

Redcape Group Limited
ACN 124 753 733

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

and

Redcape Hotel Trust I and Redcape Hotel Trust II

Rights and Securities Plan Rules

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Note:

Any advice given by the Group in relation to Rights or Participant Securities offered under this Plan does not take into account an Eligible Person's objectives, financial situation and needs. Eligible Person's offered Rights under this Plan should consider obtaining their own financial product advice from a person who is licenced by ASIC to give such advice.

Redcape Hotel Trust I and Redcape Hotel Trust II Rights and Securities Plan Rules

1 Purpose

The object of the Plan is to:

- (a) align the interests of Eligible Persons with those of Securityholders;
- (b) provide incentives to attract, retain and motivate Eligible Persons in the interests of the Group;
- (c) support interdependence between the Group and Eligible Persons for their long-term mutual benefit; and
- (d) provide Eligible Persons with the opportunity to acquire Rights and Participant Securities in accordance with these Rules.

The Plan is subject to subdivision 83A-C of the Income Tax Assessment Act 1997 to the extent an offer is made to an Eligible Person with terms and conditions that meet the requirements of that subdivision.

2 Commencement of Plan

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

3 Grant of Rights

3.1 RE Board to make grant

- (a) The RE Board may, from time to time, in its discretion:
 - (i) grant to an Eligible Person; or
 - (ii) invite Eligible Persons to apply for a grant of,

Rights and/or Participant Securities upon the terms of the Plan and such additional terms and conditions (including any Conditions, Disposal Restrictions, exercise restrictions or terms of expiry) as the RE Board determines. For the avoidance of doubt, the terms and conditions specified in the offer made in accordance with rule 3.3 will prevail over these Plan Rules to the extent of any inconsistency between the Rules and the offer letter.

- (b) The RE Board will determine the procedure for granting Rights and Participant Securities, including the form and content of any invitation, offer or acceptance procedure.

3.2 Acceptance of application

- (a) An Eligible Person who is granted, or who applies for a grant of, Rights and/or Participant Securities is deemed to have agreed to be bound by these Rules, any additional terms specified in the terms of grant or invitation and, upon allocation of a Redcape Security, to have agreed to become a member of Redcape (and to be bound by the Constitutions).
- (b) Subject to rule 5.1, if an invitation is issued to an Eligible Person pursuant to rule 3.1(a)(ii), the RE Board will grant Rights and/or Participant Securities to that Eligible Person upon acceptance of his or her application.

3.3 Information to be provided

The RE Board, will advise each Eligible Person of the following minimum information regarding Rights and Participant Securities at the time of a grant or invitation pursuant to rule 3.1(a):

- (a) the number or maximum value of Rights and/or Participant Securities being granted or offered, or the method for determining the number or maximum value;
- (b) any applicable Conditions and the applicable Period (if applicable);
- (c) the time or times at which Rights may vest or become exercisable (if applicable);
- (d) any amount that will be payable upon exercise or grant of a Right and/or Participant Security, including any formula used to calculate such amount (if applicable);
- (e) the period or periods during which Rights may be exercised and the manner of exercise of the Rights (if applicable);
- (f) the date, time and circumstances when Rights lapse (if applicable);
- (g) general information about the risks of acquiring and holding the Right and/or Participant Security; and
- (h) any other relevant terms and conditions attaching to the Rights or Participant Securities held under the Plan (including, for example, any Disposal Restrictions).

3.4 Title to Rights

- (a) Unless the RE Board determines otherwise, a Right may only be registered in the name of a Participant.
- (b) A Right granted under, and subject to, these Rules is only transferable by force of law.
- (c) Where a Participant purports to transfer a Right other than in accordance with rule 3.4(b) the Right immediately lapses.

3.5 Prohibition against hedging

- (a) 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 Rights or Participant Securities that remain subject to these Rules, irrespective of future changes in the market price of Redcape Securities.
- (b) Where a Participant enters, or purports to enter, into any scheme, arrangement or agreement described in rule 3.5(a), the Rights will immediately lapse.

