

**Appendix 4D
Half Year Report
Six Months Ended
31 December 2018**

Name of entity

HOTEL PROPERTY INVESTMENTS (HPI)

ABN or equivalent company reference

Hotel Property Investments Trust (ARSN 166 484 377) and Hotel Property Investments Limited (ABN 25 010 330 515)

Half yearly	Preliminary final	Reporting Period
✓		1 July 2018 to 31 December 2018 (previous corresponding period 1 July 2017 to 31 December 2017)

Results for announcement to the market

	Six Months Ended	Six Months Ended	Variance %
	31 December 2018	31 December 2017	
	A\$'000	A\$'000	
Rent revenue from investment properties	22,602	22,996	-1.71%
Total income from operating activities	33,271	29,513	12.73%
Profit / (loss) for the period from operating activities after tax attributable to stapled security holders	27,626	24,387	13.28%
Profit / (loss) for the period attributable to stapled security holders	21,129	17,466	20.97%
Interim trust distribution amount per stapled security (cents)	9.8	9.8	0.00%
Interim dividend amount per stapled security (cents)	0.0	0.0	0.00%
Record date for determining entitlements to trust distribution	31 December 2018	29 December 2017	
Payment date for trust distribution	6 March 2019	5 March 2018	

Explanation of Results

- Rent revenue decreased by \$394k (1.71%) due to accounting straight-line lease adjustment of approximately \$1.5 million, offset by underlying rental income growing by 4.9%.
- Total income increased by 12.73% primarily due to current period investment fair value gain of \$6.9 million and gain on sale of Wickham property of \$1.6 million.
- Total profit attributable to stapled security holders increased by 20.97% due to the abovementioned increase in fair value adjustments, rent increases and gain on sale of The Wickham Hotel, offset by higher Queensland land tax and higher finance costs.

Other Details

	31 December 2018	31 December 2017	Variance %
Net Tangible Assets per security	\$2.83	\$2.79	1.42%
Total distribution payable for half year (A\$'000)	14,302	14,302	0.00%
<ul style="list-style-type: none"> ▪ No special distribution has been made in the current period. ▪ There were no dividend or distribution reinvestment plans in operation for the period. ▪ There were no associates or joint venture entities during the period. 			
The financial information provided in the Appendix 4D is based on the Half Year Report (attached).			

Review

This report is based on half-year report which have been reviewed by KPMG. A copy of the Hotel Property Investments Half Year Report is attached.

Hotel Property Investments (HPI)

Half Year Report for the Six Months Ended 31 December 2018

Comprising Hotel Property Investments Trust (ARSN 166 484 377) and Hotel Property Investments Limited (ABN 25 010 330 515) and their controlled entities

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018

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Hotel Property Investments

Half Year Report for the six months ended 31 December 2018

Directors' report

The directors of Hotel Property Investments Limited as Responsible Entity (the "Responsible Entity") for the Hotel Property Investments Trust ("the Trust"), present the consolidated financial report of Hotel Property Investments Trust, Hotel Property Investments Limited ("the Company") and their controlled entities (together "the HPI Group") for the half year ended 31 December 2018.

The units in the Trust and the shares in the Company are stapled and cannot be traded or dealt with separately.

The Responsible Entity is incorporated and domiciled in Australia. The registered office of the Responsible Entity is located at Suite 2, Level 17, IBM Centre, 60 City Road, Southbank, Victoria, 3006.

Corporate Governance

A copy of HPI Group's Corporate Governance Statement is available on HPI Group's website at www.hpitrust.com.au/cms/corporate_governance

1. Directors and officers

The members of the Board of Directors of the Company in office during the half year ended 31 December 2018 were:

Michael Tilley

Raymond Gunston

Lachlan Edwards

John Russell

Giselle Collins

Don Smith (appointed October 2018)

David Charles (retired October 2018)

2. Principal activities

The principal activity of the HPI Group consists of real estate investment in the freehold pub sector in Australia. There has been no significant change in the nature of the principal activity during the half year.

3. Significant changes in state of affairs

There are no significant changes to the state of affairs of the HPI Group.

4. Distributions and dividends

HPI Group has declared a distribution of 9.8 cents per stapled security for the half year ended 31 December 2018 and has made a provision for the interim distribution of \$14.3 million.

5. Matters subsequent to the end of the financial half year

No item, transaction or event has occurred subsequent to 31 December 2018 that is likely in the opinion of the directors of the Responsible Entity to significantly affect the operations of the HPI Group, the results of those operations, or the state of affairs of the HPI Group in future financial periods.

Hotel Property Investments

Half Year Report for the six months ended 31 December 2018

Directors' report (continued)

6. Review and results of operations

Background

The HPI Group is an Australian Real Estate Investment Trust ("AREIT") and listed on the ASX on 10 December 2013. Its principal activity is real estate investment in freehold pubs in Australia. The HPI Group owns a portfolio of freehold properties, comprising pubs and associated speciality stores located on the pub sites.

Half year performance

The HPI Group profit after tax for the six months ended 31 December 2018 was \$21.1 million. Operating revenues and expenses included rental income from investment properties of \$22.6 million, property cost recoveries of \$2.2 million, property outgoing costs of \$3.7 million, other trust and management costs of \$2.0 million, and financing costs of \$6.5 million. Additionally, there was a fair value gain on investment property of \$6.9 million and a realised gain on sale of the Wickham Hotel of \$1.6 million.

