



Annual General Meeting
13 November 2024



Agenda

REVIEW OF FY 2024, PORTFOLIO AND TRADING UPDATE

RESPONSE TO CHARTER HALL RETAIL REIT / HOSTPLUS OFFER

HPI STRATEGY UPDATE



Review of FY 2024, Portfolio and Trading Update

FY 2024 Overview



Portfolio Value

\$1.28b*

(2023: \$1.25b*)

* including assets held for sale

Net Assets

\$782.5m

(2023: \$780.2m)

of Properties

59

(2023: 60)

Profit for the Year

\$36.0m

(2023: \$3.6m)

AFFO

\$37.0m

(2023: \$36.0m)

Distribution

19.0 cps

(2023: 18.6 cps)

Net Tangible Assets

\$4.01 per
security

(2023: \$4.02
per security)

Pub Occupancy

100%

(2023: 100%)

WALE

9.1 years

(with 19.3 years average
option period)

(2023: 10.0 years)

MER¹

36 bps

Securityholder
alignment through
internalised
management

¹. Total management and trust costs / average total costs

Portfolio and Trading Update

Recent initiatives have improved portfolio quality, refinanced bank debt facilities and upgraded full year distribution guidance



Portfolio rebalancing

- Discretionary spending remains positive. Hotels, cafes and restaurants up 1.5% YoY to August 2024¹
- Portfolio remains 100% occupied
- Hotel HQ sold for \$34m at 5.5% cap rate – gearing reduced to 35%
- Ongoing progress on venue enhancement program (capex rentalised at 7.5% with framework to extend leases)
 - Completed refurbishment of Berserker Tavern, Rockhampton QLD
 - Began works on Everton Park Hotel, Everton Park QLD and Grafton Hotel, Edmonton QLD refurbishments
 - Completed demolition of Leichhardt Hotel, Rockhampton QLD and commenced redevelopment
 - Coomera Lodge Hotel, Oxenford QLD DA submitted

Improved quality and return on portfolio



Capital management

- Executed two Interest Rate Swaps in July 2024
 - \$100m, 3 year, pay fixed rate of 3.09% to commence in August 2024
 - \$40m 5 year receive fixed rate of 2.1% to commence in August 2028
- Refinanced existing bank debt facilities
 - Increased capacity by \$100m in anticipation of 2025 USPP tranche maturity
 - Diversified lending pool, adding new lender
 - Forecast annual cost savings of approx. \$1.1m
 - All in cost of debt 5.39%, 90% fixed
- Gearing at 35.0% (31 July 2024) is at the lower end of our target gearing range

Robust balance sheet positioned to grow



Distributions

- Upgraded full year guidance to 19.7c for FY 2025
 - Reflecting a 3.7% growth in DPU from FY 2024
 - DPU growth in top quartile of most comparable peer group
- Paid 6.5c interim distribution to October 2024
- Intention to pay a further distribution for November – December 2024 period
- No DRP for interim distribution due to bid conditions
- HPI's efficient internally managed structure allows for a MER of 36 bps for FY 2025

