



QUARTERLY UPDATE

July – September 2015



US Masters
Residential
Property Fund

Executive Summary

US Masters Residential Property Fund (URF or Fund) continued its strong performance in the quarter ended 30 September 2015, with unitholders benefitting from continuing momentum across acquisitions, renovation activity and lease renewals.

The Fund remains focused on strengthening its portfolio of quality, premium residential properties in the Brooklyn, Hudson County and Manhattan Boroughs, with the number of housing units increasing to 1932, encompassing 554 freestanding houses and 27 apartment buildings.

URF's disciplined approach to acquisitions, renovations and leasing underpins the high quality of the Fund's asset base. Following a review of 292 properties, US\$18.6 million was invested in 14 new properties, four in New York and ten in New Jersey.

Restoration and renovation work was also active during the quarter, with a total of 17 large-scale and 41 small-scale renovations completed for a total investment of US\$16.1 million. This has allowed the Fund to maximise potential returns and rental yields across the portfolio. Small-scale renovations alone are projected to add US\$1.2 million in annualised rental income.

Based on peak levels of enquiry occurring during the summer months, leasing activity has been particularly high, with URF signing 86 new leases from over 1,000 enquiries, and with 142 existing leases renewed. This high demand for URF's properties is a testament to the quality of the Fund's portfolio. Both new leases and renewals locked in US\$6.9 million in annualised rental income.

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Capitalising on a strong foundation

URF is set for continued growth in the current quarter and beyond. The Fund's strategy of acquiring, renovating and leasing quality residential properties in premium locations across the greater New York area remains proven and unchanged.

As well as the growing revenue profile from its existing asset base, unitholders will also be aware of the Fund's decision to raise new debt to accelerate growth and strengthen the asset base with new acquisitions.

URF has established an excellent reputation in the markets in which it operates, providing a distinct advantage in attracting quality acquisitions which have significant unlocked value.

We look forward to updating unitholders on our progress in the fourth quarter. We are grateful for your continued support.



Alan Dixon
Managing Director and CEO

Quarter Highlights

- URF's high-quality property portfolio now comprises **1,932 housing units** across 554 freestanding houses and 27 apartment buildings.
- **17 large-scale renovations and 41 small-scale renovations completed**—expected to add a combined US\$2.7 million to annual rental income.
- Signed **86 new leases** (28% increase) and renewed 142 leases (112% increase) during the quarter.
- Secured record rents in Hamilton Heights, NY, and Prospect Leffert's Gardens, NY, with **increases of US\$2,495 and US\$1,700** a month respectively.



Quarterly Operational Overview



Acquisition

The US housing market typically reaches its peak in July or August in terms of housing inventory and demand, given they are the warmest months of the year, and as many sellers attempt to sell their properties before the start of the school year in September. Acquisition in both boroughs continued to be highly competitive.

This quarter, a total of 260 properties were rejected, 32 properties were bid on, and, ultimately, 14 properties were acquired. Four properties were purchased in New York and ten in New Jersey for a combined total of US\$18.6 million.



Recently acquired
36 Hamilton Terrace, Harlem

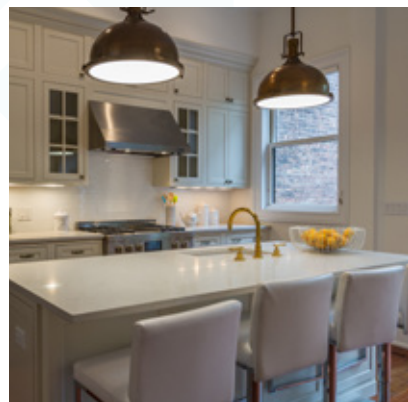


Renovation and Restoration

With families seeking to get into their preferred school districts, the third quarter is generally the busiest time of year for the Renovation and Restoration Team. This quarter, the Team completed a record 58 renovations to add to the Fund's portfolio. Of these, 17 were large-scale projects including 'full gut' renovations, extensions and even the occasional rooftop penthouse or deck. These projects, across both Brooklyn and Hudson County, are anticipated to deliver a combined annual rental income to the Fund of US\$1.5 million.

