



**US Masters**  
**Residential**  
**Property Fund**

ARSN 150 256 161

# MEETING BOOKLET

**In relation to the Proposal to internalise the responsible entity of US Masters Residential Property Fund (ARSN 150 256 161) (URF:ASX)**

**Notice of Meeting and Explanatory Memorandum for US Masters Residential Property Fund**

**Product Disclosure Statement for US Masters Residential Property Fund II (ARSN 676 798 468)**

**This is an important document and requires your immediate attention.**

You should read this Meeting Booklet carefully and in its entirety prior to making a decision as to how to vote on the Resolutions to facilitate the Proposal and, if necessary, seek appropriate advice.

If you have any questions about this Meeting Booklet or the Proposal, please contact the URF Unitholders Information Line on +61 3 9691 6110 between 8.30am and 5:30pm (Sydney time) Monday to Friday (excluding public holidays).

Responsible Entity

**E&P**

E&P Investment Limited  
ACN 152 367 649 | AFSL 410 433

Financial Adviser

**MA** Moelis  
Australia

# IMPORTANT NOTICE

## DATE OF THIS DOCUMENT

This document is issued by E&P Investments Limited (ACN 152 367 649 | AFSL 410 433) (**E&PIL or Existing Responsible Entity**) in its capacity as responsible entity of the US Masters Residential Property Fund (ARSN 150 256 161) (**URF or the Fund**).

This document is dated 14 May 2024 and has been lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. Neither ASIC nor ASX takes any responsibility for the contents of this document.

## PURPOSE OF THIS DOCUMENT

The purpose of this Meeting Booklet is to provide URF Unitholders with information about the Proposal which, if approved and implemented, will result in the internalisation of the responsible entity of URF and the creation of a new internally managed stapled group.

This Meeting Booklet comprises:

- a notice of meeting and an explanatory memorandum for unitholders of US Masters Residential Property Fund (ARSN 150 256 161) (**URF**) (**URF Unitholders**) in relation to the Resolutions proposed by E&PIL in its capacity as responsible entity of URF, which provides such information as is prescribed or otherwise material to the decision of URF Unitholders on how to vote on the Resolutions at the Meeting; and
- a product disclosure statement for the purpose of Part 7.9 of the Corporations Act in relation to units in the US Masters Residential Property Fund II (ARSN 676 798 468) (**URF II**) (**URF II Units**) that are to be acquired by URF and distributed in-specie by E&PIL to URF Unitholders (other than Ineligible Foreign Members) if certain conditions are met. US Masters Responsible Entity Limited (ACN 672 783 345, AFSL 553794) (**New Responsible Entity**) is the responsible entity of URF II.

The approvals required to implement the proposal are an ordinary resolution to change the responsible entity of URF, and a special resolution to amend the URF constitution including to facilitate the stapling of units in URF to units in the new URF II, which will own the New Responsible Entity (**Resolutions**). The process to implement the proposal is explained further in the Chair's letter and other sections of this Meeting Booklet, along with other information to assist you in deciding how to vote.

E&PIL recommends that you read in full the Meeting Booklet (including the Notice of Meeting) and promptly seek any professional or financial advice you may require from a licensed financial adviser before you determine how to exercise your vote on the proposed Resolutions set out in the Notice of Meeting. This Meeting Booklet provides information about the objectives of the Proposal and the benefits and risks of the Proposal to Unitholders.

## URF II LISTING AND EXPOSURE PERIOD

The New Responsible Entity will, within seven days of the Meeting Booklet Date, apply for the admission of URF II to the Official List of ASX (as part of the Stapled Group) and the quotation of the URF II Units on ASX (as part of the URF Stapled Securities).

The Corporations Act prohibits the New Responsible Entity from issuing or selling the URF II Units under the In-specie Distribution until the period of seven days after lodgement of the Meeting Booklet (**Exposure Period**) has ended. This period may be extended by ASIC by up to a further seven days.

## DEFINED TERMS

Capitalised terms used in this Meeting Booklet are defined in Section 12.

In this Meeting Booklet, the term 'Stapled Group' is used to describe the proposed stapled group comprising URF and URF II as it will exist if the Proposal is implemented.

References in this Meeting Booklet to matters that have been or will have been determined on or prior to the Implementation Date by the board and directors of the Existing Responsible Entity reflect the determinations by the current board and directors of the Existing Responsible Entity as at the Meeting Booklet Date. It is intended that the Existing Responsible Entity will be replaced by the New Responsible Entity as the responsible entity of URF on and from the Implementation Date. The board composition of the New Responsible Entity is set out in Section 4. References in this Meeting Booklet to strategies or policies to be applied by the Stapled Group following the Implementation Date reflect the views and intentions of the directors of the New Responsible Entity from the Implementation Date.

## NO COOLING OFF RIGHTS

Cooling-off rights do not apply to an investment in URF II Units pursuant to the In-specie Distribution. If the Proposal is approved and implemented, the Eligible URF Unitholders will receive URF II Units without needing to pay any money for them or complete any application forms.

## FORWARD LOOKING STATEMENTS

Some of the statements appearing in this Meeting Booklet may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this Meeting Booklet should not be taken to be a forecast or prediction that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as "forecast", "target", "outlook", "continue", "predict", "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential", or other similar words. Similarly, statements that describe the objectives, plans, goals or expectations of URF, URF II or the Stapled Group are or may be forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which the Stapled Group will operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets.



The forward looking statements in this Meeting Booklet reflect views held by the directors of the Existing Responsible Entity only at the Meeting Booklet Date. Subject to any continuing obligations under the Listing Rules or the Corporations Act, URF and, after the Implementation Date, URF and URF II, and each of their responsible entities, their directors and their respective officers disclaim any obligation or undertaking to distribute, after the Meeting Booklet Date, any updates or revisions to any forward looking statements to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

Unforeseen or unpredictable events and various risks could affect future results of the Stapled Group following the implementation of the Proposal, causing results to differ from those which are expressed, implied or projected in any forward-looking statements. Any forward-looking statements are provided for information purposes only in order to assist URF Unitholders to make decisions about whether to vote in favour of the Resolutions set out in the Notice of Meeting. Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements.

## DISCLAIMER

The information in this Meeting Booklet should not be taken as financial product advice and has been prepared as general information only without taking into account your investment objectives, financial situation, tax position or needs. It is important that you read the Meeting Booklet before making any voting decision. In particular, it is important that you consider the advantages and disadvantages of the Proposal (see Section 3 of this Meeting Booklet) and the risk factors outlined in Section 6 of this Meeting Booklet in light of your personal circumstances, recognising that other risk factors may exist in addition to those identified and should also be considered before deciding whether or not to vote in favour of the Resolutions.

Similarly the tax implications of your investment will vary depending on your personal financial circumstances and investment objectives. You should consider the tax implications outlined in Section 8 of this Meeting Booklet and obtain your own professional taxation advice prior to deciding whether or not to vote in favour of the Resolutions.

To the maximum extent permitted by law, neither E&PIL, the New Responsible Entity nor any of their respective directors, officers, employees, agents or advisers accepts any liability for any loss arising from the use of this Meeting Booklet or its contents or otherwise arising in connection with it. The information in this Meeting Booklet remains subject to change. We will notify you of any material changes in relation to this Meeting Booklet via the Australian Securities Exchange (ASX) announcements platform and on the Fund's website <https://www.usmastersresidential.com.au/>. The information in this Meeting Booklet is current as at 14 May 2024 unless otherwise stated.

## PAST PERFORMANCE INFORMATION

If you would like further information about URF, such as the audited financial results for the year ended 31 December 2023 and half year ended 30 June 2023, please refer to URF's website <https://www.usmastersresidential.com.au/>, announcements made by URF since its listing, at [www.asx.com.au](http://www.asx.com.au) or by calling Investor Relations on 1300 454 801 (local call free within Australia).

The Proposal, if approved and implemented, will result in the stapling of URF and URF II and internalisation of their responsible entity. Past performance information relating to URF may not be a reliable indicator of the performance of URF, or from the Implementation Date, the Stapled Group, going forward.

## OVERSEAS INVESTORS AND JURISDICTIONAL DISCLAIMERS

No action has been taken to register or qualify the URF II Units or otherwise permit a public offer of such securities in any jurisdiction outside Australia.

Based on the information available to E&PIL, unitholders of URF whose addresses are shown in the register on the record date as being in the following jurisdictions will be entitled to have URF II Units issued to them subject to any qualifications set out below in respect of that jurisdiction:

United States;  
Singapore;  
Switzerland;  
United Kingdom;  
New Zealand; and

any other person or jurisdiction in respect of which E&PIL reasonably believes that it is not prohibited and not unduly onerous or impractical to issue URF II Units to an URF unitholder with a registered address in such jurisdiction.

Nominees, custodians and other URF unitholders who hold URF units on behalf of a beneficial owner resident outside Australia, New Zealand, Singapore, Switzerland and the United Kingdom may not forward this Meeting Booklet (or any accompanying document) to anyone outside these countries without the consent of E&PIL.

### United States

For URF Unitholders whose address on the URF register is in the United States, this Meeting Booklet will be accompanied by a separate notice that sets out relevant information ("US Wrapper"). If you are a resident of the United States and have not received a copy of the US Wrapper, please contact the Existing Responsible Entity.

### Singapore

This Meeting Booklet and any other document relating to the URF II Units have not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore and the issuance of the URF II Units is not regulated by any financial supervisory authority under any legislation in Singapore. Accordingly, statutory liabilities in connection with the contents of prospectuses under the Securities and Futures Act 2001 (the "SFA") will not apply.

This Meeting Booklet and any other document in connection with the offer, sale or distribution, or invitation for subscription, purchase or receipt of URF II Units may not be offered, sold or distributed, or be made the subject of an invitation for subscription, purchase or receipt, whether directly or indirectly, to persons in Singapore except pursuant to exemptions in Subdivision (4) Division 1, Part 13 of the SFA or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.



# IMPORTANT NOTICE CONTUNUED

Any offer is not made to you with a view to URF II Units being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

This Meeting Booklet is being furnished to you on a confidential basis and solely for your information and may not be reproduced, disclosed, or distributed to any other person.

The investment referred to in this document may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investment. Nothing in this Meeting Booklet constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise constitutes a personal recommendation to you.

E&PIL is not in the business of dealing in securities or hold itself out or purport to hold itself out to be doing so. As such, E&PIL is neither licensed nor exempted from dealing in securities or carrying out any other regulated activities under the SFA or any other applicable legislation in Singapore.

## **Switzerland**

The URF II Units may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this Meeting Booklet nor any other document relating to the URF II Units constitutes a prospectus or a similar notice as such terms are understood pursuant to art. 35 of the Swiss Financial Services Act (FinSA) or the listing rules of any stock exchange or regulated trading facility in Switzerland.

Neither this Meeting Booklet nor any other offering material relating to the URF II Units have been, or will be, filed with or approved by any Swiss regulatory authority or authorized review body. In particular, this Meeting Booklet will not be filed with, and the issuance of URF II Units will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This Explanatory Memorandum may be distributed in Switzerland only to existing unitholders of URF. Neither this Explanatory Memorandum nor any other offering material relating to the URF II Units may be publicly distributed or otherwise made publicly available in Switzerland.

## **United Kingdom**

Neither the information in this Meeting Booklet nor any other document relating to the URF II Units has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the URF II Units.

This Meeting Booklet does not constitute an offer of transferable securities to the public within the meaning of the UK Prospectus Regulation or the FSMA. Accordingly, this Meeting Booklet does not constitute a prospectus for the purposes of the Prospectus Regulation or the FSMA.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the URF II Units has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to E&PIL.

In the United Kingdom, this Meeting Booklet is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this Meeting Booklet relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

## **New Zealand**

This Meeting Booklet is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. The offer of URF II Units is being made to existing unitholders of URF in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 and, accordingly, this Meeting Booklet may not contain all the information that a disclosure document is required to contain under New Zealand law.

## **PRIVACY**

Unitholders have a right to access their personal information and should contact the Existing Responsible Entity if they wish to do so. Unitholders who appoint a named person to act as their proxy, corporate representative or attorney should ensure they inform that person of these matters. For further information on E&PIL's privacy policy, please visit <https://www.usmastersresidential.com.au/>.

## **ELECTRONIC MEETING BOOKLET**

An electronic version of this Meeting Booklet is available to URF Unitholders online at <https://www.usmastersresidential.com.au/>. If you access the Meeting Booklet electronically, please ensure that you download it in its entirety.

## **TIMES AND DATES**

Unless otherwise indicated, all times and dates referred to in this Meeting Booklet are to the time in Sydney, Australia. All times and dates relating to the implementation of the Proposal referred to in this Meeting Booklet may change and, among other things, are subject to all necessary approvals from regulatory authorities.

## **TMD AND FURTHER INFORMATION**

A Target Market Determination (TMD) has been prepared for the transfer of Units under the Proposal. A copy of the TMD can be obtained free of charge upon request by contacting the Existing Responsible Entity.

If after reading this Meeting Booklet you have any further questions, please contact your financial adviser, or E&PIL on +61 3 9691 6110, or the Fund directly at [URFInvestorRelations@usmrpf.com](mailto:URFInvestorRelations@usmrpf.com).



# CONTENTS

|  |           |
|--|-----------|
| <b>IMPORTANT NOTICE</b>                        | <b>ii</b> |
| <b>CONTENTS</b>                                | <b>3</b>  |
| <b>KEY INFORMATION FOR THE PROPOSAL</b>        | <b>4</b>  |
| <b>CHAIR'S LETTER</b>                          | <b>6</b>  |
| <b>1. QUESTIONS AND ANSWERS</b>                | <b>8</b>  |
| <b>2. THE PROPOSAL</b>                         | <b>17</b> |
| <b>3. CONSIDERATIONS RELEVANT TO YOUR VOTE</b> | <b>30</b> |
| <b>4. GOVERNANCE OF STAPLED GROUP</b>          | <b>33</b> |
| <b>5. MEETING AND VOTING INFORMATION</b>       | <b>37</b> |
| <b>6. RISKS</b>                                | <b>42</b> |
| <b>7. FEES AND OTHER COSTS</b>                 | <b>46</b> |
| <b>8. AUSTRALIAN TAXATION</b>                  | <b>53</b> |
| <b>9. US TAX INFORMATION</b>                   | <b>58</b> |
| <b>10. SUMMARY OF IMPORTANT DOCUMENTS</b>      | <b>63</b> |
| <b>11. ADDITIONAL INFORMATION</b>              | <b>67</b> |
| <b>12. GLOSSARY</b>                            | <b>75</b> |
| <b>13. CORPORATE DIRECTORY</b>                 | <b>79</b> |
| <b>APPENDIX 1 - NOTICE OF MEETING</b>          | <b>81</b> |
| <b>APPENDIX 2 - PROXY FORM</b>                 | <b>86</b> |



# KEY INFORMATION FOR THE PROPOSAL

## KEY DATES

| EVENT  | DATE                       |
|--|----------------------------|
| Date of Notice of Meeting and this Meeting Booklet | <b>14 May 2024</b>         |
| Deadline for receipt of Proxy Forms                | <b>18 June 2024, 10 am</b> |
| Voting Record Date                                 | <b>18 June 2024, 7 pm</b>  |
| Meeting of URF Unitholders                         | <b>20 June 2024, 10 am</b> |

## IF THE RESOLUTIONS ARE APPROVED BY URF UNITHOLDERS AT THE MEETING, THE FOLLOWING KEY DATES APPLY.

|  |                     |
|--|---------------------|
| Last day of trading of URF units on a standalone basis   | <b>20 June 2024</b> |
| Quotation of URF II Units and trading in URF Stapled Securities on a deferred settlement basis | <b>21 June 2024</b> |
| Record Date for participation in the Proposal  | <b>24 June 2024</b> |
| Implementation Date  | <b>25 June 2024</b> |
| Last day of deferred settlement trading  |                     |
| Trading in URF Stapled Securities on a normal settlement basis commences                       | <b>26 June 2024</b> |

All dates following the issue date of this Meeting Booklet (and the references to those dates throughout this Meeting Booklet) are indicative only and may be subject to change.

See sections 11.1 and 11.2 for information about deferred settlement trading in URF Stapled Securities. Deferred settlement trading is subject to consideration and approval by ASX.

The Existing Responsible Entity will notify URF Unitholders of any change to this timetable via the ASX announcements platform and the Fund's website at <https://www.usmastersresidential.com.au/>. All times refer to the time in Sydney, Australia unless indicated otherwise.



## KEY STATISTICS

|  |                        |
|--|------------------------|
| Number of URF Units on issue as at 10 May 2024   | <b>712,860,175</b>     |
| Number of URF II Units expected to be distributed to URF Unitholders under the Proposal        | <b>712,860,175*</b>    |
| Total number of URF Stapled Securities to be on issue following implementation of the Proposal | <b>712,860,175*</b>    |
| Expected market capitalisation of the Stapled Group following implementation of the Proposal   | <b>\$199,600,849**</b> |
| Proposed ASX code for URF Stapled Securities   | <b>URF</b>             |

\* By the Record Date for participation in the Proposal, this number will be lower by the number of URF Units bought back between the date of this Meeting Booklet and that date.

\*\* This is the product of the current URF Unit trading price of 28 cents and the number of Units above. By the Record Date for participation in the Proposal, this number may differ because of market movements, and by the market value of any URF Units bought back between the date of this Meeting Booklet and that date.

### Meeting details

The Existing Responsible Entity notifies you that the Meeting will be held at:

#### Location

Level 32, 1 O'Connell St, Sydney, NSW, 2000

#### Date

on 20 June 2024

#### Time

10 am (Sydney time).

### What should you do next?

#### Step 1: Carefully read this Meeting Booklet in full

You should read this Meeting Booklet in full before deciding how to vote. The Q&A in section 1 may help answer some of your questions. If you have any doubts about what action to take, you should seek your own independent financial, legal, tax or other professional advice before deciding how to vote at the Meeting.

#### Step 2: Vote on the Resolutions

If you are a URF Unitholder on the Voting Record Date you are entitled to vote on the resolutions at the Meeting.

You can vote:

- ◆ in person or by a duly appointed representative at the Meeting; or
- ◆ by proxy, by completing and returning the proxy form accompanying the Notice of Meeting. Proxies must be lodged by emailing, posting or delivering them to the email or physical address specified in the Notice of Meeting to be received no later than 10.00 am (Sydney time) on 18 June 2024.





## CHAIR'S LETTER

Dear Investors,

As Independent Chair of E&P Investments Limited (E&PIL, the Existing Responsible Entity of the US Masters Residential Property Fund) I present to you this proposal to replace E&PIL as the responsible entity with a newly incorporated and licensed entity, US Masters Responsible Entity Limited (**New Responsible Entity**), which will be owned by you, the unitholders in URF.

If appointed, the New Responsible Entity will operate the Fund and its new stapled trust, URF II, fully independently of any financial services organisation and on a cost-recovery basis. This "internalised" structure is common for property trusts listed on ASX. Section 2.4 sets out in diagrammatic form the current structure and proposed "internalised" structure.

The ultimate parent entity of E&PIL, E&P Financial Group Limited (**E&P**), has stated its intention to exit from non-core businesses such as funds management, which includes responsible entity and administration services, investment management and fund accounting services, therefore the Fund requires a sustainable alternative responsible entity solution. The Board of E&PIL proposed the appointment of K2 Asset Management Limited (**K2**) as an alternative responsible entity, but that proposal was not approved by URF Unitholders at a meeting held in June 2023. At that point in time, certain Unitholders recommended considering the internalisation of the Responsible Entity of the Fund and having the existing independent directors remain with the Fund. Subsequently, the Board of E&PIL considered a range of alternative options and concluded that an internalisation is in the best interests of Unitholders and addresses Unitholder feedback on the preferred structure. On 30 August 2023, E&PIL announced the commencement of workstreams with regard to the potential internalisation.

Commencement of the internalisation workstreams followed the finalisation of the joint venture partnership with Brooksville Company LLC (**Brooksville**) and the property management agreement with Pinnacle City Living (a New York based property management firm and subsidiary of Cushman & Wakefield) (**Pinnacle**) in January 2023. It also followed the outsourcing of fund administration and fund accounting services to K2 in July 2023 following the June 2023 meeting. Given the implementation of these key initiatives, the Board of E&PIL believes now is an appropriate time to propose to transfer ownership of the responsible entity function to URF Unitholders, through this proposed internalisation. It is important to note E&P will not receive any proceeds from the Proposal.

You should consider the advantages and disadvantages of the Proposal before deciding how to vote.





The Proposal is intended to provide Unitholders with the following benefits:

- ◆ a sustainable alternative responsible entity option, given E&P's stated intention to exit from non-core businesses such as funds management, noting that it is unsustainable for E&PIL to continue providing its services at substantially less than cost now that it has ceased to be responsible entity across eight other registered schemes over the last 24 months;
- ◆ avoids E&PIL having to seek to retire as responsible entity and handover to a third-party responsible entity through a court appointment process, which would also involve holding an additional unitholder meeting and incur material additional costs for Unitholders (and likely have the same result of E&PIL stepping down as responsible entity);
- ◆ a board that will include the existing independent directors (providing important continuity of oversight);
- ◆ the management team in the internalised structure will include staff with requisite experience in, and a long-term commitment to, providing responsible entity and trustee services;
- ◆ an internalised responsible entity independent from E&P, consistent with feedback from various investors; and
- ◆ an internalised responsible entity unrelated to the historical negative sentiment regarding the fund, which may have affected the fund's market price per unit.

A potential risk or disadvantage of the Proposal includes:

- ◆ Unitholders should note that there will be some increase in the costs of operating URF, compared to costs currently incurred. The current lower costs are subsidised by E&P. In the event this Proposal fails, E&PIL will seek to retire through a court process and costs will likely rise in any event.

If more than 50% of eligible votes cast by Unitholders are in favour of Resolution 1 (to change the responsible entity) and if more than 75% of eligible votes cast by Unitholders are in favour of Resolution 2 (to amend the URF constitution), E&PIL will be replaced as the Responsible Entity by US Masters Responsible Entity Limited, and units in the new trust URF II (which will own the New Responsible Entity) will be stapled to the units in URF to create the internally managed stapled structure. The Proposal does not involve any change to the Fund's strategy. Resolutions 1 and 2 are inter-conditional, that is, neither Resolution will take effect unless the other is passed.

This Meeting Booklet sets out information that is material to a Unitholder's decision on how to vote on the Resolutions, including further detail of the reasons for the Proposal and its possible advantages and disadvantages.

If you have any questions regarding this Proposal, please speak with your professional advisor or contact our Investor Relations team via email at [URFInvestorRelations@usmrpf.com](mailto:URFInvestorRelations@usmrpf.com).

On behalf of the Existing Responsible Entity, I recommend the Proposal to you.