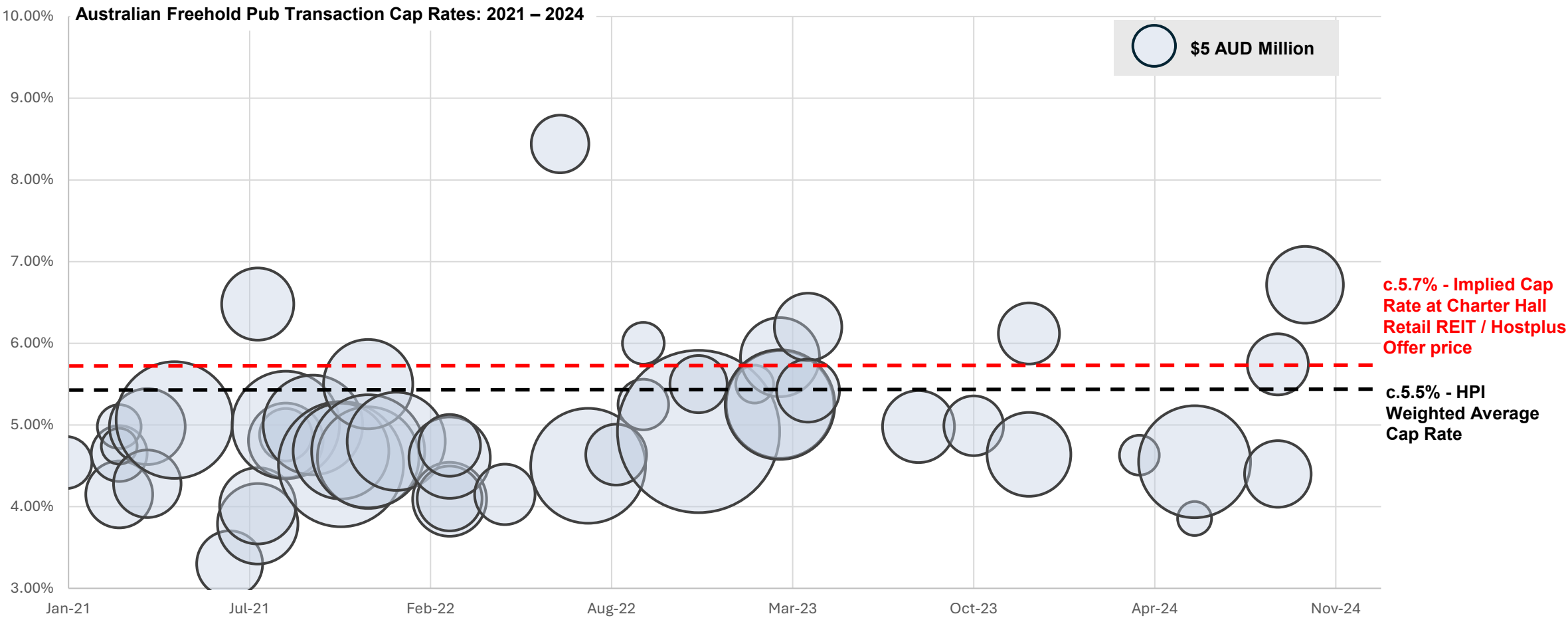
Providing returns to securityholders

¹ Source: ABS Discretionary household spending, current price, seasonal adjusted estimate

² (Drawn loans minus cash) / (Total assets minus cash)

Portfolio Valuation

Strong, liquid market for freehold pubs; HPI's valuers have confirmed the assets carrying values continue to be a fair reflection of the value of the portfolio



Source: Cushman & Wakefield, JLL Hotels, HTL Property, CBRE, Various Media Reports, Hotel Property Investments



Response to Charter Hall Retail REIT / Hostplus Offer

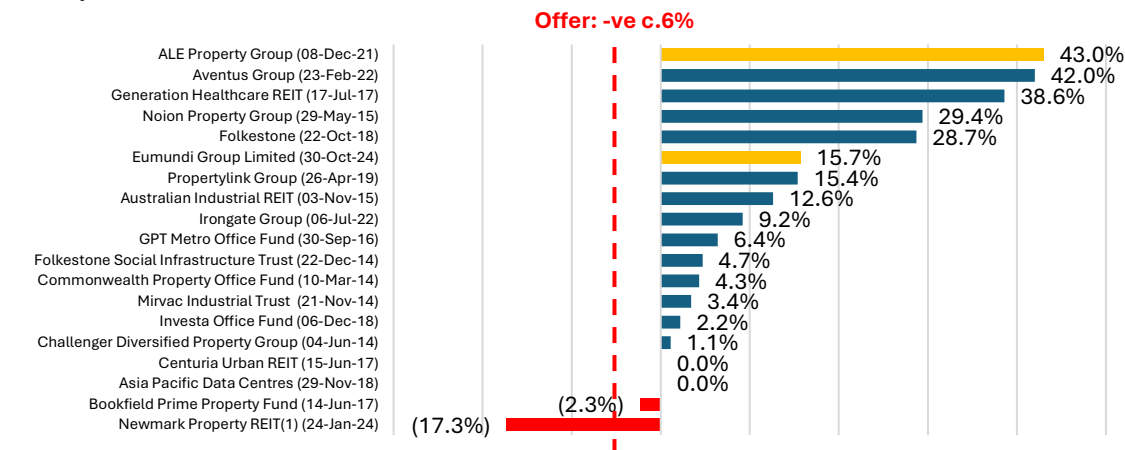
Response to Charter Hall Retail REIT / Hostplus Offer

HPI's Board unanimously recommends securityholders **REJECT** the best and final takeover offer from Charter Hall Retail REIT and Hostplus

