



MA Financial Group

Redcape Hotel Group

Distribution Reinvestment Plan Booklet

March 2022



Redcape
HOTEL GROUP

The Distribution Reinvestment Plan (DRP) provides a convenient way for Unitholders to reinvest all or part of their distributions in Units in the Fund. Key features of the DRP include:

- **Receive a discount of 2.5% to the prevailing Directors' Net Asset Value** in accordance with the terms of this booklet
- **Increase your holdings:** The DRP is an easy and convenient way to increase your holdings of Units in the Fund
- **Participation is optional:** Participation is entirely voluntary, and you can join, withdraw, or vary your participation in the DRP at any time
- **Participation is flexible:** You can choose to reinvest all, part, or none of your distributions in the DRP.

While the DRP is open, you can elect to participate in the DRP at any time.

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

The Responsible Entity may, in its absolute discretion, accept or refuse a DRP Instruction Form without giving reasons for its decision in accordance with the terms of the Fund Constitution. The Responsible Entity may also determine that a Unitholder'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 Unitholder is taken to have authorised the Responsible Entity (and its delegates or agents) to correct any error in, or omission from, the Unitholder's DRP Instruction Form.

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

No cooling off period applies in relation to the acquisition of Units under the DRP.

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. Unitholders are at all times bound by these terms and conditions.

Who is eligible to participate in the DRP?

Unitholders who hold Units in the Fund on the Record Date are eligible to participate in the DRP.

To participate in the DRP, you must have first completed and returned your KYC identity verification documentation in accordance with the Responsible Entity's obligations under the AML/CTF Act.

If the Responsible Entity is unable to satisfy verification requirements in accordance with the AML/CTF Act, the Responsible Entity will not be able to commence your participation in the DRP even if you have elected to do so. This means that your distribution will be paid in cash via electronic funds transfer.

If subsequently your AML/CTF requirements are satisfied and your election has not changed, you will receive Units or cash in accordance with your DRP Instruction Form.

How do I participate in the DRP?

Participation in the DRP is entirely voluntary. You can choose to participate by either:

- Applying online; or
- Completing a DRP Form.

Apply Online

If you are a registered user of Boardroom's InvestorServe Portal, you can elect to participate in the DRP by logging in at <http://www.investorserve.com.au>.

If you have not previously used the InvestorServe Portal or if you require assistance please contact the Boardroom Client Services team on 1300 135 167 (within Australia) or +61 2 8023 5415 (outside Australia).

OR

Complete a Dividend or Distribution Reinvestment Plan (DRP) Application/Notice of Variation form (DRP Form).

The DRP Form is available on the https://boardroomlimited.com.au/wordpress/wp-content/uploads/2021/05/DIVIDEND_REINVESTMENT_PLAN_FORM.pdf.

Alternatively, to request a copy of the form please contact the Unit Registry on 1300 135 167 (within Australia) or +61 2 8023 5415 (outside Australia).

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

The completed DRP form must be sent to the Unit Registry:

- by email at: maclientservices@boardroomlimited.com.au
- or by post to: Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

A separate DRP Instruction Form is required for each registered holding.

When can I participate?

While the DRP is open, you can elect to participate in the DRP at any time. The DRP Instruction Form must be received by the Unit Registry no later than 5.00 pm Australian Eastern Time on the last Business Day of the calendar quarter in order to participate in the DRP for that particular quarter's distribution (if applicable).

How long does participation in the DRP last?

Participation in the DRP will automatically continue until:

- you notify the Unit Registry that you no longer wish to participate by submitting a DRP Instruction Form
- the DRP is suspended or withdrawn by the Responsible Entity; or
- you submit a full redemption request to the Unit 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 Units are taken not to be participating in the DRP 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.

Can I reinvest only part of my distributions in the DRP?

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 Units registered to that holding, including any further Units issued to you under the DRP. If you choose to reinvest only part of your distribution, you can specify either the number of Units, or the percentage of your total Units, you wish to be subject to the DRP on the DRP Instruction Form.

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

What are the costs involved in participating in the DRP?

There is no cost associated with participating in the DRP. Units issued under the DRP will not include buy-spreads and Unitholders participating in the DRP do not have to pay any other transaction costs on the Units issued to them under the DRP.

How many units will I receive?

The number of Units you will receive will be calculated as the amount of the distribution you are entitled to receive in respect of the number or proportion of your Units participating in the DRP (which may be all of your Units), divided by the DRP Issue Price, with the number of units to be issued being rounded down to the nearest whole number.

