

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

US Masters Residential Property Fund

ARSN

150 256 161

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Convertible Step-up Preference Units (CPUs) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1,990,707 CPUs under a Product Disclosure Statement (PDS) dated 1 December 2017 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Refer to the attached terms of issue |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

4	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	The CPUs rank in priority to the ordinary units, for dividends and return of capital. The CPUs are convertible into ordinary units in accordance with the attached terms of issue. Once converted into ordinary units, they will rank equally in respects with ordinary units already on issue.
5	Issue price or consideration	\$100 per CPU under the Product Disclosure Statement dated 1 December 2017.
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	The Fund will use the net proceeds of the Offer to redeem (either in part or in full) URF Notes I, diversify its funding sources and to improve the structure of the Group's capital structure.
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	No
6b	The date the security holder resolution under rule 7.1A was passed	Not applicable
6c	Number of +securities issued without security holder approval under rule 7.1	Not applicable

+ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	Not applicable
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not applicable
6f	Number of +securities issued under an exception in rule 7.2	Not applicable
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Not applicable
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	22 December 2017

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	355,400,553	Ordinary Units (ASX Code: URF)
	1,990,707	Convertible Step-Up Preference Units (expected ASX Code: URFPA)
	189,834	Unsecured Notes (ASX Code: URFHA)
	905,395	Unsecured Notes (ASX Code: URFHB)
	1,750,000	Unsecured Notes (ASX Code: URFHC)

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	Not applicable	Not applicable

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	CPUs carry a right to receive a preferential distribution in priority to holders of Units at the distribution rate set out in the attached terms of the issue.
---	--

Part 2 - Pro rata issue

11 Is security holder approval required?	Not applicable
12 Is the issue renounceable or non-renounceable?	Not applicable
13 Ratio in which the +securities will be offered	Not applicable
14 +Class of +securities to which the offer relates	Not applicable

+ See chapter 19 for defined terms.

15	+Record date to determine entitlements	Not applicable
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17	Policy for deciding entitlements in relation to fractions	Not applicable
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Not applicable
19	Closing date for receipt of acceptances or renunciations	Not applicable

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable

+ See chapter 19 for defined terms.

- | | | |
|----|--|----------------|
| 32 | How do security holders dispose of their entitlements (except by sale through a broker)? | Not applicable |
| 33 | +Issue date | Not applicable |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of +securities
(tick one)
- (a) ☒ +Securities described in Part 1
- (b) ☐ All other +securities
- Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
- 1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	N/A	
39	+Class of +securities for which quotation is sought	N/A	
40	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: - the date from which they do - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	N/A	
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another +security, clearly identify that other +security)	N/A	
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	Number	+Class
		N/A	N/A

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:


(Secretary)

Date: 22 December 2017

Print name: Hannah Chan

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	
Add the following: • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	
“A”	

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: - Under an exception in rule 7.2 - Under rule 7.1A - With security holder approval under rule 7.1 or rule 7.4 Note: <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i>	
“C”	
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	
Total [“A” x 0.15] – “C”	<i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	
“E”	

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	
Total [“A” x 0.10] – “E”	 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.

Terms of issue of CPUs

1. Issue Price

1.1. Issue Price

- (a) The issue price of each CPU is \$100.00 (**Issue Price**).
- (b) Each CPU must be paid for in full on application.

2. Form and Ranking

2.1. Form

- (a) Each CPU is a perpetual cumulative convertible step-up preference unit in URF conferring an undivided share in the beneficial interest in the assets of the URF. A CPU converts into Ordinary Units in accordance with these Terms.
- (b) CPUs are issued according to the Constitution of which these Terms form part.

2.2. Entries in the Register

CPUs are taken to be issued when they are entered in the Register.

2.3. No certificates

No certificates will be issued in respect of any CPU unless the Issuer determines that certificates should be available or they are required by any applicable law.

2.4. Ranking

Subject to the Constitution, each CPU ranks:

- (a) equally with all other CPUs in all respects;
- (b) senior to Ordinary Units in respect of Distributions and payments in a winding up of the URF in accordance with these Terms; and
- (c) subordinate to all creditors of the Issuer as responsible entity of URF in respect of distributions and payments in a winding up of URF.

