

**Hotel Property Investments Limited**

**Responsible Entity Compliance Committee Charter**

## TABLE OF CONTENTS

<b>1</b>	<b>Purpose .....</b>	<b>3</b>
<b>2</b>	<b>Duties and Responsibilities .....</b>	<b>3</b>
	2.1 Cooperation with the Responsible Entity .....	3
	2.2 Compliance plan .....	3
	2.3 Accountability .....	4
	2.4 Compliance Plan Auditor .....	5
<b>3</b>	<b>Membership and structure .....</b>	<b>5</b>
<b>4</b>	<b>Member Duties .....</b>	<b>6</b>
<b>5</b>	<b>Administrative Matters .....</b>	<b>6</b>
	5.1 Meetings .....	6
	5.2 Voting .....	7
	5.3 Minutes .....	7
	5.4 Reporting .....	7
	5.5 Authority and Access .....	7
	5.6 Limitations on Insurance and Indemnity .....	8
<b>6</b>	<b>Review .....</b>	<b>8</b>

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## 1 Purpose

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- 1.1 The Responsible Entity Compliance Committee ("**RECC**" or "**Committee**") is a committee established by the board of directors ("**Board**") of Hotel Property Investments Limited ("**Company**").
- 1.2 The Company is the Responsible Entity ("**RE**") of the Hotel Property Investments Trust ("**Trust**") ARSN 166 484 377.
- 1.3 The purpose of the RECC is to assist the Board in discharging its duties as RE to the Trust by undertaking functions under section 601JC of the Corporations Act 2001 (Cth) ("**Corporations Act**"). This includes fulfilling its corporate governance and oversight responsibilities relating to:
- (a) Ensuring the Trust has a documented compliance plan which is lodged with the Australian Securities and Investments Commission ("**ASIC**") and which meets the requirements of the Corporations Act on an ongoing basis ("**Compliance Plan**");
  - (b) Monitoring the extent to which the RE complies with the Compliance Plan, and reporting on its findings to the RE;
  - (c) Assessing the Compliance Plan at regular intervals (as determined by RECC) to assess whether the compliance plan is adequate;
  - (d) Making recommendations to the RE on amendments to the Compliance Plan;
  - (e) Ensuring the RE adequately deals with actual or suspected breaches of the Corporations Act;
  - (f) Monitoring follow up action taken by the RE on implementing recommendations made by the RECC;
  - (g) Reporting to ASIC if the RE has not taken or does not propose to take action to deal with a reported breach;
  - (h) Appointing an Auditor to monitor their performance ("**Compliance Plan Auditor**"); and
  - (i) Doing such things the Corporations Act requires.
- 1.4 The duties and responsibilities of the RECC to fulfil this purpose are described in section 2.

## 2 Duties and Responsibilities

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### 2.1 Cooperation with the Responsible Entity

- (a) The shares in the Company are stapled to the units in the Trust, and both are listed on the Australian Securities Exchange and quoted together as a single stapled security (holders of which are "**Securityholders**"). The Company and the Trust, and each of their subsidiaries (from time to time) are collectively referred to as the "**Stapled Group**".
- (b) The RECC will have regard to matters affecting the Trust when carrying out its duties and responsibilities under this Charter.

### 2.2 Compliance plan

- (a) The RECC oversees the operation of the compliance framework, including policies and procedures with a Compliance Plan for the Trust that incorporates amongst other things controls and processes to ensure that:
  - (i) The RE operates the Trust in accordance with the governance framework;

- (ii) The RE directors, management, employees and external service providers are comprised of professionals who hold and maintain appropriate qualifications and experience to discharge their responsibilities to the highest standards;
- (iii) Related party transactions are allowed only on arm's length terms and are in the best interests of the Trust's members;
- (iv) Any actual or potential conflicts in connection with the Trust are appropriately and transparently managed;
- (v) The RE respects and supports the rights of the Trust's members to question the RE through appropriate complaints handling processes and/or security holder meetings;
- (vi) A procedure for identifying risks relevant to the Stapled Group's business and controlling their impacts on the Trust;
- (vii) The RE operates the Trust in accordance with appropriate risk and compliance framework;
- (viii) The Trust is operated in ways designed to mitigate the risk of fraud;
- (ix) That investments are made in accordance with the Trust's investment mandate;
- (x) The RE meets and maintains adequate and competent human, financial and technological resources in order to discharge its obligations under its Australian Financial Services Licence ("AFSL") and enable proper remedial action to be taken to address areas of weakness;
- (xi) There is active monitoring of the financial position and cash flow of the Trust to ensure that the Trust remains solvent and able to pay its debts as they fall due, and that obligations are only entered into in accordance with the Trust documents;
- (xii) The affairs of the Trust are administered efficiently, honestly and fairly. This includes appropriate controls, systems, processes and record-keeping;
- (xiii) The RE works with external service providers when operating the Trust in the best interests of members. The RE will ensure appropriate selection, engagement, management and monitoring of external service providers;
- (xiv) The Trust's assets are kept in safe and segregated custody; and
- (xv) There is adequate system of reporting and investigating breaches of the Corporations Act and reporting to ASIC.

