

# MA Redcape Hotel Fund

## Asset Management

Investor update  
March 2025

The Fund aims to provide investors with regular cash distributions and capital growth over the investment term by investing in and actively managing a diversified portfolio of high-quality hotels with the potential for refurbishment or redevelopment to increase value.

### IMPORTANT INFORMATION

This update has been prepared by MA Redcape Hotel Fund RE Ltd ACN 610 990 004 (AFSL 505932), the responsible entity (Responsible Entity) of the MA Redcape Hotel Fund (Redcape or the Fund) and is subject to the disclaimer at the end of this document. Redcape Hospitality Pty Ltd ACN 619 297 228 is the appointed manager of the Fund.

The Fund comprises the MA Redcape Hotel Trust I ARSN 629 354 614 (Trust I) and MA Redcape Hotel Trust II ARSN 629 354 696 (Trust II). MA Redcape Hotel Fund RE Ltd ACN 610 990 004 (AFSL 505932) is the responsible entity of Trust I and Trust II. The Fund is a stapled group comprising both Trust I and Trust II.



## Key Fund highlights

- Like for like<sup>1</sup> (LFL) venue earnings<sup>2</sup> increased 18.3% for the quarter as the Fund continues to see strong trading performance, with LFL FY25 YTD earnings up 12.6%.
- A distribution of 2.50 cents per unit (cpu) was declared representing 10.0 cpu on an annualised basis with a target of 2.50 cpu for June 2025. This takes the year-to-date distribution to 96.5% of Underlying earnings.
- The Fund's NAV increased to \$1.5258 per unit and is positioned to benefit further as earnings growth continues and asset valuations increase (assuming cap rates remain stable).
- The Fund settled three acquisitions in the quarter, the Prince Consort in Fortitude Valley, Saltwater Creek Hotel in Helensvale and Flagstone Tavern in Flagstone. All three are located in the South East Queensland region. The newly acquired venues are onboarding well.
- The Manager has entered contracts to acquire four Sunshine Coast leasehold venues for a total of \$76m which is anticipated to settle in the June 2025 quarter. These venues are aligned with the strategy of redeploying proceeds from recent asset sales into higher yielding assets while providing greater earnings diversification across the portfolio. The venues were acquired on long term leases, with the tenant owning the gaming authorities with a current replacement value of over \$70m.
- Growth capital spend in FY25 is on track to exceed \$35m with a targeted return on capital of over 20%.<sup>3</sup>
- The Manager has updated the Fund's two-year Total Return target from 1 April 2025 to be 15% p.a.<sup>4</sup>

### Key Fund metrics (31 March 2025)

Portfolio NAV per unit	\$1.5258
Underlying Earnings per unit (3Q25)	2.29 cents
Distribution per unit (3Q25)	2.50 cents
Portfolio valuation	\$1,013.3m
Weighted portfolio cap rate	8.1%
Net debt	\$404.0m
Portfolio NAV	\$572.2m
Cash and cash equivalents	\$34.0m
Portfolio gearing	36.2%
Number of assets	27 <sup>5</sup>
ICR ratio LTM	2.79x
% of drawn debt hedged	100.0%
Distribution Reinvestment Plan (DRP)	On

### Investment Management



**CHRIS UNGER**

Head of Redcape Hospitality

1. Like-for-like venues include all venues that were operating during the entire period and excludes venues that were acquired or divested.
2. Venue earnings before interest, tax, depreciation, amortisation, management fees and group expenses. All reported financials are management accounts and are based on unaudited accounts.
3. The return on growth capital investment is the target annual incremental EBITDA after hotel operator fees at maturity (typically after one year) divided by capital invested. These are targets only. Refer to the Product Disclosure Statement for further information with respect to growth capital expenditure.
4. After fees but before taxes. All investments carry risk, and this is a target only and may not be achieved. Refer to Section 7 of the Fund's Product Disclosure Statement for specific detail on the risks associated with an investment in the Fund including (but not limited to) regulatory risk, interest rate risk, demographics and changes in consumer preferences and tastes risk and others. Components of the Total Return of 15% are approximately 7% p.a. of distribution return and 8% p.a. of growth return. 1 April 2025 to 1 April 2027.
5. Comprised of 23 Freehold Going Concern and 4 Leasehold Going Concern assets.

## Fund Total Return target

In the last six months since the prior Fund target return was provided, the Manager has made significant progress delivering on the Fund's strategy. As a result, the Manager is pleased to reaffirm and update the Fund's forward two-year Total Return target to 15% p.a.<sup>6</sup> for the forward two-year period from April 1 2025 to April 1 2027.

Growth in NAV is calculated solely by increases in venue earnings. No change (positive or negative) has been factored in either capitalisation rate or cost of debt.

	Fund target
Total Return target	15% pa
Distribution Return target	7% pa
Growth Return target	8% pa

The target returns are based on the below assumptions<sup>7</sup>:

	Base Case	Low Case
Organic venue earnings growth rate (pre-growth capex)	3.0%	2.0%
Annual growth capex spend	\$20m	\$20m
Return on growth capex	20%	15%
Valuation cap rate change	0 bps	0 bps
All-in interest cost	5.5%	5.5%

## Operating performance and outlook

The Fund's trading performance was strong across the March quarter with LFL venue earnings of \$16.7m up 18.3% on the prior year, continuing the pleasing results from the December quarter where venue earnings increased 11.4% on the prior year on a LFL basis.

The Fund delivered year on year LFL revenue growth in gaming, bar and food of +17.9%, +11.8%<sup>8</sup> and +30.2%<sup>9</sup> respectively for the quarter.