Kind regards,



**Stuart Nisbett**  
**Chair of E&PIL**



# 1

## QUESTIONS AND ANSWERS



# 1. QUESTIONS AND ANSWERS

| Question   | Answer   | Section    |
|--|--|------------|
| <b>Overview of the Proposal</b>  |  |            |
| <b>What is the Proposal?</b>   | The Proposal is to replace E&PIL as the responsible entity with a newly incorporated and licensed entity, US Masters Responsible Entity Limited (New Responsible Entity), which will be owned by you, the unitholders in URF. If appointed, the New Responsible Entity will operate the Fund and its new stapled trust, URF II, fully independently of any financial services organisation and on a cost-recovery basis. This is referred to as an “internalised” structure.   | <b>2.2</b> |
| <b>What is the rationale for the Proposal?</b>   | Upon rejection of the proposal to appoint K2 as an alternative responsible entity in June 2023, certain Unitholders recommended considering the internalisation of the Responsible Entity of the Fund. Subsequently, the Board of E&PIL considered a range of alternative options and concluded an internalisation is in the best interests of Unitholders and addresses Unitholder feedback on the preferred structure.<br><br>On 30 August 2023, E&PIL announced the commencement of workstreams with regards to the potential internalisation.  | <b>2.1</b> |
| <b>What are the reasons to vote for, and key benefits of, the Proposal?</b>            | The Proposal is intended to provide Unitholders with the following benefits: <ol style="list-style-type: none"> <li>1. URF will be operated by a responsible entity that is accountable to URF’s investors, and not part of an external financial services group;</li> <li>2. a sustainable alternative responsible entity option, given E&amp;P’s stated intention to exit from the business of operating and managing infrastructure and real property funds, such as URF;</li> <li>3. avoids E&amp;PIL having to seek to retire as responsible entity through a court process for the appointment of a temporary responsible entity who would be required to call a further meeting;</li> <li>4. the management team in the internalised structure will include the existing independent directors (providing important continuity of oversight) and staff with extensive experience in providing responsible entity and trustee services;</li> <li>5. an internalised responsible entity independent from E&amp;P, consistent with feedback from various investors;</li> <li>6. an internalised responsible entity unrelated to the historical negative press and sentiment regarding the fund, which may have affected the fund’s unit price; and</li> <li>7. the service of operating the Stapled Group will be provided at cost, without a profit component benefiting a third party RE.</li> </ol> | <b>3.1</b> |
| <b>What will be the effect on the assets of the Fund of implementing the Proposal?</b> | If the Proposal is implemented, cash amounting to less than 1% of URF’s assets will be transferred to become property of URF II, but Unitholders will hold units in each of URF and URF II in the same proportions so the total underlying value of the investment will not change.  | <b>2.8</b> |



# 1. QUESTIONS AND ANSWERS CONTINUED

| Question  | Answer   | Section     |
|---|--|-------------|
| Overview of the Proposal continued  |  |             |
| <b>What are the potential reasons to vote against the Proposal, and the main risks?</b> | <p><b>1. Increase in costs</b></p> <p>If the Proposal is approved, the responsible entity function for URF will be internalised and the amount payable to the New Responsible Entity will be on a cost-recovery basis only (including directors' fees, staff costs, IT costs and office costs). The costs of operating the new stapled structure are estimated to increase by approximately 0.47% per annum of NAV compared with the current subsidised level. Fees and costs of the operations in the US will not change. See section 2.5 for further detail, and section 7 for total fees and costs of the Fund.</p> <p><b>2. Transition risk</b></p> <p>There are some operational risks associated with a change in responsible entity, such as ensuring that future management, directors, IT systems and other operational processes continue to be provided to the same standard as the Existing Responsible Entity has been able to provide because it is part of the substantial E&amp;P.</p> <p>The Existing Responsible Entity considers that the New Responsible Entity will have the appropriate governance and systems in place to be able to adequately perform its duties. Every effort has been made to minimise transition risk and put in place robust governance and operating structures for the New Responsible Entity.</p> <p><b>3. New Responsible Entity financial requirements</b></p> <p>If the Proposal is implemented, the New Responsible Entity will be capitalised by URF to an amount of \$3.5 million so as to satisfy the regulatory requirement to hold a minimum level of net tangible assets (NTA) and provide some working capital. The majority of this cash must be retained in the New Responsible Entity and will not be available for other purposes, such as buy-back of Stapled Securities, distributions to Stapled Securityholders or for capital returns. It is possible (but not considered likely) that the NTA requirement or other financial requirements could increase in the future.</p> | <b>3.2</b>  |
| <b>How do the Existing Responsible Entity Directors recommend you vote?</b>             | The independent directors of the Responsible Entity recommend that Unitholders vote in favour of each Resolution at the relevant Meeting.  | <b>2.10</b> |
| <b>Is implementation of the Proposal subject to any conditions precedent?</b>           | <p>The Conditions that must be satisfied before the Proposal is implemented include:</p> <ol style="list-style-type: none"> <li>1. Unitholders must approve both Resolutions by the requisite majorities; and</li> <li>2. all regulatory approvals (being ASIC relief and ASX waivers) required to implement the Proposal must be granted or obtained and not be withdrawn, cancelled or revoked. If these conditions are not satisfied, the Proposal will likely not be implemented.</li> </ol>   | <b>10.2</b> |



| Question  | Answer   | Section        |
|---|--|----------------|
| Overview of the Proposal continued  |  |                |
| <b>What costs are being incurred in connection with the Proposal?</b>     | The Responsible Entity will incur approximately \$1.1 million (excluding GST and disbursements) in one-off Transaction Costs in connection with developing and implementing the Proposal. If the Proposal is approved, the Responsible Entity expects to pay an additional \$0.3 million (excluding GST and disbursements) in Transaction Costs, reflecting advisory fees contingent upon the implementation of the Proposal. Total costs of the Proposal if implemented would be approximately \$1.3 million.   | <b>7</b>       |
| <b>What are the tax implications of the Proposal for URF Unitholders?</b> | Amending the constitution and reallocating capital to a new stapled vehicle may have some tax implications for Unitholders. Please refer to Section 8 for a summary of the Australian tax consequences of implementing the Proposal.<br><br>Stapling will give rise to additional administrative and income tax compliance obligations for URF and URF II.   | <b>8 and 9</b> |
| <b>What happens if the Proposal is not approved?</b>                      | If the Resolutions are not approved and therefore the Proposal is not able to be implemented, in the short term: <ul style="list-style-type: none"> <li>◆ the Existing Responsible Entity will remain as the responsible entity for URF;</li> <li>◆ the directors of the Existing Responsible Entity will remain in place;</li> <li>◆ URF's Units will continue to trade on ASX;</li> <li>◆ URF will still incur transaction costs relating to the Proposal of approximately \$1.1 million; and</li> <li>◆ the Existing Responsible Entity will assess ways in which it may be able to cease to act as the Responsible Entity of URF. This may include an application to the Supreme Court of New South Wales for the appointment of a temporary responsible entity. If a temporary responsible entity is appointed, they will be required to call one or more further meetings to propose the appointment of a new permanent responsible entity. If that becomes necessary, the court, legal and meeting costs that the Fund may bear could be considerable.</li> </ul> | <b>2.9</b>     |

## Meeting and proposed Resolutions

|                                       |   |                   |
|---------------------------------------|---|-------------------|
| <b>When and where is the Meeting?</b> | The Meeting will be held at 10.00am (Sydney time) on 20 June 2024 at Level 32, 1 O'Connell Street, Sydney NSW 2000. | <b>Appendix 1</b> |
|---------------------------------------|---|-------------------|



# 1. QUESTIONS AND ANSWERS CONTINUED

| Question  | Answer  | Section                   |
|---|---|---------------------------|
| Meeting and proposed Resolutions continued  |   |                           |
| <b>What resolutions need to be passed by URF Unitholders for the Proposal to proceed?</b> | <p><b>1. To consider, and if thought fit, to pass the following resolution as an ordinary resolution:</b></p> <p>“That, conditional upon the passing of Resolution 2, US Masters Responsible Entity Limited ACN 672 783 345 (New Responsible Entity) be appointed as responsible entity of the US Masters Residential Property Fund ARSN 150 256 161 (Fund) effective upon the distribution in-specie of units in US Masters Residential Property Fund II ARSN 676 798 468 to participating members of URF in accordance with the Implementation Deed dated 13 May 2024 (Resolution 1)”.</p> <p><b>2. To consider, and if thought fit, to pass the following resolution as a special resolution:</b></p> <p>“That, conditional upon the passing of Resolution 1, the constitution of the Fund be amended for the purposes of section 601GC(1)(a) of the Corporations Act as set out in the copy of the supplemental deed tabled at the Meeting and accessible up to the date of the Meeting at <a href="https://www.usmastersresidential.com.au/">https://www.usmastersresidential.com.au/</a>, and that the Existing Responsible Entity be authorised to execute the supplemental deed and lodge it with the Australian Securities and Investments Commission” (“Resolution 2”).</p> | <b>2.3</b>                |
| <b>What are the voting thresholds to approve the Resolutions?</b>                         | <p>Resolution 1 is an ordinary resolution requiring more than 50% of eligible votes cast by URF Unitholders to be in favour of the Proposal for it to be passed.</p> <p>Resolution 2 is a special resolution requiring at least 75% of eligible votes cast by URF Unitholders to be in favour of the Proposal for it to be passed.</p>  | <b>5.3</b>                |
| <b>Who can vote at the Meeting?</b>   | Each URF Unitholder who is registered on the URF Register as at 7.00pm (Sydney time) on the Voting Record Date is entitled to attend and vote at the Meeting subject to any applicable Voting Exclusions.   | <b>5.3</b>                |
| <b>What are the Voting Exclusions?</b>  | <p>The Chair of the Meeting will determine whether a URF Unitholder is entitled to vote on a Resolution based on the circumstances known at the time of the Meeting.</p> <p>Under section 253E of the Corporations Act, the Existing Responsible Entity and its associates are not entitled to vote their interest on either of the Resolutions if they have an interest in the Resolutions other than as a member of URF, unless they vote as proxies as directed. See Section 2.11 regarding units held by directors of the Existing Responsible Entity.</p>  | <b>5.4</b>                |
| <b>How do I vote?</b>   | <p>Unitholders entitled to vote at the Meeting may vote:</p> <ol style="list-style-type: none"> <li>in person at the Meeting;</li> <li>by appointing a proxy to attend the Meeting and vote on their behalf using the proxy form accompanying this notice or, in the case of corporate Unitholders or proxies, a corporate representative to attend the meeting and vote on its behalf. A proxy may be an individual or body corporate.</li> </ol>  | <b>5.6 and Appendix 1</b> |



| Question   | Answer  | Section                   |
|--|---|---------------------------|
| Meeting and proposed Resolutions continued                                     |   |                           |
| <b>What happens if one of the Resolutions is approved but the other isn't?</b> | Resolutions 1 and 2 are inter-conditional, that is, neither Resolution 1 nor Resolution 2 will take effect unless both of the Resolutions are passed by the requisite majorities. | <b>2.3 and Appendix 1</b> |

|   |   |  |
|---|---|--|
| <b>When will the results of the Meeting be known?</b> | The Existing Responsible Entity will announce the results of the meeting on ASX as soon as practicable after the meeting is held. |  |
|---|---|--|

## Overview of URF II

|                                  |  |            |
|----------------------------------|--|------------|
| <b>What is URF II?</b>           | URF II is a newly registered managed investment scheme. If the Proposal proceeds, it will be listed and its units stapled to units in URF.   | <b>2.4</b> |
| <b>What is URF II's purpose?</b> | URF II will hold 100% of the shares in the New Holding Company, which in turn owns 100% of the shares in the New Responsible Entity. The New Holding Company, the New Responsible Entity and URF II have been newly established for the purposes of this Proposal. | <b>2.4</b> |

## In-specie Distribution of URF II Units

|  |  |             |
|--|--|-------------|
| <b>What securities are being distributed under this Meeting Booklet?</b> | URF Unitholders (excluding Ineligible Foreign Members as set out in Section 11.5 of this Meeting Booklet) will receive a transfer of a number of units in URF II equal to the number of URF units they hold as at the Record Date. Those units will be stapled to units in URF on a one for one basis, and the RE reasonably expects that the Stapled Securities (comprising the units in URF and URF II) will be able to trade on the ASX.  | <b>2.4</b>  |
| <b>Who will receive URF II Units?</b>                                    | All Unitholders excluding Ineligible Foreign Members.<br><br>Under the URF constitution, Unitholders whose address on the register is in certain jurisdictions outside Australia and New Zealand may be excluded from participation in the Proposal and will have their URF Units and URF II Units to which they would otherwise have been entitled sold by a Sale Nominee and have the proceeds paid to them.<br><br>Currently, the Existing Responsible Entity intends that Unitholders located in jurisdictions other than the United States, United Kingdom, Switzerland, Singapore and New Zealand will be subject to this process.             | <b>11.5</b> |
| <b>What is the reason for the distribution of the URF II Units?</b>      | URF Unitholders receive an in-specie distribution of URF II Units to assist in the implementation of the proposed internalisation.<br><br>The result will be that the New Responsible Entity will be an internalised responsible entity, that is the units in URF will be stapled to the units in a trust that holds the shares in the New Responsible Entity on a one for one basis. The Unitholders in URF will effectively own the New Responsible Entity, creating a structure with no profit component in the New Responsible Entity's management fees and a greater alignment of interests of the New Responsible Entity with the Unitholders. | <b>2.6</b>  |





# 1. QUESTIONS AND ANSWERS CONTINUED

| Question  | Answer  | Section               |
|---|---|-----------------------|
| In-specie Distribution of URF II Units <i>continued</i>   |   |                       |
| <b>What consideration is payable for the URF II Units?</b>  | URF II will issue a number of URF II Units equal to the number of URF Units on the Record Date for participation in the Proposal at an application price of 0.4833 cents per unit.  | <b>2.6</b>            |
| <b>What is the impact on Ineligible Foreign Members?</b>  | <p>Implementation of the Proposal will result in URF Unitholders being issued URF II Units that will become part of URF Stapled Securities. The Existing Responsible Entity has determined that restrictions in certain foreign countries make it impractical or unlawful to offer or receive URF II Units in those countries. No specific action has been taken to register or qualify the units or otherwise permit a public offering of such units in any jurisdiction outside Australia, but advice has been sought to allow participation in the Proposal by certain URF Unitholders whose address is in the United States, the United Kingdom, Switzerland, Singapore and New Zealand.</p> <p>In order to ensure that URF II Units are not issued in circumstances where foreign securities laws could be breached, existing URF Units owned by Ineligible Foreign Members will be transferred (along with the URF II Units they would have received under the Proposal) on the Implementation Date of the Proposal to the Sale Nominee who will sell the Stapled Securities on market and pay the net proceeds to the former URF Unitholders whose units have been sold.</p> <p>Foreign Members who have units compulsorily disposed will be able to purchase stapled securities on market at the conclusion of the suspension of trading post implementation of the Proposal.</p> | <b>11.5</b>           |
| <b>The Stapled Group after implementation of the Proposal</b>   |   |                       |
| <b>What will the Stapled Group look like if the Proposal proceeds?</b>  | The Stapled Group will comprise URF and URF II if the Proposal is approved and implemented.   | <b>2.4, 2.5</b>       |
| <b>What are the business plan and strategy of the Stapled Group post implementation of the Proposal? Will URF's business plan and strategy change if the Proposal is implemented?</b> | <p>The Stapled Group will continue with the same business plan. Brooksville will remain as the asset manager of the portfolio and Pinnacle as property manager of the portfolio.</p> <p>The Stapled Group will continue the process of exiting its multifamily assets with Urban American.</p> <p>Assuming that local property market conditions hold, the Fund expects that sales volumes will continue to progressively increase over time. The Fund has a target of US\$150 million in property sales during the 2024 calendar year, representing a sizeable increase from 2023.</p> <p>The Fund will continue with the previously advised strategy of capital returns from sale proceeds as well as the ongoing buyback program as surplus cash becomes available.</p>  | <b>Chair's letter</b> |



| Question  | Answer   | Section        |
|---|--|----------------|
| The Stapled Group after completion of the Proposal continued  |  |                |
| <b>Who are the Directors on the New Responsible Entity Board?</b>                                     | The Directors of the New Responsible Entity will be: <ul style="list-style-type: none"> <li>- Mr Stuart Nisbett;</li> <li>- Mr Peter Shear; and</li> <li>- Mr Jack Lowenstein</li> </ul>   | <b>4.1</b>     |
| <b>Will the Stapled Group's management change if the Proposal is implemented?</b>                     | In the internalised structure, oversight of the management of the Stapled Group both in Australia and the United States will be carried out by the three independent Directors listed above.<br>As Head of Operations, Ms Hannah Chan will be supported by appropriate administrative and compliance staff, and will oversee the monitoring of the outsourced service providers to the Stapled Group, such as the custodian, registrar and administrator.  | <b>4.2</b>     |
| <b>What are the risks of an investment in the Stapled Group after implementation of the Proposal?</b> | The key risks of an investment in URF will remain the same following implementation of the Proposal. They include: <ul style="list-style-type: none"> <li>◆ There are general business risks associated with the residential property market in the New York and New Jersey metropolitan regions including potential declines in the value of US real estate; fluctuating vacancy rates and the ability of the US REIT to have the properties tenanted; a downturn in the US economy; the possibility of default by tenants; US interest rate fluctuations; and other factors which may affect the US economy.</li> <li>◆ There is a risk that the Group is unable to secure financing on similar terms to the existing facility and deposit risk in the event of bank failure.</li> <li>◆ There are additional general economic risks which include but are not limited to general economic conditions, inflation, litigation and disputes, changes in tax laws or accounting policy, market risks, currency risks, performance risks and other factors.</li> </ul> | <b>6</b>       |
| <b>What will the corporate governance arrangements of the Stapled Group be?</b>                       | Consistent with the current practice of the Existing Responsible Entity, the Board will meet at least quarterly and will be responsible for the compliance function under the Compliance Plan for URF and URF II.<br>The Board has adopted various compliance and risk management policies and procedures to support the governance framework for the Stapled Group.<br>The Board has adopted an operational framework which outlines the ongoing supervision and monitoring activities to be undertaken by management and the Board.  | <b>4, 10.3</b> |



# 1. QUESTIONS AND ANSWERS CONTINUED

| Question  | Answer  | Section    |
|---|---|------------|
| The Stapled Group after completion of the Proposal continued                    |   |            |
| <b>What distributions may be paid from the Stapled Group?</b>                   | It is not expected that there will be any distributions of income from URF II, as its management fee will be equal to the costs of operating the Stapled Group. Distributions from URF will continue to be paid as assets of the US REIT are realised and in conjunction with other methods of returning capital such as buy-backs. |            |
| <b>How and when will valuations of the Stapled Group's assets be conducted?</b> | Half of URF's property portfolio is valued by independent appraisers every six months, so that all properties are valued once each year. The last valuation cycle concluded for the period ending 31 December 2023.   | <b>2.8</b> |



# 2

## THE PROPOSAL



## 2. THE PROPOSAL

### 2.1 Background to the Proposal

On 19 June 2023, a meeting was held at which E&PIL had sought to retire as responsible entity of URF and recommended to Unitholders that K2 be appointed in its place. Insufficient yes votes were received to implement that proposal, and it is understood that some Unitholders believed that they would be better served having a company as responsible entity that is only accountable to Unitholders, and not externally owned. Certain Unitholders also indicated that they value the expertise and experience of the existing independent directors of the current responsible entity and would like their continued involvement with the Fund.

On 30 August 2023, in line with E&P's stated strategic objective to exit non-core businesses, E&PIL announced the commencement of workstreams with regard to the potential internalisation of the Responsible Entity of the Fund. The Board of E&PIL had considered a range of alternative options before proceeding with the internalisation workstreams and believes an internalisation is in the best interests of Unitholders, while also addressing feedback provided by Unitholders as noted in the previous paragraph. Part of the internalisation Proposal is that the same independent directors have been appointed to the Board of the New Responsible Entity.

For further information about alternative structures and strategies that the Existing Responsible Entity explored before deciding to pursue the Proposal, see section 2.13.

### 2.2 Overview of the Proposal

The objective of the Proposal is for E&PIL to step down as responsible entity and be replaced by the New Responsible Entity, which will be owned by URF Unitholders and operate on a cost recovery model with no profit component in the responsible entity's fee. The key steps to implement the Proposal that will occur if the Resolutions are approved are:

- ◆ the transfer to URF Unitholders of one unit in URF II for every unit held in URF, by way of an in-specie capital distribution from URF (other than to Ineligible Foreign Members);
- ◆ the change of responsible entity of URF from E&PIL to the New Responsible Entity (a wholly owned subsidiary of URF II); and
- ◆ the stapling of each unit in URF to each unit in URF II, to form a URF Stapled Security.

### 2.3 What are the proposed Resolutions?

The two resolutions to be put to the meeting of URF Unitholders are as follows:

To consider, and if thought fit, to pass the following resolution as an **ordinary** resolution:

"That, conditional upon the passing of Resolution 2, US Masters Responsible Entity Limited 672 783 345 (**New Responsible Entity**) be appointed as responsible entity of the US Masters Residential Property Fund ARSN 150 256 161 (**Fund**) effective upon the distribution in-specie of units in US Masters Residential Property Fund II ARSN 676 798 468 to participating members of URF in accordance with the Implementation Deed dated 13 May 2024 (**Resolution 1**)".

To consider, and if thought fit, to pass the following resolution as a **special** resolution:

"That, conditional upon the passing of Resolution 1, the constitution of the Fund be amended for the purposes of section 601GC(1)(a) of the Corporations Act as set out in the copy of the supplemental deed tabled at the Meeting and accessible up to the date of the Meeting at <https://www.usmastersresidential.com.au/>, and that the Existing Responsible Entity be authorised to execute the supplemental deed and lodge it with the Australian Securities and Investments Commission (**Resolution 2**)".

Resolutions 1 and 2 are inter-conditional, that is, neither Resolution 1 nor Resolution 2 will take effect unless both of the Resolutions are passed by the requisite majorities.

If both Resolutions are passed, the Proposal as described below will be implemented.



## 2.4 Overview of URF II and the New Responsible Entity

### About URF II, the New Responsible Entity and the process of Internalisation

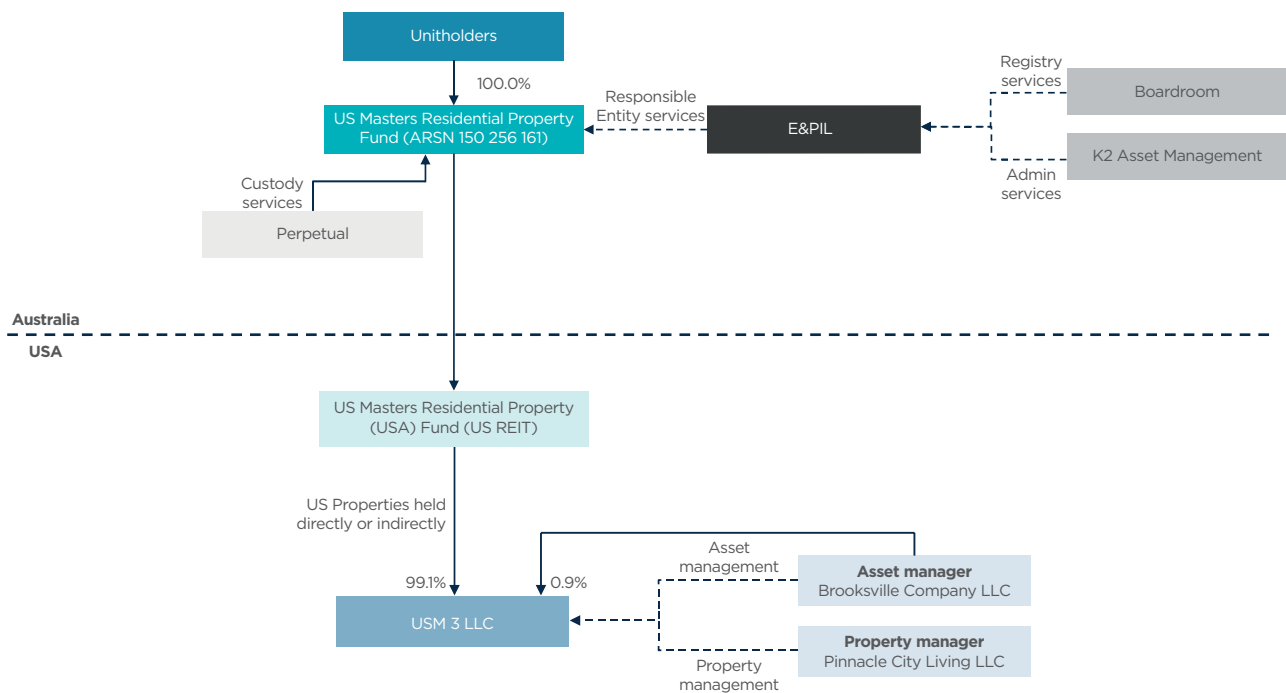
The Proposal is seeking Unitholder approval for a new registered managed investment scheme (**URF II**) to be stapled to URF, creating an internalised vehicle.

Under the Proposal, URF II holds 100% of the shares in the company, New Holding Company, which in turn owns 100% of the shares in the New Responsible Entity. The New Holding Company, the New Responsible Entity and URF II have been newly established for the purposes of this Proposal.

