

Fraud and Corruption Policy

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

Table of Contents

Definitions3

1. Background.....4

2. Purpose.....4

3. Scope4

4. Definition of fraud and corruption.....4

5. Policy.....5

6. Code of conduct.....5

7. Fraud and corruption control6

Board and senior management responsibility6

Officers, employees and Contractors6

Compliance Officer6

Finance7

Investigations.....7

8. Investigation protocols7

9. Reporting.....7

Definitions

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

Chairman means the chairman of the Board

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

Company Secretary means the company secretary of the Responsible Entity

Compliance Officer means the Compliance Officer of the Responsible Entity

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

Corporations Regulations means *Corporations Regulations 2001 (Cth)*

Director means the director of the Company

Group means the US Masters Residential Property Group a listed stapled entity comprising URF I and URF II

Head of Operations means the head of operations of the Responsible Entity

Responsible Entity means the Company

Staff means any person who has access to or uses the Responsible Entity's email and IT systems, including, without limitation, employees, consultants and contractors

Stapled Security means a stapled security in URF, comprising one URF I Unit stapled with one URF II Unit

Stapled Securityholder means a holder of a Stapled Security

URF means the stapled listed vehicle comprising of URF I and URF II

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

URF I Unit means a fully paid ordinary unit in URF I

URF II means US Masters Residential Property Fund II (ARSN 676 798 468)

URF II Unit means a fully paid ordinary unit in URF II

1. Background

The US Masters Responsible Entity Limited (ACN 672 783 345 | AFSL 553 794) (**Responsible Entity**) is the Responsible Entity of the US Masters Residential Property Group a listed stapled entity consisting of US Masters Residential Property Fund (ARSN 150 256 161) and US Masters Residential Property Fund II (ARSN 676 798 468 (together the **Group**)).

2. Purpose

The purpose of this policy is to protect the assets and reputation of URF by:

- a) reinforcing the commitment and responsibility of the Board and the senior management to identify fraudulent and corrupt activities and for establishing policies, controls and procedures for prevention and detection of these activities;
- b) reinforcing the requirement for all employees and others to refrain from corrupt and fraudulent conduct and encourage the reporting of any instance of fraud or corrupt conduct;
- c) providing a framework for conduct of investigations to ensure that all suspected fraudulent and corrupt activity is dealt with appropriately; and
- d) assigning responsibility for the development of controls to prevent and detect fraud.

3. Scope

This policy applies to all officers and Staff of the Company and its subsidiary companies.

Any irregularity or suspected irregularity involving a shareholder, vendor, consultants or any other third-party agencies doing business with the Company or its officers or Staff, is included in the scope of this policy.

The policy does not have regard to the officer's or Staff's length of service, title or relationship to the Company.

This policy does not limit any rights or obligations which the Company's officers or Staff have at law.

4. Definition of fraud and corruption

Corruption is defined (for the purposes of this policy) as a dishonest activity in which a director, officer, executive or Staff member of an entity acts in a manner that is contrary to the interests of the Company and abuses his/her position of trust in order to achieve some personal gain or advantage for him or herself or for another person or entity.

Examples of corrupt conduct include, but are not limited to:

- a) payment of secret commissions (bribes, facilitation payments or gratuities) in money, or

- some other value, to other businesses, individuals or public officials;
- b) receipt of bribes or gratuities from other businesses, individuals or public officials;
 - c) release of confidential information, for other than a proper business purpose, sometimes in exchange for either a financial or non-financial advantage;
 - d) an officer or Staff member of the Company manipulating a tendering process to achieve a desired outcome; or
 - e) a conflict of interest involving an officer or Staff member of the Company acting in his or her own self- interest rather than in the interests of the Company.

Fraud is defined as an intentional act by one or more individuals among management, those charged with governance, officers, Staff members or other third parties, involving the use of deception to obtain an unjust or illegal advantage.

A fraud can typically result in actual or potential financial loss to any person or entity however this is not always the case.

Examples of fraud could include, but are not limited to:

- a) misappropriation of funds, securities, or other assets including use of assets for private purposes;
- b) causing a loss to the Company or creating a liability for the Company by deception;
- c) impropriety in the handling or reporting of money or financial records;
- d) profiting from insider knowledge of the Company's activities or intended activities;
- e) accepting or seeking anything of value from contractors, vendors or persons providing services to the Company;
- f) false invoicing for services never rendered or backdating agreements;
- g) submission of exaggerated or wholly fictitious accident, harassment or injury claims; or
- h) misuse of personal leave.

