

# Hotel Property Investments Limited

## Board Charter

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# 1 Definitions and interpretation

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## 1.1 Definitions

In this document, unless the context requires otherwise:

“**ASX**” means the Australian Securities Exchange.

“**ASX Listing Rules**” means the listing rules of the ASX.

“**Audit and Risk Management Committee**” means the audit and risk management committee of the Board.

“**Board**” means the board of directors of the Company.

“**Board Meeting**” means a duly convened meeting of the Board.

“**Chairman**” means the Chairman of the Board of the Company, from time to time.

“**Closed Periods**” has the meaning given to that term in section 11.2.

“**Committees**” means the Audit and Risk Management Committee and any other committee established by the Board from time to time.

“**Common Director**” has the meaning given to that term in section 6.1(a).

“**Company**” means Hotel Property Investments Limited ACN 010 330 515.

“**Compliance Officer**” means the person appointed by the Board to ensure the Company complies with its Continuous Disclosure Obligations.

“**Constitution**” means the constitution of the Company.

“**Continuous Disclosure Obligations**” means the obligations of the Company under ASX Listing Rule 3.1.

“**Continuous Disclosure Policy**” means the policy relating to the Company’s compliance with its Continuous Disclosure Obligations, as set out in Schedule 6.

“**Corporations Act**” means the *Corporations Act 2001* (Cth).

“**Deputy Compliance Officer**” means the person appointed by the Board to assist the Compliance Officer to ensure the Company complies with its Continuous Disclosure Obligations.

“**Director**” means a director of the Company, from time to time.

“**Human Resources & Nominations Committee**” means the human resources & nominations committee of the Board.

“**Key Management Personnel**” (singular use “**Key Management Person**”) has the meaning given to that term in the ASX Listing Rules, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director.

“**Managing Director**” means the Chief Executive Officer or Managing Director of the Stapled Group.

“**Other Company**” has the meaning given to that term in section 6.1(a).

“**Prohibited Period**” has the meaning given to that term in section 11.4.

“**Related Party**” has the meaning given to that term in section 9 of the Corporations Act.

“**Relevant Interest**” has the meaning given to that term in section 14.1(a).

“**Responsible Entity**” means Hotel Property Investments Limited ACN 010 330 515 as the responsible entity of the Trust.

“**Security Trading Policy**” means the policy relating to trading in the Company’s securities by Key Management Personnel, as set out in Schedule 5.

“**Senior Management**” means the members of the executive management of the Company from time to time.

“**Stapled Group**” means the Company and the Trust and each of their subsidiaries, from time to time.

“**Trading Windows**” has the meaning given to that term in section 11.2.

“**Trust**” means Hotel Property Investments Trust ARSN 166 484 377 constituted by and under a trust deed dated 2 February 1982, as amended from time to time.

“**Shareholder**” means a holder of shares in the Company.

## 2 Board of directors

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The Board comprises a majority of independent Directors and an independent Chairman.

*For details on the responsibilities and duties of the Board, refer to section 4.*

## 3 Board committees

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The Audit and Risk Management Committee comprises not less than three Directors, including an independent chairman.

The Human Resources & Nominations Committee comprises not less than three Directors, including an independent chairman.

The Board may establish other Committees from time to time. All Directors are entitled to attend any meeting of these Board Committees.

*For details on the responsibilities and duties of the Audit and Risk Management Committee, refer to section 7 and its charter at Schedule 3.*

*For details on the responsibilities and duties of the Human Resources & Nominations Committee, refer to section 8 and its charter at Schedule 4.*

## 4 Stapling arrangements

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- 4.1 The Company and the Responsible Entity are parties to a stapling deed pursuant to which they have agreed to the shares in the Company being stapled to the units in the Trust, and listed on the ASX, being quoted together as a single stapled security.

- 4.2 While the stapling arrangements are in force, and subject to the Corporations Act the Directors of the Company must have regard to the interests of the Stapled Group and holders of the stapled securities as a whole and not only the interests of the Company and the Shareholders.

## **5 Corporate governance**

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### **5.1 Responsibilities of the Board**

The Directors are responsible for protecting the rights and interests of the Company, its Shareholders and other stakeholders, including creditors and employees, and are accountable to them for the overall management of the Company.

The Board's responsibilities include:

- (a) protecting and enhancing the value of the assets of the Company;
- (b) setting strategies and directions and monitoring and reviewing against these strategic objectives;
- (c) reviewing and ratifying risk management systems, internal controls, codes of conduct and legal compliance;
- (d) reviewing and approving the Company's accounts;
- (e) reporting to Shareholders in accordance with the ASX listing rules in respect of continuous disclosure;
- (f) approval of the charters of the Committees;
- (g) approval and review of the operating budget for the Company;
- (h) development and review of the strategic plan for the Company;
- (i) evaluating performance and determining the remuneration of Senior Management;
- (j) ensuring the significant risks facing the Company have been identified and adequate control monitoring and reporting mechanisms are in place;
- (k) approval of transactions relating to acquisitions, divestments and capital expenditure;
- (l) setting and approving financial and dividend policy;
- (m) considering and (if thought appropriate) authorising dividends; and
- (n) consideration and authorisation of distributions of the Trust to the extent permitted by the stapling deed described in section 4.

