



REDCAPE HOTEL GROUP DISTRIBUTION REINVESTMENT PLAN BOOKLET

The Distribution Reinvestment Plan (the **DRP**) provides securityholders with the option of automatically reinvesting part or all of their distributions as additional stapled securities (each stapled security comprising of one unit in the Redcape Hotel Trust I and one unit in the Redcape Hotel Trust II (each a **Trust** and together the “Redcape Hotel Group” (the **Fund**)).

Set out below are frequently asked questions in relation to how the **DRP** operates. These questions and answers constitute the terms and conditions of the Fund’s **DRP**. Securityholders are at all times bound by these terms and conditions.

1 HOW DO I PARTICIPATE IN THE **DRP**?

If you wish to participate in the **DRP** you are required to:

- Complete the **DRP** Instruction Form and forward it;
 - > by email to: moelis@boardroomlimited.com.au
 - > or by post to: Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
- Alternatively, rather than having to send in a form, if you are a registered user of Boardroom’s InvestorServe, you can elect to participate in the **DRP** via the InvestorServe portal by logging in at <http://www.investorserve.com.au>
- **DRP** Instruction Forms are available on Boardroom’s website: <http://www.reportsonline.net.au/?documentid=835EDE23315E4CA2A5156E837DCCE8A1> or by phoning the Registry on +61 1300 737 760.
- A separate **DRP** Instruction Form is required for each registered holding.

2 WHEN CAN I PARTICIPATE?

While the **DRP** is open, you can participate in it at any time. The **DRP** Instruction Form must be

received by the Registry no later than 5.00 pm Australian Eastern Time on the last Business Day of each calendar quarter in order to participate in the DRP for that particular quarter's distribution.

3 HOW LONG DOES PARTICIPATION IN THE DRP LAST?

Participation in the DRP will automatically continue until you either notify the Registry that you no longer wish to participate by submitting a DRP Instruction Form, or the DRP is suspended or withdrawn. Notification of your wish to no longer participate in the DRP will be effective for the distribution quarter in which it is received by the Registry.

The DRP will be automatically suspended upon the Responsible Entity determining to suspend the DRP. If the DRP is suspended, an election as to your participation in the DRP will also be suspended and all stapled securities are taken not to be DRP stapled securities for the purpose of any distribution paid while the DRP is suspended. Upon reinstatement of the DRP, all of your prior elections are reinstated unless a DRP Instruction Form is validly submitted by you by 5.00 pm Australian Eastern Time on the last Business Day of the calendar quarter for the next distribution which follows the reinstatement of the DRP.

Your right to participate in the DRP is not transferable.

4 CAN I REINVEST ONLY PART OF MY DISTRIBUTIONS IN THE DRP?

Yes. You can reinvest all or part of your distributions. If you choose to reinvest all of your distributions, the DRP will apply to all amounts paid by the Fund as a distribution on all of the stapled securities registered to that holding, including any further stapled securities issued or transferred to you under the DRP. If you choose to reinvest only part of your distribution, you can specify either the number of stapled securities, or the percentage of your total stapled securities, you wish to be subject to the DRP on the DRP Instruction Form.

If you specify the number of stapled securities, your level of participation is fixed and all stapled securities in excess of this number, including any new stapled securities you may acquire in the future will not participate in the DRP. If you sell some of your stapled securities in the future, such that your total holding becomes less than the number of stapled securities you have specified to participate in the DRP, your participation level will automatically be reduced down to the total number of stapled securities you hold as at the last Business Day of the relevant calendar quarter. However, if you later acquire more stapled securities in the Fund, these will participate in the DRP to the extent indicated in your last DRP Instruction Form.

If you nominate a percentage, your level of participation will automatically change if you acquire or sell stapled securities in the future.

You can increase or decrease the number of stapled securities you wish to nominate in the DRP or change your participation percentage level at any time (refer to question 11 for further details). If you have ceased to hold any stapled securities in the Fund by the end of the calendar

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quarter, you are deemed to have terminated your participation in the DRP from the end of the calendar quarter.