4 Vesting and lapse of Conditional Rights and Security Rights

4.1 Vesting of Rights - Conditional Rights

- (a) Subject to rules 4.1(b) (RE Board's discretion), 7 (cessation of employment), 8 (fraud or dishonesty), 9 (reorganisations and divestment), 10 (change of control) and 11.3 (RE Board's powers), a Conditional Right granted under the Plan will not vest unless the Conditions relating to that Conditional Right advised to the Participant pursuant to rule 3.3 have been satisfied.

- (b) The RE Board must give a Participant a Vesting Notice when any Condition relating to Rights granted to the Participant is satisfied, or waived by the RE Board in its discretion.
- (c) The RE Board may, in their discretion, determine that a Conditional Right vests prior to the date specified by the RE Board for the purposes of rule 3.3.
- (d) A grant of Conditional Rights does not confer any right or interest, whether legal or equitable, in Redcape Securities until all Conditions in respect of such Conditional Rights have been satisfied, or waived by the RE Board in their absolute discretion and the Conditional Rights have been exercised.

4.2 Vesting of Rights - Security Rights

- (a) A Security Right shall be immediately vested in the Participant to whom it is granted, but will be subject to Disposal Restrictions. Sub-division 83A-C of the Income Tax Assessment Act 1997 applies in relation to Security Rights (subject to the requirements of that Act) such that Security Rights are subject to deferred taxation.
- (b) Granting a Security Right does not confer any right or interest, whether legal or equitable, in Redcape Securities until the Security Right has been exercised.

4.3 Lapse of Conditional Rights

Subject to the RE Board's overriding discretion, an unvested Conditional Right granted to a Participant will lapse upon the earliest to occur of:

- (a) the date specified by the RE Board for the purposes of rule 3.3;
- (b) an event described in rules 3.4 (title), 7 (cessation of employment), 8 (fraud or dishonesty), 9 (reorganisations and divestments) or 10 (change of control); or
- (c) the end of the Period if the Conditions have not been met.

4.4 Lapse of Security Rights

Subject to the RE Board's overriding discretion, a Security Right granted to a Participant, unless exercised earlier in accordance with rule 4.6, will lapse upon the earliest to occur of:

- (a) 30 days after the Participant ceasing to be a director or employee of the Group; or
- (b) the date specified by the RE Board in the offer letter.

4.5 Exercise and satisfaction of vested Conditional Rights

- (a) Conditional Rights which have vested and which have not expired or lapsed under rule 4.3 may be exercised by the Participant at any time and in any period notified to the Participant by the RE Board under rule 3.3.
- (b) The RE Board may determine whether the Responsible Entity will, upon exercise of each vested Conditional Right:
 - (i) issue or procure the transfer to the Participant (or his or her personal representative) of the number of Redcape Securities (including fractions of a Redcape Security) to which the Participant is entitled in respect of each Conditional Right as outlined in the terms of a grant or invitation pursuant to rule 3.1(a), which must include a formula for calculating the relevant number of Redcape Securities (**Equity Settled**); or

- (ii) pay a cash amount equivalent to the Market Price of a Redcape Security at the exercise date multiplied by the number of Redcape Securities contemplated under rule 4.5(b)(i) less any exercise price specified in the offer letter in full satisfaction of the Redcape Securities that would otherwise have been allocated on exercise of the Conditional Rights (**Cash Settled**).
- (c) Any Conditional Rights that are Cash Settled will be inclusive of any required compulsory superannuation guarantee.
- (d) Where Conditional Rights are Equity Settled, the parties may agree that the Responsible Entity will sell on behalf of the Participant the required number of Redcape Securities in order to provide the funds required to fund the payment of any applicable tax or other amounts required by law to be withheld.
- (e) Where Conditional Rights are Cash Settled, the parties may agree that the Responsible Entity will reinvest on behalf of the Participant the net cash amount (remaining after deduction of applicable tax, superannuation and any other amounts required by law to be withheld) into acquiring Redcape Securities, which will be subject to the terms of the Plan.