To assist in the execution of these responsibilities, the Board has in place an Audit and Risk Management Committee and a Human Resources & Nominations Committee, and the Board may establish other committees from time to time, and resolve to delegate some of the Board's authority from time to time as required.

### **5.2 Structure of the Board**

- (a) The number of Directors must not be less than 3 (clause 25.1 of the Company's Constitution and section 201A (2) of the Corporations Act).
- (b) With the exception of the Managing Director, if one has been appointed, a Director may not hold office for more than three years or beyond the third annual general meeting following his or her appointment (whichever is the longer period) without submitting himself or herself for re-election (clause 25.10 of the Constitution and ASX Listing Rule 14.4).

- (c) The Board should at all times comprise a majority of independent Directors, to ensure that the Company is run in its own best interests and, accordingly, in the best interests of Shareholders.
- (d) The Board will conduct an annual assessment of the independence of its non-executive Directors.
- (e) In assessing the independence of Directors, the Board will apply the definitions contained in the ASX Corporate Governance Council, '*Corporate Governance Principles and Recommendations with 2014 Amendments*' (3rd ed) as set out in Schedule 1.
- (f) The composition of, and terms of reference for, the Board is to be reviewed annually by the Board and the Board, under the direction of the Chairman is to assess the effectiveness of the Board.

### **5.3 Policy and procedures for selection, nomination, appointment, retirement and rotation**

- (a) The Board shall take into account the advice to it from the Human Resources & Nominations Committee (HR&NC) when deciding upon the appointment, election, removal, retirement and rotation of Directors and the provisions of clauses 25.5 to 25.10 of the Constitution of the Company.
- (b) The Board requires the HR&NC to review the composition of the Board and the succession plans for Directors on a regular basis and at least semi-annually.
- (c) The Board shall consider the initial assessment of the necessary and desirable competencies for any new Director submitted by the HR&NC for consideration by the Board.
- (d) The Board will approve, when appropriate, the HR&NC engaging the services of an external consultant to search for appropriate candidates for directorship.
- (e) In considering any candidate for directorship, the Board shall review the advice provided to it by the HR&NC which will include amongst other things:
  - (i) details the skills, knowledge, experience and diversity required on the Board and the extent to which each is currently represented by current Directors on the Board;
  - (ii) the business and strategic needs of the Company;
  - (iii) the need to cater for replacement Directors ahead of scheduled and proposed retirements;
  - (iv) the biographical details including competencies, values and qualifications of the candidate and the candidate's relevant industry experience;
  - (v) the necessary time a candidate as a new Director would be required to provide to the Company to discharge the obligations of being a Director of the Company; and
  - (vi) details of other business and personal commitments of the candidate.
- (f) A candidate will be interviewed by the Chairman and any other person that the Chairman considers appropriate after receiving any recommendation from the HR&NC. Prior to an appointment being made the HR&NC will ensure that all Directors will be provided with the opportunity to meet a candidate proposed for appointment as a Director.
- (g) The Board collectively will consider any potential candidate to become a Director of the Company based on the advice provided to it by the HR&NC and, if it resolves to do so, the Board will extend an invitation to become a Director to an approved candidate.

- (h) Before being appointed as a Director, and before being submitted as a candidate for re-election, candidates for the position of non-executive Director will be required to specifically acknowledge to the HR&NC for the benefit of the Company that they have sufficient time to meet the Company's expectations of them in the discharge of the duties as one of the Directors of the Company.
- (i) The appointment of any new Director will be made by, and in accordance with, a formal letter of appointment setting out the key terms and conditions relative to that appointment when authorised and signed by or on behalf of the Board.
- (j) The HR&NC is required by the Board to ensure that any new Director is appropriately introduced to the Company and amongst other things, will provide to any new Director:
  - (i) a copy of the Company's Constitution;
  - (ii) a copy of this Board Charter;
  - (iii) the most recent Annual Report of the Company;
  - (iv) a draft of the deed of indemnity, insurance and access given by the Company to each Director; and
  - (v) where appropriate, a summary of the most recent strategic plan of the Company.
- (k) The HR&NC will also ensure that any new Director is acquainted with:
  - (i) knowledge of the industry within which the Company operates;
  - (ii) visits to specific Company operations when appropriate;
  - (iii) briefings with the Senior Management and industry experts where appropriate.
- (l) Although Directors are elected by the Shareholders to bring special expertise or perspective to Board deliberations, the best interests of the Company will be paramount at all times.