In addition to the large-scale renovation projects, the Renovation and Restoration Team finished an astounding 41 small-scale renovations. These projects' rental contributions rival that of the large-scale projects, with the potential to add US\$1.2 million in rental income annually to the Fund.

In total, US\$16.1 million was invested into these 58 projects, which helped to maximise their potential and secure the highest rent possible, in some cases surpassing previous rental records in their respective neighbourhoods.



Recently renovated
268 Barrow St., Jersey City

Tenancy

The peak of summer is the peak season for the Dixon Leasing Team, with over 1,000 enquiries, 86 new leases signed totalling an annualised rent of US\$4 million and the renewal of 142 existing leases with an annualised rent of US\$2.9 million. This is an increase on the previous quarter of 19 new leases (US\$1.4 million), and 75 lease renewals (US\$1.2 million).

The Dixon Leasing Team had some notable achievements during the quarter:

- Successfully securing a tenant for 408 Convent Street, Hamilton Heights, NY (Manhattan), within a month, and signing leases for US\$9,995, a record in Hamilton Heights by US\$2,495 per month.
- Similarly, surpassing the previous rental record in Prospect Leffert's Gardens, NY (Brooklyn), when 36 Rutland Road was leased for US\$8,721, beating the previous rent by US\$1,700.



Recently leased
408 Convent St., Hamilton Heights



Recently leased
36 Rutland Rd., Brooklyn



Recently leased
724 Boulevard East, Weehawken

Case Studies



Renovation and Restoration

This three-story brownstone was acquired in poor condition with no original architectural features intact. In an effort to open up the parlour floor, make use of the abundant natural light and modernise the interior, the Renovation and Restoration Team proceeded to gut renovate the home. A wide-open floorplan now highlights a contemporary kitchen on the parlour level, while the upstairs and downstairs feature four bedrooms and four full bathrooms. New windows and large French doors in the rear invite light into the space and showcase the new modern feel, while the exterior façade of the home has been restored to its original brick. The high-quality renovation and creative design helped rent this property in less than one month for US\$6,495 per month.

378 DECATUR STREET, BEDFORD-STUYVESANT

Acquisition Date: 8 July 2013

Total Acquisition Cost: US\$714,958 (including fees & costs)

Monthly Rent: US\$6,495

Single family attached

4 bed / 4 bath

Net square footage: 2,110 square feet



BEFORE Recently restored
378 Decatur Street, Bedford-Stuyvesant



AFTER Recently restored
378 Decatur Street, Bedford-Stuyvesant



Tenancy

When the Fund purchased 963 Summit Avenue in Jersey City, it was a non-descript two-family home hidden between attached row houses. The property had limited curb appeal and had been noticeably unkempt by the previous owners. The Renovation and Restoration Team's first order of business was a complete façade restoration, making this home a contender to earn yet another Jersey City Preservation Award. Inside, the Team transformed the space into a beautiful five-bedroom, three-and-a-half bathroom single-family home with premium finishes throughout. Where the original inherited tenants occupied both units of the house for a collective rent of US\$2,395, we have re-rented this home for an impressive US\$4,500 monthly, a near 88% increase.

963 SUMMIT AVENUE, JERSEY CITY

Acquisition Date: 11 September 2012

Total Acquisition Cost: US\$245,113 (including fees & costs)

Actual Monthly Rent: US\$4,500

Previous Rents: **Apt 1:** US\$1,400 **Apt 2:** US\$995

Single family attached

5 bed / 3.5 bath

Net square footage: 1,885 square feet



Recently leased
963 Summit Avenue, Jersey City



Portfolio Analysis

- The fund currently has 554 freestanding homes and 27 multi-family properties.
- During Q3 2015, the fund completed \$US16.1 million worth of renovation work on its freestanding homes.
- The fund currently has 102 properties in the pipeline for renovation, expected to contribute a further US\$12.9 million per annum of rental revenue.