4.6 Exercise and satisfaction of Security Rights

- (a) Security Rights may be exercised by the Participant at any time, unless otherwise specified in the terms of a grant or invitation pursuant to rule 3.1(a).
- (b) Upon exercise of each Security Right, the Responsible Entity will issue or procure the transfer to the Participant (or his or her personal representative) of the number of Redcape Securities (including fractions of a Redcape Security) to which the Participant is entitled in respect of each Right as outlined in the terms of a grant or invitation pursuant to rule 3.1(a), which will include a formula for calculating the relevant number of Redcape Securities. The Responsible Entity is not responsible, and disclaim all responsibility for, risks inherent in securities listed on a securities exchange, including fluctuations in the price of Redcape Securities, (and including any such fluctuations which may result from determinations by the Responsible Entity as to when to undertake the issue or procurement of transfer of Redcape Securities) which may impact upon the number of Redcape Securities issued or transferred under this rule 4.6(b).

5 Participant Securities and fee or salary sacrifice arrangements

5.1 Agreement in writing

Any grant of Participant Securities is conditional on the Participant agreeing in writing to the terms of the Plan and any additional terms provided in the invitation pursuant to rule 3.1(a)(ii).

5.2 Process for granting Participant Securities

- (a) Upon the Participant agreeing in writing to the terms of the Plan under rule 5.1, the relevant Group Member will reduce the Participant's pre-tax remuneration by an amount equal to the agreed fee or salary sacrifice amounts (**Contributions**).
- (b) The Responsible Entity will, periodically, issue or procure the transfer to the Participant (or his or her personal representative) of the number of Participant Securities (including fractions of a Redcape Security) to which the Participant is entitled as outlined in the invitation pursuant to rule 3.1(a), which will include a formula for calculating the relevant number of Participant Securities. The Responsible Entity is not responsible, and disclaim all responsibility for, risks inherent in securities listed on a securities exchange, including fluctuations in the price of Redcape Securities, (and including any such fluctuations which may result from determinations by the Responsible Entity as to when to undertake the issue or procurement of transfer of Redcape Securities) which may impact upon the number of Participant Securities issued or transferred under this rule 5.2(b).

5.3 Discontinuing fee or salary sacrifice arrangements

- (a) A Participant may discontinue their participation in the Plan and stop the agreed fee or salary sacrifice by giving 45 days written notice to the relevant Group Member.
- (b) If a Participant has discontinued their participation in the Plan pursuant to rule 5.3(a) any reduction of pre-tax remuneration of the Participant that have not yet been used to acquire Participant Securities under rule 5.2(b) including any required superannuation must be paid to or as directed by the Participant as soon as practicable after the Participant has discontinued their participation in the Plan (such payment must include any accumulated interest (if any), less tax).

6 Allocation of Redcape Securities

6.1 Ranking of Redcape Securities

All Redcape Securities issued under the Plan will rank equally in all respects with other Redcape Securities for the time being on issue, except with regard to any rights attaching to such other Redcape Securities by reference to a record date prior to the date of allocation of those Redcape Securities.

6.2 Listing on ASX

The Responsible Entity will apply for quotation of Redcape Securities issued under the Plan within the period required by ASX.

6.3 Disposal Restrictions

- (a) The RE Board may, in its discretion, impose any Disposal Restrictions in respect of Redcape Securities issued or transferred on the exercise or granting of Rights (for the avoidance of doubt, to be tax effective, Disposal Restrictions must be imposed at the time of grant of the Rights).
- (b) The RE Board must provide a Participant with details of any such requirements or restrictions at the time of a grant or invitation pursuant to rule 3.1(a).
- (c) The RE Board may implement any procedure it considers appropriate to restrict a Participant from trading in Redcape Securities while they remain subject to these Rules including, without limitation, imposing a holding lock (as defined in the ASX Listing Rules) on the Redcape Securities or arranging for the Redcape Securities to be held on trust.