3. Distributions

3.1. Calculation of Distributions

- (a) Subject to these Terms (including clause 3.3), each CPU entitles the Holder on the relevant Record Date to receive on each relevant Distribution Payment Date a distribution (**Standard Distribution**) in respect of each CPU Distribution Period for each CPU calculated in accordance with the following formula:

$$D = R \times IP \times N/365$$

Where:

D is the distribution payable in respect of that CPU Distribution Period;

R is the Rate;

IP is the Issue Price for the CPU; and

N is the number of days from and including the Issue Date until (and including) the last day of the first CPU Distribution Period and thereafter from and including the first day of each succeeding CPU Distribution Period until (and including) the last day of the relevant CPU Distribution Period.

- (b) In these Terms, **Rate** means:
- (i) in respect of all CPU Distribution Periods in the period from the Issue Date to but excluding the Step-Up Date – 6.25% per annum;
 - (ii) in respect of all CPU Distribution Periods from and including the Step-Up Date – 8.75% per annum.
- (c) The Issuer may not pay a Standard Distribution greater than the amount determined in accordance with clause 3.1(a).

3.2. CPU Distribution Period

- (a) The initial CPU Distribution Period is the period from the date of issue of the CPUs to 30 June 2018.
- (b) Thereafter, subject to clause 3.2(c), each CPU Distribution Period is the period of 6 months until the next to occur of 30 June and 31 December.
- (c) The final CPU Distribution Period is the period from the first day of the current CPU Distribution Period until the Conversion of the CPUs.

3.3. Payment of Distributions

The payment of Standard Distributions and Deferred Distributions (each a **Distribution**) is subject to:

- (a) the Issuer determining the Distribution to be payable;
- (b) the Constitution; and
- (c) the Corporations Act and any other law not prohibiting the Issuer from paying the Distribution.

3.4. Rounding of Distributions

All calculations of Distributions must be rounded down to 2 decimal places. For the purposes of calculating a Holder's aggregate entitlement to a Distribution, any fraction of a cent must be disregarded.

3.5. Distribution Payment Dates

Distributions are payable in arrears by the date 40 Business Days after the end of the relevant CPU Distribution Period

3.6. Record Dates

A Distribution is only payable to persons who are Holders on the Record Date for that Distribution.

3.7. Ordinary Units issued on reinvestment

- (a) In the case of a reinvestment of a Distribution at the election of a Holder, the number of Ordinary Units to be issued must be determined in accordance with the following formula:

$$U = RA/DRPP$$

Where

U is the number of Ordinary Units to be issued;

RA is the total amount to be reinvested in Ordinary Units; and

DRPP is the DRP Price as determined in accordance with clause 3.7(b).

- (b) For the purposes of clause 3.7(a), **DRP Price** means an amount equal to 95% of the VWAP of Ordinary Units over the 10 Business Days (whether or not trading of Ordinary Units occurs on those Business Days) up to but excluding the Record Date for the relevant CPU Distribution Period.
- (c) If the Issuer elects to issue Ordinary Units under this clause 3.7 (**Distribution Ordinary Units**), it must:
 - (i) issue the Distribution Ordinary Units within 5 Business Days of the payment date for the relevant Distribution;
 - (ii) ensure that the Distribution Ordinary Units rank pari passu with Ordinary Units from the date of issue;
 - (iii) apply for official quotation of the Ordinary Units and issue holding statements for the Distribution Ordinary Units within the time periods stipulated by the Listing Rules for a new issue of Ordinary Units.

3.8. Distributions are cumulative

- (a) The entitlement of the holder of a CPU to the payment of a Standard Distribution is cumulative so that if, in respect of a CPU Distribution Period, no Standard Distribution is paid or the Standard Distribution paid on a CPU is less than the entitlement to a Standard Distribution for that CPU Distribution Period, the shortfall (**Deferred Distribution**), is, subject to the Issuer's right to further defer payment of a Distribution under clause 3.3, payable on the Distribution Payment Date for the immediately following CPU Distribution Period.
- (b) For the purposes of clauses 3.8(a) and 3.9(a), a Distribution is taken to have been paid if it has been reinvested in Ordinary Units at the election of the Holder.

