ASX Announcement

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Ladies and Gentlemen,

Introduction

In the year ended 30 June 2017 the Group again delivered strong statutory profit and distribution growth, building on the strong and consistent performance of the Group since its listing on the ASX in December 2013.

FY17 represented the first year with internal management, with HPI having bought management in house, and became the Responsible Entity of the Trust on 1 July 2016. The integration has been successful, resulting in reduced Trust and Management costs compared with previous years.

During FY17 the Group also significantly restructured its debt facilities, firstly, replacing its previous Syndicated Bank-Loan Facilities with a more flexible Common Terms Deed agreement, and secondly, issuing notes into the US Private Placement market.

Financial Results

In the year ended 30 June 2017 HPI achieved a group statutory profit after tax of $98.9 million, which included a $69.5 million fair value gain on investment properties, a $1.5 million gain on disposal of investment properties, Property Outgoings of $6.5 million, Management and Trust Expenses of $3.2 million, and Financing Costs of $11.7 million. AFFO or Adjusted Funds from Operations was $28.6 million, and was 100% distributed to security holders.

At 30 June 2017 the HPI Group's net assets were $387.2 million representing net assets per security of $2.65 compared to $2.28 for the year end 2016.

Distributions

The Group's key financial goal is to provide strong and growing distributions to our stapled securityholders.

For the year ended 30 June 2017 the HPI Group paid an interim distribution from trading operations of 9.7 cents and a final distribution of 9.9 cents for a total of 19.6 cents per security, a 7.1% increase on FY 2016. In addition to the distribution from trading operations, the Group paid a special distribution of 12.5 cents per security in March 2017 following the sale of an asset in South Australia.

Capital management and re-financing

As at 30 June 2017 HPI's gearing of 38.6% was slightly below the Board's target range of 40% to 50%, following revaluation increases in investment properties. Gearing reverted to just within the target range following payment of the pending distribution in August 2017. At 30 June there was approximately $25 million headroom available within HPI's loan facilities.

In June 2017 the HPI Group completed negotiations on a A$230 million long-term debt issue into the U.S. Private Placement market, which was completed in August 2017. This issue, which was on an unsecured basis, saw HPI reduce its reliance on the Australian banks for debt funding, and extend its loan tenor from 3.6 years to 8 years.

Following the USPP issue, approximately 50% of HPI's borrowings are on fixed rates.

Business Strategies and prospects

The strategic decision to refinance HPI's short-term bank debt with longer term, unsecured notes came at a higher interest cost, impacting the Trust's earnings from trading operations and distributions for FY18, which are forecast to remain constant at the FY17 level of 19.6 cents.

The Group will continue to pursue acquisition opportunities which meet its investment criteria, namely that target properties be in good condition, in key regional or metropolitan locations with potential for long term growth, and leased to experienced tenants on favourable lease terms.

In the current low capitalisation rate environment, development opportunities undertaken on surplus land or with Coles Group are a key focus for future growth.

Summary

The Group is working hard to improve shareholder value and we remain focussed on delivering the distribution guidance provided in August 2017 of 19.6 cents per security for FY18.

Thank you, I will now move to the Formal Business of today's Meeting.