At 31 December 2018, independent valuations were obtained for 20 investment properties with the remaining properties valued by the directors in accordance with the HPI Group policy.

The directors' valuations have been determined by reference to the current net income, including allowance for contracted rental growth for each property and the specific circumstances of each property. Market capitalisation rates were maintained constant at their previous independent valuation level. The current average capitalisation rate is 6.45%.

Adjusting profit after tax for fair value adjustments, non-cash finance costs and other minor items, the distributable earnings of the HPI Group were \$14.4 million. Adjusting further for maintenance capex of \$0.1 million the Adjusted Funds from Operations (AFFO) was \$14.3 million.

Financial position

At 31 December 2018 the HPI Group's net assets were \$413.5 million representing net assets per stapled security of \$2.83 (June 2018: \$2.79). Major assets and liabilities included cash on hand of \$1.3 million, investment property of \$694 million, receivables and other current assets of \$3.8 million, borrowings of \$264.4 million and a provision for payment of distributions of \$14.3 million. During the period investment property values decreased by \$6.2 million due to the sale of Wickham Hotel with a fair value of \$12.0 million partially offset by fair value gains of \$6.9 million. Loans have decreased by \$11.3 million due to sale of the Wickham Hotel.

At 31 December 2018, the HPI Group's total borrowing facilities of \$304.0 million were drawn to \$266.0 million including \$230.0 million under the USPP and \$36.0 million under the Common Terms Deed.

Risk management

There has not been a material change in the HPI Group's risk profile since 30 June 2018. Details of the HPI Group's risk profile are outlined in the directors' report for the year ended 30 June 2018.

Business strategies and prospects

The HPI Group's key financial goal is to improve cash distributions to stapled security holders whilst maintaining the key attributes of the HPI Group business. Distribution growth may be achieved organically from contracted annual rent increases across the portfolio and by prudent management of financing charges, management fees and other costs of the Trust. Further distribution growth may arise from development opportunities undertaken on surplus land or with Coles Group as it pursues its retail liquor and hotels strategy, or through accretive acquisitions.

The HPI 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.

The HPI Group expects to improve the quality of its existing property portfolio by diligently managing those properties in co-operation with its tenants and trading out of lesser quality properties in the portfolio as markets create value opportunities over time.

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018
Directors' report (continued)

Distributions

At 31 December 2018 the HPI Group made a provision of \$14.3 million for its interim distribution of 9.8 cents per stapled security. For the full year the HPI Group intends to distribute 100% of its full year AFFO which is calculated as profit for the year adjusted for fair value movements, losses or gains on hedging, other non-cash items, tax, and maintenance capital expenditure, or taxable income whichever is greater.

The following statement reconciles the profit after income tax to the AFFO.

	31 December 2018
	\$'000
Profit after income tax for the period	21,129
Plus/(Less): Adjustments for non-cash items	
Fair value (increments)/decrements to investment properties	(6,858)
Straight line lease expense	1,491
Fair value (increments)/decrements to derivatives	-
Loss/(gain) on sale of investment properties	(1,586)
Share based payments expense	49
Realised loss on derivative financial instruments	-
Finance costs - non-cash	180
Income tax expense/(benefit)	(12)
Total adjustments for non-cash items	(6,736)
Distributable earnings	14,393
Less maintenance capital expenditure	(98)
Adjusted funds from operations	14,295
Interim Distribution from trading operations provided for	14,302
	Cents
Earnings and distribution per stapled security:	
Basic and diluted earnings	14.5
Earnings available for distribution per security	9.8
Interim distribution per security	9.8

7. Likely developments

The HPI Group will continue to review the portfolio with a view to increasing distributions, whether by divesting assets and recycling the proceeds into higher returning assets, developing assets, or by acquiring new assets at appropriate prices.

8. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7 and forms part of the directors' report for the half year ended 31 December 2018.

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018
Directors' report (continued)

9. Environmental regulation

Whilst the HPI Group is not subject to significant environmental regulation in respect of its property activities, the Company directors are satisfied that adequate systems are in place for the management of its environmental responsibility and compliance with the various licence requirements and regulations. Further, the Company directors are not aware of any material breaches of these requirements.

10. Rounding of amounts

The HPI Group is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the rounding of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest one thousand dollars, in accordance with that Instrument, except where otherwise indicated.

Signed in accordance with a resolution of the directors of Hotel Property Investments Limited.