3.9. Consequences of non-payment

- (a) If, for any reason, the Issuer has not paid a Distribution in an amount equal to the entitlement to a Distribution for that CPU Distribution Period together with any amount of Deferred Distribution within 40 Business Days after the end of the relevant CPU Distribution Period, the Issuer must not, without the approval of a Special Resolution passed at a separate meeting of Holders:
 - (i) pay any distributions (whether of income or capital) on;
 - (ii) undertake a buyback (other than as a result of an on-market buyback undertaken in accordance with ASIC Corporations (ASX-listed Schemes On-market Buybacks) Instrument 2016/1159 or any successor or replacement instrument), redeem or otherwise cancel; or
 - (iii) give effect to a redemption of or withdrawal from URF in respect of,

any Ordinary Units or any other units in URF over which the CPUs rank in priority for participation of profits with respect to the CPU Distribution Period for that Distribution, unless and until all Deferred Distributions have been paid.
- (b) Without limiting clause 3.3 or clause 3.8 the Issuer may elect at any time to pay to Holders a distribution up to the amount of any Deferred Distribution.

4. Conversion

4.1. Conversion

- (a) Each CPU converts into the number of Ordinary Units determined in accordance with clause 4.4:
 - (i) in respect of all CPUs held by a Holder who provides a Holder Conversion Notice, on the Holder Conversion Date for that Holder; and
 - (ii) in respect of all other CPUs, on the Issuer Conversion Date,
 (the **Conversion Date**). CPUs do not convert into Ordinary Units in any other circumstances.
- (b) Each CPU confers all the rights attaching to the relevant number of Ordinary Units determined in accordance with clause 4.4 but these rights do not take effect until the relevant Conversion Date. At that time:
 - (i) all other rights or restrictions conferred upon the CPUs under these Terms no longer have effect; and
 - (ii) the Ordinary Units into which each CPU has converted rank equally with all other Ordinary Units then on issue and the Issuer must issue a statement that the Holder of those Ordinary Units holds each Ordinary Unit so ranking.
- (c) The taking effect of the rights of a CPU under this clause 4 by the reclassification of an interest in URF in the nature of a CPU to a Ordinary Unit is, for the purposes of these Terms, together termed **Conversion** (and **Convert** has a corresponding meaning).
- (d) Conversion does not constitute cancellation, redemption or termination of a CPU nor an issue, allotment or creation of a new unit.

4.2. Issuer Conversion

- (a) Subject to clause 4.2(c), the Issuer may elect to Convert all CPUs to Ordinary Units on 1 January 2023 or the first day of any subsequent CPU Distribution Period provided it first does the following:
 - (i) if URF is Listed at that time, by releasing an announcement on the ASX Company Announcements Platform stating that all CPUs will be Converted and the relevant Issuer Conversion Date for Conversion; or
 - (ii) if URF is not Listed at that time, by giving written notice to Holders.
- (b) The announcement or notice issued under clause 4.2(a) must specify the date for Conversion being the last date of the then current CPU Distribution Period (**Issuer Conversion Date**).
- (c) The Issuer must issue an announcement or give notice to Holders under clause 4.2(a) no later than 10 Business Days prior to the Issuer Conversion Date.

4.3. Holder Conversion

- (a) A Holder may require the Conversion of all (but not some) of its CPUs in the circumstances set out in this clause 4.3 by giving written notice to the Issuer in the form published by the Issuer from time to time (**Holder Conversion Notice**). A Holder Conversion Notice is irrevocable other than with the consent of the Issuer which it may withhold in its discretion.
- (b) A Holder may only deliver a Holder Conversion Notice if, as at the date of delivery of the Holder Conversion Notice, the Issuer has breached its obligations under clause 3.9.

