



Authorised for release by Nicholas Collishaw
Chair, Board of Directors
Redcape Hotel Group Management Ltd

FOR IMMEDIATE RELEASE
ASX Markets Announcement Platform - 12 March 2020

Completed Transactions and Business Update

Redcape Hotel Group Management Ltd, as responsible entity of Redcape Hotel Group (ASX:RDC) (“Redcape” or the “Group”) is pleased provide the following update:

- The completion of the acquisition of the Kings Head Tavern, South Hurstville for \$27.0m excluding transaction costs,
- The completion of the divestment of the Royal Hotel, Granville for \$51.0m,
- Operating business performing in line with expectation and guidance provided at 1H20
- Gearing ratio reduced to 35.7%
- Facility headroom of ~\$80m¹

Acquisition and divestment

Redcape has completed the divestment of the Royal Hotel, Granville and the acquisition of the Kings Head Tavern, South Hurstville.

As previously foreshadowed net settlement sale will be used to pay down debt taking gearing post settlement to 35.7%, consistent with our prior update on 16 Dec 2019. This strengthens the Group’s balance sheet and provides it with significant headroom of upwards of ~\$80m to pursue other growth opportunities.

Dan Brady said: “We are pleased to complete these two recent transactions. The Kings Head Tavern is a quality Freehold Going Concern asset. Management believe that it will benefit from significant capital investment and operational improvements realised through the capability of the Manager.”

Business Performance

Redcape continues to track in line with distributable earnings guidance for FY20.

Dan Brady said: “Redcape continues to trade in line with expectations with no material evidence of any slowdown in patronage due to COVID-19. Results to date are consistent with full year guidance provided at the 1H20 result in

¹ Excludes ancillary facility of \$3m

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About Redcape Hotel Group (Redcape)

Redcape is one of Australia’s leading pub and hotel operators. The Redcape portfolio comprises 32 quality hotels (30 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”). Moelis Australia Hotel Management Pty Ltd (ACN 619 297 228) is the appointed investment manager and hotel operator of Redcape. Redcape Hotel Group Management Ltd, Level 1 287 Military Road Cremorne, NSW 2090. www.redcape.com.au



February and therefore we are pleased to reaffirm our 9.20 cps² or greater guidance. That said COVID-19 is an evolving issue for all businesses and its potential effect on the business remains difficult to predict, however we feel well positioned with our geographical spread of hotels, our typically resilient business and with our gearing levels at the bottom of the target range.”

-ENDS-

For information please contact:

Investor Relations

Andrew Johnston
Redcape Hotel Group
(02) 9719 4088 (Australia)
+6129719 4088 (International)

Media Enquiries

Jack Gordon
Citadel-MAGNUS
+61(0)478 060 362

² Subject to no change in economic conditions and/or further acquisitions or divestments.

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