

# | Board Charter

**US Masters Responsible Entity Limited**  
**ACN 672 783 345, AFSL 553 794**

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## Definitions

**Act or Corporations Act** means the Corporations Act 2001 (Cth)

**AFSL or AFS licence** means Australian Financial Services Licence

**ASIC** means the Australian Securities and Investments Commission

**ASX** means ASX Limited (ACN 008 624 691)

**Australian Law** includes, without limitation, Corporations Act, Corporations Regulations and ASIC regulatory guidance

**Board** means board of Directors of the Company

**Company** means US Masters Responsible Entity Limited (ACN 672 783 345, AFSL 553 794)

**Compliance Officer** means the Compliance Officer of the Responsible Entity

**Corporations Regulations** means Corporations Regulations 2001

**Director** means the director of the Company

**Fund** means US Masters Residential Property Fund (ARSN 150 256 161)

**Management Trust** means US Masters Residential Property Fund II (ARSN 676 798 468)

**Responsible Entity** means the Company

**Responsible Manager** means the responsible managers nominated by the Responsible Entity under its AFSL

**Retail Trust** means the Fund

**Stapled Security** means URF

**URF** refers to each unit in the Retail Trust stapled to a unit in the Management Trust to form the stapled vehicle

## 1. Introduction

- 1.1 US Masters Responsible Entity Limited ACN 672 783 345 (**Company**) is an Australian public company and is limited by shares. The Company is a wholly owned subsidiary of the **Management Trust** which is stapled to the Fund (**Retail Trust**) to form the stapled listed vehicle, URF.
- 1.2 The Company is appointed as responsible entity of both the Management Trust and the Retail Trust and is the holder of Australian Financial Services Licence Number 553 794.
- 1.3 The Board of Company is responsible for the corporate governance of the Company and URF.
- 1.4 The purpose of this charter is to:
  - (a) promote high standards of corporate governance;
  - (b) clarify the role and responsibilities of the Board; and
  - (c) enable the Board to provide strategic guidance for URF and effective management oversight.
- 1.5 To the extent that there is any inconsistency between this charter and the Company's constitution, the constitution will prevail to the extent of that inconsistency.

## 2. Board size, composition and independence

- 2.1 There must be a minimum of three directors and may only be a maximum of 5 directors.
- 2.2 The Board should ideally comprise:
  - (a) a majority of independent non-executive directors;
  - (b) an independent non-executive Chair;
  - (c) directors with an appropriate range of skills, experience and expertise;
  - (d) directors who can understand and competently deal with current and emerging business issues; and
  - (e) directors who can effectively review and challenge the performance of management and exercise independent judgment.
- 2.3 An independent non-executive director is one who:
  - (a) is independent of management;
  - (b) is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their unfettered and independent judgment; and
  - (c) otherwise meets the criteria for independence set out in the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council.
- 2.4 The Board has formulated various criteria to determine the independence of directors.
- 2.5 The Board should regularly assess whether each non-executive director is independent, and each non-executive director should provide to the Board all information relevant to his or her assessment.
- 2.6 If a director's independent status changes, this should be immediately disclosed and explained to the market.
- 2.7 The directors have absolute discretion to determine the appropriate composition of the Board from time to time.

2.8 Each director is appointed by a formal letter of appointment setting out the key terms and conditions of their appointment to ensure that each director clearly understands the Company's expectations of him or her.

### **3. The Board's role and responsibilities**

3.1 The Board is primarily responsible for ensuring that the Responsible Entity and URF have appropriate corporate governance structures to:

- (a) ensure the creation and protection of the Stapled Security holder value; and
- (b) recognise the legitimate interests of all stakeholders.

3.2 The Board is responsible for the overall operation, strategic direction, leadership and integrity of URF and in particular, is responsible for the execution of URF's investment strategy. In meeting its responsibilities, the Board shall undertake the following functions:

#### *Strategic Direction*

- (a) providing and implementing the URF's strategic direction;
- (b) directing and monitoring the URF's performance against the investment strategy; and
- (c) approving and monitoring capital management and major expenditure and investments.