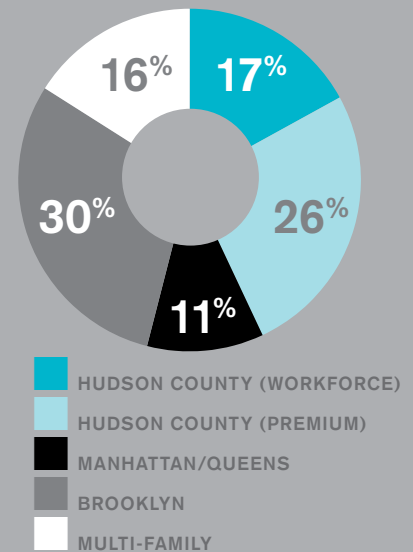
FUND DIVERSITY BY VALUE FREESTANDING

AREA	PROPERTIES
Brooklyn	36%
Manhattan	11%
Hudson Premium	31%
Hudson Workforce	20%
Queens	2%

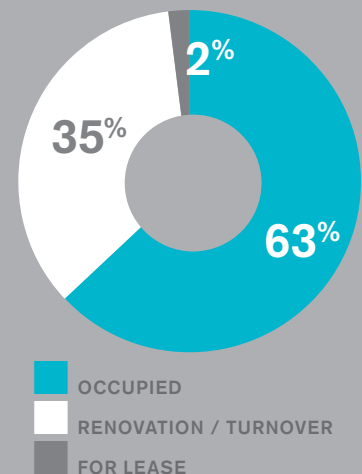
FUND DIVERSITY BY PROPERTY MULTI-FAMILY

AREA	BUILDINGS	UNITS
Urban American Hudson County	13	400
Excelsior Brooklyn	6	202
Excelsior Hudson County	8	329
Total	27	931

PROPERTY DISTRIBUTION BY VALUE



PROPERTY STATUS BY VALUE



Quarterly Closed Properties

ADDRESS	REGION	PROPERTY DESCRIPTION	APPROX. SQ FT	ACQUISITION DATE	TOTAL ACQUISITION COST	EST. ANNUAL NET YIELD
212 8th Street, Jersey City, NJ 07302	Downtown	3-family attached Apt 1: 2 bed/1 bath Apt 2: 2 bed/1 bath Apt 3: 2 bed/1 bath	2742	5 Aug 15	\$1,433,185	4.6
259 Manhattan Avenue, Brooklyn, NY 11211	East Williamsburg	2-family attached Apt 1: 2 bed/1 bath Apt 2: 1 bed/1 bath	1404	5 Aug 15	\$1,407,360	4
172 MacDonough Street, Brooklyn, NY 11216	Bedford-Stuyvesant	2-family attached Apt 1: 1 bed/1 bath Apt 2: 4 bed/3 bath	2903	12 Aug 15	\$1,511,474	4.1
656 Jersey Avenue, Jersey City, NJ 07302	Downtown	1-family attached Apt 1: 3 bed/2.5 bath	1750	13 Aug 15	\$1,628,826	4
36 Hamilton Terrace, Manhattan, NY 10031	Harlem	2-family attached Apt 1: 0 bed/1 bath Apt 2: 4 bed/2 bath	3625	20 Aug 15	\$2,431,778	4
194 Hopkins Ave, Jersey City, NJ 07306	Jersey City Heights	1-family semi-attached Apt 1: 3 bed/1.5 bath	2418	2 Jul 15	\$293,466	4.1
91 Berry Street, Brooklyn, NY 11249	Williamsburg	3-family attached Apt 1: 3 bed/1 bath Apt 2: 1 bed/1 bath Apt 3: 1 bed/1 bath	2892	8 Jul 15	\$2,949,382	4
232A 9th Street, Jersey City, NJ 07302	Downtown	1-family attached Apt 1: 4 bed/3 bath	1666	9 Jul 15	\$1,069,427	4.1
306 8th Street, Jersey City, NJ 07302	Downtown	1-family attached Apt 1: 3 bed/2 bath	1516	10 Sep 15	\$966,648	4
149 Coles Street, Jersey City, NJ 07302	Downtown	1-family attached Apt 1: 3 bed/1.5 bath	1445	11 Sep 15	\$1,168,621	4.1
244 Montgomery Street, Jersey City, NJ 07302	Downtown	2-family attached Apt 1: 1 bed/1 bath Apt 2: 4 bed/2.5 bath	3190	11 Sep 15	\$2,028,904	4.1
229 Bowers Street, Jersey City, NJ 07307	Jersey City Heights	2-family partially attached Apt 1: 2 bed/1 bath Apt 2: 3 bed/1 bath	TBD	17 Sep 15	\$419,988	4.1
511 Manila Avenue, Jersey City, NJ 07302	Downtown	1-family attached Apt 1: 3 bed/2.5 bath	1387	28 Sep 15	\$836,515	4.2
47 Jefferson Avenue, Jersey City, NJ 07306	Jersey City Heights	1-family attached Apt 1: 4 bed/2 bath	1554	29 Sep 15	\$469,616	4.3



