

Redcape Hotel Group

Continuous Disclosure notice

Strategic review and asset sales update

20 November 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 on the strategic initiatives currently being undertaken by the Manager including the success of its asset realisation programme.

Agreement to sell seven hotels

MA Hotel Management (MAHM, the Manager) is pleased to advise of the continued success of its recent asset realisation programme, with unconditional sale agreements secured over seven hotels for a total value of \$157.5 million. This combined result is above the Directors' Valuation and demonstrates the resilience of investor demand for quality hospitality assets.

The divested hotels include the Aspley and Shafston Hotels in Brisbane, The Grove Hotel in Mackay, Central Hotel and Unanderra Hotel south of Wollongong, and Mt Annan and Eastern Creek Hotels in Western Sydney.

The hotels will settle progressively between October 2023 and May 2024.

As previously advised, part of the net proceeds will be applied to reduce Fund debt, with the balance allocated to the Fund's working capital requirements.

Manager's priorities for the Fund

As noted in the September '23 update, the Manager's priorities for the Fund remain unchanged:

- ensuring the Fund has a strong balance sheet with no near-term debt expiry and the capacity to fund growth capital initiatives
- implementing operating initiatives that target increases in earnings to underpin distribution growth
- sustainably reinstate the Fund's quarterly Liquidity Facility.

Update on debt and liquidity facilities

The Manager is progressing discussions with the Fund's lenders to refinance \$250 million of debt scheduled to mature in September 2024. As previously advised, recent variations to the terms of this facility require a partial reduction before the extension can proceed.

As a result of recent asset sales, the Manager believes that the Fund has ample liquidity to meet this requirement and finalise the extension of the 2024 debt maturity.

Once this and the valuation review currently being conducted are finalised, the Responsible Entity will be able to determine the best way to sustainably reinstate the Fund's quarterly Liquidity Facility.

The Manager is exploring avenues for earnings and distribution growth by implementing more efficient operating procedures, improved management controls and through the capital improvement of venues to assist revenue growth. MA Financial is also considering initiatives that support the Fund through the current economic cycle and also provide a benefit to Fund earnings.

These initiatives are all underway with target completion of key items by the end of the 2023 calendar year. The Manager will provide investors will more information in future investor updates.

More information

If you have any questions regarding your investment, please speak to your financial adviser or contact Client Services via clientservices@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.