

14 March 2011

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

Redcape Property Fund (ASX code: RPF)
Developments on a Proposal to sell Pubs leased to National Leisure & Gaming Limited

Redcape Property Fund (Redcape) comprises Redcape Property Trust and Redcape Property Fund Limited.

On 7 February 2011, Redcape advised the market that it had been approached by parties interested in acquiring a number of pubs in one line. These approaches to Redcape were and still are of an indicative, non-binding, confidential and highly conditional nature.

Since that time, Redcape has discussed possibilities with all of those parties and one of those parties, a related company of the Laundry Hotel Group ("LHG"), has today entered into a confidentiality and exclusivity agreement with Redcape. Pursuant to this agreement, LHG will be given access to due diligence materials and will have the exclusive right until 1 May 2011 (unless the agreement terminates earlier) to negotiate an agreement with Redcape for the acquisition of the pubs leased by Redcape to National Leisure & Gaming Limited.

The ability to reduce Redcape's debt by a substantial amount as a consequence of the possible sale is very attractive. Should this transaction proceed, Redcape would continue to hold approximately 50 pubs, mostly leased to Wesfarmers (Coles) under long term leases.

Redcape will keep the market informed of any further developments.

Colin J Henson
Executive Chairman
Redcape Property Fund Limited