

**Redcape Group Limited
ACN 124 753 733**

and

Redcape Hotel Trust I and Redcape Hotel Trust II

and

**Redcape Hotel Group Management Limited
ACN 610 990 004 in its capacity as responsible entity of
Redcape Hotel Trust I and Redcape Hotel Trust II**

Tax-Exempt Securities Plan Rules

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Rules

1. Purpose

The purpose of the Plan is to assist with the retention and motivation of employees of Group Members by providing them with an opportunity to share in the future growth and profitability of Redcape. The Group and the Responsible Entity wish to do this by offering Eligible Employees the ability acquire Redcape Securities.

2. Definitions

2.1 In these Rules, unless the contrary intention appears:

Application Form means the form that the RE Board determine from time to time is to be used by Eligible Employees to apply for Redcape Securities under the Plan;

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited ACN 008 624 691, or the securities exchange that it operates, as the context requires;

Company means Redcape Group Limited ACN 124 753 733;

Constitutions means the constitutions of each of the Trusts, as amended or replaced from time to time;

Corporations Act means the Corporations Act 2001 (Cth);

Dispose means sell, assign, convey or otherwise dispose of any legal, beneficial or equitable interest or right in a Right, or to agree to do any of these things;

Eligible Employee means a permanent full-time or permanent part-time employee of a Group Member, or a casual employee or contractor who is or might reasonably be expected to be engaged to work the pro rata equivalent of 40% or more of the hours of a comparable full-time position who is invited by the RE Board to participate in the Plan;

Group means the entities wholly owned by the Responsible Entity in its capacity as responsible entity of the Trusts, and **Group Member** means any one of them;

Holding Lock has the meaning given to that term in the Listing Rules;

Listing Rules means the official listing rules of the ASX as they apply to Redcape from time to time;

Offer means an invitation made under the Plan to an Eligible Employee to acquire Redcape Securities under the Plan;

Participant in respect of any Year, means an Eligible Employee to whom Redcape Securities have been granted under the Plan in respect of that Year to which the Eligible Employee is absolutely entitled in accordance with these Rules;

Plan means this Tax-Exempt Securities Plan established in accordance with these Rules;

Plan Administrator means the person selected by the RE Board to carry out the day to day administration of the Plan;

RE Board means the board of the Responsible Entity.

Redcape means the stapled group comprising Trust I and Trust II;

Redcape Security means one unit in Trust I and one unit in Trust II stapled together such that they are dealt with as a single security (in accordance with the terms of the Constitutions);

Responsible Entity means the responsible entity of the Trusts from time to time which, as at the date of these Rules, is Redcape Hotel Group Management Limited ACN 610 990 004;

Rules means the rules of the Plan, as amended from time to time;

Securityholder means a holder of a Redcape Security;

Trust I means the Redcape Hotel Trust I;

Trust II means the Redcape Hotel Trust II;

Trusts mean Trust I and Trust II; and

Year means the annual period of twelve calendar months commencing on 1 July and ending on 30 June or such other period as the RE Board determines at its discretion.

2.2 In these Rules, unless the context otherwise requires:

2.2.1 a reference to these Rules or this document means this document and includes any variation or replacement of it;

2.2.2 a reference to a statute, other law or the Listing Rules includes regulations and other instruments under it and any consolidations, amendments, re-enactments or replacements of it. It also includes any exemption from or modification by a regulatory body to a statute, other law or the Listing Rules;

2.2.3 the singular includes the plural number and vice versa;

2.2.4 a reference to a gender includes a reference to each gender;

- 2.2.5 "includes" means includes but without limitation;
 - 2.2.6 where a word or phrase is given a defined meaning in these Rules, any other part of speech or grammatical form in respect of such word or phrase has a corresponding meaning;
 - 2.2.7 a reference to an act includes an omission and a reference to doing an act includes executing a document;
 - 2.2.8 a reference to a person includes the legal personal representative of that person and also corporations and other entities recognised by law; and
 - 2.2.9 a reference to a rule or paragraph is a reference to a rule or paragraph of these Rules, or the corresponding Rule or Rules, as amended from time to time.
- 2.3 A heading is for reference only and it does not affect the meaning or interpretation of these Rules.

