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17 February 2023

Hotel Property Investments (ASX Code: HPI)
Financial results for the six months ending 31 December 2022

Hotel Property Investments (HPI) today lodged its H1 FY23 interim report which shows a statutory loss of \$7.9 million and has declared a final distribution of 9.2 cents per stapled security for the six months ending 31 December 2022.

1. Highlights

Total revenue: Total revenue is up 13.0% to \$40.0 million (2022: \$35.4 million), representing the full effect of prior acquisitions, rentalised investments in the existing portfolio and an annual average rent increase of 3.7% across the pub portfolio for consistently held assets.

Adjusted Funds From Operations (AFFO): AFFO decreased by 1.0% to \$19.0 million (December 2021: \$19.2 million), primarily due to increased variable interest rates.

Distributions: The half year distribution for 31 December 2022 is 9.2 cents (December 2021: 10.2 cents). The reduction is due to the impact of increased interest rates.

Property Valuation and Cap Rates: Portfolio valued at \$1,254.2 million (inclusive of available for sale assets) reflecting an average Cap Rate of 5.33%. (June 2022: 5.21%). 47 of the 59 investment properties have been externally valued or reviewed at 31 December 2022.

Transactions: During the period HPI sold the Barron River Hotel, Cairns QLD, on a passing yield of 4.99% and reinvested the proceeds into capital works on existing assets at 7.5%.

Loan facilities: HPI is well positioned with a mix of debt facilities:

- next facility maturity – H1 FY25
- weighted average fixed rate debt term – 5.0 years
- weighted average cost of fixed rate debt – 4.68%
- proportion of debt fixed – 46.8%

As at 31 December 2022 the weighted average debt tenor is 3.6 years and the average cost of debt is 5.12%.

2. Profit after tax and Distributable Earnings

The Loss after Tax for the six months ended 31 December was \$7.9 million. In addition to the fair value loss on investment properties of \$27.2 million, other operating revenues and expenses included rental income from investment properties of \$35.3 million, property cost recoveries of \$4.7 million, property

outgoing costs of \$6.6 million, management fees and other trust costs of \$2.3 million, and financing costs of \$11.9 million.

Adjusting profit after tax for fair value adjustments, non-cash finance costs and other minor items, the distributable earnings of HPI was \$19.1 million. Adjusting further for maintenance capex of \$0.1 million the Adjusted Funds from Operations (AFFO) was \$19.0 million.

3. Distribution Reinvestment Plan (DRP)

The DRP has been suspended for the December 2022 distribution.

Key Metrics

- **Statutory loss:** \$7.9 million
- **Fair value loss:** \$27.2 million
- **Investment Property Value:** \$1,254.2 million (inclusive of available for sale assets)
- **Average cap rate:** 5.3%
- **Cash on Hand:** \$0.9 million
- **Loans Drawn:** \$449.1 million
- **Undrawn debt facilities:** \$80.9 million
- **Weighted average debt expiry:** 3.6 years
- **Gearing:** 35.4% (Drawn Debt minus cash)/(Total Assets minus Cash)
- **WALE:** 10.3 years
- **Average Hotel Option Period:** 19.9 years
- **Occupancy:** Hotels 100% leased
- **Net Assets per Security:** \$4.06

4. Distribution Guidance for FY23

HPI re-affirms distribution guidance of 18.4 cents per security for FY23.

This ASX announcement was authorised by the Hotel Property Investments Limited Board

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