Michael Tilley
Director
Melbourne
Dated this 20th day of February 2018



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Hotel Property Investments Limited, being the responsible entity for the Hotel Property Investments Trust

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Rachel Milum

Rachel Milum
Partner

Melbourne

20 February 2019

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018
Consolidated statement of profit or loss and other comprehensive income

	Note	31 December 2018 \$'000	31 December 2017 \$'000
REVENUE			
Rent from investment properties		22,602	22,996
Revenue from outgoings recovered		2,216	2,300
Total revenue		24,818	25,296
Other income			
Fair value adjustment to investment properties	11	6,858	4,211
Gain on sale of investment properties		1,586	-
Finance revenue		9	6
Total other income		8,453	4,217
Total income from operating activities		33,271	29,513
OPERATING EXPENSES			
Investment property outgoings and expenses		(3,690)	(3,583)
Other expenses	6	(1,967)	(1,527)
Total expenses from operating activities		(5,657)	(5,110)
Profit from operating activities		27,614	24,403
Non-operating expenses			
Realised loss on derivative financial instruments		-	(45)
Finance costs	7	(6,497)	(6,876)
Total non-operating expenses		(6,497)	(6,921)
Profit before tax		21,117	17,482
Tax benefit/(expense)		12	(16)
Profit for the year		21,129	17,466
Total comprehensive income		21,129	17,466
Profit / (loss) for the year attributable to:			
Shareholders of the Company		21,129	17,466
Total comprehensive income attributable to the stapled security holders of HPI		21,129	17,466
Basic and diluted earnings per security (cents)	21	14.48	11.96

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018
Consolidated statement of financial position

	Note	31 December 2018 \$'000	30 June 2018 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	1,294	1,240
Trade and other receivables	9	1,157	353
Other current assets	10	2,597	299
Total current assets		5,048	1,892
Non-current assets			
Investment property	11	694,000	700,220
Plant and equipment		212	250
Deferred tax assets		106	93
Total non-current assets		694,318	700,563
TOTAL ASSETS		699,366	702,455
LIABILITIES			
Current liabilities			
Trade and other payables	12	7,113	5,615
Employee benefit liabilities	13	66	159
Provisions	16	14,302	14,302
Total current liabilities		21,481	20,076
Non-current liabilities			
Loans and borrowings	14	264,374	275,644
Employee benefit liabilities	13	1	7
Total non-current liabilities		264,375	275,651
TOTAL LIABILITIES		285,856	295,727
NET ASSETS		413,510	406,728
EQUITY			
Contributed equity	17	262,640	262,640
Retained earnings	18	151,339	144,512
Reserves	19	(469)	(424)
TOTAL EQUITY		413,510	406,728

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018
Consolidated statement of changes in equity

	Note	Contributed Equity \$'000	Retained Earnings \$'000	Reserves \$'000	Total Equity \$'000
Balance at 1 July 2018		262,640	144,512	(424)	406,728
Total comprehensive income for the period					
Profit for the period		-	21,129	-	21,129
Total other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	21,129	-	21,129
Transactions with owners in their capacity as owners recognised directly in equity					
Provision for distribution to stapled security holders	22	-	(14,302)	-	(14,302)
Share-based payment transactions	19	-	-	(45)	(45)
Total transactions with owners		-	(14,302)	(45)	(14,347)
Balance at 31 December 2018		262,640	151,339	(469)	413,510
Balance at 1 July 2017		262,640	124,729	(169)	387,200
Total comprehensive income for the period					
Profit for the period		-	17,466	-	17,466
Total other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	17,466	-	17,466
Provision for distribution to stapled security holders	20	-	(14,302)	-	(14,302)
Share-based payment transactions	19	-	-	30	30
Purchase of Treasury shares	19	-	-	(306)	(306)
Total transactions with owners		-	(14,302)	(276)	(14,578)
Balance at 31 December 2017		262,640	127,893	(445)	390,088

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018
Consolidated statement of cash flows

	Note	31 December 2018 \$'000	31 December 2017 \$'000
Cash flows from operating activities			
Rent and outgoings from investment properties (GST inclusive)		28,135	27,722
Payments to suppliers		(11,455)	(8,349)
Interest receipts - bank deposits		8	6
Income tax paid		-	(42)
Net cash from operating activities		16,688	19,337
Cash flows from investing activities			
Payment for acquisition of other assets		-	(400)
Proceeds from disposal of investment properties		14,000	-
Payment for Treasury Shares		-	(306)
Payment for Plant and equipment additions		(2)	(3)
Payment for additions to investment property		(427)	(53)
Net cash from / (used in) investing activities		13,571	(762)
Cash flows from financing activities			
Proceeds from borrowings		20,725	244,500
Repayments of borrowings		(32,175)	(242,800)
Payment of borrowing costs		(4,453)	(4,640)
Payment for swap termination		-	(1,180)
Payment of distributions		(14,302)	(14,458)
Net cash used in financing activities		(30,205)	(18,578)
Net increase/(decrease) in cash held		54	(3)
Cash and cash equivalents at the beginning of the period		1,240	1,135
Cash and cash equivalents at the end of the period	8	1,294	1,132

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018

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Hotel Property Investments

Half Year Report for the six months ended 31 December 2018

Notes to the consolidated financial statements

Note 1 Reporting entity

The consolidated financial report of Hotel Property Investments as at and for the half year ended 31 December 2018 comprises Hotel Property Investments Trust (the "Trust"), Hotel Property Investments Limited (the "Company") and their controlled entities (together "the HPI Group"). The Trust is a registered managed investment scheme under the Corporations Act 2001. The Company is a company limited by shares under the Corporations Act 2001. The responsible entity of the Trust is Hotel Property Investments Limited (the "Responsible Entity").

The units of the Trust and the shares of the Company are stapled such that the units and shares cannot be traded separately.