3. Commencement of Plan

- 3.1 The Plan will commence on the date determined by the RE Board.

4. Eligibility

- 4.1 Subject to Rules 4.2 and 4.3, the RE Board may in its absolute discretion invite Eligible Employees to participate in the Plan.
- 4.2 The RE Board may in its absolute discretion determine the criteria to apply for participation including, without limitation, a minimum period of service.
- 4.3 The RE Board may determine at any time that any Eligible Employee shall not participate in the Plan if the Eligible Employee's participation would be unlawful.
- 4.4 The Plan and any scheme for the provision of financial assistance in respect of the acquisition of Redcape Securities under the Plan must, at the time the Participant acquires a Redcape Security, be operated on a non-discriminatory basis in relation to at least seventy-five percent (75%) of the permanent employees of the employer of a Participant who have completed at least 3 years of service (whether continuous or non-continuous) and who are Australian residents.

5. Offer to Participate in the Plan

- 5.1 Subject to these Rules, the RE Board may invite an Eligible Employee to complete an Application Form to participate in an Offer in respect of a Year.
- 5.2 An Offer to an Eligible Employee must be in writing and must specify:
 - 5.2.1 the date of the Offer;
 - 5.2.2 the minimum holding period in relation to the Redcape Securities allocated under the Plan, if any;
 - 5.2.3 any other terms and conditions relating to the Offer which in the opinion of the RE Board are fair and reasonable but not inconsistent with these Rules;

- 5.2.4 the name or title of the person designated by the RE Board as the person to whom the Application Form must be sent;
 - 5.2.5 the time and date by which the Application Form must be received by the person referred to in rule 5.2.4;
 - 5.2.6 that the offer is conditional on the Eligible Employee still being an Eligible Employee at the date of allocation; and
 - 5.2.7 any other information required by any applicable law.
- 5.3** The Offer must be accompanied by an Application Form, which will include a request for an Eligible Employee's Tax File Number and such other personal information as may reasonably be required for the purposes of the Plan.
- 5.4** The Offer shall prevail to the extent there is any inconsistency between the terms of the Offer and the Rules.
- 6. Application in respect of an Offer**
- 6.1** To apply for Redcape Securities and become a Participant under this Plan, subject to rule 6.4, an Eligible Employee must complete and sign an Application Form and return it to the person referred to in rule 5.2.4, by the time and date specified in the Application Form.
- 6.2** The Application Form must be completed in the name of the Eligible Employee and cannot be completed in the name of anyone else.
- 6.3** By completing and signing the Application Form, an Eligible Employee accepts the terms of the Offer to which that Application Form relates and agrees to participate in the Plan and to be bound by these Rules and the Constitutions.
- 6.4** An Eligible Employee becomes a Participant in the Plan upon the RE Board resolving to allocate Redcape Securities to the Eligible Employee. For the avoidance of doubt, the resolution to allocate Redcape Securities to the Eligible Employee must occur before the Redcape Securities are acquired for or issued to the Eligible Employee.
- 6.5** Any Redcape Securities allocated to a Participant under the Plan will not be subject to forfeiture.
- 7. Cessation of Participation**

7.1 A Participant may cease to participate in the Plan at any time by request in writing to the RE Board. Such cessation shall be effective as from the commencement of the second payroll period following the payroll period in which the RE Board receives and accepts the written cessation request.

7.2 Notwithstanding, paragraph 7.1, the Participant's discontinuance in the Plan will take effect no more than 45 days after the Participant has given notice of its cessation to the RE Board and shall not affect any Redcape Securities acquired by the Participant prior to the date of the Participant's discontinuance in the Plan.

7.3 A Participant shall cease to participate in the Plan and shall cease to be a Participant upon ceasing to be an Eligible Employee for any reason.

8. Allocation of Securities

8.1 Redcape Securities may be allocated at such time or times during the Year as may be determined by the RE Board at its absolute discretion.

8.2 As soon as practicable after the date of allocation determined by the RE Board in its absolute discretion, Redcape will do either of the following as directed by the RE Board:

8.2.1 issue Redcape Securities for the purposes of the Plan; or

8.2.2 procure the Plan Administrator or any other person to acquire Redcape Securities for the purposes of the Plan subject to rule 5 and in compliance with the provisions of the Corporations Act including but not limited to the insider trading provisions.