On 6 May 2024, the New Responsible Entity was granted an AFSL licence to operate URF and URF II as registered managed investment schemes.

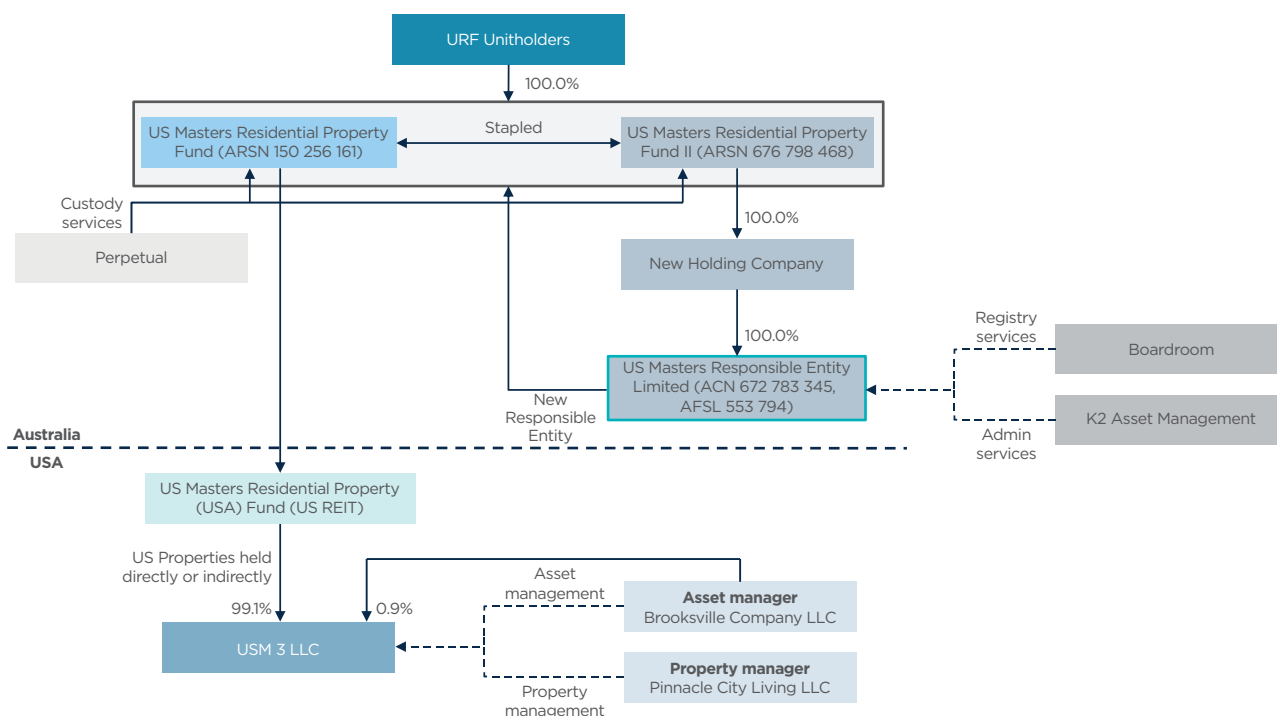
Internalisation would be achieved through a stapled structure whereby the New Responsible Entity is a company ultimately owned by URF II, the units of which are stapled to units in URF (**Stapled Group**). The result will be that the New Responsible Entity will be an internalised responsible entity, that is the units in URF will be stapled to the units in a trust that holds the shares in the New Responsible Entity on a one for one basis. The Unitholders in URF will effectively own the New Responsible Entity, creating a structure with no profit component in the New Responsible Entity's management fees and a greater alignment of interests of the New Responsible Entity with the Unitholders.

### Existing Structure



## 2. THE PROPOSAL CONTINUED

### Proposed Structure



### New Responsible Entity and URF II

#### Details about the New Responsible Entity and URF II

URF II is a registered managed investment scheme. No units in URF II have been issued as at the date of this Meeting Booklet. The New Responsible Entity is the responsible entity of URF II.

The New Responsible Entity is a newly incorporated Australian public company which has been established for the purposes of the Proposal. The New Responsible Entity is a wholly owned subsidiary of the New Holding Company which in turn is currently held by the Existing Responsible Entity in its personal capacity.

If the Proposal is implemented, on the Implementation Date the shares in New Holding Company will be transferred to become an asset of URF II. Also on that date, URF Unitholders (excluding Ineligible Foreign Members as set out in section 3.3 of this Meeting Booklet) will receive a transfer of a number of units in URF II equal to the number of URF units they hold as at the Record Date, the units will be stapled, and the Stapled Securities (comprising the units in URF and URF II stapled on one for one basis) will be able to trade on the ASX.

For more information on what will occur if the Proposal is approved or is not approved at the Meeting, see sections 2.6 and 2.9.



## 2.5 Changes arising from the Proposal

If the Resolutions are passed and the Proposal is implemented, there will be a change to the Fund's Responsible Entity.

The below tables provide a comparison of the Fund before and after the implementation of the Proposal.

|  | Current  | Proposed  |
|--|--|---|
| <b>Responsible Entity</b>                | E&PIL  | US Masters Responsible Entity Limited   |
| <b>Responsible Entity Fee</b>            | <p>E&amp;PIL currently charges a responsible entity fee of 0.08% (inclusive of GST) of GAV plus the net amount of GST of 0.0036% (totalling 0.0836% per annum), estimated to amount to 0.10% of NAV.</p> <p>The fees and costs associated with the operation and administration of the Fund and its investments that are paid by E&amp;PIL (including, but not limited to, registry, tax, custodian and audit fees are payable out of the Fund).</p>   | <p>Internalised Responsible Entity structure that will operate on a cost recovery basis. The costs will be approximately 0.49% (inclusive of GST) of GAV (estimated to amount to 0.57% of NAV).</p> <p>This is a higher amount because the fee charged in the last year has been on a basis heavily subsidised by E&amp;P. See section 7 for details of all fees and costs.</p> |
| <b>Administration Fee</b>                | Nil, waived from 1 January 2022.   | No change to current arrangement.   |
| <b>US REIT operations and management</b> | Brooksville and Pinnacle   | Brooksville and Pinnacle - no change to current arrangement.  |
| <b>Administrative Services</b>           | <p>K2 is currently engaged by the Responsible Entity to provide administrative services via an Administrative Services Agreement. These services include:</p> <ul style="list-style-type: none"> <li>◆ financial reporting;</li> <li>◆ listed fund functions (such as liaising with registry service provider and compliance with ASX Listing Rules);</li> <li>◆ ongoing investor relations and management services;</li> <li>◆ company secretarial support.</li> </ul> <p>Further information in relation to the Administrative Services Agreement is at section 4.2.</p> | No change to current arrangement. These costs are included in the Responsible Entity Fee.   |
| <b>IT Services</b>                       | IT services are currently provided by the E&P and form part of the RE fee.   | E&P will provide IT services as an outsourced service provider for a fee for a transition period. The IT costs are included in the above estimate of the Responsible Entity fee.  |



## 2. THE PROPOSAL CONTINUED

|                     | Current  | Proposed   |
|---------------------|--|--|
| <b>Registry</b>     | BoardRoom Pty Limited provides Registry services.  | No change to current arrangement. BoardRoom will continue to provide Registry services on the same basis.  |
| <b>Custody</b>      | The Trust Company (Australia) Limited, a member of the Perpetual group of companies, is custodian for the assets of URF. | No change to current arrangement. The custody arrangement will continue, and the custodian has been appointed to also hold the assets of URF II.   |
| <b>Office space</b> | Currently provided by E&P and forms part of the current RE fee.  | E&P has indicated they can continue to provide office space for a transition period at a commercial rent. The office costs are included in the above estimate of the Responsible Entity fee. |

The office space provided by E&P will physically separated from their own premises, and the IT systems will be segregated. Each of these services will only be provided for a transition period of approximately six months after the Implementation Date. Following implementation of the Proposal, the internally managed stapled URF group will not have any continuing contracts or other arrangements with E&P. However, retained knowledge of the business of URF will be provided by the two independent directors who will serve on the board of the New Responsible Entity, and the services of Ms Hannah Chan as operations manager. Hannah formerly held senior roles in E&P, including as Company Secretary of the Existing Responsible Entity, and was involved in accounting and ASX liaison for URF.

### Costs of the Proposal

The costs of the Proposal are expected to be approximately \$1.1 million in connection with developing the Proposal, which includes advisory fees payable for the financial, legal and tax advisers and expenses associated with convening and holding the Meeting, consultant fees and other costs. These costs have been or will be recovered from the Fund irrespective of whether the Proposal is approved. If the Proposal is approved, the New Responsible Entity expects to pay an additional \$0.3 million to its financial adviser, contingent upon the implementation of the Proposal. Upon implementation, total costs of the Proposal (**Transaction Costs**) would be \$1.3 million.



## 2.6 What steps will be taken if the Resolutions are approved?

If the Resolutions are approved, the New Responsible Entity will replace the Existing Responsible Entity as the Responsible Entity for URF and the URF and the URF II units will be stapled to form the Stapled Securities and a Stapled Group (see Section 2.4 above for a diagram of the structure of the Proposal). The Unitholders will then effectively own the New Responsible Entity through their holding of URF II units.

Set out below is a summary of the specific implementation steps that will occur if the Resolutions are passed:

1. The URF Constitution will be amended to implement the changes approved by the Unitholders at the Meeting (see section 5.2 for further details) and lodged with ASIC to bring the changes into effect.
2. URF II will issue the number of URF II Units equal to the number of URF Units at the Record Date for participation in the proposal at an application price of 0.4833 cents per unit.
3. E&PIL will transfer shares in New Holding Company to URF II for nominal consideration.
4. URF II will use most of its capital (as obtained under step 2) to subscribe for shares in New Holding Company which in turn will inject the capital in the New Responsible Entity (meeting its licensee financial requirements).
5. Except as contemplated in the step immediately below, the New Responsible Entity will make a capital distribution in-specie of the URF II units it holds to URF Unitholders, following which the Unitholders will hold one URF II unit for every URF unit.
6. URF Unitholders who are Ineligible Foreign Members will have their URF units transferred to a Sale Nominee to be dealt with according to the URF Constitution (along with the URF II Units to which they would otherwise have been entitled).
7. ASIC will process the change of Responsible Entity so that the Existing Responsible Entity retires as Responsible Entity, and the New Responsible Entity, is appointed as Responsible Entity of URF. The New Responsible Entity will then be Responsible Entity of both URF and URF II from the date ASIC updates their records.
8. The New Responsible Entity will determine that stapling will commence so that the URF and URF II units form the Stapled Securities.

The above steps have been set out in the Implementation Deed (which is summarised in Section 10.2) so that there is certainty that, if the Resolutions are passed, the steps will be implemented in the appropriate order and at the correct time.

The effect of section 601FS of the Corporations Act is that the New Responsible Entity will, upon becoming the responsible entity of URF, acquire the rights, obligations and liabilities of the Existing Responsible Entity in relation to URF except that the following rights and liabilities remain rights and liabilities of the Existing Responsible Entity:

- ◆ any right of the Existing Responsible Entity to be paid fees for the performance of its functions up to the time it ceased to be the Responsible Entity;
- ◆ any right of the Existing Responsible Entity to be indemnified for expenses it incurred before it ceased to be the Responsible Entity;
- ◆ any right, obligation or liability that the Existing Responsible Entity had as a member of the scheme; and
- ◆ any liability for which the Existing Responsible Entity could not have been indemnified out of the scheme property if it had remained the scheme's Responsible Entity.

Under section 601FT of the Corporations Act, contracts entered into by the Existing Responsible Entity will be automatically novated to the New Responsible Entity. Therefore any agreements that the Existing Responsible Entity has made with service providers in its capacity as responsible entity of URF will continue on foot between the New Responsible Entity and the service providers if the New Responsible Entity becomes the Responsible Entity. Contracts such as those covering custody, registry and administrative services will be updated to also cover URF II.



## 2. THE PROPOSAL CONTINUED

### 2.7 Rights and liabilities attached to the Stapled Securities

The rights and liabilities that will be attached to the Stapled Securities are set out in the URF Constitution and URF II Constitution, which are summarised in Section 10. Copies of these documents will be made available for inspection on the URF website at <https://www.usmastersresidential.com.au/>.

### 2.8 Financial impact of the Proposal

#### Ongoing management costs of internalisation if the Proposal is successful

Under the URF constitution, the Existing Responsible Entity is entitled to receive a fee for its role as responsible entity of 0.50% p.a. of the gross asset value of the Fund, but has waived the greater part of that fee so that currently only 0.08% of GAV p.a. (estimated to be 0.10% of NAV per annum inclusive of the net effect of GST) is charged. It is also entitled to recover from the assets of URF any expense properly incurred by it in the exercise of rights, powers and duties as Responsible Entity.

If the Proposal is approved, the responsible entity function for URF will be internalised and the amount payable to the New Responsible Entity will be on a cost-recovery basis only (including directors' fees, staff costs, IT costs and office costs). It is estimated that the costs for operating the Stapled Group after implementation of the Proposal will be approximately \$2.0 million per annum, or approximately 0.49% of GAV (0.57% of NAV). These costs are approximately 0.41% higher on the basis of GAV or 0.47% higher on the basis of NAV than the current subsidised charge, and this may affect the level of distributions by up to that amount. The forecast costs are an estimate and could be subject to change.

If the Proposal is not approved, URF will still incur transaction costs of \$1.1 million. The Responsible Entity management fee will continue to be 0.08% of GAV. This fee does not cover the costs to run the Existing Responsible Entity. It would be unsustainable for the Existing Responsible Entity to continue operating URF indefinitely at a loss. Because of this, and the other reasons set out in the Chair's letter and Section 1, the Existing Responsible Entity intends to continue to seek to retire as the Responsible Entity of URF.

#### New Responsible Entity financial requirements

If the Proposal is implemented, the New Responsible Entity will be capitalised by URF to an amount of \$3.5 million so as to satisfy the regulatory requirement to hold a minimum level of net tangible assets (NTA) and provide some working capital. The majority of this cash must be retained in the New Responsible Entity and will not be available for other purposes, such as buy-back of Stapled Securities, distributions to Stapled Securityholders or for capital returns. It is possible (but not considered likely) that the NTA requirement or other financial requirements could increase in the future.

#### Financial position if Proposal is approved:

##### Basis of preparation

The financial information contained in this Section has been prepared in accordance with the recognition and measurement principles of Australian accounting standards. However, it is presented in an abbreviated form and as it does not include all of the disclosures, statements or comparative information required by the Australian accounting standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The accounting policies used in preparing the financial information are the same as those of URF Group, which are described in the URF financial report for the year ended 31 December 2023, accessible through the ASX platform.

The information below reflects the 31 March 2024 pro forma statement of financial position for each of the following:

- Consolidated US Masters Residential Property Fund and US Masters Residential Property (USA) Fund (US REIT) to show the current effective financial position of URF Unitholders. This statement has been pro-forma adjusted for 31 March 2024.
- Standalone US Masters Residential Property Fund to show the underlying financial position of URF unitholders. This statement has been pro-forma adjusted for 31 March 2024.
- Standalone US Masters Residential Property Fund II (New Responsible Entity) to show the net tangible assets of the New Responsible Entity prior to proposed implementation.



## Consolidated US Masters Residential Property Fund and US Masters Residential Property (USA) Fund (US REIT)

This balance sheet shows the current effective financial position of URF Unitholders, pro-forma adjusted for 31 March 2024.

| Consolidated Balance sheet as at 31 March 2024 | Notes | 31-Dec-23          | Adj.               | 31-Mar-24          |
|--|-------|--------------------|--------------------|--------------------|
| <b>Current assets</b>                          |       |                    |                    |                    |
| Cash and cash equivalents                      | 1     | 36,694,819         | 11,011,663         | 47,706,482         |
| Receivables                                    |       | 673,700            | 4,432,772          | 5,106,472          |
| Prepayments                                    |       | 1,299,904          | (703,833)          | 596,071            |
| Other financial assets                         |       | 5,872,919          | 262,080            | 6,134,999          |
| Other assets                                   |       | 195,478            | (67,040)           | 128,438            |
| Net investment in sub-lease                    |       | 969,755            | 60,364             | 1,030,119          |
| Investment properties held for sale            | 2     | 91,494,422         | (13,639,763)       | 77,854,659         |
| <b>Total current assets</b>                    |       | <b>137,200,997</b> | <b>1,356,243</b>   | <b>138,557,240</b> |
| <b>Non-current assets</b>                      |       |                    |                    |                    |
| Investment properties                          | 3     | 786,858,555        | 13,850,603         | 800,709,158        |
| Other assets                                   |       | 11,076,206         | (2,783,610)        | 8,292,596          |
| Right-of-use asset                             |       | -                  | -                  | -                  |
| Net investment in sub-lease                    |       | 1,216,520          | (209,741)          | 1,006,779          |
| Property, plant and equipment                  |       | 16,243             | (3,239)            | 13,004             |
| Security deposits                              |       | 191,737            | 8,556              | 200,293            |
| Payables                                       |       | -                  | -                  | -                  |
| <b>Total non-current assets</b>                |       | <b>799,359,261</b> | <b>10,862,569</b>  | <b>810,221,830</b> |
| <b>Total assets</b>                            |       | <b>936,560,258</b> | <b>12,218,812</b>  | <b>948,779,070</b> |
| <b>Current liabilities</b>                     |       |                    |                    |                    |
| Payables                                       |       | 5,455,854          | 10,149,429         | 15,605,283         |
| Lease liabilities                              |       | 1,405,551          | (38,985)           | 1,366,566          |
| <b>Total current liabilities</b>               |       | <b>6,861,405</b>   | <b>10,110,444</b>  | <b>16,971,849</b>  |
| <b>Non-current liabilities</b>                 |       |                    |                    |                    |
| Provisions                                     |       | 3,844,600          | (1,586,343)        | 2,258,257          |
| Deferred tax liabilities                       |       | 46,920,126         | 2,093,814          | 49,013,940         |
| Borrowings                                     | 4     | 456,225,804        | (3,198,091)        | 453,027,713        |
| Lease liabilities                              |       | 1,271,129          | (222,399)          | 1,048,730          |
| Other non-current liabilities                  |       | 194,968            | 14,357             | 209,325            |
| <b>Total non-current liabilities</b>           |       | <b>508,456,627</b> | <b>(2,898,662)</b> | <b>505,557,965</b> |
| <b>Total liabilities</b>                       |       | <b>515,318,032</b> | <b>7,211,782</b>   | <b>522,529,814</b> |
| <b>Net assets</b>                              |       | <b>421,242,226</b> | <b>5,007,030</b>   | <b>426,249,256</b> |
| Units on Issue                                 | 5     | 726,177,358        | (4,528,502)        | 721,648,856        |
| <b>Net assets per unit</b>                     |       | <b>0.58</b>        |                    | <b>0.59</b>        |



## 2. THE PROPOSAL CONTINUED

| Consolidated Balance sheet as at<br>31 March 2024 | Notes | 31-Dec-23          | Adj.             | 31-Mar-24          |
|---|-------|--------------------|------------------|--------------------|
| <b>Equity</b>                                     |       |                    |                  |                    |
| Unit capital                                      |       | 617,998,091        | (8,506,437)      | 609,491,654        |
| Convertible step-up preference units              |       | -                  | -                | -                  |
| Reserves  |       | 194,735,572        | 26,676,249       | 221,411,821        |
| Retained earnings                                 |       | (393,405,447)      | (13,162,782)     | (406,568,229)      |
| Equity attributable to unitholders<br>of the Fund |       | <b>419,328,216</b> | <b>5,007,030</b> | <b>424,335,246</b> |
| Non-controlling interests                         |       | 1,914,010          | -                | 1,914,010          |
| <b>Total equity</b>                               |       | <b>421,242,226</b> | <b>5,007,030</b> | <b>426,249,256</b> |

### Notes to the Consolidated Statement of Financial Position

- Increase in cash and cash equivalents from the sale of investment properties.
- During 1Q 2024, URF closed on the sale of US\$26.5 million<sup>1</sup> of investment properties across fifteen transactions. The reduction in the balance of investment properties held for sale of \$13.6 million during the period reflects the reduction resulting from these property disposals, offset by transfers from investment properties to the sales pipeline, as properties became vacant and held for sale.
- URF's property portfolio is valued by independent appraisers every six-months, with the last valuation cycle concluded for the period ended 31 December 2023 (note that half of the portfolio is valued semi-annually, meaning the entire portfolio is re-valued annually). The AUD:USD exchange rate moved from 0.6812<sup>2</sup> on 31 December 2023 to 0.6521<sup>3</sup> on 31 March 2024. On a stand-alone basis, this has resulted in approximately a 4.27% uplift in the 31 December 2023 valuation of the property portfolio in Australian Dollar terms during quarter. While properties continued to be transferred from investment properties to the sales pipeline during 1Q 2024 (shown as 'Investment properties held for sale' in the table above, refer to note 2), given the large value of investment properties, the movement in the exchange rate resulted overall in a net increase in the A\$ value of investment properties during the period.
- URF's debt primarily consists of a term loan with Global Atlantic. The Global Atlantic Term Loan carries a fixed interest rate of 4.00% with a maturity date in May 2026. The Global Atlantic Term Loan will continue to be reduced in coming periods as assets that are used as collateral are sold. As the properties are sold from the collateral pool, a required repayment will be made to Global Atlantic based on the sold property's allocated loan amount. The Global Atlantic Term Loan has a balance of \$296,841,528 as at 31 March 2024. See section 6.1 (b) for details on the risk of this Facility.
- Residual sales proceeds will continue to be used to fund the on-market buybacks or made available for other capital management opportunities.

All other adjustments made to 31 December 2023 Statement of Financial position are a consequence of ordinary business operations.

<sup>1</sup> Refer to "Quarterly update" announcement for March 2024 at <https://www.usmastersresidential.com.au/investor-centre/announcements/>

<sup>2</sup> <https://www.bloomberg.com/quote/AUDUSD:CUR>

<sup>3</sup> Ibid.



## Standalone US Masters Residential Property Fund

This balance sheet shows the underlying financial position of URF unitholders, pro-forma adjusted for 31 March 2024.

| Standalone US Masters Residential Property Fund | Notes | 31-Dec-23          | Adj                | 31-Mar-24          |
|---|-------|--------------------|--------------------|--------------------|
| Current assets                                  |       | 3,549,945          | 13,353,774         | 16,903,719         |
| Other assets                                    | 1     | 408,850,652        | (12,821,074)       | 396,029,577        |
| <b>Total assets</b>                             |       | <b>412,400,597</b> | <b>532,700</b>     | <b>412,933,296</b> |
| Current liabilities                             |       | 1,579,962          | 6,703,436          | 8,283,399          |
| Other liabilities                               |       | 46,920,126         | 2,093,813          | 49,013,940         |
| <b>Total liabilities</b>                        |       | <b>48,500,089</b>  | <b>8,797,249</b>   | <b>57,297,338</b>  |
| <b>Net assets</b>                               |       | <b>363,900,508</b> | <b>(8,264,550)</b> | <b>355,635,958</b> |
| Share capital                                   |       | 617,998,091        | (8,506,437)        | 609,491,654        |
| Retained earnings                               |       | (254,097,583)      | 241,887            | (253,855,696)      |
| <b>Total equity</b>                             |       | <b>363,900,508</b> | <b>(8,264,550)</b> | <b>355,635,958</b> |

### Notes to the Standalone US Masters Residential Property Fund Statement of Financial Position

1. Decrease in assets due to the current sale program being undertaken and the return of capital to URF by the US REIT, and the resultant impact on the net asset value of URF's investment in the US REIT.

### Standalone US Masters Residential Property Fund II (New Responsible Entity)

Net tangible assets of the New Responsible Entity prior to proposed implementation.