**5.4 Re-appointment of the Company's Directors will not be automatic. Any Director seeking re-election will be subject to a performance review by the HR&NC and their peer Directors. Remuneration**

- (a) The fees payable to non-executive Directors are determined by the Board within the aggregate amount approved by Shareholders.
- (b) Non-executive Directors (including the Chairman) will collectively be paid from a fixed sum out of the funds of the Company as remuneration for their services as Directors. The fixed sum has been set by the Board at a maximum of \$900,000 per annum. This amount can only be increased by the passing of an ordinary resolution of Shareholders.

**5.5 Directors' retirement benefit**

During Directors' tenure as Directors of the Company, the Company will make superannuation guarantee payments on behalf of Directors at the rate prescribed by, and in accordance with, the provisions of the superannuation guarantee legislation from time to time.

**5.6 Independent counsel**

An individual Director may engage separate independent counsel or advisors at the reasonable expense of the Company in appropriate circumstances, with the approval of the Chairman or by resolution of the Board.



## 5.7 Board meetings

### (a) Agenda

The Chairman, with the assistance of Senior Management, establishes the agenda for each Board Meeting. Each Director may suggest the inclusion of items on the agenda.

### (b) Notice

At least 5 days' notice of Board Meetings will be given and material on the items to be considered at each Board Meeting will be provided at least 5 days in advance of the Board Meeting.

### (c) Number of Meetings

The Board will meet no less than 6 times a year. Telephone or video conferences may be held if required.

### (d) Attendance by management

Senior Management may attend Board Meetings by invitation.

### (e) Private Meetings

At each Board Meeting, the Board will meet in private without Senior Management. Where the Board meets to consider a matter in respect of which a Director is conflicted, the Board may meet without that Director present, provided that the Director will be entitled to be present for all matters other than those in respect of which he or she is conflicted.

## 5.8 Directors' obligations

### (a) Directors must:

- (i) act in the best interests of the Company and having regard to the good reputation of the Company and the Stapled Group;
- (ii) at all times act honestly in the exercise of their powers and the discharge of the duties of their office;
- (iii) exercise the degree of care and diligence that a reasonable person in a like position in a corporation would exercise in the Company's circumstances (refer to section 5.8(b));
- (iv) ensure that at all times they have a good understanding of strategies and the businesses conducted by the Company;
- (v) carefully study Board materials and issues;
- (vi) be active, objective and constructive in their participation at meetings of the Board and Committees;
- (vii) assist in representing the Company to the public;
- (viii) counsel on corporate issues;
- (ix) ensure that they have a good understanding of general economic trends and corporate governance; and
- (x) minimise the possibility of conflict of interest in their involvement with the Company by restricting their involvement in other similar businesses.

### (b) A Director will be deemed to have met the requirement of care and diligence, as set out in section 5.8(a)(iii), if:

- (i) the judgement was made in good faith and for a proper purpose;
- (ii) the Director does not have a material personal interest in the subject matter of the judgement;

- (iii) the Director informed himself/herself about the subject matter of the judgement to the extent he/she reasonably believes to be appropriate; and
- (iv) the Director rationally believes that the judgement is in the best interests of the Company.

## 6 Conflicts of interest

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### 6.1 Company's acknowledgments

- (a) Some of the Directors (in this section referred to as the "**Common Director**") may, from time to time, hold directorships in other companies (in this section referred to as the "**Other Company**").
- (b) Any information confidential to the Other Company which a Common Director possesses and which came into his or her possession in the course of the performance of his or her duties as an officer of the Other Company cannot and shall not be communicated to the Company or any officer or employee of the Company without the consent of the Other Company.
- (c) Any information which a Common Director possesses in relation to the Other Company which is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities of the Other Company cannot and shall not be communicated to the Company or any officer or employee of the Company.

### 6.2 Meetings at which conflicts arise

- (a) Where at any meeting of the Company it is proposed to discuss any matter which gives rise or may give rise to a conflict or a real sensible possibility of a conflict of interest between the duties and obligations of the Common Director to the Company and to the Other Company, the Common Director:
  - (i) must not be present while that matter is being considered; and
  - (ii) must not vote on that matter,
 unless the other Directors pass a resolution that states, effectively, that those Directors, having considered the nature and extent of the conflict or possible conflict, are satisfied that the matter should not disqualify the Common Director from being present or voting.
- (b) A Common Director may at any meeting of the Company request that the meeting be postponed or temporarily adjourned to enable him or her to seek legal advice on whether he or she can:
  - (i) be present while the matter in question is being considered; and
  - (ii) vote on the matter in question.

## 7 Related Party transactions

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- 7.1 The Board must ensure that any dealings between the Company and its Related Parties are conducted in accordance with the Corporations Act, the ASX Listing Rules and any other laws or regulations governing Related Party transactions.
- 7.2 The Board may, at its discretion, adopt policies from time to time to assist in managing Related Party transactions.

