

13 May 2016

James Gerraty
Manager Listings
ASX
Level 4, North Tower, Rialto
525 Collins Street
Melbourne, Vic 3000

By email only: james.gerraty@asx.com.au

Dear James,

US Residential Fund (USR) – Change of Director’s Interest Notices

We refer to your letter dated 12 May 2016 in relation to late lodgement of Director Interest Notices.

1. Please explain why the Appendices were lodged late.

The November and April Director Notices occurred as the result of Directors participating in USR’s Dividend and Distribution Reinvestment Plan and the inherent timing difference between the allocation and the receipt of confirmation by post. While the acquisitions are inert in nature, we are aware of the timing difference and have taken action to address this situation, and we outline our steps below in 3.

The Appendix 3Z Notice arose from the resignation of Ms Julia Mason. At the time of receiving formal notification of Ms Mason’s resignation the Board had verbal consent from a replacement Director but we were awaiting the formal consent, which was delayed due to an unexpected medical matter concerning the replacement Director. As a result the formal consent was not received, thus the replacement Director could not be appointed. The ability of the replacement Director to join the Board was unknown for a period of time and the Board contemplated having Ms Mason withdraw her resignation in light of this fact. The matter was concluded in late April when Mr Ken Lawrence was appointed to the Board, enabling Ms Mason’s resignation to be formally accepted by the Board and appropriate ASX announcements made.

2. What arrangements does the Entity have in place under listing rule 3.19B with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?

USR and the Directors are aware of their obligations under Listing Rule 3.19A. USR’s policy is for all Directors to notify the Company Secretary of all transactions involving buying or selling USR securities immediately after the transaction has occurred. Each Director is made aware upon joining the Board of their obligation to provide USR with details of any changes in their notifiable interest. The Company Secretary would then lodge the required notices with the ASX.

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3. If the current arrangements are inadequate or not being enforced, what additional steps does the Entity intend to take to ensure compliance with listing rule 3.19B?

We have added to the agenda for monthly Board meetings a standing agenda item to remind Directors of this obligation and to enquire as to whether Directors have transacted in any USR securities since the previous Board meeting.

In addition reports on participation in USR's Dividend and Distribution Reinvestment Plan will be reviewed in a timely manner to identify any Director participation to facilitate timely submission of Director Interest Notices.

Yours sincerely,



**Owen Lennie
Chairman
US Residential Fund**

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12 May 2016

Shaun Stone
Company Secretary
US Residential Fund
Suite 204, 198 Harbour Esplanade
DOCKLANDS VIC 3008

By email only

Dear Shaun

US Residential Fund (the "Entity"): Appendices 3Y and Appendix 3Z – Change of Director's Interest Notices

We refer to the following;

1. The Appendices 3Y lodged by the Entity with ASX on 4 November 2015 for Messrs Andrew Meakin and Owen Lennie (the "November Director Notices");
2. The Appendices 3Y lodged by the Entity with ASX on 14 April 2016 for Messrs Meakin, Lennie and Ms Julia Mason (the "April Director Notices");
3. The Appendix 3Z lodged by the Entity with ASX on 4 May 2016 for Ms Mason (the "Appendix 3Z Notice");
4. Listing rule 3.19A which requires an entity to tell ASX the following:

3.19A.1 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.

- On the date that the entity is admitted to the official list.
- On the date that a director is appointed.

The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.

3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.

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3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.

5. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

The November Director Notices indicate that a change in Messrs Meakin and Lennie's notifiable interests occurred on 18 September 2015. It appears that the notices should have been lodged with ASX by 25 September 2015. Consequently, the Entity may be in breach of listing rules 3.19A and/or 3.19B. It also appears the directors concerned may have breached section 205G of the Corporations Act.

The April Director Notices indicate that a change in Messrs Meakin, Lennie and Ms Mason's notifiable interests occurred on 24 March 2016. It appears that the notices should have been lodged with ASX by 4 April 2016. Consequently, the Entity may be in breach of listing rules 3.19A and/or 3.19B. It also appears the directors concerned may have breached section 205G of the Corporations Act.

As the Appendix 3Z indicated that Ms Mason ceased to be a director on 1 April 2016 it appears the Appendix 3Z should have been lodged with ASX by 8 April 2016. As it was lodged on 4 May 2016 it appears that there may have been a further breach by the Entity of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed entities for its reporting requirements.

ASX reminds the Entity of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Entity make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: *Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities*, under listing rule 18.7 we ask that you answer each of the following questions.

1. Please explain why the Appendices were lodged late.
2. What arrangements does the Entity have in place under listing rule 3.19B with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Entity intend to take to ensure compliance with listing rule 3.19B?



Your response should be sent to me by e-mail. It should not be sent to the ASX Market Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie before 9.30 a.m. AEST) on Tuesday, 17 May 2016.

Under listing rule 18.7A, a copy of this letter and your response will be released to the market, so your response should be in a form suitable for release and must separately address each of the questions asked.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Sent electronically without signature

James Gerraty
Manager Listings, Melbourne

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