Reasons to **REJECT** the Offer

- 1 HPI owns a high-quality pub portfolio that is well-positioned for future growth
 - Unique, difficult to replicate portfolio with long term strategic value
- 2 HPI's business is in a strong position and delivering growing returns
 - Financially strong with a robust balance sheet; FY25 distribution growth guidance of 3.7%
- 3 The offer, which is best and final, materially undervalues HPI
 - Inadequate value proposition relative to ASX and direct market comparables
- 4 The timing of the offer is opportunistic and not compelling
 - Outlook for REITs is improving; HPI is well positioned as inflation slows due to its reliable and strong returns
- 5 The offer is highly conditional
 - HPI securityholders receive no value whilst the offer remains conditional

Offer premia to NTA in historical Australian REIT transactions



Source: Transaction documentation per publicly available ASX company announcements.

Pub Portfolios within ASX listed REITs

Portfolio	Ownership	Size (A\$bn)	WALE (Years)	Cap Rate (%)	Annual Rent Review
Charter Hall pub portfolios					
ALE	CLW and Hostplus	1,590.4	4.5	4.9%	CPI
Endeavour (LWIP1)	CLW and Hostplus	1,253.5	10.3	5.0%	CPI
Endeavour (LWIP2)	CQR and Hostplus	304.5	10.7	5.1%	CPI
Eumundi – Implied Offer Pricing					
Eumundi	EBG securityholders	71.9	n/a	~5.3% (implied)	n/a
HPI portfolio – Implied Offer Pricing					
HPI	HPI security holders	1,274.4	9.1	~5.7% (implied)	Lower of 2xCPI or 4%

Source: FY24 Investor Presentations; Charter Hall Retail REIT Takeover offer for Hotel Property Investments (ASX: HPI) with institutional party released by Charter Hall Retail REIT (ASX: CQR) on ASX on 9 September 2024



HPI Strategy Update

HPI Investment Thesis



HPI’s vision To be Australia's premier ASX-listed owner of pub assets

HPI securityholder investment proposition









HPI provides investors with secure income sourced from important community assets run by sector-leading operators, with significant scope for distribution and capital growth

HPI investment characteristics

					
UNIQUE PORTFOLIO OF FREEHOLD PUB ASSETS	ATTRACTIVE LEASE STRUCTURE	INTERNAL MANAGEMENT	STRONG CAPITAL POSITION	MULTIPLE GROWTH DRIVERS	PREFERRED REAL ESTATE PARTNER FOR AVC
<ul style="list-style-type: none">• Portfolio is unique, difficult to replicate with long term strategic value• Strong relationship with AVC, our major pub operator• Pubs are resilient assets with significant community importance	<ul style="list-style-type: none">• Double net lease structure with long WALE• Review structure typically lower of 2x CPI and 4%• Licences revert to landlord on lease expiry	<ul style="list-style-type: none">• Aligned management with low MER• High quality management team and Board with complementary skills	<ul style="list-style-type: none">• Robust balance sheet• Prudent approach to interest rate risk management	<ul style="list-style-type: none">• Growth opportunities across existing portfolio and new assets	<ul style="list-style-type: none">• “We have a strong history in partnering with HPI in both acquisitions and developments... We continue to plan for further investments across a range of venues in the HPI portfolio” - Paul Waterson, CEO of Australian Venue Co

HPI Strategy Progression

HPI's growth strategy is an important phase in delivering value for securityholders

	ESTABLISH (2013-FY19)	IMPROVE (FY19-FY20)	GROW (FY21+)
Major tenant		 	
Tenant parent		 	 
Major initiatives	<ul style="list-style-type: none"> • Separation from Redcape • ASX listing • Internalisation of management • 5 asset acquisitions - \$70.2m • New equity raised - \$30m 	<ul style="list-style-type: none"> • Change of ownership of tenant • Significant improvement in venue performance • Lease extension and rent reset • 2 pub acquisitions - \$60m • New equity raised - \$30m 	<ul style="list-style-type: none"> • Commencement of venue enhancement program • Board and management renewal • Acquisition framework developed with AVC • 19 pub acquisitions - \$175.7m • 9 pub disposals - \$133.6m • New equity raised - \$107.5m
NTA	\$1.90		\$4.01
DPS (1-yr fwd)	15.4c		19.7c
# pubs	41		59
Portfolio valuation	\$477.3 million		\$1.28 billion

HPI Strategy Update

HPI is well-positioned to deliver attractive growth to securityholders over the medium to long term

