

# Continuous disclosure

June 2022

Redcape Hotel Group Management Limited ACN 610 990 004 the issuer and responsible entity (the Responsible Entity) for the stapled securities in the Redcape Hotel Trust I (ARSN 629 354 614) and Redcape Hotel Trust II (ARSN 629 354 696) (Fund), provides the following update as part of its continuous disclosure obligations.

The following slides contain information included in the Fund presentation not previously disclosed to investors.

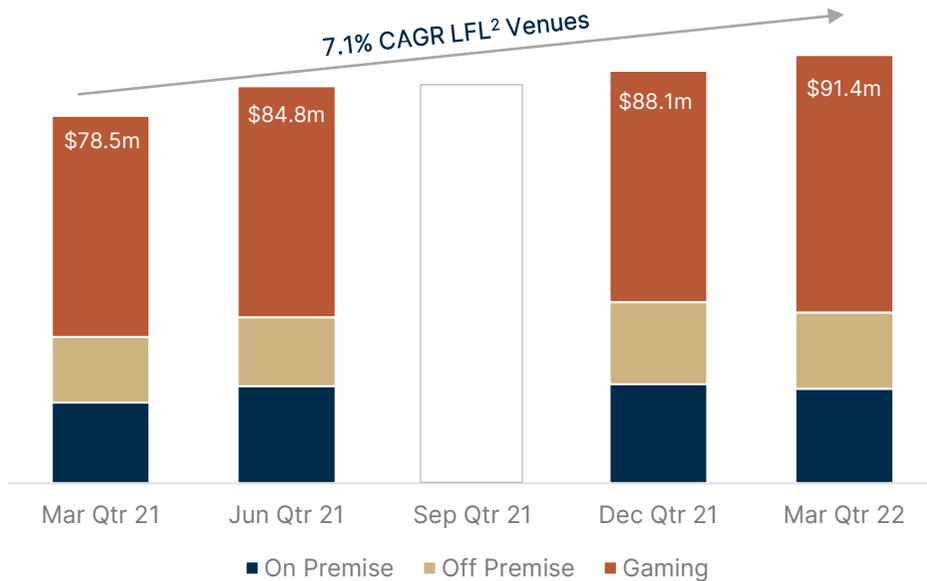
## **More information**

For more information, please call us on +61 2 8288 5594 or email us at [MAclientservices@MAfinancial.com](mailto:MAclientservices@MAfinancial.com).

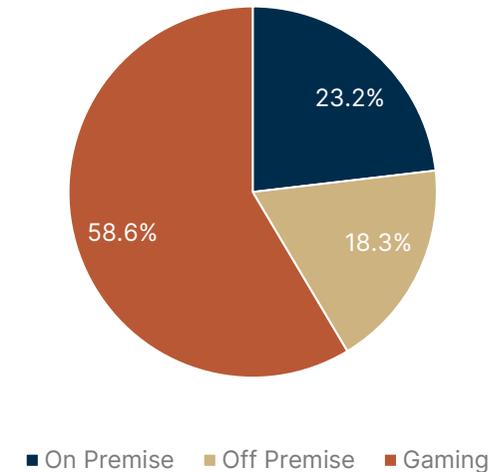
# Revenue performance

Growth in total revenue highlights capability to meet performance objectives

TOTAL REVENUE PER QUARTER<sup>1</sup>



REVENUE APPORTIONMENT<sup>2</sup>



- July – September 2021 venues closed due to mandatory COVID-19 lockdown
- Immediate return to growth once restrictions removed
- Effective leadership and team management during disruptions created foundation for strong re-opening.

1. Hotels in New South Wales (NSW) (excluding off-premises bottle shops) were temporarily closed from 26 June 2021 to 11 October 2021 in line with NSW Government COVID-19 restrictions. The NSW hotels resumed trading albeit under Government-mandated restrictions from 11 October 2021. Hotels (excluding off-premises bottle shops) in Southeast Queensland were closed intermittently in June and July 2021 and resumed restricted trading from 8 August 2021. Like for like (LFL) venues include all venues that were operating during the entire period and excludes any venues that were acquired or divested.

2. Revenue apportionment is based on the average of the total Group revenue for the quarters ending 31 March 2021, 30 June 2021, 31 December 2021 and 31 March 2022.

# Income statement<sup>1</sup>

March quarter results highlights positive sector tailwinds to support growth targets

## A positive rebound in trading performance

- March 2022 total revenue increased by 16.5% over the March 2021 quarter underpinned by the performance of core Western Sydney venues
  - Like for like revenue increase 7.1%
- Operating EBITDA increased by 14.3% at a steady margin reflects strong recovery in on-premise trade following the disruption over peak holiday season.

\$ MILLION	MAR QTR 22	MAR QTR 21	+/- %
Revenue	91.4	78.5	16.5%
Cost of sales	(43.5)	(37.3)	(16.4%)
<b>Gross Profit</b>	<b>48.0</b>	<b>41.2</b>	<b>16.5%</b>
Gross Profit %	52.5%	52.5%	
Employment costs	(15.1)	(12.9)	(17.0%)
Other operating costs	(10.8)	(8.9)	(22.0%)
Management fees	(4.2)	(3.8)	(10.5%)
<b>Operating EBITDA</b>	<b>17.8</b>	<b>15.6</b>	<b>14.3%</b>

1. Unaudited management accounts.

2. Like for like revenue movement is based on venues that were trading in March 2021 and March 2022 and excludes any part year acquisitions or divestments.