7 Cessation of employment and Conditional Rights

7.1 Unvested Conditional Rights

- (a) Where a Participant holding unvested Conditional Rights ceases to be an employee of the Group, those Conditional Rights immediately lapse.
- (b) Notwithstanding Rule 7.1(a), where a Participant holding unvested Conditional Rights ceases to be an employee of the Group due to a Qualifying Reason, the RE Board may, in its discretion, determine the treatment of those unvested Conditional Rights.
- (c) The RE Board will give written notice to the Participant of the number of Conditional Rights that vest or may vest pursuant to rule 7.1(b).

7.2 Forfeiture of Redcape Securities allocated on exercise of Conditional Rights

The RE Board may, in its discretion, determine that a Participant will forfeit his or her interest in any Redcape Securities that are allocated to the Participant on exercise of Conditional Rights that are subject to additional Disposal Restrictions if, during the Disposal Restriction period:

- (a) the Participant resigns as an employee of the Group;
- (b) the Participant is dismissed by a Group Member as an employee for cause; or
- (c) the Participant's employment with the Group is terminated in circumstances that, in the opinion of the RE Board, involve a failure by the Participant to meet acceptable performance requirements in connection with his or her employment.

7.3 When employment ceases

For the purposes of this Plan, a Participant will only be treated as ceasing employment when the Participant is no longer an employee or a director of the Group.

8 Fraud, dishonesty or material misstatement

8.1 Action of Participant

Where, in the opinion of the RE Board, a Participant or former Participant:

- (a) acts fraudulently or dishonestly; or
- (b) is in breach of his or her obligations to the Group; or
- (c) is knowingly involved in a material misstatement of financial statements;

then the RE Board may determine that:

- (d) the Conditions and/or Period applying to Conditional Rights should be altered or reset (as the case may be);
- (e) all or any Conditional Rights of the Participant that have not vested shall lapse;
- (f) all or any Conditional Rights of the Participant that have vested but not been exercised are forfeited;
- (g) all or any Redcape Securities held by the Participant following exercise of Conditional Rights are forfeited; and/or
- (h) where Redcape Securities that have been allocated to the Participant following exercise of Conditional Rights have been sold, that the Participant must repay all or part of the net proceeds of such a sale to the Responsible Entity.

8.2 Actions of others

Where, in the opinion of the RE Board, a Conditional Right vests, or may vest, to a Participant as a result of the fraud, dishonesty, breach of obligations or knowing material misstatement of financial statements by an employee of the Group other than the Participant and, in the opinion of the RE Board, the Conditional Right would not otherwise have vested, the RE Board may determine that the Conditional Right has not vested and may, subject to applicable laws, determine any treatment in relation to the Conditional Right (including resetting Conditions, deeming Redcape Securities to be forfeited and/or new Conditional Rights be granted) to ensure that no unfair benefit is obtained by the Participant as a result of the actions of another person.

9 Participation in future issues, reorganisations and business divestments

9.1 Participation generally

A Participant cannot participate in new issues of Redcape Securities or other securities to holders of Redcape Securities unless the Redcape Securities in respect of the Rights held by the Participant have been issued or transferred, as the case requires, to and registered in the name of, the Participant before the record date for determining entitlements to the new issue.

9.2 Bonus issue, rights issue and capital reorganisations

If:

- (a) Redcape Securities are issued pro rata to Securityholders generally by way of a bonus issue;
- (b) Redcape Securities are offered to Securityholders by way of a pro rata issue; or
- (c) any reorganisation (including a consolidation, subdivision, reduction or return) of the issued capital of Redcape is effected,

and Redcape Securities in respect of Rights held by a Participant have not been issued or transferred, as the case requires, to and registered in the name of, the Participant before the record date for determining entitlements to the new issue then:

- (d) the number of Redcape Securities to be delivered to each Participant in respect of each Right (or other terms and conditions applicable to the Rights, including any amount payable for the Redcape Securities) will be:
 - (i) adjusted or reorganised in accordance with the requirements of the ASX Listing Rules, the Corporations Act and any other applicable law; and
 - (ii) subject to 9.2(d)(i), in the manner determined by the RE Board in order to minimise or eliminate any material advantage or disadvantage to the Participant.