New Leases

ADDRESS	STATE	UNIT	BED/BATH	MOVE IN DATE	PREVIOUS RENT	PRICE	SQ. FT.
7618 1st Ave.	NJ	SF	3/3.5	8/1/15	\$-	\$1,095	2036
281.5 2nd St.	NJ	1	2/1.5	8/1/15	\$2,300	\$2,000	1089
170 S. 4th St.	NY	3	2/1	9/15/15	\$2,650	\$1,600	676
268 4th St.	NJ	2	2/1	8/1/15	\$2,045	\$2,900	829
260 5th St.	NJ	SF	4/2	10/1/15	\$3,995	\$4,358	1266
286 5th St.	NJ	SF	3/3.5	9/1/15	\$-	\$5,495	1751
348.5 5th St.	NJ	1	2/2.5	8/1/15	\$-	\$5,350	1262
348.5 5th St.	NJ	2	2/2.5	9/15/15	\$-	\$2,995	1262
176 N. 6th St.	NY	1	1/1	8/1/15	\$-	\$1,600	592
244 7th St.	NJ	SF	5/3	10/1/15	\$-	\$5,873	2364
273 8th St.	NJ	2	3/2	8/1/15	\$4,050	\$5,495	1567
279 8th St.	NJ	1	2/1	9/15/15	\$2,600	\$3,995	1273
289.5 8th St.	NJ	1	1/1	10/1/15	\$1,625	\$2,495	733
232A 9th St.	NJ	SF	4/2.5	10/1/15	\$-	\$4,995	1666
42 E. 18th St.	NJ	3	1/1	9/26/15	\$995	\$1,195	495
45 W. 18th St.	NJ	1	1/1	8/15/15	\$1,095	\$1,145	636
44 E. 36th St.	NJ	1	3/1	9/9/15	\$1,440	\$1,595	890
414 41st St.	NJ	2	3/1	9/1/15	\$1,450	\$1,795	880
30 Astor Pl.	NJ	2	3/2	8/25/15	\$1,325	\$1,795	1101
18 Arlington Pl.	NY	SF	5/5.5	8/15/15	\$-	\$9,995	2634
22 Arlington Pl.	NY	SF	5/3	9/14/15	\$9,995	\$8,727	2684
47 Audubon Ave.	NJ	2	4/1	8/1/15	\$1,395	\$1,695	1090
328 Ave. A.	NJ	2	3/1	8/1/15	\$1,295	\$1,695	975
178 Ave. F	NJ	2	2/1	7/6/15	\$1,055	\$1,105	742
180 Ave. F	NJ	2	2/2	7/18/15	\$1,095	\$1,395	749
26 Belmont Ave.	NJ	2	4/2	8/1/15	\$1,565	\$1,695	1498
91 Berry St.	NY	2	2/1	9/1/15	\$-	\$1,600	775
724 Blvd. East	NJ	SF	4/3.5	9/1/15	\$-	\$5,450	2306
202 Brunswick St.	NJ	1	1/1	9/1/15	\$1,345	\$1,345	481
68 Cambridge Ave.	NJ	2	3/3	9/1/15	\$1,995	\$2,595	1456
130 Charles St.	NJ	1	2/1	10/1/15	\$1,395	\$1,795	810
6-8 Cheever Pl.	NY	SF	3/2.5	7/22/15	\$-	\$6,490	1689
136A Clendenny Ave.	NJ	2	2/1	7/15/15	\$795	\$1,295	693