- (c) All CPUs held by a Holder who has delivered a Holder Conversion Notice Convert on the Holder Conversion Date for that Holder.
- (d) The **Holder Conversion Date** for a Holder is the first day of the next CPU Distribution Period that is at least 30 Business Days after the date that Holder has delivered a Holder Conversion Notice to the Issuer.
- (e) A Holder who has delivered a Holder Conversion Notice must:
 - (i) provide evidence of title acceptable to the Issuer for the CPUs the subject of the notice; and
 - (ii) not dispose of or otherwise agree to dispose of any interest in the CPUs to which the Holder Conversion Notice relates.

4.4. Conversion: number of Ordinary Units

- (a) Subject to clause 4.4(g), on the Conversion Date, each CPU converts into the number of Ordinary Units determined in accordance with the following formula (**CA** or **Conversion Amount**):

$$CA = CN + ACN$$

Where:

CN is the Conversion Number; and

ACN is the Additional Conversion Number.

- (b) In these Terms, subject to clauses 4.4(e) - 4.4(f), **Conversion Number** is the number determined in accordance with the following formula:

$$CN = IP/CVWAP$$

Where:

CN is the Conversion Number;

IP is the Issue Price; and

CVWAP is the Conversion VWAP.

- (c) In these Terms, **Additional Conversion Number** is the number determined in accordance with the following formula:

$$ACN = OD/CVWAP$$

Where:

ACN is the Additional Conversion Number;

OD is the aggregate of all Distributions that the Holder would have been entitled to receive as at the Conversion Date had the Issuer determined under clause 3.3 to pay:

- (i) a Standard Distribution in accordance with clause 3.1; and
- (ii) a Deferred Distribution in respect of all periods up to the Conversion Date that remained unpaid; and

CVWAP is the Conversion VWAP.

- (d) In these Terms, **Conversion VWAP** means an amount equal to 97.5% of the VWAP of Ordinary Units over the 10 Business Days (whether or not trading of Ordinary Units occurs on those Business Days) up to but excluding the Conversion Date.
- (e) If the Conversion Number determined in accordance with clause 4.4(d) is less than the Minimum CN, the Conversion Number is the Minimum CN.
- (f) If the Conversion Number determined in accordance with clause 4.4(d) is greater than the Maximum CN, the Conversion Number is the Maximum CN.
- (g) If on Conversion the aggregate number of Ordinary Units to which a Holder is entitled includes a fraction of a Ordinary Unit, that fraction must be disregarded and the Holder has no further claim or right to that fraction of a Ordinary Unit.

4.5. Quotation from Conversion

The Issuer must apply for official quotation of the Ordinary Units issued upon Conversion within the time periods stipulated by the Listing Rules for a new issue of Ordinary Units.

4.6. Adjustment to Minimum CN and Maximum CN

- (a) Subject to clause 4.6(e), in a consolidation of Ordinary Units, the Minimum CN and Maximum CN must be consolidated in the same ratio as the Ordinary Units.
- (b) Subject to clause 4.6(e), in a subdivision of Ordinary Units, the Minimum CN and Maximum CN must be subdivided in the same ratio as the Ordinary Units.
- (c) Subject to clause 4.6(e), if the Issuer undertakes a pro rata rights issue or bonus issue of Ordinary Units to holders of Ordinary Units generally, each of the Minimum CN and Maximum CN is adjusted in accordance with the following formula:

$$AMCN = MCN \times (CV / ((CV - (S + D)) / N + 1))$$

Where:

AMCN is the adjusted Minimum CN or Maximum CN (as appropriate);

MCN is the Minimum CN or Maximum CN (as appropriate) immediately prior to application of this formula;

CV is the VWAP of Ordinary Units during the period from the first Business Day after the announcement of the rights or bonus issue up to and including the last Business Day of trading *cum* rights or bonus issue;

S is the subscription or security price per Ordinary Unit for the rights issue and is zero in the case of a bonus issue;

D is the distributions due but not yet paid on Ordinary Units (except those to be issued under the pro rata issue); and

N is the number of Ordinary Units with rights or entitlements that must be held to receive a right to one new Ordinary Unit under the pro rata issue,

provided that no adjustment is made to the Minimum CN or Maximum CN if:

- (i) (S + D) exceeds CV; or
- (ii) at or about the time of the rights issue or bonus issue, the Issuer offers Ordinary Units to the Holders at the same issue price and in the same proportion as if the Holders had been able to participate in the rights issue or bonus issue, whether or not they have the ability to renounce the rights.

