



ASX Announcement

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**Hotel Property Investments (ASX Code: HPI)  
Financial results for the year ended 30 June 2017**

Hotel Property Investments (HPI) today lodged its annual report and has declared a final distribution of 9.9 cents per stapled security for the year ended 30 June 2017.

**1. Highlights**

- **Statutory Profit:** Statutory Profit up 65% on the prior corresponding period to \$98.9 million, including a fair value gain on investment property of \$69.5 million
- **Final Distribution:** Final Distribution up 6.5% to 9.9 cents (2016: 9.3 cents), for a total distribution of 19.6 cents for the year (2016: 18.3 cents) from trading operations, up 7.1%. Total distributions for the year are 32.1 cents when including the interim capital distribution of 12.5 cents.
- **Loan Refinancing:** Refinanced HPI's loan facilities including HPI's inaugural issuance into the US Private Placement ("USPP") market, enhancing HPI's debt platform by diversifying its funding sources, removing security and increasing the weighted average debt tenor to 8 years as at August 2017
- **Property Valuation and Cap Rates:** Portfolio valued at \$658.7 million reflecting an average Cap Rate of 6.5%, down from 7.3% in June 2016

**2. Profit after tax and Distributable Earnings**

Profit after Tax for the year ended 30 June 2017 was \$98.9 million. Operating revenues and expenses included rental income from investment properties of \$44.7 million, property cost recoveries of \$4.1 million, property outgoing costs of \$6.8 million, management fees and other trust costs of \$3.2 million, and financing costs of \$10.4 million. Additionally, there was a fair value gain on investment property of \$69.5 million.

Adjusting profit after tax for fair value adjustments, losses on hedging, gain on disposal of investment properties and other minor items, the distributable earnings of the HPI Group was \$29.3 million. Adjusting further for maintenance capex of \$0.8 million and one off costs related to discontinued transactions, the Adjusted Funds from Operations (AFFO) was \$28.6 million, 100% of which is distributed to security holders.

### 3. Key Metrics

- **Statutory Profit:** \$98.9 million
- **Fair value gain:** \$69.5 million
- **Investment Property Value:** \$658.7 million
- **Average cap rate:** 6.5%
- **Cash on Hand:** \$1.1 million
- **Loans Drawn:** \$256.0 million
- **Gearing:** 38.6%
- **WALE:** 6.1 years
- **Average Option Period:** 24.3 years
- **Occupancy:** Hotels 100% leased as at 30 June 2007
- **Net Assets per Security:** \$2.65

### 4. Distribution Guidance for FY18

Distribution guidance of 19.6 cents per security.

End.

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