

US Masters Responsible Entity Limited as Responsible Entity for
US Masters Residential Property Fund II (ARSN 676 798 468) and
US Masters Responsible Entity (ARSN 150 256 161)

Corporate Governance Statement

20 June 2024

US Masters Residential Property Fund II (ARSN 676 798 468) (**Fund II**) is a managed investment scheme whose units are intended to be listed and traded on the Australian Securities Exchange (**ASX**) and stapled to those of US Masters Residential Property Fund (ARSN 150 256 161) (**Fund**) (**Proposal**). US Masters Responsible Entity Limited is the Responsible Entity of Fund and Fund II, and are together known as the Group (**Group**).

In accordance with ASX Listing Rule 1.1 *Condition 16*, US Masters Responsible Entity Limited ACN 672 783 345 (**Responsible Entity**) as responsible entity for the Fund and Fund II, in seeking to be admitted to the Official List of the ASX, provides this Corporate Governance Statement which discloses the extent to which the Group will follow the principles and recommendations set by the ASX Corporate Governance Council in the Fourth Edition of the ASX *Corporate Governance Principles and Recommendations* (**ASX Recommendations**). It is intended that, unless otherwise stated in this document, the Group will follow all of the ASX Recommendations.

The directors of the Responsible Entity (**Board**) recognise the importance of good corporate governance.

The Group's key Corporate Governance policies are designed to ensure the effective management and operation of the Group and will remain under regular review. The key Corporate Governance policies are available on the Group's website usmastersresidential.com.au.

1. Lay Solid Foundations for Management and Oversight

Board Roles and Responsibilities

The Board is responsible for the overall operation, strategic direction, leadership and integrity of the Group and in particular, is responsible for the Group's growth and success. In meeting its responsibilities, the Board undertakes the following functions:

- Providing and implementing the Group's strategic direction;
- Reviewing and overseeing the operation of systems of risk management ensuring that the significant risks facing the Group are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with;
- Overseeing the integrity of the Group's accounting and corporate reporting systems, including the external audit
- Ensuring the Board is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the best standards of governance;
- Reviewing and overseeing internal compliance and legal regulatory compliance;
- Ensuring compliance with the Group's constitution and with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001 (Cth)* (**Corporations Act**);
- Overseeing the Group's process for making timely and balanced disclosures of all material information concerning the Group, and
- Communicating with and protecting the rights and interests of all securityholders.

The Board of the Responsible Entity has established a formal policy which acts as a charter and sets out its functions and responsibilities (**Board Charter**).

Subject to legal or regulatory requirements and the Group's constitution, the Board may delegate any of the above powers to individual directors or committees of the Board. Any such delegation shall be in compliance with the law and the Group's constitution.

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2. Structure the Board to Add Value

Board Composition

The composition of the Board is structured to maintain a mix of directors from different backgrounds with complementary skills and experience. Details of each director at the date of this report are given in the Directors' Report, including the period in office, skills, experience, and expertise relevant to the position of director.

The directors of the Responsible Entity at the date of this report (and prior to implementation of the Proposal) are:

Stuart Nisbett – Independent, Non-Executive Chairperson

Peter Shear – Independent, Non-Executive Director

Warwick Keneally – Non-Independent, Executive Director

With effect from implementation of the Proposal (expected to take place on 25 June 2024), Warwick Keneally will resign as a director and be replaced by:

Jack Lowenstein – Independent Non-Executive Director

The company secretary of the Responsible Entity at the date of this report (and prior to implementation of the Proposal) is:

Warwick Keneally

With effect from implementation of the Proposal (expected to take place on 25 June 2024), Warwick Keneally will resign as company secretary and be replaced by:

Caroline Purtell

Having regard to the size of the Group and the nature of its business, the Board has determined that a Board with 3 members is the appropriate composition for the Board and will enable it to continue to effectively discharge its responsibilities to the Group. However, the composition of the Board will be reviewed periodically.

The current Board comprises two independent directors, Stuart Nisbett and Peter Shear and one non-independent director, Warwick Keneally, with the independent Chairperson holding the casting vote.

The Group recognises the ASX Recommendations with respect to establishing remuneration and nomination committees as good corporate governance. However, considering the size and structure of the Group, the functions that would be performed by these committees are best undertaken by the Board.

The Board will review its view on committees in line with the ASX Recommendations and in light of any changes to the size or structure of the Group, and if required may establish committees to assist it in carrying out its functions. At that time the Board will adopt a charter for such committees in accordance with the ASX Recommendations and industry best practices.

It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of non-executive directors on a case-by-case basis and in conformity with the requirements of the ASX Listing Rules and the Corporations Act. In accordance with the Board Charter the directors are entitled to seek independent advice at the expense of the Group. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Group.

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3. Promote Ethical and Responsible Decision-

Making Code of Conduct

The Board of the Responsible Entity has adopted a Code of Conduct to define basic principles of business conduct of the Group. This Code requires the Group's personnel to abide by the policies of the RE and to the law. The Code is a set of principles giving direction and reflecting the Group's approach to business conduct and is not a prescriptive list of rules for business behaviour.