- (d) Subject to clause 4.6(e), if the Issuer undertakes an off-market buyback or cancellation of Ordinary Units, each of the Minimum CN and Maximum CN is adjusted in accordance with the following formula:

$$AMCN = MCN \times (CV / ((CV - (S + D)) / N + 1))$$

Where:

AMCN is the adjusted Minimum CN or Maximum CN (as appropriate);

MCN is the Minimum CN or Maximum CN (as appropriate) immediately prior to application of this formula;

CV is the VWAP of Ordinary Units during the period from the first Business Day after the announcement of the buy-back up to and including the last Business Day of trading *cum* buy-back;

S is the price per Ordinary Unit paid under the buy-back;

D is the distributions due but not yet paid on Ordinary Units (if any); and

N is the proportion of the issued Ordinary Units bought back expressed as a decimal,

provided that no adjustment is made to the Minimum CN or Maximum CN if:

- (i) (S + D) exceeds CV; or
 - (ii) at or about the time of the rights issue or bonus issue, the Issuer offers Ordinary Units to the Holders at the same issue price and in the same proportion as if the Holders had been able to participate in the rights issue or bonus issue, whether or not they have the ability to renounce the rights.
- (e) Notwithstanding the express provisions of clauses 4.6(a) - 4.6(d), in any reconstruction or alteration of capital, the Minimum CN and Maximum CN must be adjusted so that:
- (i) a Holder will not receive a benefit that holders of Ordinary Units do not receive; and
 - (ii) a Holder does not forego any benefit that it would have received had the reconstruction or alteration of capital not happened.

4.7. No other adjustments

Unless otherwise approved by Special Resolution passed at a separate meeting of Holders and a Special Resolution of members of URF, no adjustment to the methodology for determining the number of Ordinary Units into which CPUs are Converted may be made as a result of Issuer undertaking:

- (a) an issue of Ordinary Units other than an issue undertaken on a pro rata basis (including a placement, an issue under an off-market takeover bid, an issue under an unitholder purchase plan and an issue under a DRP);
- (b) a distribution of capital or income to holders of Ordinary Units; or
- (c) an on-market buy-back of Ordinary Units.

5. Payments to Holders

5.1. No set-off

The Holder has no right to set-off any amounts owing by it to the Issuer against any claims owing by the Issuer.

5.2. Time limit for claims

A claim against the Issuer for payment according to these Terms is void unless made within five years of the due date for payment.

6. Title and transfer of CPU

6.1. Title

Title to a CPU passes when details of the transfer are entered in the Register.

6.2. Issuer may request holding lock or refuse to register transfer

If CPU are Officially Quoted, and if permitted to do so by the Listing Rules and the Corporations Act, the Issuer may:

- (a) request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of CPU approved by and registered on the CS Facility's electronic subregister or CPU registered on an issuer-sponsored subregister, as the case may be; or
- (b) refuse to register a transfer of CPU.

6.3. Issuer must request holding lock or refuse to register transfer

- (a) The Issuer must request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of CPU approved by and registered on the CS Facility's electronic subregister or CPU registered on an issuer-sponsored subregister, as the case may be, if the Corporations Act, the Listing Rules or the terms of a restriction agreement require the Issuer to do so.
- (b) The Issuer must refuse to register any transfer of CPU if the Corporations Act, the Listing Rules or the terms of a restriction agreement require the Issuer to do so.