#### *Risk Management and Reporting*

- (a) reviewing and overseeing the operation of systems of risk management ensuring that the significant risk facing URF are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with;
- (b) monitoring and appraising financial performance including the approval of annual and half year financial reports and liaising with Fund auditors;
- (c) the Responsible Entity is responsible for preparing the declaration pursuant to Section 295A of the Corporations Act. Accordingly, the Board will ensure that the Responsible Entity has put in place sound systems of risk management and internal controls and ensure that the systems are operating effectively in all material respects in relation to financial reporting risks.
- (d) ensure that underlying securityholders of the Funds and the market are kept fully informed with timely and relevant information which is in accordance with the continuous disclosure provisions under the Corporations Act and the ASX Listing Rules; and
- (e) review the nature of the Funds to determine if it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it intends to manage those risks.

#### *Management*

- (a) monitoring and assessing the performance of the Responsible Entity and ensuring that their actions are consistent with URF's investment strategy;
- (b) ensuring that appropriate effective remuneration packages and policies are implemented by URF;
- (c) monitoring and reviewing business results, outsourced service providers and the Board itself; and
- (d) ensuring the Board is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the best standards of governance.

#### *Remuneration*

- (a) The allocation and amount of remuneration of non-executive directors will be reviewed annually and will reflect market rates.

#### *Performance*

- (a) formation and monitoring of corporate governance policies and codes of conduct;
- (b) undertaking an annual performance evaluation of the Board in light of this Charter; and
- (c) reviewing and overseeing internal compliance and legal regulatory compliance.

#### *Corporate Governance*

- (a) ensuring compliance with the URF's constitution and compliance plan, the Responsible Entity's constitution and with the continuous disclosure requirements of the Listing Rules and the Corporations Act; and
- (b) communicating with and protecting the rights and interests of all underlying Stapled Security holders.

3.3 In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board committee, a director or other person, subject to ultimate responsibility residing with the directors.

3.4 The matters specifically reserved for the Board or its committees (as relevant) include:

- (a) appointment of a director to fill a casual vacancy or as an additional director;
- (b) establishment of Board committees, their membership and delegated authorities;
- (c) approval of dividends;
- (d) review of corporate codes of conduct;
- (e) approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- (f) calling of meetings of directors or Stapled Security holders; and
- (g) any other specific matters nominated by the Board from time to time.

## **4. Board Committees**

4.1 The Board recognises the importance of establishing audit, risk, remuneration and nomination committees as good corporate governance in circumstances where appropriate for the size, nature and complexity of an entity.

4.2 Considering the size of the Company and the current investment strategy of URF (i.e., to continue a gradual and orderly program of sales of URF's underlying assets), the functions that would be performed by these committees are best undertaken by the Board. This is also in line with Corporate Governance Recommendations which recognise that "the ultimate responsibility of the integrity of URF's financial reporting rests with the full board".

4.3 The Board will review its view on these committees in line with the Corporate Governance Recommendations and in light of any changes to the size or nature of URF and if required may establish committees to assist in carrying out its functions.

4.4 As a registered managed investment scheme, each of the Management Trust and Retail Trust within the URF stapled structure is required to adopt a compliance plan that must be lodged with ASIC. The compliance plan will be reviewed every year to ensure that the way in which URF operates protects the rights and interest of the Stapled Security holders and that major compliance risks are identified and properly managed.

## **5. Chair of the Board**

5.1 The Chair is appointed by the directors.

5.2 The division of the responsibilities of the Chair have been agreed by the Board and are set out in this charter.

5.3 The responsibilities of the Chair include:

- (a) providing leadership to the Board;
- (b) promoting the efficient organisation and conduct of the Board's functions;
- (c) ensuring the Board considers and adopts strategies designed to meet present and future needs of URF;
- (d) ensure the Board has an effective composition, size and commitment to adequately discharge its responsibilities and duties;
- (e) monitoring the performance of the Board;
- (f) facilitating Board discussions to ensure core issues facing URF are addressed;
- (g) briefing all directors in relation to issues arising at Board meetings;
- (h) facilitating the effective contribution and ongoing development of all directors, as necessary;
- (i) promoting constructive and respectful relations between Board members and between Board and management;
- (j) ensuring the Board regularly meets to consider URF's performance and key issues facing it;
- (k) setting the agenda for the Board meetings; and
- (l) chairing general meetings.