The Trust is a limited life trust which terminates on 31 December 2061 unless it has been terminated prior to that date by the Responsible Entity under the provisions contained in the constitution.

As a result of the stapling of the Trust and the Company and the public quoting of the HPI Group on the Australian Securities Exchange (ASX) with new stapled security holders on 10 December 2013, the HPI Group has been determined to be a disclosing and reporting entity.

The principal activity of the HPI Group consists of real estate investment in the freehold pub sector in Australia. There has been no significant change in the nature of the principal activity during the half year.

In accordance with clause 5.1 of the Stapling Deed, the Trust and the Company each agree to provide financial accommodation to all members of the HPI Group.

The HPI Group is a for profit entity.

Note 2 Basis of preparation

(a) Compliance statement

The consolidated interim financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated interim financial report also complies with the International Financial Reporting Standards (IFRS) and the interpretations adopted by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the following that are measured at fair value:

- investment property, including investment property held for sale at reporting date
- share-based payment arrangements
- trade receivables

The methods used to measure fair values are discussed further within the relevant notes.

The consolidated financial report as at and for the half year ended 31 December 2018 was approved by the directors on 20 February 2019.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the HPI Group's functional currency.

The HPI Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(d) Use of estimates

In preparing these consolidated financial statements, management has made estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Estimation uncertainties

Information about estimation uncertainties and assumptions that have a significant risk of resulting in a material adjustment in the period ended 31 December 2018 are described in the following notes:

- Note 4(a) and Note 11 - investment property
- Note 4(c) and Note 23 - financial instruments

(e) Working capital

As at 31 December 2018, the HPI Group had an excess of current liabilities over current assets of \$16.4 million. Notwithstanding this the financial report has been prepared on a going concern basis as the directors believe the HPI Group will continue to generate operating cash flows sufficient to meet current liability obligations, and has sufficient committed debt facilities.

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018
Notes to the consolidated financial statements (continued)

Note 3 Significant accounting policies

(a) Share-based payment transactions

The initial fair value of share-based payments is established at grant date. The awards granted to employees is recognised as an expense, with a corresponding increase in the share-based payment reserve over the period during which the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance are expected to be met.

(b) Derivative financial instruments and hedge accounting

The HPI Group may hold derivative financial instruments to hedge its interest rate risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially recognised at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in Other Comprehensive Income (OCI) and accumulated in the hedging reserve.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

(c) Accounting standards implemented in the period

AASB 9 - Financial Instruments

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. AASB 9 is effective for annual periods beginning on or after 1 January 2018.

The HPI Group has assessed the effect of the new standard based on the Group's current position and determined that there will be no impact on recognition of financial instruments.

AASB 15 – Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and associated interpretations. AASB 15 is effective for annual periods beginning on or after 1 January 2018. The HPI Group has assessed the effect of the new standard based on the Group's current position and determined that there will be no impact on revenue generated by leases and no impact of the standard on other revenue sources.

(d) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2019 and have not been applied in preparing these financial statements.

AASB 16 – Leases

AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

AASB 16 replaces existing leases guidance including AASB 117 Leases and associated pronouncements and is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply AASB 15 *Revenue from Contracts with Customers* at or before the date of initial application of AASB 16.

The HPI Group has assessed the impact of AASB 16 on its consolidated financial statements. On initial adoption on 1 July 2019 the HPI Group will recognise a Right of Use asset and lease liability of \$227,950. In addition, the nature of expenses related to those leases will now change as AASB 16 replaces the straight-line operating expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. For the first year of adoption of AASB 16 the expected depreciation charge is \$94,897 and the expected interest expense is \$7,164, resulting in total expenses of \$102,061. This compares with \$93,767 that would have been recognised under AASB 117.

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018
Notes to the consolidated financial statements (continued)

Note 4 Determination of fair values

A number of the HPI Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Investment property

Independent valuations of investment properties which the HPI Group intends to hold are obtained from suitably qualified independent valuers as discussed in note 11.

Where properties have not been independently valued at reporting date, properties will be valued by Directors of the Company by capitalising the assessed net rent at the appropriate market capitalisation rate.

The valuations of individual properties are prepared inclusive of liquor and gaming licences owned by the HPI Group. The fair value of investment properties is based on the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. Valuations for properties are determined by reference to the net rent for each property and an applicable market capitalisation rate. Selection of an appropriate market capitalisation rate is based on multiple criteria including risk associated with achieving the net rent cash flows into the future and observed market-based rates for similar properties where they are available. Valuations reflect the creditworthiness of the tenant including market perceptions of the tenant's creditworthiness, the responsibility and division of property holding costs between the lessor and the lessee, the remaining economic life of the property and having regard to specific current market conditions at each location. Properties held for sale are valued at the fair value as at the previous reporting period. Any subsequent gains or losses on remeasurement are recognised in profit or loss.

(b) Share-based payment transactions

The fair value of the share-based payments as at the grant date is determined independently using a Monte Carlo simulation. Service and non-market performance conditions attached to the arrangements are not taken into account in measuring fair value.

(c) Trade receivables

The fair values of trade receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(d) Derivatives

The fair value of interest rate derivatives is based on market prices, which is tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar derivative at the measurement date and represent the estimated amount that the HPI Group would receive or pay to terminate the derivatives at the reporting date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the HPI Group or the counter party, when appropriate.