Existing portfolio



Secure income	<ul style="list-style-type: none">All venues operated by leading pub operators; major operator (AVC) enjoys renewed growth mandateLong WALE of 9.4 years¹, with a further average option period of 25.0 years as at 31 October 2024
Embedded growth	<ul style="list-style-type: none">Most leases contain review mechanisms of lesser of 2x CPI or 4%Expect consistent rent growth of 3.5% - 4.0% through the cycle
Reversion rights	<ul style="list-style-type: none">Licences revert to landlord on lease expiryProvide additional protection of income as well as future optionality

Highly secure income profile with attractive lease structure

Growth levers



Venue enhancement	<ul style="list-style-type: none">Capex programme to drive operational improvement within venues (and therefore market rent)Capital rentalised as 7.5%² and mechanism to secure extension of leases (through option exercise)
Acquisition pipeline	<ul style="list-style-type: none">Preferred acquisition partner for AVC (with strong growth mandate under PAG ownership)ROFR over Hotel Allen, Woodpecker, Royal Mail
Site intensification	<ul style="list-style-type: none">~41% site coverage across existing portfolio – opportunity for development, generally with specialist partnerRange of potential additional uses including QSR, short term accommodation, outdoor signage, embedded networks, EV charging stations

Multiple levers to drive earnings and distribution growth

Optimisation



Asset recycling	<ul style="list-style-type: none">Continued portfolio curation to improve qualityStrategic sale of select assets to release capital
Capital management	<ul style="list-style-type: none">Diversify capital sources and extend tenor; optimise cost of debtFocus on efficient mechanisms to raise equity where ROIC > WACC
Third party capital	<ul style="list-style-type: none">Potential to utilise third party capital to grow portfolio / expand pub investment mandate

Continual refinement of portfolio and capital structure

¹ As at 31 October 2024 due to property options being exercised ² Based on current capex program

Growth Levers: Venue Enhancement

In partnership with AVC, HPI has enhanced a number of venues across its portfolio, delivering attractive returns to securityholders and improving certainty of lease extensions

BENEFITS FOR HPI

- 1 **Venue operating performance**
Hotel EBITDAR uplift of 73%¹ across 23 HPI venues, which drives higher sustainable rent for each venue and maximises renewal probability
- 2 **Capital rentalised**
Capital rentalised at 7.5%², with annual reviews (typically 2x CPI or 4%)
- 3 **Lease extension / option exercise**
Early exercise of next option (adding to portfolio WALE)
- 4 **Valuation Uplift**
Incremental rent from rentalised capital at asset cap rate generating ROIC >25%

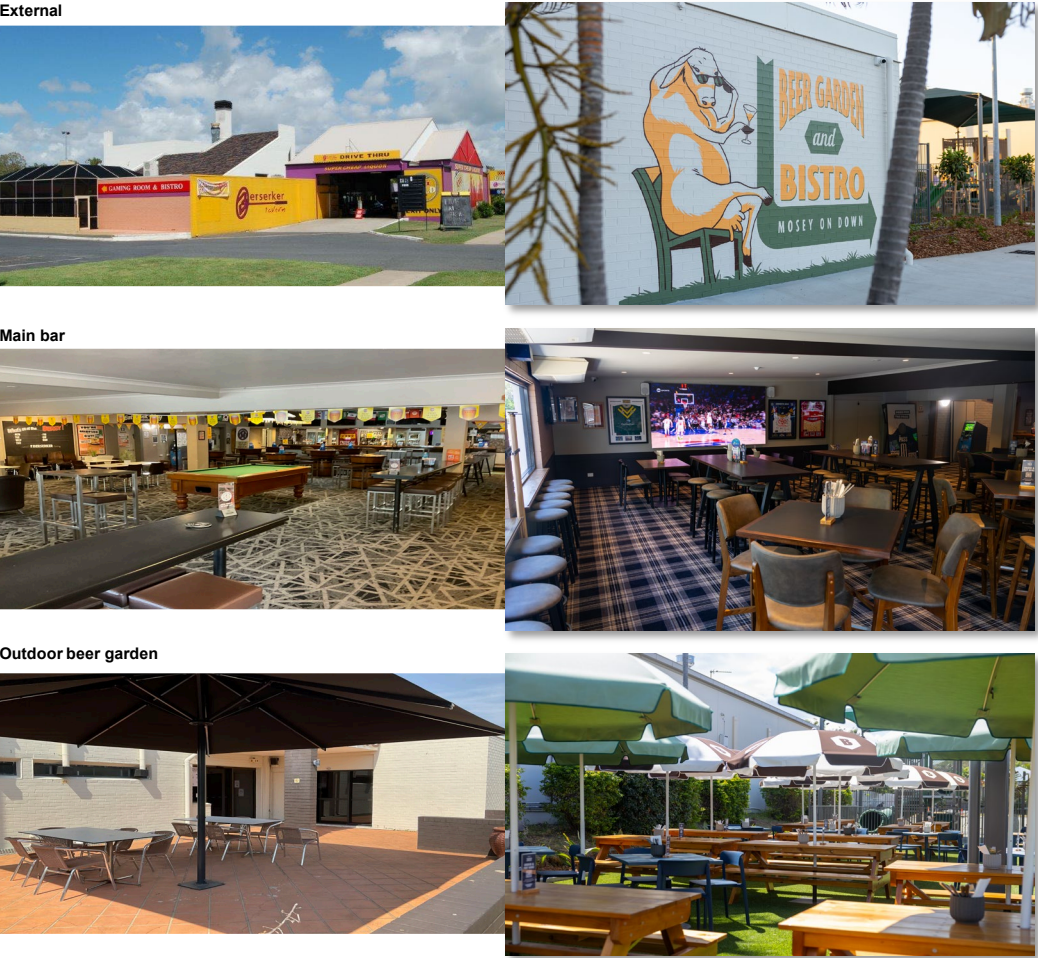
IRR on capital deployed materially in excess of HPI WACC