5. Policy

The Company requires all officers and Staff members at all times to act honestly and with integrity and to safeguard the Company resources for which they are responsible. The Group is committed to protecting all revenue, expenditure and assets from any attempt to gain illegal financial or other benefits.

Any fraud or corruption committed against the Company is a major concern and as a consequence all cases will be thoroughly investigated, and appropriate disciplinary action will be taken against any officer or Staff member of the Company who is found guilty of corrupt or fraudulent conduct. This may include referral to the appropriate law enforcement or regulatory agencies for independent investigation.

6. Code of conduct

The Company's Code of Conduct assists in preventing fraud and corruption within the Company and it specifically requires Staff members to comply with the code.

7. Fraud and corruption control

Board and senior management responsibility

The Board and senior management are ultimately responsible for setting the tone at the top and have a responsibility to:

- ensure that there is an effective fraud and corruption risk management framework in place;
- understand the fraud and corruption risks to which the Company is exposed;
- maintain oversight of the fraud risk assessment and the controls in place to mitigate the risks identified; and
- monitor reports on fraud risks, policies and control activities that include obtaining assurance that the controls are effective.

Senior Management is responsible for ensuring that adequate procedures are in place that address:

- appropriate security screening and selection of officers and employees;
- disciplinary / dismissal procedures;
- employment contracts that include relevant conditions of employment relating to fraudulent and corrupt conduct;
- monitoring of annual leave entitlements to ensure that officers and Staff members do not accumulate excessive annual leave entitlements i.e. four weeks over and above their yearly entitlement; and
- clarification and formalisation of responsibilities / segregation of duties (where possible, these should be included in relevant position descriptions).

Officers and Staff members

All officers and Staff members are responsible for complying with Company policies and procedures, codes of personal conduct and ethics, management (including avoidance) of conflicts of interest and maintaining vigilance in early detection, reporting and prevention of fraud and corruption.

The Head of Operations is responsible for:

- communicating and raising awareness of the risks relating to fraud and corruption with Staff members and for ensuring compliance with Company policies and procedures and adequate levels of staffing are in place; and
- establishing and maintaining adequate internal controls that provide for the security and accountability of Company resources and prevent/reduce the opportunity for fraud and corruption to occur.

Compliance Officer

The Compliance Officer has the primary responsibility for:

- investigating internal and external fraud and corruption matters, including using external parties where required and notifying law enforcement or regulatory agencies as necessary;
- conducting periodic fraud and corruption risk assessments with the businesses to assess the adequacy and effectiveness of the Company's fraud risk management processes;
- ensuring that the risk of fraud and corruption is being appropriately managed and controlled by business units;
- analysing loss trends arising from fraud; and
- advising and assisting relevant business units in the implementation and maintenance of best practice techniques and controls to prevent and detect fraud and corruption.

The Compliance Officer will also be responsible for providing regular training in respect of this policy that will:

- assist with the identification of fraud and corruption risk;
- provide effective fraud and corruption mitigation techniques; and
- enforce the Company's zero tolerance policy on fraud and corruption.

Finance

The Company's finance team must implement robust processes and controls in relation to expenditure, investments and transfers of money. Provisions, losses and write-offs in relation to fraud must be made in accordance with the Group accounting policies and procedures. The Board is responsible for making recommendations regarding the placement and maintenance of insurance cover for crime, fraud and fidelity risk for the Company.

Investigations

The Company Secretary will provide advice and requisite management assistance regarding any prospective investigation or litigation linked to a fraud or corruption event.

8. Investigation protocols

If an investigation identifies that fraud or corruption has occurred, the Compliance Officer will escalate the matter in accordance with section 9 below.

Decisions to prosecute or refer the examination results to the appropriate law enforcement or regulatory agency will be made in conjunction with the Board.

In the event of an investigation, members of the investigating team will have free and unrestricted access to all the Company's records and premises. They will have the authority to examine, copy and remove any information within the scope of the investigation.

9. Reporting

Any officer or Staff member who suspects fraud or corrupt activity has the ability to report the matter confidentially through one of the following options:

- notifying his or her immediate manager; or
- notifying the Compliance Officer; or

- notifying the Board.

It is the responsibility of all officers and Staff members to report all suspected, attempted or actual fraud or corruption incidents. All information received is treated confidentially.

Investigations will not be disclosed to, or discussed with, anyone other than those who have a legitimate need to know.

All suspected fraud or corruption incidents must be escalated to the Board.