Note 5 Stapling

The stapling of the units of the Trust and the shares of the Company occurred on 10 December 2013 for the purpose of the public quotation of the HPI Group on the ASX. Australian Accounting Standards require an acquirer to be identified in a business combination. In relation to the stapling of the Company and the Trust, the Trust has been identified as the acquirer due to its large relative size to the Company.

In a business combination achieved as a consequence of stapling, the acquirer receives no equity interests in the acquiree. Therefore 100% of the acquiree's equity is attributable to the shareholders of the Company and is accounted for as non-controlling interests. Also, as a result no goodwill is recognised.

As the Trust has not acquired an equity interest in the Company, no consideration was transferred in connection with the stapling. The Company had no assets at the time of stapling.

Note 6 Other expenses

	31 December 2018	31 December 2017
	\$'000	\$'000
Advisory and legal fees	175	135
Auditor's remuneration	106	96
Directors' fees	201	193
Employment expenses	855	631
Insurance	138	94
All other expenses	492	378
	1,967	1,527

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018
Notes to the consolidated financial statements (continued)

Note 7	Finance costs	31 December 2018	31 December 2017
		\$'000	\$'000
	Interest expense	6,284	5,543
	Amortised borrowing costs	180	157
	Borrowing costs written off	-	1,129
	Other finance costs	33	47
		6,497	6,876

Note 8	Cash and cash equivalents	31 December 2018	30 June 2018
		\$'000	\$'000
	Cash at bank and on hand	1,294	1,240

Note 9	Trade and other receivables	31 December 2018	30 June 2018
		\$'000	\$'000
	Trade receivables	1,157	350
	Less: Allowance for impairment	-	-
	Net trade receivables	1,157	350
	Other receivables	-	3
		1,157	353

Note 10	Other current / non-current assets	31 December 2018	30 June 2018
		\$'000	\$'000
	Other current assets	2,597	299
	Other non-current assets	-	-
		2,597	299

Current assets held at 31 December 2018 is comprised of prepaid land tax and prepaid insurance.

Note 11	Investment property	31 December 2018	30 June 2018
		\$'000	\$'000
	Investment property	694,000	700,220
	Movements		
	Carrying amount at the beginning of the period	700,220	658,675
	Acquisition of investment properties	-	20,243
	Disposal of investment properties	(12,030)	-
	Capital additions on investment properties	443	433
	Straight line lease adjustment	(1,491)	(303)
	Fair value adjustments	6,858	21,172
	Carrying amount at the end of the period	694,000	700,220

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018
Notes to the consolidated financial statements (continued)

Note 11 Investment property (continued)

Investment property

All investment properties are freehold and 100% owned by the Company as appointed sub-custodian of the HPI Trust, with the exception of the Crown Hotel and Quest Griffith, which are owned by wholly owned subsidiaries of the HPI Trust. Investment properties are comprised of land, buildings, fixed improvements and liquor and gaming licenses. Plant and equipment are held by the tenant.

Leasing arrangements

The investment properties are each leased to their respective tenants inclusive of any liquor and gaming licences attached to these properties under long-term operating leases with rentals payable monthly. The HPI Group has incurred no material lease incentive costs to date.

Fair value adjustments at 31 December 2018

Independent valuations were obtained for 20 investment properties as at 31 December 2018. These valuations were completed by CBRE Hotels Valuation & Advisory Services and Urbis Valuations Pty Ltd.

The remaining 23 investment properties were valued by the directors in accordance with the HPI Group policy.

	December 2018	June 2018
Market capitalisation rate range at last independent valuation	5.75% - 8.0%	5.75% - 8.0%

Fair value hierarchy

The fair value measurement for investment property of \$694 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	31 December 2018	30 June 2018
	\$'000	\$'000
Reconciliation of fair value gains		
Fair value as at beginning of the period	700,220	658,675
Capital additions on investment properties	443	433
Straight line lease adjustment	(1,491)	(303)
Acquisitions	-	20,243
Disposals	(12,030)	-
Carrying amount before revaluations	687,142	679,048
Fair value as at end of the period	694,000	700,220
Fair value gain for the period	6,858	21,172

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Capitalisation of rent allowing for the following adjustments:</i>	Net rent	<i>The estimated fair value would increase (decrease) if:</i>
- Additional land	Capitalisation rates	Net rent was higher (lower)
- Capital allowance	Additional land	Capitalisation rates were lower (higher)
- Other property specific factors	Capital allowance	Additional land was higher (lower) in value
	Other property specific factors	Capital allowance was (smaller) larger
<i>Components basis</i>	Gaming authorities	Gaming authorities were higher (lower)
	NPV remaining lease	NPV remaining lease was higher (lower)
	Comparable land sales	Comparable land sales were higher (lower)

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018
Notes to the consolidated financial statements (continued)

Note 11 Investment property (continued)