ADDRESS	STATE	UNIT	BED/BATH	MOVE IN DATE	PREVIOUS RENT	PRICE	SQ. FT.
155 Coles St.	NJ	2	3/2	10/1/15	\$2,795	\$3,495	1010
176.5 Coles Street St.	NJ	SF	3/3.5	7/17/15	\$-	\$5,900	1836
45 College St.	NJ	SF	3/1.5	9/1/15	\$1,795	\$1,395	1784
408 Convent Ave.	NY	SF	5/5.5	7/15/15	\$-	\$9,995	2958
414 Dean St.	NY	SF	4/4.5	8/10/15	\$-	\$14,500	2988
378 Decatur St.	NY	1	4/4	9/1/15	\$-	\$6,495	2110
605 Decatur St.	NY	SF	4/4.5	9/1/15	\$-	\$5,995	1729
50 Eldert St.	NY	SF	4/2	9/1/15	\$3,995	\$3,995	1215
5 Exeter Rd.	NJ	1	2/1	7/9/15	\$1,545	\$1,595	829
67-21 Exeter St.	NY	SF	3/2/2HB	7/8/15	\$-	\$5,495	2058
1241 Garden St.	NJ	SF	4/2.5	8/15/15	\$-	\$7,595	2254
66 Gardner Ave.	NJ	1	2/1	10/1/15	\$1,065	\$1,195	627
190 Grant Ave.	NJ	2	3/1	9/1/15	\$1,675	\$1,545	1449
283 Grant Ave.	NJ	1	1/1	9/1/15	\$1,095	\$1,195	629
437 Greene Ave.	NY	SF	5/5.5	10/1/15	\$-	\$8,618	3129
84 Griffith St.	NJ	1	2/1	7/24/15	\$1,295	\$1,595	659
201 Hancock St.	NY	SF	5/4.5	10/1/15	\$-	\$9,972	3330
208 Hudson St.	NJ	SF	4/3.5	8/1/15	\$-	\$8,600	2424
65 Lexington Ave.	NJ	1	3/1	9/1/15	\$1,496	\$1,595	916
559 Liberty Ave.	NJ	1	1/1	8/1/15	\$920	\$1,350	562
513 MacDonough St.	NY	SF	4/4.5	9/1/15	\$5,800	\$5,995	2452
738A Madison St.	NY	SF	2/2	9/1/15	\$-	\$3,600	1254
227 Manhattan Ave.	NJ	SF	4/3.5	10/1/15	\$3,055	\$3,950	2951
296 Manhattan Ave.	NY	SF	5/4.5	10/1/15	\$-	\$10,000	2187
511 Monroe St.	NY	1	2/2	10/1/15	\$-	\$3,795	1480
325 Montgomery St.	NJ	3	1/1	8/1/15	\$2,495	\$2,495	687
282 Neptune Ave.	NJ	1	1/1	8/13/15	\$795	\$995	470
322 York Ave.	NJ	SF	4/4.5	9/12/15	\$4,100	\$4,495	1989
20 Norden Rd.	NY	SF	6/4/2HB	10/1/15	\$7,790	\$6,744	3891
156 Old Bergen Rd.	NJ	2	1/1	8/1/15	\$945	\$795	505
130 Orient Ave.	NJ	1	2/1	8/15/15	\$1,045	\$1,095	1008
121 Palisade Ave.	NJ	2	1/1	8/1/15	\$1,115	\$1,595	720
2 Pinecrest Rd.	NJ	1	3/1	10/1/15	\$1,600	\$1,495	1023
5 Plaza St. West	NY	SF	7/4/2HB	9/1/15	\$-	\$14,995	4070
25 Poplar St.	NJ	SF	5/3	9/1/15	\$-	\$3,995	3493
165 Pulaski St.	NY	SF	6/5.5	9/1/15	\$-	\$7,090	2868