## 6. Directors

6.1 Directors are expected to attend and participate in Board meetings.

6.2 Directors are expected to spend the time needed, and meet as often as necessary, to properly discharge their responsibilities.

6.3 Directors are expected to review meeting materials before Board meetings.

6.4 Directors are encouraged to ask questions of, request information from, and raise any issue of concern with, management. Directors are encouraged, where possible, to ask any questions and raise issues of concern before a meeting so that management is prepared to address them.

6.5 Directors must exercise independent judgement when making decisions.

6.6 Publicly, directors are expected to support the letter and spirit of Board decisions.

6.7 Directors must keep Board information, discussions, deliberations, and decisions that are not publicly known, confidential.

6.8 Directors must comply with their legal duties when discharging their responsibilities as directors. Broadly, these duties are:

- (a) to act in good faith and in the best interests of the Company and the underlying Stapled Security holders of URF;
- (b) to act with care and diligence;
- (c) to act for proper purposes;
- (d) to avoid a conflict of interest or duty; and

- (e) to refrain from making improper use of information gained through the position of director or taking improper advantage of the position of director.

## **7. Non-executive directors**

- 7.1 Non-executive directors should consider the benefits of conferring regularly without management present, including at scheduled sessions or as otherwise required by the circumstances.
- 7.2 These discussions of non-executive directors can be facilitated by the Chair or lead independent directors (if any).
- 7.3 A non-executive director should inform the Chair before accepting any new appointment as a director of another listed entity, another material directorship or other position with a significant time commitment attached.

## **8. Conflicts**

- 8.1 Directors are expected to be sensitive to conflicts of interest or duty that may arise and mindful of their fiduciary obligations.
- 8.2 Directors must:
  - (a) disclose to the Board any actual or potential conflict of interest or duty that might reasonably be thought to exist as soon as the situation arises;
  - (b) take necessary and reasonable action to resolve or avoid any actual or potential conflict of interest or duty; and
  - (c) comply with the Corporations Act and the Company's constitution in relation to disclosing material personal interests and restrictions on voting.
- 8.3 If a conflict exists, it is expected that any director to whom the conflict relates will leave the room when the Board is discussing any matter to which the conflict relates.
- 8.4 Directors are expected to inform the Chair of any proposed appointment to the Board or executive of another company as soon as practicable.

## **9. Access to information and independent advice by directors**

- 9.1 Directors have access to any information they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions.
- 9.2 Directors have access to:
  - (a) management to seek explanations and information from management; and
  - (b) auditors, both internal and external, to seek explanations and information from them without management being present.
- 9.3 Directors may seek any independent professional advice they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions in accordance with the procedure agreed by the directors.
- 9.4 If the Chair consents, the Company will pay a director's costs of seeking independent professional advice. That consent may not be unreasonably withheld or delayed.



## **10. Code of conduct**

10.1 The Board has adopted a 'Code of Conduct' setting out its legal and other obligations to all legitimate stakeholders including employees. The Code of Conduct sets out the required standards of behaviour expected of each stakeholder, for the benefit of Stapled Security holders.

10.2 Each director will be given a copy of the code of conduct applicable to their position when joining the Company.

## **11. Communication of information**

11.1 The Board will:

- (a) communicate effectively with Stapled Security holders;
- (b) give Stapled Security ready access to balanced and understandable information about the Company and URF; and
- (c) make it easy for Stapled Security holders to participate in general meetings.

11.2 The Board has adopted a Continuous Disclosure Policy to facilitate and promote effective communication with Stapled Security holders and encourage participation at general meetings.

## **12. Review of Board performance**

12.1 The Board will annually review:

- (a) the Board's role;
- (b) the processes of the Board and management; and
- (c) the Board's performance.