

31 October 2012

**ASX Code: URF**  
**US Masters Residential Property Fund (Fund)**  
**Tropical Storm Sandy Update**

The Responsible Entity for the Fund would like to provide an initial update as to the effect of Tropical Storm Sandy on the properties owned by the Fund.

Senior management of the Fund, including the Managing Director, Alan Dixon and Head of Construction, Dan Bailey spent Tuesday 30 October, the day after the tropical storm hit touring and inspecting the Fund's properties. Other Fund staff were also active in examining damage in Hudson County.

There was only minor wind based damage to properties in Weehawken, Union City, West New York, North Bergen and the Heights district of Jersey City. All of these properties are well above sea level and were not affected by storm surge flooding. These areas contain all the multi-family properties held by the Fund as well as a significant number of the Fund's 1-4 family homes.

The lower lying areas of Hudson County were a more heavily affected. The remainder of Jersey City and Bayonne have had many houses affected by flooding of basements, but this has rarely affected living space in any of the properties. Many of the properties remain without power, so it is too early to be certain of the extent of damage to mechanical items such as boilers and hot water heaters. However, inspections of a large number of properties in the Downtown section of Jersey City were very pleasing as there was no material damage to the properties just loss of some cosmetic walling and flooring materials.

The worst area is the township of Hoboken. The Fund has closed only two properties in this town and both have experienced some flood damage. One property is a future construction site and as such there was not much potential for damage. It is expected there will be more significant damage to the other property. Fund management has not been able to visit this property yet due to floodwaters.

There will be significant cleanup work required across the Fund's portfolio and many tenants of the Fund are still without power or mobile phone coverage so it is too early to precisely estimate the final cleanup bill. However, given the limited nature of the damage and the insurances carried by the Fund the Responsible Entity currently estimates there will be no material effect on the NTA of the Fund and that the effect on the profitability of the Fund will be relatively limited given the scale of the tropical storm.

We will keep the market informed over coming days as more information comes to hand.

Alan Dixon  
Managing Director

For queries: Contact Alex MacLachlan or Tom Kline 1300 883 158