8.3 Redcape Securities purchased or issued are to be acquired on behalf of the Participant for whom they were purchased or issued and registered in the name of that Participant and held subject to the Plan subject to these Rules.

9. Maximum Number of Securities

9.1 Unless the RE Board determine otherwise, Redcape Securities must not be issued under this Plan unless the RE Board has reasonable grounds to believe that the number of Redcape Securities that have been or may be issued

a) under the offer; or

b) as a result of offers made at any time in the previous 3 years under an employee incentive scheme covered by ASIC Class Order CO 14/1000 or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed five percent (5%) of the total number of Redcape Securities on issue.

10. Rights Attaching to Redcape Securities

10.1 Redcape Securities allocated under the Plan shall rank equally with all other existing Securities in all respects including voting rights and entitlement to participate in dividends, distributions and in future rights and bonus issues.

10.2 If Redcape Securities of the same class as Redcape Securities issued under the Plan are quoted on the ASX, Redcape must apply to the ASX within the period applicable under the

Listing Rules, if any, for any Redcape Securities issued by Redcape under this Plan to be quoted.

10.3 Each Participant agrees that any bonus Redcape Securities allotted in respect of a Redcape Security held under the Plan is held subject to the Plan, including the restriction set out in rule 12.

10.4 Where a pro rata issue or rights issue is made in respect of Redcape Securities prior to the end of any period in which the Redcape Securities are restricted under these Rules, the Participant may exercise or sell those rights in his or her discretion. If Redcape Securities are acquired after a Participant takes up rights under this rule, those Redcape Securities held by the Participant are not subject to the same terms and conditions as the Redcape Securities in respect of which the right arose.

11. Prohibition against hedging

A Participant must not enter into any scheme, arrangement or agreement (including options and derivative products) under which the Participant may alter the economic benefit to be derived from the Redcape Securities that remain subject to these Rules, irrespective of future changes in the market price of Redcape Securities.

12. Disposal Restrictions

12.1 A Participant may not Dispose of a Redcape Security acquired in that Participant's name but held subject to the Plan before the earlier of:

12.1.1 the end of a period of three (3) years commencing on the date the Participant acquired the Redcape Security, or such earlier time as the Federal Commissioner of Taxation allows if at that time all Redcape Securities held by Participants were disposed of under a particular scheme or Event; and

12.1.2 the day the Redcape Participant ceases to be employed within the Group.

12.2 The Responsible Entity may administer its register of members, and do all things necessary or desirable, for the purpose of preventing a breach of rule 12.1. Without limiting the generality of the foregoing, the Responsible Entity may apply a Holding Lock to prevent any Redcape Securities being sold, transferred, withdrawn, or otherwise being dealt with or refuse to register a transfer of a Redcape Security acquired under the Plan that would involve a breach of rule 12.1.

12.3 An **Event** occurs where:

12.3.1 a takeover bid is made for Redcape and the RE Board resolves to recommend the bid; or

12.3.2 a takeover bid is made for Redcape and the bid is declared unconditional at a time prior to the bidder being entitled to 50% of the issued Redcape Securities; or

12.3.3 a court convenes meetings of Securityholders to be held to vote on a proposed scheme of arrangement, trust scheme or similar meeting pursuant to which

control of the majority of Redcape Securities may change and Securityholders pass the resolutions by the requisite majorities; or

12.3.4 any transaction or event is proposed that, in the opinion of the RE Board, may result in a person becoming entitled to exercise control over Redcape.

13. Personal information

13.1 The Participant consents to the Responsible Entity or its agents (and each of their related parties) collecting, holding and using personal information (including a Participant's tax file number) that the Participant provides in the application to participate in the Plan or otherwise provides to the Responsible Entity, Redcape or its agents (and each of their related parties) as part of their employment, in order to carry out the administration and operation of the Plan in accordance with the Plan Rules and in accordance with the *Taxation Administration Act 1953* (Cth), including providing relevant information to:

13.1.1 the Plan manager, the Plan Administrator or another entity that manages or administers the Plan on behalf of the Responsible Entity;

13.1.2 any broker or external service provider, including a tax or financial adviser;

13.1.3 the trustee of any employee trust;

13.1.4 any Government department or body; and

13.1.5 any other person or body as required or authorised by law.