VENUE ENHANCEMENT PROGRAMME – Since 2021

Category	\$m	Yield on Cost
FY21-22 capex programme	37.2	6.2%
FY24-25 capex programme	50.0	7.5%
Initial feasibility assessment	84.0	Varies
TOTAL	171.2	>WACC

¹. Based on AVC estimates
². Based on current capex program

Berserker Hotel – pre and post renovation



Growth Levers: Acquisition Pipeline

Continued pursuit of attractive growth opportunities

Acquisition pipeline



PREFERRED REAL ESTATE PARTNER OF AVC

- Pipeline agreement
- AVC/HPI originations
 - Standardised process and deal metrics for underwriting FHGC opportunities
 - Standardised leases
 - Expansion of growth capex program



RIGHT OF FIRST REFUSALS

- Hotel Allen
- Royal Hotel
- Woodpecker



SIX ACQUISITIONS \$75-100M IN DD OR ADVANCED DISCUSSIONS

- Four AVC originated
- Two HPI originated



ASSESSMENT


- Local market assessment
- Pub revenue mix
- Pub format
- Development potential
- Operator
- IRR

Growth Levers: Site Intensification


Opportunity to drive earnings through additional usage on existing sites

Site intensification


Planning and feasibility assessment underway




QUICK SERVICE RESTAURANTS



EMBEDDED NETWORK RENEWABLE ENERGY



ROADSIDE SIGNAGE

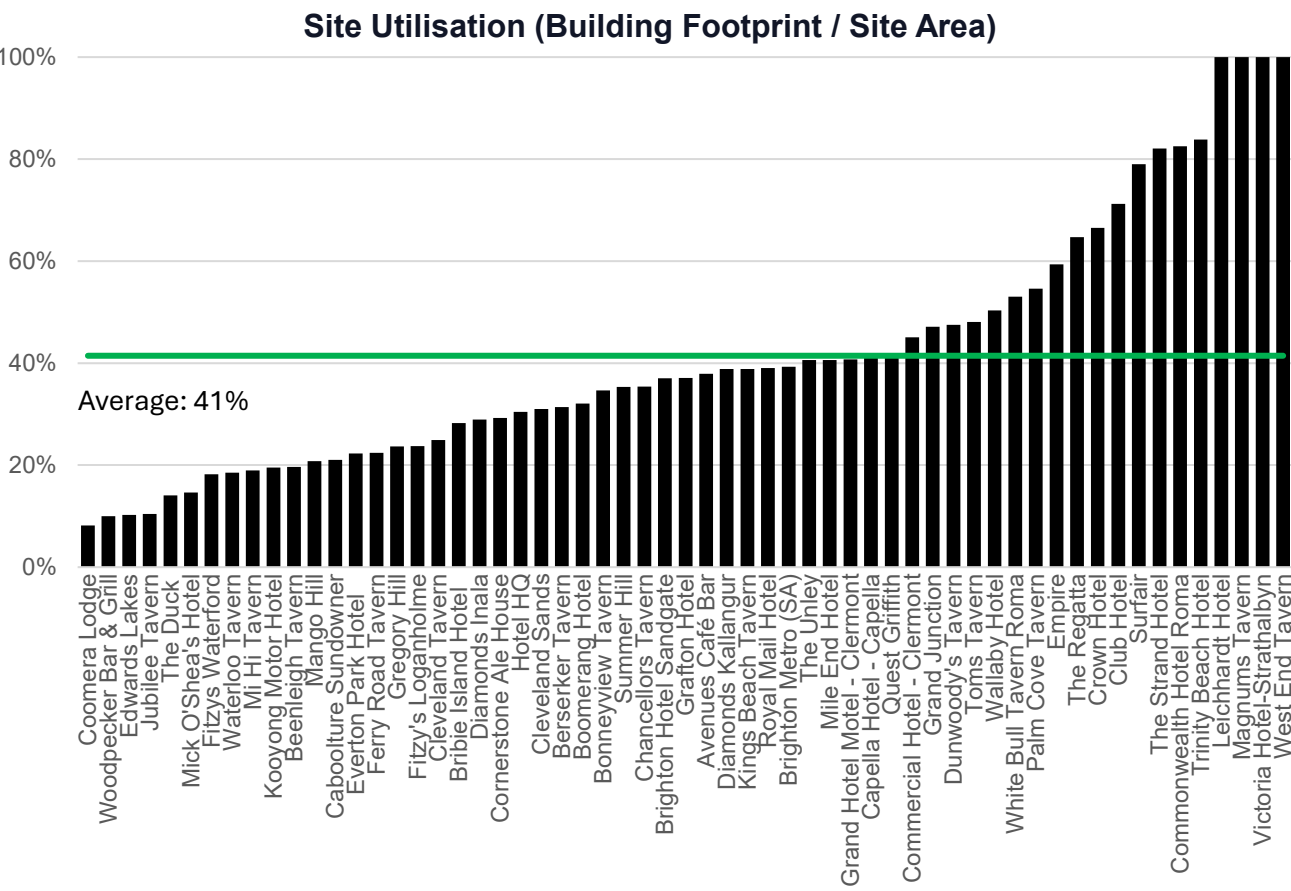


EV CHARGING STATIONS



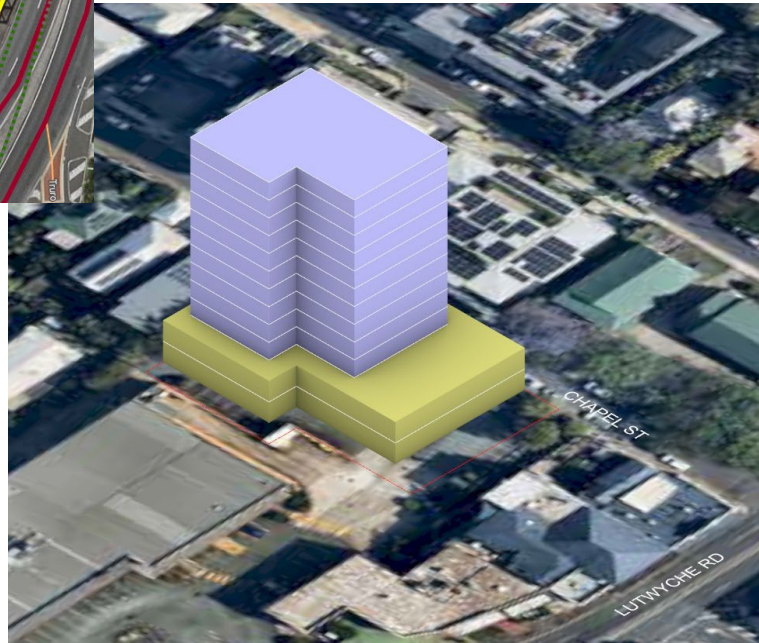
RESIDENTIAL / SHORT STAY ACCOMMODATION & COMMERCIAL OPPORTUNITIES

Significant potential to intensify site coverage



Growth Levers: Site Intensification

Illustrative opportunity



Crown Hotel, Lutwyche QLD

- 12 storey height potential (under existing planning regime)
- 7,462sqm GFA
- Options
 - 63, 2-3 bedroom dwellings / 143 car spaces,
 - 63 unit retirement living / 63 car spaces
 - 80 key short stay accommodation
- Potential to monetise via exploring sale of site, development management agreement, intention to partner with specialist to maximise value of site

