



# REDCAPE HOTEL GROUP MANAGEMENT LTD (ACN 610 990 004) IN ITS CAPACITY AS RESPONSIBLE ENTITY OF REDCAPE HOTEL TRUST I (ARSN 629 354 614) AND REDCAPE HOTEL TRUST II (ARSN 629 354 696)

## CORPORATE GOVERNANCE STATEMENT

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### 1. Overview

“Redcape” is a stapled entity comprising of Redcape Hotel Trust I ARSN: 629 354 614 and Redcape Hotel Trust II ARSN: 629 354 696. Redcape Hotel Group Management Ltd (ACN 610 990 004) (“**Responsible Entity**”) is the responsible entity of Redcape and the Board of RHGM in this capacity (“**the Board**”) is responsible for the overall corporate governance of Redcape and its controlled entities.

The Board has created a framework for managing Redcape, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for Redcape’s business and which are designed to promote the responsible management and conduct of Redcape.

This Corporate Governance Statement sets out the key features of Redcape’s governance framework and reports against the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (4th edition) (“**ASX Principles and Recommendations**”).

Redcape’s governance arrangements will be consistent with the ASX Principles and Recommendations, other than as set out in this Corporate Governance Statement.

As Redcape is an externally managed listed entity, a number of recommendations in the ASX Principles and Recommendations do not apply to it. However, even though certain recommendations do not apply, Redcape has adopted some of these recommendations as it thinks they promote good corporate governance, of which is described below.

The policies and charters referred to in this Corporate Governance Statement are available via the “Corporate Governance” section of Redcape’s website which is available at [www.redcape.com.au](http://www.redcape.com.au)

### 2. The Board

#### The role of the Board

The Board is responsible for overseeing the management of Redcape. Its role is to:

- represent and serve the interests of securityholders by overseeing and appraising Redcape’s strategies, policies and performance;
- protect and optimise Redcape’s performance and build sustainable value for securityholders in accordance with any duties and obligations imposed on the Board by law and Redcape’s Constitutions;
- set and monitor compliance with Redcape’s governance framework; and



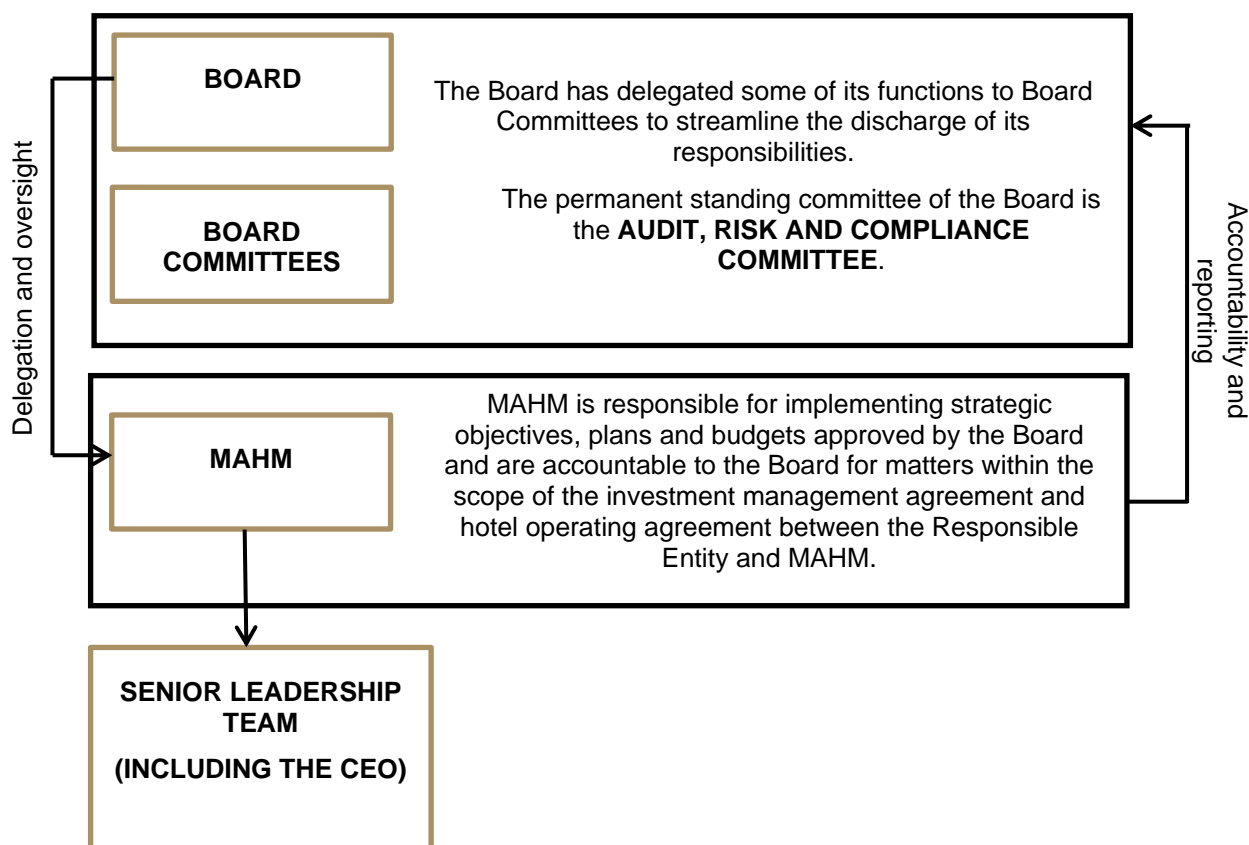
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- ensure securityholders and other stakeholders are kept informed of Redcape's performance and major developments.

