

25 May 2011

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

Redcape Property Fund (ASX code: RPF)

Proposed sale of 20 pubs currently leased to National Leisure & Gaming Limited to Laundry Hotel Group (LHG)

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

On 20 May 2011 Redcape requested a halt in the trading of its securities in relation to incomplete information which has been brought to the attention of Redcape regarding the acquisition of a significant stake of Redcape's debt by a consortium of investors. This information has subsequently been confirmed and Redcape has been informed that a consortium of investment funds advised by, and including Goldman Sachs (Asia) Finance (**Consortium**) has acquired a 39% stake in Redcape's senior bank debt including the attached voting rights.

Redcape has also been advised by the Consortium that it is interested in a proposal to underwrite a recapitalisation of the Redcape group. Redcape is currently investigating the terms of such proposal and will keep the market informed of any further developments.

At present, Redcape has not been provided with the necessary consent from its Banking Syndicate to proceed with the sale of its 20 NLG pubs to LHG. Until such consent is provided, Redcape will not be able to proceed with the LHG transaction.

Colin J Henson
Executive Chairman
Redcape Property Fund Limited