The price of the Units allotted from the DRP will be the DRP Issue Price.

In relation to each distribution, the residual amount of your distribution representing the fraction of a Unit (subject to proper withholding of any tax or other amounts) will, at the Responsible Entity's election, either be:

- recorded as a residual positive balance against your unitholding and will be carried forward to the next distribution, in which case no interest will accrue in respect of any residual positive balance; or
- paid to you as a cash distribution.

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How will I know how many units I have received under the DRP?

All participants in the DRP will be sent a Distribution statement after each allocation of DRP units.

The number of Units allocated and your new Unitholding balance will be shown on the statement you will receive following each re-investment.

How do I vary the level of participation or withdraw from the DRP?

Participating Unitholders may vary the level of participation or withdraw from the DRP at any time by submitting a new DRP Instruction Form.

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 applicable calendar quarter.

What happens if I do not wish to participate in the DRP?

Participation in the DRP is entirely voluntary. If you choose not to participate in the DRP, your distributions will be paid by direct credit to your nominated bank account recorded under your investment.

Can the terms and conditions of the DRP change?

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. Sufficient written notice shall be given to all Unitholders prior to the changes occurring to allow Unitholders 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 Unitholders, in which case such notification

only needs to be given within the three month period after the change is made).

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.

Taxation implications

The following information regarding taxation implications is general in nature and intended as a guide only. Participating Unitholders should seek professional tax advice on the taxation implications of participating in the DRP, taking into account their specific circumstances.

Reinvested distributions are assessable for income tax purposes as if received in cash. Participating Unitholders who have not supplied their Tax File Number (TFN) or exemption details may have TFN withholding tax deducted from income distributions before being reinvested under the DRP.

Participating Unitholders with an address or place of payment outside Australia may have withholding tax deducted from income distributions before being reinvested under the DRP. For capital gains tax purposes, Units issued under the DRP should be treated as a new investment with a cost base that should be equal to the amount reinvested.

What other important information should I consider before deciding whether to participate in the DRP?

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

- unconditionally agree to these rules of the DRP and the Constitution and agree not to do any act that would be contrary to the spirit, intention or purpose of the DRP;
- 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 the Responsible Entity may at any time, by giving notice to eligible Unitholders, limit participation in the DRP. This may include a determination that there will be a maximum or minimum number of Units permitted per Unitholder, whether this is in respect of a particular distribution or distributions generally;
- 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
- 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.
- acknowledge that none of the Responsible Entity, its officers, employees, representatives or agents, or the Unit 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;
- If you are investing indirectly into the Fund, the terms and availability of the DRP are subject to the IDPS provider through which you are invested into the Fund;
- acknowledge that no cooling-off period or rights apply in respect of Units issued pursuant to the DRP.

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 Units 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.

Notices given by the Responsible Entity

Where 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 on the Fund Website. Any announcement on the Fund Website 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 Unitholders.

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.

Target market determination

The target market determination for Units in the Fund is available at the MA Financial website, free of charge, located here: <https://mafinancial.com/asset-management/retail-funds/redcape-hotel-group/>.

Definitions

AML/CTF Act: means the *Anti-Money Laundering and Counter-Terrorism Financing Act (Cth) 2006*.

AML Requirements: means AML/CTF Act and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to the Responsible Entity.

Australian Eastern Time: is a reference to Australian Eastern Standard Time (AEST) or Australian Eastern Daylight Time (AEDT), 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],

(each dated 13 June 2017 and each as amended from time to time).

Directors' Net Asset Value: has the meaning given to that term in the PDS.

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

DRP Issue Price: means the Directors' Net Asset Value divided by the number of Units on issue at the last day of the Distribution Period adjusted for any income distributed during the Distribution Period and applying a discount of 2.5% to that price and as notified to Unitholders on the Fund Website on the first day after the Distribution Period.

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

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

Fund Website means <https://mafinancial.com/asset-management/retail-funds/redcape-hotel-group/>

PDS: means the product disclosure statement issued by the Responsible Entity for an issue of units in the Fund as updated and amended by the Responsible Entity from time to time.

Unit: means a stapled unit consisting of one unit held in Trust I and one unit held in Trust II which are stapled together.

Unitholders: means a holder of Units.

Unit Registry: means Boardroom Pty Limited ACN 003 209 836.

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

Record Date: the cut-off date established by the Responsible Entity in order to determine which unitholders are eligible to receive a distribution.

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].

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