While the Board retains ultimate responsibility for the strategy and performance of Redcape, the day-to-day operations of Redcape is managed by, MA Hotel Management Pty Ltd (**MAHM**) in accordance with the terms of its appointment as investment manager and hotel operator of Redcape. MAHM is a wholly owned subsidiary of MA Financial Group Limited (ASX: MAF) ("**MA Financial**").

MAHM's Chief Executive Officer (**CEO**) acts as the CEO of Redcape and is a Director on the Board of the Responsible Entity. As manager of Redcape, MAHM and its management team ("**Redcape Management**"), including the CEO, act as the management team of Redcape and have delegated authority to make decisions in relation to the day to day management of Redcape and its assets and operations including appointment of advisors and approval of hotel level business plans and operating budgets.

The diagram below summarises Redcape's governance framework.



The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

### Composition of the Board

As at the date of this statement, the Board is comprised of five Directors, being three independent Non-executive Directors, and two Executive Directors (including the CEO).

The current membership of the Board is set out in the table below.



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Director	Position	Appointed
Nicholas Collishaw	Chairman and Independent Non-Executive Director	27 September 2018
David Groves	Independent Non-Executive Director	27 September 2018
Andrew Ireland	Independent Non-Executive Director	29 October 2018
Daniel Brady	Non-Executive Director and CEO	29 October 2018
Hugh Thomson	Non-Executive Director	26 February 2016

Details of the qualifications, experience and expertise of each Director is set out in Redcape's latest Annual Report dated August 2021 and is available on Redcape's website.

## Director independence

The Board considers an independent director to be a Non-Executive Director who is not an employee or director of:

- an entity related to the Responsible Entity (including MA Financial and its subsidiaries);
- any Redcape group entity; or
- any entity appointed as manager of Redcape from time to time (currently this is MAHM),

and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgement

The Board will consider the materiality of any given relationship on a case-by-case basis. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board considers that Nicholas Collishaw, David Groves and Andrew Ireland are independent. The Board considers that Daniel Brady and Hugh Thomson are not independent as they are employed by entities related to the Responsible Entity in an executive capacity.

The Board is currently comprised of a majority of independent directors. The Board considers that each Board member continues to bring objective and independent judgment to make decisions in the best interests of all securityholders and in accordance with their duties as Directors.