ADDRESS	STATE	UNIT	BED/BATH	MOVE IN DATE	PREVIOUS RENT	PRICE	SQ. FT.
67-70 Selfridge St.	NY	SF	3/2.5	8/1/15	\$4,320	\$4,295	2457
19 Sherman Pl.	NJ	SF	4/2.5	9/1/15	\$-	\$3,495	1807
112 Shippen St.	NJ	SF	5/3.5	9/18/15	\$-	\$5,995	3247
698 St Marks Ave.	NY	1	6/4.5	9/1/15	\$-	\$9,995	3724
1148 Sterling Pl.	NY	2	3/3	8/15/15	\$-	\$4,750	1873
963 Summit Ave.	NJ	SF	5/3.5	8/21/15	\$2,395	\$4,500	1885
125 Terrace Ave.	NJ	1	2/1	10/1/15	\$1,120	\$1,395	934
305 Varick St.	NJ	Garden	1/1	7/15/15	\$1,675	\$1,200	837
49 Warner Ave.	NJ	1	2/1	8/7/15	\$1,244	\$1,395	844
73 Warner Ave.	NJ	1	3/1	10/1/15	\$1,339	\$1,395	834
19 Waverly St.	NJ	1	3/2	8/1/15	\$-	\$1,495	1609
139 Wegman Pkwy.	NJ	2	3/1	9/2/15	\$1,275	\$1,350	976
278 Winfield Ave.	NJ	1	2/1	9/1/15	\$995	\$1,495	835
278 Winfield Ave.	NJ	2	2/1	9/1/15	\$1,350	\$1,295	835
138 Woodlawn Ave.	NJ	1	1/1	8/1/15	\$695	\$695	570
165 York St.	NJ	SF	3/3	8/1/15	\$4,995	\$6,195	3080
43 Zabriskie St.	NJ	1	2/1	8/1/15	\$1,395	\$1,245	1003

URF Fund Statistics

Market Capitalisation	AUD\$640 million
Net Debt	AUD\$371 million
Enterprise Value	AUD\$928 million
Freestanding	
Properties	554
Units	1001
Multifamily	
Properties	27
Units	931

URF Share Prices¹ JANUARY 2015 – SEPTEMBER 2015



Important Information

This Quarterly Update (Update) has been prepared by Walsh & Company Investments Limited as the Responsible Entity for the US Masters Residential Property Fund (Fund). An investment in the Fund is subject to various risks, many of which are beyond the control of the Responsible Entity.

This Update contains statements, opinions, projections, forecasts and other material (forward looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. None of the Responsible Entity, its officers, employees, agents, analysts nor any other person named in this Update makes any representation as to the accuracy or likelihood of fulfilment of the forward looking statements or any of the assumptions upon which they are based.

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, and consider obtaining advice from a financial advisor. You should obtain a copy of the relevant product disclosure statement or offer document before making any decisions to purchase the product.

Sources

¹ URF Share Price data retrieved from <http://www.asx.com.au/asx/research/company.do#1/URF>

Board & Management

Board of the Responsible Entity

Alex MacLachlan
Tristan O'Connell
Tom Kline

US Management Team

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David Orr EXECUTIVE DIRECTOR & COO

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