9.3 Divestment of material business or subsidiary

- (a) Where the Group divests a business designated by the RE Board for the purposes of this rule 9.3 as 'material', the RE Board may determine special rules that apply to Participants in that business in relation to the Rights or Redcape Securities held pursuant to the Plan (and any other entitlements that may arise in relation to those Redcape Securities). Without limiting the RE Board's discretion, such rules may include:
 - (i) varying the Conditions and/or Period applying to the Participant's Rights to take into account the divestment of the business; and
 - (ii) deeming that the Participant remains a Group employee for a specified period.

- (b) In order to bind a Participant, any special rules made under this rule 9.3 must be notified to the Participant in accordance with rule 11.5(c).

10 Change of control

10.1 Takeover bid or scheme of arrangement

- (a) If an Event occurs prior to Rights vesting or the vested Rights being exercised, then the RE Board may, in its absolute discretion, determine whether:

- (i) some or all unvested Rights vest or lapse (whether subject to Conditions or not);
- (ii) some or all vested Rights are deemed to have been exercised; or
- (iii) some or all of the unvested Rights remain subject to the applicable Conditions (or substitute Conditions),

having regard for any matter the RE Board considers relevant, including, without limitation, the circumstances of the Event, the extent to which the applicable Conditions have been satisfied and/or the proportion of the Period that has elapsed at that time (the default position is that the number of Conditional Rights will be prorated according to the portion of the Period completed to the date of the Event and this prorated number of Conditional Rights will vest according to the extent to which the applicable Conditions are satisfied to that date).

- (b) If an Event occurs after Rights are exercised, or capable of being exercised, all Redcape Securities issued or transferred (as applicable) on exercise of the Rights that remain subject to a trading restriction under the Plan will be released from restriction.

- (c) An **Event** occurs where:

- (i) a Takeover Bid is made for Redcape and the RE Board resolves to recommend the bid; or
- (ii) 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
- (iii) 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
- (iv) 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.

10.2 Acquisition of securities in another company

If a company (the **Acquiring Company**) obtains control of Redcape and each of Redcape, the Acquiring Company and the Participant agree, that a Participant may be provided with securities in the Acquiring Company (or its parent or subsidiary) in substitution for Rights, on substantially the same terms and conditions as the Rights, but with appropriate adjustments to the number and kind of securities the subject of the Rights.

10.3 Notification of vesting

The RE Board, will give written notice to the Participant of the extent to which Rights vest pursuant to this rule 10.

11 Administration of Plan

11.1 Compliance with laws

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.

11.2 Amendment of the Rules

- (a) 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:
- (i) for the purpose of complying with or conforming to present or future State, Territory, Commonwealth or relevant foreign jurisdiction legislation, the ASX Listing Rules or any requirement, policy practice of ASIC or other foreign or Australian regulatory body
 - (ii) for the purpose of regulating the maintenance or operation of the Plan;
 - (iii) to correct any manifest error or mistake;
 - (iv) to take into consideration possible adverse tax implications for Redcape 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
 - (v) any amendment agreed in writing by a Participant.
- (b) Any amendment made under this rule 11.2 must be notified as soon as reasonably practicable to any affected Participant in accordance with rule 11.6.