## Director selection and succession planning

As Redcape is an externally managed listed entity, it does not need to follow the recommendations in the ASX Principles and Recommendations which recommend the establishment of a nomination committee. Furthermore, the Board does not consider it appropriate to constitute a nomination committee for the Responsible Entity, given that the Responsible Entity is a subsidiary of MA Financial.

MA Financial is responsible for overseeing the appointment of Directors to the Board of the Responsible Entity. MA Financial will set the composition and membership criteria as well as the guidelines for director selection in consultation with the Board of the Responsible Entity.

The following Board composition and membership criteria have been adopted for the Board of the Responsible Entity:

- the Board is to comprise a minimum of three and a maximum of ten directors;
- directors nominated for appointment require approval by MA Financial;
- a majority of the directors must be independent;
- the Board is to comprise directors with an appropriate range of qualifications and expertise;
- the Chairman of the Board will be appointed by MA Financial; and



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- directors will be required to submit for re-appointment by MA Financial every three years. Any securityholder feedback or recommendations on director re-appointment are not binding on the Responsible Entity or MA Financial, but any such feedback is a matter to which MA Financial will have regard in considering the continuation of a director appointment.

In addition, the following guidelines apply to director selection and nomination to the Board:

- integrity;
- particular expertise (sector and functional) and the degree to which they complement the skill set of the existing Board members;
- reputation and standing in the market; and
- in the case of prospective independent directors, actual and perceived independence from MA Financial.

The present size of the Board will be reviewed to ensure that it remains appropriate for the nature of Redcape's business and strategy in the year ahead.

### Mix of skills and diversity on the Board

The following table sets out the skills, experience and diversity of the five members of the Board. The Board believes that its membership should comprise directors with an appropriate mix and diversity of skills, professional experience, tenure and personal background.

Skills and experience	Explanation	No. of Directors (out of 5)
Business development and strategy	Senior executive experience developing and directing the strategy of an organisation to assist with the Board's review of strategy	5
Management and leadership	Experience in leading and managing diverse businesses and high performing teams of people to assist in attracting and retaining high performance executives	5
Financial acumen	Financial literacy assists in the understanding of financial reporting and capital management strategies	5
Financial services industry experience	Experience in a senior position within financial services assists in understanding and reviewing the Company's businesses and strategy	4
Investment banking/ financial markets/ funds management	Experience in a senior position within these sectors assists in understanding and reviewing the Company's businesses and growth strategy	3
Corporate Governance including risk management	Experience in developing strategy, policies and frameworks to support sound corporate governance including identifying and monitoring material risks in a complex organisation	5
Accounting and law	Accounting and legal qualifications and/or experience provide the Board with financial and legal & compliance expertise in overseeing the integrity of the financial reporting and meeting the Company's	2



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Skills and experience	Explanation	No. of Directors (out of 5)
	legal and compliance requirements in regulated markets	

### Appointment agreements

Each non-executive Director appointed to the Board will be required to enter into a formal agreement which sets out the key terms and conditions of their appointment including the term, time commitment, remuneration, requirement to comply with directors' duties as well as the Board's policies in place from time to time.

### Induction and ongoing professional development opportunities

All new Directors participate in an induction process. The induction process includes meetings with key executives and Redcape Management, the provision of key materials relating to Redcape including business descriptions, strategic plans, financial forecasts and core corporate governance policies, and meetings with other executive and non-executive Directors. The Board also offers appropriate professional development opportunities for Directors to ensure that they are kept up to date with developments in the industry. Redcape Management also briefs the Board on relevant industry, regulatory and legal developments. Additionally, Redcape Management will provide each director with a copy of all material market announcements promptly after they have been made.

## 3. Board Committees

The Board from time to time establishes committees to streamline the discharge of its responsibilities.

The Board has established a permanent standing Audit, Risk & Compliance Committee. The Committee has a formal charter which sets out matters relevant to its composition, responsibilities and administration which is available on Redcape's website.

### Audit, Risk and Compliance Committee

The table below sets out the composition and key responsibilities of the Audit, Risk and Compliance Committee.

