



Authorised for release by sub-Committee of the Board of Directors
Redcape Hotel Group Management Ltd

17 February 2021

FOR IMMEDIATE RELEASE
ASX ANNOUNCEMENT

Redcape Hotel Group Half Year 2021 Results

Redcape Hotel Group Management Ltd as the responsible entity of the Redcape Hotel Group (ASX:RDC) (“Redcape” or the “Group”), today announced its financial results for the half-year ended 31 December 2020.

1H21 Highlights

- Statutory net profit after tax (NPAT) up 45.9% to \$25.4m
- Distributable earnings¹ up 24.6% to \$32.9m
- Strong LFL revenue² growth of 9.7%
- Operating EDITDA³ up 5.7% to \$40.9m
- Gearing⁴ reduced to 32.8% and Interest Cover Ratio of 5.73x as at 31 December 2020
- Directors NAV per security of \$1.22 as at 31 December 2020, up from \$1.09 at 30 June 2020
- Distribution of 3.66 cents per security, representing a yield of 7.9%⁵
- FY21 distributable earnings guidance of 9.70 cps⁶

Operating Performance

Redcape reported strong distributable earnings for the period, up 24.6% to \$32.9m demonstrating the resilience of its business during the recent restrictive operating conditions. The uplift was driven by a 9.7% increase in like-for-like revenue across its portfolio of community pubs in suburban and regional locations. Operating EBITDA grew 5.7% to \$40.9m despite the sale of two large mature pubs and the acquisition of two smaller venues with growth potential.

¹ Defined as Operating EBITDA less cash rent, cash interest and maintenance capital expenditure (plus other unrealized or non-recurring items specifically excluded from operating EBITDA)

² Defined as venues that traded for the full year FY19 and FY20 and thus excludes any part year acquisitions and divestments.

³ Defined as EBITDA excluding unrealized, non-recurring and non-operational items such as venue acquisition costs, gains/losses on asset revaluation, gains/losses on sale and disposal of venue/assets and performance fees.

⁴ Defined as total borrowings less cash as a percentage of total assets less cash. Proforma gearing of 40.1% post settlement of Gladstone, Shafston, Aspley and O'Donoghues hotel acquisitions

⁵ Annualised distribution yield based on a \$0.925 share price as at 16 February 2021

⁶ Subject to no material change in economic conditions

Redcape
HOTEL GROUP

About Redcape Hotel Group (Redcape)

Redcape is one of Australia's leading pub and hotel operators. The Redcape portfolio comprises 36 quality hotels (34 Freehold Going Concerns and 2 Leasehold Going Concerns) strategically located across New South Wales and Queensland and has a clear focus on delivering excellent and responsible service, maintaining high quality facilities, advancing the training and development of its people and contributing positively to the communities in which it operates. www.redcape.com.au

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.

Redcape achieved record customer advocacy and staff satisfaction metrics, a strong lead indicator of performance, and returned to a full resumption in its growth strategy. Despite increased COVID-19 related costs, equating to approximately \$3.1m for the period, the Group delivered 45.9% growth in statutory NPAT to \$25.4m. It strengthened its balance sheet through an expanded debt facility on longer tenure, providing greater opportunity to pursue further acquisitions.

Property Portfolio

The Group announced four hotel acquisitions during the period reflecting its renewed commitment to active portfolio management and a strategic approach to expansion in key geographies. The Group will focus on integrating these venues to Redcape's platform in the second half, having settled the Gladstone Hotel, Dulwich Hill, on 1 February and O'Donoghues in Emu Plains, Penrith, on 15 February and with the two Brisbane acquisitions, the Shafston and Aspley Hotels, due to settle in 2H21.

Directors NAV per security increased to \$1.22 per security as at 31 December 2020, from \$1.09 cents per security at 30 June 2020. This reflects an independent valuation of 12 of the Group's longest-dated assets.

Outlook

The business has continued to trade positively into the second half. The Group is forecast to deliver distributable earnings of 9.70 cps⁷ for FY21. Quarterly Distributions for 2H21 are expected to be consistent with 1H21 of 1.83 cps, reflecting a payout ratio of 75%.

Redcape remains committed to delivering sustainable distributions through growing earnings and execution of its growth strategy. With the four recent acquisitions completing during 2H21, management is focused on onboarding these venues to the Redcape platform and increasing market share.

Redcape CEO Dan Brady said, "We have been able to not just survive but thrive during 2020 which is reflected in our record first half performance. Our business is trading positively demonstrating the resilience of our community and customer centric business model, strong operating platform and calm, deliberate and disciplined approach to returning to strategy.

"Our focus on customer engagement has resulted in increased revenue and reinstatement of distributions, showcasing our ability to run community pubs and drive a strong operating performance. Our lead indicators of staff satisfaction and customer NPS metrics are at record levels as we continue to invest in our people, empowering our teams to enrich their local communities through hospitality.

"We have a high level of confidence in the future performance of our business and our strengthened balance sheet positions us well to maximise our pub performance, seek acquisition opportunities and to deliver sustainable growth in future periods."

⁷ Subject to no material change in economic conditions

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Management will present 1H21 Results via a live audio webcast at 9.30am this morning. The live audio webcast will be hosted at <https://webcast.openbriefing.com/7120/>

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