If a DRP Instruction Form fails to specify a level of participation, it will be deemed to be an application for full participation in the DRP.

The Responsible Entity's records of the level of your participation and the number of stapled securities subject to the DRP will be conclusive evidence of the matters so recorded.

5 CAN ALL SECURITYHOLDERS PARTICIPATE IN THE DRP?

The DRP is open to all securityholders whose registered address in the Trust registers is in Australia or New Zealand (unless those stapled securities are held on behalf of another person with a registered address outside Australia and New Zealand who would not themselves be eligible to participate in the DRP). Securityholders whose registered address is outside Australia or New Zealand may not participate in the DRP unless the Responsible Entity determines to allow such participation in its sole and absolute discretion after being satisfied that the offer and issue of stapled securities under the DRP to that person would be lawful and practicable in the jurisdiction in which the person resides and the securityholder does not hold the stapled securities on behalf of another person who would not themselves be eligible to participate in the DRP.

The Responsible Entity may, in its absolute discretion, accept or refuse a DRP Instruction Form without giving reasons for its decision. The Responsible Entity may also determine that a securityholder's DRP Instruction Form is valid even if the DRP Instruction Form is incomplete, contains errors or is otherwise defective. By submitting a DRP Instruction Form, each securityholder is taken to have authorised the Responsible Entity (and its delegates or agents) to correct any error in, or omission from, the securityholder's DRP Instruction Form.

Joint securityholders must submit a single DRP Instruction Form signed by all the joint securityholders. If one, or more, of the joint securityholders is not eligible to participate in the DRP, none of the joint securityholders can apply to participate in the DRP with respect to any of the jointly held stapled securities.

6 WHAT ARE THE COSTS INVOLVED IN PARTICIPATING IN THE DRP?

There is no cost associated with participating in the DRP. Securityholders who wish to participate in the DRP do not have to pay brokerage, commission or any other transaction costs on the securities issued to them under the DRP. This allows securityholders to add to their investment in the Fund in a convenient and cost-effective manner.

7 HOW MANY SECURITIES WILL I RECEIVE?

The number of stapled securities you will receive will be the whole number equal to, or where not a whole number, rounded down to the nearest whole number calculated by the

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formula:

$$\text{Number of Stapled Securities} = \frac{D - T + R}{C}$$

“D” is the amount of the distribution payable on your participating stapled securities as at the record date for that distribution;

“T” is any withholding tax or other amounts to be withheld in relation to such stapled securities;

“R” is the residual positive balance carried forward in your DRP account; and

“C” is the average of the daily volume weighted average price of all sales of stapled securities of the Fund recorded on ASX for each of the first ten (10) ASX Trading Days following the ASX Trading Day from and including the 3rd ASX Trading Day after the record date in respect of the relevant distribution (unless the Responsible Entity believes that this calculation does not provide a fair reflection of the market price of the stapled securities during this period in which event there shall be substituted for the amount so calculated the market price of the stapled security as determined by an expert, independent of the Responsible Entity, whose identity and instructions will be determined by the Responsible Entity), less such discount (if any) as determined by the Responsible Entity from time to time and rounded as determined by the Responsible Entity.

8 HOW WILL I KNOW THE DRP STAPLED SECURITY PRICE?

The DRP Stapled Security Price will be equal to “C” in paragraph 7 above, and will be determined by the Responsible Entity.

9 WHEN WILL I RECEIVE MY DRP STAPLED SECURITIES?

Stapled securities to be allocated to participating securityholders under the DRP will be issued on the same day that non-participating securityholders receive their cash distribution.

10 HOW DO I FIND OUT HOW MANY STAPLED SECURITIES I HAVE RECEIVED FROM THE DRP?

Distribution statements for the reinvestment of the distributions will be either emailed or posted to securityholders following the payment of the relevant distribution and allocation of stapled securities under the DRP (to participating securityholders).

