



Redcape Hotel Group

Redcape Announces 1H19 Results

Reconfirms 1HFY19 Distributable Earnings and Distribution Forecast

Wednesday, 20 February 2019

Redcape Hotel Group Management Ltd, as responsible entity of Redcape Hotel Group (ASX:RDC) (“Redcape” or “Group”) is pleased to announce its first half results for the six-month period to 31 December 2018 (1H19).

1H19 Highlights

- ASX listing successfully completed on 30 November 2018
- Operating EBITDA up 13.8% on corresponding period underpinned by acquisitions
- Strong growth in portfolio value to \$1.06 billion
 - Completed acquisition of six venues totalling \$158 million
 - Divestment of Belrose Hotel at 5.1% premium to book value
- Value accretive refurbishment projects at Eastwood Hotel and Leumeah Hotel completed
- 1H19 Distributable Earnings of 4.3cps and 1H19 Distributions of 4.4cps
- Gearing at 37.5% at the lower end of the target range of 35%-45%
- Net Asset Value of \$1.13 per security

Operating Result	1H19	1H18	Change
Distributable Earnings ¹	\$21.9m	\$19.4m	+\$2.5m
Distributable Earnings ¹ per security	4.3c	4.8c	-0.5c

Dan Brady, Redcape CEO said “the listing of Redcape on the Australian Securities Exchange was a major milestone for the Group and its investors. We are pleased to report that Redcape’s first half result was solid and in line with the PDS forecasts² despite uncertain economic conditions.”

Guidance

Redcape reconfirms its Product Disclosure Statement (PDS) forecast² being a FY19 distribution³ of 8.75 cents per security and Distributable Earnings of between 8.8 – 9.0 cents per security¹, subject to no material change in market conditions.

¹ Distributable Earnings defined as NPAT adjusted for non-cash items such as fair value adjustments, depreciation and amortisation and other unrealised and non-recurring items less maintenance capex. Reconciliation to Statutory Earnings is included on slide 2019 and 20 of the Redcape FY19 half year result presentation dated 20 February 2019.

² Per Product Disclosure Statement dated 1 November 2018 for the Redcape Hotel Group issued by Redcape Hotel Group Management Ltd (PDS).

³ Cumulative distributions over 1H19 including pre-IPO distributions – see PDS for further details.



1H19 Operational Performance

Revenue for the half was \$142.6 million, an increase of 17.5% over the corresponding period last year. This was predominantly driven by the acquisition of six additional venues for \$158 million and to a lesser extent, organic growth.

Revenue	1H19	1H18	Change (\$)	Change (%)
Gaming	\$90.7m	\$76.8m	\$13.9m	18.1%
On-Premise	\$26.8m	\$20.1m	\$6.7m	33.5%
Off-Premise	\$24.8m	\$24.1m	\$0.7m	2.8%
Other	\$0.3m	\$0.3m	(\$0.0m)	(13.0%)
Total Revenue	\$142.6m	\$121.3m	-	17.5%
Operating EBITDA	\$32.4m	\$28.4m	\$3.9m	13.8%

Summary & Outlook

Dan Brady said, “While trade was strong in the first quarter of FY2019 there was some variability in trade at individual venues late in the second quarter that has extended into the current period which is consistent with market commentary relating to general consumer sentiment.”

“Redcape’s active approach to portfolio management aims to enhance the quality of the portfolio and its earnings. Our acquisition, repositioning and refurbishment programme is designed to ensure our venues deliver on our customers’ desires and maximise profit generation.”

We are enthusiastic about the performance of the recently refurbished Eastwood Hotel and Leumeah Hotel and look forward to delivering a premier venue post refurbishment of the Cabramatta Hotel for the local community.”

“Finally, we remain focused on securityholder returns and delivering predictable earnings from our portfolio while continuing to assess acquisition and capital recycling opportunities that complement the strategic direction of our business.”

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For more information or to arrange an interview please contact;

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Redcape HOTEL GROUP

About Redcape Hotel Group (Redcape)

Redcape is one of Australia's leading pub and hotel operators. The Redcape portfolio comprises 32 quality hotels (31 freehold and one leasehold) 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.