#### NET TANGIBLE ASSETS

|   |                  |
|---|------------------|
| Total assets  | 3,500,000        |
| Less adjustments: Excluded assets (intangible assets) | -                |
| <b>Adjusted assets</b>                                | <b>3,500,000</b> |
| Total liabilities                                     | -                |
| Less adjustments                                      | -                |
| <b>Adjusted liabilities</b>                           | <b>-</b>         |
| <b>Net tangible assets</b>                            | <b>3,500,000</b> |

## 2.9 What will happen if the Resolutions are not approved?

If the Resolutions are not approved and therefore the Proposal is not able to be implemented, in the short term:

- ◆ the Existing Responsible Entity will remain as the responsible entity for URF;
- ◆ the directors of the Existing Responsible Entity will remain in place;
- ◆ URF's Units will also continue to trade on ASX; and
- ◆ URF will still incur transaction costs relating to the Proposal of approximately \$1.1 million; and
- ◆ the Existing Responsible Entity will assess ways in which it may be able to cease to act as the Responsible Entity of URF. This may include an application to the Supreme Court of New South Wales for the appointment of a temporary responsible entity. If a temporary responsible entity is appointed, they will be required to call one or more further meetings to propose the appointment of a new permanent responsible entity. If that becomes necessary, the court, legal and meeting costs that the Fund may bear could be considerable.





## 2. THE PROPOSAL CONTINUED

### 2.10 Existing Responsible Entity recommendation

Having regard to all relevant circumstances, including the matters set out in this Meeting Booklet, the independent directors of the Existing Responsible Entity recommend that Unitholders vote in favour of the Resolutions. Mr Warwick Keneally as a non-independent Director has abstained from recommending the transaction in line with E&PIL's conflicts management processes.

The Chair of the Meeting intends to vote undirected proxies in favour of the Resolutions to approve the Proposal.

### 2.11 Interests of directors

As at the Meeting Booklet Date:

- ◆ Mr Nisbett has an interest in URF of 18,462 URF Units, which represents less than 0.01% of the total equity on issue of URF;
- ◆ Mr Keneally has an interest in URF of 77,652 URF Units, which represents approximately 0.01% of the total equity on issue of URF.

If the Resolutions are approved and the Proposal is implemented:

- ◆ Mr Nisbett will receive 18,462 URF II Units under the In-specie Distribution and therefore will hold 18,462 URF Stapled Securities on Implementation Date, which will represent less than 0.01% of the total equity on issue of the Stapled Group on Implementation Date;
- ◆ Mr Keneally will receive 77,652 URF II Units under the In-specie Distribution and therefore will hold 77,652 URF Stapled Securities on Implementation Date, which will represent approximately 0.01% of the total equity on issue of the Stapled Group on Implementation Date.

On Implementation Date, except for Mr Nisbett, no other director of the New Responsible Entity is expected to hold any interest in the Stapled Group and the Stapled Group is expected to have a fully independent board. See Section 4 for further details on the governance of the Stapled Group.

Mr Nisbett and Mr Keneally do not intend to vote on the Resolutions in respect of their URF Units.

### 2.12 Related party transactions in the Proposal

One of the implementation steps in which URF II issues the number of URF II Units to match the number of URF Units at an application price of 0.4833 cents per unit, is considered as a related party transaction as this is a transaction between the Existing Responsible Entity as the responsible entity of URF and its related party, the New Responsible Entity (as an entity controlled at that time by the Existing Responsible Entity in its personal capacity). Upon issue of the URF II units the units will be equal in value to the amount contributed by URF as the application price, and URF will own 100% of URF II, so the value it receives will be the same as value given. On that basis, the board of the Existing Responsible Entity considers that this step is conducted on arms' length terms and therefore does not require URF Unitholder approval for the purpose of section 601LC of the Corporations Act.

The In-specie Distribution step will involve distributing URF II Units held by URF to Mr Nisbett and Mr Keneally based on their holdings in URF on exactly the same terms as the In-specie Distribution to the other Eligible URF Unitholders. As such, the board of the Existing Responsible Entity considers that this step is conducted on arms' length terms and therefore does not require URF Unitholder approval for the purpose of section 601LC of the Corporations Act.



## 2.13 Alternatives to the Proposal have been explored

During the past few years, the Existing Responsible Entity has considered and explored various alternative approaches to addressing the issue of URF Units trading on ASX at a significant discount to their underlying net asset value. Alternatives considered have included winding up URF, a bulk sale of the underlying assets, and changing responsible entity to an external provider. None of these alternatives has proceeded, having been considered not in members' best interests or proved impossible.

An immediate termination and winding up of URF is not in members' best interests because the assets in which URF holds interests through the US REIT are a large number of separate residential properties (approximately 430 individual properties and some 'multi family' residences, amounting approximately 700 homes in total), concentrated in limited geographical areas in New York and New Jersey. If URF were to be immediately wound up, all the properties would be put on the market at once, and the price at which they could be sold would be severely diminished, which would not be in members' best interests.

As reported in ASX announcements over the past few years, the RE has already pursued the following alternatives to the present Proposal and it has proved impossible to implement them:

- ◆ In 2022, an agreement for a bulk sale of URF's underlying properties to US-based company Rockpoint was close to agreed, but then the buyer withdrew due to uncertainty in economic conditions. No other buyers in a bulk sale at an acceptable price were available, despite an extensive survey with the assistance of a US based adviser. Following this, as described in the Chair's letter in this booklet and previously in market announcements, Brooksville was engaged to manage the sale of the individual properties in an orderly manner over an extended period, subject to market conditions. That process is ongoing, but proceeding slowly.
- ◆ A proposal to replace E&P Investments Limited with a different responsible entity was put to URF members at a meeting in 2023. The proposed replacement, K2 Asset Management, was not chosen by URF members at the meeting. It is understood that among the reasons for some votes against that proposal was a sentiment from certain members holding a significant percentage of URF units that an external Responsible Entity was not a preferred governance structure for URF as a property trust, and that the two independent directors of E&P Investments Limited were among the best people to guide URF through to its conclusion, noting that they would no longer be involved if K2 (or any other replacement external responsible entity) became responsible entity of URF.

The current internalisation Proposal provides a governance model independent of E&P or other external party in which the experience and expertise of Messrs Nisbett and Shear will still be available to URF.



# 3

## CONSIDERATIONS RELEVANT TO YOUR VOTE



## 3. CONSIDERATIONS RELEVANT TO YOUR VOTE

### 3.1 Why Unitholders may vote for the proposal

The general advantages of the Proposal include the following:

- ◆ **A sustainable alternative responsible entity option as E&P has stated its intention to exit from non-core businesses such as funds management, noting it is unsustainable for E&P to continue providing its services at the current cost level and an internalised platform will be more reflective of the actual costs;**
  - We note that an alternative third-party external responsible entity was proposed to the market but was voted down, suggesting internalisation may be a more sustainable alternative option.
  - It is understood that some Unitholders believed that they would be better served having an internalised responsible entity that is only accountable to Unitholders, and not externally owned. They have also indicated that they value the expertise and experience of the existing independent directors of the current responsible entity and would like their continued involvement with the Fund, which the current Proposal offers.
  - E&PIL conducted a scoping study to assess various options and do not consider any other alternative structure to be more compelling, while also being consistent with feedback from various investors.
  - The costs of an internalised platform will be more reflective of the actual costs required to manage the vehicle, as opposed to the current arrangement (which is unsustainable as it is the only fund that E&P manages).
- ◆ **Avoids having E&PIL seek to retire as responsible entity and handover to a third-party through a court process (and hold an additional Unitholder meeting), which would incur material additional costs for Unitholders;**
  - We note the material additional costs associated with this process will be borne by Unitholders.
- ◆ **A board that will include the existing independent directors (providing important continuity of oversight)**
- ◆ **An internalised management team with requisite experience in, and a long-term commitment to, providing responsible entity and trustee services;**
- ◆ **An internalised responsible entity independent from E&P, consistent with feedback from various investors;**
- ◆ **An internalised responsible entity unrelated to the historical negative sentiment regarding URF, which may be weighing down on URF's unit price; and**
- ◆ **An internalised responsible entity provides significant strategic and corporate governance benefits for Unitholders.**

### 3.2 Why unitholders may vote against the proposal

However, in deciding how to vote, Unitholders should be aware that, among other things, some of the disadvantages of the Proposal include:

- ◆ Some investors may prefer that existing arrangements with and services provided by E&PIL remain in place; and
- ◆ While the change of responsible entity from E&PIL to US Masters Responsible Entity Limited is expected to have no impact on Unitholders' investments in the Fund, there may be the potential for some minor disruption to the operation of the Fund arising from the implementation of the transition.

Given Unitholders are already subject to the risks relevant to their investment in URF, this Section describes the specific risks associated with the Proposal and which are unique to an internalisation of the Responsible Entity function.



### 3. CONSIDERATIONS RELEVANT TO YOUR VOTE CONTINUED

#### a) Increases in costs following internalisation

Under the URF constitution, the Existing Responsible Entity is entitled to be paid a management fee of 0.50% per annum of the Gross Value of the Assets of the Fund. It is also entitled to recover costs properly incurred in the operation of URF.

However, since June 2023 the Existing Responsible Entity has only been charging a management fee of 0.08% per annum of the Gross Asset Value of the Fund plus GST (less the amount of the fee to be paid to K2 under the Administration Services Agreement). This is much lower than the actual costs of operating URF, particularly now that E&PIL has ceased to be responsible entity of eight other registered schemes over the last 24 months.

If the Proposal is approved, the responsible entity function for URF will be internalised and the amount payable to the New Responsible Entity will be on a cost-recovery basis only (including directors' fees, staff costs and office costs). The costs of operating the new stapled structure are estimated to increase by approximately 0.41% of GAV per annum or 0.47% of NAV per annum. See section 2.5 for a further explanation and section 7 for the total fees and costs of the Fund.

#### b) Transition risk

There are some operational risks associated with a change in responsible entity, such as ensuring that future management, directors, systems and other operational processes continue to be provided to the same standard as the Existing Responsible Entity has been able to provide because it is part of the substantial E&P.

The Existing Responsible Entity considers that the New Responsible Entity will have the appropriate governance and systems in place to be able to adequately perform its duties.

This risk is offset by the fact that key aspects of the operation of URF will remain in place, so little if any disruption to the operation of the Fund is expected. The arrangements providing continuity include the appointment to the New Responsible Entity of the two independent directors of E&PIL, and the continuity of services to the Fund by Brooksville, Pinnacle, all the existing custody, registry and administrative services providers and the continued involvement of certain staff, and external financial and legal advisers, who have experience in relation to the Fund.

#### c) New Responsible Entity financial requirements

If the Proposal is implemented, the New Responsible Entity will be capitalised by URF to an amount of \$3.5 million so as to satisfy the regulatory requirement to hold a minimum level of net tangible assets (NTA) and provide some working capital. The majority of this cash must be retained in the New Responsible Entity and will not be available for other purposes, such as buy-back of Stapled Securities, distributions to Stapled Securityholders or for capital returns. If the NTA requirement or other financial requirements were to change in the future, this could represent a risk to the ability of the New Responsible Entity to act as the responsible entity of the Stapled Group as the ability of the New Responsible Entity to obtain extra capital is limited unless funded via the investment strategy of a gradual sell down in URF's assets. However, the risk of this occurring is considered low in the near term, because ASIC has recently reissued the legislative instrument that imposes the NTA requirement without changing the requirements. Also, the required NTA is calculated based on 0.5% of scheme property and, as assets are sold and capital is returned to members, that number should steadily decrease.

### 3.3 Ineligible foreign members

Under the URF constitution, Unitholders whose address on the register is in certain jurisdictions outside Australia and New Zealand may be excluded from participation in the Proposal and will have their URF Units and URF II Units to which they would otherwise have been entitled sold by a Sale Nominee and have the proceeds paid to them. See Section 11.5 for further details.

Currently, the Existing Responsible Entity intends that Unitholders located in jurisdictions other than Australian, New Zealand, the United States, United Kingdom, Switzerland and Singapore will be subject to this process.



# 4

## GOVERNANCE OF STAPLED GROUP



## 4. GOVERNANCE OF STAPLED GROUP

### 4.1 The Board and Management of the New Responsible Entity

The New Responsible Entity has three independent directors being Mr Stuart Nisbett, Mr Peter Shear and Mr Jack Lowenstein. Mr Nisbett and Mr Shear are currently independent non-executive directors of the Existing Responsible Entity. Mr Nisbett will be Chair of the New Responsible Entity.

#### Mr Stuart Nisbett – Chair

Mr Nisbett joined the board of the Responsible Entity as the independent Chair of E&PIL in December 2019. Mr Nisbett has more than 30 years' experience in property development, project finance, funds management, equity and debt raising and real estate corporate advisory in Australia and Asia and is the founder and principal of independent corporate advisory firm, Archerfield Partners.

Prior to founding Archerfield, Mr Nisbett held senior banking and investment banking roles with ANZ, NM Rothschild & Sons (Australia) and Macquarie Bank and as a senior finance and development executive with the Lend Lease group. Mr Nisbett is a Chartered Accountant and holds a Bachelor of Commerce with Merit and a Master of Commerce from the University of NSW, and in 2005 was appointed a Fellow of the Australian Property Institute.

#### Mr Peter Shear – Director

Mr Shear has approximately 20 years' specific experience in companies providing financial services in Australia across various positions in both executive and non-executive capacities, including:

- ◆ as Non-Executive Director, E&P Investments Limited (AFSL No: 410 433), a subsidiary of ASX-listed E&P Financial Group Limited, and current responsible entity of URF;
- ◆ as Founder, director and responsible manager for Archibald Capital (AFSL No: 530 512), a funds management business specialising in opportunistic credit and special situations investment across Australia and New Zealand;
- ◆ as a Senior Advisor to Bain Capital Credit on various transactions. In addition, he was a director of entities owned by Bain Capital Credit that purchased the Australian GE Commercial Loan Business;
- ◆ in various roles at Lloyds International Pty Ltd, including Chief Risk Officer, Managing Director, Head of Business Support Unit, Head of Corporate and Structured Finance, Head of Acquisition Finance, Project Leader for various projects and transactions; and
- ◆ prior to this Mr Shear was a Partner at Ernst & Young.

Mr Shear is a Chartered Accountant and holds a Bachelor of Business from the University of Technology Sydney. He additionally completed an Executive Masters of Business Administration and Management from the University of New South Wales.

At E&P Investments Limited, together with Mr Nisbett, Mr Shear oversaw the restructuring of the US REIT which included the implementation of the investment strategy and the appointment of Brooksville to execute URF's investment strategy.

#### Mr Jack Lowenstein – Director

Mr Lowenstein has approximately 20 years' relevant experience in companies providing financial services in Australia across various positions in both executive and non-executive capacities, including:

- ◆ as Chairman and Director, Morphic Ethical Equities Fund Ltd (a listed investment company);
- ◆ as Managing Director, Joint Chief Investment Officer and Responsible Manager, Morphic Asset Management Pty Ltd (AFSL No: 419 916);
- ◆ as Non-Executive Director, and chairman of investment committee, Reinsurance Australia Corp Ltd (later renamed Calliden Group Ltd), an ASX listed company licensed as a general insurer by APRA and holder of an AFSL;
- ◆ in various roles at Hunter Hall Invest Management Ltd (AFSL No: 219 642 and responsible entity of Hunter Hall schemes) and its parent company Hunter Hall International Ltd, an ASX listed company, including Director, Deputy Chairman and Deputy Chief Investment Officer;
- ◆ as a Non-Independent Director of Hunter Hall Global Value Ltd (a listed investment company); and
- ◆ as Non-Executive Chairman of Tissue Repair Limited, an ASX listed biotech.





In addition to the companies listed above, he has also previously served as a non-executive director of ASX listed Fiji Kava Ltd and Kresta Holdings Ltd.

Mr Lowenstein has had extensive experience in funds management, including in supervising activities of investment professionals (portfolio managers, analysts, dealers, distribution specialists), outsourced service providers and operational staff.

Mr Lowenstein holds a Bachelor of Arts from Oxford University, and a Master of Arts also from Oxford University.

Mr Lowenstein will commence as a director of the New Responsible Entity on the Implementation Date (see the timetable on page 4).

### **Mr Warwick Keneally**

Mr Keneally is currently a director of both the Existing Responsible Entity and the New Responsible Entity, but will step down as a director of the New Responsible Entity from the Implementation Date, and be replaced by Mr Lowenstein.

Mr Keneally is Head of Finance at E&P Investments Limited, the Funds Management division of E&P Financial Group Limited. Before joining E&P Investments Limited, Warwick worked in chartered accounting firms specialising in turnaround and restructuring. Warwick started his career with KPMG, working in their Canberra, Sydney and London offices and has undertaken a range of complex restructuring and insolvency engagements across Europe, UK and Australia, for a range of Australian, UK, European and US banks. Mr Keneally has worked with companies and lenders to develop and implement strategic business options, provide advice in relation to continuous disclosure requirements, develop cash forecasting training for national firms, and lectured on cash management. Mr Keneally has a Bachelor of Economics and Bachelor of Commerce from Australian National University and is a Member of the Institute of Chartered Accountants in Australia and New Zealand.

### **Ms Hannah Chan – Head of Operations**

Ms Hannah Chan is a specialist in accounting and operational aspects of a funds management business and had over 14 years' of experience at E&P Financial Group Limited including in the role of Director, Fund Accounting. Prior to that she was a Senior Auditor at Ernst & Young.

Ms Chan's experience at E&P Financial Group Limited mainly related to the registered schemes operated by E&P Investments Limited as responsible entity. Ms Chan was responsible for monitoring the operations, financial positions and performance of schemes, overseeing the annual audit processes, supervising a team of accountants and performing company secretarial functions across E&P Investments Limited and various listed investment companies managed by subsidiaries of E&P Financial Group Limited. Ms Chan has been involved in the operation of URF since inception.

If the Proposal is implemented, Ms Chan will be appointed as Head of Operations to oversee the operation of the Stapled Group.

## **4.2 Overview of the management of the Stapled Group**

### **Operations**

- ◆ The day-to-day management of the Stapled Group will be overseen by Ms Hannah Chan in her capacity as Head of Operations. Ms Chan will be supported by compliance and operational staff as appropriate.

### **Asset and Property Management**

The change of responsible entity will not affect the asset and property management agreements which are at the level of the US REIT, and they will remain in place.

- ◆ Brooksville will continue as asset manager of the Portfolio under an asset management agreement;
- ◆ Pinnacle will continue as property manager of the Portfolio under a property management agreement; and
- ◆ Brooksville Advisors LLC, a New York limited liability company, will continue as turnover manager of the Portfolio under a turnover management agreement.



## 4. GOVERNANCE OF STAPLED GROUP CONTINUED

### Administrative Services

- ◆ The Administrative Services Agreement (ASA) with K2 Asset Management Limited (ACN 085 445 094) (K2) is proposed to be extended to cover URF II on materially similar terms to the existing agreement for URF, to provide the Stapled Group with support and administration services in areas including fund accounting, investor relations, reporting, and administration.

### Custodian and Registry

- ◆ The Custodian arrangement will continue with the Trust Company (Australia) Limited, a member of the Perpetual group of companies, and the agreement will be extended to cover URF II.
- ◆ The Registry Services – Listed Entity Agreement with Boardroom as registrar will continue and will be extended to cover URF II.

### 4.3 Corporate Governance and policies

URF is and will continue to be governed by the existing corporate governance policies of URF adopted by the Existing Responsible Entity until the Implementation Date, which are available at <https://www.usmastersresidential.com.au/investor-centre/key-documents/>.

The New Responsible Entity will adopt the following corporate governance policies with effect from the Implementation Date, which have been prepared having regard to the ASX Recommendations.

- ◆ Board Charter
- ◆ Code of Conduct
- ◆ Continuous Disclosure Policy
- ◆ Security Trading Policy
- ◆ Conflicts of Interest Policy

### 4.4 Board committees

The New Responsible Entity board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. Given the size and nature of the Stapled Entity business, the New Responsible Entity Board has elected not to establish an audit or compliance committee. The Board has formed a view that all Directors of the New Responsible Entity meet the definition of an external director in s601JA(2) of the Corporations Act and the definition of an independent director in the guidance provided in the ASX Corporate Governance Principles Recommendations. Accordingly, the Board has determined it will undertake the function of an audit and compliance committee and will oversee the operation of the audit, compliance and risk function.

### 4.5 Custodian

The Custodian, being the Trust Company (Australia) Limited (ACN 000 000 993), is the existing custodian holding the assets of URF on behalf of the Existing Responsible Entity.

If the Resolutions are approved and the Proposal is implemented:

- ◆ the existing custody arrangement in relation to assets of URF will be transferred from the Existing Responsible Entity to the New Responsible Entity; and
- ◆ the Custodian will also be appointed to hold the assets of URF II on behalf of the New Responsible Entity.



# 5

## MEETING AND VOTING INFORMATION



## 5. MEETING AND VOTING INFORMATION

This Section explains the resolutions that will be considered by URF Unitholders at the Meeting. The text of the Resolutions is stated in the Notice of Meeting at the back of this Meeting Booklet, and in section 2.3. For information regarding the advantages and disadvantages of voting for the Resolutions, please see Sections 3.1 and 3.2.

### 5.1 Resolution 1 – Change of responsible entity of URF

Unitholder approval is required under section 601FL of the Corporations Act in relation to the retirement of a responsible entity of a registered managed investment scheme. Section 601FL requires that the Existing Responsible Entity explain its reasons for wanting to retire and invites URF Unitholders to vote on a resolution to choose a company to be the New Responsible Entity.

The Existing Responsible Entity's reasons for retiring are set out in Section 2.1. Information about the New Responsible Entity is set out in Section 2.4.

Resolution 1 authorises change of responsible entity of URF from the Existing Responsible Entity to the New Responsible Entity, effective on completion of the In-specie Distribution in accordance with the Implementation Deed.

### 5.2 Resolution 2 – URF Constitution amendment

Resolution 2 authorises amendments to the URF Constitution to enable the Proposal to be implemented. In summary, the proposed amendments to the URF Constitution are:

| Topic                          | Clause                   | Effect of the change  |
|--------------------------------|--------------------------|---|
| Implementation of the Proposal | 28.1 to 28.3, 28.6, 28.7 | <p>To empower the Existing RE to take the steps required to implement the internalisation Proposal. These include:</p> <ul style="list-style-type: none"><li>♦ entering into the Implementation Deed (see section 10.2)</li><li>♦ making an in-specie capital distribution in the form of URF II units to URF Unitholders</li><li>♦ consenting on behalf of URF Unitholders to become a member of URF II and be bound by its constitution</li><li>♦ giving effect to the stapling of URF units to URF II units</li><li>♦ executing documents and doing other things the Existing RE considers necessary, desirable or reasonably incidental to give effect to the Proposal,</li></ul> <p>and Existing RE is appointed as agent and attorney of each URF Unitholder to apply the capital distribution and execute all documents and consents required to effect the above.</p> |
| Ineligible Foreign Members     | 28.4 and 28.5            | <p>To provide for URF Unitholders located in foreign jurisdictions where the Existing RE has decided that the offer or issue of URF II units will not be made, to have their URF units and URF II units sold on market by a sale nominee and the net proceeds paid to them (see section 3.3).</p>   |
| Stapling                       | 29 and 30                | <p>To empower New RE to declare a time at which the stapling of URF units to URF II units will commence and, on an ongoing basis, to facilitate URF and URF II as a stapled group operating as a single economic entity, and require that the units may be dealt with only in their stapled pairs.</p>  |



| Topic                              | Clause   | Effect of the change  |
|------------------------------------|--|---|
| Capital reallocation               | 4.9 to 4.11  | To allow New RE to reallocate the capital of URF or URF II to become capital of the other trust without the issue, redemption or transfer of any units. This power can be useful in stapled groups where the trusts do not have a level of capital in line with their changing respective needs and obligations.  |
| Regulatory requirements and update | 6.2(c), 8.2(a), 17.4(a), 19.3, 24, 26                  | <p>To update the constitution to reflect ASIC's current requirements for registered schemes, so that the constitutions of URF and URF II are materially similar. These changes are generally favourable to Members, and include:</p> <ul style="list-style-type: none"> <li>◆ adding requirements concerning valuation of property of URF;</li> <li>◆ amending the RE's indemnity to align with ASIC's current interpretation of what the Corporations Act requires;</li> <li>◆ updating the RE's obligations in dealing with complaints from URF Unitholders to reflect current law;</li> <li>◆ aligning the clauses dealing with pro rata withdrawal offers with current ASIC requirements;</li> <li>◆ in case URF ever operates as a delisted trust, changes to align the provisions for redemption of units with current ASIC requirements, changing the time for processing requests from "a reasonable time" to 180 days and clarifying the timing and effect of redemptions; and</li> <li>◆ updating the clause relating to buy-backs to refer to current sources of requirements.</li> </ul> <p>References to sources of law are also updated. For example, legislative instruments are reissued by ASIC every 10 years and the reference number changes.</p> |
| Fee structure                      | 19.1 to 19.3   | The RE's right to receive a fee calculated as a percentage of the value of URF's assets is deleted, and replaced with an at-cost arrangement under which the RE can only charge to URF and URF II a reasonable estimate of the costs of operating the trusts as a stapled group. The amounts recovered are to be apportioned between the two trusts according to their respective net asset value unless the RE determines otherwise.   |
| Removing redundant provisions      | 5, 21.3, 25.2, 27, Schedule 1 (Terms of issue of CPUs) | <p>As the convertible preference units (CPUs) have all been converted, references to them and "ordinary units" are deleted, as all units are of the same class now.</p> <p>Also, provisions that reflected former offers of units, old Listing Rule requirements, delivery of notices by fax and references to unit certificates are removed.</p>   |



## 5. MEETING AND VOTING INFORMATION CONTINUED

| Topic              | Clause                  | Effect of the change  |
|--------------------|-------------------------|---|
| AMIT               | 5, 10, 12.6, 12.7, 18.3 | New clauses and other changes are added so that, if URF is eligible and it is considered appropriate, it can opt into the attribution managed investment trust (AMIT) regime for taxation purposes together with certain ancillary amendments. The changes include powers to attribute URF's income among Unitholders in accordance with the Australian Tax Act and the constitution, accumulate or defer distributions and for the RE to be indemnified for properly exercising its discretions in relation to attributions. |
| Other improvements | 6.5(e) 10.15(e)         | Other changes include better aligning the time for calculating the price of a unit on reinvestment with the date for payment of distributions, and deletion of the RE's right to receive a benefit on retirement.   |
| Definitions        | 1.1                     | The definitions are expanded to cover the matters required for the new and amended provisions outlined above.   |

For further detail, please see the copy of the supplemental deed to amend the URF Constitution which shows the specific changes marked on the URF Constitution, available on the website at <https://www.usmastersresidential.com.au/>.