The statement will include details of the number of your stapled securities that are participating in the DRP, the amount of cash distribution you have reinvested, the DRP Stapled Security Price and the number of stapled securities issued or transferred to you under the DRP for that particular distribution.

The number of stapled securities allocated and your new securityholding balance will be shown on the statement you will receive in the month following each re-investment.

11 HOW DO I VARY THE LEVEL OF PARTICIPATION OR WITHDRAW FROM THE DRP?

Participating securityholders may vary the level of participation or withdraw from the DRP at any time by submitting a revised DRP Instruction Form in accordance with the method set out in question 1.

Any variation to participation will take effect from the next distribution, provided that notification is received by no later than 5.00 pm Australian Eastern Time on the last Business Day of the calendar quarter for that distribution.

Notices received after this time will take effect from the following Distribution Period.

If you choose to withdraw from the DRP, your distributions will be paid by direct credit to your bank account, according to payment instructions given prior to your participation in the DRP.

12 ARE THE DRP STAPLED SECURITIES THE SAME AS MY EXISTING STAPLED SECURITIES?

Yes. All stapled securities issued to you under the DRP will, from the date of issue, rank equally in all respects with the existing fully paid stapled securities on issue and will participate in all distributions declared subsequently. DRP stapled securities will accrue income from the date of their issue.

13 STAPLING

The DRP will terminate automatically upon:

- the stapling of the Trusts ceasing to apply; or
- the Responsible Entity determining to terminate the DRP.

Each offer of securities in connection with the DRP or its publication constitutes a contemporaneous offer of identical numbers of units in each Trust, which will be stapled together, and the DRP Instruction Form (and any variation thereto) is deemed to contemporaneously apply in relation to each of the units which comprise stapled securities to be issued under the DRP.

14 CAN THE TERMS AND CONDITIONS OF THE DRP CHANGE?

Yes. The Responsible Entity may, at its sole and absolute discretion, modify, suspend or terminate the DRP at any time. The modification, suspension or termination shall take effect from the date specified by the Responsible Entity and sufficient written notice shall be given to all securityholders prior to the changes occurring to allow securityholders to withdraw or otherwise change their level of participation in the DRP before the changes come into effect (except in the event the Responsible Entity considers in its absolute discretion that the change is not adverse to securityholders, in which case such notification only needs to be given within the three month

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period after the change is made).

The Responsible Entity will administer the DRP in its sole and absolute discretion in accordance with these rules, the Listing Rules and each Constitution. This includes the Responsible Entity's power to: determine, set and oversee procedures for the administration of the DRP; exercise powers, discretions, authorities and functions (including any power to make a choice, decision, determination or resolution) under these rules; and settle any difficulties, anomalies or disputes which may arise either generally or in a particular case in connection with the DRP. The determination of the Responsible Entity is conclusive and binding on all relevant securityholders and other persons to whom the determination relates.

The Responsible Entity may, in its sole and absolute discretion, arrange for the DRP to be underwritten in respect of a particular distribution on any terms it considers appropriate.

The Responsible Entity may delegate any of its powers, discretions, authorities or functions under these rules to any person or persons.

15 WHAT OTHER IMPORTANT LEGAL INFORMATION SHOULD I CONSIDER BEFORE DECIDING WHETHER TO PARTICIPATE IN THE DRP?

You should be aware that, by applying to participate in the DRP in accordance with these rules, you:

- warrant to the Responsible Entity that you are eligible to participate in the DRP;
- warrant to the Responsible Entity that, if you are a joint holder of stapled securities, all other joint securityholders in relation to the same holding are eligible to participate in the DRP;
- unconditionally agree to these rules of the DRP and each Constitution and agree not to do any act that would be contrary to the spirit, intention or purpose of the DRP;
- acknowledge that, notwithstanding any other provision of this DRP, no stapled securities may be issued under the DRP unless the issue complies with the provisions of each Constitution relating to the stapling together of the components of stapled securities;
- acknowledge that the Responsible Entity may at any time, by giving notice to eligible securityholders, limit participation in the DRP. This may include a determination that there will be a maximum or minimum number of stapled securities permitted per securityholder, whether this is in respect of a particular distribution or distributions generally;
- acknowledge that the Responsible Entity may arrange for the DRP to be fully or partially underwritten in respect of any one or more distributions;