Composition	Members	Responsibilities
<p>The Committee must consist of:</p> <ul style="list-style-type: none"> <li>an independent Chair</li> <li>a minimum of 3 members of the Board</li> </ul>	<ul style="list-style-type: none"> <li>Nicholas Collishaw</li> <li>David Groves (Chair)</li> <li>Andrew Ireland</li> </ul>	<p>The Committee's key responsibilities and functions are to:</p> <ul style="list-style-type: none"> <li>oversee the Company's relationship with the external auditor and the external audit function generally;</li> <li>oversee the preparation of the financial statements and reports;</li> <li>oversee the Company's financial controls and systems; and</li> <li>manage the process of identification and management of risk.</li> </ul>

Non-Committee members, including other Directors, members of Redcape Management and the external auditor, may attend meetings of the Committee by invitation of the Committee Chair. The



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

Individual attendance of Committee Members at Committee Meetings for the year ending 30 June 2021 is disclosed in Redcape's Annual Report.

#### Responsibilities in relation to the external audit

The Audit, Risk and Compliance Committee provides a link between the Company's external auditor, the Board and Redcape Management. It also has the responsibility (subject to Corporations Act requirements) for the appointment, terms of engagement and compensation for the external auditor. The Committee will also evaluate the effectiveness of the annual audit and the independence of the external auditor.

The Committee's role in relation to the internal audit function is discussed on page 7 of this Corporate Governance Statement.

## 4. Performance evaluation

#### Board performance evaluation process

MA Financial Australia has established the following performance evaluation processes for the Board, Committees and individual Directors of the Responsible Entity:

- on an annual basis, Directors will provide feedback to MA Financial in relation to the performance of the Board, its Committees and individual Directors;
- each Committee will provide feedback to MA Financial in terms of a review of its own performance;
- feedback will be collated by MA Financial, and discussed with the Board as appropriate, with consideration being given as to whether any steps should be taken to improve performance of the Board or its Committees;
- the CEO will also provide feedback from Redcape Management to MA Financial in connection with any issues that may be relevant in the context of the Board performance review.

Performance evaluations will take place annually in accordance with the processes described above.

#### Senior executive performance evaluation process

MAHM is the appointed investment manager and hotel operator of Redcape. The Board will monitor MAHM's performance in accordance with the terms of the Investment Management Agreement and Hotel Operating Agreement between Redcape and MAHM.

The performance of senior executives all of whom are employees of MAHM (being Redcape Management) is assessed on an annual basis by MA Financial in accordance with MA Financial's policies and processes. The Board of the Responsible Entity will provide feedback to MA Financial on the performance of Redcape Management to assist with MA Financial's evaluation process.

## 5. Remuneration

#### Remuneration committee

As Redcape is an externally managed listed entity, it does not need to follow the recommendation in the ASX Principles and Recommendations which recommend the establishment of a remuneration committee. Furthermore, the Board does not consider it appropriate to constitute a remuneration committee as Redcape does not itself employ any senior executives and is not responsible for the remuneration of the Directors.



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Fees payable to MAHM as the appointed investment manager and hotel operator of Redcape are summarised on the Redcape Website. Redcape is undertaking a review of its website and will set out the fees payable to MAHM on a separate page of the “Governance” section of its website.

The Responsible Entity is a subsidiary of MA Financial, and as Redcape will be managed externally by MA Financial, the appointment and remuneration of the Directors of the Responsible Entity and Redcape Management is the responsibility of MA Financial. Accordingly, the ASX Principles and Recommendations relating to remuneration are not relevant to Redcape.

Redcape has adopted two equity based incentive plans for the benefit of its employees (all of whom are hotel venue staff). The terms of these plans are available on the Redcape Website. The terms of Redcape’s Rights Plan and the Employee Plan provide that participants must not enter into any transactions to hedge their economic exposure to Redcape securities received under the Rights Plan and/or the Employee Plan.

## 6. Risk framework

### Risk identification and management

The Audit, Risk & Compliance Committee assists the Board with regard to oversight of Redcape’s risk management practices by reviewing and reporting to the Board that the Committee has, at least annually, reviewed Redcape’s risk management framework to satisfy itself that it continues to be sound and effectively identifies all areas of potential risk.

