

11 October 2011

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

Redcape Property Fund (ASX: RPF)

Appointment of Receivers and Administrators to NLG

Redcape Property Fund (ASX: RPF) (**Redcape**) comprises Redcape Property Trust (**Trust**) and Redcape Property Fund Limited (**Company**). Redcape Services Pty Limited (**Manager**) is the investment manager for the Trust and The Trust Company (RE Services) Limited (**Responsible Entity**) is the responsible entity for the Trust.

The Manager refers to the ASX announcement on 7 October 2011 by National Leisure & Gaming Limited ACN 113 373 461 (**NLG**) advising that Receivers and Administrators have been appointed to NLG and a number of its subsidiaries. The Manager advises as follows:

- a) NLG is a tenant of 20 pubs owned by the Trust and leased to NLG (**Redcape NLG Pubs**) and contributes approximately 38.7% of the annual rent received by the Trust.
- b) The Manager has been informed by the Receivers (PPB Advisory) appointed to NLG that there will be no interruption to trading in the Redcape NLG Pubs and that the rent in respect of the Redcape NLG Pubs will continue to be paid to the Trust.
- c) The appointment of Receivers and Administrators to NLG has triggered an event of default under each of the Senior Syndicated Facility Agreement (**SSFA**) and Junior Syndicated Facility Agreement (**JSFA**). Redcape intends to request a waiver from the senior and junior banking syndicates respectively in relation to this breach. The agent for the senior banking syndicate has notified Redcape of this breach and advised that the senior bank syndicate reserves its rights.
- d) The consequences of an event of default under the SSFA and JSFA are that:
 - provided two-thirds of the senior and junior banking syndicates agree to do so, the amounts outstanding under the SSFA and JSFA respectively may be declared immediately due and payable;
 - default interest accrues on the amounts outstanding under the SSFA and JSFA at a rate of 2% per annum whilst the event of default subsists; and
 - a deferred establishment fee of \$12 million (which has already been provisioned in the Trust's balance sheet) is payable to the senior and junior banking syndicates, but as yet the senior and junior syndicates have not demanded payment.

- e) The event of default under the SSFA and JSFA also gives rise to an event of default under Redcape's interest rate swap agreements. As a result, the swap counterparty (ANZ) may designate an early termination date for the swap arrangements. At present the Trust's liability under the swap arrangements is approximately \$75 million. Redcape intends to request a waiver from the swap counterparty (which is also a member of the senior and junior banking syndicates), in respect of this event of default.
- f) Should Redcape become aware of any further impact on it arising from the appointment of Receivers and Administrators to NLG, the Manager will update the market accordingly.
- g) As advised in the ASX announcement on 3 October 2011, an event of default under the SSFA is also subsisting in respect of Redcape's failure to meet an amortisation target of \$275 million at 30 September 2011; the agent for the senior banking syndicate has notified Redcape of this breach and advised that the senior bank syndicate reserves its rights.
- h) As advised in recent ASX announcements, Redcape is actively engaged in securing a recapitalisation proposal with interested parties, and the market will be kept informed of material developments in this regard.

Colin J Henson
Executive Chairman
Redcape Property Fund Limited