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- acknowledge that none of the Responsible Entity, its officers, employees, representatives or agents, or the Registry, have provided you with any recommendation or investment, financial, taxation or other advice and that none of the above persons have any obligation to provide any advice concerning your decision to apply to participate in the DRP;
 - acknowledge that the Responsible Entity, its officers, employees, representatives or agents are not responsible for any loss or alleged loss or disadvantage suffered or incurred directly or indirectly by you as a result of the establishment, or operation, of the DRP, participation in the DRP or any advice given in relation to participation in the DRP; and
 - acknowledge that any variation, suspension, recommencement or termination of the DRP will not give rise to any liability on the part of, or right of action against, the Responsible Entity nor its officers, employees, representatives or agents.

16 NOTICES GIVEN BY THE RESPONSIBLE ENTITY

Were the Responsible Entity may or is required to give a notice under the terms of the DRP, it may do so by making an announcement to the ASX. Any announcement to the ASX in relation to the DRP shall be treated as a notice given for the purposes of the DRP including to all participants in the DRP and all current or future securityholders.

17 GOVERNING LAW

The DRP, its operation and these rules are governed by the laws of the State of New South Wales and you submit to the jurisdiction of the Courts of that State and the Courts which may hear appeals from those Courts.

DEFINITIONS

ASX: means ASX Limited.

ASX Trading Day: means a Business Day on which buying and selling occurs on the financial market operated by ASX.

Australian Eastern Time: is a reference to Australian Eastern Standard Time or Australian Eastern Daylight Time, whichever is appropriate.

Bank: means a corporation authorised by law to carry on the general business of banking in Australia.

Business Day: means a day on which Banks are open for general banking business in Sydney, New South Wales, excluding Saturdays, Sundays and public holidays. If the day on or by which any act, matter or thing is to be done is a day other than a Business Day, the act, matter or thing will be done on the next Business Day and any money falls due for payment on a date other than a

Business Day, that money will be paid on the next Business Day (without interest or any other amount being payable in respect of the intervening period).

Constitutions: means each of the following:

- the constitution of the Redcape Hotel Trust I [ARSN 629 354 614]; and
- the constitution of the Redcape Hotel Trust II [ARSN 629 354 696].

Distribution Period: means the quarters ending 31 March, 30 June, 30 September and 31 December.

DRP: means the Fund's distribution reinvestment plan constituted by these rules, as varied from time to time.

DRP Instruction Form: means the instruction form to be completed by eligible securityholders to give notice of their election to participate in, or to amend their level of participation in, the DRP.

DRP Stapled Security Price: is the average of the daily volume weighted average price of all sales of stapled securities of the Fund recorded on ASX for each of the first ten (10) ASX Trading Days following the ASX Trading Day from and including the 3rd ASX Trading Day after the record date in respect of the relevant distribution (unless the Responsible Entity believe that this calculation does not provide a fair reflection of the market price of the stapled securities during this period in which event there shall be substituted for the amount so calculated the market price of the stapled security as determined by an expert, independent of the Responsible Entity, whose identity and instructions will be determined by the Responsible Entity), less such discount (if any) as determined by the Responsible Entity from time to time and rounded as determined by the Responsible Entity.

Fund: means the Redcape Hotel Group comprising Redcape Hotel Trust I [ARSN 629 354 614] and Redcape Hotel Trust II [ARSN 629 354 696].

Listing Rules: means the official listing rules and requirements from time to time of the ASX.

Registry: means Boardroom Pty Limited ACN 003 209 836.

Responsible Entity: means Redcape Hotel Group Management Ltd (ACN 610 990 004) (AFSL 505931).

Trust: means each of the following:

- the Redcape Hotel Trust I [ARSN 629 354 614]; and
- the Redcape Hotel Trust II [ARSN 629 354 696].