### 5.3 Approval thresholds

The approval thresholds for each of the Resolutions are as follows:

- ◆ Resolution 1 (change of responsible entity of URF from the Existing Responsible Entity to the New Responsible Entity) will be passed as an ordinary resolution only if it has been passed by more than 50% of the votes cast by URF Unitholders entitled to vote on the resolution; and
- ◆ Resolution 2 (URF constitution amendment) will be passed as a special resolution only if it has been passed by at least 75% of the votes cast by URF Unitholders entitled to vote on the resolution.

Each URF Unitholder who is registered on the URF Register as at 7.00pm (Sydney time) on the Voting Record Date is entitled to attend and vote at the Meeting subject to any applicable Voting Exclusions.

### 5.4 Voting exclusions

The following voting exclusions apply to the Resolutions. The Chair of the Meeting will determine whether a URF Unitholder is entitled to vote on a Resolution based on the circumstances known at the relevant time of the Meeting.

Under section 253E of the Corporations Act, the responsible entity of a registered managed investment scheme and its associates are not entitled to vote their interest on a resolution at a meeting of the scheme's unitholders if they have an interest in the resolution other than as a unitholder. However, the responsible entity and its associates may vote as proxies for another URF Unitholder, provided their appointments specify the way they are to vote on a Resolution and they vote that way.

As such, the Existing Responsible Entity and its associates are not entitled to vote their interest on either of the Resolutions if they have an interest in the Resolutions other than as a member of URF, unless they vote as proxies as directed. See Section 2.11 regarding units held by directors of the Existing Responsible Entity.



## 5.5 Voting by poll

Each Resolution will be decided by way of a poll in accordance with section 253J(1A) of the Corporations Act.

On a poll, each URF Unitholder has one vote for each dollar of the value of the total interests they have in URF.

The value of a URF Unitholder's total interest in URF will be calculated by reference to the last sale price of URF Units on ASX on the trading day immediately prior to the date of the Meeting.

## 5.6 Voting - Other information

The Notice of Meeting and Proxy Form are attached as Appendix 1 to this Meeting Booklet. Please refer to the Notice of Meeting for information on how to vote. The Voting Record Date is 7:00pm 18 June 2024. Proxy Forms must be received by 10:00am 18 June 2024 in order to be valid. The Meeting will be held at 10:00am, 20 June 2024.

In accordance with section 252S of the *Corporations Act 2001 (Cth)* (**Corporations Act**), the Responsible Entity has appointed Stuart Nisbett, Independent Chair of the Existing Responsible Entity, to chair the meeting. The decision of the Chair on any matter relating to the conduct of the meeting is final.

The quorum for the meeting is at least two Unitholders present in person or by proxy together holding at least 10% of the ordinary Units. If a quorum is not present within 15 minutes of the scheduled time for the meeting, the meeting may be adjourned to such time and place as the Responsible Entity decides, and at the adjourned meeting those Unitholders present in person or by proxy will constitute a quorum.

The meeting will be held in person only at the address stated in the Notice of Meeting. Voting can be conducted in the ways stated in the Notice of Meeting - in person, by proxy, or as authorised representative of a corporate unit holder. Voting online or prior to the meeting is not possible.



# 6

## RISKS





## 6. RISKS

This Section summarises the key risks associated with holding URF Stapled Securities in the Stapled Group following implementation of the Proposal. The risks set out below do not constitute an exhaustive list of all risks involved with an investment in the Stapled Group. The risks will also apply to an investment in URF if the Proposal is not implemented (other than item 11 under Section 6.2 below).

URF Unitholders should carefully consider the following risks as well as the disadvantages and risks of the Proposal summarised in Section 3.2, the rest of the information in this Meeting Booklet and other publicly available information on URF (such as that available on the websites of URF and ASX) before deciding how to vote on the Proposal.

The occurrence of consequences of some of the risks described in this Section and Section 3.2 are partially or completely outside the control of URF, URF II and their respective responsible entities' boards and management. URF Unitholders should also consider their personal circumstances and consult their financial or other professional adviser before making a decision in relation to the Proposal.

There are a number of known and unknown factors, both specific to the Stapled Group and of a general nature which may affect the future operating and financial performance of the Stapled Group. There can be no guarantees that the Stapled Group will achieve its stated objectives, that any forecasts or objectives will be met or that forward looking statements will be realised.

### 6.1 Business risks

#### a) Risks of the US, New York and New Jersey Metropolitan Areas

The Group has concentrated its exposure to US residential real estate in the New York metropolitan area, with a focus on Brooklyn and Manhattan, New York and Hudson County, New Jersey. The Group's performance is and will continue to be highly correlated to the performance of the residential property market in these areas.

Risks regarding an investment in US real estate and the New York and New Jersey metropolitan areas, without limitation, include:

- ◆ further declines in the value of US real estate, both in the New York and New Jersey metropolitan areas and across the broader property market in general;
- ◆ fluctuating vacancy rates and the ability of the US REIT to have the properties tenanted;
- ◆ a downturn in the US economy or a recession that may place downward pressure on rents achievable in the marketplace and future capital growth prospects;
- ◆ the possibility of default by tenants on their obligations which would reduce the income to the Issuer, thereby reducing the amount available to pay interest;
- ◆ US interest rate fluctuations which may lead to further housing foreclosures; and any other factor which may impede the recovery of the US and specifically, the Hudson County, New Jersey and Brooklyn, Manhattan and Queens, New York residential property markets.

#### b) Refinancing and Deposit Risk

The Group's existing debt facility with Global Atlantic has a maturity date of May 19, 2026. There is a risk that the Group is unable to secure financing on similar terms to the existing facility, thereby impacting the financial performance of the Group.

Additionally, the Group has US dollar denominated deposits. These cash deposits are insured by the US Federal Government up to US\$250,000 only. In the event of bank failure the deposits may not be recoverable in full.



## 6. RISKS CONTINUED

### 6.2 General market risks

#### 1. General economic conditions

The Stapled Group's operating and financial performance, and the market price of Stapled Securities, are influenced by a variety of general economic and business conditions, including the level of inflation, interest rates, exchange rates, commodity prices, ability to access funding, supply and demand conditions, government fiscal, monetary and regulatory policies, changes in gross domestic product and economic growth, employment levels and consumer spending, consumer and investment sentiment and property market volatility.

Prolonged deterioration in these conditions, including an increase in interest rates, an increase in the cost of capital or a decrease in consumer demand, could have a materially adverse impact on the Stapled Group's operating and financial performance.

Changes in US interest rates may have a positive or negative impact directly on the income of the Fund. Changes in interest rates may also affect the market more broadly and positively or negatively affect the value of the Funds underlying assets.

#### 2. Inflation

Higher than expected inflation rates generally or specific to the property sector in the United States could be expected to increase operating costs. Increasing inflation may also negatively impact the appetite of capital to invest into the residential property sector.

#### 3. Residential property prices

Downward market pressure on housing prices could impact the ability to generate capital returns to Unitholders. Residential property prices will be subject to various macro-economic conditions. Prices can also be subject to the specific location and unique qualities of the asset.

#### 4. Litigation and disputes

Disputes or litigation may arise from time to time in the course of business activities. There is a risk that material or costly disputes or litigation could adversely affect financial performance and security value.

#### 5. Changes in tax laws or accounting policy

The Stapled Group will be subject to the usual business risk that there may be changes in tax laws or accounting policies which have an adverse impact on the Stapled Group.

#### 6. Market risks

The price that Stapled Securities trade on ASX may be determined by a range of factors, including:

- ◆ Changes to local and international stock markets;
- ◆ Changes in interest rates;
- ◆ investment holdings in Stapled Securities;
- ◆ Global geo-political events and hostilities;
- ◆ Investor perceptions;
- ◆ Changes in government, fiscal, monetary and regulatory policies; and
- ◆ Demand and supply of listed property trust securities.

In the future, one or more of these factors may cause the Stapled Securities to trade below current prices and may affect the revenue and expenses of the Stapled Group. In addition, the stock market can experience price and volume fluctuations that may be unrelated or disproportionate to the operating performance of the Stapled Group.

## **7. Currency risks**

The proceeds from sale of or distributions from real estate assets in which URF invests indirectly through the US REIT are denominated in US dollars. Fluctuations in the exchange rate between the US and Australian dollar over time will affect the amounts URF receives, and the currency risk on those proceeds is not hedged.

## **8. Performance risks**

Investors should note that the historical financial performance of URF is no assurance or indicator of future financial performance of the Stapled Group. Neither the Existing Responsible Entity nor the New Responsible Entity guarantees any particular rate of return or the performance of the Stapled Group nor do they guarantee the repayment of capital from the Stapled Group or any particular tax treatment.

## **9. Regulatory risks**

Multi-dwelling properties are often subject to increased regulation (including statutory limitations on rental increase). Any changes to such regulations may adversely affect URF's future income.

## **10. Other factors**

Other factors that may impact an entity's performance may include political, regulatory, legal or economic conditions, or disruptions to national or international financial markets, including as a result of terrorist attacks or war.

## **11. Owning the responsible entity business**

Through the New Holding Company, URF II will indirectly own the New Responsible Entity, and so be exposed to the normal risks of operating a business, as opposed to the passive investment activities that URF has conducted to date. Although appropriate governance and compliance arrangements will be in place for the New Holding Company to mitigate any risks, it is possible that issues with regulatory compliance or tax may arise in that business that may incur costs to remedy. The New Responsible Entity is a newly incorporated company and will not be responsible for any of the acts of the Existing Responsible Entity that took place prior to implementation of the Proposal, although if issues arise in connection with the Fund it is the New Responsible Entity that will need to devote resources to their resolution.



# 7

## FEES AND OTHER COSTS



## 7. FEES AND OTHER COSTS

### DID YOU KNOW?

**SMALL DIFFERENCES IN BOTH INVESTMENT PERFORMANCE AND FEES AND COSTS CAN HAVE A SUBSTANTIAL IMPACT ON YOUR LONG-TERM RETURNS.**

**FOR EXAMPLE, TOTAL ANNUAL FEES AND COSTS OF 2% OF YOUR ACCOUNT BALANCE RATHER THAN 1% COULD REDUCE YOUR FINAL RETURN BY UP TO 20% OVER A 30-YEAR PERIOD (FOR EXAMPLE REDUCE IT FROM \$100,000 TO \$80,000).**

**YOU SHOULD CONSIDER WHETHER FEATURES SUCH AS SUPERIOR INVESTMENT PERFORMANCE OR THE PROVISION OF BETTER MEMBER SERVICES JUSTIFY HIGHER FEES AND COSTS.**

**YOU MAY BE ABLE TO NEGOTIATE TO PAY LOWER FEES. ASK URF OR YOUR FINANCIAL ADVISER.**

### TO FIND OUT MORE

**IF YOU WOULD LIKE TO FIND OUT MORE, OR SEE THE IMPACT OF THE FEES BASED ON YOUR OWN CIRCUMSTANCES, THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION (ASIC) MONEYSMART WEBSITE ([WWW.MONEYSMART.GOV.AU](http://WWW.MONEYSMART.GOV.AU)) HAS A MANAGED FUNDS FEE CALCULATOR TO HELP YOU CHECK OUT DIFFERENT FEE OPTIONS.**

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Stapled Group as a whole.

Taxes are set out in Sections 8 and 9 of this Meeting Booklet.

You should read all the information about fees and costs because it is important to understand their impact on your investment.



## 7. FEES AND OTHER COSTS CONTINUED

### 7.1 Fees and costs summary

#### The Stapled Group<sup>1</sup>

| Type of fee or cost   | Amount   | How and when paid  |
|---|--|--|
| <b>Ongoing annual fees and costs</b>  |  |  |
| <p><i>Management fees and costs</i></p> <p>The fees and costs for managing your investment</p>                            | <p>Management fees and costs include the following.</p> <p>Payable by the Fund to the Responsible Entity:</p> <ul style="list-style-type: none"> <li>A cost recovery-based management fee estimated to be 0.49% of GAV (0.57% of NAV) (inclusive of GST)</li> </ul> <p>Payable by the US REIT to Brooksville:</p> <ul style="list-style-type: none"> <li>An asset management fee to Brooksville of US\$1.0m per annum (0.37% of GAV, 0.42% of NAV)<sup>2</sup>, subject to annual CPI adjustments</li> </ul> | <ul style="list-style-type: none"> <li>Payable to the New Responsible Entity from the income or assets of the Stapled Group from time to time upon demand</li> <li>Asset management fee payable to Brooksville Company LLC monthly in arrears</li> </ul>   |
| <p><i>Performance fees</i></p> <p>Amounts deducted from your investment in relation to the performance of the product</p> | <p>Performance fees payable on returns delivered in excess of an 8% compound annual return calculated with reference to the valuation at the time of Brooksville's appointment in January 2023.</p>  | <p>Payable as and when the US REIT receives distributions that exceed the required return hurdle of 8% compound annual return. Payable 75% to the US REIT and 25% to Brooksville as joint venture members.</p> <p>Based on the Responsible Entity's estimation, it is not expected that the required return hurdle will be satisfied during the next two years, and on that basis no performance fees would be payable in the next two years. This is reflected in the Annual Fees and Costs tables below, which show nil performance fees payable in the next two years. Performance fees may be payable beyond this period. Note this is a forecast and subject to change.</p> |
| <p><i>Transaction costs</i></p> <p>The costs incurred by the scheme when buying or selling assets</p>                     | <p>Selling costs estimated at 3.49% per annum of NAV (3.01% of GAV) based on forecast sales projections and average selling costs incurred in FY23.</p>  | <p>Paid as incurred to sellers and buyers agents.</p>  |

<sup>1</sup> The fees and costs shown in this Section 7 include the aggregate fees and costs of both URF and URF II.

<sup>2</sup> AUD/USD exchange rate of 0.66 as at 7 May 2024.



## The Stapled Group<sup>1</sup>

| Type of fee or cost | Amount | How and when paid |
|---------------------|--------|-------------------|
|---------------------|--------|-------------------|

### Initial costs

|                              |  |  |
|------------------------------|--|--|
| <i>Costs of the Proposal</i> | The costs of the Proposal will be incurred in the first year of operation of the Stapled Group and amount to 0.37% of NAV (or 0.32% of GAV). | These costs have been or will be recovered from the Fund irrespective of whether the Proposal is approved. |
|------------------------------|--|--|

### Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)

|   |     |     |
|---|-----|-----|
| <i>Establishment fee</i><br>The fee to open your investment | Nil | N/A |
|---|-----|-----|

|  |     |     |
|--|-----|-----|
| <i>Contribution fee</i><br>The fee on each amount contributed to your investment | Nil | N/A |
|--|-----|-----|

|   |     |     |
|---|-----|-----|
| <i>Buy-sell spread</i><br>An amount deducted from your investment representing costs incurred in transactions by the scheme | Nil | N/A |
|---|-----|-----|

|   |     |     |
|---|-----|-----|
| <i>Withdrawal fee</i><br>The fee on each amount you take out of your investment | Nil | N/A |
|---|-----|-----|

|   |     |     |
|---|-----|-----|
| <i>Exit fee</i><br>The fee to close your investment | Nil | N/A |
|---|-----|-----|

|   |     |     |
|---|-----|-----|
| <i>Switching fee</i><br>The fee for changing investment options | Nil | N/A |
|---|-----|-----|

<sup>1</sup> The fees and costs shown in this Section 7 include the aggregate fees and costs of both URF and URF II.



## 7. FEES AND OTHER COSTS CONTINUED

### 7.2 Example of annual fees and costs

#### Example of annual fees and costs for a balanced investment option or other investment option

These tables give examples of how the ongoing annual fees and costs for the Stapled Group can affect your investment over a 1-year period, and in the subsequent year. You should use this table to compare this product with other products offered by managed investment schemes.

#### Year 1

| Type of Fee or Cost                      |   | Balance of \$50,000 with a Contribution of \$5,000 during year   |
|--|---|--|
| Contribution Fees                        | Nil   | For every additional \$5,000 you put in, you will be charged \$0   |
| <b>PLUS</b> Management fees and costs    | 0.99% per annum of NAV (total of the RE management fee plus the Brooksville asset management fee) | <b>And</b> , for every \$50,000 you have in URF Stapled Units you will be charged or have deducted from your investment \$495 each year  |
| <b>Plus</b> Performance fees             | Nil   | <b>And</b> , you will be charged or have deducted from your investment \$0 in performance fees each year <sup>1</sup>  |
| <b>Plus</b> Transaction costs            | 3.49% per annum of NAV  | <b>And</b> , you will be charged or have deducted from your investment \$1,745 in transaction costs  |
| <b>Plus</b> Costs of the Proposal        | 0.37% of NAV for the first year only  | <b>And</b> , you will be charged or have deducted from your investment \$185 in transaction costs related to the Proposal  |
| <b>EQUALS</b> Cost of URF Stapled Units. | 4.85% per annum of NAV  | If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of \$2,425 for that year. |

<sup>1</sup> Based on the responsible entity's estimation, it is not expected that the required return hurdle will be satisfied, and therefore no performance fees payable, in the next two years. Performance fees may be payable beyond this period. Note this is a forecast and subject to change.



## Year 2 onwards

| Type of Fee or Cost                      |   | Balance of \$50,000 with a Contribution of \$5,000 during year   |
|--|---|--|
| Contribution Fees                        | Nil   | For every additional \$5,000 you put in, you will be charged \$0   |
| <b>PLUS</b> Management fees and costs    | 0.99% per annum of NAV (total of the RE management fee plus the Brooksville asset management fee) | <b>And</b> , for every \$50,000 you have in URF Stapled Units you will be charged or have deducted from your investment \$495 each year  |
| <b>Plus</b> Performance fees             | Nil   | <b>And</b> , you will be charged or have deducted from your investment \$0 in performance fees each year <sup>1</sup>  |
| <b>Plus</b> Transaction costs            | 3.49% per annum of NAV  | <b>And</b> , you will be charged or have deducted from your investment \$1,745 in transaction costs  |
| <b>EQUALS</b> Cost of URF Stapled Units. | 4.48% per annum of NAV  | If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of \$2,240 for that year. |

<sup>1</sup> Based on the responsible entity's estimation, it is not expected that the required return hurdle will be satisfied, and therefore no performance fees payable, in the next two years. Performance fees may be payable beyond this period. Note this is a forecast and subject to change.

### 7.3 Additional explanation of fees and costs

#### A. Management fee

The New Responsible Entity is entitled to be paid a fee out of the assets of the Stapled Group for its services in relation to the operation of the Stapled Group equal to the New Responsible Entity's reasonable estimate of its costs, including all overheads and internal expenses of the New Responsible Entity, whether incurred directly by the New Responsible Entity or reimbursed by the New Responsible Entity to any of its related bodies corporate, for which it is not otherwise reimbursed as expenses from the assets of the Stapled Group. Those costs may change over time, causing the fees and costs show in the tables above to differ.

While Stapling applies, unless the New Responsible Entity determines otherwise, it will apportion liability for the management fee between URF and URF II. To the extent that the management fee for a month is apportioned and charged to URF, it may not be charged to URF II and vice versa.



## 7. FEES AND OTHER COSTS CONTINUED

### B. Management fees in the US

The US REIT has engaged asset and property managers as follows. These arrangements will not be affected by the change of responsible entity of URF.

Pursuant to the Asset Management Agreement, Brooksville, as Asset Manager, is entitled to an Asset Management Fee of US\$1 million per year, subject to annual CPI adjustments.

Pursuant to the Property Management Agreement, Pinnacle, as Property Manager, is entitled to a Property Management Fee of 2.85% of gross receipts collected. This fee is not included in the table above as it is categorised as a property operating cost.

Under the terms of the Limited Liability Company agreement, Brooksville is entitled to a performance fee known as a “promote” on returns delivered in excess of an 8% compound annual return, calculated with reference to the equity value contributed to the partnership. Returns in excess of the 8% hurdle rate are distributed 75% to the US REIT and 25% to Brooksville as joint venture members. The promote will be settled as and when it is realised.

Under the terms of the respective agreements, Brooksville and Pinnacle are entitled to recover direct expenses incurred in the management of the Group’s activities. Recharged expenses primarily relate to payroll costs in respect of leasing and property management services, construction management services, office administration costs, and compliance costs.

### C. Other expenses

The ordinary expenses of the Stapled Group will be covered by the management fee described in A above. However, there may from time to time be extraordinary expenses such as costs of Unitholder meetings or litigation which cannot be foreseen. These may be recovered from the assets of URF or URF II.

### D. Costs of the Proposal (including adviser fees)

Transaction Costs incurred by URF in connection with the Proposal are one-off in nature and estimated to be approximately \$1.3 million, amounting to 0.37% of NAV. Transaction Costs consist of advisory fees payable for the financial, legal and tax advisers and expenses associated with convening and holding the Meeting, consultant fees and other costs. Approximately \$1.1 million of these costs have been or will be recovered from the Fund irrespective of whether the Proposal is approved.

If the Proposal is approved, the New Responsible Entity expects to pay from the assets of URF an additional \$0.3 million to the financial adviser that has provided services in the preparation of the Proposal, contingent upon the implementation of the Proposal.

### E. Fee changes

The New Responsible Entity may not change the fee structure as set out in the URF Constitution and URF II Constitution without a special resolution of the Stapled Group’s unitholders first having varied those constitutions. A special resolution requires 75% of the votes cast by those unitholders entitled to vote on the resolution (by value).

### F. Taxes

Unless stated otherwise, all fees in this Section 7 are inclusive of non-recoverable GST and less a full input tax credit or reduced input tax credit. For additional information in relation to the taxation implications of an investment in the Stapled Group, please see Sections 8 and 9.