6.4. Notice of holding locks and refusal to register transfer

If, in the exercise of its rights under clauses 6.2 and 6.3, the Issuer requests application of a holding lock to prevent a transfer of CPU or refuses to register a transfer of CPU, it must, within two months after the date on which the transfer was lodged with it, give written notice of the request or refusal to the Holder, to the transferee and the broker lodging the transfer, if any. Failure to give such notice does not, however, invalidate the decision of the Issuer.

7. Quotation and Foreign Holders

7.1. Quotation on ASX

The Issuer must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of CPU on ASX.

7.2. Foreign Holders

Where CPU held by a Foreign Holder are to be converted to Ordinary Units in accordance with these Terms, unless the Issuer is satisfied that the laws of the Foreign Holder's country of residence (as shown in the Register) permit the conversion to Ordinary Units of the Foreign Holder (but as to which the Issuer is not bound to enquire), either unconditionally or after compliance with conditions which the Issuer regards as acceptable and not unduly onerous, the Ordinary Units which the Foreign Holder is obliged to accept may be issued to a nominee who will sell those Ordinary Units and pay a cash amount equal to the net proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to that Foreign Holder. The nominee may be a related party of the Issuer.

8. Amendment of these Terms

8.1. Amendment without consent

Subject to complying with the Corporations Act and all other applicable laws, the Issuer may amend these Terms:

- (a) if the Issuer is of the opinion that the amendment is:
 - (i) of a formal, minor or technical nature;
 - (ii) made to cure any ambiguity or correct any manifest error;
 - (iii) expedient for the purpose of enabling the CPU to be listed for quotation or to retain listing on any stock exchange, to be cleared or settled through any clearing system or to retain clearance and settlement through any clearing system or to be offered for, or subscription for, sale under the laws for the time being in force in any place and it is otherwise not reasonably considered by the Issuer to adversely affect the rights of Holders; or
 - (iv) necessary to comply with the provisions of any statute or the requirements of any statutory authority; or
- (b) generally in any case where such amendment is reasonably considered by the Issuer not to adversely affect the rights of Holders.

8.2. Amendment with consent

Without limiting clause 8.1 but subject to the Corporations Act, the Issuer may amend these Terms if the amendment has been approved by a Special Resolution passed at a separate meeting of Holders.

8.3. Meanings

In this clause 8, **amend** includes modify, cancel, alter, adjust or add to and **amendment** has a corresponding meaning.

8.4. Notice of amendments

Any amendment of these Terms made in accordance with this clause 8 must be promptly notified to Holders.

9. General Provisions

9.1. Issues of other securities

Except as set out in these Terms or the rules of a DRP applied to a Distribution, the CPU carry no right to participate in any offering of securities by the Issuer.

9.2. Voting

The Constitution contains provisions for convening meetings of the Holders to consider any matter affecting their interests, including any variation of these Terms which requires the consent of Holders.

9.3. Priority of Distributions

- (a) If:
 - (i) a Distribution for each CPU held in respect of a CPU Distribution Period; or

- (ii) a distribution entitlement on any other units in URF which rank equally with the CPUs as to distributions;

has been determined by the Issuer to be paid but has not been paid, or is not able to be paid in full, any Distributions and any distributions payable on those other units must be paid pro rata.

- (b) Unless and until Conversion occurs, the CPUs rank in priority to Ordinary Units for the payment of distributions.

9.4. Distribution of proceeds on a Winding Up

- (a) Unless and until Conversion, if net proceeds are available to be distributed under Clause 21.3 on a winding up of URF, Holders are entitled to receive out of those proceeds, in respect of each CPU held, a payment equal to Wind Up Amount as determined as at the date the Issuer commenced the winding up of URF (**Wind Up Date**) before any payment of income or capital is made to holders of Ordinary Units or any other class of securities ranking behind the CPUs.
- (b) In these Terms **Wind Up Amount** means the aggregate of:
 - (i) the Issue Price; and
 - (ii) any Distribution that the Holder would have been entitled to receive as at the Wind Up Date had the Issuer determined under clause 3.3 to pay:
 - (A) a Standard Distribution in accordance with clause 3.1;
 - (B) a Deferred Distribution in respect of all periods up to the Conversion Date that remained unpaid.