11.3 RE Board's powers

The RE Board has absolute and unfettered discretion in exercising any power or discretion concerning the Plan and may:

- (i) delegate to any person for the period and on the terms it decides, the exercise of any of its powers or discretions under the Plan;
- (ii) determine appropriate procedures for administering the Plan consistent with these Rules, including the application forms and any other forms and notices to be issued under the Plan;
- (iii) resolve conclusively all questions of fact or interpretation concerning these Rules and any dispute of any kind that arises under the Plan;
- (iv) waive any provision of the Plan, or any term or condition (including a Condition or other restriction) relating to the Rights or Redcape Securities;
- (v) determine to suspend or cease operation of the Plan at any time and take any actions required to effect the winding up of the Plan;
- (vi) act or refrain from acting at its discretion under these Rules or in relation to the Rights or Redcape Securities held under the Plan; and
- (vii) waive any breach of a provision of the Plan.

11.4 Responsible Entity Limitation of Liability

- (a) 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.
- (b) 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).
- (c) The provisions of this clause 11.4 shall, subject to clause 11.4(d), 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.
- (d) Nothing in clause 11.4(c) 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.
- (e) 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 11.4(a) - 11.4(c) of this clause.

11.5 Costs

- (a) The Responsible Entity will pay all costs and expenses in relation to the establishment and operation of the Plan.
- (b) The Group may make any withholding or payment it is required by law to make in connection with the Rights or Redcape Securities.
- (c) 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.

11.6 Notices

- (a) A notice or other communication under or concerning the Plan is validly given:
 - (i) by Redcape or the Responsible Entity to an Eligible Person or Participant (as the case may be), if delivered physically or electronically to the

- addressee or sent by prepaid post to his or her last known residential address, or sent to him or her physically or by email at his or her place of work or posted on an internet or intranet site maintained by or for a Group Member and accessible by the Eligible Person or Participant; and
- (ii) by an Eligible Person or Participant (as the case may be) to Redcape or the Responsible Entity if 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).
- (b) A notice or other communication sent:
- (i) to Redcape must be actually received by Redcape by the date or within the period specified in these Rules or advised to the Participant pursuant to rule 3.3 in order to be effective; and
 - (ii) by Redcape to an Eligible Person or Participant (as the case may be) will be treated as being received immediately following the time it was sent or, if it is sent by post, it will be treated as received 2 business days after it was posted.

11.7 Terms of engagement not affected

- (a) The rights and obligations of an Eligible Person under the terms of his or her office, employment or contract with the Group are not affected by his or her participation in the Plan.
- (b) Participation in the Plan will only be offered to an Eligible Person at the discretion of the RE Board. There is no guarantee of future offers being made under the Plan. Nothing in these Rules confers on an Eligible Person the right to be granted Rights.
- (c) These Rules do not form part of, and will not be incorporated into, any contract of an Eligible Person.

11.8 Non-residents of Australia

- (a) Notwithstanding any rule under the Plan, the RE Board may at any time, amend, add to, vary, omit from or substitute any of these Rules to ensure compliance with the requirements of, or impact of, any law or regulation in any jurisdiction outside of Australia.
- (b) This rule 11.8 applies in relation to any Participant who holds Rights or Redcape Securities under the Plan from time to time and who is resident, or may become resident, in any jurisdiction outside of Australia.
- (c) Any different rules that may apply must be notified to each affected Participant in writing.
- (d) For the purposes of clarification, any different rules that are adopted under rule 11.8(a) may have an adverse impact upon the Participant. However, any different rules must comply, to the extent that is legal and practicable, with the basic principles of the Plan.

11.9 Personal information

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:

- (a) the Plan manager or another entity that manages or administers the Plan on behalf of the Responsible Entity;
- (b) any broker or external service provider, including a tax or financial adviser;
- (c) the trustee of any employee trust;
- (d) any Government department or body; and
- (e) any other person or body as required or authorised by law.

11.10 No rights

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 the Rights or Redcape Securities held under the Plan.

11.11 Limitation on the Plan

No Redcape Securities may be allocated to a Participant under this Plan if, immediately after the allocation of those Redcape Securities, the Participant:

- (a) would hold a legal or beneficial interest in more than 10% of all other Redcape Securities for the time being on issue; or
- (b) would be in a position to cast, or control the casting of, more than 10% of the maximum number of votes that might be cast at a general meeting of Redcape.