# 8

## AUSTRALIAN TAXATION



## 8. AUSTRALIAN TAXATION

The information in this section is general in nature and is based on relevant taxation law in force in Australia and associated administrative practices, as at the date of this Notice of Meeting.

This section only applies to Unitholders who hold their URF units on capital account. In particular, it does not apply to Unitholders who:

- ♦ carry on a business of trading in shares or units;
- ♦ hold their URF units on revenue account for Australian income tax purposes;
- ♦ are temporary residents of Australia for tax purposes;
- ♦ are exempt from Australian tax; or
- ♦ are subject to the taxation of financial arrangement rules in Division 230 of the Australian Tax Act.

The Existing Responsible Entity has not applied for a class ruling from the ATO in respect of the income tax implications for Unitholders as a result of the implementation of the Proposal.

Unitholders are advised to obtain their own professional tax advice in respect of the specific taxation implications that may arise for them as a result of the implementation of the Proposal, as the precise implications will depend upon their specific circumstances.

### 8.1 Amendments to the constitution of URF

The proposed amendments to the constitution of URF should not result in any income tax or stamp duty consequences for Unitholders. In particular, on the basis that the amendments are validly made pursuant to the amendment power in clause 22 of the constitution, this should not result in the creation of a new trust for income tax purposes (i.e. a resettlement) or give rise to any transaction which could be subject to stamp duty.

### 8.2 Distribution of URF II units

#### A. Distribution should not constitute assessable income

The In-specie Distribution to Unitholders of the URF II units should not constitute assessable income in the hands of Unitholders. This is because the distribution should constitute an In-specie Distribution of the assets of URF, that is neither income according to ordinary concepts nor a distribution of trust income, being a distribution of the corpus of the trust estate.

#### B. CGT consequences of distribution

##### *Distribution of URF II units*

For capital gains tax purposes, a Unitholder will be required to reduce the cost base of their units in URF by the market value of the URF II units issued (being \$0.4833 per URF II unit), as a result of the implementation of the Proposal.

No capital gain should arise if the market value of each URF II unit acquired is less than the Unitholder's existing cost base in each URF unit. Therefore, a Unitholder should only realise a capital gain to the extent that the market value of each URF II unit distributed is more than the existing cost base of each URF unit held.

If a Unitholder realises a capital gain on the distribution of the URF II units, such Unitholder may be entitled to a CGT discount, provided that the URF Units have been held for at least 12 months before the date of the CGT event. A CGT discount is only available to individuals and trusts (at a rate of 50%) and complying superannuation funds (at a rate of 33<sup>1</sup>/<sub>3</sub>%). The CGT discount is not available to companies or to non-residents of Australia.

A Unitholder who is not a resident of Australia for tax purposes and who has not used their URF units at any time in carrying on a business through a permanent establishment in Australia should disregard any capital gain from the implementation of the Proposal where those units are not “taxable Australian property”. More specifically, such a Unitholder should not be taxable in Australia in relation to any such capital gain (where arising) to the extent that:

- ◆ the Unitholder, together with its associates, does not hold, or did not hold, at least 10% of the units in URF:
  - at the time of the relevant CGT event; or
  - throughout a 12-month period within the 24 months before that relevant event; and/or
- ◆ the majority of the assets of the relevant trust are not direct or indirect interests in Australian real property at that time.

#### *Cost base of URF II units acquired*

The CGT acquisition date of the URF II units acquired by a Unitholder will be the date of the implementation of the Proposal when the URF II units are acquired.

The first element of a Unitholder’s cost base of each URF II unit received as part of the Proposal should equate to the market value of the unit distributed, being \$0.4833 per URF II unit.

#### *Ineligible Foreign Members – Sale Facility*

The transfer of URF units by an Ineligible Foreign Member to the Sale Nominee on the Implementation Date of the Proposal will be a CGT event for CGT purposes, which may result in the realisation of a capital gain or a capital loss.

An Ineligible Foreign Member who is not a resident of Australia for tax purposes and who has not used their URF units at any time in carrying on a business through a permanent establishment in Australia should disregard any such capital gain or capital loss from the implementation of the Proposal where those units are not “taxable Australian property” – refer analysis above.

If a non-Australian resident investor disposes of their interests in URF, the non-resident CGT withholding tax regime would also apply to the disposal. This would require the purchaser to withhold 12.5%<sup>1</sup> of the consideration received for the disposal of the URF units (subject to an exception applying which would include where the URF units held are not “taxable Australian property” as they are not “indirect Australian real property interests”), and to pay it to the ATO. The amount withheld could be claimed by the vendor as a credit for the amount of tax withheld in their income tax return for the relevant tax period.

### **8.3 Stapling of URF and URF II**

The stapling of the units in each of URF and URF II should not, of itself, result in any income tax consequences for Unitholders as it will not result in any disposal, transfer, cancellation or other dealing in the units themselves.

<sup>1</sup> The Australian Government has announced that this rate will be increased to 15% with effect from 1 January 2025.



## 8. AUSTRALIAN TAXATION CONTINUED

### 8.4 Holding of Stapled Securities

Unitholders will be required to treat each unit making up each Stapled Security as a separate asset for Australian tax purposes. Accordingly:

- ◆ Unitholders will receive, and be required to separately account for distributions received from each of URF and URF II; and
- ◆ if a Stapled Security was subsequently disposed of, Unitholders will be required to determine whether a capital gain or a capital loss arises on the disposal of each of the URF unit and the URF II unit.

#### A. Units in URF

*Tax consequences if no election to be an AMIT is made*

The New Responsible Entity should not be subject to Australian income tax on the taxable income of URF provided that Unitholders are presently entitled to all of the income of URF each year. In such circumstances, Unitholders of URF should be liable to pay tax at marginal rates on their share of the taxable income of URF. This share is determined based on each unitholder's proportionate entitlement to the distributable income of URF at the end of each financial year, even if the entitlement is not satisfied until after year end.

Australian resident investors would be required to include their proportion of the taxable income of URF in their assessable income, which should be determined having regards to the Unitholder's present entitlement.

If a Unitholder is not an Australian resident for income tax purposes, withholding tax may be deducted from the taxable income of URF to which the Unitholder is presently entitled. The prescribed rate of withholding will depend upon the components of URF's taxable income and the type of investor (eg, whether the investor is a company, trust or individual). By way of example, distributions of Australian sourced net income (other than interest) would be subject to non-final withholding tax (currently at a rate of between 30% - 45%). A distribution of interest will be subject to withholding tax at the rate of 10% (subject to an applicable tax treaty or other exemption applying).

There should be no withholding tax in respect of distributions of dividends to the extent they are franked.

*Tax consequences if an election to be an AMIT is made*

The New Responsible Entity may make an election for URF to be administered as an AMIT.

The AMIT tax regime seeks to improve the operation of the taxation law for MITs by increasing certainty for trustees and unit holders and allowing greater flexibility around how MITs are administered. If an AMIT election is made, a Unitholder would be taxed on each of the taxable income components that are attributed to them by the New Responsible Entity on a fair and reasonable basis and in accordance with URF's constitution.

Australian resident Unitholders would be required to include the taxable income components attributed to them from URF in their assessable income.

If a Unitholder is not an Australian resident for income tax purposes, withholding tax may be deducted from the taxable income of URF that is attributed to such a Unitholder. The prescribed rate of withholding will depend upon the components of URF's taxable income and the specific circumstances of the Unitholder.

By way of example, where URF qualifies as an AMIT, the distributions by URF of certain Australian sourced net income that comprise a "fund payment" (i.e. income other than dividends, royalties and interest, capital gains and losses from assets that are not taxable Australian property and amounts that are not from an Australian source) would be subject to MIT withholding tax at the rate of 15% (or 10% in respect of a clean building MIT) if the address of the recipient or place of payment is in a jurisdiction with which Australia has an exchange of information ("EOI") arrangement on tax matters. A 30% withholding tax would apply to a non-resident Unitholder whose address or place of payment is in a non-EOI jurisdiction and to distributions of certain non-concessional MIT income.

A distribution of interest will be subject to withholding tax at the rate of 10% (subject to an applicable tax treaty or other exemption applying). There should be no withholding tax in respect of distributions of dividends to the extent they are franked.

The New Responsible Entity of URF should not be subject to Australian tax, in circumstances where there is appropriate attribution of trust components and the non-arm's length income rules do not apply.

## B. Units in URF II

URF II will hold investments and assets that will not qualify as 'eligible investment business' and as such, it will generally be treated as a 'trading trust' for the purposes of Australian tax laws. Accordingly, URF II will not be a MIT and will not be eligible to elect to be administered as an AMIT.

Where URF II is both a 'trading trust' and a 'public unit trust' in an income year (which is expected), URF II will become a 'public trading trust' for Australian tax purposes for the relevant income year(s). In these circumstances, URF II will be taxed as if it was a company, and the New Responsible Entity of URF II will be required to pay tax each year on the taxable income of URF II at the prevailing company tax rate (currently 30%).

If URF II is a 'public trading trust', any distributions made by URF II to Unitholders will be out of post-tax income and will generally be characterised as dividends for income tax purposes.

Distributions from URF II may also be franked, depending on, amongst other things, the tax payments by URF II and its underlying investments. Dividend withholding tax may be deducted from distributions paid to foreign investors. Dividend withholding tax is not payable to the extent that a distribution is franked.

### 8.5 GST

No GST consequences should arise for Unitholders as a result of the distribution of the URF II units upon implementation of the Proposal.

### 8.6 Duty

The implementation of the Proposal, as outlined in section 2, should not have any Australian stamp duty consequences.

### 8.7 U.S. Foreign Account Tax Compliance Act and OECD Common Reporting Standard

The Fund is a Financial Institution under the Intergovernmental Agreement entered into between the Australian and U.S. governments in relation to FATCA ("IGA") and under the CRS. Unitholders may need to provide the Fund with a self certification in relation to their FATCA or CRS status or other information and/or documentation.

The Fund will report information in respect of certain Unitholders and their holdings of Stapled Securities to the ATO. Broadly, the Fund will report to the ATO information in respect of Unitholders who are:

- ◆ U.S. citizens or residents
- ◆ certain types of U.S. entities
- ◆ certain types of non-U.S. entities that are controlled by one or more U.S. citizens or residents (pursuant to the IGA)
- ◆ foreign resident individuals, certain types of foreign resident entities, and certain types of Australian entities that are controlled by one or more foreign residents (pursuant to the CRS)

If a Unitholder does not provide the Fund with the required information or documentation upon request, the Fund may be required to report information in respect of the Unitholder and its holding of Stapled Securities to the ATO.

The ATO will share information reported to it by Australian financial institutions with the U.S. Internal Revenue Service or tax authorities of jurisdictions that have signed a relevant CRS Competent Authority Agreement.



# 9

## US TAX INFORMATION





## 9. US TAX INFORMATION

### 9.1 Introduction

The discussion in this section is a summary of material US federal income tax considerations to the Fund, is general in nature, and is based on the US Internal Revenue Code of 1986, as amended (**Code**), regulations promulgated thereunder and administrative rulings and judicial decisions currently in effect, all of which are subject to change (possibly with retroactive effect) or different interpretations.

The transactions to be undertaken in connection with the Proposal are not expected to result in the imposition of any material US income tax on the Fund. However, because the Fund invests in residential property located in the US through the US REIT, the following is a summary of certain material US federal income tax issues relating to the Fund's interest in the US REIT.

### 9.2 Taxation of the US REIT

The US REIT has elected to be taxed as a real estate investment trust (REIT) under the Code, and it is intended that the US REIT will be owned, organised and operated in a manner so as to qualify as a REIT for US federal income tax purposes. Consequently, the US REIT is not expected to be subject to US federal corporate income tax on its taxable income provided that it distributes all of its taxable income to its shareholders each taxable year. However, the determination of whether an entity qualifies as a REIT involves the application of a number of highly technical and complex rules for which there are limited judicial and administrative interpretations. In addition, no independent investigation of continuing qualification of the US REIT as a REIT has been conducted. Accordingly, no assurance can be given that the US REIT will qualify, or remain qualified, as a REIT.

In order to qualify as a REIT for US federal income tax purposes in any particular year, the US REIT must continually satisfy certain tests concerning, among other things, its sources of income, the nature and diversification of its investments in real estate and related assets, the amount it distributes to shareholders, and the ownership of its shares. The US REIT may also be required to make distributions to shareholders at disadvantageous times or when it does not have funds readily available for distribution. The REIT provisions of the Code could limit the US REIT's ability to hedge its financial assets, currency risk and related borrowings. Thus, compliance with the REIT requirements could hinder the US REIT's ability to operate solely with the objective of maximising profits.

If the US REIT fails to qualify for taxation as a REIT in any taxable year, the US REIT will be subject to tax on its taxable income at regular corporate rates. The US REIT will also be disqualified from re-electing to be taxed as a REIT for the four taxable years following the year during which qualification was lost. However, the US REIT expects to operate in such a manner so as to qualify for taxation as a REIT through regular reviews of the requirements for qualification.

### 9.3 Distributions

In order to satisfy the provisions under the Code applicable to REITs, the US REIT must distribute to its shareholders at least 90% of its taxable income each taxable year. The Trustees of the US REIT may authorise a distribution only if the US REIT will be able to pay its debts in the ordinary course of business after making the distribution.



## 9. US TAX INFORMATION CONTINUED

### 9.4 Income Tests

The US REIT must satisfy two gross income requirements at the close of each taxable year to maintain qualification as a REIT. First, the US REIT must derive directly or indirectly at least 75% of its gross income, excluding gross income from prohibited transactions, from investments relating to real property or mortgages on real property, including “rents from real property,” dividends from other REITs (but not taxable REIT subsidiaries), and, in certain circumstances, income from certain types of temporary investments. Second, the US REIT must derive at least 95% of its gross income, excluding gross income from prohibited transactions, from the same sources that meet the 75% gross income test plus dividends, including dividends from taxable REIT subsidiaries, interest and gain from the sale or disposition of stock or securities, or from any combination of the foregoing. The term “rents from real property” generally does not include any amount received or accrued, directly or indirectly, with respect to a property if the determination of the amount depends in whole or in part of the income or profit of any person from such property. Similarly, the term “interest” generally does not include any amount received or accrued, directly or indirectly, if the determination of the amount depends in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the terms “rents from real property” or “interest” solely by reason of being based upon a fixed percentage or percentages of receipts or sales.

### 9.5 Asset Tests

At the close of each quarter of the US REIT’s taxable year, the US REIT also must satisfy five tests relating to the nature and diversification of US REIT’s assets. First, at least 75% of the value of the US REIT’s total assets must be represented by real estate assets, cash, cash items (including receivables) and government securities. Second, not more than 25% of the value of the US REIT’s total assets may be represented by securities, other than those securities includable in the 75% asset test. Third, not more than 20% of the value of the US REIT’s total assets may be represented by securities of one or more taxable REIT subsidiaries. Fourth, not more than 25% of the value of the US REIT’s total assets may be represented by publicly offered REIT debt instruments that do not otherwise qualify as real estate assets under the 75% asset test described above. Finally, of the securities investments included in the 25% asset class, other than securities of taxable REIT subsidiaries and qualified REIT subsidiaries, the value of any one issuer’s securities may not exceed 5% of the value of the US REIT’s total assets, and the US REIT may not own securities possessing more than 10% of the total voting power or more than 10% of the total value (subject to certain exceptions) of any one issuer’s outstanding securities.

### 9.6 Certain Restrictions on Ownership and Transfer

For the US REIT to qualify as a REIT under the Code, the US REIT’s shares must be held directly by a minimum of 100 persons for at least 335 days in each taxable year following its first taxable year (or a proportional number of days in any short taxable year). The responsible entity for URF has completed an offering of shares sufficient to cause the US REIT to have at least 100 direct shareholders.

In addition, generally no more than 50% in value of the US REIT’s shares may be owned, directly or indirectly (by applying certain constructive ownership rules), by five or fewer individuals (as defined for these purposes) at all times during the second half of each taxable year following its first taxable year. If the US REIT complies with the US Treasury Department regulations for ascertaining its actual ownership and did not know, or exercising reasonable diligence would not have reason to know, that more than 50% in value of its outstanding shares were held, actually or constructively, by five or fewer individuals, then it should generally be treated as meeting such requirement. However, even though the Fund is generally excluded from these ownership restrictions, an acquisition of an interest in the Fund that would otherwise cause the US REIT to violate this 50% test would trigger certain measures at the US REIT level designed to prevent this 50% test from being violated.

In this regard, shareholders of the US REIT are also prohibited from directly or indirectly owning or attempting to acquire more than 9.8% (in value or number of shares, whichever is more restrictive) of the US REIT, subject to certain exceptions.



In order to ensure compliance with the 50% test, the Declaration of Trust of the US REIT contains certain (1) restrictions on the direct or indirect transfer of its shares to prevent additional concentration of ownership; and (2) notification requirements in relation to ownership limits of shares in the capital of the US REIT. Moreover, to evidence compliance with these requirements under US Treasury Department regulations, the US REIT must maintain records which disclose the actual ownership of its outstanding shares and such regulations impose penalties on the US REIT for failing to do so.

## 9.7 Failure to Qualify as a REIT

In the event that the US REIT violates a provision of the Code that would result in its failure to qualify as a REIT (other than violations of the REIT gross income or asset tests, as described above, for which other specified cure provisions may be available), the US REIT would be entitled to retain its status as a REIT if (1) the violation is due to reasonable cause and not due to willful neglect, and (2) the US REIT pays a penalty of \$50,000 for each failure to satisfy the provisions. If the US REIT fails to qualify for taxation as a REIT in any taxable year, and the relief provisions do not apply, the US REIT will be subject to tax, including any applicable alternative minimum tax, on its taxable income at regular corporate rates (currently 21%). Distributions to shareholders in any year in which the US REIT fails to qualify will not be deductible by the US REIT and it will not be required to distribute any amounts to its shareholders. As a result, the US REIT's failure to qualify as a REIT would reduce the cash available for distribution to its shareholders. In addition, if the US REIT fails to qualify as a REIT, all distributions to shareholders will be taxable as ordinary income to the extent of its current and accumulated earnings and profits, and subject to certain limitations of the Code, corporate distributees may be eligible for the dividends received deduction and non corporate shareholders may be eligible for reduced rates of tax on dividend distributions. Unless entitled to relief under specific statutory provisions, the US REIT will also be disqualified from taxation as a REIT for the four taxable years following the year during which the US REIT lost its qualification. It is not possible to state whether in all circumstances the US REIT would be entitled to this statutory relief.

## 9.8 US Withholding Taxes

### i) Interest

Interest payments by the US REIT to the Fund should be subject to a reduced US withholding tax rate of 10% under the US/Australia double income tax treaty (Double Tax Treaty).

### ii) Dividends

Dividends paid by the US REIT from its earnings and profits and which are not attributable to gains recognised from the sale of US real property should generally be subject to a reduced US withholding tax rate of 15%. This reduced rate from 30% is generally available under the Double Tax Treaty where dividends are paid to a regularly traded (as such term is defined for the purposes of the Double Tax Treaty) listed Australian property trust (e.g. the Fund).

However, if the responsible entity for URF knows or has reason to know that any Unitholder owns 5% or more of the beneficial interest in the Fund, then the Unitholder will be deemed to hold a corresponding portion of the Fund's interests in the US REIT and will be deemed to be beneficially entitled to the US REIT dividends paid on such interest. In general, a dividend paid from a US REIT in respect of such Unitholder will be subject to a reduced 15% withholding tax rate only if:

- ◆ the Unitholder is an individual treated as owning an interest of not more than 10% in the US REIT;
- ◆ the Unitholder is treated as owning an interest of not more than 5% of any class of shares in the US REIT and the dividends are paid with respect to a class of shares that is publicly traded; or
- ◆ the Unitholder is treated as owning an interest of not more than 10% in the US REIT and the gross value of no single interest in real property held by the US REIT exceeds 10% of the gross value of the US REIT total interest in real property.



## 9. US TAX INFORMATION CONTINUED

Distributions made by the US REIT in excess of its earnings and profits will be treated as non-taxable returns of capital of the US REIT to the Fund, to the extent such distributions do not exceed the Fund's tax basis in the stock of the US REIT, and as gain from the sale of the stock of the US REIT, to the extent such distributions exceed the Fund's tax basis in the stock of the US REIT. The US REIT may withhold tax on the entire amount of distributions at the rates described above, with the amount withheld on the portion of distributions in excess of the US REIT's earnings and profits generally being refundable, provided certain conditions are met. Alternatively, the US REIT may (i) withhold tax at the rates described above on the portion of distributions that are made out of earnings and profits as reasonably estimated by the US REIT, (ii) not withhold tax to the extent distributions exceed the US REIT's reasonable estimate of earnings and profits and do not exceed the Fund's tax basis in the stock of the US REIT, and (iii) withhold tax at a 15% rate on any excess. Finally, the Fund may apply for and receive a reduced withholding certificate prior to the receipt of any such distribution to eliminate the US REIT's requirement to withhold on the portion of such distribution in excess of the US REIT's earnings and profits.

Distributions made by a REIT which are attributable to gains from the disposition of US real property interests (USRPIs) generally will be subject to tax under the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) as income effectively connected with the conduct of a US trade or business. However, provided that the Fund meets the requirements for qualification as a "qualified shareholder" of the US REIT under FIRPTA, such distributions will not be treated as being attributable to gains from the disposition of USRPIs. Rather, such distributions will be subject to tax as described in the prior paragraph, subject to certain limitations. If the qualified shareholder has one or more "applicable investors," a portion of such distributions from the US REIT will remain subject to FIRPTA and be attributable to gains from the disposition of USRPIs. The amount of such portion is based on the proportionate amount of the applicable investors' percentage ownership interest of the Fund, by value. An "applicable investor" is a Unitholder, other than a qualified shareholder, that directly or indirectly owns, applying complex constructive ownership rules, more than 10% of the stock of the US REIT. The Fund will be subject to tax as the same rates applicable to US shareholders on the portion of any such distribution treated as attributable to gains from the disposition of USRPIs and may be subject to a further branch profits tax of 30%; however, this branch profits tax may potentially be reduced to nil under the Double Tax Treaty. The US REIT will be required to withhold and remit to the IRS 21% of any such distributions of gain attributable to the disposition of USRPIs. The collection of the tax on distributions generally is enforced by refundable withholding tax, as described above, which would be applied against the Fund's ultimate tax liability on such distributions.



# 10

## SUMMARY OF IMPORTANT DOCUMENTS



# 10. SUMMARY OF IMPORTANT DOCUMENTS

## 10.1 URF II Constitution

### A. Similarity to the URF constitution

Please refer to Section 5.2 for a summary of the proposed amendments to the URF Constitution. It is noted that the URF constitution (if the proposed amendments are approved and incorporated) will be substantially in the same form as the URF II Constitution, except with respect to:

- (a) the initial price of URF II units (being at 0.4833 cents per URFII unit); and
- (b) the steps required to implement the Proposal being different for each of URF and URF II.

### B. General

URF II has been registered by ASIC as a managed investment scheme under Chapter 5C of the Corporations Act and is governed by a constitution (**URF II Constitution**) which has been lodged with ASIC.

The following is a summary of the URF II Constitution. This summary is not intended to be exhaustive and is qualified by the URF II Constitution and the Corporations Act, exemptions and declarations by ASIC, the Listing Rules, waivers by ASX and the general law.

### C. Units

The beneficial interest in URF II is divided into units. An URF II Unit confers an interest in URF II's property as a whole – it does not confer an interest in any particular asset. The units in URF and URF II are proposed to be stapled to each other to form a single security. While stapling applies, the New Responsible Entity may at any time determine to reallocate some of the capital attributable to an URF II Unit to become capital attributable to URF or vice versa.

The New Responsible Entity can issue URF II Units in accordance with the URF II Constitution. The URF II Constitution contains provisions regarding the New Responsible Entity's ability to issue different classes of URF II Units.

The URF II Constitution contains provisions for calculating the application price of URF II Units, for this and any future issues. The URF II Constitution also provides for the New Responsible Entity to determine a different application price in relation to some URF II Units, a class of URF II Units or all URF II Units to the extent it is permitted to do so by an ASIC exemption and the Listing Rules.

