



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

FOR IMMEDIATE RELEASE
ASX Markets Announcement Platform – 1 May 2020

Redcape receives debt facility support from its lending partners

Redcape Hotel Group Management Ltd, as responsible entity of Redcape Hotel Group (ASX: RDC) (“Redcape” or the “Group”) advises that its lender group has agreed to temporarily vary a number of terms contained within the Group’s loan agreement which will ensure that the Group has financial certainty through the Government imposed temporary shutdown of its venues.

On 25 March 2020, the Group advised the market that that it was in compliance with its loan documents with the exception of a “suspension of business” clause¹ caused by the forced shutdown of its venues. A formal waiver has now been agreed and formally documented with the Group’s lending syndicate ensuring that the Group is in full compliance with its loan agreement.

In addition, the lender group has also agreed to temporarily amend financial covenants that are negatively impacted due to the shutdown of the Group’s trading business. Once the venues have reopened and had time to return to more normalised trading conditions the amended covenants will revert to their original levels.

As previously announced, Redcape’s operating expenses during this time are approximately \$10m per quarter, providing the Group with significant headroom to sustain the Government imposed shutdown.

Operating costs have been marginally reduced through Redcape’s participation in the Government’s JobKeeper programme allowing the Group to provide support to its employees with payments already made to those that are eligible. Further, the net Hotel Operator Fee is not payable to the Manager whilst the venues are closed and unprofitable contributing to a materially reduced operating expense.

Management continues to work diligently on minimising the severe impact that the COVID-19 shutdown has had and continues to have on its employees. This includes staying connected to support their mental health and wellbeing and providing additional assistance to those facing hardship. On-line training and development have been accelerated to ensure staff remain engaged, healthy and motivated and ready for business when our venues reopen.

Redcape’s platform capability is enabling it to remain digitally connected with its customers and understand how community attitudes may change in a post-COVID world. A range of activities are underway to ensure local pubs remain connected with customers and maintain their function as central meeting places within their local communities. To this end Redcape remains uniquely placed to adapt and thrive once shut-down restrictions are eased.

¹ and associated clauses similarly affected by the closure of Redcape’s businesses.

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 (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



While capital expenditure has been materially reduced, it is still being judiciously deployed to optimise venue ramp-up once they can reopen.

Dan Brady, CEO of Redcape said, “From the outset of the crisis our approach has been to work systematically to ensure adequate cash reserves, gain compliance and improve flexibility with lending facilities, minimise our cost base, secure our assets, and care for our people. Given the circumstances, it is pleasing that this has been achieved.

“With our business secure, we now move our focus to improving metrics around our operating costs, team connectedness and customer engagement. As an innovative performance-based organisation, we are now pursuing a range of opportunities based around our technology platforms that will position the Group well when the venues re-open.”

CEO, Dan Brady discusses this announcement.

<https://www.redcape.com.au/business-update-providing-business-certainty/>

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