The convenience takeaway liquor sales environment continued to improve across the quarter delivering an increase of +3.8% on a LFL basis.

Operating costs continue to be managed well despite normalised expenses up 5.4%<sup>9</sup> on the prior year LFL due to increased revenue requiring additional variable costs.

Tropical Cyclone Alfred caused significant localised disruption however there was no lasting damage caused to any of the Fund's venues.

The Manager is targeting a June 2025 quarter distribution of 2.50 cpu, in line with the March 2025 distribution, a 9% increase from the previous June quarter. The Fund is targeting an 11.0 cpu distribution (2.75c per quarter) for FY26.

6. After fees but before taxes. All investments carry risk, and this is a target only and may not be achieved. Refer to Section 7 of the Fund's Product Disclosure Statement for specific detail on the risks associated with an investment in the Fund including (but not limited to) regulatory risk, interest rate risk, demographics and changes in consumer preferences and tastes risk and others. Components of the Total Return of 15% are approximately 7% p.a. of distribution return and 8% p.a. of growth return. 1 April 2025 to 1 April 2027.

7. These estimates should not be regarded as a guarantee of future performance and these figures assume returns over a two-year period from April 1, 2025 to April 1, 2027.

8. After adjusting for promotional discounts used to drive increased foot traffic and sales.

9. After adjusting for promotional discounts not in the prior corresponding period.

# Fund performance<sup>10</sup>

(31 March 2025)

Total investment performance for the Fund is summarised as follows:

	3 months (%)	6 months (%)	1 year (%)	3 years (% p.a.)	Since inception (% p.a.) <sup>11</sup>
Distribution return	1.67%	3.29%	6.58%	5.91%	6.57%
Growth return	1.69%	3.02%	2.38%	0.25%	5.62%
Total return	3.35%	6.31%	8.96%	6.16%	12.19%

Returns reflect the value of a continuing investor's investment assuming the reinvestment of all distributions and are calculated per the Financial Services Council (FSC) guidelines (MA Financial Group is a member of the FSC). Past performance is not a reliable indicator of future performance.

10. Performance is shown for information purposes only. Past performance is not a reliable indicator of future performance. Performance fees may impact total return performance. Returns reflect the value of a continuing investor's investment assuming the reinvestment of all distributions and is calculated in accordance with the Financial Services Council (FSC) of which MA Financial Group is a member.

11. The Fund's inception date is 10 July 2017.

## Financial performance summary

Income statement (\$000)	Quarter Ending 31 March 2025	Quarter Ending 31 March 2024
Revenue	78,812	82,075
Cost of sales	(36,405)	(37,747)
Gross profit	42,407	44,328
Gross profit %	53.8%	54.0%
Employment costs	(12,980)	(13,650)
Other operating costs	(10,277)	(9,585)
Management fees	(2,874)	(3,163)
<b>Operating EBITDA</b>	<b>16,276</b>	<b>17,929</b>

Distribution statement (\$000)	Quarter Ending 31 March 2025	Quarter Ending 31 March 2024
Operating EBITDA	16,276	17,929
Cash rent adjustment	(1,353)	(845)
Cash interest expense	(5,515)	(7,620)
Maintenance capital expenditure	(802)	(422)
<b>Underlying earnings</b>	<b>8,606</b>	<b>9,042</b>
Underlying earnings per unit	2.29 cents	2.09 cents
<b>Distribution</b>	<b>9,375</b>	<b>8,671</b>
Distribution per unit	2.50 cents	2.00 cents

Balance sheet (\$000)	As at 31 March 2025	As at 31 March 2024
Cash	34,008	27,138
<b>Portfolio Valuation</b>	<b>1,013,287</b>	<b>1,282,743</b>
Other Assets	102,716	72,134
Portfolio Total Assets	1,150,011	1,382,015
Borrowings	(438,033)	(625,933)
Other Liabilities	(139,795)	(109,907)
Total Liabilities	(577,829)	(735,841)
<b>Portfolio Net Asset Value</b>	<b>572,182</b>	<b>646,174</b>
Units on Issue	375,003	433,560
Portfolio NAV (\$/Unit)	\$1.5258	\$1.4904
Portfolio Gearing	36.2%	44.2%









## More information

For more information speak to your financial adviser.

## CONTACT DETAILS

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## IMPORTANT INFORMATION

MA Redcape Hotel Fund RE Ltd ACN 610 990 004 (AFSL 505932) (Responsible Entity) is the responsible entity of the MA Redcape Hotel Fund (which comprises the stapled trusts being the MA Redcape Hotel Trust I ARSN 629 354 614 and MA Redcape Hotel Trust II ARSN 629 354 696) (Fund) and the issuer of the units in the Fund. The information contained in this document is general only and has been prepared without taking into account your objectives, financial situation or needs. Before making any investment decision you should consider obtaining professional investment advice that takes into account your personal circumstances and should read the current product disclosure statement (PDS) of the Fund. The PDS for the Fund is available at [mafinancial.com/asset-management/retail-funds/redcape-hotelgroup/](https://mafinancial.com/asset-management/retail-funds/redcape-hotelgroup/). Neither the Responsible Entity nor any member of the MA Financial Group Limited guarantees repayment of capital or any particular rate of return from the Fund. All opinions and estimates included in this document constitute judgments of the Responsible Entity as of the date of this document and are subject to change without notice. Past performance is not a reliable indicator of future performance. The value or return of an investment will fluctuate and an investor may lose some or all of their investment. Whilst the Responsible Entity believes the information contained in these materials are based on reliable information, no warranty is given to its accuracy and persons relying on this information do so at their own risk. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this

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