## **8 Board committees**

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### **8.1 General**

- (a) The Board has established the Audit and Risk Management Committee and a Human Resources & Nominations Committee, and may establish other Committees from time to time.
- (b) The Committees review and analyse policies which are within their terms of reference (detailed in Schedule 3 in respect of the Audit & Risk Management Committee, and Schedule 4 in respect of the Human Resources & Nominations Committee).
- (c) The Committees examine proposals and, where appropriate, report and/or make recommendations to the Board.
- (d) The Committees do not take action or make decisions on behalf of the Board unless specifically mandated by prior Board authority to do so.
- (e) The composition and terms of reference for the Committees are reviewed annually by the Board. The Board, under the direction of the Chairman assesses the effectiveness of each Committee annually.
- (f) A Board Committee may engage separate independent counsel or advisors at the expense of the Company, in appropriate circumstances, with the approval of the Chairman or by resolution of the Board.

### **8.2 Audit and Risk Management Committee**

- (a) The purpose of the Audit and Risk Management Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities relating to:
  - (i) The integrity of the Company's financial reporting;
  - (ii) The effectiveness of the Company's systems of financial risk management and internal control;
  - (iii) The external audit functions;
  - (iv) the Company's risk profile and risk policy; and
  - (v) The effectiveness of the Company's risk management framework and supporting risk management systems.
- (b) The Audit and Risk Management Committee is appointed from time to time by the Board and its composition will be reviewed annually by the Board.
- (c) The Audit and Risk Management Committee shall consist of at least three members, with all being non-executive Directors and a majority being independent Directors. The chairman of the Audit and Risk Management Committee must be an independent Director other than the Chairman.
- (d) Each member will be financially literate, have familiarity with financial management and an understanding of the industries in which the Company operates. At least one member will have relevant qualifications and experience (that is, a qualified accountant or other finance professional with experience of financial and accounting matters) and some members should have an understanding of the property industry.
- (e) The Audit and Risk Management Committee will meet at least four times per annum, preferably once in each calendar quarter.
- (f) The Audit and Risk Management Committee has unrestricted access to management and the external auditor and may conduct or direct investigations into any matters within its charter.

### 8.3 Human Resources & Nominations Committee

- (a) The purpose of the Human Resources & Nominations Committee is to recommend to the Board policies and practices which enable the Company to attract, develop, retain and motivate high calibre Directors and Executives.

The Committee will review and make recommendations on director appointments as well as policies for remuneration, development, retention and termination of Directors and Key Management Personnel (KMP) ensuring that these policies:

- (i) attract, motivate and retain high calibre people;
  - (ii) enhance diversity of experience and perspective in decision-making;
  - (iii) reward for performance and promote the continued development of a high performance culture;
  - (iv) support the development of leadership behaviours and capabilities;
  - (v) are in line with current governance, accounting, legal and disclosure requirements;
  - (vi) are approved by the Board; and
  - (vii) are applied fairly and consistently.
- (b) The Committee does not have executive powers to commit the Board or management to its recommendations except where authorised by a resolution of the Board.
- (c) The Committee does not become involved in day to day management activities or decision-making.
- (d) No individual will be directly involved in determining their own remuneration.
- (e) As a minimum, the Human Resources & Nominations Committee shall meet once per year.

## 9 Chairman of Directors

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### 9.1 Introduction

- (a) The Board supports the separation of the role of Chairman from that of the chief executive officer.
- (b) The general role of the Chairman is to manage the Board effectively, to provide leadership to the Board and to interface with Senior Management.
- (c) The Chairman must be an independent, non-executive Director.
- (d) The Chairman should retain an independent perspective to best represent the interests of the Company, Shareholders and the Board.

### 9.2 Managing the board

The Chairman will:

- (a) ensure that the Board has full governance of the Company's business and affairs and that the Board is alert to its obligations to the Company, Shareholders and management under the law;
- (b) ensure that the composition and size of the Board are appropriate for it to adequately discharge its responsibilities;

- (c) provide leadership to the Board, assist the Board in reviewing and monitoring the aims, strategy, policy and directions of the Company and the achievement of its objectives;
- (d) facilitate the effective contribution of all Directors;
- (e) communicate with the Board to keep it up to date on all major developments, including timely discussion of potential developments and directing management to ensure that the Board has sufficient knowledge to permit it to make major decisions when such decisions are required;
- (f) set the frequency of the Board meetings and review such frequency from time to time as considered appropriate or as requested by the Board;
- (g) co-ordinate the agenda, information packages and related events for Board meetings with Senior Management;
- (h) chair Board meetings;
- (i) attend Board Committee meetings where appropriate; and
- (j) act in a manner such that Board and Committee meetings are conducted in an efficient, effective and focused manner.