### D. Income

Despite being part of the Stapled Group, each of URF and URF II will be treated as separate entities for tax purposes.

URF II is expected to be a "public trading trust" for the purposes of Division 6C of the Australian Tax Act.

The constitution for URF provides for it to be treated as a trust that is not taxed as a company but distributes or attributes its income to Unitholders. See section 8 for information about the taxation treatment of the two trusts.

### E. Beneficial ownership

An URF II Unitholder must immediately notify the New Responsible Entity when its beneficial ownership of URF II Units exceeds 5% of the total URF II Units on issue, and 10% of the total URF II Units on Issue. In addition, the New Responsible Entity may require URF II Unitholders to provide notices from time to time confirming the beneficial ownership of URF II Units or providing other relevant information.

## **F. The Proposal and the stapling provisions**

The New Responsible Entity has power to do all things which the New Responsible Entity considers necessary, desirable or reasonably incidental to give effect to the Proposal, including issuing URF II Units, and giving effect to the stapling and/or unstapling of securities or financial products.

Once the URF and URF II units are stapled to form a URF Stapled Security:

- ◆ the stapled securities will be treated as one security;
- ◆ the number of each attached security on issue must equal the number of each other attached security;
- ◆ no transfer of an attached security is to occur without each other attached security being transferred at the same time from the same transferor to the same transferee; and
- ◆ no attached security is to be issued unless each other attached security is issued at the same time to the same person.

## **G. Liability of URF II unitholders**

The constitution states that while the URF II Units are fully paid, a URF II Unitholder's liability is limited to its investment in URF II. However the effectiveness of such provisions has not been tested in superior courts.

## **H. New Responsible Entity's powers and duties**

The New Responsible Entity holds URF II's assets on trust and may manage these assets as if it were the absolute and beneficial owner of them, subject only to its duties and obligations to URF II Unitholders. Examples of the New Responsible Entity's powers include acquiring or disposing of any real or personal property, borrowing or raising money, encumbering any asset, incurring any liability, giving any indemnity, providing any guarantee, entering into derivative and currency swap arrangements and entering into underwriting agreements.

The New Responsible Entity may appoint delegates or agents to perform any act or exercise any of its power, as well as advisors to assist with its duties and functions.

## **I. Management fees payable to the New Responsible Entity**

The New Responsible Entity is entitled to be paid a fee out of the assets for its services in relation to the operation of URF II equal to the New Responsible Entity's reasonable estimate of its costs, including all overheads and internal expenses of the New Responsible Entity. See Section 7 for information about fees and costs.

While stapling applies, the New Responsible Entity will apportion liability for the management fee between URF II and URF by reference to the proportion which the trust's assets and the assets of the Stapled Group have contributed to the calculation of the total assets. To the extent that the management fee for a month is apportioned and charged to URF II, it may not be charged to the URF's assets and vice versa.

## **J. New Responsible Entity's indemnities**

The New Responsible Entity is entitled to be indemnified out of the assets for any liability incurred by it in relation to URF II in relation to the proper performance of its duties, whether incurred by the exercise of its powers under the URF II Constitution or by any other act, omission or circumstance. This indemnity continues after the New Responsible Entity retires or is removed as responsible entity of URF II and is subject to the Corporations Act.

## **K. New Responsible Entity's limitation of liability**

The URF II Constitution provides that, except as provided in the Corporations Act, the New Responsible Entity and each director and officer of the New Responsible Entity are not personally liable to any person in connection with the office they hold. Subject to the Corporations Act, the liability of the New Responsible Entity in relation to URF II is limited to the assets of URF II from which the New Responsible Entity is entitled to be and is, in fact, indemnified.

The New Responsible Entity may amend the URF II Constitution from time to time. URF II Unitholder approval is required where changes to the URF II Constitution adversely affect URF II Unitholders' rights.



## 10. SUMMARY OF IMPORTANT DOCUMENTS CONTINUED

### 10.2 Implementation deed

#### A. Summary

The Implementation Deed documents the series of steps involved in the Proposal to internalise the responsible entity of URF and create a new internally managed stapled group with URF II. The steps outlined in the Implementation Deed include (in the following order):

- ◆ amending the URF Constitution and lodging it with ASIC;
- ◆ the Existing RE subscribing for URF II units equal to the number of URF units on issue;
- ◆ the Existing RE transferring all of the shares it holds in Holding Company to the New RE;
- ◆ the New RE as responsible entity of URF II subscribing for additional shares in Holding Company;
- ◆ the Existing RE making an in-specie capital distribution from URF of the URF II units held by URF to the URF Unitholders;
- ◆ changing the responsible entity of URF to the New RE immediately following the capital distribution; and
- ◆ stapling the units in URF and URF II to form the Stapled Group.

The document also sets out the obligations of Existing RE and New RE to conduct the business of URF and URF II in the ordinary course and in substantially the same manner as previously conducted until implementation of the above steps, except as permitted by the Implementation Deed or the Proposal, or as necessary to comply with law or fiduciary duties.

The Implementation Deed can be terminated if certain conditions precedent, such as essential regulatory approvals, are not met.

#### B. Conditions precedent

The Proposal is subject to certain conditions precedent, which include that all regulatory approvals (being ASIC relief and ASX waivers) required to implement the Proposal must be granted or obtained and not be withdrawn, cancelled, revoked or adversely amended.

#### C. The limitation of liability of Existing RE and New RE

The Existing RE and New RE limit their liability to their respective capacity as responsible entity of URF and URF II, and to their rights of indemnity from the trust assets. They are not liable in any other capacity or for any amount exceeding the trust assets, unless they act in bad faith, negligently, fraudulently, dishonestly, or in breach of trust or statutory duties.

### 10.3 Compliance plan

The compliance plan of the Stapled Group (**Compliance Plan**) will take effect on the Implementation Date. It describes the processes and procedures that the New Responsible Entity will use to seek to ensure compliance with the URF Constitution, the URF II Constitution and the Corporations Act.



# 11

## ADDITIONAL INFORMATION



# 11. ADDITIONAL INFORMATION

## 11.1 Deferred settlement trading

If each Resolution is approved by the URF Unitholders at the Meeting, it is proposed that the date of the Meeting will be the last day of trading of URF Units on a standalone basis.

On the next Business Day after the date of the Meeting it is proposed that URF II will be admitted to listing and deferred settlement trading in Stapled Securities will commence.

The day following that will be the Record Date for participation in the Proposal. It is anticipated to be the last date for the registration of transfers of URF Units on a standalone basis. It is proposed that all URF Unitholders who have holdings registered on the URF Register as at 7.00pm (AEST) on the Record Date other than Ineligible Foreign Members will participate in the In-specie Distribution of URF II Units on the Implementation Date.

Deferred settlement trading will continue until the Implementation Date. The Implementation Date is expected to be the last day of trading on a deferred settlement basis.

## 11.2 Trading in the Stapled Securities

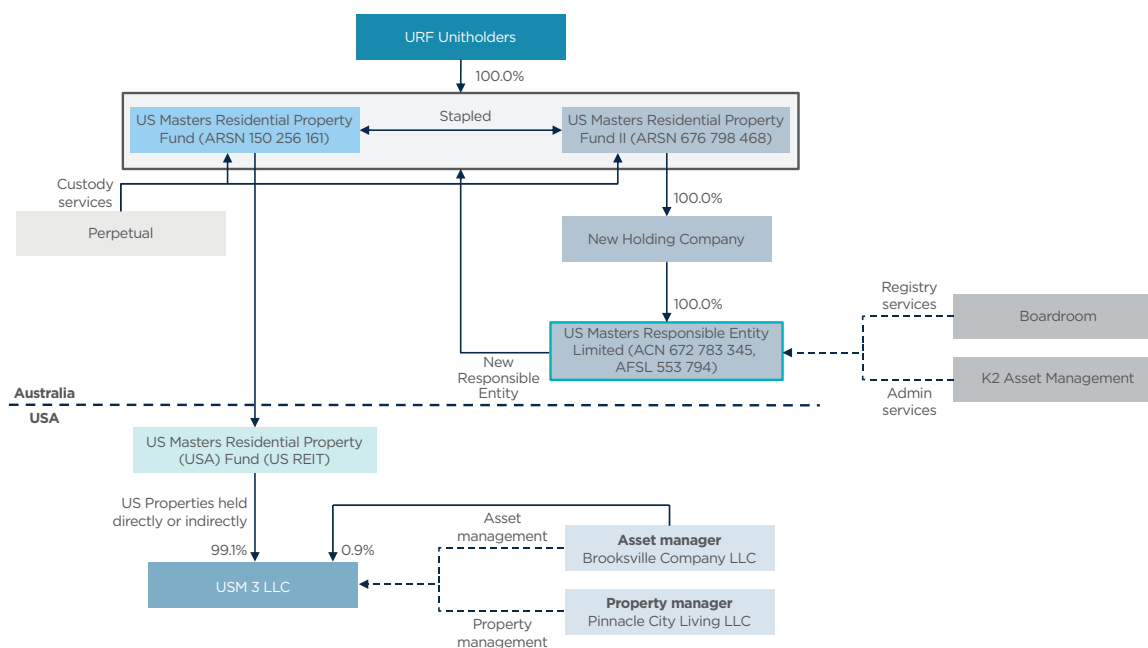
It is intended that trading in the Stapled Securities on a normal settlement basis will commence on 26 June 2024 one Business Day after the Implementation Date, and it is expected that holding statements for URF Stapled Securities will be dispatched on this date.

It is the responsibility of each person who trades in the Stapled Securities to confirm their own holding before trading in the Stapled Securities. Investors will be able to confirm their holdings by telephoning the URF Unitholders Information Line on +61 3 9691 6110 between 8.30am and 5:30pm (Sydney time) Monday to Friday (excluding public holidays).

If an investor sells the Stapled Securities before receiving a holding statement, they do so at their own risk. The Existing Responsible Entity, the New Responsible Entity, URF, URF II and the Registry, disclaim all liability, whether in fault, negligence or otherwise, if an investor sells the Stapled Securities before receiving their holding statement, even if they obtained details of their holding from the URF Unitholders Information Line or confirmed their allocation through a broker or online.

## 11.3 The Stapled Group structure

The following chart illustrates what the Stapled Group's structure will be from the Implementation Date.



The following table sets out each sub-trust and subsidiary of the Stapled Group and, in each case, its place of incorporation, the nature of its business and the Stapled Group's ownership interest on Implementation Date.

| Subtrust/<br>Subsidiary  | Place of<br>incorporation | Nature of business  | Stapled group's<br>direct or indirect<br>ownership % |
|--|---------------------------|---|--|
| <b>US Masters Residential Property (USA) Fund (US REIT) – subsidiary of URF</b>            | Maryland, United States   | Real estate investment trust controlled by the Fund through which the Fund invests in real estate | <b>99.1%</b>   |
| <b>US Masters Responsible Entity HoldCo Pty Ltd ACN 672 753 105 – subsidiary of URF II</b> | NSW, Australia            | Holding Company of the New Responsible Entity   | <b>100%</b>  |

#### 11.4 Payments and other benefits to Existing Responsible Entity and related bodies corporate

No payment or other benefit is proposed to be made to given (in connection with or conditional on the Proposal) to any director, secretary or executive officer of the Existing Responsible Entity as compensation for loss of, or as consideration for or in connection with his or her retirement from office in the Existing Responsible Entity or its related bodies corporate.

Other than as set out in this document, no payment or other benefit is proposed to be made or given to any related body corporate of the Existing Responsible Entity in connection with or conditional on the Proposal.

#### 11.5 Acquisition of URF II Units by foreign holders

##### Foreign Securities Laws and Sale Facility for Ineligible Foreign Members

Implementation of the Proposal will result in URF Unitholders receiving URF II Units that will become part of URF Stapled Securities. The Existing Responsible Entity has determined that restrictions in certain foreign countries make it impractical or unlawful to offer or receive URF II Units in those countries. No specific action has been taken to register or qualify the units or otherwise permit a public offering of such units in any jurisdiction outside Australia, but advice has been sought to allow participation in the Proposal by certain URF Unitholders whose address is in the United States, the United Kingdom, Switzerland, Singapore and New Zealand.

URF Unitholders who hold URF Units on behalf of a beneficial owner resident outside Australia should not forward this document (and any accompanying documents) to anyone in those countries, as participation in the Proposal is limited only to certain persons who are URF Unitholders in the jurisdictions mentioned above, and distribution of the documents may constitute a breach of foreign securities laws. It is the responsibility of all overseas URF Unitholders to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Proposal, including obtaining any government approval, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

In order to ensure that URF II Units are not issued in circumstances where foreign securities laws could be breached, existing URF Units owned by Ineligible Foreign Members will be transferred on the Implementation Date of the Proposal to a sale nominee (**Sale Nominee**). The Sale Nominee for those Ineligible Foreign Members will become the registered holder of those URF Units. The Sale Nominee will receive URF II Units in the same manner as other URF Unitholders under the Proposal. The Sale Nominee will proceed to sell all URF Stapled Securities held by the Sale Nominee in such manner as it considers appropriate and remit the net proceeds of sale to Ineligible Foreign Members within 20 ASX business days of commencement of quotation on a normal settlement basis of the URF Stapled Securities.



## 11. ADDITIONAL INFORMATION CONTINUED

Ineligible Foreign Members will receive their proportionate share of the proceeds of sale of the URF Stapled Securities which is equivalent to the proceeds realised by the Sale Nominee from the sale of all URF Stapled Securities, less a fee paid to the Sale Nominee of \$5,000 plus any GST. The brokerage fee will be deducted pro rata from the proceeds of sale of all the Stapled Securities before remittance to Ineligible Foreign Members.

The market price of URF Stapled Securities will be subject to change from time to time. Up-to-date information on the market price of URF Stapled Securities can be obtained from the ASX website under ASX code URF. The sale price for the URF Stapled Securities and the proceeds of sale that Ineligible Foreign Members will receive cannot be guaranteed. The proceeds of sale from the Sale Facility will not necessarily be the highest price at which URF Stapled Securities can be sold in the relevant period. The sale process will be conducted having regard to a range of factors including:

- ◆ the applicable requirements of the ASX;
- ◆ the prevailing market conditions including the price of URF Stapled Securities on ASX and the demand for URF Stapled Securities offered by the Sale Nominee;
- ◆ the need to maintain an orderly market for URF Stapled Securities; and
- ◆ the period during which the sale process is undertaken.

As an alternative to participating in the sale by the Sale Nominee under the Sale Facility, URF Unitholders who expect to be Ineligible Foreign Members at the Record Date may choose to sell their existing URF Units on-market up to the last day of standalone trading of the URF Units, which is expected to be the date of the Meeting.

There are a number of differences between selling existing URF Units on-market prior to the date of the Meeting and participating in the Sale Facility, including:

- ◆ the price may be higher or lower;
- ◆ under the Sale Facility process, Ineligible Foreign Members have no control over the proceeds of sale they will receive;
- ◆ Ineligible Foreign Members will need to wait until the sale process to be undertaken by the Sale Nominee is completed before they receive their proceeds of sale; and
- ◆ transfers and sales by the Sale Nominee will only occur if the Proposal is implemented.

### 11.6 Continuous disclosure and further information

If the Proposal is implemented, the Stapled Group will be a disclosing entity for the purposes of the Corporations Act and will be subject to periodic reporting and disclosure obligations under the Corporations Act and the Listing Rules.

These obligations require the New Responsible Entity as responsible entity of the Stapled Group to notify ASX of information about specified matters and events as they occur for the purpose of making that information available to the market.

In particular, the New Responsible Entity as responsible entity of the Stapled Group has an obligation (subject to limited exceptions) to notify the ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of a URF Stapled Security.

Publicly disclosed information about all ASX-listed entities, including the Stapled Group, is available on the ASX website at [www.asx.com.au](http://www.asx.com.au).

Further information about the Stapled Group can be found at <https://www.usmastersresidential.com.au/>. All public reports and continuous disclosures made by the Stapled Group will also be accessible through this website.

Information relating to the Proposal and the URF Stapled Securities that is not materially adverse or required to be included in a supplementary disclosure document may be updated and made available to you on the website at <https://www.usmastersresidential.com.au/>.

If you have any queries about this Meeting Booklet or the Proposal, you should contact the URF Unitholders Information Line on +61 3 9691 6110 between 8.30am and 5:30pm (Sydney time) Monday to Friday (excluding public holidays).

If you are unclear in relation to any matter or uncertain as to the suitability of this investment for your personal circumstances, you should seek professional advice from your broker, lawyer, accountant or financial advisor.



## 11.7 Regulatory consents, ASIC relief and ASX waivers

### A. ASIC Relief

ASIC has granted to the Responsible Entity the following modifications and exemptions in relation to the operation of the Corporations Act:

- ◆ **stapling relief - (Section 601FC(1)(d)) foreign holder cash out – equal treatment relief:** exemption from subsection 601FC(1)(d) of the Corporations Act to permit the unequal treatment of certain securityholders in certain circumstances where the laws in force in the foreign securityholder's place of residence may not permit the offer and/or In-specie Distribution of URFII securities without specific disclosures.
- ◆ **financial services guide relief:** exemption from Division 2 of Part 7.7 of the Corporations Act to exempt the Existing Responsible Entity from the requirement to give a financial services guide to URF securityholders in respect of any financial product advice contained in the Meeting Booklet as the Meeting Booklet is not only a PDS but includes other information.
- ◆ **combined booklet relief:** technical relief in relation to the use of member addresses to send a combined notice of meeting and PDS; and
- ◆ **application form relief:** exemption from section 1016A(2)(a) of the Corporations Act so that each participating URF securityholder does not need to complete an application form in order to receive units in URF II under the In-specie Distribution.

ASIC has also made an in-principle decision to provide the following relief instruments:

- ◆ **stapling relief – (Sections 601FC, 601FD and 601FE) interests of stapled securityholders:** declaration to permit the New Responsible Entity and its officers to not only have regard to the interests of members of each of URF and URF II but, post implementation of the Proposal, the interests of holders of stapled securities in the Stapled Group comprising URF and URFII as a whole.
- ◆ **stapling relief - (Part 5C.7) financial benefits relief:** declaration to permit the New Responsible Entity, as responsible entity of URF and URFII (as applicable), to give financial benefits out of the scheme property of the relevant scheme to each other scheme or to their controlled entities, post internalisation.

### B. ASX Waivers and Confirmations

The Responsible Entity has applied to ASX for waivers and confirmations from the following Listing Rules as they apply to the Existing Responsible Entity and the New Responsible Entity. If and when ASX provides an in-principle decision in relation to the waivers and confirmations, the Responsible Entity will post a detailed update on the URF website.

#### Waivers

- ◆ **Spread - Listing Rule 1.1 (Condition 8):** A waiver, to the extent necessary, so that URF II is not required to comply with the spread requirement under Listing Rule 1.1 (Condition 8), on condition that each URF II Unit is stapled to a URF Unit, such that the parcel of Stapled Securities has a value of at least \$2,000.
- ◆ **Profit or assets test - Listing Rule 1.1 (Condition 9):** A waiver, to the extent necessary, so that URF II is not required to comply with Listing Rule 1.2 (profit test) or Listing Rule 1.3 (assets test), on condition that each URF II Unit is stapled to a URF Unit, and the Stapled Group satisfied Listing Rules 12.1 and 12.2 at the time URF II is admitted to the official list of ASX.
- ◆ **Issue or sale price - Listing Rule 2.1 (Condition 2):** A waiver, to the extent necessary, so that URF II is not required to have an issue price or sale price of 20 cents on condition that each URF II Unit is stapled to a URF Unit, and the Stapled Securities together meet Listing Rule 2.1 (Condition 2).
- ◆ **Transfers and Registrations - Listing Rule 8.10:** A waiver from Listing Rule 8.10 to the extent necessary to permit URF and URF II to respectively refuse to register a transfer of a URF Unit if it is not accompanied by a transfer of a URF II Unit or to refuse to register a transfer of a URF II Unit if it is not accompanied by a transfer of a URF Unit.
- ◆ **Distributions – Listing Rule 6.24 and clause 1 of Appendix 6A:** A waiver to the extent necessary that the rate of a distribution from the Stapled Group need not be advised to ASX when the distribution record date is announced, on condition that an estimated distribution rate is advised to ASX at that time and the actual rate is advised to ASX as soon as it becomes known.



## 11. ADDITIONAL INFORMATION CONTINUED

### Confirmations:

- ◆ **No significant transactions - Listing Rule 11:** Confirmation:
  - (a) that ASX will not require URF II to meet the requirements of Chapters 1 and 2 of the Listing Rules as if it were applying for admission to the official list under Listing Rule 11.1.3;
  - (b) as to whether ASX will require URF II to meet the requirements of Chapters 1 and 2 of the Listing Rules as if it were applying for admission to the official list under Listing Rule 11.1.3;
  - (c) that Listing Rule 11.4 does not apply on the basis that the Proposal satisfies Listing Rule 11.4.1(a); and
  - (d) that ASX will not require additional URF securityholder approval of the Proposal (or any part of it) for the purposes of Listing Rule 11.
- ◆ **Amendments to the URF constitution - Listing Rule 15.1.1:** Confirmation that the constitutions of each of URF (with proposed amendments) and URF II are consistent with the Listing Rules and that ASX has no objections to the proposed amendments to the URF Constitution.
- ◆ **URF II structure and operations - Listing Rule 1.1 (Conditional 1):** Confirmation that based on the information provided, ASX is not aware of any reason why URF II's structure and operations would not be appropriate for a listed entity as part of the Stapled Group.
- ◆ **URF II constitution - Listing Rules 1.1 (Conditional 2), 2.1 (Condition 1) and 6:**  
**Confirmation that:**
  - (a) the constitution of URF II is consistent with the Listing Rules for the purposes of satisfying Listing Rule 1.1 (Condition 2);
  - (b) the terms of the URF II units comply with the requirements of Listing Rule 2.1 (Condition 1) that the terms comply with chapter 6 of the Listing Rules; and
  - (c) in particular, that the terms of the URF II units as set out in the URF II constitution are appropriate and equitable for the purposes of Listing Rule 6.1.
- ◆ **Good fame and character - Listing Rule 1.1 (Condition 20):**  
**Confirmation:**
  - (a) that ASX will not require those directors of the New Responsible Entity who are already directors of the Existing Responsible Entity prior to the Implementation Date (i.e. Mr Peter Shear and Mr Stuart Nisbett) to provide any additional good fame and character substantiation (e.g. the information under items 13 to 19 of the Information Form and Checklist) in order to be directors of the New Responsible Entity;
  - (b) if ASX will not require additional good fame and character checks with respect to Mr Jack Lowenstein; and
  - (c) that ASX will not require any other personnel in the management team of the New Responsible Entity business to provide any additional information (e.g. the information under items 13 to 19 of the Information Form and Checklist) in order to carry out their relevant management roles for the Stapled Group.
- ◆ **Continuous disclosure - Listing Rule 3.1:** Confirmation that disclosure by the New Responsible Entity on behalf of URF or URF II on behalf of the Stapled Group satisfies the obligation for each of URF or URF II on a matter for the purposes of Listing Rule 3.1.
- ◆ **Equity security - Listing Rule 19.12:** Confirmation that ASX will treat a Stapled Security as an "equity security" for the purposes of Listing Rule 19.12.
- ◆ **Timetable:** Confirmation that the proposed indicative timetable is acceptable to ASX (and URF and URF II do not have to strictly comply with Appendix 7A).



## 11.8 Consents and disclaimers

Each of the persons or parties listed in the table below has given and has not, before lodgement of this Meeting Booklet withdrawn its consent to:

- ◆ be named in this Meeting Booklet in the form and context in which they are named; and
- ◆ the inclusion of the statements or information noted next to their names and the references to those statements in the form and context in which they are included in this Meeting Booklet; and
- ◆ the inclusion of other statements in this Meeting Booklet which are based on or referable to statements made in those reports or statements, or which are based on or referable to other statements made by those persons in the form and context in which they are included:

| Name of Person                               | Capacity  | Reports or Statement  |
|--|---|---|
| <b>US Masters Responsible Entity Limited</b> | Responsible entity of URF II and proposed responsible entity of URF | All statements of intention about the operation of the future group |

Each of the above persons:

- ◆ does not make, or purport to make, any statement in this Meeting Booklet than those statements referred to above and as consented to by that person; and
- ◆ to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Meeting Booklet other than as described in this Section 11.8 with the person's consent.

