

Redcape
HOTEL GROUP

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# Buy-Back and Rights Issue Booklet

Liquidity offer comprising of a Buy-Back and 1 for 4.8 pro-rata non-renounceable Entitlement offer (**Rights Issue**) of Redcape Securities each at a fixed price of $1.15 per Redcape Security and New Security.

The Buy-Back closes at 5:00pm on Monday, 18 October 2021 and the Entitlement offer closes at 5:00pm on Thursday, 21 October 2021.

This document and the personalised Buy-Back Participation Form and Rights Issue Entitlement and Acceptance Form that accompanies it contain important information and require your immediate attention.

This document is not a product disclosure statement or prospectus under the Corporations Act and has not been lodged with the Australian Securities and Investment Commission.

If you have any questions in respect of the Buy-Back or Rights Issue, please call 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday.

# Important Notices

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### What is this document?

This Booklet is issued by Redcape Hotel Group Management Limited ACN 610 990 004 (the **Responsible Entity**) in its capacity as responsible entity of Redcape Hotel Trust I (ARSN 629 354 614) (**Trust I**) and Redcape Hotel Trust II (ARSN 629 354 696) (**Trust II**), which are the stapled managed investment schemes that together comprise Redcape Hotel Group (**Redcape**).

The purpose of this Booklet is to inform you regarding:

- how to participate in the off-market Buy-Back which is being offered by the Responsible Entity as a mechanism for Redcape Securityholders to apply to exit their investment in Redcape prior to the Delisting should you wish to do so; and
- the rights issue being offered by the Responsible Entity, which will provide part of the funding for the Buy-Back (**Rights Issue**), and how to participate in the Rights Issue should you wish to do so.

This Booklet, as it relates to the Rights Issue, is being made pursuant to section 1012DAA of the Corporations Act (as modified by *ASIC Corporations (Non-traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73)* which allows rights issues to be conducted without a product disclosure statement.

This Booklet is not a product disclosure statement under the Corporations Act and has not been lodged with ASIC. This Booklet does not contain all of the information which would be required to be disclosed in a product disclosure statement. As a result, it is important for you to read and understand the publicly available information on Redcape and the Rights Issue (for example, the information available on Redcape's website https://www.redcape.com.au/investor-centre/ or on the ASX's website www.asx.com.au, including the Explanatory Statement dated 18 August 2021) prior to deciding whether to take up your Rights and apply for New Securities.

When making an investment decision in connection with the Rights Issue or the Buy-Back, you should consider the risk factors set out in the appendix to the Investor Presentation which is included as Annexure A to this Booklet in light of your individual circumstances. The risks identified in the appendix to the Investor Presentation are non-exhaustive indicators of factors which may affect the financial and operating performance of Redcape. None of the Responsible Entity, the Underwriter, the Lead Manager, the Manager nor any other person guarantees:

- any specific rate of return in respect of Redcape Securities;
- the performance of Redcape;
- repayment of capital from Redcape; or
- any particular tax treatment.

### No investment advice

Redcape Securityholders should note that the information provided in this Booklet, and the accompanying Buy-Back Participation Form and Rights Issue Entitlement and Acceptance Form, does not constitute financial product advice and has been prepared without reference to your particular investment objectives, financial situation, taxation position and needs. The information contained in these documents should not be considered as comprehensive or comprising all information which you may require in order to determine whether or not to participate in the Buy-Back or subscribe for New Securities.

Before deciding whether to apply for New Securities, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the risks involved.

It is important that you read this Booklet in its entirety before making any investment decision or deciding whether to participate in the Buy-Back or Rights Issue. If you are in any doubt on whether to participate in the Buy-Back or Rights Issue, you should consult your financial, legal, tax or other professional adviser.

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## Preparation and responsibility

Neither the Underwriter, nor any of its affiliates, securityholders or related bodies corporate (as that term is defined in the Corporations Act), nor any of their respective directors, employees, officers, representatives, agents, partners, consultants, affiliates, advisers or intermediaries (together the **Underwriter Parties**), nor the Lead Manager or advisers to the Responsible Entity or any other person named in this document, have authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Booklet (or any other material released by the Responsible Entity). None of the Underwriter, Lead Manager or advisers to the Responsible Entity make or purport to make, and have not authorised, approved or verified, any statement (including any forward-looking statement) in this Booklet and there is no statement in this Booklet which is based on any statement by any of them.

The information in this Booklet remains subject to change without notice. The Responsible Entity reserves the right to withdraw or vary the timetable for implementing the Buy-Back and Rights Issue without notice.

## Forward looking Statements

This Booklet may contain statements which are considered to be forward-looking.

Forward looking statements can generally be identified by the use of forward looking words such as 'expect', 'anticipate', 'likely', 'intend', 'propose', 'should', 'could', 'may', 'predict', 'plan', 'will', 'believe', 'forecast', 'estimate', 'target', and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the outcome and effects of the Rights Issue and the Buy-Back.

Forward looking statements may involve a significant element of subjective judgment, assumptions as to future events, and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, or may be unknown to, the Responsible Entity (and its officers, employees, agents or associates). In addition, the uncertainty and risks created by the COVID-19 pandemic increase the difficulty of making such judgements and analysis.

Unforeseen or unpredictable events and various risks could affect the future results of Redcape, causing results to differ from those which are expressed, implied or projected in any forward-looking statements. Given these uncertainties, it is prudent not to place undue reliance on any forward looking statements.

Refer to Appendix D of the Investor Presentation (at Annexure A of this Booklet) for a summary of certain general and Redcape specific risk factors that may affect Redcape. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Booklet in light of these disclosures.

The forward looking statements are based on information available to the Responsible Entity as at the date of this Booklet. Except as required by law or regulation (including the ASX Listing Rules), the Responsible Entity undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

## Past performance

Investors should note that past performance, including past security price performance, cannot be relied upon as an indicator of (and provides no guidance as to) future Redcape performance including future security price performance.

## Foreign jurisdictions

This Booklet has been prepared to comply with the requirements of the laws of Australia, which may differ from the requirements in jurisdictions outside of Australia. To the extent that you are, or hold Redcape Securities or Rights on behalf of another person, resident outside Australia, New Zealand and the United Kingdom, it is your responsibility to ensure that any participation in the Rights Issue (including for your own account or when you hold Redcape Securities or Rights beneficially for another person) complies with all applicable foreign laws and that each beneficial owner on whose behalf you are participating in the Rights Issue is not in the United States and not acting for the account or benefit of a person in the United States.

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# Important Notices

This Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. Rights are not transferable, and New Securities may not be offered or sold in any country outside Australia, New Zealand and the United Kingdom except to the extent permitted below. No action has been taken to register or qualify the Rights Issue, the Rights or the New Securities, or otherwise permit the public offering of the New Securities, in any jurisdiction other than Australia, New Zealand and the United Kingdom.

The release, publication or distribution of this Booklet in jurisdictions other than Australia may be restricted by law. Any failure to comply with such restrictions may constitute a violation of applicable laws. If you come into possession of this information, you should observe such restrictions and should seek your own advice on such restrictions.

Nominees and custodians may not distribute this document, and may not permit any beneficial shareholder to participate in the Rights Issue, in any country outside Australia and New Zealand except, with the consent of Redcape, to beneficial securityholders resident in certain other countries where Redcape may determine it is lawful and practical to make offers under the Rights Issue.

## United States

This Booklet, and the accompanying Rights Issue Entitlement and Acceptance Form, do not constitute an offer to sell any securities in the United States.

Neither the rights under the Rights Issue described in this Booklet (**Rights**) nor the New Securities have been, nor will be, registered under the US Securities Act of 1933, as amended (US Securities Act), or the securities laws of any state or other jurisdiction of the United States. The Rights may not be taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of a person in the United States.

The New Securities may not be offered, sold or resold in the United States or to persons acting for the account or benefit of a person in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US State securities laws.

## Defined terms

Capitalised terms used in this Booklet are defined in the Glossary.

## Times and Dates

Unless stated otherwise, all times expressed in this Booklet refer to Sydney time.

Times and dates in this Booklet are (except where historical) indicative only and subject to change. Refer to the 'Key dates' for more details.

## Currency and financial data

Unless stated otherwise, all references to dollars, $, cents or ¢ are to Australian dollars and financial data is presented as at the date stated.

## Trading New Securities

Redcape, the Lead Manager and the Underwriter will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade New Securities they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Responsible Entity or the Registry or otherwise, or who otherwise trade or purport to trade New Securities in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters, you should first consult with your financial, legal, tax or other professional adviser. Should you wish to discuss the matters in this Booklet, please contact the Redcape Securityholder Information Line on 1300 737 760 for callers within Australia or +61 2 9290 9600 for callers outside of Australia between 8:30am and 5:30pm Sydney time Monday to Friday.

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### Updated information

Redcape may update the information contained in this Booklet via the ASX announcements platform and on its website at https://www.redcape.com.au.

### Privacy

The Responsible Entity may collect personal information in the process of conducting the Buy-Back and Rights Issue. Such information may include the Redcape Securityholder's name, contact details and securityholding.

The primary purpose of collecting personal information is to assist the Responsible Entity to conduct the Buy-Back and Rights Issue. Personal information collected will not be used for any other purpose.

Personal information of the type described above may be disclosed to print, mail and other service providers and related bodies corporate of the Responsible Entity. Redcape Securityholders have certain rights to access their personal information that has been collected and may contact the Responsible Entity in the first instance if they wish to access their personal information.

### Questions

If you have any questions in relation to the Rights Issue and the Buy-Back please contact your financial, legal, tax or other professional adviser or call the Redcape Securityholder Information Line on 1300 737 760 for callers within Australia or +61 2 9290 9600 for callers outside of Australia between 8:30am and 5:30pm (Sydney time) Monday to Friday.

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# Chairman's Letter

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Dear Securityholder,

On behalf of the directors of Redcape, I am pleased to present you with the opportunity to participate in the Buy-Back and Rights Issue being undertaken as part of the delisting of Redcape and associated liquidity offer.

The liquidity offer will comprise a Buy-Back and a Rights Issue intended to provide Redcape Securityholders with the option to either:

1. continue their investment by retaining their holding and, if desired, acquiring additional securities under the Rights Issue; or
2. exit their investment by selling on-market subject to demand and prior to the proposed Suspension Date of 31 October 2021 or through the Buy-Back.

The Buy-Back and Rights Issue are being undertaking at the same fixed price of $1.15 per Redcape Security. The Rights Issue is designed to partially fund the Buy-Back and will be fully underwritten by MA Moelis Australia Advisory Pty Ltd (a subsidiary of MA Financial Group).

## Overview of the Proposal

Since IPO in November 2018, Redcape has consistently traded at a discount to Directors NAV despite the strong operational performance reflected through positive increases in independent valuations across its portfolio. Notwithstanding COVID-19 related disruptions to the portfolio, the performance of Redcape's assets has remained strong.

In FY21, Redcape reported Underlying Earnings for the year of 10.21 cents per security which represents a 16.0% increase on FY19, being the last full year of trade not interrupted by COVID. The result was driven by strong like-for-like revenue growth from the Group's portfolio, up 8.4% on the prior year excluding the COVID-impacted months.

Directors NAV per security also increased to $1.31 per security as at 30 June 2021, from $1.22 cents per security at 31 December 2020 reflecting the independent valuation of all 36 of the Group's assets.

The IBC and MA Hotel Management, as manager of Redcape, continue to believe in the fundamentals underpinning the portfolio and attractiveness of the hospitality asset class and remain committed and aligned with securityholders to deliver long term value. As such, the IBC and Manager have continued to explore ways to close the gap between Directors NAV and price at which Redcape Securityholders can sell their securities if they wish to do so.

The Proposal is designed to deliver this to Redcape Securityholders by reinstating Redcape as an unlisted fund that offers quarterly liquidity. Redcape's existing corporate entities and management structure will be retained in the unlisted structure and the unlisted fund will continue to be managed by the existing Manager and governed by the existing Responsible Entity Board.

The strategy will remain unchanged with Redcape continuing to seek to provide investors with regular and growing cash distributions and capital growth over the investment term by investing in and actively managing a diversified portfolio of high-quality pubs, hotels and alternative use real-estate opportunities with the potential for refurbishment or redevelopment to increase land utilisation.

Once Redcape is Delisted, the Responsible Entity intends to offer Redcape Securityholders quarterly liquidity via an unlisted liquidity facility. Subject to the caps and limitations outlined in the Explanatory Statement, the Responsible Entity intends to provide quarterly liquidity at a 2.5% discount to Directors NAV from the quarter ending 31 December 2022 onwards. Subject to the same caps and limitations, for securityholders in Unlisted Redcape who wish to exit post the Delisting but earlier than 31 December 2022, the

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Responsible Entity intends to offer quarterly liquidity:

- from and for the quarter ending 30 June 2022, at a 7.5% discount to Directors NAV per security; and
- for the quarter ending 30 September 2022, at a 5.0% discount to Directors NAV per security.

The Responsible Entity may from time to time reduce the exit discount applied in its discretion.

MA Financial Group and its senior executives will retain a material investment directly in Redcape in addition to applying its hotel operating platform to the management of Redcape's hotels.

The Proposal was approved by Redcape Securityholders on Friday, 10 September 2021. The Buy-Back and Rights Issue will open on 20 September 2021 and will close on 18 and 21 October 2021 respectively. The Delisting is expected to take effect from 2 November 2021.

### Buy-Back

Liquidity will be offered under the Buy-Back at a price of $1.15 per Redcape Security for securityholders who wish to exit all or part of their investment in Redcape. This represents a 22.3% premium to the Redcape price prior to 18 August 2021 and a 13.9% premium to the 3-month VWAP of Redcape Securities up to and including Tuesday, 17 August 2021. The Buy-Back Price is at a 12.2% discount to Redcape's 30 June 2021 Directors NAV and has been designed to balance the interests of long-term investors choosing to remain invested in Redcape, while providing an attractive exit price, relative to pricing on ASX, to investors seeking immediate liquidity. The Buy-Back will be funded by increasing Redcape's debt facilities to a forecast Directors Gearing of 46.1%[1], and the Rights Issue described below.

The Buy-Back will be capped at $247.3 million, reflecting $115.0 million in net debt funding and $132.3 million funded by the Rights Issue.

The Responsible Entity believes that the Buy-Back limit is sufficiently sized to allow full liquidity to Exiting Securityholders under a range of likely outcomes. If the total value of the securities which Redcape Securityholders elect to sell in the Buy-Back exceeds the Buy-Back Limit, a scale-back would be applied on a pro-rata basis. This means that if you apply to participate in the Buy-Back you may not have all of your securities bought back (although at least 60.0% of your securities would be bought back).

### Rights Issue

In conjunction with the Buy-Back, Redcape will undertake a Rights Issue to partially fund the Buy-Back and as well as provide the opportunity for existing Redcape Securityholders to acquire additional securities. The Rights Issue is a 1 for 4.8 pro rata non-renounceable offer of new securities in Redcape ("New Securities"), to raise funding of up to $132.3 million for the Buy-Back. The New Securities will be offered at an offer price of $1.15 ("Rights Issue Offer Price") per New Security.

The Rights Issue is fully underwritten by MA Moelis Australia Advisory Pty Ltd (Underwriter) subject to the terms of an underwriting agreement (see section 9.3(I) of this Booklet for more details).

Each dollar raised under the Rights Issue from Redcape Securityholders will reduce the size of the Underwriters' commitment, which will only be drawn upon to the extent there is demand under the Buy-Back in excess of Redcape's additional $115.0 million of net debt funding as well as any take-up under the Rights Issue.

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The Rights Issue has been structured such that Redcape Securityholders are able apply for additional securities above their Rights subject to a cap of 2.0x their Rights Issue Entitlement in addition to their Rights Issue Entitlement. For example, if you currently own 100,000 Redcape Securities you will be entitled to acquire up to 20,833 securities under the Rights Issue to apply for 41,666 additional securities.

MA Financial Group and the MA SIV Property Fund have informed the Responsible Entity that they will not participate in the Buy-Back or the Rights Issue (other than, in the case of MA Financial Group, participating as Underwriter).

The Independent Board Committee believes that the Proposal is in the best interests of Redcape Securityholders and all members of the Independent Board Committee do not intend to participate in the Buy-Back and intend to retain their Redcape Securities post delisting.

## How to apply

The Buy-Back closes at 5.00pm on Monday, 18 October 2021 and the Rights Issue closes at 5.00pm on Thursday, 21 October 2021.

To participate in the Buy-Back you should ensure that your completed Buy-Back Participation Form is received by the Registry (for Issuer Sponsored Holders) or that your instructions are processed by your Controlling Participant (for CHESS Holders) by no later than 5.00pm on the Buy-Back Closing Date (Monday 18 October 2021).

If you would like to take up all or part of your Entitlement to increase your holding in Redcape, and apply for Additional New Securities in excess of your Entitlement, you will need to complete and return your personalised Rights Issue Entitlement and Acceptance Form together with your requisite Application Amount to the Registry, or alternatively pay your Application Amount using BPAY®, so that they are received by 5.00pm (Sydney time) on Thursday, 21 October 2021.

Please carefully read this Booklet in its entirety and consult your financial, legal, tax or other professional adviser before making your investment decision. In particular, you should read and consider the "Key Risks" set out in Appendix D of the Investor Presentation at Annexure A to this Booklet, which contains a summary of some of the key risks associated with an investment in Redcape.

If you have any questions in respect of the Buy-Back or Rights Issue, please call 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday.

On behalf of the Board, we invite you to consider this investment opportunity and thank you for your ongoing support.

Yours sincerely,



**Mr. Nicholas Collishaw**

Independent Non-Executive Chairman
Redcape Hotel Management Ltd

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# Key Dates

| Event | Date |
|---|---|
| Buy-Back/Rights Issue Record Date | Friday 17 September 2021 |
| Opening Date for Buy-Back and Rights Issue | Monday 20 September 2021 |
| Despatch of Buy-Back and Rights Issue booklet | Wednesday 22 September 2021 |
| Closing Date for Buy-Back | Monday 18 October 2021 |
| Announcement of the results of the Buy-Back (including details of maximum scale-back) | Tuesday, 19 October 2021 |
| Closing Date for Rights Issue | Thursday 21 October 2021 |
| Announcement of results of Rights Issue (including any pro-rata scale-back with respect to applications for Additional New Securities) | Friday, 22 October 2021 |
| Rights Issue Settlement Date (settlement of Rights Issue) | Tuesday 26 October 2021 |
| Issue Date for the of Rights Issue | Wednesday, 27 October 2021 |
| Buy-Back Settlement (including cancellation of securities bought-back by the Responsible Entity) | |
| Suspension Date (date on which Redcape Securities are suspended from trading on ASX) | Friday, 29 October 2021 |
| Delisting Date | Tuesday 2 November 2021 |

All times and dates in the above timetable are references to the time and date in Sydney, New South Wales, Australia and all such times and dates are subject to change. The Responsible Entity may vary any or all of these dates and times and will provide notice of any such variation on ASX. Certain times and dates are conditional on the approval of the Proposal by ASX. Any changes will be announced by the Responsible Entity to ASX.