### 9.3 Relations with Shareholders and the public

The Chairman will:

- (a) chair meetings of Shareholders;
- (b) manage and oversee the interfaces between the Company and the public and to act as the principal representative for the Company; and
- (c) take steps such that the Board is appropriately represented at official functions and meetings with major Shareholder groups, other stakeholder groups (including suppliers, customers, employees, governments, regulators and local communities), financial analysts, financial press, and debt and equity providers.

## 10 Delegated authorities

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### 10.1 Obligations pursuant to Constitution

Pursuant to the Constitution, the business of the Company will be managed by the Board and the Board may exercise all the powers of the Company except any powers that are required by the Constitution or the Corporations Act to be exercised by the Company in general meeting. This includes, without limitation, the powers to:

- (a) borrow money;
- (b) grant security interests in relation to any of the Company's property, business or uncalled capital to secure any debt, liability or obligation of the Company or any other person;
- (c) issue debentures;
- (d) guarantee, indemnify or otherwise become liable for the payment of money or the performance of any obligation by or of any other person;
- (e) pay out of the Company's funds all expenses of the promotion, formation and registration of the Company and the vesting in it of the assets acquired by the Company; and
- (f) vary, remove, effect or suspend the provisions of the Constitution relating to the stapling arrangements described in section 4 in accordance with the Constitution.

## 10.2 Primary role of the board

The Board has determined its primary roles to include:

- (a) **Fiduciary requirements**
  - (i) Approval of major transactions - acquisition/divestments (certain major transactions may also require the approval of Shareholders pursuant to the Listing Rules of the ASX).
  - (ii) Approval of capital expenditures above delegated authorities.
- (b) **Shareholder Value/Corporate Strategy**
  - (i) Portfolio composition.
  - (ii) Risk profile.
  - (iii) Return expectation.
  - (iv) Financial policy.
  - (v) Results reporting.
  - (vi) Reviewing the Company's performance against its strategic objectives.
- (c) **Other Financial**
  - (i) Developing and signing off on budgets.
  - (ii) Setting gearing policy and managing gearing process.
  - (iii) Financial risk management including hedging.
- (d) **Selection of Directors and CEO**
  - (i) Recruitment.
  - (ii) Performance review.
  - (iii) Remuneration.
- (e) **Processes**

For the efficient discharge of responsibilities.

## 10.3 Delegation powers

The formulation and implementation of certain aspects of the Board's responsibilities and duties may be through the delegation of certain of its powers to a committee of Directors by the authority of Section 198D of the Corporations Act:

### “Section 198D Delegation”

**198D(1) [Delegation of powers]** The Directors may delegate any of their powers to a committee of Directors, a Director, an employee of the Company or any other person.

**198D(2) [Exercise by delegate]** The delegate must exercise the powers delegated in accordance with any directions of the Directors.

**198D(3) [Effect of exercise of powers]** The exercise of the power by the delegate is as effective as if the Directors exercised it.

## 10.4 Delegations of authority to Senior Management

To assist the Board to discharge its responsibilities and duties it has resolved to delegate responsibility for the day-to-day leadership and management of the Company and its business to Senior Management pursuant to the Company's Delegation of Authority policy.

## 11 Security Trading Policy

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- 11.1 The purpose of the Security Trading Policy is to ensure compliance with the ASX Listing Rules, and to ensure that Key Management Personnel and their associates are aware of the legal restrictions on dealing in the Company's shares, options or other securities while such a person is in possession of unpublished price sensitive information concerning the Company.
- 11.2 The Security Trading Policy recognises that it is illegal for a person to deal in the Company's securities when he or she is in possession of unpublished price sensitive information. This is regardless of whether the terms of this policy have been complied with.
- 11.3 Dealing by Key Management Personnel in the Company's securities may take place during the following periods:
- (i) For a period of 6 weeks from the commencement of trading on the ASX on the day following the release of the Company's and the Trust's half-year financial results to the ASX; and
  - (ii) within the period from the commencement of trading on the ASX on the day following the release of the company's and the Trust's full year financial results to the ASX and the release of the results of the AGM to the ASX,
- ("Trading Windows") with all other periods being ("Closed Periods").
- 11.4 Notwithstanding the above, no dealing will be permitted at any time if that Key Management Person possesses (or is deemed to possess) any price sensitive information which is not generally available. The Board may also prohibit trading outside Closed Periods at its discretion (together with the Closed Periods, these times together being the "Prohibited Period").
- 11.5 As per section 9 of the Security Trading Policy, Key Management Personnel may in exceptional circumstances apply for approval to trade during a Prohibited Period, provided that they are not in possession of inside information.
- 11.6 Key Management Personnel may not enter into a margin loan or other security arrangement, or any hedging arrangement in respect of the Company's securities, at any time.

