



Audit, Risk and Compliance Committee Charter

Redcape Hotel Group Management Limited ACN 610 990 004 (**Company**), in its capacity as responsible entity of Redcape Hotel Trust I (ARSN 629 354 614) and the Redcape Hotel Trust II (ARSN 629 354 696) (**Redcape**)

Adopted by the Board on 1 November 2018

Redcape
HOTEL GROUP

*Redcape Hotel Group Management Ltd (ACN 610 990 004) (AFSL 505932) is the responsible entity of Redcape Hotel Trust I (ARSN 629 354 614) and Redcape Hotel Trust II (ARSN 629 354 696) (together "Redcape" or "Redcape Hotel Group").
Moelis Australia Hotel Management Pty Ltd (ACN 619 297 228) is the appointed investment manager and hotel operator of Redcape.*

Committee Charter

1 Overview

The Committee is a committee of the board of directors (the “**Board**”) of Redcape Hotel Group Management Limited (the “**Company**”). The Company is the responsible entity of the Redcape Hotel Trust I ARSN 629 354 614 and Redcape Hotel Trust II ARSN 629 354 696, which are stapled together and listed on the Australian Stock Exchange (“**ASX**”), being quoted together as a single stapled security (together the “**Redcape**”).

The purpose of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities relating to:

- (a) the integrity of the Company’s financial reporting;
- (b) the Company’s risk profile and risk policy;
- (c) the external audit function; and
- (d) the effectiveness of the Company’s risk management and compliance framework.

2 Membership of the Committee

The Committee must consist of:

- an independent chair; and
- a minimum of 3 members of the Board.

The Board may appoint additional non-executive directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board.

Non-committee members, including members of management and the external auditor may attend meetings of the Committee at the invitation of the Committee chair.

It is intended that all members of the Committee should be financially literate and have familiarity with financial management and the members between them must have the accounting and financial expertise and a sufficient understanding of the industry in which the Company operates to be able to discharge the Committee’s mandate effectively.

At least one member should have relevant formal qualifications and experience (ie be a qualified accountant or other finance professional with experience of financial and accounting matters).

The Company Secretary must attend all Committee meetings as minute secretary.

3 Role & Responsibilities

3.1 Overview

The Committee’s key responsibilities and functions are to manage the compliance framework and the process of identification and management of risk.

3.2 Risk management and compliance role and responsibilities

The Committee’s primary roles with respect to risk management and compliance are to review and report to the Board that:

- (a) the Committee has, at least annually, reviewed the Company's risk management framework to satisfy itself that it continues to be sound and effectively identifies all areas of potential risk;
- (b) adequate policies and processes have been designed and implemented to manage identified risks;
- (c) a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies including oversight over Redcape's Compliance Plan; and
- (d) proper remedial action is undertaken to redress areas of weakness.

The following are intended to form part of the normal procedures for the Committee's risk and compliance responsibilities:

- Monitor ongoing compliance with Redcape's Compliance Plan.
- Evaluating the adequacy and effectiveness of the management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for management of balance sheet risks.
- Evaluating the adequacy and effectiveness of the Group's financial and operational risk management control systems by reviewing risk registers and reports from management and, if applicable, external auditors.
- Evaluating the structure and adequacy of the Group's business continuity plans.
- Evaluating the adequacy and effectiveness of the Group's identification and management of economic, environmental and social sustainability risks and its disclosure of any material exposures to those risks.
- At least annually, evaluating and making recommendations to the Board in relation to the structure and adequacy of the Group's insurance program having regard to the Group's business and the insurable risks associated with its business.
- Reviewing and making recommendations to the Board on the strategic direction, objectives and effectiveness of the Group's financial and operational risk management policies and the risk appetite that is appropriate for the Company.
- Reviewing and making recommendations to the Board in relation to the risk disclosures in the Company's operating and financial review in its annual report.
- Overseeing the establishment and maintenance of processes to ensure that there is:
 - an adequate system of internal control, management of business risks and safeguard of assets; and
 - a review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control.
- Evaluating the Group's exposure to fraud, overseeing investigations of allegations of fraud or malfeasance and making recommendations to the Board in relation to any incident involving fraud or other break down of the entity's internal controls.
- Reviewing the Group's main corporate governance practices for completeness and accuracy.
- Reviewing the procedures the Company has in place to ensure compliance with laws and regulations (particularly those which have a major potential impact on the Company in areas such as trade practices, occupational health and safety, and the environment).
- Reviewing the procedures in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including requirements under the ASX Listing Rules, Corporations Act and AASB requirements).
- Advising the Board on the appropriateness of significant policies and procedures relating to financial processes and disclosures and reviewing the effectiveness of the Company's internal control framework.

- Reviewing the Company's policies and culture with respect to the establishment and observance of appropriate ethical standards.
- Reviewing and discussing with management and the internal and external auditors the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs.
- Reviewing and discussing with management the overall effectiveness of the Group's internal controls regarding confidentiality obligations, information technology security and cyber security.

4 Relationship with the external auditor

The Committee provides a link between the external auditor and the Board and has the responsibility and authority for the appointment and removal of the external auditor and to review the terms of its engagement.

The Committee is responsible for overseeing the Company's external audit policy.

Periodically, the Committee will assess the independence of the external auditor by considering the relationships and services provided by the external auditor that may lead to an actual or perceived lack of independence. In addition, the Committee will require the external auditor to confirm in writing that they have complied with all professional and regulatory requirements relating to auditor independence prior to the completion of each year's accounts.

5 Rights of access and authority

The Committee has rights of access to management and to auditors without management present, and rights to seek explanations and additional information from both management and auditors.

6 Review

The Board will, at least once in each year, review the membership and Charter of the Committee to determine its adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.

7 Administrative matters and procedures

The proceedings of the Committee will be conducted in accordance with provisions set out in Attachment 1.

Attachment 1

Administrative matters and procedures

Meetings

The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. However, it is intended that the Committee will normally meet quarterly.

Quorum

The quorum is at least 2 members.

Convening and notice of meeting

Any member may, and the Company Secretary must upon request from any member, convene a meeting of the Committee. Notice will be given to every member of the Committee, of every meeting of the Committee. However, there is no minimum notice period and acknowledgement of receipt of notice by all members is not required before the meeting may be validly held.

Rights of access and authority

The Committee may seek the advice of the Company's auditors, solicitors or such other independent advisers, consultants or specialists as to any matter pertaining to the powers or duties of the Committee or the responsibilities of the Committee, as the Committee may require.

Minutes

Minutes of meetings of the Committee must be kept by the Company Secretary and, after approval by the Committee chair, be presented at the next Board meeting. All minutes of the Committee must be entered into a minute book maintained for that purpose and be open at all times for inspection by any director.

Reporting

It is intended that a report of the actions of the Committee and a copy of the minutes of the Committee meeting or both will be included in the Board papers for the Board meeting next following a meeting of the Committee.

The Committee chair will, if requested, provide a brief oral report as to any material matters arising out of the Committee meeting. All directors may, within the Board meeting, request information of members of the Committee.