

Redcape Hotel Group

Continuous Disclosure Notice

Asset sales update and revised debt facility terms

19 September 2023

Redcape Hotel Group Management Ltd, as the responsible entity (Responsible Entity or RE) of Redcape Hotel Group (Redcape or Fund), is writing to update investors about asset sales as noted in earlier investor correspondence as well as changes to the Common Terms Deed governing the Fund's debt facility (Debt Facility).

MA Hotel Management (MAHM, the Manager) is pleased to advise it has successfully entered into binding agreements to sell four hotels for a combined value of \$71.6 million, which is above the current Directors' valuations. The hotels contracted for sale include the Aspley Hotel and Shafston Hotel in Brisbane, The Grove Hotel in Mackay, and the Central Hotel in Shellharbour.

These sales demonstrate the quality and appeal of the Fund's assets, and the Manager is in discussions with potential purchasers in relation to the sale of other hotels within the portfolio including The Shamrock Hotel in Mackay which is being offered for sale via an on-market expressions of interest campaign.

Venue trading performance over July and August has been steady and has improved against June quarter averages, which is in line with expected seasonal trends, however interest costs continue to provide a headwind.

Rising interest rate costs have meant that across all leveraged real estate asset classes, Interest Coverage Ratios (ICR) are experiencing increased pressure.

As a well-regarded operator with a long track record of debt facility compliance, the Manager benefits from a supportive relationship with its lenders and has been proactive in managing its facility obligations. The Manager is pleased to confirm that terms have been agreed to vary the Fund's Debt Facility to accommodate contemporary interest rate conditions and provide a pathway to extending the existing Debt Facility currently due to expire in September 2024 (September 2024 Facility).

Key elements of note for the varied terms are a reduced ICR covenant and agreement that net proceeds of asset sales be applied to the repayment of debt until the September 2024 Facility is extended. The Manager will continue discussions with the syndicate to extend the September 2024 Facility with the objective of finalising the agreement before the end of this calendar year.

As a result of the above terms, the RE will consider reopening the Liquidity Facility once the September 2024 Facility has been extended.

The RE will continue to update investors in relation to the Fund's asset sale programme. Similarly, the RE will provide investors with further details on the reinstatement of the Liquidity Facility once it has resolved the September 2024 Facility extension.

MA Financial Group¹ has a material investment in the Fund and is therefore closely aligned with all other unitholders in respect of Fund performance.

¹ This investment is held via a wholly owned subsidiary of MA Financial Group Limited (ACN 142 008 428) and is an affiliate of the Manager.

MORE INFORMATION

If you have any questions regarding your investment, please speak to your financial adviser or contact Client Services via MAclientservices@MAFinancial.com or +61 2 8288 5594.

This statement has been issued by Redcape Hotel Group Management Ltd (ACN 610 990 004) (AFSL 505932), the issuer and responsible entity of the Redcape Hotel Group Fund (which comprises the Redcape Hotel Trust I, ARSN 629 354 614 and the Redcape Hotel Trust II, ARSN 629 354 696) (Fund). MA Hotel Management Pty Ltd (ACN 619 297 228) is the appointed Manager of the Fund. This is provided for informational purposes only.