## 12 Continuous Disclosure Policy

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- 12.1 ASX Listing Rule 3.1 requires the Company to "immediately" disclose any information concerning the Company:
- (a) when the Company is, or becomes, aware of the information; and
  - (b) which a reasonable person would expect the information to have a material effect on the price or value of the Company's securities, commonly referred to as continuous disclosure obligations.
- 12.2 Section 793C of the Corporations Act reinforces the Listing Rule by creating criminal and civil penalties for noncompliance.
- 12.3 The requirement to disclose this information does not apply if, and only if, each of the following four conditions is, and remains, satisfied:
- (a) a reasonable person would not expect the information to be disclosed; and
  - (b) the information is confidential; and
  - (c) one or more of the following conditions apply:

- (i) it would be a breach of a law to disclose the information; or
  - (ii) the information concerns an incomplete proposal or negotiation; or
  - (iii) the information comprises matters of supposition or is insufficiently definite to warrant disclosure; or
  - (iv) the information is generated for the internal management purposes of the Company; or
  - (v) the information is a trade secret; and
- (d) ASX has not asked the Company for information to prevent a false market in the Company's securities.
- 12.4 The Board has appointed a Compliance Officer and a Deputy Compliance Officer for the Company. The Deputy Compliance Officer shall act when the Compliance Officer is not available.
- 12.5 The Compliance Officer is primarily responsible for ensuring that the Company complies with its disclosure obligations under the Corporations Act and the ASX Listing Rules, and is primarily responsible for deciding what information will be disclosed.
- 12.6 Reporting to Compliance Officer
- (a) Where any information comes to light about the Company which may need to be disclosed, all Directors, executive officers and employees are obliged to bring that information to the attention of the Compliance Officer or the Deputy Compliance Officer (as the case may be) with all possible expediency.
  - (b) In the case of an emergency, or where any delay would prejudice the Company, initial verbal notification should be given directly to the Compliance Officer, to be followed by a written report.
- 12.7 The Compliance Officer shall then determine whether or not the information needs to be disclosed in accordance with ASX Listing Rule 3.1, and proceed accordingly.
- 12.8 The Continuous Disclosure Policy also limits media contact to the Chairman, the Chairman of the Audit and Risk Management Committee, the Managing Director and the Compliance Officer. Other Directors and executives may only speak with the media in relation to a particular matter concerning the Company if they have obtained the prior express approval of the Chairman.

## 13 Other Board Policies

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The Board has adopted a number of other corporate governance policies to ensure that the Company is governed efficiently and effectively, and at a high level of integrity. These policies include:

- (a) a code of conduct (refer to Schedule 7);
- (b) a risk management policy (refer to Schedule 8);
- (c) a shareholder communication policy (refer to Schedule 9);
- (d) a process for evaluation of the performance of Directors and Senior Management (refer to Schedule 10);
- (e) a Diversity Policy; and
- (f) a Whistleblower Policy



## 14 Disclosure of Directors' interests

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### 14.1 Corporations Act – directors' obligations

- (a) In this section, "**Relevant Interest**" means:
- (i) a person is the holder of the securities;
  - (ii) a person has the power to exercise, or control the exercise of, a right to vote attached to the securities; or
  - (iii) a person has the power to dispose of, or control the exercise of a power to dispose of, the securities.
- (b) Section 205G of the Corporations Act requires a director of a listed company to notify the ASX of the following interests of the director:
- (i) Relevant Interests in securities of the Company or of a related body corporate;
  - (ii) contracts to which the director is a party or under which the director is entitled to a benefit and that confer a right to call for or deliver:
    - (A) shares in; or
    - (B) debentures of; or
    - (C) interests in a managed investment scheme made available by, the Company or a related body corporate,
 (together, "**Notifiable Interests**").
- (c) A notice of the Notifiable Interests must give details of the nature and extent of the interests and be given within 14 days of the interest arising or changing.

### 14.2 ASX listing rules – the company's obligations

In addition to the requirements under the Corporations Act, the Company has an obligation to notify the ASX of the Notifiable Interests of each Director of the Company under ASX Listing Rule 3.19A.

### 14.3 What action is required by a Director?

- (a) A Director will be relieved of his or her obligations under Section 205G of the Corporations Act if the Company complies with ASX Listing Rule 3.19A.
- (b) In order for the Company to comply with its obligations, and thus relieve the Director from his or her obligations, the Director must provide the necessary information to the Company.
- (c) Each Director must enter into an arrangement with the Company which will require him or her to disclose to the Company all of the information necessary for the Company to comply with its obligations to notify the ASX. A pro-forma agreement is set out in Schedule 2.

### 14.4 Initial notification

- (a) The Company must notify the ASX of a Director's Notifiable Interests in the Company's securities within 5 business days of being appointed a Director of the Company.
- (b) In the event that the Company does not notify the ASX due to non-disclosure by the relevant Director, that Director would not be relieved of his or her obligations under Section 205G of the Corporations Act. Consequently, the Director would still have an obligation to notify the ASX of his or her Notifiable Interests in the Company's securities within 14 days of being appointed a Director of the Company.

- (c) A Director who retires and is then re-appointed at the same meeting is not required to notify the ASX of his or her Notifiable Interests again.