### 2.3 Accountability

The RECC will:

- (a) Discuss with the RE and the Compliance Plan Auditor the Stapled Group's internal controls, including the policies and procedures to assess, monitor and supervise the compliance framework of the Stapled Group, including adherence to the Stapled Group's code of conduct, for the purpose of forming a view as to the effectiveness of these controls, policies, procedures and programs;
- (b) Review all reports on the Compliance Plan produced by the Compliance Plan Auditor and the RE's response to the matters raised therein and become satisfied that recommendations contained in the reports are appropriately dealt with by the RE;
- (c) Require the Risk and Compliance Manager, in consultation with Management, to inform the RECC as to:

- (i) whether the Compliance Plan complies with the Corporations Act, other relevant legislation, ASX listing rules and ASIC regulatory guidance;
  - (ii) changes in the compliance plan during the period; and
  - (iii) suggestions for amendments to the Compliance Plan;
- (d) Require the Compliance Plan Auditor to inform the RECC of their views in relation to (c) above;
  - (e) Review and monitor the RE's performance of the Compliance Plan, including conducting specific investigations where necessary;
  - (f) Assess the effectiveness of assurance activities and review assurance reports;
  - (g) Review the Compliance Plan at least annually and recommend to the Board any corrective action resulting from its review and assessment;
  - (h) Report to the RE any actual or suspected breach of the Corporations Act in relation to the Trust or provision in its Constitution after it becomes aware of the breach;
  - (i) Report to ASIC if the RECC is of the opinion that the RE has not taken or does not propose to take appropriate action to deal with a matter reported in (h) above;
  - (j) Encourage a culture of risk management and compliance throughout the Stapled Group; and
  - (k) Make any recommendations to the Board, as appropriate, in connection with the items listed in (a) to (j) above.

## 2.4 Compliance Plan Auditor

The RECC will:

- (a) Recommend to the Board the appointment and remuneration (and, where appropriate, replacement) of the Compliance Plan Auditor;
- (b) Agree with the Compliance Plan Auditor on the overall scope of the Compliance Plan Audit, including identified risk areas and any additional procedures considered necessary;
- (c) Review Compliance Plan Audit plans and progress reports prepared by the Compliance Plan Auditor and determine whether all matters raised are receiving appropriate attention; and
- (d) Monitor and periodically evaluate the effectiveness of the Compliance Plan Auditor.

## 3 Membership and structure

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- 3.1 The Board shall appoint members to the RECC from time to time and review the composition of the RECC annually.
- 3.2 The RECC shall consist of at least three members, who have the appropriate skills, knowledge, competence and expertise to enable the Committee as a whole to discharge its duties and responsibilities effectively, including:
  - (a) relevant tertiary qualifications (e.g. in law, business, commerce or finance);
  - (b) current work experience over a number of years in undertaking compliance activities and investigations; and
  - (c) an understanding of the Corporations Act, regulatory requirements and how they apply.
- 3.3 A majority of the members must be external (as defined in section 601JB(2) of the Corporations Act), with at least one being a non-executive Director of the Company.

- 3.4 The Compliance Plan Auditor and other management as required will normally attend all RECC meetings.
- 3.5 The Board will appoint one of the members of the RECC as chairman (“**Chairman**”), who should not be chairman of the Board. The Chairman must be an independent non-executive director. It is the responsibility of the Chairman to schedule all meetings of the RECC and, to provide the RECC with a written agenda.
- 3.6 A designated employee of the Company or such other person as is appointed by the RECC will act as secretary of RECC meetings and will circulate minutes of the meeting.