# What should you do?

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### 4.1 Read this Booklet and the accompanying forms

This Booklet, and the accompanying personalised Buy-Back Participation Form and Rights Issue Entitlement and Acceptance Form, contain important information about the Buy-Back and Rights Issue. You should read each of these documents carefully and in their entirety before deciding whether or not to participate in the Buy-Back or Rights Issue.

The Rights Issue is not being made under a product disclosure statement. This Booklet does not contain all of the information which would be required to be disclosed in a product disclosure statement. As result, it is important for you to read and understand the publicly available information on Redcape, the Rights Issue, and the Proposal (for example, the information available of Redcape's website https://www.redcape.com.au/investor-centre/ or on the ASX's website www.asx.com.au) before deciding whether to accept your Rights and apply for New Securities.

### 4.2 Buy-Back

*(a) Consider the Buy-Back in light of your particular investment objectives and circumstances*

If you are in any doubt about the information provided or the action you should take in relation to the Buy-Back, you should consult your financial, legal, tax or other professional adviser.

*(b) Decide what you want to do*

If you wish to sell Redcape Securities in the Buy-Back, you need to decide the number of Redcape Securities that you wish to offer to sell.

The maximum number of Redcape Securities that you may offer to sell through the Buy-Back is the total number of Redcape Securities for a registered holding as shown on your Buy-Back Participation Form.

Participation in the Buy-Back is voluntary. You do not need to be based in any particular country to participate in the Buy-Back.

*(c) Issuer Sponsored Holders*

If you are an Issuer Sponsored Holder and you wish to sell Redcape Securities in the Buy-Back, you will need to complete and sign your personalised Buy-Back Participation Form that accompanies this Booklet and return it to the Registry by either:

(1) using the enclosed reply paid envelope or mail your completed form to the Registry at the following address:

**Boardroom Pty Limited**

GPO Box 3993
Sydney NSW 2001

Or

(2) scanning and then emailing or faxing your completed Buy-Back Participation Form to corporateactions@boardroom limited.com.au or 02 9279 0664 (as applicable).

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*(d) CHESS Holders*

If you are a CHESS Holder, you should contact your Controlling Participant and instruct them to make an offer on your behalf. You may provide these by instructions by returning your completed Buy-Back Participation Form to your Controlling Participant, or by other means. The name of your Controlling Participant as at the Record Date is provided on your personalised Buy-Back Participation Form. If you are a CHESS Holder, do not send your completed form to the Registry.

**If you wish to participate in the Buy-Back, you must ensure that your completed Buy-Back Participation Form is received by the Registry (for Issuer Sponsored Holders) or that your instructions are processed by your Controlling Participant (for CHESS Holders) by no later than 5.00pm on the Buy-Back Closing Date (Monday 18 October 2021).**

### 4.3 Rights Issue

*(a) Decide if you are a Rights Issue Eligible Securityholder or a Rights Issue Ineligible Securityholder*

To participate in the Rights Issue as a Rights Issue Eligible Securityholder, you must be a Redcape Securityholder who:

1. was registered as a holder of Redcape Securities as at the Record Date (which was Friday 17 September 2021);
2. have a registered address on the Register in Australia, New Zealand or the United Kingdom or any other jurisdiction in which the Responsible Entity determines it is reasonably practicable to permit participation in the Rights Issue;
3. not be in the United States and not acting for the account or benefit of a person in the United States (to the extent such person holds Redcape Securities for the account or benefit of such person in the United States); and
4. be eligible under all applicable securities laws to receive an offer under the Rights Issue.

Rights Issue Eligible Securityholders who decide to take up Rights will have New Securities issued to them in consideration for payment of their Application Amount.

If you are not a Rights Issue Eligible Securityholder, you are a Rights Issue Ineligible Securityholder. A Rights Issue Ineligible Securityholder can apply for Redcape Securities under the Rights Issue. However, any New Securities which would otherwise have been issued to those Redcape Securityholders will instead be issued to the Sale Nominee for Rights Issue Ineligible Securityholders and sold on their behalf, with sale proceeds remitted to those securityholders. Further information regarding this process is set out in Section 6.1(b) of this Booklet.

*(b) Consider the Rights Issue in light of your particular investment objectives and circumstances*

If you are in any doubt about the information provided or the action you should take in relation to the Rights Issue, you should consult your financial, legal tax or other professional adviser.

An investment in New Securities is subject to known and unknown risks. Some of these risks are beyond the control of the Responsible Entity and include possible loss of income and principal invested. The Responsible Entity does not guarantee any specific rate of return on Redcape's performance, nor the repayment of capital from Redcape or any particular tax treatment.

When considering whether to apply for New Securities under the Rights Issue, investors should have regard to Appendix D of the Investor Presentation which sets out key risks associated with an investment in Redcape, as well as the disclaimers set out in this Booklet.

*(c) Decide what you want to do*

**(1) Rights Issue Eligible Securityholders**

If you are a Rights Issue Eligible Securityholder you may take any of the following actions. Each of these options may have a materially different outcome on any value you receive in respect of your Rights:

(A) take up all or part of your Entitlement;

(B) take up all of your Entitlement and apply for Additional New Securities of up to 2.0x your Entitlement; or

(C) do nothing and let your Entitlement lapse.

Additional New Securities will only be issued if required to meet Buy-Back demand following the application of funds from:

- take-up under the Rights Issue (other than from applications for Additional New Securities or the underwriting); and
- $115.0 in net debt funding.

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New Securities will be issued in respect of valid applications for entitlements under the Rights Issue even if that funding is in excess of the funding required to buy Redcape Securities under the Buy-Back. However, Additional New Securities in respect of shortfall under the Rights Issue will only be issued in event that the additional funding is required as decided by the Independent Board Committee of the Responsible Entity, giving consideration to demand under the Buy-Back and pro forma gearing. New Securities will only be issued to the Underwriter if required to fund Buy-Back applications.

The Rights Issue is non-renounceable, which means that Rights cannot be traded or otherwise transferred on the ASX, any other exchange, or privately. You will not receive any value of Rights which you do not take up.

**(2) Rights Issue Ineligible Securityholders**

If you are a Rights Issue Ineligible Securityholder, you have the same options available to you as described above for Rights Issue Eligible Securityholders. However, any New Securities you elect to take up under the Rights Issue will be issued to the Sale Nominee.

The Sale Nominee will sell the Redcape Securities issued to it and pay the proceeds, net of sale expenses, to the Registry for distribution pro-rata to the Rights Issue Ineligible Securityholders who applied for Redcape Securities under the Rights Issue.

*(d) How to take up your rights or apply for additional New Securities*

To participate in the Rights Issue, you will need to make payment of your Application Amount by BPAY®, or complete and lodge a valid Rights Issue Entitlement and Acceptance Form and your Application Amount by cheque or money order, by 5.00pm (AEST) on Thursday 21 October 2021 pursuant to the instructions set out on your personal Rights Issue Entitlement and Acceptance Form.

Further information regarding how to apply for New Securities is set out in Section 6. The Responsible Entity encourages payments by BPAY® if possible due to postal delays caused by the COVID-19 pandemic.

**Participation in the Rights Issue is voluntary. If you take no action your Rights under the Rights Issue will lapse and you will receive no value for your lapsed Rights.**

### 4.4 Questions

If you have any questions about the Buy-Back or Rights Issue, please contact the Redcape Securityholder Information Line on 1300 737 760 for callers within Australia or +61 2 9290 9600 for callers outside of Australia between 8:30am and 5:30pm (Sydney time) Monday to Friday.

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# How to Apply to sell Redcape Securities in the Buy-Back

### 5.1 If you elect to participate, decide how many Redcape Securities you wish to sell through the Buy-Back

You may elect to sell all or some of the Redcape Securities you hold 7.00pm on the Record Date, being Friday 17 September 2021. The maximum number of Redcape Securities you may sell through the Buy-Back is shown on your Buy-Back Participation Form, and is the total number of Redcape Securities for that particular registered holding at the Record Date.

If you elect to sell some or all of your Redcape Securities by validly completing your Buy-Back Participation Form, those securities will be purchased by the Responsible Entity under the Buy-Back, subject to scale-back. Refer to section 9.1(b) of this Booklet for further detail regarding the process for scale-back of the Buy-Back.

### 5.2 Complete and submit your Buy-Back Participation Form or instruct your Controlling Participant

If you do not wish to sell any of your Redcape Securities you do not need to take any action and you do not need to complete your Buy-Back Participation Form.

If you wish to participate in the Buy-Back, you must ensure that your completed Buy-Back Participation Form is received by the Registry (for Issuer Sponsored Holders) or that your instructions are processed by your Controlling Participant (for CHESS Holders) by no later than 5.00pm on the Buy-Back Closing Date (Monday 18 October 2021).

*(a) Issuer Sponsored Holders*

If you are an Issuer Sponsored Holder, you should return your completed personalised Buy-Back Participation Form (which you will have received with your copy of this Booklet) to the Registry by either:

(1) using the enclosed reply paid envelope or mail your completed form to the Registry at the following address:

**Boardroom Pty Limited**
GPO Box 3993
Sydney NSW 2001

or

(2) scanning and then emailing or faxing your completed Buy-Back Participation Form to corporateactions@boardroomlimited.com.au or 02 9279 0664 (as applicable).

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Your completed Buy-Back Participation Form must be received by the Registry by no later than 5.00pm (Sydney time) on the Buy-Back Closing Date (scheduled to be Monday 18 October 2021). You can submit your Buy-Back Participation Form at any time up to that time, however there is no priority by virtue of returning the Buy-Back Participation Form earlier rather than later.

The Responsible Entity may reject your Buy-Back Participation Form if it is not physically received by the Registry by 5.00pm (Sydney time) on the Buy-Back Closing Date (scheduled to be Monday 18 October 2021). You should allow sufficient time for this to occur if you are sending your Buy-Back Participation Form by mail.

If you have any questions in relation to the processing of your Buy-Back Participation Form, please call the Redcape Securityholder Information Line on 1300 737 760 for callers within Australia and +61 2 9290 9600 for callers outside of Australia between 8:30am and 5:30pm (Sydney time) Monday to Friday.

*(b) CHESS Holders*

If you are a CHESS Holder, you should contact your Controlling Participant and instruct them to make an offer on your behalf. You may provide these instructions by returning your completed personalised Buy-Back Participation Form (which you will have received with your copy of this Booklet) to your Controlling Participant, or by other means. You should instruct your Controlling Participant with sufficient time for them to process your instructions by 5.00pm (Sydney time) on the Buy-Back Closing Date (scheduled to be Monday 20 September 2021). The name of the Controlling Participant who manages your CHESS Holding as at the Record Date is printed on your personalised Buy-Back Participation Form.

If you are a CHESS Holder, you should not send your Buy-Back Participation Form to the Registry.

### 5.3 Withdrawals and amendments

Once you have submitted your Buy-Back Participation Form, you may withdraw the form or amend the election you have made on the form by following the procedures below:

*(a) Issuer Sponsored Holdings*

To withdraw or amend your Buy-Back Participation Form, you will need to submit a Withdrawal/Amendment Form. You can obtain a Withdrawal/Amendment Form by contacting the Redcape Securityholder Information Line on 1300 737 760 for callers within Australia and +61 2 9290 9600 for callers outside of Australia between 8:30am and 5:30pm (Sydney time) Monday to Friday.

You can withdraw your Buy-Back Participation Form in its entirety by ticking the 'Withdrawal' box on the Withdrawal/Amendment Form, completing your Redcape Securityholder details and returning it to the Registry at the address provided on the form so that it is received by no later than 5.00pm on Monday 18 October 2021. If the Registry does not receive your Withdrawal/Amendment Form by this time, your withdrawal will be of no effect.

If you wish to amend your Buy-Back Participation Form to increase or decrease the number of Redcape Security which you have elected to sell through returning your completed Buy-Back Participation Form, then you must tick the 'Amendment' box on the Withdrawal/Amendment Form. You must then complete your Redcape Securityholder details and details of the number of Redcape Securities you wish to sell in accordance with the instructions shown on the Withdrawal/Amendment Form and sign and return the form so that it is received by no later than 5.00pm on Monday 18 October 2021. If the Registry does not receive your Withdrawal/Amendment Form by this time, or if your Withdrawal/Amendment Form is incomplete or incorrect, you will not have successfully amended your Buy-Back Participation Form.

The effect of amending, through submitting a Withdrawal/Amendment Form, your offer to sell Redcape Securities (made by submitting your Buy-Back Participation Form) will be to replace the offer made by you to sell the number of Redcape Securities indicated on your submitted Buy-Back Participation Form with a new offer detailed on your Withdrawal/Amendment Form.

If your Withdrawal/Amendment Form is incomplete or incorrect, the Registry will make two attempts to contact you before the Buy-Back Closing Date. Where there is insufficient time or you cannot be contacted, your Withdrawal/Amendment Form will not be accepted.

*(b) CHESS Holdings*

If you have a CHESS Holding and you wish to withdraw or amend your submitted offer to sell Redcape Securities under the Buy-Back, you will need to instruct your Controlling Participant in sufficient time for them to process your withdrawal or amendment by no later than 5.00pm on Monday 18 October 2021.

If you have a CHESS Holding, you should not send a Withdrawal/Amendment Form to the Registry.

The effect of your Controlling Participant withdrawing or amending your offer will be to withdraw that offer made by you to sell the number of Redcape Securities that you instructed your Controlling Participant that you wanted to offer to sell under the Buy-Back, and in the case of an amendment, to replace the offer made by you to sell the number of Redcape Securities that you instructed your Controlling Participant that you wanted to offer to sell under the Buy-Back, with a new offer.

If you are a CHESS Holder, you will receive written confirmation from CHESS of the withdrawals/amendments made in relation to your holding by your Controlling Participant. Irrespective of its wording, this confirmation is not acceptance by the Responsible Entity of your withdrawal or amendment of your offer made through instructing your Controlling Participant.

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# How to Apply – Rights Issue

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### 6.1 Choices available to Redcape Securityholders

*(a) Rights Issue Eligible Securityholders*

If you are a Rights Issue Eligible Securityholder you may take any of the following actions. Each of these options may have a materially different outcome on any value you receive in respect of your Rights.

1. take up all or part of your Entitlement;
2. take up all of your Entitlement and apply for Additional New Securities of up to 2.0x your Rights; or
3. do nothing and let your Entitlement lapse.

Additional New Securities will only be issued if required to meet Buy-Back demand following the application of funds from:

- take-up under the Rights Issue (other than from applications for Additional New Securities or the underwriting); and
- $115.0 million in net debt funding.

New Securities will be issued in respect of valid applications for Entitlements under the Rights Issue even if that funding is in excess of the funding required to buy Redcape Securities under the Buy-Back. However, Additional New Securities in respect of shortfall under the Rights Issue will only be issued in event that the additional funding is required as decided by the Independent Board Committee giving consideration to demand under the Buy-Back and pro forma gearing. New Securities will only be issued to the Underwriter if required to fund Buy-Back applications.

*(b) Rights Issue Ineligible Securityholders*

If you are a Rights Issue Ineligible Securityholder, you have the same options available to you as described above for Rights Issue Eligible Securityholders. However, any New Securities you elect to take up under the Rights Issue will be issued to the Sale Nominee.

The Sale Nominee will sell the Redcape Securities issued to it (in a manner and at such a time as the Sale Nominee determines in its absolute discretion) and pay the proceeds, net of sale expenses, to the Registry for distribution pro-rata to the Rights Issue Ineligible Securityholders who applied for Redcape Securities under the Rights Issue. The Responsible Entity and the Sale Nominee will not be held liable for (i) the timing of the sale of any New Securities issued to the Sale Nominee; or (ii) the sale of these securities at any particular price.

### 6.2 How to Apply for Rights and Additional New Securities

You can apply to take up all or some of your Entitlement, and apply for Additional New Securities, by either of the methods set out below.

Payment of Application Amounts is due by no later than 5.00pm (Sydney time) on Thursday 21 October 2021.

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Payment should be made using BPAY® if possible due to postal delays caused by the COVID-19 pandemic. New Zealand and United Kindgdom Redcape Securityholders who do not have an Australian bank account, and other Redcape Securityholders who are unable to pay by BPAY®, will be able to pay by cheque or money order.

Cash payments will not be accepted. Receipts for payment will not be issued.

The Responsible Entity will treat you as applying for as many New Securities as your Application Amount will pay for in full up to your Entitlement.

*(a) Payment by BPAY®*

For payment by BPAY®, please follow the instructions on your personalised Rights Issue Entitlement and Acceptance Form. You can only make payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your personalised Rights Issue Entitlement and Acceptance Form. If you have multiple holdings and consequently receive more than one personalised Rights Issue Entitlement and Acceptance Form, when taking up your Rights in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding, your application will not be recognised as valid.

Please note that by paying by BPAY®:

- you do not need to submit your personalised Rights Issue Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties on that Rights Issue Entitlement and Acceptance Form and in Section 8 of this Booklet;
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Securities which is covered in full by your Application Amount; and
- if you pay for more than your full Entitlement, the excess of the Rights Issue Offer Price multiplied by your Entitlement will be treated as an Application to apply for as many Additional New Securities as your Application Amount will pay for in full.

It is your responsibility to ensure that your BPAY® payment is received by the Registry by no later than 5.00pm (Sydney time) on Thursday 21 October 2021. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration in the timing of when you make payment.

*(b) If you are unable to pay by BPAY®*

If you are unable to pay by BPAY®, you are able to pay by cheque or money order.

The Responsible Entity encourages payments by BPAY® if possible.

For payment by cheque or money order, you should complete your personalised Rights Issue Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by the cheque or money order in Australian currency for your Application Amount, payable to "Redcape Rights Issue" and crossed "Not Negotiable".

Your cheque or money order must be:

- for an amount equal to the Rights Issue Offer Price multiplied by the number of New Securities that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars or pounds sterling. New Zealand and United Kingdom resident securityholders must arrange for payment to be made in Australian dollars.
- If you wish to apply for Additional New Securities, please nominate the number of Additional New Securities you wish to subscribe for on the Rights Issue Entitlement and Acceptance Form where indicated and then return the completed Rights Issue Entitlement and Acceptance Form together with a cheque or money order for your Application Amount (for your Entitlement plus the number of Additional New Securities you wish to subscribe for).

If paying by cheque, you should ensure that sufficient funds are held in relevant account(s) to cover the Application Amount as your cheque will be processed on the day of receipt. If the amount of your cheque or money order for your Application Amount (or the amount for which the cheque or money order clears in time for allocation) is insufficient to pay in full for the number of New Securities you have applied for in your personalised Rights Issue Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Securities as your cleared Application Amount will pay for (and to have specified that number of New Securities on your personalised Rights Issue Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

# How to Apply – Rights Issue

To participate in the Rights Issue, your payment must be received no later than the close of the Rights Issue at 5.00pm (Sydney time) on Thursday 21 October 2021. If you are making payment via cheque or money order, you should mail your completed personalised Rights Issue Entitlement and Acceptance Form together with your Application Amount to:

**Boardroom Pty Limited**
GPO Box 3993
Sydney NSW 2001

Personalised Rights Issue Entitlement and Acceptance Forms and Application Amounts will not be accepted at the Responsible Entity's registered or corporate offices, or other offices of the Registry.

