

**US MASTERS RESIDENTIAL PROPERTY FUND**  
**ABN 27 372 102 509**

**APPENDIX 4D – HALF-YEAR REPORT**

**FOR THE HALF-YEAR ENDED 30 JUNE 2012**

(The previous corresponding period is from 15 April 2011 to 30 June 2011)

**Results for announcement to the market**

	<b>\$ Change from Previous period</b>	<b>% Change from Previous period</b>	<b>Half year to 30 June 2012</b>	<b>Half year to 30 June 2011</b>
Revenue from ordinary activities	Up \$1,862,407	Up 1582%	\$1,980,133	\$117,726
Loss from ordinary activities before tax attributable to unitholders	Up \$1,848,991	Up 1946%	(\$1,943,985)	(\$94,994)
Loss from ordinary activities after tax attributable to unitholders	Up \$2,016,898	Up 2123%	(\$2,111,892)	(\$94,994)
Net loss for the period attributable to unitholders	Up \$2,016,898	Up 2123%	(\$2,111,892)	(\$94,994)
Basic loss per unit	-	-	(3 cents)	(3 cents)
Diluted loss per unit	-	-	(3 cents)	(3 cents)

On the date of this report, the Fund advised unitholders that the distribution for the period ended 30 June 2012 is 5 cents per unit, as previously estimated on 21 June 2012. The Record date for determining entitlements to the distribution was 30 June 2012. The distribution is estimated to be paid to unitholders on 24 September 2012.

The Fund released full details of the Distribution Reinvestment Plan (DRP) on 16 August 2012. Unitholders are given the opportunity to reinvest the distribution for the period ended 30 June 2012 at a price of \$1.47 per unit. To participate in the DRP, unitholders must lodge the Distribution Election Notice with the Fund's Registry by 7:00pm (Sydney time) on 3 September 2012.

**Results for announcement to the market****(continued)*****Explanation of revenue***

Revenue from ordinary activities of \$1,980,133 for the half-year ended 30 June 2012, consists of the Group's investment activities and are made up as follows:

Property income	\$1,398,468
Interest income	\$ 376,949
Insurance proceeds	\$ 204,716
<b>Revenue from operating activities</b>	<b>\$1,980,133</b>

	30 June 2012 \$/unit	31 Dec 2011 \$/unit
<b>Net tangible assets per security</b>	1.47	1.55

This report is based on the Half-Year Financial Report which has been subject to review by the Auditors.

All documents comprise the information required by Listing Rule 4.2A.

**Attachments forming part of Appendix 4D**

Attachment 1 – Half-year financial report, including Directors' report.

***Significant features of operating performance*****Performance Review**

Operations over the half-year resulted in an operating loss after tax of \$2,111,892 (30 June 2011: loss \$94,994). After taking into account the exchange difference on translation of foreign operations, the total comprehensive loss after tax is \$3,371,999 (30 June 2011: loss \$167,354).

***Results of segments***

The Group operates solely in the business of investing in residential real estate assets 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 Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and 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.

***Other factors that affected results in the period or which are likely to affect results in the future***

The Group has recently expanded its investment focus to include small and medium sized multi-dwelling properties typically with 5 to 100 units. On 10 May 2012, the Group signed a joint venture agreement with Urban American LLC, a highly experienced US based joint venture partner, to acquire, renovate, manage, lease and hold for the long-term 13 specific multi-dwelling properties in Hudson County, New Jersey with a total of 398 individual apartments and 2 retail units for a value of US\$37.6 million. Post 30 June 2012, the Group settled the acquisition on 29 August 2012. The Group has 67.5% of the equity in this joint venture.

A similar arrangement has been entered into with Excelsior Equities for a further 2 multi-dwelling properties representing 122 residential units and 6 retail units for a value of US\$11.2 million. The Group has 90% of the equity in this joint venture. Post year end, the Group settled on one of the two acquisitions on 24 August 2012.

Since balance date, the Group has added a second target area for review being King's County, New York which is better known by the name Brooklyn.

As at 30 June 2012, the Group had made investments in 167 properties.



Tristan O'Connell  
Director  
31 August 2012