## **4 Member Duties**

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- 4.1 Members of the RECC have a duty to:
- (a) act honestly;
  - (b) exercise the degree of care and diligence that a reasonable person would exercise if they were in the member's position;
  - (c) not make use of information acquired through being a member of the Committee in order to gain an improper advantage for the member or another person; or cause detriment to the Trust's Members;
  - (d) not make improper use of their position as a member of the Committee to gain, directly or indirectly, an advantage for themselves or for any other person or to cause detriment to the Trust's Members, which the Committee monitors; and
  - (e) complete adequate ongoing training and educational programs to retain the necessary knowledge and skills to continue to carry out their duties and functions.
  - (f) take all reasonable steps to assist ASIC in carrying out a check under s 601FF(1) of the Corporations Act, regarding the RE's adherence with the Compliance Plan.
- 4.2 A member of the RECC must disclose to the Committee a direct or indirect pecuniary interest that they have in a matter being considered, or about to be considered, by the Committee if their interest could conflict with the proper performance of their duties in relation to the consideration of the matter. This disclosure must occur at the first meeting of the RECC after the relevant facts have come to the member's knowledge and must be recorded in the minutes of the meeting.

## **5 Administrative Matters**

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### **5.1 Meetings**

- (a) Any member of the RECC may call a meeting of the RECC.
- (b) The RECC will meet at least four times per annum, preferably once in each calendar quarter.
- (c) Additional RECC meetings may be convened as the Chairman of the RECC considers necessary, taking into account requests from any member, employee of the Company or the Compliance Plan Auditor.
- (d) RECC meetings may be held or participated in by conference call or similar means, and decisions may be made by circular or written resolution. A circular or written resolution signed by a majority of all members will be effective as a resolution duly passed at a RECC meeting and may consist of several documents in like form, each signed by one or more members. The expression "written" includes fax or other electronic means.
- (e) A quorum of the RECC will comprise any two members.

- (f) If the Chairman of the RECC is unable to attend a RECC meeting, the Chairman, or the members present, will appoint another member who is a Committee member to act as Chairman at that meeting. However, all members are expected to participate in all RECC meetings.
- (g) All Directors who are not members of the RECC are entitled to attend any meeting of the RECC.
- (h) The RECC may invite any key executive or other individuals to attend meetings of the RECC, as they consider appropriate.
- (i) At any RECC meeting, the Compliance Plan Auditor may meet in private with the RECC without management or any employees of the Company.
- (j) The RECC must keep records of its reports and recommendations.

## **5.2 Voting**

- (a) Each member shall have one vote.
- (b) The Chairman of the RECC will not have a second or casting vote.

## **5.3 Minutes**

- (a) Minutes of RECC meetings will be prepared by the Secretary, approved by the Chairman of the RECC in draft and circulated to all members.
- (b) Minutes of any private sessions of the RECC (for example, with the Compliance Plan Auditor and without management) will be prepared, approved by the Chairman of the RECC in draft and circulated to all members.
- (c) The minutes of a RECC meeting and of any private session will be confirmed at the next RECC meeting and then signed by the Chairman of the RECC.

## **5.4 Reporting**

- (a) The minutes of each RECC meeting will be included in the papers for the next Board meeting after the RECC meeting.
- (b) The Chairman of the RECC will, if requested at the next Board meeting after a RECC meeting provide a brief oral report as to any material matters arising out of the RECC meeting. All directors may, within the Board meeting, request information of members of the RECC.

## **5.5 Authority and Access**

- (a) Except where expressly stated in this Charter, the RECC discharges its responsibilities by making recommendations to the Board.
- (b) The RECC 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.
- (c) The RECC will have unrestricted access to management and rights to seek explanations and additional information from management. The RECC will also have unrestricted access to the Compliance Plan Auditor (with or without the presence of management, at the RECC's discretion).
- (d) The RECC has authority to conduct or direct investigations into any matters within its Charter. The RECC is entitled to obtain external, independent legal or professional advice as considered necessary or desirable by the RECC to assist it in any investigation or to carry out its duties. As appropriate, the RECC will inform the Chairman of the Board of the Company of its decision to authorise such an investigation or obtain such external advice.

## 5.6 Limitations on Insurance and Indemnity

- (a) A RE must not indemnify or exempt from liability, a person who is or has been a member of the RECC against liability incurred as a member of the Committee, in accordance with s 601JF of the Corporations Act.
- (b) A RE must not pay, or agree to pay, a premium in respect of a contract insuring a person who is or has been a member of the RECC against a liability incurred by as a member of the Committee and arising out of conduct involving a wilful breach of a member's duty referred to in clause 4.1.

## 6 Review

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- 6.1 The RECC will undertake an evaluation of its performance and effectiveness, review its membership and this Charter and make recommendations to the Board on an annual basis.
- 6.2 The RECC will consider and review the report of the RECC's membership, authority, responsibilities and discharge of those responsibilities for inclusion in Company's annual report and oversee the preparation of any report or other disclosures to be included in the annual report or other communications to security holders relating to the Compliance Plan Auditor and to compliance and the compliance framework.