#### **14.5 Notification of changes**

- (a) The Company must notify the ASX of a change in the Director's Notifiable Interests in the Company's securities within 5 business days after the change occurs.
- (b) In the event that the Company does not notify the ASX of any change due to non disclosure by the relevant Director, that Director would not be relieved of his or her obligations under Section 205G of the Corporations Act. Consequently, the Director would still have an obligation to notify the ASX within 14 days of any change in his or her Notifiable Interests unless the Director has already given the information to the ASX pursuant to the substantial holding provisions of the Corporations Act. In contrast to the substantial shareholder notices required under Section 671B of the Corporations Act, notices under Section 205G of the Corporations Act cover any change to the Director's Notifiable Interests.

#### **14.6 Notification on ceasing to be a Director**

The Company must notify the ASX of a Director's Notifiable Interests in the Company's securities as at the date the Director ceases to be a Director of the Company within 5 business days after cessation.

## **15 Substantial Shareholders**

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### **15.1 Obligation of Shareholders**

Section 671B of the Corporations Act requires each Shareholder of the Company to notify the ASX and the Company if:

- (a) they begin, or cease, to have a substantial holding in the Company;
- (b) they are a substantial shareholder and there is a movement of at least 1% in their holding; or
- (c) they make a takeover bid for securities of the Company.

### **15.2 Are you a substantial Shareholder?**

A Shareholder has a substantial holding in the Company if the total votes attached to voting shares in the Company in which they (and/or their associates) have a relevant interest in, is 5% or more of the total number of votes attached to the voting shares in the Company.

### **15.3 Information and documentation to be provided**

- (a) The information to be provided includes:
  - (i) details of the Shareholder's relevant interest in voting shares in the Company;
  - (ii) details of any relevant agreement through which they would have a relevant interest in voting shares in the Company;
  - (iii) the name of each associate who has a relevant interest in voting shares in the Company together with details of the nature of the association, the relevant interest of the associate and any relevant agreement through which the associate has the relevant interest;
  - (iv) the size and date of any movement in the holding (if applicable); and
  - (v) the name of any person who ceases to be an associate (if applicable).
- (b) The above information must be accompanied by:

- (i) a copy of any document setting out the terms of any relevant agreement that contributed to the situation giving rise to the shareholder needing to provide the information, which is in writing and readily available to the Shareholder; or
- (ii) if the agreement is not in writing and readily available to the shareholder – a statement by the Shareholder giving full and accurate details of any contract, scheme or arrangement that contributed to the situation giving rise to the Shareholder needing to provide the information.

#### **15.4 Lodging requirements**

- (a) When a person becomes a substantial Shareholder in the Company they must give an initial substantial holder notice to the Company and the ASX within 2 business days after the day on which the person becomes aware that they became a substantial Shareholder. The form of notice is contained in ASIC Form 603.
- (b) A substantial Shareholder is required to notify the Company and the ASX of any change in their shareholding by more than 1% within 2 business days after the day on which the substantial Shareholder becomes aware of the change. The form of notice is contained in ASIC Form 604.
- (c) Where a person ceases to be a substantial Shareholder, that person must notify the Company and the ASX within 2 business days after the day on which the person ceased to be a substantial Shareholder. The form of notice is contained in ASIC Form 605.

## **16 Specific operational authorities**

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### **16.1 Appointment of consultants**

Any Director with the prior approval of the Chairman, or by resolution of the Board, can appoint legal or financial consultants at the expense of the Company. They may also appoint legal or financial consultants or other management advisors where deemed appropriate.

### **16.2 Legal advisors - auditors - taxation advisors**

Any change to these advisors must be approved by the Board.

### **16.3 Accounting policies**

Where there is no apparent express Company accounting policy, any Company accounting practice or policy can only be allowed with the approval of the Chairman of the Audit and Risk Management Committee.

### **16.4 Initiation of or participation in litigation**

- (a) Any material litigation, or litigation with sensitive public relations must be approved by the Chairman before being actioned, and the Chairman must notify the other Directors promptly following giving his or her approval.
- (b) Notice of any legal action taken by an outside party against the Company or any employees of the Company is to be given as soon as possible to the Chairman.

### **16.5 Donations and gifts**

#### **(a) Political Donations**

No person other than the Board shall have authority to make donations to any political party, whether local, provincial or central. The Board has currently resolved that there will be no political donations.

#### **(b) Giving (non political)**

Corporate 'giving' that is aimed at the standing of the Company as a whole in the community is the responsibility of the Board and delegated to the Chairman.

## SCHEDULE 1 - DIRECTOR INDEPENDENCE

The ASX Corporate Governance Council, '*Corporate Governance Principles and Recommendations with 2014 Amendments*' (3rd ed) ("**Recommendations**") define the concept of 'independence'.