### 6.3 If you take no action

If you take no action you will not be allocated New Securities and your Entitlement will lapse. Your entitlement to participate in the Rights Issue is non-renounceable and will not be tradeable or otherwise transferable. Redcape Securityholders who do not take up their Entitlements in full will not receive any payment or value for those Rights they do not take up.

### 6.4 Applications for Additional New Securities

Amounts received by the Responsible Entity in excess of the Rights Issue Offer Price multiplied by your Entitlement will be treated as an application to apply for as many Additional New Securities as your Application Amount will pay for in full. Applications for Additional New Securities by way of over-subscription will be capped at 2.0x your Entitlement.

If you apply for Additional New Securities by way of over-subscription and if your application is successful (in whole or in part), those New Securities will be issued to you at the same time the other New Securities are issued under the Rights Issue.

Additional New Securities will only be allocated to Rights Issue Eligible Securityholders if available. If you apply for Additional New Securities, there is no guarantee that you will be allocated any Additional New Securities. Additional New Securities in respect of shortfall under the Rights Issue will only be issued in event that the additional funding is required as decided by the Independent Board Committee giving consideration to demand under the Buy-Back and pro forma gearing. The Responsible Entity also reserves the right (in its absolute discretion) to reduce the number of New Securities issued to Redcape Securityholders, or persons claiming to be Redcape Securityholders, if the Responsible Entity believes their claims to be overstated or if they or their nominees fail to provide information to substantiate their claims to the Responsible Entity's satisfaction.

### 6.5 Refund of Application Amounts

Any Application Amounts received for more than your final allocation of New Securities will be refunded as soon as practicable after the close of the Rights Issue. No interest will be paid to applicants on any Application Amounts received or refunded. If the amount of any refund would be less than $5.00, you will not receive the refund and it will instead be donated to charity.

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by direct credit to the nominated bank account as noted on the Register as at the Rights Issue Closing Date or by cheque sent by ordinary post to your address as recorded on the Register (the registered address of the first-named in the case of joint holders). If you wish to advise or change your banking instructions with the Registry you may do so by going to investorserve.com.au before the Rights Issue Closing Date.

If you take up and pay for all or part of your Rights before the Rights Issue Closing Date, it is expected that you will be issued New Securities (subject to scale-back) on the Issue Date, expected to be Wednesday 27 October 2021. The Responsible Entity's decision on the number of New Securities to be issued to you will be final.

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### 6.6 Notice to Rights Issue Ineligible Securityholders

The Responsible Entity has determined, pursuant to ASX Listing Rule 7.7.1(a) and s 9A(3)(a) of Corporations Act, that it would be unreasonable to offer New Securities for issue to Rights Issue Ineligible Securityholders.

This is due to the legal and regulatory requirements in countries other than Australia, New Zealand and the United Kingdom and the potential costs that could be incurred by Redcape in order to comply with those requirements, compared to:

- the relatively low number of Redcape Securityholders in those countries;
- the relatively low number and value of existing Redcape Securities they hold; and
- the relatively low number and value of New Securities which those securityholders would otherwise be entitled to take up and be issued.

In compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Corporations Act, the Responsible Entity advises all Rights Issue Ineligible Securityholders that they are not being offered New Securities for issue to them.

Rights Issue Ineligible Securityholders may notionally elect to take up Rights by following the procedures described in this Booklet for Rights Issue Eligible Securityholders. However, as described further in section 6.1(b) of this Booklet, any New Securities you elect to take up will be issued to the Sale Nominee who will sell those New Securities and pay the proceeds, net of sale expenses, to the Registry for distribution pro-rata to the Rights Issue Ineligible Securityholders who applied for Redcape Securities under the Rights Issue.

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# Declarations — Participation in Buy-Back

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The effect of submitting an Offer is as follows:

(a) By submitting an Offer, and if you do not, before 5.00pm on the Buy-Back Closing Date, withdraw that Offer, you are irrevocably offering to sell the number of Redcape Securities you specified in your Offer (**Nominated Securities**) to the Responsible Entity under the Buy-Back on the terms set out in this Booklet.

(b) Submission of your Offer does not, of itself, constitute a binding contract for the sale of your Redcape Securities. No agreement for a buy-back of Redcape Securities by the Responsible Entity will be formed before the Responsible Entity accepts your Offer, which will not be before 5.00pm on the Buy-Back Closing Date.

(c) If you have lodged a validly completed Buy-Back Participation Form (or Withdrawal/Amendment form in the case of amendment), or your Controlling Participant has processed your instructions, in each case prior to 5.00pm on the Buy-Back Closing Date, and you also have not, before 5.00pm on the Buy-Back Closing Date, withdrawn your Offer, then, following 5.00pm on the Buy-Back Closing Date the Responsible Entity can accept your offer meaning a binding contract will be formed between you and the Responsible Entity for you to sell, and the Responsible Entity to buy back, your Nominated Securities (subject to any scale-back as described in section 9.2(b) of this Booklet if the Buy-Back Limit is exceeded) on the terms and conditions set out in this Booklet and your Buy-Back Participation Form.

(d) By making an Offer, and if you do not, before 5.00pm on the Buy-Back Closing Date, withdraw that Offer, you are taken to:

1. agree to the terms and conditions set out in this Booklet;
2. irrevocably offer to sell to the Responsible Entity on the Buy-Back Settlement Date your Nominated Securities, subject to any scale-back applied by the Responsible Entity;
3. agree that upon acceptance of your offer as set out in paragraph (c) above, a binding contract would be formed for you to sell your Nominated Securities, subject to the scale-back as described in section 9.1(b) of this Booklet, on the terms and conditions set out in this Booklet and your Buy-Back Participation Form
4. agree that the Responsible Entity may amend the timetable for the Buy-Back (including the Buy-Back Closing Date and Buy-Back Settlement Date) as permitted by law and as described in this Booklet;
5. waive any requirement to receive further notices or communications from the Responsible Entity in respect of an Offer submitted by you;
6. warrant to the Responsible Entity that:
   - at all times after you submit your Offer, and on the Buy-Back Settlement Date you are and will be the registered holder of your Nominated Securities and that these securities are free from any mortgage, charge, lien or other encumbrance or security interest (whether legal or equitable) and from any third party rights and are otherwise able to be sold freely by you;
   - you have read and understood this Booklet;
   - you will not convert your Nominated Securities from an Issue Sponsored Holding to a CHESS Holding (or vice versa) prior to the Settlement Date;

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- if you are a trustee or nominee having elected to participate in the Buy-Back on behalf of some or all beneficial holders on whose behalf you hold Redcape Securities, such acceptances have been duly made in accordance with the instructions of the beneficial holders and/or the applicable trust or nominee arrangements and that participation in the Buy-Back on behalf of beneficial holders does not constitute a breach of trust, contract or any applicable law;
- your receipt of this Booklet, and your participation in the Buy-Back is permitted under the laws of the jurisdiction in which you are resident;
- you have not distributed or sent this Booklet or other document referring to the Buy-Back into any jurisdiction where it would not be lawful to do so; and

7. accept responsibility for observing the laws and regulatory requirements of any relevant jurisdictions that apply to you in connection with this Booklet, the Buy-Back, including obtaining any governmental, exchange control or other consents, the making of any filings that may be required, the compliance with other necessary formalities and the payment of any taxes or other requisite payments due in such jurisdictions;
8. undertake not to sell or offer to sell Redcape Securities to any other person if, as a result, you will at any time after you submit your Buy-Back Participation Form until the Settlement Date hold fewer Redcape Securities than your Nominated Securities;
9. authorise the Responsible Entity (and its officers, agents, contractors or advisers) to correct any error in or omission from your Buy-Back Participation Form and to insert any missing details therein;
10. acknowledge that neither the Responsible Entity nor any other party related or connected to the Responsible Entity has provided you with financial product, tax or investment advice, or any securities recommendation, or has any obligation to provide this advice or recommendation, concerning your decision to participate in the Buy-Back or the manner of any such participation;
11. authorise the Responsible Entity to arrange payment of your Buy-Back Consideration:
    - if you have a direct credit authority, by direct credit to your nominated account as recorded on the Register at 5.00pm (Sydney time) on the Buy-Back Closing Date; or
    - if you do not have a direct credit authority, by cheque mailed to your address as recorded on the Register at 5.00pm (Sydney time) on the Buy-Back Closing Date,
    - and in either case, you acknowledge that payments made in accordance with such instructions will satisfy all obligations to you for payment under the Buy-Back;
12. agree that damages are not an adequate remedy for breach of these covenants, undertakings, agreements and warranties. If you sell Redcape Securities in breach of these terms, you will be deemed to have appointed the Responsible Entity or its agent as your attorney to purchase Redcape Securities in your name and at your expense to satisfy your obligations under the Buy-Back. You will indemnify the Responsible Entity for all costs incurred by it in connection with such purchase;
13. undertake that, if you breach any of these covenants, undertakings, agreements or warranties, you will indemnify the Responsible Entity for all its costs arising from the breach; and
14. agree that any obligation of the Responsible Entity under the Buy-Back is conditional on your compliance with the covenants, undertakings, agreements and warranties listed above.

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# Declarations — Applications for New Securities

By completing and returning your personalised Rights Issue Entitlement and Acceptance Form and making payment of your Application Amount by cheque or money order, or by making a payment by BPAY®, you will be deemed to have represented to the Responsible Entity that you:

1. acknowledge that you have read and understand this Booklet and your personalised Rights Issue Entitlement and Acceptance Form in their entirety;
2. agree to be bound by the terms of the Rights Issue, the provisions of this Booklet and the Constitutions;
3. unless you have disclosed to the Responsible Entity in writing that you are a Rights Issue Ineligible Securityholder, authorise the Responsible Entity to register you as the holder(s) of New Securities (including, if applicable, Additional New Securities) allotted to you;
4. declare that all details and statements in your personalised Rights Issue Entitlement and Acceptance Form are complete and accurate;
5. declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under your personalised Rights Issue Entitlement and Acceptance Form;
6. acknowledge that once the Responsible Entity receives your personalised Rights Issue Entitlement and Acceptance Form or any payment of an Application Amount via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
7. apply to be issued up to the number of New Securities (including, if applicable, Additional New Securities) specified in the personalised Rights Issue Entitlement and Acceptance Form, or for which you have submitted payment of any Application Amount via BPAY®, at the Rights Issue Offer Price per New Security;
8. authorise the Responsible Entity, the Underwriter, the Registry and their respective officers or agents to do anything on your behalf necessary for New Securities (including, if applicable, Additional New Securities) to be issued to you, including to act on instructions of the Registry upon using the contact details set out in your personalised Rights Issue Entitlement and Acceptance Form;
9. acknowledge that the information contained in this Booklet and your personalised Rights Issue Entitlement and Acceptance Form is not investment advice nor a recommendation that New Securities (including, if applicable, Additional New Securities) are suitable for you given your investment objectives, financial situation or particular needs;
10. acknowledge that this Booklet is not a product disclosure statement, does not contain all of the information that you may require in order to assess an investment in Redcape and is given in the context of the Responsible Entity's past and ongoing continuous and periodic disclosure announcements to ASX;
11. acknowledge the statement of risks in Appendix D of the Investor Presentation, and that investments in Redcape are subject to risk;
12. acknowledge that none of the Responsible Entity, the Underwriter, the Lead Manager, the Manager, nor their respective related bodies corporate and affiliates or their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of Redcape, nor do they guarantee the repayment of capital;

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13. agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Rights Issue and of your holding of Redcape Securities on the Record Date;
14. authorise the Responsible Entity to correct any errors in your personalised Rights Issue Entitlement and Acceptance Form or other form provided by you;
15. unless you have disclosed to the Responsible Entity in writing that you are a Rights Issue Ineligible Securityholder, represent and warrant (for the benefit of the Responsible Entity, the Underwriter, the Lead Manager and their respective related bodies corporate and affiliates) that you are not a Rights Issue Ineligible Securityholder and are otherwise eligible to participate in the Rights Issue;
16. acknowledge and agree that eligibility of investors for the purposes of the Rights Issue was determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Responsible Entity or the Underwriter, and each of the Responsible Entity and the Underwriter and their respective related bodies corporate and affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise of that discretion to the maximum extent permitted by law;
17. represent and warrant that the law of any place does not prohibit you from being given this Booklet and your personalised Rights Issue Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Securities (including, if applicable, Additional New Securities) and that you are otherwise eligible to participate in the Rights Issue;
18. unless you have disclosed to the Responsible Entity in writing that you are a Rights Issue Ineligible Securityholder, represent and warrant (for the benefit of the Responsible Entity, the Underwriter, the Lead Manager and their respective related bodies corporate and affiliates) that you are not in the United States and you are not acting for the account or benefit of a person in the United States;
19. understand and acknowledge that neither the Rights nor the New Securities (including, if applicable, Additional New Securities) have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. The Rights may not be exercised by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. The New Securities may not be offered or sold, directly or indirectly, to persons in the United States or to persons acting for the account or benefit of a person in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable U.S. state securities laws; and
20. agree that if, before the Delisting Date expected to be Tuesday 2 November 2021 you decide to sell or otherwise transfer the New Securities, you will only do so in transactions where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or who is acting for the account or benefit of a person in the United States.

If you are a Rights Issue Ineligible Securityholder, by completing and returning your personalised Rights Issue Entitlement and Acceptance Form and making payment of your Application Amount by cheque or money order, or by making a payment by BPAY®, you will also be deemed to have represented to the Responsible Entity that you:

1. acknowledge that you are deemed to have assigned the right to receive the Rights you have applied for to the Sale Nominee;
2. acknowledge that, on the Issue Date, the New Securities which are the subject of all valid applications for New Securities by Rights Issue Ineligible Securityholders will be issued to the Sale Nominee;
3. acknowledge that the Sale Nominee will sell the Redcape Securities issued to it in a manner and at such a time as the Sale Nominee determines in its absolute discretion, and will pay the proceeds, net of sale expenses, to the Registry for distribution pro-rata to the Rights Issue Ineligible Securityholders who applied for Redcape Securities under the Rights Issue;
4. acknowledge that Sale Nominee is appointed by the Responsible Entity to act for the Responsible Entity, and that there is no relationship between you and the Sale Nominee, nor any duty owed by the Nominee to you, simply by virtue of it being appointed and performing its role as Sale Nominee for the Responsible Entity; and
5. agree that the Responsible Entity and the Sale Nominee will not be held liable for (i) the timing of the sale of any New Securities issued to the Sale Nominee; or (ii) the sale of these securities at any particular price.

# Important Information for Securityholders

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### 9.1 General

*(a) Withdrawal of Proposal*

If any termination event is triggered under the Underwriting Agreement and the Underwriter elects to terminate the Underwriting Agreement, leaving inadequate funding to implement the Buy-Back, the Responsible Entity will withdraw the Proposal (including the Buy-Back and Rights Issue) and the Proposal will not proceed.

*(b) Governing Law*

This Booklet, the Buy-Back, the Rights Issue, and the contracts formed on acceptance of Buy-Back Participation Forms and Rights Issue Entitlement and Acceptance Forms are governed by the law applicable in New South Wales, Australia.

Each Redcape Securityholder who participates in the Buy-Back and applies for New Securities submits to the jurisdiction of the courts of New South Wales, Australia.

*(c) Taxation*

There will be tax implications associated with participating in the Buy-Back or receiving New Securities, including Additional New Securities. The tax implications of the Buy-Back and Rights Issue will depend on your personal circumstances, and whether or not you decide to participate in the Buy-Back or the Rights issue.

A general outline of the main Australian tax implications of the Proposal is set out in Section 9 of the Explanatory Statement. This outline is general in nature.

You should consult with your own tax advisers for detailed tax advice regarding the Australian and, if applicable, foreign tax implications participation in the Buy-Back or Rights Issue in light of your particular circumstances before making a decision as to how, and whether to participate in the Buy-Back or Rights Issue.

*(d) Information availability*

Rights Issue Eligible Securityholders can obtain a copy of this Booklet on the Redcape website at https://www.redcape.com.au/investor-centre/ or by calling the Redcape Securityholder Information Line on 1300 737 760 for callers within Australia or on +61 2 9290 9600 for callers outside Australia between 8.30am to 5.30pm (Sydney time) Monday to Friday.

Persons who access the electronic version of this Booklet should ensure that they download and read the entire Booklet. The electronic version of this Booklet on the Redcape website will not include a Buy-Back Participation Form or Rights Issue Entitlement and Acceptance Form. Replacement forms can be requested by calling the Redcape Securityholder Information Line.

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### 9.2 Buy-Back

*(a) Cancellation of interests*

A buy back is a process used by ASX-listed entities, whereby the entity invites its securityholders to offer to sell some or all of their securities to the entity. Redcape Securities bought back by the entity are cancelled, reducing the number of securities the entity has on issue.

Accordingly, Redcape Securities which are bought back from Redcape Securityholders under the Buy-Back will be transferred to the Responsible Entity and cancelled.

*(b) Scale-back*

If Redcape Securityholders validly elect to participate in the Buy-Back in respect of a total number of Redcape Securities equal to or less than the Buy-Back Limit, all those Redcape Securities would be bought back by the Responsible Entity.

If Redcape Securityholders validly elect to participate in the Buy-Back in respect of a total number of Redcape Securities which exceeds the Buy-Back Limit, the number of Redcape Securities bought back from each Selling Securityholder will be scaled back:

- on a pro-rata basis, according to the relative number of Redcape Securities held on the Record Date by each Redcape Securityholder who elects to participate in the Buy-Back;
- so that the maximum number of Redcape Securities to be bought back by the Responsible Entity does not exceed the Buy-Back Limit; and
- so that the Responsible Entity will not buy back from any Redcape Securityholder more than the number of Redcape Securities they have elected to sell, subject to the following two points:

  (A) if a scale-back results in there being less than a whole number of Redcape Securities which would be bought back from a Redcape Securityholder, the number of Redcape Securities bought back from that Redcape Securityholder will be rounded down to the nearest whole number; and

  (B) where that scale-back would leave an Redcape Securityholder with an Unmarketable Parcel, the Responsible Entity may instead buy back 100% of the Redcape Securities of that holder and apply scale-back pro-rata to those Redcape Securityholders who would not be left with an Unmarketable Parcel. The Responsible Entity would buy back in full any parcel of Redcape Securities from a Redcape Securityholder whose entire holding is $2000 or less at the Record Date and who elects to sell that full holding in the Buy-Back. Then, if after the application of a pro-rata scale-back, any Redcape Securityholder would otherwise be left with a holding of Redcape Securities valued at $500 or less, the Responsible Entity will ensure that these securities are also bought back in full, and adjust the remaining scale-back accordingly.

Shortly after the Buy-Back Closing Date (currently scheduled for Monday, 18 October), the Responsible Entity will make an announcement outlining the outcome of the Proposal and including any scale back which has occurred under the Buy-Back. This announcement is expected to be made on Tuesday 19 October 2021.