Property	Location	Note	31 December 2018		30 June 2018	
			¹ Cap'n rate	Fair Value \$'000	¹ Cap'n rate	Fair Value \$'000
Pubs and On-site Specialty Leases Owned as at 31 December 2018						
Barron River Hotel	Stratford QLD	2	6.75%	8,100	7.00%	7,710
Beenleigh Tavern	Eagleby QLD	3	6.50%	12,840	6.50%	12,600
Berserker Tavern	Rockhampton QLD	2	7.00%	10,100	7.00%	9,960
Bonny View Tavern	Bald Hills QLD	2	7.00%	13,900	7.00%	13,330
Boomerang Motor Hotel	West Mackay QLD	2	8.00%	9,400	8.00%	9,220
Bribie Island Hotel	Bellara QLD	2	6.50%	17,500	6.75%	16,810
Brighton Hotel	Brighton QLD	3	6.75%	12,390	6.75%	12,360
Brighton Metro Hotel	Brighton SA	3	5.75%	17,630	5.75%	17,580
Caboolture Sundowner Hotel Motel	Caboolture QLD	3	6.75%	11,900	6.75%	11,900
Chancellors Tavern	Sippy Downs QLD	3	6.00%	14,940	6.00%	14,900
Cleveland Sands Hotel	Cleveland QLD	3	6.00%	31,230	6.00%	30,100
Cleveland Tavern	Cleveland QLD	2	6.25%	16,400	6.25%	16,210
Club Hotel	Gladstone QLD	3	7.00%	3,770	7.00%	4,400
Coomera Lodge Hotel	Oxenford QLD	2	6.75%	5,200	6.50%	4,720
Crown Hotel	Lutwyche QLD	3	6.50%	37,200	6.50%	37,100
Diamonds Tavern	Kallangur QLD	3	7.00%	9,800	7.00%	9,740
Dunwoodys Tavern	Cairns QLD	3	6.75%	23,130	6.75%	23,090
Everton Park Hotel	Everton Park QLD	2	6.25%	27,250	6.25%	26,290
Ferry Road Tavern	Southport QLD	3	6.00%	31,690	6.00%	31,700
Fitzys Loganholme	Loganholme QLD	2	6.25%	24,250	6.50%	23,290
Fitzys Waterford	Waterford QLD	3	6.50%	18,600	6.50%	18,500
Grafton Hotel	Edmonton QLD	3	7.00%	5,740	7.00%	5,750
Grand Junction Hotel	Pennington SA	3	6.25%	10,860	6.25%	10,830
Hotel HQ	Underwood QLD	3	6.00%	26,180	6.00%	25,780
Hotel Wickham	Fortitude Valley QLD	5	-	-	6.50%	12,030
Kings Beach Tavern	Caloundra QLD	3	6.25%	18,310	6.25%	18,280
Kooyong Motor Hotel	North Mackay QLD	2	8.00%	3,700	8.00%	6,550
Leichhardt Hotel	Rockhampton QLD	2	7.75%	9,300	7.75%	9,220
Lord Stanley Hotel	East Brisbane QLD	2	6.00%	12,200	6.25%	11,590

Continued over page

¹ Capitalisation rate at last independent valuation

² Independent valuation obtained as at 31 December 2018

³ Independent valuation obtained as at 31 December 2017

⁴ Independent valuation obtained as at 12 January 2018

⁵ Sold in September 2018

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018
Notes to the consolidated financial statements (continued)

Note 11 Investment property (continued)

Property	Location	Note	31 December 2018		30 June 2018	
			¹ Cap'n rate	Fair Value \$'000	¹ Cap'n rate	Fair Value \$'000
Magnums Tavern	Airlie Beach QLD	2	6.50%	24,500	6.50%	23,700
Mi Hi Tavern	Brassal QLD	3	6.50%	19,230	6.50%	18,550
New Inala Hotel	Inala QLD	2	6.25%	13,000	6.50%	12,370
Palm Cove Tavern	Palm Cove QLD	2	6.75%	8,200	6.50%	8,360
Royal Hotel	West End QLD	3	7.50%	3,420	7.50%	3,600
Royal Mail Hotel	Tewantin QLD	2	6.50%	20,000	6.50%	19,910
Quest Griffith	Griffith NSW	4	7.44%	15,880	7.44%	15,250
Q Sports Bar*	Cairns QLD	3	6.50%	9,300	6.50%	9,300
The Hotel Allen	Northward QLD	3	8.00%	6,890	8.00%	7,720
The Regatta	Toowong QLD	2	5.75%	49,000	6.00%	47,590
The Wallaby Hotel	Mudgeeraba QLD	3	6.25%	13,090	6.25%	13,100
Tom's Tavern	Aitkenvale QLD	2	6.75%	21,600	6.75%	22,720
Trinity Beach Tavern	Trinity Beach QLD	2	6.50%	18,000	6.75%	17,420
Waterloo Tavern	Paralowie SA	2	6.50%	20,000	6.25%	20,690
Woodpecker Tavern	Burpengary QLD	3	6.50%	8,380	6.50%	8,400
Total Pubs and On-site Speciality Leases			6.45%	694,000	6.50%	700,220

¹ Capitalisation rate at last independent valuation

² Independent valuation obtained as at 31 December 2018

³ Independent valuation obtained as at 31 December 2017

⁴ Independent valuation obtained as at 12 January 2018

⁵ Sold in September 2018

Note 12 Trade and other payables

	31 December 2018	30 June 2018
	\$'000	\$'000
<i>Current</i>		
Trade payables	1,178	49
Accrued interest	3,019	2,995
Other payables	2,916	2,571
	7,113	5,615