In line with the ASX Principles and Recommendations, Redcape’s risk management framework will be reviewed annually.

The Board seeks to take and manage risk in ways that will generate and protect securityholder value and recognises that the management of risk is a continual process and an integral part of the management and corporate governance of the business.

The Board acknowledges that its reputation is of great importance and it has an obligation to all stakeholders, including Redcape securityholders, customers, employees, contractors and the wider community and that the efficient and effective management of risk is critical to Redcape meeting these obligations and achieving its strategic objectives.

### Internal audit

Redcape does not currently have an internal audit function. Instead, Redcape Management, working with external advisors as appropriate, oversees the adequacy and effectiveness of the Company’s systems of risk management, internal control and governance, and provides recommendations to improve the efficiency and effectiveness of these systems and processes.

In addition, the Audit Risk & Compliance Committee monitors and reports to the Board that:

- adequate policies and processes have been designed and implemented to manage identified risks; and
- proper remedial action is undertaken to redress areas of weakness.

### Business and sustainability risks

The Board and Redcape Management are committed to building a sustainable business that appropriately manages economic, environmental and social sustainability risks. Redcape’s Management with the assistance of the Audit Risk & Compliance Committee, identifies and manages these risks in accordance with Redcape’s overall risk management policies and framework.

The Audit, Risk & Compliance Committee has identified the following key economic, environmental and social sustainability risks and will update the Board, at least annually, on the management of these sustainability risks:



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Type of risk	Category of risk	Managed through
Unfavourable economic impacts (globally and locally)	Economic	Senior executive monitoring and reporting Disciplined capital management
Investment management and acquisitions	Economic	Robust due diligence Budgeting and forecasting management Regular monitoring and reporting from Redcape Management
Regulatory risk	Economic/Social	Code of Conduct Risk management framework Compliance policies
Reputational risk	Social/Economic	Code of Conduct Risk management framework Compliance policies
People – attraction and retention of talent	Social	Diversity and Inclusion Policy Redcape employee incentive plans Code of Conduct

Given the nature and size of Redcape’s business and operations, it does not have any material environmental sustainability risks.

### Financial statements declarations

The CEO and CFO of Redcape will provide a written certificate to the Board in respect of Redcape’s half year and full year statutory accounts that:

- in their opinion, the financial records of Redcape have been properly maintained and the statutory accounts comply with the relevant accounting standards and other mandatory reporting requirements and give a true and fair view of the financial position and performance of Redcape; and
- their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## 7. Governance policies

### Diversity and Inclusion Policy

The Board believes that diversity is an important component of Redcape’s ability to attract, retain, motivate and develop the best talent, create an engaged workforce, deliver the highest quality service to its customers, and continue to grow the business profitably.

The Board has adopted a Diversity and Inclusion Policy which sets out its commitment to increasing workplace diversity across all levels of Redcape. The Diversity Policy applies to all Redcape employees. Redcape Management all of whom are employees of MAHM, are subject to the diversity policy of MA Financial as amended from time to time.



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Under the Diversity Policy, Redcape will aim to achieve greater diversity by setting objectives at all management and leadership levels, broadening the field of potential candidates for positions and promoting the benefits of workplace diversity to all its employees.

*Measurable objectives*

The Board is committed to the maintenance and promotion of workplace diversity to ensure a discrimination-free workplace. Encouraging diversity drive’s better idea generation and enhances Redcape’s ability to attract, retain and develop the best talent. The Board’s vision for diversity incorporates a number of different factors, including gender, ethnicity, disability, age, and educational experience. Redcape’s Diversity Policy can be accessed at on its website.

The representation of women employed by Redcape continues to be higher than men in total, however women are proportionally less in Redcape Management, defined as the Venue Manager role, the most senior role in a Redcape Venue.

The Board has committed to increase the proportion of women in Redcape Management as part of a longer-term strategy that includes both recruitment and development.