Applications for sale of Redcape Securities through the Buy-Back will be scaled back by no more than 40.0% in aggregate.

*(c) Payment of Buy-Back Consideration*

The Responsible Entity will pay Redcape Securityholders the Buy-Back Consideration, being $1.15 per Redcape Security that the Responsible Entity buys back, unless it is prohibited from doing so by law or on the terms of the Buy-Back set out in this Booklet.

If you wish to change your current direct credit instructions you can do so by providing written instructions to the Registry before the Closing Date. Please note that if you do alter your nominated bank account details this will be taken to be your nominated bank account for any future payments by the Responsible Entity.

In all other cases, you will be sent a cheque for your Buy-Back Consideration in Australian dollars to your address, being the address recorded in the Register on the Buy-Back Closing Date.

Payments to bank accounts and the dispatch of cheques are expected to be completed by Wednesday, 27 October 2021.

Payments to these accounts and the dispatch of cheques to those addresses will satisfy the Responsible Entity's obligation to pay any Buy-Back Consideration.

*(d) Participation by Directors of the Responsible Entity*

The intentions of the Directors of the Responsible Entity (or their associated entities) in respect of any Redcape Securities held beneficially by them are set out in section 4.5 of the Explanatory Statement.

*(e) Withdrawals*

Once you have submitted your Buy-Back Participation Form, it can only be withdrawn or amended by following the procedure set out in section 5.3 of this Booklet.

*(f) Right to accept or reject Buy-Back Participation Forms*

At any time, the Responsible Entity may (at its sole discretion):

(1) accept or reject any Buy-Back Participation Form; or

(2) accept or reject a Buy-Back Participation Form not made on the terms and conditions, or a Buy-Back Participation Form not submitted in accordance with the procedures, set out in this Booklet and the Buy-Back Participation Form.

The Responsible Entity may do each of these things in relation to all or some of the Buy-Back Participation Forms it receives, in its absolute discretion.

The Responsible Entity will not accept any offer to sell Redcape Securities through lodgement of a valid Buy-Back Participation Form that it may not lawfully accept or which, if accepted, would give rise to an illegal or unenforceable contract or a contract that the Responsible Entity cannot otherwise perform.

*(g) Right to terminate Buy-Back*

Without limitation, the Responsible Entity reserves the right to terminate the Buy-Back at any time prior to the date on which the Responsible Entity enters into contracts with Redcape Securityholders to buy back the Redcape Securities by making an announcement to the ASX to that effect.

*(h) Margin lending and other arrangements*

If you hold Redcape Securities under margin lending arrangements or if the Redcape Securities are held as security for a loan, you should ensure that your participation in the Buy-Back is permitted by those lending arrangements.

*(i) Securityholders with more than one holding*

You will receive the Buy-Back Participation Form for each separate registered holding of Redcape Securities. For example, if you hold some Redcape Securities in your name and some Redcape Securities jointly with your spouse, you will receive two Buy-Back Participation Forms. You may apply to sell your Redcape Securities from any or all of your separate registered holdings, provided that you complete the relevant Buy-Back Participation Form and follow the instructions for each holding.

Any scale back will be applied to each of those registered holdings as if they were held by different persons.

*(j) Joint securityholders*

If you hold your Redcape Securities jointly with another person (for example, your partner) and you have an Issuer Sponsored Holding, you must complete and return the Buy-Back Participation Form in accordance with the instructions for joint holdings on the Buy-Back Participation Form.

*(k) Redcape Securities held by trustees and nominees*

Trustees and nominees who hold Redcape Securities should inform the beneficial owners of the Redcape Securities about the Buy-Back, subject to any legal restrictions in the countries where such beneficial owners are resident, and then aggregate all Buy-Back applications from beneficial owners who are Buy-Back Eligible Securityholders. It is the responsibility of the trustee or nominee to complete one aggregated Buy-Back Participation Form on behalf of all beneficial owners or make arrangements to lodge a series of individual Buy-Back Participation Forms on behalf of all beneficial owners.

Any scale back that applies to Nominated Securities will be performed on a registered shareholder basis.

*(l) Foreign Restrictions*

This Booklet does not constitute an offer to purchase securities in any jurisdiction in which it would be unlawful. Redcape Securities may not be offered for purchase in any country outside Australia and New Zealand except to the extent set out in the Appendix E to the Investor Presentation.

The Responsible Entity makes no recommendation as to whether securityholders should participate in the Buy-Back.

*(m) ASIC Relief*

ASIC has provided relief:

- from the equal treatment provisions in section 601FC(1)(d);
- from the withdrawal provisions in section 601GA(4) and Part 5C.6;
- from the self-acquisition provisions in section 601FG(1)(a);
- from the anti-hawking provisions in Division 5A of part 7.9;
- modifying s 611; and
- modifying s 609

subject to certain conditions.

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### 9.3 Rights Issue

*(a) Ranking of New Securities*

New Securities issued under the Rights Issue will be fully paid and rank equally in all respects with existing Redcape Securities with effect from the date of their issue, which is currently anticipated to be Wednesday, 27 October 2021.

The rights attaching to the New Securities are set out in the Constitutions and are regulated by the Corporations Act, ASX Listing Rules and general law.

*(b) Reconciliation*

As with any entitlement offer, investors may believe that they own more Redcape Securities on the Record Date than they ultimately do or are otherwise entitled to more New Securities than initially offered to them. These matters may result in a need for reconciliation to ensure all Rights Issue Eligible Securityholders have the opportunity to receive their full Rights.

If reconciliation is required, it is possible that the Responsible Entity may need to issue a small quantity of additional New Securities to ensure that all Rights Issue Eligible Securityholders have the opportunity to receive their appropriate allocation of New Securities. The price at which these New Securities would be issued, if required, is the same as the Rights Issue Offer Price.

The Responsible Entity also reserves the right to reduce the number of New Securities allocated to Rights Issue Eligible Securityholders or persons claiming to be Rights Issue Eligible Securityholders, if their claim for Rights proves to be overstated, or if they or their nominees fail to provide information requested to substantiate their claim, or if they are not a Rights Issue Eligible Securityholders.

In that case, the Responsible Entity may, in its absolute discretion, require the relevant Redcape Securityholder to transfer excess New Securities to the Underwriters at the Rights Issue Offer Price. If necessary, the relevant Redcape Securityholder may need to transfer existing Redcape Securities held by them or to purchase additional Redcape Securities on-market to meet this obligation. The relevant Redcape Securityholder will bear any and all losses and expenses so caused.

Applying Redcape Securityholders irrevocably acknowledge and agree to do the above as required by the Responsible Entity in its absolute discretion. Those applying acknowledge there is no time limit on the ability for the Responsible Entity to require any of the actions set out above.

The Responsible Entity also reserves the right to reject any acceptance of Rights that it believes comes from a person who is not eligible to accept those Rights.

*(c) Fractional entitlements*

To the extent that application of the offer ratio of 1 New Security for each existing 4.8 Redcape Securities held on the Record Date results in a fractional entitlement to New Securities for a particular Redcape Securityholder, that Redcape Securityholder's Right will be rounded down to the next whole number of New Securities.

*(d) Allotment, quotation and trading of New Securities*

The Responsible Entity will apply to ASX for quotation of the New Securities in accordance with Listing Rule requirements. If ASX does not grant quotation of the New Securities, the Responsible Entity will repay all Application Amounts (without interest).

Subject to ASX approval being granted, it is expected that the New Securities allotted under the Rights Issue will commence trading on 27 October 2021.

Application Amounts will be held by the Responsible Entity on trust for applicants until the New Securities are allotted. No interest will be paid on Application Amounts, and any interest earned on Application Amounts will be for the benefit of the Responsible Entity and will be retained by the Responsible Entity irrespective of whether New Securities are issued.

Redcape Securityholders should be aware that it is expected that all Redcape Securities will cease trading on 29 October 2021 ahead of the delisting of Redcape which is expected to occur on 2 November 2021.

*(e) Holding Statements*

Holdings statements are expected to be dispatched to eligible Redcape Securityholders on 28 October 2021.

It is the responsibility of each applicant to confirm their holding before trading in New Securities. Any applicant who sells New Securities before receiving confirmation of their holding in the form of their holding statement will do so at their own risk. The Responsible Entity, the Underwriter and the Lead Manager disclaim all liability whether in negligence or otherwise (and to the maximum extent permitted by law) to persons who trade New Securities before receiving their holding statements, whether on the basis of confirmation of the allocation provided by the Responsible Entity, the Registry, the Underwriter or the Lead Manager.

*(f) Participation by Directors of the Responsible Entity*

The intentions of the Directors of the Responsible Entity (or their associated entities) in respect of any Redcape Securities held beneficially by them are set out in section 4.5 of the Explanatory Statement.

*(g) Withdrawal*

The Responsible Entity reserves the right to withdraw all or part of the Rights Issue and the information in this Booklet at any time, subject to applicable laws, in which case the Responsible Entity will refund Application Amounts in relation to New Securities not already issued in accordance with the Corporations Act and without payment of interest.

If the amount of any refund would be less than $5.00, you will not receive the refund and it will instead be donated to charity.

To the fullest extent permitted by law, you agree that any Application Amount paid by you to the Responsible Entity will not entitle you to receive any interest and that any interest earned in respect of Application Amounts will belong to the Responsible Entity.

*(h) Risks*

An investment in the New Securities is subject to investment and other known and unknown risks, some of which are beyond the control of the Responsible Entity, including possible delays in repayment and loss of income and principal invested. The Responsible Entity does not guarantee any particular rate of return or the performance of Redcape, nor does it guarantee the repayment of capital from Redcape or any particular tax treatment.

When making an investment decision in connection with the Rights Issue or the Buy-Back, you should consider the risk factors set out in Appendix D of the Investor Presentation in light of your individual circumstances.

*(i) Nominees and custodians*

Nominees and custodians which hold Redcape Securities as nominees or custodians may receive a letter from the Responsible Entity. Nominees and custodians should consider carefully the contents of any such letter and note in particular that New Securities will not be issued to:

(1) beneficiaries on whose behalf they hold Redcape Securities who would not satisfy the criteria of a Rights Issue Eligible Securityholder;

(2) Rights Issue Ineligible Securityholders; or

(3) Redcape Securityholders who are not eligible under all applicable securities laws to receive an offer under the Rights Issue.

The Responsible Entity is not required to determine whether or not any registered Redcape Securityholder is acting as a nominee or the identity or residence of any beneficial owners of existing Redcape Securities.

*(j) International offer restrictions*

Eligibility of investors for the purposes of the Rights Issue is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Responsible Entity and the Underwriter.

To the maximum extent permitted by law, each of the Responsible Entity and its respective affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers and each of the Underwriter Parties disclaims any duty or liability (including for fault or negligence) in respect of that determination and the exercise or otherwise of that discretion.

This document does not constitute an offer of New Securities in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Securities may not be offered or sold, in any country outside Australia except to the extent permitted in Appendix F to the Investor Presentation.

*(k) Continuous disclosure*

As at the date of this Booklet, under the Corporations Act, Redcape is a disclosing entity and is subject to ongoing reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

Under the ASX Listing Rules, the Responsible Entity has an obligation (subject to certain exceptions) to notify the ASX immediately of any information that a reasonable person would expect to have a material effect on the price or value of Redcape Securities. Such information is available to the public from the ASX.

The Responsible Entity is also required to lodge certain documents with ASIC. Such documents can be inspected and obtained from an ASIC office.

Following the Delisting, the Trusts will become 'unlisted disclosing entities' for the purposes of the Corporations Act. As an unlisted disclosing entity, under s 675 of the Corporations Act and absent ASIC policy, if the Responsible Entity were to become aware of information that is not generally available, and that a reasonable person would expect to have a material effect on the price or value of the units in the Trusts, the Responsible Entity would be required to lodge a document with ASIC containing the information.

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However, as set out in ASIC Regulatory Guide 198, ASIC will not insist that an unlisted disclosing entity lodge such information with ASIC if that entity complies with ASIC's good practice guidance for disclosure of continuous disclosure information on the entity's website.

The Responsible Entity intends to take advantage of this approach set out in ASIC Regulatory Guide 198. The Responsible Entity is satisfied that Redcape Securityholders are likely to look for information of this kind on Redcape's website. Following the Delisting, Redcape will disclose any material information on the Redcape website in accordance with Regulatory Guide 198.

*(l) Underwriting arrangements*

The Rights Issue is fully underwritten by the MA Moelis Australia Advisory Pty Ltd (**Underwriter**) under the Underwriting Agreement. Any New Securities which are not taken up by Rights Issue Eligible Securityholders pursuant to their Entitlement and any application for Additional New Securities will form part of a shortfall to be taken up by the Underwriter on the terms and conditions of the Underwriting Agreement.

New Securities will only be issued to the Underwriter if required to meet Buy-Back demand following the application of funds raised from: (i) take up of Rights by Rights Issue Eligible Securityholders; (ii) $115.0 million of debt funding, and (iii) funds raised from any Additional New Securities issued to Rights Issue Eligible Securityholders.

The Underwriting Agreement contains representations and warranties and indemnities in favour of the Underwriter. The Underwriter may terminate the Underwriting Agreement if certain termination events occur. A summary of these events is set out in Appendix G to the Investor Presentation.

Exercise by the Underwriter of a termination right under the Underwriting Agreement would discharge the Underwriter from its obligations under the Underwriting Agreement. However, it does not terminate the Rights Issue automatically.

If any termination event is triggered under the Underwriting Agreement and the Underwriter elects to terminate the Underwriting Agreement, leaving inadequate funding to implement the Buy-Back, the Responsible Entity will withdraw the Proposal (including the Buy-Back and Rights Issue) and the Proposal will not proceed.

To the maximum extent permitted by law, the Underwriter Parties and Lead Manager expressly exclude and disclaim all liability (including, without limitation, any liability arising from fault or negligence on the part of any person) and any direct, indirect, consequential or contingent loss, damage, expense or cost whatsoever incurred by you as a result of your participation in or failure to participate in the Rights Issue and the information in this Booklet being inaccurate or due to information being omitted from this Booklet and make no representation or warranty, express or implied, as to whether you or your related parties should participate in the Rights Issue nor do they make any representations or warranties, express or implied, as to the fairness, currency, accuracy, reliability or completeness of the information in this Booklet.

The Underwriter Parties and Lead Manager may have interests in Redcape Securities, including being directors of the Responsible Entity. The Underwriter and Lead Manager are acting for and providing services to the Responsible Entity in relation to the Rights Issue and will not be acting for or providing services to Redcape Securityholders or potential investors. The Underwriter and Lead Manager have been engaged solely as an independent contractors and are acting solely in a contractual relationship on an arm's length basis with the Responsible Entity. The engagements of the Underwriter and Lead Manager are not intended to create any fiduciary obligations, agency or other relationship between the Underwriter or Lead Manager and Redcape Securityholders or potential investors, and neither the Lead Manager nor any Underwriter Party accepts any fiduciary obligations owed to or relationship with any investor or potential investor in connection with the Proposal or otherwise, and by accepting this Booklet each recipient expressly disclaims any fiduciary relationship and agrees that it is responsible for making its own independent judgements with respect to the Proposal, and any other transaction or other matter arising in connection with this Booklet.

# Glossary

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| Term | Meaning |
|---|---|
| Additional New Securities | Redcape Securities applied for under the Rights Issue beyond the Redcape Securityholder's 1:4.8 Rights. |
| Application | an application for New Securities under the Rights Issue. |
| Application Amount | the aggregate amount payable for New Securities (including Additional New Securities) applied for by a Rights Issue Eligible Securityholder through BPAY® or in a duly completed Rights Issue Entitlement and Acceptance Form. |
| ASX Listing Rules | the official listing rules of ASX, as amended from time to time. |
| ASX Settlement Operating Rules | the operating rules (as defined in chapter 7 of the Corporations Act) of CHESS which are known as the ASX Settlement Operating Rules. |
| Board | the board of the Responsible Entity |
| Booklet | this Buy-Back and Rights Issue Booklet dated 20 September 2021. |
| Business Day | a day that is not a Saturday, Sunday or public holiday, on which banks are open for general banking business in New South Wales. |
| Buy-Back | the proposed off-market buy-back under which Redcape Securityholders may sell their Redcape Securities subject to the terms and conditions set out in this Booklet. |
| Buy-Back Closing Date | Monday, 18 October 2021. |
| Buy-Back Consideration | the cash consideration to be paid by the Responsible Entity to each Selling Securityholder for Redcape Securities bought back under the Buy-Back |
| Buy-Back Eligible Securityholder | a person who is registered as a holder of Redcape Securities as at the Record Date. |
| Buy-Back Settlement Date | Wednesday, 27 October 2021. |
| Buy-Back Limit | up to 215.0 million Redcape Securities, which equates to $247.3 million at the Buy-Back Price |
| Buy-Back Offer Price | $1.15 per Redcape Security. |
| Buy-Back Participation Form | the personalised Buy-Back participation form which accompanies this Booklet. |
| CHESS | ASX's Clearing House Electronic Sub-registry System, operated under the Corporations Act. |
| CHESS Holding | a securityholding registered under CHESS. |
| Constitutions | the constitution of Redcape Hotel Trust I dated 13 June 2017, as amended from time to time, and the constitution of Redcape Hotel Trust II dated 13 June 2017, as amended from time to time. |

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| Term | Meaning |
|---|---|
| Controlling Participant | has the meaning set out in the ASX Settlement Operating Rules. |
| Corporations Act | the *Corporations Act 2001* (Cth). |
| Delisting | the delisting of Redcape from the Official List as described in the Explanatory Statement. |
| Delisting Date | 2 November 2021. |
| Directors | the directors of the Responsible Entity. |
| Directors Gearing | adjusted Statutory Gearing calculation methodology which values Redcape's hotel assets based on Directors valuations in accordance with the Responsible Entity's valuation policy, rather than Australian Accounting Standards methodology.<br>Directors Gearing will be calculated as follows:<br>$\frac{\text{Total loans and borrowings - Cash}}{\text{Total asset value - Statutory Valuations + Directors Valuations - Cash}}$ |
| Directors NAV | means the NAV with such adjustments as the Responsible Entity determines appropriate to ensure the Directors NAV reflects the market value of each hotel asset (consistent with ordinary commercial practice for valuing that type of hotel asset) that is reasonably current at the time of determination of Directors NAV. Where appropriate, this may include adjustments by:<br>(1) excluding the total of plant, property and equipment, investment properties and goodwill relating to hotel assets; and<br>(2) adding back the sum of the most recent valuations of each of the hotel assets (which valuations may be conducted by the Responsible Entity and which valuation methods must be consistent with ordinary commercial practice for valuing the type of asset and produce a value that is reasonably current at the time of valuation) plus any capital invested into an hotel asset since the most recent valuation of that hotel asset. |
| EBITDA | earnings before interest, taxes, depreciation, and amortization. |
| Entitlement | the Rights which a Redcape Securityholder may subscribe for under the Rights Issue. |
| Exiting Securityholders | Redcape Securityholders who sell all of their Redcape Securities through the Buy-Back. |
| Explanatory Statement | the explanatory statement in respect of the Proposal dated 18 August 2021. |
| IBC or Independent Board Committee | the independent committee of the Board established by the Responsible Entity in connection with the Proposal. |
| Investor Presentation | the investor presentation in respect of the Rights Issue and Buy-Back dated on or about 20 September 2021, a copy of which is at Annexure A to this Booklet. |
| Issue Date | 27 October 2021. |
| Issuer Sponsored Holding | a holding of securities by a person which is managed by the issuer of those securities. |
| Lead Manager | Ord Minnett Limited |
| Listed | admitted to the Official List. |
| MA Financial Group | MA Financial Group Limited (ACN 142 008 428). |
| MA SIV Property Fund | MA Asset Management Ltd (ACN 142 008 535) as trustee for the MA SIV Property Fund. |
| Manager, MAHM or MA Hotel Management | MA Hotel Management Pty Ltd (ACN 619 297 228), a Subsidiary of MA Financial Group. |
| NAV | net asset value. |
| New Securities | Redcape Securities issued under the Rights Issue, including where applicable, Additional New Securities. |
| Nominated Securities | Redcape Securities that a Redcape Securityholder has nominated to sell under the Buy-Back. |
| Offer | an offer (or amended offer) to sell Redcape Securities to the Responsible Entity under the Buy-Back made either by lodging a Buy-Back Participation Form (or Withdrawal/ Amendment Form), or by instructing a Controlling Participant to make an offer on a person's behalf. |
| Official List | has the same meaning given in the ASX Listing Rules. |
| Opening Date | Monday, 20 September 2021 |