Note 13 Employee benefit liabilities

	31 December 2018	30 June 2018
	\$'000	\$'000
Short-term employee benefits	34	79
Post-employment benefits	33	87
	67	166
<i>Represented as follows:</i>		
Current liabilities	66	159
Non-current liabilities	1	7
	67	166

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018
Notes to the consolidated financial statements (continued)

Note 14 Loans and borrowings	31 December 2018	30 June 2018
	\$'000	\$'000
<i>Non-current</i>		
USPP Notes	228,682	228,596
Bank loans	35,692	47,048
	264,374	275,644
U.S. Private Placement ("USPP") Notes		
USPP - drawn	230,000	230,000
Borrowing costs capitalised	(1,553)	(1,553)
Amortisation of borrowing costs	235	149
	228,682	228,596

The USPP Note Purchase Agreement was executed on 8 August 2017 and funding occurred on 11 August 2017. The USPP issue comprises three tranches of unsecured, Australian Dollar denominated notes:

- A\$100 million fixed interest loan with an 8-year tenor, maturing in August 2025;
- A\$30 million fixed interest loan with a 10-year tenor, maturing in August 2027; and
- A\$100 million floating interest loan with a 10-year tenor, maturing in August 2027.

Bank Loans

Common Terms Deed ("CTD") - from August 2017

CTD - drawn	36,000	47,450
Borrowing costs capitalised	(544)	(544)
Amortisation of borrowing costs	236	142
Total CTD Loans	35,692	47,048

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018
Notes to the consolidated financial statements (continued)

Note 15 Derivative financial instruments	31 December 2018 \$'000	30 June 2018 \$'000
Derivative financial instruments – non-current liability	-	-
Derivative financial instruments at the beginning of the period	-	(1,135)
Fair value loss for the period:		
- Cancelled derivatives	-	(45)
- Open derivatives	-	-
Close out of cancelled derivatives	-	1,180
Fair value of derivative financial instruments at end of the period	-	-

Under the revised debt facilities of the HPI Group (refer note 14), \$130 million of the \$285 million facility is on fixed interest terms. Accordingly, the HPI Group cancelled its \$62.5 million interest rate swap on 19 July 2017, at a payout cost of \$1.18 million.

Note 16 Provisions	31 December 2018 \$'000	30 June 2018 \$'000
<i>Provision for distribution</i>		
Balance at the beginning of the period	14,302	14,458
Provisions made during the period	14,302	28,604
Provisions used during the period	(14,302)	(28,760)
Balance at the end of the period	14,302	14,302

Distribution

The provision for distribution relates to distributions to be paid to stapled security holders on 6 March 2019. This distribution will be funded via drawdown on the existing Common Terms Deed loan facility.

Note 17 Contributed equity	No. of units	\$'000
On issue at 30 June 2018 - fully paid	146,105,439	262,640
On issue at 31 December 2018 - fully paid	146,105,439	262,640
On issue at 30 June 2017 - fully paid	146,105,439	262,640
On issue at 31 December 2017 - fully paid	146,105,439	262,640

Stapled securities

The units in the Trust are stapled to the shares in the Company and are referred to as "stapled securities". The stapled securities entitle the holder to participate in distributions and dividends and the proceeds on winding up of the HPI Group in proportion to the number of stapled securities held. On a show of hands every stapled security holder present at a meeting in person or by proxy, is entitled to one vote.

A unit confers on its holder an undivided absolute, vested and indefeasible beneficial interest in the Trust as a whole, subject to Trust liabilities, not in parts or single assets. All units confer identical interests and rights. Each member registered at the record date has a vested and indefeasible interest in a share of the distribution in proportion to the number of units held by them. All issued units are fully paid.

Treasury shares

Contributed equity reflects the number of stapled securities on market at balance date, exclusive of the effect of treasury shares held. (Refer to note 20.)

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018
Notes to the consolidated financial statements (continued)

Note 18 Retained earnings	31 December 2018	30 June 2018
	\$'000	\$'000
Balance at the beginning of the period	144,512	124,729
Profit for the period	21,129	48,387
Distribution to stapled security holders	-	(14,302)
Provision for distribution to stapled security holders	(14,302)	(14,302)
Balance at the end of the period	151,339	144,512

Note 19 Reserves	Treasury share reserve	Share based payment reserve	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2018	(490)	66	(424)
Recognition of share-based payment expense	-	10	10
Reversal of share-based payment expense	-	(55)	(55)
Balance at 31 December 2018	(490)	21	(469)
Balance at 1 July 2017	(186)	17	(169)
Effective portion of changes in fair value	-	-	-
Acquisition of shares	(306)	-	(306)
Recognition of share-based payment expense	-	30	30
Balance at 31 December 2017	(492)	47	(445)

Treasury share reserve

The Treasury share reserve comprise the cost of the HPI Group's securities which were purchased on-market and are held by the HPI Rights Plan Trust. At 31 December 2018, the HPI Group held 162,363 of the Company's securities (31 December 2017: 162,363).