## 11.9 Exercise of pricing discretions

The Existing Responsible Entity as the responsible entity of URF has elected that ASIC Instrument 2023/693 will apply to pricing of URF Units in relation to any future equity raising after Implementation Date. The change of responsible entity of URF to the New Responsible Entity on Implementation Date will not change this election.

The issue price of the initial URF II units is a fixed price as determined in accordance with the URF II Constitution.

## 11.10 Dispute resolution

If you have a complaint about the New Responsible Entity in connection with your investment in the Stapled Group, you can write to the compliance manager for the Stapled Group (**Compliance Manager**) at ComplianceManager@usmpf.com.au or by calling 1300 454 801.

The Compliance Manager will acknowledge your complaint, investigate it and report back to you as soon as practicable. A final response will be provided within 30 days.

If you are dissatisfied with the response or the complaint is not resolved within 30 days, you may raise the matter directly with the Australian Financial Complaints Authority (**AFCA**). The AFCA's contact details are:

### Australian Financial Complaints Authority

GPO Box 3  
Melbourne VIC 3001  
Telephone: 1800 931 678  
Email: info@afca.org.au  
Website: www.afca.org.au

If you are after investment advice you should contact your financial adviser.



## 11. ADDITIONAL INFORMATION CONTINUED

### 11.11 Updates to the Proposal

The terms of the Proposal may change from time to time. If the Existing Responsible Entity becomes aware of any significant changes to the Proposal or significant new circumstance affecting the Proposal between the date of issue of this Meeting Booklet and the Implementation Date of the Proposal (if approved at the Meeting), the Existing Responsible Entity will notify URF Unitholders in such a way as it determines is appropriate, which may include (but is not limited to) publishing information on its website, an announcement on the ASX, an announcement at the Meeting, the issue of a supplement to the Product Disclosure Statement or the issue of a supplementary Meeting Booklet.

### 11.12 Labour standards and environmental, social and ethical considerations

The Responsible Entity's decisions in relation to investments of URF and URF II are primarily based on economic factors, and they do not specifically take into account labour standards or environmental, social or ethical considerations in the selection, retention, or realisation of investments.

### 11.13 Privacy

Information gathered by the Existing Responsible Entity and the New Responsible Entity (as the case may be) to implement the Proposal or in relation to the Meeting may be personal information for the purposes of the Privacy Act. The Existing Responsible Entity and the New Responsible Entity (as the case may be) (and the Registry on their behalf) will collect, hold and use that personal information to implement the Proposal, service your needs as an investor, provide facilities and services that you request and administer the Stapled Group. The Corporations Act requires certain particulars of securityholders to be collected and maintained in a public register. Access to information may also be provided to the Existing Responsible Entity's and the New Responsible Entity's (as the case may be) agents and service providers on the basis that they deal with such information as required by law.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Existing Responsible Entity or after the Implementation Date the New Responsible Entity (as the case may be). You can request access to your personal information by telephoning or writing to the Existing Responsible Entity or after the Implementation Date the New Responsible Entity. You can access the privacy policy at <https://www.usmastersresidential.com.au/>.

### 11.14 Governing law

This Meeting Booklet and any contracts that arise under this Meeting Booklet are governed by the law applicable in New South Wales and each URF Unitholder and URF II Unitholder submits to the non-exclusive jurisdiction of the courts of New South Wales.

### 11.15 Statement of Directors

Each of the Existing Responsible Entity's directors as at the Meeting Booklet Date has consented to the lodgement of this Meeting Booklet with ASIC and ASX.





# 12

## GLOSSARY



## 12. GLOSSARY

| Term  | Definition  |
|---|---|
| <b>AFSL</b>                                     | An Australian financial services licence issued by ASIC under section 913B of the Corporations Act.   |
| <b>AMIT</b>                                     | Attribution managed investment trust for the purposes of the Australian Tax Act.  |
| <b>ARSN</b>                                     | Australian Registered Scheme Number.  |
| <b>ASIC</b>                                     | Australian Securities and Investments Commission.   |
| <b>ASX</b>                                      | ASX Listed or the financial market operated by it, as the context requires  |
| <b>ASX Listing</b>                              | The admission of URF II to the Official List of ASX (as part of the Stapled Group) and the official quotation of all URF II Units on ASX (as part of the URF Stapled Securities) on the Listing Date.   |
| <b>ATO</b>                                      | Australian Taxation Office.   |
| <b>Australian Tax Act</b>                       | The <i>Income Tax Assessment Act 1936 (Cth)</i> or the <i>Income Tax Assessment Act 1997 (Cth)</i> , as the context requires.   |
| <b>CGT</b>                                      | Capital gains tax.  |
| <b>Corporations Act</b>                         | <i>Corporations Act 2001 (Cth)</i> .  |
| <b>CRS</b>                                      | OECD Common Reporting Standard for Automatic Exchange of Financial Account Information.   |
| <b>E&amp;P</b>                                  | E&P Financial Group   |
| <b>E&amp;PIL or Existing Responsible Entity</b> | E&P Investments Limited (ACN 152 367 649   AFSL 410 433)  |
| <b>Eligible URF Unitholder</b>                  | A person who: <ul style="list-style-type: none"> <li>◆ is registered as a holder of a URF Unit at 7.00pm (Sydney time) on the Record Date; and</li> <li>◆ is not an Ineligible Foreign Member.</li> </ul>   |
| <b>FATCA</b>                                    | United States of America Foreign Account Tax Compliance Act.  |
| <b>GAV</b>                                      | The gross asset value of URF (and in future including URF II).  |
| <b>Implementation Date</b>                      | The date on which the Proposal is expected to be implemented, being three Business Days after the date of the Meeting, or such other date as may be agreed between the Existing Responsible Entity and the New Responsible Entity in accordance with the Implementation Deed. |
| <b>Implementation Deed</b>                      | The implementation deed between the Existing Responsible Entity and the New Responsible Entity, as described in Section 10.2.   |

| Term                              | Definition   |
|-----------------------------------|--|
| <b>Ineligible Foreign Members</b> | A URF Unitholder whose address shown on the URF Register on the record date for implementation of the Proposal is a place outside Australia and its external territories and New Zealand, unless the Existing Responsible Entity has determined or determines that it is lawful and not unduly onerous or impracticable to issue or provide that URF Unitholder with URF II Units. |
| <b>In-specie Distribution</b>     | The in-specie distribution of URF II Units held by the Existing Responsible Entity as responsible entity of URF to the Eligible URF Unitholders under the Proposal in accordance with the Implementation Deed.   |
| <b>Listing Rules</b>              | The official listing rules of ASX from time to time as modified by any express written confirmation, waiver or exemption given by ASX.   |
| <b>Meeting</b>                    | The meeting of URF Unitholders to consider, and if thought fit, pass the Resolutions, and any adjournment of the meeting.  |
| <b>Meeting Booklet</b>            | This document dated 14 May 2024 which comprises a: <ul style="list-style-type: none"> <li>◆ Notice of Meeting and Explanatory Memorandum for US Masters Residential Property Fund</li> <li>◆ Product Disclosure Statement for US Masters Residential Property Fund II</li> </ul>   |
| <b>Meeting Booklet Date</b>       | 14 May 2024, being the date of this Meeting Booklet and the date on which this Meeting Booklet is lodged with ASIC and ASX.  |
| <b>MIT</b>                        | Managed investment trust for the purposes of the Australian Tax Act.   |
| <b>NAV</b>                        | The net asset value of URF (and in future including URF II).   |
| <b>New Holding Company</b>        | US Masters Responsible Entity HoldCo Pty Ltd ACN 672 753 105.  |
| <b>New Responsible Entity</b>     | US Masters Responsible Entity Limited (ACN 672 783 345, AFSL 553794).  |
| <b>Notice of Meeting</b>          | The notice of extraordinary general meetings for the Meeting, as set out at Appendix 1.  |
| <b>Official List</b>              | The official list of entities that ASX has admitted to and not removed from listing.   |
| <b>PDS</b>                        | A product disclosure statement for the purposes of Part 7.9 of the Corporations Act.   |
| <b>Privacy Act</b>                | <i>Privacy Act 1988</i> (Cth).   |
| <b>Proposal</b>                   | The proposal to internalise the responsible entity of URF and create a new internally managed stapled group to be implemented by way of the Stapling, the ASX Listing and each implementation step in accordance with the Implementation Deed, as summarised in Section 10.2.  |
| <b>Proxy Form</b>                 | The proxy form for the Meeting which accompanies this Meeting Booklet.   |



## 12. GLOSSARY CONTINUED

| Term                                    | Definition   |
|---|--|
| <b>Resolutions</b>                      | The resolutions to be considered and voted on by URF Unitholders at the Meeting as described in Section 2.3 and set out in the Notice of Meeting.  |
| <b>Sale Facility</b>                    | The sale facility referred to in Section 11.5 of this Meeting Booklet relating to the Ineligible Foreign Members.  |
| <b>Sale Nominee</b>                     | A sale nominee appointed by the Existing Responsible Entity as the responsible entity of URF to dispose the URF Stapled Securities that would otherwise have been held by Ineligible Foreign Members, under the Sale Facility.       |
| <b>Section</b>                          | A section of this Meeting Booklet.   |
| <b>Stapled Group</b>                    | The stapled group to be formed and will comprise URF and URF II if the Proposal is approved and implemented.   |
| <b>Stapling</b>                         | The stapling of the URF Units and URF II Units to form the URF Stapled Securities under the Proposal, as further described in Section 10.1F.   |
| <b>URF Unitholders Information Line</b> | If you have any queries about this Meeting Booklet or the Proposal, you should contact the URF Unitholders Information Line on +61 3 9691 6110 between 8.30am and 5:30pm (Sydney time) Monday to Friday (excluding public holidays). |
| <b>URF or the Fund</b>                  | US Masters Residential Property Fund (ARSN 150 256 161).   |
| <b>URF Constitution</b>                 | The constitution of URF, as amended from time to time.   |
| <b>URF Register</b>                     | The register of URF Unitholders.   |
| <b>URF Unit</b>                         | A fully paid ordinary unit in URF.   |
| <b>URF Unitholder</b>                   | A holder of an URF Unit.   |
| <b>URF Stapled Security</b>             | A stapled security in the Stapled Group following implementation of the Proposal, comprising one URF Unit stapled with one URF II Unit.  |
| <b>URF II</b>                           | US Masters Residential Property Fund II (ARSN 676 798 468).  |
| <b>URF II Constitution</b>              | The constitution of URF II, as amended from time to time.  |
| <b>URF II Unit</b>                      | A fully paid ordinary unit in URF II.  |
| <b>URF II Unitholder</b>                | A holder of an URF II Unit.  |
| <b>US REIT</b>                          | US Masters Residential Property (USA) Fund.  |
| <b>Voting Exclusions</b>                | The voting exclusions set out in Section 5.4.  |
| <b>Voting Record Date</b>               | The date for determining entitlement to vote at the Meeting, being 7.00pm (Sydney time) on 18 June 2024.   |



# 13

## CORPORATE DIRECTORY



## 13. GLOSSARY

### **Fund**

US Masters Residential Property Fund (ARSN 150 256 161)  
Level 32 1 O'Connell Street  
Sydney NSW 2000  
T: +61 3 9691 6110  
URFInvestorRelations@usmprf.com

### **Existing Responsible Entity**

E&P Investments Limited (ACN 152 367 649) (AFSL 410 433)  
Level 32, 1 O'Connell St  
Sydney NSW 2000  
T: 1300 454 801  
info.funds@eap.com.au

### **Unit Registry**

Boardroom Pty Limited  
Level 8, 210 George Street  
Sydney NSW 2000  
T: 1300 737 760  
<https://boardroomlimited.com.au/>  
enquiries@boardroomlimited.com.au



# APPENDIX 1

## NOTICE OF MEETING



# APPENDIX 1 – NOTICE OF MEETING



Notice is hereby given by E&P Investments Limited (ACN 152 367 649 | AFSL 410 433) (**E&PIL** or **Responsible Entity**) in its capacity as responsible entity of the US Masters Residential Property Fund (ARSN 150 256 161) (**URF** or **Fund**), pursuant to section 252A of the Corporations Act, 2001 (Cth) (**Corporations Act**) and clause 15 of the Fund Constitution, of a meeting to be held at 10.00 am (Sydney time) on 20 June 2024 as a physical meeting at Level 32, 1 O'Connell Street, Sydney NSW 2000.

The meeting will be held in person only, and there will not be an online facility.

This Notice of Meeting is dated 14 May 2024.

Capitalised terms used in this Notice of Meeting have the same meaning as set out the Glossary of the Meeting Booklet of which this Notice of Meeting forms part, unless indicated otherwise.

## IMPORTANT INFORMATION

This is an important document that should be read in its entirety.

This Notice of Meeting is an appendix to a Meeting Booklet. The Meeting Booklet and its annexures have been prepared to assist Unitholders in determining whether or not to vote in favour of the Resolutions set out in this Notice of Meeting.

Unitholders have the right to request that a paper copy of the documents is sent out to them. If you wish to request a paper copy of the documents please send your request, including your contact information, to the Responsible Entity at [info.funds@eap.com.au](mailto:info.funds@eap.com.au). If you have already elected to receive the Notice of Meeting by post, you do not need to request a paper copy of the documents again.

The Meeting Booklet and its annexures should be read in conjunction with this Notice of Meeting. Neither ASIC nor the ASX takes any responsibility for the contents of this Notice.





## BUSINESS

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, conditional upon the passing of Resolution 2, US Masters Responsible Entity Limited ACN 672 783 345 (**New Responsible Entity**) be appointed as responsible entity of the US Masters Residential Property Fund ARSN 150 256 161 effective upon the distribution in-specie of units in US Masters Residential Property Fund II ARSN 676 798 468 to participating members of URF in accordance with the Implementation Deed dated 13 May 2024” (“**Resolution 1**”)*

To consider, and if thought fit, to pass the following resolution as a **special resolution**:

*“That, conditional upon the passing of Resolution 1, the constitution of the Fund be amended for the purposes of section 601GC(1)(a) of the Corporations Act as set out in the copy of the supplemental deed tabled at the Meeting and accessible up to the date of the Meeting at <https://www.usmastersresidential.com.au/>, and that the Responsible Entity be authorised to execute the supplemental deed and lodge it with the Australian Securities and Investments Commission” (“**Resolution 2**”)*

Resolutions 1 and 2 are inter-conditional, that is, neither Resolution 1 nor Resolution 2 will take effect unless both of the Resolutions are passed by the requisite majorities.

## Explanatory Memorandum

Members are referred to the Meeting Booklet accompanying this Notice of Meeting, which comprises the explanatory memorandum for this Notice of Meeting and a product disclosure statement with respect to URF II Units.

## Resolution voting requirements

Both resolutions will be decided on a poll. Resolution 1 can only be passed if more than 50% of the votes cast by Unitholders entitled to vote either in person or by proxy are in favour of the resolution. Resolution 2 will be passed if at least 75% of the votes cast by Unitholders entitled to vote either in person or by proxy are in favour of the resolution.

The Chair considers voting by poll to be in the interests of the Unitholders as a whole and ensures the views of as many Unitholders as possible are represented in the vote.

On a poll, each Unitholder has one vote for each dollar of the value of the total interests they have in URF. The value of a URF Unitholder’s total interest in URF will be calculated by reference to the last sale price of URF Units on ASX on the trading day immediately prior to the date of the Meeting. You need not exercise all of your votes in the same way, nor need you cast all of your votes.

## Entitlement to vote and voting exclusions

The Directors have decided that for the purpose of determining entitlements to participate and vote at the Meeting, Units will be taken to be held by the persons who are the registered holders at 7 pm on 18 June 2024.

Accordingly, transfers registered after that time will be disregarded in determining entitlements to participate and vote at the Meeting.

Under section 253E of the Corporations Act, the Responsible Entity and its Associates are not entitled to vote on the Resolutions if they have an interest in the Resolutions other than as a member. Two of the directors of the Existing Responsible Entity currently hold between them 96,114 Units representing 0.013% of the issued units. They do not intend to vote in respect of those units.



# APPENDIX 1 – NOTICE OF MEETING CONTINUED

## How to vote

Unitholders entitled to vote at the Meeting may vote:

- a) at the Meeting;
- b) by appointing a proxy to attend the Meeting and vote on their behalf using the proxy form accompanying this notice or, in the case of corporate Unitholders or proxies, a corporate representative to attend the meeting and vote on its behalf. A proxy may be an individual or body corporate.

If it becomes necessary to make alternative arrangements for the Meeting, Unitholders will be provided with as much notice as possible. Further information will be made available on the Fund's website at <https://www.usmastersresidential.com.au/> and in the Fund's ASX market announcement.

## Proxies

If Unitholders do not wish to vote during the Meeting or are unable to attend the Meeting, they may appoint a proxy to vote on their behalf.

Any Unitholders entitled to participate and vote at the Meeting are entitled to appoint not more than two proxies to participate and vote in their stead.

A proxy need not be a Unitholder.

If a Unitholder appoints two proxies, that Unitholder may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy may exercise half of the votes. If the specified proportion or number of votes exceeds that to which a Unitholder is entitled, each proxy may exercise half of that Unitholder's votes. Any fractions of votes brought about by the appointment of votes to a proxy will be disregarded.

Proxies must be lodged by emailing, posting or delivering them to the email or physical address specified below to be received not later than 10.00 am (Sydney time) on 18 June 2024.

**Email:** proxy@boardroomlimited.com.au

---

**Address:** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia  
or  
E&P Investments Limited  
Level 32, 1 O'Connell St  
Sydney NSW 2000 Australia

---

When sent to Unitholders, a proxy form is provided with this Notice of Meeting.

## The Chair acting as Proxy

The Chair of the Meeting is deemed to be appointed as a Unitholder's proxy where a notice of direction and proxy form is returned which does not contain the name of the proxy or where the person appointed on the form is absent from the Meeting.

For proxies without voting instructions that are exercisable by the Chair, the Chair intends to vote undirected proxies in favour of the Resolutions.

## Chair

In accordance with section 252S(1) of the Corporations Act and clause 15.7 of the Fund's constitution, the Responsible Entity intends to nominate Stuart Nisbett, to act as Chair of the Meeting, but may appoint another person if Mr Nisbett is unable to attend the Meeting for any reason.

## Quorum

In accordance with clause 15.5 of the Fund's constitution the quorum requirement for the Meeting is at least 2 members present in person or by proxy together holding at least 10% of Units.

If a quorum is not present within 15 minutes of the scheduled time for the Meeting, the Meeting will be adjourned to such place and time as the Responsible Entity decides, and at the adjourned meeting those members present in person or by proxy will constitute a quorum.

## Attorneys

Any Unitholder entitled to participate and vote at the Meeting is entitled to appoint an attorney to participate and vote in their stead.

An attorney need not be a Unitholder.

The power of attorney appointing the attorney must be duly signed and specify the name of each of the Unitholders, the Company and the attorney, and also specify the Meeting at which the appointment may be used. The appointment may be a standing one. To be effective, the power of attorney must also be returned in the same manner, and by the same time, as outlined above for proxies.

## Corporate representatives

A Unitholder, or proxy, that is a corporation and entitled to participate and vote at the Meeting may appoint an individual to act as its corporate representative. Evidence of the appointment of a corporate representative must be in accordance with section 253B of the Corporations Act and be lodged with the Responsible Entity before the Meeting.

## Submitting questions prior to the meeting

Unitholders may also submit questions in advance of the meeting by emailing [info.funds@eap.com.au](mailto:info.funds@eap.com.au). Unitholders should note that it may not be possible to respond to all questions.



By order of the Board.

Warwick Keneally – Company Secretary

14 May 2024



# APPENDIX 2

## PROXY FORM



**All Correspondence to:**

✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

**Proxy form and voting information for meeting of members of US Masters Residential Property Fund.  
GENERAL MEETING (IN PERSON ONLY).**

The meeting will be held in person at Level 32, 1 O'Connell St, Sydney, NSW, 2000 on Thursday 20 June 2024 at 10:00 am (Sydney time).

🖨 **TO LODGE A PROXY VOTE ONLINE**

📱 **BY SMARTPHONE**

**STEP 1: VISIT** <https://www.votingonline.com.au/urfgm2024>

**STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**

**STEP 3: Enter your Voting Access Code (VAC):**



Scan QR Code using smartphone QR Reader App

**TO VOTE BY COMPLETING THE PROXY FORM**

**STEP 1 APPOINTMENT OF PROXY**

Indicate who you want to appoint as your Proxy.  
If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the full name of that individual or body corporate. If you do not mark the box and leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the Fund. Do not write the name of the issuer Fund or the registered securityholder in the space.

**Appointment of a Second Proxy**

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the Fund's unit registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

**STEP 2 VOTING DIRECTIONS TO YOUR PROXY**

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

**Proxy which is a Body Corporate**

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the Fund's unit registry.

**STEP 3 SIGN THE FORM**

The form **must** be signed as follows:  
**Individual:** This form is to be signed by the registered securityholder.  
**Joint Holding:** where the holding is in more than one name, all the securityholders should sign.  
**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.  
**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

**STEP 4 LODGEMENT**

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:00am (Sydney time) on Tuesday 18 June 2024**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

|                    |   |  |
|--------------------|---|--|
| 💻 <b>Online</b>    | <a href="https://www.votingonline.com.au/urfgm2024">https://www.votingonline.com.au/urfgm2024</a> |  |
| ✉ <b>By Email</b>  | proxy@boardroomlimited.com.au   |  |
| 📠 <b>By Fax</b>    | + 61 2 9290 9655  |  |
| ✉ <b>By Mail</b>   | Boardroom Pty Limited<br>GPO Box 3993,<br>Sydney NSW 2001 Australia                               | OR E&P Investments Limited<br>Level 32, 1 O'Connell Street,<br>Sydney NSW 2000 |
| 👤 <b>In Person</b> | Boardroom Pty Limited<br>Level 8, 210 George Street<br>Sydney NSW 2000 Australia                  | OR E&P Investments Limited<br>Level 32, 1 O'Connell Street,<br>Sydney NSW 2000 |

**Attending the Meeting**

If you wish to attend the meeting, please bring this form with you to assist registration.

# US Masters Residential Property Fund

ARSN 150 256 161

## Your Address

This is your address as it appears on the Fund's unit register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities using this form.**

## PROXY FORM

### STEP 1 APPOINT A PROXY

I/We being a member/s of **US Masters Residential Property Fund** (Fund) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Fund to be held at **Level 32, 1 O'Connell St, Sydney NSW 2000 on Thursday, 20 June 2024 at 10:00am (Sydney time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each item of business.

### STEP 2 VOTING DIRECTIONS

\* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

|              |   | For                      | Against                  | Abstain*                 |
|--------------|---|--------------------------|--------------------------|--------------------------|
| Resolution 1 | "That, conditional upon the passing of Resolution 2, US Masters Responsible Entity Limited ACN 672 783 345 (New Responsible Entity) be appointed as responsible entity of the US Masters Residential Property Fund ARSN 150 256 161 effective upon the distribution in-specie of units in US Masters Residential Property Fund II ARSN 676 798 468 to participating members of URF in accordance with the Implementation Deed dated 13 May 2024" ( <b>Ordinary Resolution</b> )   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | "That, conditional upon the passing of Resolution 1, the constitution of the Fund be amended for the purposes of section 601GC(1)(a) of the Corporations Act as set out in the copy of the supplemental deed tabled at the Meeting and accessible up to the date of the Meeting at <a href="https://www.usmastersresidential.com.au/">https://www.usmastersresidential.com.au/</a> , and that the Responsible Entity be authorised to execute the supplemental deed and lodge it with the Australian Securities and Investments Commission" ( <b>Special Resolution</b> ) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

### STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2024





**US Masters**  
**Residential**  
**Property Fund**

ARSN 150 256 161