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## Glossary

| Term | Meaning |
|---|---|
| Operating EBITDA | EBITDA excluding unrealized, non-recurring and non-operational items such as venue acquisition costs, gains/losses on asset revaluation, gains/losses on sale and disposal of venue/assets and performance fees. |
| Proposal | the proposal to delist Redcape and conduct the Buy-Back and the Rights Issue as described in the Explanatory Statement and this Booklet. |
| Record Date | the record date for each of the Buy-Back and the Rights Issue, being 7:00pm (Sydney time) on Friday 17 September 2021. |
| Redcape | Redcape Hotel Trust I and Redcape Hotel Trust II. |
| Redcape Group | Redcape and its related bodies corporate. |
| Redcape Security | a stapled security in Redcape, comprising an ordinary unit in Redcape Hotel Trust I stapled to an ordinary unit in Redcape Hotel Trust II. |
| Redcape Securityholder or Securityholder | a registered holder of Redcape Securities. |
| Redcape Securityholder Information Line | 1300 737 760 for callers within Australia and +61 2 9290 9600 for callers outside of Australia between 8:30am and 5:30pm Sydney time Monday to Friday. |
| Register | the register of Redcape Securityholders. |
| Registry | Boardroom Pty Limited (ABN 14 003 209 836). |
| Responsible Entity | Redcape Hotel Group Management Limited (ACN 610 990 004) (AFSL 505932) in its capacity as responsible entity of the Trusts. |
| Right | The entitlement of a Redcape Securityholder to subscribe for 1 New Security for each 4.8 Redcape Securities the Redcape Securityholder holds on the Record Date. |
| Rights Issue | the Rights Issue described in this Booklet. |
| Rights Issue Closing Date | 21 October 2021. |
| Rights Issue Offer Price | $1.15 per Redcape Security. |
| Rights Issue Ineligible Security Holder | a Redcape Securityholder who is not a Rights Issue Eligible Security Holder. |
| Rights Issue Entitlement and Acceptance Form | the form by that name provided by the Responsible Entity to facilitate participation in the Rights Issue. |
| Rights Issue Eligible Securityholder | a person who:<br>1 is registered as a holder of Redcape Securities as at the Record Date, currently expected to be Friday 17 September 2021;<br>2 has a registered address on the Register in Australia, New Zealand or the United Kingdom or any other jurisdiction in which the Responsible Entity determines it is reasonably practicable to permit participation in the Buy-back or Rights Issue;<br>3 is not in the United States and is not acting for the account or benefit of a person in the United States (to the extent such person holds Redcape Securities for the account or benefit of such person in the United States); and<br>4 are eligible under all applicable securities laws to receive an offer under the Rights Issue. |
| Rights Issue Settlement Date | 26 October 2021. |
| Sale Nominee | MA Moelis Australia Securities Pty Ltd. |
| Securityholder or Redcape Securityholder | a registered holder of Redcape Securities. |
| Selling Securityholder | a Buy-Back Eligible Securityholder who elects to participate in the Buy-Back. |
| Settlement Date | the date on which the sale of Redcape Securities under the Buy-Back will be settled, and the cash consideration in respect of that sale will be paid to Selling Securityholders. |
| Statutory Gearing | total borrowings less cash as a percentage of total assets less cash. |
| Suspension Date | 31 October 2021. |
| Trusts | Redcape Hotel Trust I and Redcape Hotel Trust II |

| Term | Meaning |
|---|---|
| Underlying Earnings | Underlying Earnings comprises Operating EBITDA less cash rent, cash interest and maintenance capital expenditure (plus other unrealised or non-recurring items specifically excluded from Operating EBITDA). |
| Underwriter | MA Moelis Australia Advisory Pty Ltd. |
| Underwriting Agreement | the underwriting agreement between the Underwriter and the Responsible Entity dated 18 August 2021. |
| Unmarketable Parcel | a holding of Redcape Securities that is:<br>1 valued at $2,000 or less at the Record Date before pro-rata scale-back; or<br>2 valued at $500 or less after pro-rata scale-back,<br>in each case, the holder of which has elected to sell its entire Redcape Securities holding in the Buy-Back. |
| Withdrawal/Amendment Form | form by that name which can be obtained by calling the Redcape Securityholder Information Line, and which may be completed in order to withdraw or amend a submitted Buy-Back Participation Form. |

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# Annexure A – Investor Presentation

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# *Delisting Proposal - Rights Issue and Buy-Back Presentation*

20 September 2021

Redcape
HOTEL GROUP

# Disclaimer

The material in this presentation ("**Presentation**") has been prepared by Redcape Hotel Group Management Ltd (ACN 610 990 004) (AFSL 505 932) (**Responsible Entity**) as responsible entity of the Redcape Hotel Group (comprising Redcape Hotel Trust I ARSN 629 354 614 and Redcape Hotel Trust II ARSN 629 354 696) ("Redcape Hotel Group" or "Redcape").

**Summary information**

This presentation contains selected summary information about the Responsible Entity, Redcape and their business current as at 20 September 2021. It is provided for the sole purpose of providing general information and an overview of the Responsible Entity and Redcape and their business ("Purpose"). The information in this Presentation is a general background and does not purport to be complete. It does not include all information about the Responsible Entity and Redcape's assets and liabilities, financial position and performance, profits and losses, prospects and the rights and liabilities attaching to Redcape Securities. This Presentation does not purport to contain all of the information that may be relevant or which a prospective investor may require in evaluations for a possible investment in Redcape. The presentation should be read in conjunction with Redcape's periodic and continuous disclosure announcements which are available at www.redcape.com.au.

The recipient acknowledges that circumstances may change and that this Presentation may become outdated as a result. This Presentation and the information in it are subject to change without notice and the Responsible Entity is not obliged to update this presentation.

This Presentation is provided for general information purposes only. It is not a product disclosure statement or other disclosure document for the purposes of Australian law (or under the law of any other jurisdiction in which the Proposal may be received). This Presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction, or a recommendation to acquire new securities.

This Presentation should not be relied upon by the recipient in considering the merits of Redcape or the acquisition of stapled securities in Redcape. Nothing in this Presentation constitutes financial product, investment, legal, tax accounting or other advice and it is not to be relied upon in substitution for the recipient's own exercise of independent judgment with regards to the operations, financial condition and prospects of Redcape.

The information contained in this Presentation does not constitute financial advice. Before making an investment decision, the recipient should consider its own financial situation, objectives and needs and conduct its own independent investigation and assessment of the contents of this Presentation including obtaining investment, legal, tax, accounting and such other advice as it considers necessary or appropriate.
This Presentation has been prepared without taking account of any persons' individual investment objectives, financial situation or particular needs.

To the maximum extend permitted by law, the Responsible Entity and its related bodies corporate make no representation or warranty, express or implied as to the accuracy, completeness, timeliness or reliability of the contents of this Presentation. To the maximum extent permitted by law, the Responsible Entity does not accept any liability (including, without limitation, any liability arising from fault or negligence) for any loss whatsoever arising from the use of this Presentation or its contents or otherwise arising in connection with it.

**Defined terms**

Capitalised terms used in this Presentation have the same meaning given in the Notice of Meeting and Explanatory Statement dated 18 August 2021 and the Buy-Back and Rights Issue Booklet dated on or about 20 September 2021 (as applicable).

**Forward Looking Statements**

This Presentation may contain forward-looking statements regarding intent, belief or current expectations with respect to Redcape's businesses and the Responsible Entity, results of operations, financial conditions and risk management practices. Forward-looking statements including guidance or outlook on future revenues, distributions or financial position and performance or return or growth are provided as general guide only and should not be relied upon as an indication or guarantee of future performance. Forward looking statements can generally be identified by the use of forward looking words such as 'expect', 'anticipate', 'likely', 'intend', 'propose', 'should', 'could', 'may', 'predict', 'plan', 'will', 'believe', 'forecast', 'estimate', 'target', and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, the outcome and effects of the Rights Issue and the Buy-Back.

No independent third party has reviewed the reasonableness of such statements or assumptions. No member of the Responsible Entity represents as or warrants that such forward-looking statements will be achieved or will provide to be correct or gives any warranty, express or implied as to the accuracy, completeness, likelihood of achievement or reasonableness of any forward-looking statement contained in this presentation.

Forward looking statements may involve a significant element of subjective judgment, assumptions as to future events, and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, or may be unknown to, the Responsible Entity (and its officers, employees, agents or associates). In addition, the uncertainty and risks created by the COVID-19 pandemic increase the difficulty of making such judgements and analysis.

Unforeseen or unpredictable events and various risks could affect the future results of Redcape, causing results to differ from those which are expressed, implied or projected in any forward-looking statements. Given these uncertainties, it is prudent not to place undue reliance on any forward looking statements.

Refer to Appendix D of this Presentation for a summary of certain general and Redcape specific risk factors that may affect Redcape. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Presentation in light of these disclosures.

The forward looking statements are based on information available to the Responsible Entity as at the date of this Presentation. Except as required by law or regulation (including the Listing Rules), the Responsible Entity undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Past performance is not a reliable indicator of future performance.

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# Disclaimer (cont.)

**Financial data**

Redcape utilises non-IFRS financial metrics in its assessment and presentation of its performance. In particular, the Redcape references Operating Earnings Before Interest, Tax, Depreciation and Amortisation (**Operating EBITDA**) and Underlying Earnings (**UE**) per Redcape Security.

The directors believe these non-IFRS metrics are useful to users as they:

- Reveal the underlying and operating performance of Redcape which enhances the reader's understanding of past performance;
- Provide insight into the Manager's decision making as the Manager's uses these measures to run the business, allocate resources and make financial, strategic, and operating decisions; and
- Form the basis of Redcape's annual budgeting and internal forecasting processes

Operating EBITDA and UE are not prepared in accordance with International Financial Reporting Standards and are not audited. A reconciliation of non-IFRS financial metrics to statutory results is provided in the "Review of Operations" within the Group's FY21 financial statements.

Differences in reported metrics can have both a positive and negative impact on the financial information presented.

All dollar values are in Australian dollars ($ or A$) unless stated otherwise.

**Preparation and Responsibility**

Neither the Underwriter, nor any of its affiliates, securityholders or related bodies corporate (as that term is defined in the Corporations Act), nor any of their respective directors, employees, officers, representatives, agents, partners, consultants, affiliates, advisers or intermediaries (together the **Underwriter Parties**), nor the Lead Manager or advisers to the Responsible Entity or any other person named in this document, have authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Presentation (or any other material released by the Responsible Entity). None of the Underwriter, Lead Manager or advisers to the Responsible Entity make or purport to make, and have not authorised, approved or verified, any statement (including any forward-looking statement) in this Presentation and there is no statement in this Presentation which is based on any statement by any of them.

**Underwriters**

To the maximum extent permitted by law, the Underwriter Parties and Lead Manager expressly exclude and disclaim all liability (including, without limitation, any liability arising from fault or negligence on the part of any person) and any direct, indirect, consequential or contingent loss, damage, expense or cost whatsoever incurred by you as a result of your participation in or failure to participate in the Rights Issue and the information in this Presentation being inaccurate or due to information being omitted from this presentation and make no representation or warranty, express or implied, as to whether you or your related parties should participate in the Rights Issue nor do they make any representations or warranties, express or implied, as to the fairness, currency, accuracy, reliability or completeness of the information in this Presentation.

The Underwriter Parties and Lead Manager may have interests in Redcape Securities, including being directors of the Responsible Entity. The Underwriter and Lead Manager are acting for and providing services to the Responsible Entity in relation to the Rights Issue and will not be acting for or providing services to Redcape Securityholders or potential investors. The Underwriter and Lead Manager have been engaged solely as an independent contractors and are acting solely in

a contractual relationship on an arm's length basis with the Responsible Entity. The engagements of the Underwriter and Lead Manager are not intended to create any fiduciary obligations, agency or other relationship between the Underwriter or Lead Manager and Redcape Securityholders or potential investors, and neither the Lead Manager nor any Underwriter Party accepts any fiduciary obligations owed to or relationship with any investor or potential investor in connection with the Proposal or otherwise, and by accepting this presentation each recipient expressly disclaims any fiduciary relationship and agrees that it is responsible for making its own independent judgements with respect to the Proposal, and any other transaction or other matter arising in connection with this Presentation .

**Foreign jurisdictions**

This Presentation does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. Rights are not transferable, and New Securities may not be offered or sold in any country outside Australia, New Zealand and the United Kingdom except to the extent set out in Appendix G to this Presentation. No action has been taken to register or qualify the Rights Issue, the Rights or the New Securities, or otherwise permit the public offering of the New Securities, in any jurisdiction other than Australia, New Zealand and the United Kingdom.

The release, publication or distribution of this Presentation in jurisdictions other than Australia may be restricted by law. Any failure to comply with such restrictions may constitute a violation of applicable laws. If you come into possession of this information, you should observe such restrictions and should seek your own advice on such restrictions.

Nominees and custodians may not distribute this Presentation, and may not permit any beneficial securityholder to participate in the Rights Issue, in any country outside Australia and New Zealand except, with the consent of Redcape, to beneficial securityholders resident in certain other countries where Redcape may determine it is lawful and practical to make offers under the Rights Issue.

**United States**

This Presentation does not constitute an offer to sell any securities in the United States.

Neither the rights under the Rights Issue described in this Presentation (**Rights**) nor the New Securities have been, nor will be, registered under the US Securities Act of 1933, as amended (US Securities Act), or the securities laws of any state or other jurisdiction of the United States. The Rights may not be taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of a person in the United States.

The New Securities may not be offered, sold or resold in the United States or to persons acting for the account or benefit of a person in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US State securities laws.



# Contents

***Our vision:***
*To enrich communities through our hospitality*


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# Transaction Overview

| | |
|---|---|
| **Transaction Overview** | • Since listing in November 2018, Redcape has consistently traded at a discount to Directors NAV despite the strong operational performance across its portfolio.<br>• Following a review of its strategic options, the Board of Redcape's Responsible Entity, as recommended by the Independent Board Committee (**IBC**), put forward a proposal to delist Redcape (**Proposal**) to more closely align the realisable value of Redcape Securities with the fundamental value of its portfolio.<br>• The Proposal provides optionality for Redcape Securityholders to either remain invested in Redcape as an unlisted fund or realise their investment through an off-market Buy-Back.<br>• The Proposal was approved by Redcape Securityholders on Friday, 10 September 2021. |
| **Buy-Back and Rights Issue** | • For Redcape Securityholders who wish to exit their investment in Redcape prior to Delisting, liquidity will be offered under the Buy-Back.<br>• The Buy-Back will have a maximum size of $247.3 million reflecting $115.0 million in net debt funding and $132.3 million funded by the Rights Issue.<br>• The Rights Issue is a 1 for 4.8 pro rata non-renounceable entitlement offer of new securities in Redcape ("**New Security**"), to raise funding of up to $132.3 million for the Buy-Back.<br>• The Buy-Back and Rights Issue are being undertaken at the same fixed price of $1.15 per security. |
| **Financial Impact** | • Redcape Securityholders who elect to retain their securityholding are expected to benefit from increased earnings and distributions.<br>• For example, for illustrative purposes, had the Proposal been implemented on 1 July 2020, assuming a net 100.0 million Redcape Securities were bought and cancelled under the Buy-Back and a payout ratio of 80%:<br>  • Pro forma FY21 Underlying Earnings per security would have increased by 14.6% (from 10.2cps to 11.7cps); and<br>  • Pro forma FY21 distributions per security would have increased by 14.6% (from 8.2cps to 9.3cps).<br>• Pro forma Directors NAV per security is $1.31 per security and pro forma Directors Gearing is 46.1%[1].<br>• Refer to Appendix A for further information on the expected financial impact of the Proposal. |

1. Directors NAV means Statutory Net Asset Value deducting Investment property, Land, PPE & Intangibles replacing it with the most recent valuation of that asset. Directors Gearing means total borrowings less cash and cash equivalents as a percentage of adjusted total assets less cash; total assets adjusted by substituting Investment property, Land, PPE & Intangibles with Directors valuations. Refer to Appendix A for further information on the Pro Forma Balance Sheet.



# Transaction Highlights

***Flexible transaction structure which delivers mutually beneficial outcomes for Redcape Securityholders who wish to exit or continue their investment***

## Securityholders that retain their securities

- ✓ Increased earnings and distributions:
  - Pro forma FY21 Underlying Earnings per security increases by 14.6% (from 10.2cps to 11.7cps)[1]
  - Pro forma FY21 distributions per security increases by 14.6% (from 8.2cps to 9.3cps)1
- ✓ Pathway to access periodic liquidity over time under the Unlisted Liquidity Facility at a price that approaches Directors NAV on the terms set out in Section 2 of the Explanatory Statement.
  - Removal of listed market discount and security price uncertainty
- ✓ Continuity of management and retained exposure to high quality underlying asset base
- ✓ Ability to move towards a more efficient capital structure and cost of capital to continue to grow the Underlying Earnings and Directors NAV of Redcape over time

## Securityholders that sell their securities

- ✓ Liquidity at the $1.15 Buy-Back Price which represents a:
  - 22.3% premium to the last close prior to the Announcement Date; and
  - 13.9% premium to the 3-month VWAP prior to the Announcement Date.
- ✓ The opportunity to receive value certainty for their holding[2]

1. Assumes the Proposal had been implemented on 1 July 2020, the net securities acquired under the Buy-Back is greater than or equal to 100.0 million and a payout ratio of 80%. For further information, please refer to Section 7 of the Explanatory Statement.
2. If the total value of securities which Redcape Securityholders elect to sell in the Buy-Back exceeds the Buy-Back Limit, a scale back would be applied on a pro-rata basis. Please refer to the Explanatory Statement for more information.