Share based payment reserve

The share-based payments reserve comprises amounts recognised under the long-term incentive plan for executive employees and is the portion of the fair value of the total cost recognised of the unissued securities, which remain conditional on employment with the HPI Group at the relevant vesting date and certain market-based performance hurdles being obtained.

Note 20 Net assets per stapled security	31 December 2018	30 June 2018
Number of stapled securities on issue as at the end of the period	146,105,439	146,105,439
Less: Treasury securities	(162,363)	(162,363)
Adjusted number of stapled securities on issue as at the end of the period	145,943,076	145,943,076
Net assets at balance date	\$413,509,589	\$406,728,264
Per stapled security on issue	\$2.83	\$2.79

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018
Notes to the consolidated financial statements (continued)

Note 21	Earnings per security	31 December 2018	31 December 2017
	Profit for the period	\$21,129,000	\$17,466,000
	Weighted average number of securities	No. of securities	No. of securities
	On issue at the beginning of the period	146,105,439	146,105,439
	Less: Treasury securities	(162,363)	(162,363)
	Weighted average number of securities	145,943,076	145,994,449
	Basic and diluted earnings per security - cents	14.48	11.96

Note 22	Distributions	Total distribution \$'000	No. of stapled securities	Distribution per stapled security cents
	Distributions to stapled security holders			
	31 December 2018			
	1 July 2018 to 31 December 2018	14,302	145,943,076	9.8
	31 December 2017			
	1 July 2017 to 31 December 2017	14,302	145,943,076	9.8

Distributions are shown exclusive of expected distributions payable on treasury securities.

Note 23 **Financial Instruments**

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2018		Carrying amount		
\$'000		Financial assets at amortised cost	Other financial liabilities	Total
	Note			
Financial assets not measured at fair value				
Trade and other receivables	9	1,157	-	1,157
Cash and cash equivalents	8	1,294	-	1,294
		2,451	-	2,451
Financial liabilities not measured at fair value				
Loans and borrowings	10	-	(264,374)	(264,374)
Trade and other payables	12	-	(7,113)	(7,113)
		-	(271,487)	(271,487)

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018
Notes to the consolidated financial statements (continued)

Note 23 Financial Instruments (continued)

30 June 2018

\$'000

	Note	Carrying amount		Total
		Financial assets at amortised cost	Other financial liabilities	
Financial assets not measured at fair value				
Trade and other receivables	9	353	-	353
Cash and cash equivalents	8	1,240	-	1,240
		1,593	-	1,593
Financial liabilities not measured at fair value				
Loans and borrowings	14	-	(275,644)	(275,644)
Trade and other payables	12	-	(5,615)	(5,615)
		-	(281,259)	(281,259)

Note 24 Contingent assets

The HPI Group is not aware of any contingent assets as at 31 December 2018 which may materially affect the operation of the business (30 June 2018: none).

Note 25 Contingent liabilities

The HPI Group has issued a bank guarantee as security over the office premises for \$78,304 (30 June 2018: \$78,304).

The Trust has issued a bank guarantee of \$4 million to the Company in its capacity of Responsible Entity (30 June 2018: \$4 million).

The HPI Group is not aware of any contingent liabilities as at 31 December 2018 which may materially affect the operation of the business (30 June 2018: none).

Note 26 Commitments

The HPI Group is not aware of any other commitments as at 31 December 2018 which may materially affect the operation of the business (30 June 2018: none).

Note 27 Segment information

The HPI Group operates wholly within Australia and derives rental income, as a freehold pub owner and lessor.

Revenues from Coles Group represented approximately \$21.7 million (31 December 2017: \$21.1 million) of the HPI Group's total revenues.

Note 28 Subsequent events

No other item, transaction or event has occurred subsequent to 31 December 2018 that is likely in the opinion of the directors to significantly affect the operations of the HPI Group, the results of those operations, or the state of affairs of the HPI Group in future financial periods.

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018
Directors' declaration

In the opinion of the directors of Hotel Property Investments Limited, as Responsible Entity for the Hotel Property Investment Trust:

1. the consolidated financial statements and notes, set out on pages 8 to 24, are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the Hotel Property Investments Group financial position as at 31 December 2018 and of its performance for the six months ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
2. There are reasonable grounds to believe that the Hotel Property Investment Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of Hotel Property Investments Limited.



Michael Tilley

Director

Melbourne

Dated this 20th day of February 2019



Independent Auditor's Review Report

To the stapled security holders of Hotel Property Investments

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Hotel Property Investments (the Stapled Group Half-year Financial Report).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Stapled Group Half-year Financial Report is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Stapled Group's** financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** of the Stapled Group comprises:

- Consolidated statement of financial position as at 31 December 2018
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended on that date
- Notes 1 to 28 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Stapled Group** comprises, Hotel Property Investments Trust (the Trust) and the entities it controlled at the half year's end or from time to time during the half-year and Hotel Property Investments Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of Hotel Property Investments Limited, being the Responsible Entity of the Trust, are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Stapled Group's financial position as at 31 December 2018 and its performance for the half-year period ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Hotel Property Investments, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Rachel Milum
Partner

Melbourne

20 February 2019

Hotel Property Investments
Half Year Report for the six months ended 31 December 2018

Corporate Directory

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Company Secretary

Hotel Property Investments Limited
Blair Strik