



## ASX Announcement

17 January 2022

### MA Financial Group increases FY21 & FY22 earnings guidance

- **Redcape Hotel Group asset revaluations above prior expectations**
- **FY21 Underlying EPS growth expected to exceed 50% on FY20, up from >40% previously announced**
- **FY22 Underlying EPS now expected to be up 10-20% on FY21, approximately 2-3% above the previous FY22 guidance range**

MA Financial Group Limited (“MA Financial” or “the “Group”; ASX: MAF) has today adjusted its earnings guidance as a result of increased valuations for some of Redcape Hotel Group’s (Redcape) Hospitality assets.

#### Redcape Hotel Group revaluations

A revaluation process was required to be undertaken by the independent board of the responsible entity of Redcape for the audited accounts at 31 December 2021. As a consequence of this process, the Directors’ Net Asset Value (NAV) per Redcape security has increased from \$1.310 at 30 June 2021 to \$1.465 at 31 December 2021<sup>1</sup>. The increase largely reflects strong market sales evidence in late 2021, with multiple sales of hotels indicating ongoing compression of market capitalisation rates.

The increase in Redcape’s Directors’ NAV delivers a stronger than expected FY21, non-cash, mark to market benefit to MAF relating to its co-investment holding of 67.4 million Redcape securities. There will be no performance fee related to Redcape in 2H21 given the majority of the revaluations are based on Directors’ valuations.

The positive revaluations and the strong trading performance of its hospitality assets further highlights MA Hotel Management’s specialised and leading operational capability in managing all aspects of hospitality assets. The Group believes that its combined operational and investment management capability delivers superior investment outcomes for investors.

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<sup>1</sup> Directors’ NAV ex-distribution entitlement for RDC December 2021 distribution.

## Increased earnings guidance

As a consequence of the higher than anticipated increase in Redcape's Directors' NAV, MAF's FY21 Underlying Earnings per Share (EPS) is now expected to be up on FY20 by more than 50%. The previous expectation was for Underlying EPS growth in excess of 40%.

Based on the upgraded FY21 Underlying EPS guidance, we now expect MAF's FY22 Underlying EPS to be up between 10% and 20% on the FY21 result.<sup>2</sup> This results in an expected FY22 Underlying EPS range of 41.5-cents to 45.3 cents, approximately 2% to 3% above the previous guidance provided in December 2021.

A full reconciliation of guidance changes is provided in the table below.

Julian Biggins, Joint-CEO of MA Financial, commented, "The strength of the transactional market for high-quality hospitality assets continues to be very positive, and this coupled with strong trading performance has supported an increase in valuation for the group's hospitality assets. We retain a high conviction that investment fundamentals for the hospitality sector will remain positive and look forward to a period of trade with less COVID disruption".

MA Financial is scheduled to release its FY21 Financial Results to the market on 17 February 2022.

## Upgraded FY21 & FY22 Underlying Earnings guidance

UNDERLYING EPS	PREVIOUS GUIDANCE		CURRENT GUIDANCE	
	EPS GROWTH	EPS	EPS GROWTH	EPS
FY21	>40%	>35.2c	>50%	>37.7c
FY22	15-25%	40.5c - 44.0c	10-20%	41.5 - 45.3c

Authorised for release by Julian Biggins, Joint CEO of MA Financial Group Limited

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<sup>2</sup> This outlook is subject to market conditions, deal completion rates and timing, no material regulatory change, no significant COVID-19 related business disruptions and completion of the Finsure acquisition as announced on 15 December 2021.