9.5. Shortfall on a Winding Up

If, upon a winding up of URF, there are insufficient funds to pay in full the amounts referred to in clause 9.4 and the amounts payable in respect of any other units in URF ranking as to such distribution equally with the CPUs on a winding up of URF, the Holders and the holders of any such other units share in any distribution of assets of URF in proportion to the amounts to which they are entitled respectively.

9.6. Participation in Surplus Assets and Profits

The CPUs do not confer on Holders any further right to participate in the surplus assets of URF on a winding up or in the property or profits of URF beyond the rights set out in these Terms.

9.7. Restrictions on other issues

- (a) The issue of any other class of units in URF which rank in priority to the CPUs in respect of distributions or return of capital on a winding up constitutes an alteration of the rights attached to the CPUs. Accordingly, unless and until all the CPUs have been Converted, the Issuer must not, without approval of a Special Resolution passed at a separate meeting of Holders, issue, or permit the conversion of any existing units ranking in priority to the CPUs as to dividends or return of capital on winding up.
- (b) The Issuer may at any time issue further CPUs or other securities ranking equally with (including any convertible preference unit on similar terms to the CPUs) or behind any existing CPUs as to distributions or return of capital on winding up without approval of a Special Resolution passed at a separate meeting of Holders. Such an issue does not constitute a variation or cancellation of the rights attached to the then existing CPUs.

10. Interpretation and Definitions

10.1. Interpretation

- (a) Unless the context otherwise requires, if there is any inconsistency between the provisions of these Terms and the Constitution, then, to the maximum extent permitted by law, the provisions of these Terms will prevail.
- (b) Except to the extent otherwise specified in these Terms, notices may be given by URF to a Holder in the manner described by the Constitution for the giving of notices to members of URF and the relevant provisions of the Constitution apply with all necessary modification to notices to Holders.
- (c) Unless otherwise specified, in these Terms, a reference to a **clause** is a reference to a clause of these Terms.
- (d) If a calculation is required under these Terms, unless the contrary intention is expressed, the calculation will be rounded down to 2 decimal places.
- (e) If an event under these Terms must occur, or anything must be done under these Terms, on or by a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day.
- (f) Definitions and interpretations under the Constitution also apply to these Terms, subject to clause 10.1(a).
- (g) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (h) Specifying anything in these Terms after the words **include** or **for example** or similar expressions does not limit what else is included unless there is express wording to the contrary.

10.2. VWAP adjustments

For the purposes of calculating VWAP in accordance with these terms:

- (a) where, on some or all of the Business Days in the relevant calculation period (**Reference Period**), Ordinary Units have been quoted on ASX as *cum* any distribution or other entitlement and Distribution Ordinary Units are to be issued or the CPUs convert into Ordinary Units after the date those Ordinary Units no longer carry that entitlement (**Ex Date**), then the VWAP on the Business Days on which those Ordinary Units have been quoted *cum* distribution or *cum* entitlement must be reduced by an amount (**Cum Value**) equal to:
 - (i) (in the case of a distribution), the amount of that distribution;
 - (ii) (in the case of an entitlement which is traded on ASX on any of those Business Days), the volume weighted average price of all such entitlements sold on ASX during the Reference Period on the Business Days on which those entitlements were traded, as attributed to each Ordinary Units; or
 - (iii) (in the case of an entitlement not traded on ASX during the Reference Period), the value of the entitlement per Ordinary Unit as reasonably determined by the Issuer; and
- (b) where, on some or all of the Business Days in the Reference Period, Ordinary Units have been quoted *ex* distribution or *ex* entitlement, and Distribution Ordinary Units are to be issued or the CPUs convert into Ordinary Units which would be entitled to receive the relevant distribution or entitlement, the VWAP on the Business Days on which those Ordinary Units have been quoted *ex* distribution or *ex* entitlement must be increased by the Cum Value.