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# Proposal Overview

**The key elements to the Proposal include:**

1. **Delisting of Redcape from ASX**
   - Redcape to be an open-ended unlisted fund and offer investors quarterly liquidity through an Unlisted Liquidity Facility[1].
   - Unlisted Redcape intends to offer liquidity to investors on a quarterly basis at a withdrawal price which will approach a 2.5% discount to Directors NAV over time.
   - This is subject to an expected quarterly cap on available liquidity of 2.5% of Redcape's Directors NAV, the Responsible Entity's discretion to adjust that cap, and the conditions summarised on slide 11.
2. **Pre-delisting liquidity offer**
   - A capped $247.3 million Buy-Back at a fixed price of $1.15 per Redcape Security funded by increasing and drawing from Redcape's debt facilities ($115.0 million) and an underwritten Rights Issue ($132.3 million)
     - The Proposal will provide Redcape Securityholders with the options to either:
       - Retain their existing holding;
       - Increase their holding through a Rights Issue at $1.15 per New Security, on a 1 for 4.8 basis fully underwritten by MA Financial Group; noting they can apply for Additional New Securities subject to a cap of 2.0x times their Entitlement; or
       - Exit their holding at $1.15 per security, subject to scale-back.[2]
   - The Responsible Entity believes that the Buy-Back is sufficiently sized to allow liquidity with respect to at least 60% of Redcape Securities, excluding those owned by MA Financial Group and its affiliates that have indicated they will not participate.

***Alternatives available to Redcape Securityholders***

Securityholders retain their Redcape Securities and, if desired, elect to increase their holding by acquiring additional securities under the Rights Issue

↓

Redcape becomes an unlisted fund that intends to offer quarterly liquidity and with the objective of providing investors with regular and growing cash distributions and capital growth

Securityholders sell their Redcape Securities in the Buy-Back at a price of $1.15 per Redcape Security which is a 22.3% premium to last close prior to the Announcement Date

↓

Securityholders will not receive any future distributions and lose exposure to the financial performance of Redcape's portfolio

1. Subject to the conditions set out in the Explanatory Statement and outlined on page 11 of this presentation.
2. Note the range of likely outcomes under the Buy-Back may change as a result of movements in the Redcape register prior to the record date. If the total value of securities which Redcape Securityholders elect to sell in the Buy-Back exceeds the Buy-Back Limit of 215.0m securities, a scale back would be applied on a pro-rata basis. This means that not all securities that apply to participate in the Buy-Back may be bought back. Refer to the Explanatory Statement for more information at https://www.redcape.com.au/investor-centre/.

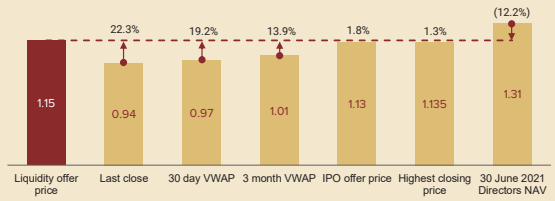


# Pathway to Realising Value

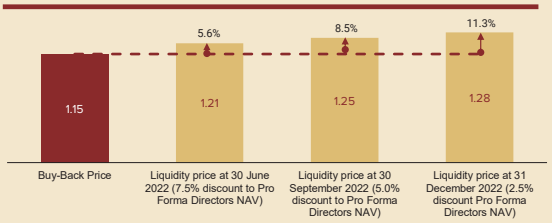
***Buy-Back Price designed to balance the interests of investors choosing to remain invested, while providing an attractive exit price, relative to pricing on ASX prior to the Announcement Date, to those seeking immediate liquidity***

- Under the Buy-Back, Redcape Securityholders who wish to exit will have an opportunity to apply to sell their Redcape Securities at $1.15 per security which represents a:
  - 22.3% premium to Redcape's last close prior to the Announcement Date;
  - 13.9% premium to the 3-month VWAP prior to the Announcement Date; and
  - 12.2% discount to Redcape's 30 June 2021 Directors NAV.
- Unlisted Redcape intends to offer a liquidity facility to investors on a quarterly basis at a withdrawal price which will approach a 2.5% discount to Directors NAV over time. This is subject to an expected quarterly cap on available liquidity of 2.5% of Redcape's Directors NAV, the Responsible Entity's discretion to adjust that cap, and the conditions summarised on slide 11.
- Withdrawal pricing is proposed to be as follows:
  - for the quarter ending 30 June 2022 at a 7.5% discount to the Directors NAV per Redcape Security;
  - for the quarter ending 30 September 2022 at a 5.0% discount to the Directors NAV per Redcape Security;
  - for the quarter ending 31 December 2022 and onwards the proposed liquidity pricing is at a 2.5% discount to the Directors NAV per Redcape Security subject to the Responsible Entity's discretion to reduce the amount of the discount to Directors NAV.
- As such, subject to Directors NAV remaining constant or increasing, investors who remain in the unlisted fund may be able to realise a higher price for their securities over time as the discount to Directors NAV reduces as well as participate in any future capital growth and distributions paid whilst they remain invested in the fund.

## Liquidity price premiums




## Liquidity price premium vs Buy-Back Price



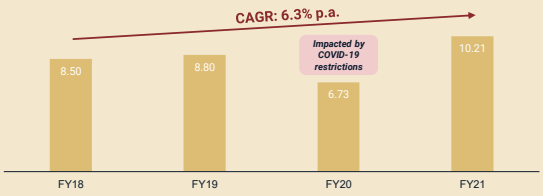
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# History of Redcape

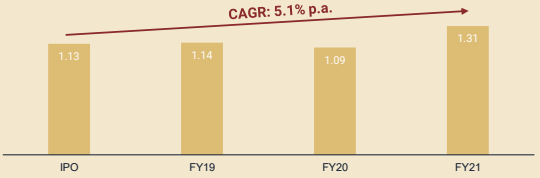
***Redcape's high-quality portfolio of community hotels is well positioned to capitalise on attractive fundamentals in the hospitality sector***

- A fund established and managed by MA Financial Group initially acquired the Redcape portfolio in July 2017
- Since acquisition, Redcape's portfolio value has increased from $0.7 billion at acquisition to a value of $1.3 billion as at 30 June 2021 with the number of assets increasing from 25 to 36.
- Redcape was subsequently listed on the ASX in November 2018, raising $50.0 million to partially fund the acquisition of three sites.
- Since IPO, underlying earnings have grown from 8.5 cps in FY18 to 10.2 cps in FY21 representing a compound annual growth rate of 6.3%.
- In addition, Directors NAV per unit has growth from $1.13 per unit in FY18 to $1.31 per unit in FY21 representing a compound annual growth rate of 5.1% Redcape currently owns a freehold interest in 34 of 36 hotels it owns providing more opportunity for refurbishment upside and additional alternative use optionality.
- Since July 2017, MAHM has successfully completed numerous refurbishment projects across Redcape's portfolio to improve asset quality, re-establish venues as community-centric hubs and increase the growth profile for investors.
- MAHM's breadth of hospitality capabilities and experience as a manager and operator of large hotels and stewardship of major refurbishment programs has enabled refurbishment projects to be tailored to the needs of the community leading to sustainable and mutually beneficial outcomes for investors and patrons.
- Recent examples of MAHM's successful track record of using capex for whole of pub refurbishments include the repositioning of Leumeah Hotel ($4.9m spend), Eastwood Hotel ($4.2m spend) and Cabramatta Inn ($7.0m spend), leading improved trading performance and improved asset values.

## Underlying Earnings per security growth (cps)




## NAV per security growth since IPO (A$)






# Experienced Management Team

***MA Hotel Management (MAHM) is the investment manager and operator of Redcape Hotel Group and is one of Australia's leading hotel managers with diverse expertise in strategy, operations, talent development, community engagement, property refurbishment and capital management***



**Dan Brady**
**Chief Executive Officer of MAHM**

A sector specialist with a proven track record of delivering financial returns for stakeholders through strategy development, execution and disciplined capital management.



**Tim Fawaz**
**Chief Financial Officer of MAHM**

Over 25 years' listed and private equity experience across all facets of retail and hospitality. Previously CFO of City Chic Collective (formerly Specialty Fashion Group).



**Christopher Unger**
**Chief Operating Officer of MAHM**

Over 20 years' experience across pubs, clubs and casino operations in both private and public ownership structures. Senior executive with deep industry and business knowledge.



**Chris Jolliffe**
**Project and Property Manager of MAHM**

Over 20 years' experience in the hospitality sector, experience managing major refurbishment projects with an innate understanding of hotel operations and deep customer insights.



**David Clifton**
**Chief Experience Officer of MAHM**

A sector specialist having spent his most recent years as a senior executive at Merivale responsible for creating and delivering unique hospitality experiences for customers. Specialises in venue repositioning and launch.

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# Unlisted Fund Structure

Redcape HOTEL GROUP

***Unlisted fund expects to provide investors quarterly liquidity at a price referenced to Directors NAV commencing from 30 June 2022***

- Redcape's existing Corporate entities and management structure will be retained with Redcape continuing to be managed by MA Hotel Management and governed by the existing Responsible Entity Board.
- The Responsible Entity intends to offer investors access to liquidity at a unit price which is based on Directors NAV
- Directors NAV represents a significant premium to the average trading price of Redcape Securities since its listing on the ASX
- Investors will be able to apply for liquidity quarterly at a 2.5% discount to Directors NAV from 31 December 2022 subject to conditions and limits outlined in the table and Explanatory Statement.
- For Investors who apply for liquidity to exit post the delisting but earlier than 31 December 2022, the proposed liquidity pricing and dates are as follows:
  - for the quarter ending 30 June 2022 at a 7.5% discount to Directors NAV; and
  - for the quarter ending 30 September 2022 at a 5.0% discount to Directors NAV.

## Summary of unlisted fund terms

***See Explanatory Statement for full conditions and limits***

| | |
|---|---|
| **Investment Objective** | • Unlisted Redcape's objective will be to provide investors with regular and growing cash distributions and capital growth over the investment term by investing in and actively managing a diversified portfolio of high-quality pubs, hotels and alternative use real estate opportunities with the potential for refurbishment or redevelopment to increase land utilisation |
| **Liquidity Timing** | • Quarterly with first liquidity opportunity for unlisted investors on 30 June 2022 |
| **Withdrawal Pricing** | • 30 June 2022: 7.5% discount to Directors NAV<br>• 30 September 2022: 5.0% discount to Directors NAV<br>• 31 December 2022 and onwards: 2.5% discount to Directors NAV |
| **Withdrawal Facility Limit** | • 2.5% of Directors NAV per quarter (10.0% p.a.) with Responsible Entity discretion to adjust this limit |
| **Valuation Policy** | • Hotel assets of Unlisted Redcape to be independently valued on a rolling semi-annual basis with all hotel assets independently valued every 24 months. |
| **Conditions and Limits on Withdrawal Facility** | • The ability of the Responsible Entity to offer the quarterly withdrawal facility after implementation of the Proposal will depend upon many factors including Unlisted Redcape remaining liquid, Unlisted Redcape having sufficient cash reserves, available capacity under its debt facilities and the demand for new Redcape's securities from existing and new investors.<br>• The sufficiency of cash reserves and available capacity under debt facilities will be assessed by the Responsible Entity on the basis of prevailing economic and trading conditions at the time and levels of applications for new securities in Unlisted Redcape. There is no guarantee that liquidity will be available at any particular price or at all. |
| **Distributions** | • The Responsible Entity expects to pay distributions from Unlisted Redcape on a quarterly basis. Unlisted Redcape aims to source distributions primarily from Underlying Earnings. |
| **Gearing** | • The Responsible Entity has a target Directors Gearing level for the unlisted fund of between 40.0 – 50.0% |





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# Rights Issue and Buy-Back overview

| | |
|---|---|
| **Buy-Back Structure** | • The Buy-Back will have a maximum size of $247.3 million reflecting $115.0 million in net debt funding and $132.3 million funded by the Rights Issue.<br>• The Responsible Entity believes that the Buy-Back limit is sufficiently sized to allow full liquidity to Exiting Securityholders under a range of likely outcomes.<br>• If the total value of the securities which Redcape Securityholders elect to sell in the Buy-Back exceeds the Buy-Back Limit, a scale-back would be applied on a pro-rata basis. This means that if you apply to participate in the Buy-Back you may not have all of your securities bought back (although at least 60.0% of your securities would be bought back). |
| **Rights Issue Structure** | • In conjunction with the Buy-Back, Redcape is undertaking a Rights Issue to partially fund the Buy-Back and as well as provide the opportunity for existing Redcape Securityholders to acquire additional securities.<br>• The Rights Issue is a 1 for 4.8 pro rata non-renounceable entitlement offer of new securities in Redcape, to raise funds of up to $132.3 million.<br>• The Rights Issue has been structured such that Redcape Securityholders are able to apply for additional New Securities above their Rights subject to a cap of 2.0x their Rights Issue entitlement in addition to their Rights Issue entitlement.<br>• For example, if you currently own 100,000 Redcape Securities you will be entitled to acquire up to 20,833 New Securities under the Rights Issue and to apply for up to 41,666 additional securities. |
| **Buy-Back and Rights Issue Pricing** | • The Buy-Back and Rights Issue are being undertaken at the same price of $1.15 per New Security which represents a:<br>○ 22.3% premium to the Redcape price prior to the Announcement Date;<br>○ 13.9% premium to the 3-month VWAP of Redcape Securities prior to the Announcement Date; and<br>○ 12.2% discount to Redcape's 30 June 2021 Directors NAV. |
| **Ranking** | • New Securities issued under the Rights Issue will rank equally with existing Redcape Securities from the date of issue |
| **Underwriting** | • The Rights Issue is fully underwritten by MA Moelis Australia Advisory Pty Ltd. A summary of the material terms of the Underwriting Agreement are set out in Appendix G of this Presentation. |
| **Major Securityholder and Board Intentions** | • MA Financial Group and the MA SIV Property Fund have informed the Responsible Entity that they will not participate in the Buy-Back or the Rights Issue (other than, in the case of MA Financial Group, participating as Underwriter).<br>• All members of the Independent Board Committee do not intend to participate in the Buy-Back and intend to retain their Redcape Securities post delisting[1]. |

1. For further information on the intentions of Redcape's directors please see section 4.5 of the Explanatory Statement



# Indicative Timetable

- **Securityholders will be able to participate in the Buy-Back or Rights Issue to reduce or increase their security holding prior to the Delisting Date[1]**
- **Securityholders will also retain the ability to, subject to demand, continue to trade securities on-market on ASX until the Suspension Date expected to be 29 October 2021**

| Event | Date[2] |
|---|---|
| Ex-Entitlement Date for Buy-Back and Rights Issue | Thursday, 16 September 2021 |
| Buy-Back / Rights Issue Record Date | Friday, 17 September 2021 |
| Opening Date for Buy-Back and Rights Issue | Monday, 20 September 2021 |
| Despatch of Buy-Back and Rights Issue Booklet | Wednesday, 22 September 2021 |
| Closing Date for Buy-Back | Monday, 18 October2021 |
| Announcement of the results of the Buy-Back (including details of maximum scale-back) | Tuesday, 19 October 2021 |
| Closing Date for Rights Issue | Thursday, 21 October 2021 |
| Announcement of results of Rights Issue (including any pro-rata scale-back with respect to applications for Additional New Securities) | Friday, 22 October 2021 |
| Settlement Date (settlement of Rights Issue) | Tuesday, 26 October 2021 |
| Issue Date for the Rights Issue<br>Settlement Date (settlement of Buy-Back) (including cancellation of securities bought-back by the Responsible Entity) | Wednesday, 27 October 2021 |
| Suspension Date (date on which Redcape Securities are suspended from trading on ASX) | Friday, 29 October 2021 |
| Delisting Date | Tuesday, 2 November 2021 |

1. If the total value of securities which Redcape Securityholders elect to sell in the Buy-Back exceeds the Buy-Back Limit, a scale back would be applied on a pro-rata basis. This means that not all securities that apply to participate in the Buy-Back may be bought back (although at least 60% of securities tendered will be bought back). If a scale-back applies, securityholders will have the opportunity to sell any remaining securities they hold on-market between the date the scale-back is announced (expected to be Tuesday 19 October 2021) and prior to the Suspension Date. Please refer to the Explanatory Statement for more information.
2. All times and dates in the above timetable are references to the time and date in Sydney, New South Wales, Australia and all such times and dates are subject to change. The Responsible Entity may vary any or all of these dates and times and will provide notice of any such variation on ASX. Certain times and dates are conditional on the approval of the Proposal by ASX.

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# Appendix A: Pro Forma Balance Sheet

- Set out on this slide is the Pro Forma Balance Sheet of Redcape to illustrate the expected impact of the Proposal. The pro forma adjustments have been made to Redcape's balance sheet as at 30 June 2021.
- Key assumptions used in the Pro Forma Balance Sheet include:
  1. Reflects the summarised balance sheet of Redcape as at 30 June 2021. Other liabilities includes a provision for a performance fee of $6.0 million payable to the Manager for the 6 months ended 30 June 2021.
  2. As a result of shutdowns relating to the lockdowns in both New South Wales and South-East Queensland, Redcape has adjusted the cash & cash equivalents position and pro forma Directors NAV for $14.4 million of estimated Underlying Earnings losses resulting in a 2.6 cps reduction in pro forma Directors NAV. This estimate assumes that the New South Wales lockdown remains in place until 31 October 2021 and the South-East Queensland lockdown remains in place until 31 August 2021 (noting restricted trade resumed in South-East Queensland on 8 August 2021).
  3. Reflects the upfront transaction costs including third party advisors and upfront debt facility costs. Of these costs, $5.0 million have been provided for as at 30 June 2021 and hence the payment of them has a minor impact on NAV.
  4. Reflects the Buy-Back of 100.0 million Redcape Securities at $1.15 per Security. No natural take-up under the Rights Issue is assumed.

| $m | 1 30-Jun-21 | 2 Lockdown adj. | 3 Transaction costs | 4 Buyback | Pro forma |
|---|---|---|---|---|---|
| Cash & Cash Equivalents | 48.1 | (14.4) | (5.5) | - | 28.3 |
| Property assets | 1,175.8 | - | - | - | 1,175.8 |
| Right of use assets | 44.6 | - | - | - | 44.6 |
| Other assets | 19.6 | - | - | - | 19.6 |
| **Total assets** | **1,288.1** | **(14.4)** | **(5.5)** | **-** | **1,268.3** |
| Borrowings | 522.0 | - | - | 115.0 | 637.0 |
| Lease liability | 46.9 | - | - | - | 46.9 |
| Other liabilities | 74.8 | - | (5.2) | - | 69.6 |
| **Total liabilities** | **643.7** | **-** | **(5.2)** | **115.0** | **753.5** |
| **Net asset value (NAV)** | **644.4** | **(14.4)** | **(0.2)** | **(115.0)** | **514.8** |
| **Stapled securities on issue** | **552.2** | **-** | **-** | **(100.0)** | **452.2** |
| **Statutory NAV ($)** | **1.17** | **1.14** | **1.14** | **1.14** | **1.14** |
| **Directors NAV ($)** | **1.31** | **1.28** | **1.28** | **1.31** | **1.31** |
| **Gearing ratio - Statutory** | **38.2%** | **39.4%** | **39.8%** | **49.1%** | **49.1%** |
| **Gearing ratio - Directors** | **35.9%** | **37.0%** | **37.4%** | **46.1%** | **46.1%** |

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# Appendix B: About Redcape

Redcape Hotel Group is one of Australia's leading community pub operators with a portfolio of 36 quality hotels strategically located across New South Wales and Queensland. The company delivers bespoke experiences for each community it operates in, enriching communities through its hospitality. Redcape is committed to delivering sustainable distributions and growing earnings through its proven operating platform, active portfolio management and accretive acquisitions.

