

US MASTERS RESIDENTIAL PROPERTY FUND
ABN 27 372 102 509

APPENDIX 4E – PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

(The previous corresponding period is the period from 1 January 2012 to 31 December 2012)

Results for announcement to the market

	Year ended 31 December 2013 (\$)	Year ended 31 December 2012 (\$)	Change from Previous period (\$)	Change from Previous period (%)
Revenue from ordinary activities	\$11,212,534	\$5,147,680	Up \$6,064,854	Up 118%
Profit from ordinary activities before tax attributable to shareholders	\$22,228,702	\$1,002,497	Up \$21,226,205	Up 2117%
Profit / (loss) from ordinary activities after tax attributable to shareholders	\$8,180,165	(\$1,497,881)	Up \$9,678,046	Up 646%
Net profit / (loss) for the period attributable to shareholders	\$8,180,165	(\$1,497,881)	Up \$9,678,046	Up 646%
Basic earnings / (loss) per share	4.2 cents	(1.7) cents	Up 5.9 cents	Up 347%
Diluted earnings / (loss) per share	4.2 cents	(1.7) cents	Up 5.9 cents	Up 347%

At 31 December 2013, the net tangible asset per ordinary unit after unrealised gains and losses and adjustment for tax was \$1.65 (2012: \$1.44).

Distribution Information

A distribution of 5 cents per ordinary unit totalling \$8,277,605 and \$10,390,892 was paid on 14 March 2013 and 25 September 2013 respectively.

A further distribution of 5 cents per ordinary unit totalling \$10,586,370 was announced on 17 December 2013. The Record Date for determining entitlements to the distribution was 31 December 2013. The distribution is expected to be paid on 24 March 2014.

The Fund currently operates a Distribution Reinvestment Plan (DRP) under which Unitholders may elect to have all, or part, of their distribution reinvested in new units. To participate in the DRP, Unitholders should elect to participate before the Record Date.

Results for announcement to the market (continued)

Commentary on results

Explanation of Revenue

Revenue from ordinary activities of \$11,212,534 for the year ended 31 December 2013 consists entirely of the Company's investment activities and are made up as follows:

Property income	\$ 10,191,588
Interest income	\$ 530,652
Insurance proceeds	\$ 427,571
Other Income	\$ 62,723
Revenue from operating activities	\$ 11,212,534

Significant features of operating performance

Operations over the year resulted in an operating profit after tax of \$8,180,165 (2012: loss of \$1,497,881). After taking into account the exchange difference on translation of foreign operations and the share of joint venture's reserve movements, the total comprehensive income after tax was \$53,502,177 (2012: loss of \$4,575,731).

During the year ended 31 December 2013, the Group completed multiple offers for new units under the product disclosure statements, with a total of \$70,520,904 raised from the issue of 39,999,453 ordinary units. An additional 6,175,848 ordinary units were issued as part of the Group's Dividend Reinvestment Plan amounting to \$10,980,549.

Matters Subsequent to the End of the Financial Year

Subsequent to year end, the Group settled six property contracts with a total consideration of \$9,556,677. An additional property was secured post balance date with a deposit of \$139,538.

On 20 January 2014, it was announced that URF was undertaking a non-renounceable pro rata rights issue to raise additional funds. The rights issue will close on 25 February 2014 and units are expected to be allotted on 5 March 2014.

Other than the matters discussed above, there have been no events subsequent to balance date which would have a material effect on the Group's financial statements at 31 December 2013.

Results for announcement to the market (continued)

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

At 31 December 2013, the Group had secured a total of 532 freestanding properties with a total acquisition cost of \$273.8m (inclusive of estimated closing costs on accepted contracts but exclusive of acquisition fees). This represents a 27% increase in the number of freestanding properties secured and a 79% increase in the value of freestanding properties secured since 31 December 2012.

During the year, the Group also increased its investment in multi-dwelling properties through its equity interest in the Gold Coast Equities LLC, a joint venture arrangement entered into with Excelsior Equities. An additional five properties (representing 178 residential units) were purchased for a total acquisition cost of US\$19m (including transaction closing costs). The Group's economic interest is 92.5%. At balance date, the Group is committed to purchase an additional multi-dwelling property with a total purchase price of US\$2m through its interest in Gold Coast Equities LLC. The purchase of this property will contribute an additional 23 residential units.

The Group will continue to seek to identify attractive opportunities to invest in residential real estate assets in the identified target areas (New Jersey, Manhattan, Brooklyn and Queens). It is anticipated that the Group will continue to capitalise on its in-house construction management capabilities to deliver additional rental stock over the short to medium term horizon in order to drive incremental increases in net property income.

Other Information

Refer to the Company's Annual Financial Report for the year ended 31 December 2013 for a Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows and Statement of Changes in Equity and all relevant notes to the financial statements.

This report is based on the Annual Financial Report which has been subject to audit by the Independent Auditor.

All the documents comprise the information required by Listing Rule 4.3A.

Attachments forming part of Appendix 4E

Annual Financial Report, including Directors' Report and Independent Auditor's Report.



Maximilian Walsh
Director

Date: 25 February 2014