14. Administration of the Plan

14.1 No Offer will be made to the extent that such Offer would contravene the Constitutions, the ASX Listing Rules, the Corporations Act or any other applicable law.

14.2 The RE Board will administer the Plan in accordance with these Rules and:

14.2.1 will ensure that a complete register of Participants is maintained for administration and management of the Plan, in accordance with any applicable laws;

14.2.2 may determine appropriate procedures for the administration of the Plan consistent with these Rules;

14.2.3 has the right to resolve conclusively all questions of fact or interpretation arising in connection with the Plan;

14.2.4 appoint and remove any Plan Administrator and determine the terms and conditions of the Plan Administrator's appointment;

14.2.5 may exercise discretions expressly conferred on it by these Rules or which may otherwise be required in relation to the Plan; and

14.2.6 may delegate to any one or more persons (for such period and on such conditions as it may determine) the exercise of any of its powers or discretions arising under the Plan.

14.3 Except as otherwise expressly provided in these Rules, the RE Board has absolute and unfettered discretion in the exercise of any of its powers or discretions under the Rules and to act or refrain from acting under these Rules or in connection with the Plan.

14.4 The RE Board may delegate all or any of its power and discretion concerning the Plan to another entity determined by the RE Board.

14.5 A Participant does not have any rights under this Plan to compensation or damages in consequence of the exercise by the Responsible Entity of any right, power or discretion that results in the Participant ceasing to have title to Redcape Securities held under the Plan.

15. Responsible Entity Limitation of Liability

15.1 The Responsible Entity enters into this Plan only in its capacity as responsible entity of the Trusts and in no other capacity. A liability arising under or in connection with this Plan is limited to and can be enforced against the Responsible Entity only to the extent to which it can be satisfied out of property of the Trusts out of which the Responsible Entity is actually indemnified for the liability. This limitation of the Responsible Entity's liability applies despite any other provision of this Plan and extends to all liabilities and obligations of the Responsible Entity in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this Plan.

15.2 The parties other than the Responsible Entity may not sue the Responsible Entity in any capacity other than as responsible entity of the Trusts, including seek the appointment of a receiver (except in relation to property of the Trusts), a liquidator, an administrator or any similar person to the Responsible Entity as responsible entity or prove in any liquidation, administration or arrangement of or affecting the Responsible Entity (except in relation to property of the Trusts).

15.3 The provisions of this clause 15 shall, subject to clause 15.4, not apply to any obligation or liability of the Responsible Entity to the extent that it is not satisfied because under the constitutions establishing the Trusts or by operation of law there is a reduction in the extent of the Responsible Entity's indemnification out of the assets of the Trusts, as a result of the Responsible Entity's failure to properly perform its duties as responsible entity. For these purposes, it is agreed that the Responsible Entity cannot be regarded as having failed to properly perform its duties as responsible entity to the extent to which any failure by the Responsible Entity to satisfy its obligations or breach of representation or warranty under this document has been caused or contributed to by a failure by any other party to fulfil its obligations under the Plan or any other act or omission of any other party.

15.4 Nothing in clause 15.3 shall make the Responsible Entity liable to any claim for an amount greater than the amount which the other parties would have been able to claim and recover from the assets of the Trusts in relation to the relevant liability if the Responsible Entity's right of indemnification out of the assets of the Trusts has not been prejudiced by the Responsible Entity's failure to properly perform its duties.

15.5 The Responsible Entity is not obliged to do or refrain from doing anything under this Plan (including incur any liability) unless the Responsible Entity's liability is limited in the same manner as set out in paragraphs 15.1 - 15.3 of this clause.

16. Powers of the Plan Administrator

- 16.1** The Plan Administrator must administer the Plan in accordance with these Rules and any procedures determined by the RE Board and agreed between the RE Board and the Plan Administrator.
- 16.2** Subject to these Rules, the Listing Rules and any law, the Plan Administrator must follow any direction or instruction given to it by the RE Board.
- 16.3** The Plan Administrator must comply with any direction of the RE Board to acquire Redcape Securities for allocation to, or for or on behalf of, a Participant in accordance with the Rules as directed by the RE Board pursuant to these Rules. However, a direction to acquire Redcape Securities is only effective if the Plan Administrator has sufficient funds for the acquisition or is given sufficient funds by a Group Member or a Participant.