**36**[1]

**34 Freehold Going Concerns**

Freehold ownership allows for responsive refurbishment and asset optimisation optionality.

**24**[2]

**24 in greater Sydney**

High growth suburban infill markets, many with latent land value opportunities.

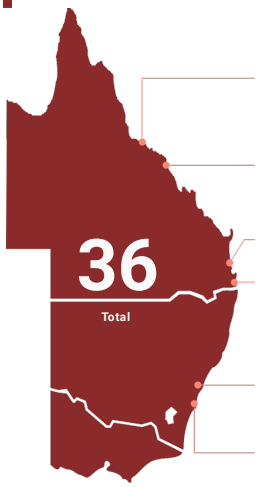
**5**

**5 Year refurbishment pipeline of assets**

Asset optimisation program delivering community hubs.

1. Portfolio consists of 34 Freehold Going Concerns and 2 Leasehold Going Concerns
2. 23 Freehold Going Concerns and 1 Leasehold Going Concern

## Australian Venue Locations




**Townsville**
2 freehold assets

**Mackay**
2 freehold assets

**Greater Brisbane**
2 freehold assets
1 leasehold asset

**Gold Coast**
1 freehold asset

**Greater Sydney**
23 freehold assets
1 leasehold asset

**Shellharbour / Wollongong**
4 freehold assets



# Appendix C: Venues

**Aspley Hotel**
1247 Gympie Road, Aspley, QLD, 4034

**Andergrove Tavern**
64 Andergrove Road, Mackay, QLD, 4740

**Australian Hotel and Brewery**
350 Annangrove Road, Rouse Hill, NSW, 2155

**Cabramatta Hotel**
170 Cabramatta Road, Cabramatta West, NSW, 2166

**Campbelltown Hotel**
32 Blaxland Road, Campbelltown, NSW, 2560

**Cedars Tavern**
139-173 Popondetta Road, Emerton, NSW, 2770

**Central Hotel Shellharbour**
3 Memorial Drive, Shellharbour, NSW, 2529

**Crescent Hotel**
81 The Crescent, Fairfield, NSW, 2165

**Eastern Creek Tavern**
64 Huntingwood Drive, Huntingwood, NSW, 2766

**Eastwood Hotel**
89-115 Rowe Street, Eastwood, NSW, 2122

**Eden Brewhouse**
381 Redbank Plains Rd, Redbank Plains, QLD, 4301

**El Cortez Hotel**
337 Canley Vale Road, Canley Heights, NSW, 2166

**Figtree Hotel**
47 Princes Highway, Figtree, NSW, 2525

**Gladstone Hotel**
572 Marrickville Road, Dulwich Hill, NSW, 2203

**Hermit Park Hotel**
100 Charters Towers Road, Hermit Park, Townsville, QLD, 4812

**Keighery Hotel**
47-51 Rawson Street, Auburn, NSW, 2144

**Kings Head Tavern**
801a King Georges Road, South Hurstville, NSW, 2221

**Lakeview Hotel Motel**
4 Government Road, Oak Flats, NSW, 2529

**Landmark Hotel**
20 West Parade, Eastwood, NSW, 2122

**Leumeah Hotel**
80 O'Sullivan Road, Leumeah, NSW, 2560

**Minskys Hotel**
287 Military Road, Cremorne, NSW, 2090

**Mt Annan Hotel**
12 Main Street, Mt Annan, NSW, 2567

**O'Donoghues Hotel**
99 Great Western Highway, Emu Plains, NSW, 2750

**Prospect Hotel Motel**
3 Great Western Highway, Prospect, NSW, 2148

**Red Lantern Hotel**
280 South Terrace, Bankstown, NSW, 2200

**Revesby Pacific Hotel**
178 The River Road, Revesby, NSW, 2212

**Shafston Hotel**
3 Lytton Road, East Brisbane, QLD, 4169

**Shamrock Hotel Motel**
163 - 175 Nebo Road, Mackay West, QLD, 4740

**St Mary's Hotel**
33 Queen Street, St Mary's, NSW, 2760

**The Crown Hotel Revesby**
4 The River Road, Revesby, NSW, 2212

**The Sun Hotel**
6 Ross River Road, Mundingburra, QLD, Townsville, 4812

**The Wattle Hotel**
1 Brygon Creek Drive, Upper Coomera, Gold Coast, QLD, 4209

**Unanderra Hotel**
27 Central Rd, Unanderra, NSW, 2526

**Vauxhall Inn**
284/286 Parramatta Rd, Granville, NSW, 2142

**Wattle Grove Hotel**
Cnr Australis Avenue & Village Way, Wattle Grove, NSW, 2173

**Willoughby Hotel**
315 Penshurst Street, Willoughby, NSW, 2068

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# Appendix D: Key Risks

This Appendix describes some of the potential risks associated with the Proposal and an investment in Redcape, including by participating in the Rights Issue:

- Part A sets out risks associated with implementation of the Proposal, and risks preventing or delaying implementation of the Proposal.
- Part B sets out risks associated with participation in the Rights Issue and continuing to hold an investment in Redcape as a listed vehicle if the Proposal is not implemented.
- Part C sets out risks specific to Redcape and its business.
- Part D sets out general risks related to Redcape and its business.

These risks could, if they were to eventuate, have a material adverse effect on Redcape's business, financial position, operating and financial performance and the value of the Redcape Securities. Many of the circumstances giving rise to these risks are partially or completely outside the control of the Responsible Entity or its directors or management and either cannot be mitigated or can only be partially mitigated.

You should note that this is a summary only and is not an exhaustive list of the risks relating to Redcape. There may be additional risks and uncertainties not currently known to Redcape, or not currently considered material, which may have a material adverse effect on Redcape's business, financial position, operating and financial performance and the value of the Redcape Securities.

Before deciding whether to participate in the Buy-Back or the Rights Issue, Redcape Securityholders should carefully read this Presentation, the Booklet and the Explanatory Statement in their entirety and specifically consider these risks.

This Presentation, the Booklet and the Explanatory Statement do not take into account the investment objectives, financial situation, or the particular needs or risk profiles of individual Redcape Securityholders. You should carefully consider the following risks, as well as the other information contained in this Presentation, the Booklet and the Explanatory Statement, and consult your financial, legal, tax or other professional adviser before making any decision in relation to your Redcape Securities.

***Part A: Risks associated with the Proposal***

***(1) Risks associated with the implementation of the Proposal***

This section sets out some of the key risks relating to the Proposal. These are additional to those risks set out in Parts C and D below that apply to your current investment in Redcape Securities.

**Liquidity**

If the Proposal is implemented, Redcape will be delisted. As such, there will be no public market for the sale and purchase of Redcape Securities following implementation of the Proposal, nor is there expected to be any such market in the future. Redcape Securityholders who retain their Redcape Securities may have limited opportunities to sell their Redcape Securities, other than under the Unlisted Liquidity Facility. The Unlisted Liquidity Facility is subject to conditions, caps and other limitations, and there is no guarantee that liquidity will be available under the Unlisted Liquidity Facility at any particular price, on any particular timing, or at all. If liquidity is available under the Unlisted Liquidity Facility, an investor's application for liquidity may be scaled back. Refer to Section 2.5.2 of the Explanatory Statement for further details of the Unlisted Liquidity Facility.

Redcape's status as an unlisted group may affect the ability of a Redcape Securityholder to find a buyer for their Redcape Securities at a price acceptable to the Redcape Securityholder (notwithstanding that the financial performance of Redcape and its business or the financial statements of Redcape might suggest the value of those Redcape Securities is higher).

**Scale-back under the Buy-Back**

There is a risk that the number of Redcape Securities brought back from each Buy-Back Eligible Securityholder who elects to participate in the Buy-Back will be scaled back from their election. This scale-back will occur if the total number of Redcape Securities to be bought back exceeds the Buy-Back Limit. Refer to Section 8.2.3 of the Explanatory Statement, or Section 9.1(b) of the Booklet for details regarding how any scale-back under the Buy-Back will be conducted.

**Securityholder concentration**

Depending on the level of take-up under the Buy-Back and the Rights Issue, MA Financial Group and its associates could control up to no more than 77.7% of Redcape Securities. Accordingly, these parties will continue to be in a position to exert significant influence over matters relating to Redcape and may control Redcape. Although the interests of these Redcape Securityholders and other Redcape Securityholders are likely to be aligned in most cases, there may be instances where their respective interests diverge. For example, the Manager, which is a Subsidiary of MA Financial Group may obtain higher performance fees if Redcape undertakes transactions and raises additional capital which may not coincide with the preferences of particular Redcape Securityholders.

**Tax consequences for Redcape Securityholders**

If the Proposal proceeds, there may be tax consequences for Redcape Securityholders. There will be capital gains tax consequences for Buy-Back Eligible Securityholders who hold their securities on capital account and participate in the Buy-Back. Further, if the Buy-Back is funded through the sale of assets in Redcape's portfolio, the Responsible Entity proposes to attribute any capital gains realised from the sale of the properties to Redcape Securityholders who participate in the Buy-Back. If the take up of the Buy Back and Rights Issue proceeds in such a way that Unlisted Redcape does not qualify as a "public unit trust scheme" for Queensland duty purposes, the Unlisted Liquidity Facility and any proposed future equity raising may give rise to Queensland duty for investors. The Manager intends to take all reasonable steps to enable Unlisted Redcape to become a "public unit trust scheme" as soon as is practical to mitigate possible adverse Queensland duty implications.

Further information on the tax consequences of the Proposal is set out in Section 9 of the Explanatory Statement. Redcape Securityholders should seek their own professional advice regarding the individual tax consequences of the Proposal.

**Increase in gearing**

As a result of the Buy-Back, the level of gearing of the Trusts will increase. As described in Section D, gearing exposes Redcape to any changes in interest rates and increases its exposure to movements in the value of its property portfolio or performance measures, potentially leading to an increase in the volatility of earnings. A higher level of borrowings also increases the risk associated with the use of debt, including having to sell assets or raise equity on disadvantageous terms in order to keep within loan covenants, or of being unable to sell assets or raise equity and defaulting on loan covenants, or being unable to refinance when the loan term expires.

If the value of Unlisted Redcape's assets fall and Directors Gearing increases above the targeted gearing level of 40.0 – 50.0% Directors Gearing, the Responsible Entity will implement a strategy to restore the level of Directors Gearing to 50.0% or below. To the extent its required, asset sales may be pursued by the Responsible Entity following the Delisting to reduce gearing. However, there is no guarantee that sale opportunities on commercially appropriate terms will be available to the Responsible Entity for this purpose.



# Key Risks (cont.)

**Listing Rules and Takeovers Rules will no longer apply**

If the Proposal is implemented, Redcape will no longer be subject to the Listing Rules or Takeovers Rules. Refer to Sections 3.3.4 and 3.3.6 of the Explanatory Statement for further information.

**Change in control risk**

The Responsible Entity has reviewed Redcape's material contracts and is not aware of any material contract which will have a termination right or other adverse right that it considers likely to be triggered as a result of the Proposal. However, there is a risk that change in control provisions in contracts to which Redcape is a party, including lease agreements, supplier agreements and licensing and regulatory approvals, may be triggered by the Proposal or by changes in the ownership of Redcape once unlisted if MA Financial Group and its associates move to a control position and if Redcape cannot obtain the relevant counterparty's consent. In such a case, this may give the counterparty a right to terminate the agreement, which in turn has the potential to affect Redcape's operations and financial performance.

Additionally, Redcape Securityholders should be aware that future changes of control of Redcape following the Delisting may trigger a change of control under contracts in circumstances where it would not have been triggered prior to the Delisting. The reason for this is some of Redcape's contracts include exclusions from the change of control provisions for changes that occur while the parent entity is listed. As a result, a future change of control of Redcape may give counterparties termination rights which they would not have had if Redcape had remained listed.

***(2) Risks preventing or delaying implementation of the Proposal***

**Financing / underwriting risk**

While the Responsible Entity has obtained financing and the Rights Issue has been underwritten, each of those funding arrangements contains conditions and termination events as summarised in Section 11 of the Explanatory Statement. If a condition of that funding could not be satisfied or a termination event was triggered and the relevant funder relied on that matter to not provide the funding, the Buy-Back may not be able to be implemented which may affect the ability of the Responsible Entity to implement the Proposal and to Delist Redcape.

**Risks if the Proposal is not implemented**

If the Proposal is not implemented, Redcape Securityholders will continue to hold their Redcape Securities, which will continue to be traded on ASX. There may be relatively few potential buyers or sellers of the Redcape Securities on ASX at any time. This may increase the volatility of the market price of the Redcape Securities and if the Proposal does not proceed, the price of Redcape Securities may fall. In these circumstances the price at which Redcape Securities may trade on ASX, and the liquidity of Redcape Securities, is uncertain. Further, Redcape will have incurred transaction costs in relation to the Proposal even if it does not proceed.

***Part B: Risks associated with participation in the Rights Issue and continuing to hold an investment in Redcape as a listed vehicle if the Proposal is not implemented***

If Redcape continues as a listed vehicle, the key risks which have been previously disclosed regarding investment in Redcape as a listed vehicle will continue to apply. These risks, which were disclosed in more detail in the IPO PDS, include the following:

**Price fluctuation and trading volatility**

While Redcape is listed on the ASX, it is subject to general market risk that is inherent in all securities listed on a securities exchange. This may result in fluctuations in the price of Redcape Securities including fluctuations that are not explained by the fundamental operations and activities of Redcape. The price of Redcape Securities quoted on ASX may rise or fall due to a number of factors, including but not limited general economic conditions, changes in government policy, legislation and regulation, and the nature of the markets in which Redcape operates.

While Redcape Securities are quoted on ASX, there can be no guarantee that there will be an active trading market for Redcape Securities or that the price of Redcape Securities will increase, and Redcape Securityholders risk loss of some or all of their capital. Redcape Securityholders will be subject to potential volatility in trading, including due to the effects of the COVID-19 pandemic.

**Taxation changes**

Changes to taxation law or duties, and interpretation of taxation or duties laws, may adversely impact Redcape Securityholder returns, as may changes to the tax payable by Redcape Securityholders in general. Changes in the tax status of one or both Trusts, such as if Trust I ceased to be an attribution managed investment trust, or if Unlisted Redcape did not initially qualify as a "public unit trust scheme" for Queensland duty purposes (which may depend on the level of take-up of the Buy-Back and the Rights Issue), could have adverse taxation consequences for Redcape Securityholders.

An investment in Redcape Securities involves tax considerations which differ for each Redcape Securityholder. Redcape Securityholders are encouraged to seek professional tax advice in connection with any investment in Redcape.

***Part C: Risks relating to the business and operations of Redcape***

This Part sets out risks associated with an investment in Redcape Securities which are specific to Redcape's business activities and operations. This list of risks is not exhaustive and Redcape Securityholders should refer to the IPO PDS for further information.

**COVID-19**

The COVID-19 pandemic has caused, is currently causing, and may continue to cause significant disruption to, Redcape's business, the sectors in which Redcape operates as well as securities markets.

The lockdowns in Sydney and other parts of New South Wales and Queensland have caused and are causing significant disruption to Redcape's operations and impacting on its financial performance and cash position.

As outbreaks of COVID-19 have occurred and then become controlled, Australia has observed the iterative introduction and removal by Federal and State governments of laws and regulations intended to suppress the transmission of COVID-19. Examples of these measures include, but are not limited to social distancing rules, capacity limits at hospitality venues, and lockdowns.

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# Key Risks (cont.)

Once the restrictions which are in place at the date of this Presentation are eased, Redcape may continue to experience significant disruptions to its operations which are caused by continuing laws and regulations designed to suppress transmission of COVID-19, and the reintroduction of more severe measures in the case of further outbreaks or variants. Disruptions may also be caused by ongoing customer concerns regarding pandemic risks (which may discourage patronage of Redcape's hotels and pubs), and by any visitation of premises by people who have been exposed to COVID-19 (including both employees and customers) which may require Redcape to close those premises for periods of time or discourage customers from attending those premises. These disruptions may result in material adverse impacts on Redcape's financial and operating performance, cash position and ability to comply with its covenants. As it has done in previous lockdowns, Redcape would engage with its lenders to seek the appropriate waivers if it was at risk of breaching its covenants.

The long term impact of the COVID-19 pandemic upon Redcape's employees and suppliers, and on consumer preferences and behaviours, business activity levels, and regional and global economic conditions and cycles, is not yet known.

**Regulatory risk**

There is an extensive regulatory regime that affects many aspects of Redcape's business, including restrictions on the number of electronic gaming machines permitted in pubs, restrictions on Gaming Machine Entitlements and forfeitures and taxation of gaming machine revenues. It is likely that State and Territory governments will continue addressing issues such as alcohol-based violence, health reforms and problem gambling. The extent and degree of regulation differs on a state-by-state basis. Inconsistencies in the regulatory regimes, as well as potential changes in legislation and government policies, or the interpretation of legislation and policies, may adversely impact on Redcape's profitability. Any legislative or regulatory changes in NSW or QLD may have a greater adverse impact on Redcape's profitability given the geographic concentration of Redcape's pubs.

Redcape is bound by laws relating to the prevention of money laundering and the financing of terrorism, including the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 ("**AML/CTF Laws**"). Redcape could face civil penalty proceedings, and other legal and regulatory sanctions, as well as reputational damage, following any failure to comply with AML/CTF Laws. Penalties, fines or other compensation payable as a result of any breach of AML/CTF laws, and related reputational damage, could have a material adverse effect on the Redcape's business, financial condition and performance, and operating performance and growth.

There is a risk that liability arising from workplace health and safety matters at a Redcape pub may be attributable to Redcape and, to the extent that Redcape bears any such liability which is not covered by insurance, this may impact Redcape's financial performance. In addition, Redcape may have to pay monetary penalties, which may also adversely affect its financial performance.

A failure by Redcape to comply with any of the regulatory regimes and associated licenses which apply to its operations may significantly and adversely affect Redcape's reputation and financial performance and any Redcape Securityholder's investment in Redcape.

**Supplier risks**

Redcape has a number of agreements with certain suppliers for the supply of key business inputs, such as EGMs, liquor and food. All current supply arrangements are based on commercial supplier and customer terms, and the interruption or termination of these supply agreements may have a material adverse impact on Redcape. Additionally, Redcape cannot guarantee that its existing arrangements with key suppliers will be renewed, or renewed on terms similar to its current supply terms.