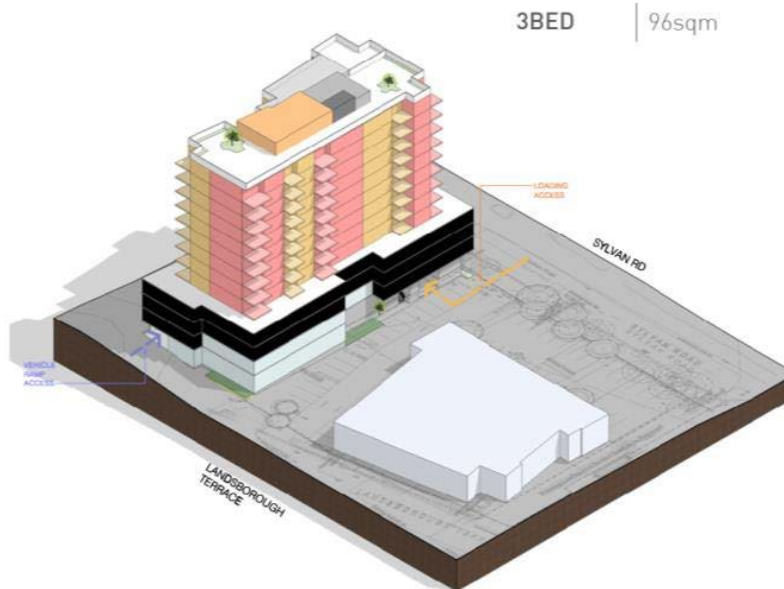
Source: Tract Consulting

Growth Levers: Site Intensification

Illustrative opportunities

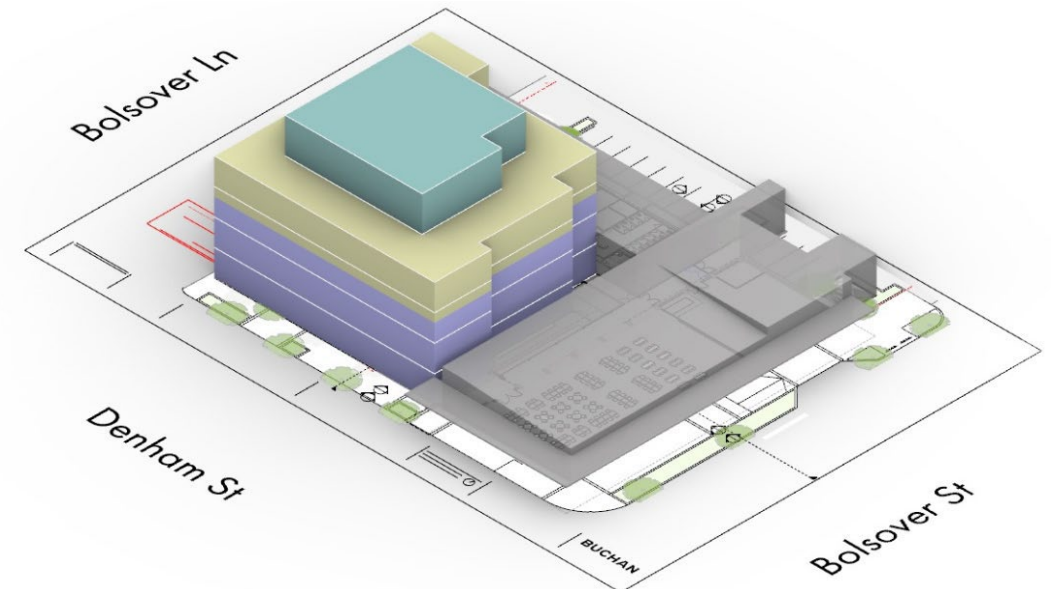
The Regatta Hotel, Toowong QLD

- Vacant land opportunity at rear of The Regatta Hotel
- GFA 8,208 sqm
- Options
 - 99 apartments + retail
 - 120 key short stay accommodation
- Potential to monetise via sale of site, lease to hotel operator after development in joint venture, development management agreement with specialist developer



Leichhardt Hotel, Rockhampton QLD

- 4-5 level commercial/short term accommodation
- GFA 3,628sqm
- Options
 - Office / 31-53 Cars
 - 60 dual key short stay accommodation
- Potential to monetise via securing lease precommitment from office or hotel operator, undertake joint venture or development management agreement



Optimisation

Continued focus on initiatives to refine and enhance HPI's portfolio and capital structure