11.12 Maximum number of Securities

Unless the RE Board determines otherwise, the Responsible Entity will not issue Redcape Securities under this Plan, or on the exercise of Rights, unless the RE Board has reasonable grounds to believe that the number of underlying 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.

11.13 Governing Law

The rules and conditions of this Plan are governed by the laws of New South Wales and the Commonwealth of Australia.

12 Definitions and Interpretation

12.1 Definitions

In this 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;

ASX Listing Rules means the official listing rules of ASX;

Conditional Right means a right to a Redcape Security (including a fraction of a Redcape Security) that is subject to the Conditions determined by the RE Board, calculated on the basis set out in the terms of a grant or invitation, which may include a formula for calculating the relevant number of Redcape Securities;

Conditions means one or more conditions contingent on performance, service, or time elapsed since grant which must be satisfied before a Conditional Right vests, as determined by the RE Board in their discretion and advised to a Participant at the time of a grant of a Conditional Right;

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);

Disposal Restriction means such restriction on disposal or dealing in a Redcape Security issued or transferred to a Participant under this Plan, as determined by the RE Board in its discretion and notified to a Participant at the time of grant of the Right;

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 Person means an employee of a Group Member, a non-executive director of a Group Member, or another person determined by the RE Board as eligible to participate in the Plan;

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

Market Price means the volume weighted average price of Redcape Securities traded on the ASX over the 5 trading days immediately preceding the relevant date;

Participant means an Eligible Person who is granted a Right under the Plan;

Participant Security means a Redcape Security (including a fraction of a Redcape Security) that is granted by way of fee or salary sacrifice from the pre-tax remuneration of an Eligible Person or Participant

Period means the period or periods referred to at the time of grant of a Right during which the Conditions are measured, as specified by the RE Board;

Plan means this Rights Plan established in accordance with these Rules;

Qualifying Reason means:

- (a) the death, total and permanent disablement, retirement or redundancy of the Participant as determined by the RE Board in its absolute discretion; or
- (b) any other reason with the approval of the RE Board,

and notified to a Participant in writing;

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 Redcape Hotel Group Management Ltd ACN 610 990 004;

Rights means Conditional Rights and Security Rights

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

Securityholder means a holder of a Redcape Security;

Security Right means a right to a Redcape Security (including a fraction of a Redcape Security) that is granted by way of fee or salary sacrifice from the pre-tax remuneration or fees of a Participant;

Subsidiary has the meaning given to it in section 9 of the Corporations Act;

Takeover Bid has the meaning given in section 9 of the Corporations Act;

Trust I means the Redcape Hotel Trust I;

Trust II means the Redcape Hotel Trust II;

Trusts mean Trust I and Trust II; and

Vesting Notice means any notice to a holder of a Right that, to the extent specified in the notice, the Conditions applicable to the Right have been satisfied, or waived by the RE Board at their discretion.

12.2 Interpretation

In these Rules:

- (a) headings and boldings are for convenience only and do not affect the interpretation of these Rules and, unless the context requires otherwise;
- (b) words importing the singular include the plural and vice versa;
- (c) words importing a gender include any gender;
- (d) a reference to a party includes its executors, administrators, successors, substitutes (including persons taking by novation) and permitted assigns;
- (e) the word 'includes' in any form is not a word of limitation;
- (f) a reference to any legislation or to any provision of any legislation includes any modification or reenactment of the legislation, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (g) other parts of speech and grammatical forms of a word or phrase defined in these Rules have a corresponding meaning; and
- (h) any reference in the Plan to any enactment or the ASX Listing Rules is a reference to that enactment or those ASX Listing Rules (and to all regulations or instruments issued under them) in force at the time that a grant or invitation is made under the Plan unless expressed to the contrary in the Rules, or determined otherwise by the RE Board pursuant to rule 11.3, or required at law.