11. Definitions

In these Terms the following terms have the meaning set out below:

Additional Conversion Number	has the meaning given in clause 4.4(c).
Applicable Regulation	such provisions of the Listing Rules, the ASX Settlement Operating Rules, the Corporations Act and any regulations or rules passed under or pursuant to any such provisions, as may be applicable to the transfer.
ASX	Australian Securities Exchange Limited.
Business Day	a day other than a Saturday, Sunday or public holiday on which banks are open for normal banking business in Sydney.
Constitution	the constitution of URF from time to time.
Conversion	has the meaning given in clause 4.1(c).
Conversion Amount	has the meaning given in clause 4.1(a).
Conversion Date	has the meaning given in clause 4.1(a).
Conversion Number	has the meaning given in clause 4.1(b).
Conversion VWAP	has the meaning given in clause 4.1(d).
Corporations Act	the <i>Corporations Act 2001 (Cth)</i> .
CPU	a series A perpetual cumulative convertible step-up preference unit in the capital of URF issued in accordance with these Terms.
CPU Distribution Period	has the meaning given in clause 3.2.
CS Facility	has the same meaning as "prescribed CS facility" in the Corporations Act.
CS Facility Operator	the operator of a CS Facility.
Deferred Distribution	has the meaning given in clause 3.8.
Distribution	a Standard Distribution or a Deferred Distribution.
Distribution Payment Date	each date on which a Distribution is payable in accordance with clause 3.5, whether or not a Distribution is paid on that date.
Distribution Ordinary Units	has the meaning given in clause 3.7(c).
DRP	a distribution reinvestment plan that may be adopted by Issuer under which Holders have the opportunity to reinvest a Distribution in securities in URF.
Foreign Holder	means a Holder whose address in the Register is a place outside Australia or New Zealand or who

	the Issuer otherwise believes may be a foreign Holder.
Holder	a person whose name is for the time being entered in the Register as the holder of a CPU.
Holder Conversion Date	has the meaning given in clause 4.3(d).
Holder Conversion Notice	has the meaning given in clause 4.3(a).
Issue Date	the date of issue of a CPU.
Issue Price	has the meaning given in clause 1.1.
Issuer	the company registered with ASIC as the responsible entity for URF from time to time, being as at the Issue Date Walsh & Company Investments Limited (ACN 152 367 649) (AFSL 410 433) in its capacity as responsible entity of URF.
Issuer Conversion Date	has the meaning given in clause 4.2(b).
Issuer Conversion Notice	has the meaning given in clause 4.2(a)(i).
Listing Rules	the listing rules of the ASX.
Maximum CN	the number specified in the PDS as the Maximum CN from the date of issue adjusted from time to time in accordance with clause 4.6.
Minimum CN	the number specified in the PDS as the Minimum CN from the date of issue adjusted from time to time in accordance with clause 4.6.
Officially Quoted	a quotation on the official list of the ASX, including when quotation is suspended for a continuous period of not more than 60 days.
PDS	the product disclosure statement issued by the Issuer in connection with the offer of CPUs.
Rate	has the meaning given in clause 3.1(b).
Record Date	for payment of: (a) a Standard Distribution - the last day of the CPU Distribution Period for that Distribution; and (b) a Deferred Distribution or an Additional Distribution - the date prior to its payment that is determined by the Issuer.
Register	the register of URF maintained by the Issuer.
Registrar	Boardroom Pty Limited or any other person appointed by the Issuer to maintain the Register.
Special Resolution	has the meaning given in the Corporations Act.

Standard Distribution	has the meaning given in clause 3.1.
Step-Up Date	1 January 2023.
Terms	these terms and conditions of issue of the CPUs.
Ordinary Unit	an ordinary unit in URF.
URF	US Masters Residential Property Fund (ARSN 150 256 161).
VWAP	subject to clause 10.2, the volume weighted average price of trading of Ordinary Units sold on the ASX market and the Chi-X market over the relevant period or on the relevant days but does not include any block trades, large portfolio trades, permitted trades during the pre-trading hours period, permitted trades during the post-trading period, out of hours trades and exchange traded option exercises.
Wind Up Amount	has the meaning given in clause 9.4(b).
Wind Up Date	has the meaning given in clause 9.4(a).