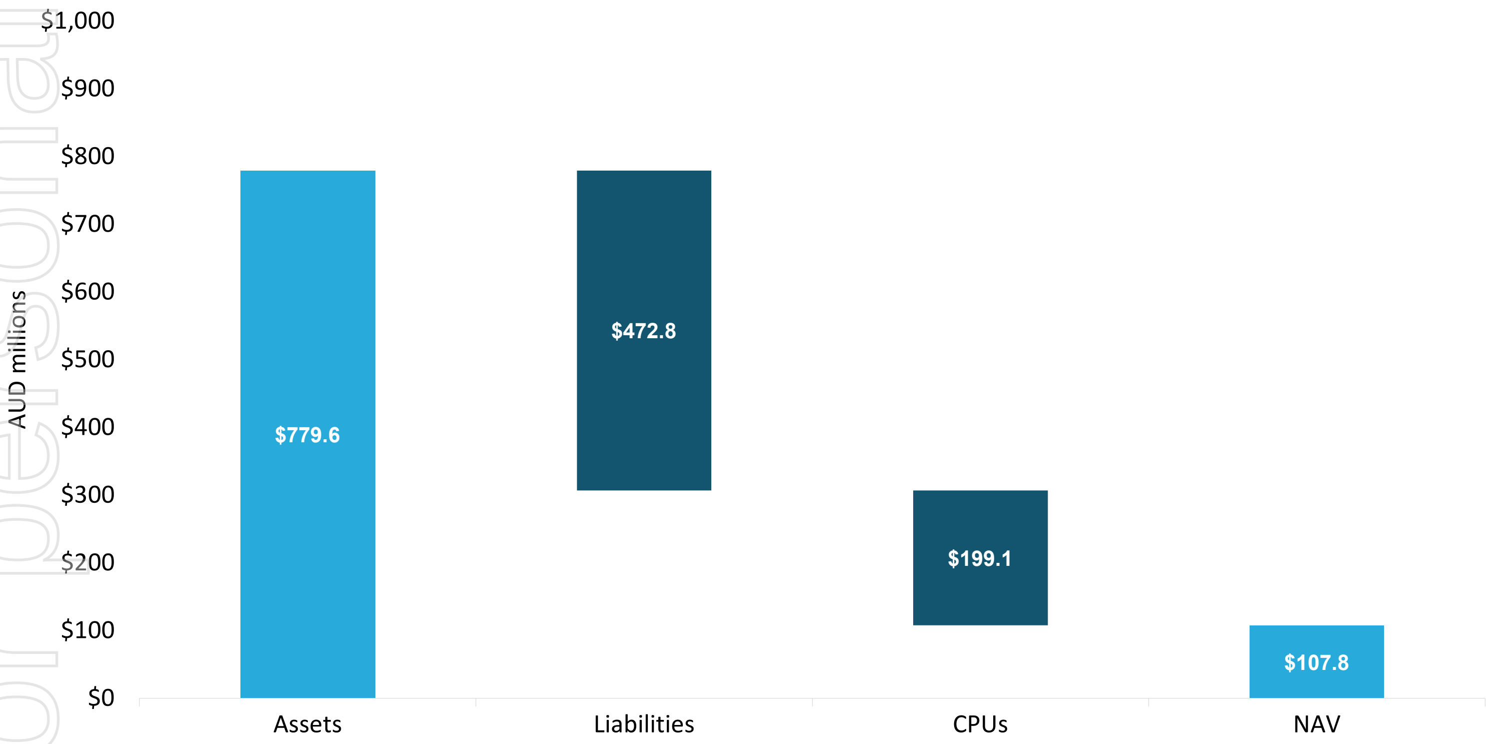
Source: US REIT. Figures may not sum due to rounding.

Net Asset Value

Following the signing of a conditional Purchase and Sale Agreement in March 2022, the Fund's 1-4 Family portfolio is now classified as 'held for sale' under the accounting standards. Accordingly, the Net Asset Value (NAV) as at 31 March 2022 incorporates the value of the Fund's 1-4 Family property portfolio for total consideration of US$506.6 million, as well as the removal of the previously held Deferred Tax Liability of US$27.0 million which is not expected to materialise under the transaction. Importantly, the NAV does not include the anticipated disposal costs associated with the transaction (approximately US$13.0 million), nor does it include the full Convertible Preference Unit distribution payable in respect of the six month period ended 30 June 2022 (approximately A$6 million).

Prior to the portfolio being classified as 'held for sale', the accounting standards required that fair value be determined with reference to the 'unit of account' of the underlying properties (i.e. on a property-by-property valuation basis), which was determined using individual property appraisals completed by an independent panel of appraisers.

A breakdown of the Fund's NAV as at 31 March 2022, inclusive of the proposed transaction, is depicted below.



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

Fund Cash Flow Profile

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

Historically, the Fund has made regular cash losses while it focused on growing and renovating its portfolio. While asset value growth and favourable currency movements have the ability to outweigh the Fund's operational cash losses and generate a profit, it has been management's goal to reposition the Fund to become cash flow positive from its operating activities alone so that it is not reliant on such factors to reach profitability.

Excluding disposal costs and non-recurring bulk sale transaction items, the FFO loss for Q1 2022 was A$0.5 million. Compared to the same period last year, this represents an 85% improvement in FFO (Q1 2021: A$3.5m loss excluding disposal and one-off costs).