The components of the strategy are:

- To ensure active efforts are made in all Venue Manager recruitment activities to:
  - Seek out and include high quality external women candidates; and
  - To encourage high quality internal women candidates from our pool of Assistant Managers to apply for role;
- Provide development opportunities for our current Venue Managers, and in particular our women Venue Managers to increase their retention and commitment to Redcape; and
- To actively develop a pipeline of future Venue Managers that will support the growth in venues and the representation of women in Redcape Management.; and
- To actively promote positive outcomes for women in the gaming, hospitality and gaming related industries and in support of this Redcape has actively partnered with the non-profit Women in Gaming & Hospitality Australasia.

The Board in considering its composition and the principles outlined in Redcape’s Diversity Policy, will seek to appoint a female Director to the Board in the year ahead.

*Gender diversity data*

The gender diversity data of the Board and Redcape Management are set out as follows:

Level/Role	Men	Women
Responsible Entity Board	100%	0%
Redcape Management*	81%	19%

\*Redcape Management in the table means Venue Managers, the most senior role at a Redcape Venue.

At the venue level the future pipeline for Venue Managers remains strong with women having a representation of 49% at the Assistant Manager level.

**Values and Code of Conduct**

The Board is committed to a high level of integrity and ethical standards in all business practices. The Board has endorsed and adopted Redcape’s Code of Conduct which addresses matters relevant to Redcape’s legal and ethical obligations and standards it expects from its Directors, officers and



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employees. The Code of Conduct outlines its requirements with respect to relationships, compliance with laws and ethics, conflicts of interest, confidentiality, use of Redcape's assets and competition. Directors will be notified of any material breaches of the Code of Conduct.

The Board has also formulated a "Statement of Values" for Redcape which along with the Code of Conduct, is available on Redcape's website.

### Securities Dealing Policy

The Board has adopted a Securities Dealing Policy in respect of Redcape that explains the types of conduct in relation to dealings in its own securities that are prohibited and establishes procedures for the buying and selling of its securities that protects the Responsible Entity, Redcape, the Directors and Redcape's employees and senior executives against the misuse of information, which could materially affect the value of Redcape's securities. The Redcape Securities Dealing Policy applies to all Redcape employees as well as the Directors of the Responsible Entity, all employees of MAHM and all of Redcape's senior executives.

### Disclosure Policy

The Board is committed to complying with its disclosure obligations under the Corporations Act and the ASX Listing Rules to keep the market fully informed of information which may have a material effect on the price or value of Redcape's securities.

The Board has adopted a Disclosure Policy which reinforces its commitment to continuous disclosure obligations in respect of Redcape and describes the processes in place that enables it to provide securityholders with timely disclosure in accordance with those obligations.

### Whistleblower and Anti-Bribery and Corruption policies

The Board has also adopted Whistleblower and Anti-Bribery and Corruption policies, both of which are available on its website. MAHM will ensure that the Board is informed of any material breaches of these policies. The Chair of the Audit & Risk Committee is notified of all reports under the Whistleblower Policy.

### Communications with securityholders

The Board is committed to:

- communicating openly and in a timely manner with its securityholders;
- keeping securityholders informed of all major developments affecting the state of affairs of Redcape;
- encouraging two-way communication with securityholders; and
- providing the market and other interested stakeholders with access to information about Redcape from time to time.

The Board communicates information regularly through a range of platforms and publications, including its website, the ASX Market Announcements Platform and its annual and half-yearly reports.

As Redcape is comprised of two registered managed investment schemes, it is not required to hold an Annual General Meeting of securityholders. In the event that Redcape does hold securityholder meetings, the Responsible Entity will arrange for substantive resolutions to be decided by poll (rather than by show of hands and. invite securityholders to submit questions in advance and will seek to facilitate and encourage participation at the meeting. Contact details for investor relations and Boardroom Pty Limited, Redcape's security registry, are on its website. Securityholders may elect to receive communications from Redcape's security registry electronically.

**This Corporate Governance Statement is current as at August 2021 and has been approved by the Board.**



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