# Distribution statement<sup>1</sup>

Distribution increase reflects the resilience of the platform and highlights strength in investment performance

## Steady quarterly distribution growth

- Underlying Earnings of \$13.0m, up 18.3% on March quarter 2021
- Maintenance capital of (\$1.2m) for the March quarter and (\$5.0m) year to date (average c.\$0.14m per venue)
- Increase in distribution to 2.30 cpu, representing a cash yield of 6.1 %<sup>2</sup> (net of fees)
- Target 2.5 cent distributions for the balance of 2022 (30 September and 31 December quarter ends).<sup>3</sup>

\$ MILLION	MAR QUARTER 22	MAR QUARTER 21	+/- %
<b>Operating EBITDA</b>	<b>17.8</b>	<b>15.6</b>	<b>14.3%</b>
Cash rent adjustment	(0.7)	(0.7)	12.1%
Cash interest expense	(2.8)	(2.5)	15.1%
Maintenance capital expenditure	(1.2)	(1.5)	(16.3%)
Other non-cash items	-	-	-
<b>Underlying earnings</b>	<b>13.0</b>	<b>11.0</b>	<b>18.3%</b>
<b>Underlying earnings per unit (cents)</b>	<b>2.87</b>	<b>1.99</b>	<b>44.3%</b>
<b>Distribution to unit holders</b>	<b>10.4</b>	<b>10.1</b>	<b>3.2%</b>
<b>Distribution per unit (cents)</b>	<b>2.30</b>	<b>1.83</b>	<b>25.7%</b>

1. Unaudited management accounts.

2. Annualised forecast distribution of 2.3 cents per unit for the March 2022 quarter assuming a unit price of \$1.5145.

3. Distribution guidance is subject to completion of Redcape FY23 budget, approval by the Board of the Responsible Entity and remains subject to change based on a variety of risks including economic, regulatory and other risk factors.

# Capital management<sup>1</sup>

Strong liquidity and balance sheet headroom available for growth initiatives

## Balance sheet summary

- Fund debt<sup>2</sup> on 31 March 2022 of \$618m<sup>2</sup> with a weighted average maturity of 3.0 years comprising:
  - \$75m maturing March 2023
  - \$250m maturing September 2024
  - \$375m maturing December 2025
- Cash and Cash Equivalents of \$25.1m with \$82m of undrawn facilities
- Interest cover ratio (ICR)<sup>3</sup> of 4.46x for the period
- Directors Net Asset Value<sup>4</sup> (NAV) of \$1.5145 per unit on 31 March 2022 following a \$23.0 uplift in Directors' valuations for the period
- Gearing<sup>5</sup> – Directors Gearing of 41.8%
- \$593m of net debt with gearing at the low end of target range as at 31 March 2022.

\$ MILLION	MAR QUARTER 22	DEC QUARTER 21	+/- %
Cash	25.1	18.8	33.3%
Property Assets	1,346.7	1323.7	1.7%
Other Assets	71.0	69.2	2.6%
<b>Total Assets</b>	<b>1,442.9</b>	<b>1,411.7</b>	<b>2.2%</b>
Borrowings	(618.0)	(627.0)	(1.4%)
Other Liabilities	(138.5)	(122.0)	(13.6%)
<b>Total Liabilities</b>	<b>(756.5)</b>	<b>(749.0)</b>	<b>1.0%</b>
<b>Net Asset Value</b>	<b>686.4</b>	<b>662.8</b>	<b>3.6%</b>
Securities on issue	453.2	452.2	0.2%
NAV (\$ / unit)	1.5145	1.4657	3.3%
Gearing	41.8%	43.7%	(1.9%)

1. Unaudited management accounts.

2. Total facility of \$700m (excluding \$4m ancillary facility) repayable in Sep 2024 and Dec 2025; excludes \$75m bridge facility maturing in Mar 2023.

3. Interest Cover Ratio (ICR) covenant of 2.5x on core debt facility.

4. Directors' NAV is a non-IFRS metric reflecting directors' valuations and differs to the Statutory NAV which reflects revaluations to land only.

5. Gearing is total borrowing less cash as a percentage of total assets less cash.

# Risks

## Risk rating: High risk classification

All investments are subject to risk, which means the value of your investment may rise or fall. Before making an investment decision, it is important to understand the risks that can affect the value of your investment.

There is an extensive regulatory regime that affects many aspects of the operation of the Fund's assets including: licensing requirements, regulations of electronic gaming machines, anti-money laundering laws, and workplace health and safety regulations.

A failure by the Responsible Entity to comply with any of the regulatory regimes and associated licenses which apply to its operations may significantly and adversely affect its reputation and financial performance and any Unitholder's investment in the Fund. Other general risks of an investment in the Fund include but are not limited to: the inability of the Fund to meet redemption requests, the risk that the Fund does not achieve its investment objective, and the risk that Unitholders may lose some or all of their capital invested in the Fund.

More information on the risks of investing in the Fund is contained in the Product Disclosure Statement (PDS), which should be considered before deciding to invest in the Fund. You should read the whole of the PDS in order to fully appreciate the risks of an investment in the Fund before any decision is made. You are also strongly advised to consider your personal investment objectives and financial circumstances.

The Target Market Determination for Units in the Fund is available free of charge on the Fund webpage: <https://mafinancial.com/asset-management/retail-funds/redcapehotel-group/>.

Before making an investment decision, always read and understand the PDS which is available on the Fund webpage: <https://mafinancial.com/asset-management/retail-funds/redcape-hotel-group/> along with all other relevant or updated information regarding the Fund.