17. Contracts of Employment and Other Employment Rights

17.1 These Rules:

- 17.1.1 do not confer on any Participant the right to continue as an employee within the Group;
- 17.1.2 do not affect any rights which a Group Member may have to terminate the employment of any employee; and
- 17.1.3 may not be used to increase damages in any action brought against a Group Member in respect of any such termination.

17.2 The value of Redcape Securities allocated under the Plan shall not increase a Participant's income for the purpose of calculating any other employee benefits.

18. Amendment

18.1 Subject to the ASX Listing Rules, the RE Board may at any time amend, add to, vary, omit from or substitute any of these Rules, provided that any such amendment does not materially reduce or otherwise prejudicially affect any Participant with respect to the rights granted under the Plan to or on behalf of the Participant prior to the date of the amendment, other than an amendment introduced primarily:

- 18.1.1 for the purpose of complying with or conforming to present or future State, Territory, Commonwealth or relevant foreign jurisdiction legislation, the Listing Rules or any requirement, policy practice of ASIC or other foreign or Australian regulatory body law;
- 18.1.2 for the purpose of regulating the maintenance or operation of the Plan;
- 18.1.3 to correct any error or mistake; or
- 18.1.4 to take into consideration possible adverse tax implications for Redcape, the Responsible Entity or the Participant arising from, amongst other things, adverse rulings from the Commissioner of Taxation, changes to tax legislation (including an official announcement by the Commonwealth of Australia) and/or changes in the interpretation of tax legislation by a court or tribunal of competent jurisdiction; or

18.1.5 any amendment agreed in writing by a Participant.

18.2 Any amendment made under this rule 18 must be notified as soon as reasonably practicable to any affected Participant in accordance with rule 21.

19. Plan Termination

19.1 Subject to rule 19.2, Redcape may at any time by written instrument or resolution of the RE Board, terminate the Plan in whole or in part in respect of some or all of the Eligible Employees and Participants, without any liability whatsoever on Redcape for any such complete or partial termination.

19.2 No action may be taken under rule 19.1 that would prejudicially affect the existing rights of a Participant to receive Redcape Securities that had been allocated to the Participant.

20. Connection with other Plans

20.1 Participation in the Plan does not affect, and is not affected by, participation in any other incentive or other scheme operated by a Group Member unless the terms of that scheme provide otherwise.

21. Notices

21.1 Any notice or communication given under the Plan by a Group Member will be sent to the registered address of the Participant as recorded in the register of Participants as maintained by the Group Member.

21.2 Any notice or communication given under the Plan by a Participant to Redcape or the Responsible Entity must be delivered or sent by prepaid post addressed to the company secretary at the Responsible Entity's registered office (unless the RE Board specifies another address for a particular purpose).

22. Plan Costs

22.1 The Responsible Entity will pay all costs and expenses in relation to the establishment and operation of the Plan, unless the RE Board determines otherwise.

22.2 The Group may make any withholding or payment it is required by law to make in connection with the Redcape Securities.

22.3 Any brokerage, commission, stamp duty or other transaction costs in connection with the disposal of a Participant's Redcape Securities acquired under the Plan will be paid for by the Participant.

22.4 The Company will pay or reimburse all expenses incurred by the Plan Administrator in connection with the Plan.

23. Operation of the Plan

23.1 The Plan will be operated in accordance with these Rules which bind Group Members, the Plan Administrator and each Participant and the RE Board will take all steps reasonably practicable to operate the plan in accordance with the rules set out in Subdivision 83A-C of the *Income Tax Assessment Act 1997*.

24. General

24.1 Notwithstanding any rule of these Rules, Securities may not be issued, purchased, allocated, transferred or dealt with under the Plan if to do so would contravene the Corporations Act, the Listing Rules, or any other applicable laws.

25. Governing Law

25.1 The laws of New South Wales and the Commonwealth of Australia govern these Rules.