Asset recycling

- Since 2018, assets worth \$123m have been sold, with a further \$25m due to settle in March 2025
- Identified \$25-30m of strategic sales to release capital
- Potential sale of select GMEs to take advantage of cyclically high prices
- Reinvest into venue enhancements, acquisition pipeline and site intensification opportunities



Capital management

- \$160m of debt headroom¹
- Will continue to pursue diversification of debt providers
- Prudent approach to interest rate risk management via maintenance of hedge book to provide income and distribution certainty
- DRP will be activated where investment opportunities exceed WACC



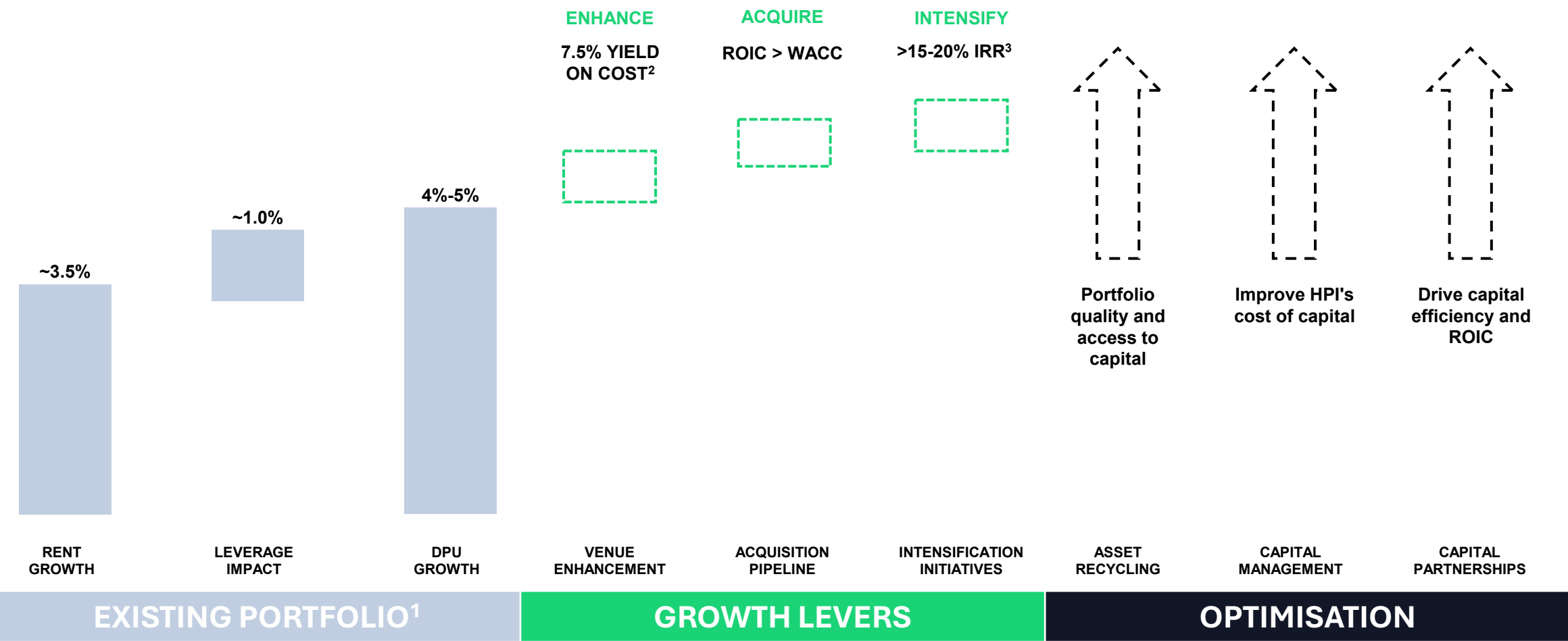
Capital partnerships

- Considering opportunities to work with third party capital on aligned opportunities
- Intention to explore investment opportunities in pub sector where there is not a conflict with HPI's existing balance sheet investment mandate
 - Potential take-out of site intensification opportunities
 - Potential co-investment with top tier pub operators

¹ Noting \$100 million of headroom is allocated to the USPP repayment maturing in August 2025.

HPI Growth Potential

HPI is well-positioned to deliver attractive growth to securityholders over the medium to long term



¹. Illustrative through cycle ². Based upon current capex program ³. Returns will vary based on level of capital committed and nature of intensification project

Thank you



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