The Fund achieved its first ever month of positive FFO in February 2022 (excluding disposal costs and non-recurring transaction expenses), as the effects of the operational improvements continue to be realised. While portfolio expenses can be lumpy and as a result FFO figures will fluctuate on a month-to-month basis, this is a notable milestone for the Fund and in particular demonstrates the impact of reduced G&A costs and the benefits of the Fund's reduced interest burden. The Fund is expected to achieve a positive FFO run rate within the second half of the 2022 calendar year.

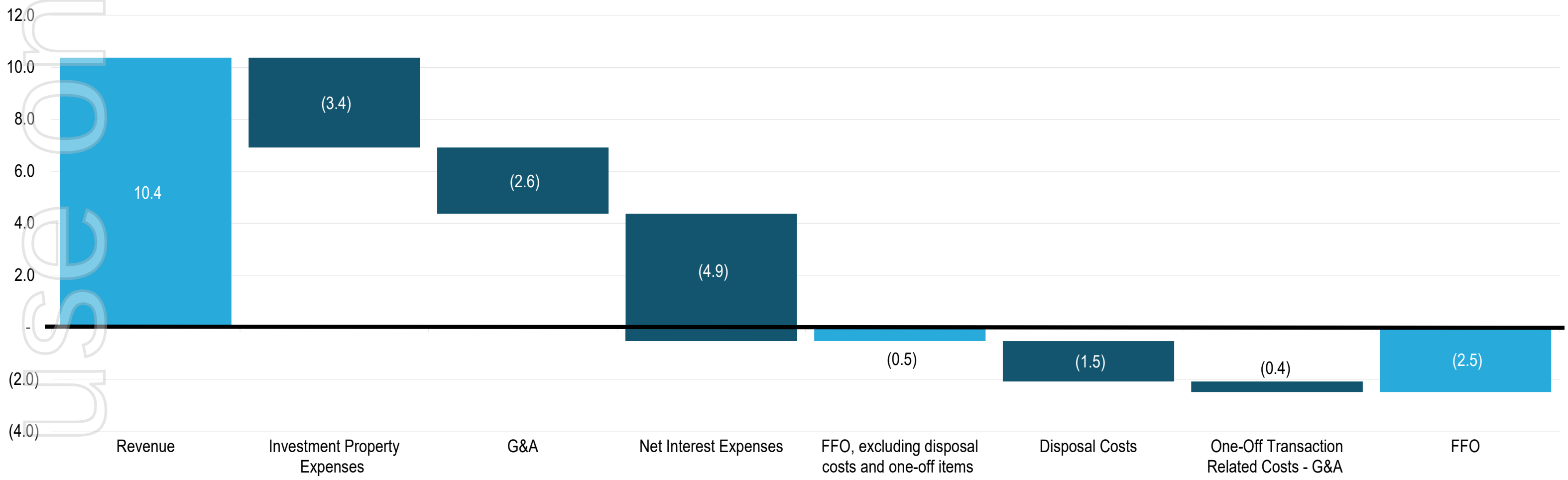
A$	2018	2019	2020	2021	Q1 2022
Revenue from Ordinary Operations	**38.1**	**49.7**	**45.4**	**39.7**	**10.4**
One-Off Grant Income			**1.9**	**-**	**-**
Investment Property Expenses	(16.3)	(19.2)	(14.9)	(13.1)	(3.4)
Investment Property Disposal Costs	(3.6)	(4.3)	(5.7)	(7.3)	(1.5)
G&A	(25.1)	(22.2)	(16.0)	(15.1)	(2.6)
One-Off Refinancing Costs - G&A	-	-	(1.3)	-	-
One-Off Transaction Related Costs - G&A	-	-	-	-	(0.4)
EBITDA	**(6.9)**	**4.0**	**9.4**	**4.2**	**2.4**
EBITDA (excluding disposal costs and one-off items)	**(3.4)**	**8.3**	**14.5**	**11.5**	**4.4**
Net Interest Expenses (Excluding Notes Interest)	(20.5)	(21.2)	(16.6)	(21.2)	(4.9)
One-Off Refinancing Costs - Interest	-	-	(0.4)	-	-
Notes Interest	(21.7)	(19.8)	(13.0)	(0.3)	-
Funds From Operations (FFO)	**(49.0)**	**(37.1)**	**(20.7)**	**(17.4)**	**(2.5)**
FFO (excluding disposal costs and one-off items)	**(45.5)**	**(32.8)**	**(15.1)**	**(10.0)**	**(0.5)**

Source: US REIT.

Note: excludes Convertible Preference Unit (URFPA) distributions as they are equity distributions. AUD/USD average rate of 0.7476, 0.6953, 0.6910, 0.7513 and 0.7245 for 2018, 2019, 2020, 2021 and Q1 2022 respectively. FFO is reported on a cash accounting basis. Figures in table may not sum due to rounding.

Fund Cash Flow Profile

Q1 2022 Funds From Operations (FFO) (A$Millions)



Source: US REIT. Note: Excludes Convertible Preference Unit (URFPA) distributions as they are equity distributions. AUD/USD average rate of 0.7245 for Q1 2022. FFO is reported on a cash accounting basis. Figures may not sum due to rounding.

Board of the Responsible Entity

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Important Information

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