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

The Recommendations provide that an 'independent director' is a non-executive director and:

- (a) is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- (b) (*within the last three years*) has not been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such appointment;
- (c) (*within the last three years*) has not been a principal of a material professional adviser or material consultant to the company or another group member, or an employee materially associated with the service provided;
- (d) is not a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; and
- (e) has no material contractual relationship with the company or other group member other than as a director of the company.

Family ties and cross-directorships may be relevant considering interests and relationships which may compromise independence, and should be disclosed by directors to the board.

## SCHEDULE 2 - PRO-FORMA AGREEMENT - DISCLOSURE OF DIRECTORS' INTEREST

[Title] [Last Name]  
 [Address]  
 [City] [State] [Country]

Dear [First Name]

### Re: Hotel Property Investments Limited – ASX Listing Rule 3.19B

Hotel Property Investments Limited (“**the Company**”) is required, under the Listing Rules of the ASX Limited (“**ASX**”), to disclose to ASX details of directors’ interests in securities, and in contracts relevant to securities. The Company is also required to enter into an agreement with directors under which directors are obliged to provide the necessary information to the entity.

If you agree to the following terms, please sign and return the **enclosed** copy of this letter.

#### Initial disclosure

- 1 You will provide the following information as at [date].
  - (a) Details of all securities registered in your name. These details include the number and class of the securities.
  - (b) Details of all securities not registered in your name but in which you have a relevant interest within the meaning of section 9 of the Corporations Act. These details include the number and class of the securities, the name of the registered holder and the circumstances giving rise to the relevant interest.
  - (c) Details of all contracts (other than contracts to which the Company is a party) to which you are a party or under which you are entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by the Company or a related body corporate. These details include the number and class of the shares, debentures or interests, the name of the registered holder if the shares, debentures or interests have been issued and the nature of your interest under the contract.
- 2 You will provide the required information as soon as reasonably possible after [date] and in any event no later than ten business days after [date].

#### Ongoing disclosure

- 3 You will provide the following information.
  - (a) Details of changes in securities registered in your name other than changes occurring as a result of corporate actions by the Company. These details include the date of the change, the number and class of the securities held before and after the change, and the nature of the change, for example on-market transfer. You will also provide details of the consideration payable in connection with the change, or if a market consideration is not payable, the value of the securities the subject of the change.
  - (b) Details of changes in securities not registered in your name but in which you have a relevant interest within the meaning of section 9 of the Corporations Act. These details shall include the date of the change, the number and class of the securities held before and after the change, the name of the registered holder before and after the change, and the circumstances giving rise to the relevant interest. You will also provide details

of the consideration payable in connection with the change, or if a market consideration is not payable, the value of the securities the subject of the change.

- (c) Details of all changes to contracts (other than contracts to which the Company is a party) to which you are a party or under which you are entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by the Company or a related body corporate. These details include the date of the change, the number and class of the shares, debentures or interests to which the interest relates before and after the change, the name of the registered holder if the shares, debentures or interests have been issued, and the nature of your interest under the contract.
- 4 You will provide the required information as soon as reasonably possible after the date of the change and in any event no later than three business days after the date of the change.

### Final disclosure

- 5 You will provide the following information as at the date of ceasing to be a director.
- (a) Details of all securities registered in your name. These details include the number and class of the securities.
- (b) Details of all securities not registered in your name but in which you have a relevant interest within the meaning of section 9 of the corporations Act. These details include the number and class of the securities, the name of the registered holder and the circumstances giving rise to the relevant interest.
- (c) Details of all contracts (other than contracts to which the Company is a party) to which you are a party or under which you are entitled to a benefit, and that confer a right to call for or deliver shares in, debentures of, or interests in a managed investment scheme made available by the Company or a related body corporate. These details include the number and class of the shares, debentures or interests, the name of the registered holder if the shares, debentures or interests have been issued and the nature of the interest under the contract.
- 6 You will provide the required information as soon as reasonably possible after the date of ceasing to be a director and in any event no later than three business days after the date of ceasing to be a director.

### Agency

- 7 You authorise the Company to give the information provided by yourself to ASX on your behalf and as your agent.

### Securities

- 8 “**Securities**” for the purposes of this letter means securities of the Company or a related body corporation.

Very best regards

[insert name]  
[Authorised Representative]

## **SCHEDULE 3 - AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER**



**SCHEDULE 4 – HUMAN RESOURCES & NOMINATIONS COMMITTEE  
CHARTER**

## SCHEDULE 5 - SECURITY TRADING POLICY

## **SCHEDULE 6 - CONTINUOUS DISCLOSURE POLICY**

## SCHEDULE 7 - CODE OF CONDUCT

## SCHEDULE 8 - RISK MANAGEMENT POLICY

## SCHEDULE 9 - SECURITYHOLDER COMMUNICATION POLICY

## SCHEDULE 10 - PROCESS FOR EVALUATION OF PERFORMANCE

## SCHEDULE 11 - DIVERSITY POLICY