

19 May 2011

**The Manager, Companies  
Australian Stock Exchange Limited  
Company Announcement Office  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000**

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## **Developments on a Proposal to sell Pubs leased to National Leisure & Gaming Limited (“NLG”)**

On 14 March 2011, Redcape Property Fund (ASX Code RPF) announced that the Laundry Hotel Group (“LHG”) had expressed interest in acquiring the freeholds of 20 pubs which are presently leased by Redcape to NLG.

In order to provide LHG with time to undertake due diligence of the freeholds and complete other matters related to NLG, Redcape entered into a Confidentiality & Exclusivity Agreement with an LHG related company. This Agreement expired at 5pm on 18 May 2011.

LHG has advised that it has completed its due diligence. Redcape is currently involved in negotiations with LHG toward the finalisation of the terms of the transaction documents.

Redcape will keep the market informed of any further developments.

Colin Henson  
Executive Chairman  
Redcape Property Fund Limited