**Demographics and changes in consumer preferences and tastes risk**

Consumers' spend on entertainment and alcoholic beverages is discretionary in nature, and as such, Redcape's offering of products and services in its pubs, and its financial performance, may be affected by changes in consumers' disposable income, or their preferences as to the utilisation of that disposable income. Any decrease in the real disposable income of Redcape's patrons in NSW and QLD as a result of general economic forces, such as an increase in interest rates, may decrease consumer confidence and consumer demand, which may subsequently result in lower levels of trading activity and Redcape's profitability.

Additionally, any changes in population density, growth and demographics in local communities may adversely affect Redcape's financial performance and the value of an investment in Redcape. Conversely, any increase in the real disposable income of Redcape's patrons may lead to increased competition, from both existing and prospective entrants, in the NSW and QLD pub industry.

Further, any change in Australian attitudes towards, and societal norms concerning, gambling and alcohol consumption and their potential implications may affect Redcape's profitability.

Technology changes, including product development in the EGM industry and offerings for online and mobile gaming, could drive a change in the level of consumer demand for EGMs and lead to lower demand for Redcape's existing EGMs.

**Competition risk**

Redcape could be adversely affected by increased competition in the pub, gaming and retail liquor markets in NSW and QLD. Redcape's pubs compete for customers with a wide variety of other pubs and entertainment venues, and Redcape's competitors may be better equipped and could have access to greater financial resources than Redcape. Further, change to the design or application of the classification of Local Government Area gaming 'bands' in NSW may increase competition in the Local Government Areas in which Redcape operates.

Furthermore, the various offerings of online and mobile gaming also pose a risk to Redcape which may detrimentally affect its operations and financial performance. Increased competition in the retail liquor markets and other specialty stores in the regions of Australia in which Redcape operates, including competing with supermarkets where alcoholic and other products could be purchased more cheaply, as well as general competition with alternative entertainment and leisure activities, has the potential to adversely affect Redcape's profitability



# Key Risks (cont.)

Rapid changes in technology may lead to Redcape's competitors introducing technologies that provide them with a competitive advantage relative to Redcape and may lead to increased risk of asset obsolescence.

**Acquisition and disposal risk**

In seeking to maximise returns for Redcape Securityholders, Redcape may acquire further pubs in accordance with its acquisition strategy. The risks faced by Redcape in relation to a future acquisition will depend on the terms of the transaction at the time. Future acquisitions may affect the value of, and returns from, an investment in Redcape. There is a risk that Redcape may be unable to source and acquire properties or pubs, as well as dispose of any pubs or properties, on commercially appropriate terms, which may in turn limit Redcape's growth. There is also a risk that Redcape may be unable to successfully integrate any future acquisitions into its business model, or deliver the anticipated returns from those acquisitions.

Additionally, distributions may be adversely affected by future acquisitions or disposals, and there is no guarantee that any future acquisitions or disposals will enhance the investment returns of Redcape Securityholders.

**Refurbishment and development risk**

There is a risk that future refurbishments of the Redcape portfolio are delayed, take longer or cost more than anticipated to implement or be completed, which may detrimentally affect Redcape's profitability and future returns.

Additionally, there is no guarantee the refurbishment of gaming facilities of certain premises will add value to, or result in improved profitability of, the Redcape portfolio or its operations.

Furthermore, delays in obtaining any relevant development approvals, planning and zoning issues and any failure to complete renovations or developments according to previously agreed timelines may result in a loss of revenue, and may have a material detrimental effect on Redcape's profitability and financial performance.

***Part D: General Risks***

**Global health pandemics**

Global health pandemics, such as COVID-19, can cause significant disruption to consumer behaviours and activity levels, in the sectors in which Redcape operates, as well as to securities markets and global and regional economic conditions and cycles. These pandemics can therefore directly and adversely impact the operation of Redcape's venues and supply chains, including through changes in consumer behaviours, and the introduction of laws and regulations designed supress the transmission of viruses and disease.

**Gearing risk**

Gearing exposes Redcape to any changes in interest rates and increases its exposure to movements in the value of its property portfolio or performance measures. If Redcape's level of gearing increases over the term of its debt financing, this will increase the volatility of earnings and increase the level of financial risk, including the risk of default under Redcape's financing facilities. Higher gearing may also affect Redcape's ability to refinance its financing facilities.

**Funding and extension and refinancing of debt**

Redcape's ability to raise funds from either debt or equity markets in the future, on favourable terms for future activities, depends on a number of factors, including the:

- state of debt and equity markets at the time;
- general economic and political climate;
- appetite of finance providers to provide debt to pub industry operators;
- appetite of finance providers to provide debt to unlisted vehicles as opposed to listed vehicles;
- performance, reputation and financial strength of Redcape; and
- value of Redcape's business and properties in its portfolio.

If Redcape raises further equity funding this may dilute the interest of Redcape Securityholders if they are not provided with an opportunity to participate, or do not participate, in the equity issue. For example, while the Rights Issue is intended to fund the Buy-Back, on a scenario where the take up of Rights by Redcape Securityholders exceeded the number of Redcape Securities in respect of which applications to sell in the Buy-Back are received, Redcape Securityholders who did not participate in the Rights Issue would be diluted.

There is a risk that Redcape may not be able to refinance its debt before expiry or may not be able to do so on as favourable terms as its current financing facilities.

**Facility undertakings and covenants risk**

Under Redcape's financing facilities, Redcape is subject to a number of undertakings and covenants, including in relation to loan to value levels and interest cover ratios. An event of default would occur if Redcape fails to maintain these financial covenants. This may be caused by unfavourable movements in interest rates (to the extent interest rates are not hedged) or deterioration in the income or the value of Redcape's operations or the properties in its portfolio. In the event that an event of default occurs, the lender may require immediate repayment of facility. Redcape may need to dispose of all or parts of its business or properties in its portfolio for less than their market value, raise additional equity, or reduce or suspend distributions in order to repay Redcape's financing facilities.

**Interest rate risk**

To the extent that interest rates are not hedged, unfavourable movements in interest rates could lead to increased interest being incurred by Redcape in respect of its current and future debt facilities. Any such movement may have a negative impact on Redcape's financial position and results.

Increased general interest rates may also result in a reduction in consumers' discretionary income (which may affect Redcape's operations), increased capitalisation rates for pub real estate (which may negatively impact the valuation of Redcape's existing pubs) and a reduction in the attractiveness of debt funding for Redcape's growth initiatives such as refurbishments and acquisitions.

**Reputational risk**

There is a risk that Redcape's reputation may erode if Redcape fails to comply with its licences and regulatory requirements, or if there is any episode of death, armed robbery or violence at any of Redcape's pubs or other occurrences which adversely affect the reputation of Redcape's pubs. Further, episodes of death, armed robbery or violence may result in the loss of patronage.

These risks may in turn detrimentally affect Redcape's profitability and financial performance.

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# Key Risks (cont.)

**Cyber security, data and privacy risk**

Redcape collects a range of customer, supplier, employee and company data though its ordinary course of business. In addition, through providing certain online services, such as the ability for customers to reserve hotel bookings online, Redcape is exposed to risks relating to security of customer information and payment details.

Cyber-attacks, data breaches or unauthorised access to confidential information such as customer information may have a negative impact on Redcape's operations and reputation and could cause Redcape to suffer financial loss and regulatory consequences.

**Changing community expectations with respect to ESG standards**

Changes in community expectations regarding ESG standards and risk management (such as responsible sourcing of products, serving of alcohol and gaming, and community engagement) may impact the hospitality and pub industries, including the operations and profitability of Redcape. These changes in community expectations may also lead to regulatory changes and increased operational and compliance costs for Redcape and restrict Redcape's ability to attract financing and investment.

**Reliance on the Manager, key management and ability to attract and retain key staff risk**

Redcape relies on the expertise and experience of the Manager and its key executive directors and management. As a consequence, the breach or termination of the Investment Management Agreement or Hotel Operating Agreement by the Manager or the loss of key personnel and senior management by the Manager could have an adverse impact on the management and financial performance of Redcape and returns to Redcape Securityholders.

Additionally, the operations of Redcape's business depend on its ability to attract and retain quality venue staff. Any changes that adversely impact Redcape's ability to attract and retain key venue staff may adversely impact Redcape's profitability, and Redcape Securityholder returns from Redcape Securities.

**Employment costs and disputes risk**

Redcape has a range of agreements with various employees and contractors which are on a rolling basis and may be amended or terminated by complying with the relevant notice periods. In addition, Redcape's ability to appropriately manage its labour needs and requirements while controlling costs associated with hiring and training new employees is subject to external factors such as unemployment rates and minimum wage requirements imposed at law.

Disputes may arise in the course of such renegotiations that could disrupt Redcape's operations and in times of high employment or a shortage of appropriately skilled employees, there can be upward pressure on wages. If any of these events occur, Redcape's financial performance and position may be affected.

**Property liquidity risk**

The properties in Redcape's portfolio are, by their nature, illiquid investments. There is a risk that, if required to do so, Redcape may not be able to realise value for the properties within a short period of time or may not be able to realise the full valuation, which may affect an investment in Redcape.

**General economic conditions risk**

Redcape currently only has operations in Australia, and its financial performance is subject to general economic conditions in Australia, as well as general economic conditions globally. Prolonged downturn in general economic conditions (including as a result of the COVID-19 pandemic) may impact the demand for Redcape's services, decreasing consumer demand and lowering sentiment or its assets, which may affect the ability of Redcape to fulfil its investment objectives and could result in a loss of some or all of Redcape Securityholders' capital invested in Redcape. These events could be expected to have a material impact on Redcape's business and financial performance.

**Accounting standards**

Changes to Australian Accounting Standards issued by the Australian Accounting Standards Board or changes to the application and interpretation of those standards could materially adversely affect the financial performance and position reported in Redcape's financial statements.

**General business risks**

Redcape is subject to a number of additional general business risks, including but not limited to litigation, environment, IT systems and insurance risks, and the risk of counterparties failing to perform obligations under contracts with Redcape. Further information regarding these risks is disclosed in the IPO PDS.



# Appendix E: Foreign restrictions – Buy-Back

This Presentation and the Buy-Back and Rights Issue Booklet do not constitute an offer to purchase securities in any jurisdiction in which it would be unlawful. Securities may not be offered for purchase in any country outside Australia and New Zealand except to the extent permitted below.

**China**

This document does not constitute an offer to purchase any securities in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan).

This document is being distributed only to existing securityholders of Redcape in connection with a buy-back offer for cash.

**Hong Kong**

WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

**Malaysia**

This document may not be distributed to, and no offer of securities can be made to, the public in Malaysia. This document may only be distributed in Malaysia to Redcape Securityholders.

**Singapore**

This document and any other materials relating to Redcape Securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer to purchase Redcape Securities may not be issued, circulated or distributed, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA. Moreover, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

This document has been given to you on the basis that you are an existing holder of Redcape Securities. In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document and any other document or materials in connection with the offer to purchase Redcape Securities to any other person in Singapore.

**South Africa**

The Buy-Back does not constitute an offer of securities to the public under the South African Companies Act and, accordingly, this document does not constitute a prospectus prepared or registered under the South African Companies Act.

This document may only be distributed in South Africa to existing Redcape Securityholders.

**United Kingdom**

Neither this document nor any other document relating to the Buy-Back has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Redcape Securities. This document is issued on a confidential basis to Redcape Securityholders and does not relate to the offer of transferable securities to the public in the United Kingdom or the admission of transferable securities to trading on a regulated market situated or operating in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the offer has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to Redcape.

In the United Kingdom, this document is being distributed only to, and is directed at, persons to whom it may lawfully be made within the circumstances described in Article 43 of the FSMA (Financial Promotion) Order 2005 and/or any other persons to whom it may lawfully be communicated (all such persons being referred to as "Relevant Persons").

This document is available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

**United States**

Redcape Securityholders located in the United States should be aware that the Buy-Back is being conducted in accordance with applicable law and practice in Australia. The disclosure requirements in relation to a tender offer in Australia differ from those applying in the United States.

Redcape is an Australian stapled group. All of its directors and executive officers reside outside the United States and all of its assets are located outside the United States. As a result, it may be difficult for US investors to effect service of process in the United States upon such persons or to enforce against Redcape or such persons in foreign courts a judgement predicated upon the civil liability provisions of the federal securities laws of the United States.

This document has not been submitted to or reviewed by the US Securities and Exchange Commission or any US state securities regulator. None of these authorities has passed upon the merits of the Buy-Back nor the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence. US Redcape Securityholders should consult their tax adviser to ascertain the specific tax implications of the Buy-Back in relation to their own affairs.

The Responsible Entity makes no recommendation as to whether securityholders should participate in the Buy-Back.

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# Appendix F: Foreign restrictions – Rights Issue

Eligibility of investors for the purposes of the Rights Issue is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Responsible Entity and the Underwriter.

To the maximum extent permitted by law, each of the Responsible Entity and its respective affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers and each Underwriter Party disclaim any duty or liability (including for fault or negligence) in respect of that determination and the exercise or otherwise of that discretion.

This document does not constitute an offer of New Securities in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

**New Zealand**

The New Securities are not being offered to the public within New Zealand other than to existing securityholders of Redcape with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

**United Kingdom**

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Securities.

The New Securities may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to fewer than 150 persons who are existing securityholders of Redcape. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Securities has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Redcape.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.



# Appendix G: Underwriting agreement

The Rights Issue is fully underwritten by the MA Moelis Australia Advisory Pty Ltd (**Underwriter**) under the Underwriting Agreement. Any New Securities which are not taken up by Rights Issue Eligible Securityholders pursuant to their Right and any application for Additional New Securities will form part of a shortfall to be taken up by the Underwriter on the terms and conditions of the Underwriting Agreement.

New Securities will only be issued to the Underwriter if required to meet Buy-Back demand following the application of funds raised from: (i) take up of Rights by Rights Issue Eligible Securityholders; (ii) $115.0 million of debt funding, and (iii) funds raised from any Additional New Securities issued to Buy-Back Eligible Securityholders.

The Underwriting Agreement contains representations and warranties and indemnities in favour of the Underwriter. The Underwriter may terminate the Underwriting Agreement if certain termination events occur, including but not limited to:

1. any of the offer documents or any aspect of the Rights Issue do not comply with the Corporations Act;
2. the Responsible Entity is prevented from allotting or issuing Redcape Securities under the Rights Issue within the time required by any applicable laws or regulatory requirements;
3. the S&P/ASX 300 Index falls to 85% or lower than its level as at 5.00pm on the business day immediately preceding the date of the Underwriting Agreement and remains at or below this level for three consecutive Business Days, or closes at or below 85% this level on the Business Day prior to the date of settlement of the Rights Issue;
4. a new circumstance arises which is outside the Underwriter's control and would have been required to be included if it had arisen before lodgement, which is materially adverse to applicants under the Rights Issue;
5. there is an actual, or development involving a prospective, material adverse change or effect in or affecting, among other things, the business, operations, financial position or result of operations of the Group or otherwise in relation to the Group provided that no impact on the Group of COVID-19 related lockdowns or trading restrictions during the period up to 31 October 2021, or after that date where any such impact is substantially less than the impact of the lockdowns and restrictions in place as at 18 August 2021, will be taken to be a material adverse change or effect;
6. any of the Group's existing facility or loan agreements is, among other things, withdrawn, varied, terminated or failed to be complied with or a condition to drawdown is breached or becomes incapable of being satisfied;
7. a regulatory body withdraws or amends any regulatory approvals required for the Responsible Entity to perform its obligations under the Underwriting Agreement or to carry out the transactions contemplated by the disclosure relating to the Rights Issue;
8. any member of the Group, the Responsible Entity and the Manager or any of their respective directors or officers engages in any fraudulent conduct, is charged with an indictable offence, or has any public action by any governmental agency commenced against them, or any director of the Responsible Entity or the Manager is disqualified from managing a corporation;
9. New Securities issued under the Rights Issue are not granted unconditional approval for official quotation on ASX, or that approval is (or is likely to be) withdrawn, qualified or withheld;
10. Without prior consent of the Underwriter, there is a material change in the ownership structure of Redcape or the Responsible Entity disposes or attempts to dispose of a substantial part of the business or property of a member of the Group, or the Constitution is amended.
11. The Responsible Entity, the Manager or any Group Member becomes Insolvent, or an act occurs or an omission is made which may result in the Responsible Entity, the Manager or a Group Member becoming Insolvent;
12. there is a timing delay in respect of certain events in connection the Rights Issue more than 2 Business Days without the prior written approval of the Underwriter; or
13. the Responsible Entity does not provide any certificate as required by the Underwriting Agreement.

The Underwriter may also terminate the Underwriting Agreement if, in the Underwriter's reasonable opinion, an event has, or is likely to have, a material adverse effect on the success of the Rights Issue, the ability of the Underwriter to market or promote the Rights Issue, the willingness of persons to apply for, or settle obligations to subscribe for New Securities, the price at which New Securities are likely to trade, or has given or is likely to give rise to a contravention, or involvement in a contravention, by the Underwriter or its affiliates of any applicable law, or a liability for the Underwriter or its affiliates, including but not limited to the following:

- the commencement of legal proceedings, or a regulatory enquiry or public action, against the Responsible Entity, the Manager or any member of the Group or of legal proceedings against any of their directors;
- any modification or waiver by ASIC or ASX respectively, obtained in satisfaction of the condition precedents are withdrawn, revoked or amended without the prior written approval of the Underwriter;
- if the Responsible Entity, the Manager or any member of the Group is involved in any activity which breaches any law, the Listing Rules, its constitution or other constituent documents, any legally binding requirement by a Government Agency, or any other undertaking or instrument or authorisation binding on it;
- if a representation or warranty contained in the Underwriting Agreement on the part of the Responsible Entity is breached, becomes not true or is not performed;
- the Responsible Entity fails to comply with any of its obligations under the Underwriting Agreement;
- if a statement in a certificate provided in accordance with the Underwriting Agreement is untrue, incorrect or misleading or deceptive;
- if any of the obligations under any contracts that are material to the Group's business are not capable of being performed, or those contracts are amended without the Underwriter's consent, terminated or are capable of being terminated or of limited force and affect, or performance is or becomes illegal;

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# Underwriting agreement (cont.)

- in respect of any one or more of Australia, New Zealand, the United States of America, the United Kingdom, Japan, any member state of the European Union, and the People's Republic of China, North Korea and South Korea, hostilities not presently existing commence, a major escalation in existing hostilities occurs, or a terrorist act is perpetrated in any of those countries or a diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world;
- there is: introduced into the Parliament of the New Zealand, the United States, the United Kingdom, Hong Kong, any member state of the European Union, Commonwealth of Australia or any State or Territory of Australia, or publicly proposed, a new law which regulates either or both of the Rights Issue and Redcape; or
- there are certain disruptions to political conditions, financial markets and commercial banking activities in various jurisdictions;
- trading on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for at least one day on which that exchange is open for trading.

Exercise by the Underwriter of a termination right under the Underwriting Agreement would discharge the Underwriter from its obligations under the Underwriting Agreement. However, it does not terminate the Rights Issue automatically.



Redcape
HOTEL GROUP

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