



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

23 December 2020

FOR IMMEDIATE RELEASE
ASX ANNOUNCEMENT

Trading update, Interim distribution, Debt extension and Acquisition

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

- Business is performing strongly
- Interim distribution of 1.83 cents per stapled security for the quarter ending 31 December 2020
- Additional \$100m funding facility with an expiry date of December 2025
- Acquisition of the O’Donoghues Hotel, Emu Plains, New South Wales for \$30.5m

Trading update

Redcape continues to trade positively despite elevated COVID related compliance operating costs. As a result, the Group expects to deliver a 1H FY21 Operating EBITDA and Distributable Earnings ahead of the equivalent period in 1H FY20.

	1H FY21 ^[1]	1H FY20 ^[2]
Operating EBITDA ^[3]	\$40.0-40.5m	\$38.7m
Distributable Earnings ^[4]	\$32.0- \$32.5m	\$26.4m

^[1] Non-IFRS metrics and Includes \$4.0m in JobKeeper payments.

^[2] Non-IFRS metrics

^[3] Operating EBITDA is defined as EBITDA excluding unrealized, non-recurring and non-operational items such venue acquisition costs, gains/losses on asset revaluation, gains/losses on sale and disposal of venues/assets and performance fees.

^[4] Distributable Earnings is described as operating EBITDA less cash rent, cash interest and maintenance capital expenditure (plus other unrealised or non-recurring items specifically excluded from operating EBITDA).

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 – includes acquisitions yet to settle) 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.

Interim distributions

After a positive trading quarter, Redcape affirms an interim distribution of 1.83 cents per stapled security for the quarter ending 31 December 2020 (“Interim Distribution”). This follows the reinstatement of its distributions for the September quarter and equates to a payout ratio of less than 70% for 1H FY21.

Key dates and details for the Q2 FY21 distribution are below:

Timetable	Date/Details
Interim Distribution	1.83 cents per stapled security
Ex-Distribution Date	Wednesday, 30 December 2020
Record Date	Thursday, 31 December 2020
Distribution Payment Date	Friday, 26 February 2021

The Redcape Hotel Group’s distribution reinvestment plan (“DRP”) will **not** operate in respect of this Interim Distribution.

Expanded debt headroom and extended tenor

Redcape announces that it has secured an additional \$100m funding facility with an expiry of December 2025.

In addition, the Group has extended the tenor of one of its existing lending tranches, increasing the weighted average maturity of the Group’s facilities to 4.1 years^[5].

As a result, the Group has total debt facilities of \$600m^[6] effective December 2020 comprising:

- 1) Tranche A of \$62.5m (expires Sept 22)
- 2) Extended Tranche A1 of \$187.5m (expires Dec 25)
- 3) Tranche B of \$250m (expires Sep 24)
- 4) Tranche C of \$100m (expires Dec 25)

Acquisition of O’Donoghues Hotel, Emu Plains

Redcape also announces it has exchanged contracts to acquire the O’Donoghues Hotel, Emu Plains, New South Wales for a purchase price of \$30.5m, excluding transaction costs.

^[5] as at 31 Dec 2020

^[6] Excludes renegotiated ancillary facility and subject to customary condition precedents



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A quality Freehold Going Concern asset, O'Donoghues will complement the Group's portfolio of suburban community hotels in high growth areas, largely in Western Sydney. The acquisition will be funded from the Group's debt facilities and will be accretive to Distributable Earnings on settlement which is anticipated to be in February 2021 subject to customary conditions precedent.

This acquisition brings the total to four quality Freehold Going Concern (FHGC) assets which are expected to settle in the 2H FY21. These acquisitions are reflective of Redcape's return to its strategy of active portfolio optimisation with the aim of growing sustainable distributions for its Securityholders over the long term.

Redcape CEO Dan Brady said, "Following the reinstatement of distributions for the September quarter, we have continued our positive trading momentum and it's pleasing to be paying a distribution for the December quarter."

"Increasing our borrowing capacity and extending the tenor, further optimises our balance sheet assisting our growth strategy. This enhanced support from our major lenders is underpinned by the strength of our business and continued strong capital management discipline. Given that pub-sale transactions have recently occurred to a broad range of purchasers within the market, approximately one-third of our portfolio is currently being independently valued prior to the end of December 2020."

"Further, we are thrilled to have O'Donoghues join the Redcape portfolio. The Hotel is complimentary to the Redcape portfolio and will benefit from the Group's operational platform and refurbishment capability to provide a quality hospitality offering for the Emu Plains community."

"With our positive trading, renegotiated debt arrangements and acquisitions, gearing is forecast to be maintained within our stated target range of 35%-45% for the full year to June 30, 2021."

"Our vision is to enrich local communities through our hospitality while at the same time delivering strong performances across all metrics - staff satisfaction, customer NPS and our financial performance. We are confident in our ability to continue to drive growth for our Securityholders and deliver our long-term commitment to building sociable and sustainable communities with high levels of care for our staff and customers."

CEO Dan Brady discusses the Group's performance via a video that will be released during the course of the day and available at <https://www.redcape.com.au/ceo-dan-brady-provides-a-trading-update-for-the-december-quarter>

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