

11 July, 2011

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

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## Market Update

Redcape Property Fund (ASX:RPF) (**Redcape**) comprises Redcape Property Trust and Redcape Property Fund Limited.

Redcape has previously advised the Australian Securities Exchange that an investor group had acquired a 39% stake in Redcape's senior bank debt, and had expressed an interest in pursuing a recapitalisation of the Redcape group.

The investor group comprises York Capital Management, Värde Partners, Inc. and Goldman Sachs (Asia) Finance (**Investor Group**).

Redcape granted the Investor Group time to complete due diligence and potentially revert with a recapitalisation proposal (**Potential Proposal**). A Confidentiality & Exclusivity Agreement (**Agreement**) was entered into, and a subsequent extension of the Agreement expired at 5pm on 8 July 2011.

The Investor Group has advised Redcape that it continues to make progress on the various components of a Potential Proposal and has requested a further extension of the Agreement to 5pm on Friday 29 July 2011 in order to formalise a Potential Proposal.

Redcape believes that a Potential Proposal may provide a longer term solution to Redcape's financial situation. Accordingly, Redcape is of the opinion that it is in the best interests of the stapled security holders and other stakeholders of the Redcape group as a whole to grant the Investor Group the requested extension of the Agreement to 5pm on Friday 29 July 2011 in order to formalise a Potential Proposal for Redcape's consideration.

The market will be kept informed of material developments.

Colin Henson  
Executive Chairman  
Redcape Property Fund#