Whistleblower Policy

The Board is subject to a Whistleblowing Policy which is available at usmastersresidential.com.au.

Fraud and Corruption Policy

The Board is subject to a Fraud and Corruption Policy which is available at usmastersresidential.com.au.

Security Trading Policy

The Board of the Responsible Entity has established a Security Trading Policy, which incorporates the insider trading policy, which is available at usmastersresidential.com.au.

This policy outlines the permissible dealing of the Group's securities while in possession of price sensitive information and applies to all directors, executives and relevant employees and contractors of the Responsible Entity.

The Security Trading Policy places restrictions and notification requirements, including the imposition of blackout periods, trading windows and the need to obtain pre-trade approval.

In relation to Insider Trading this policy applies to all directors, executives and relevant employees of the Responsible Entity. All directors, executives and relevant employees of the Responsible Entity must not deal in the Group's securities while in possession of price sensitive information.

4. Safeguard integrity in Financial Reporting

The Group recognises the ASX Recommendations with respect to establishing an audit committee as good corporate governance. However, considering the size and structure of the Group, the functions that would be performed by these committees are best undertaken by the Board.

The Board does not release to the market any periodic corporate reports which are not audited or reviewed by an external auditor.

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5. Making Timely and Balanced Disclosure

The Group is committed to complying with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules and releasing relevant information to the market and securityholders in a timely and direct manner and to promoting investor confidence in the Group and its securities.

The Board has adopted a Continuous Disclosure Policy which is available at usmastersresidential.com.au.

The policy is designed to ensure the Group complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules. The policy administered by the Board is as follows:

- The Board is involved in reviewing significant ASX announcements and ensuring and monitoring compliance with this policy;
- The Company Secretary is responsible for the overall administration of this policy and all communications with the ASX; and
- Senior management of the Responsible Entity is responsible for reporting any material price sensitive information to the Company Secretary and observing the Group's no comments policy.

6. Respect the Rights of Security holders

The Group promotes effective communication with security holders. The Board of Directors has developed a strategy within its Continuous Disclosure Policy to ensure that security holders are informed of all major developments affecting the Group's performance, governance, activities and state of affairs. Each security holder is also provided online access to the Registry to allow them to receive communications from, and send communication to, the Responsible Entity and the Registry. This also includes using a website to facilitate communication with security holders via electronic methods. Information will be communicated to security holders through announcements to the ASX, releases to the media and dispatch of financial reports. Security holders will be provided with an opportunity to access such reports and releases electronically; copies of all such ASX announcements will be linked to the Group's website at www.usmastersresidential.com.au.

These will include:

- weekly net asset value estimates;
- monthly net tangible asset backing announcements;
- quarterly investment updates;
- the half year report;
- the full year report;
- occasional ASX announcements made to comply with the Group's continuous disclosure requirements;
- and
- occasional correspondence sent to securityholders on matters of significance to the Group.

The Board encourages full participation of security holders at the general meetings to ensure a high level of accountability and identification with the Group's strategy. Security holders who are unable to attend the general meeting will be given the opportunity to provide questions or comments ahead of the meeting and where appropriate, these questions will be answered at the meeting.

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7. Recognise and Manage Risk

The Board has accepted the role of identifying, assessing, monitoring and managing the significant areas of risk applicable to the Group and its operations. The Board also monitors and appraises financial performance, including the approval of annual and half-year financial reports and liaising with the Group's auditors.

In order to evaluate and continually improve the effectiveness of its risk management and internal control processes, the Responsible Entity has adopted a Risk Management Framework. The Board will conduct an annual review of the Risk Management Framework to satisfy itself that the Risk Management Framework continues to be sound. The Risk Management Framework is to be reviewed annually.

The Board is responsible for maintaining proper financial records. In addition, the Board will receive a letter half yearly from the Group's external auditor regarding their procedures and reporting that the financial records have been properly maintained and the financial statements comply with the Australian accounting standards (**Accounting Standards**).

The Group does not have any material exposure to environmental or social risks.

The Responsible Entity provides declarations required by Section 295A of the Corporations Act for all financial periods and confirms that in its opinion the financial records of the Group have been properly maintained and that the financial statements and accompanying notes comply with the Accounting Standards and give a true and fair view of the financial position and performance of the Group, based on its review of the internal control systems, management of risk, the financial statements and the letter from the Group's external auditor. Details of the Group's financial risk management will be set out in the notes to the financial statements in the Annual Report. The Board does not release to the market any periodic corporate reports which are not audited or reviewed by an external auditor.

8. Remunerate Fairly and Responsibly Remuneration Policies

Due to the relatively small size of the Group and its operations, the Board does not consider it appropriate, at this time, to form a separate committee to deal with the remuneration of the directors.

In accordance with the Group's constitutions, the Responsible Entity is entitled to a management fee for services rendered.

Details of the Group's related party transactions will be set out in the notes to the financial statements in the Annual Report.