



# H1 FY25 Results Briefing

For the period ended  
31 December 2024

# H1 FY25 Interim Overview



## Portfolio Value

**\$1.26b\***

(Jun 2024: \$1.28b\*)  
\* including assets held for sale

## Net Assets

**\$784.2m**

(Jun 2024: \$782.5m)

## # of Properties

**58**

(Jun 2024: 59)

## Profit for the Period

**\$16.7m**

(Dec 2023: \$9.5m)

## AFFO for the Period

**\$19.7m**

(Dec 2023: \$18.5m)

## Distribution for the Period

**9.8 cps**

(Dec 2023: 9.5 cps)

## Net Tangible Assets

**\$3.99** per  
security

(Jun 2024: \$4.01  
per security)

## Pub Occupancy

**100%**

(Jun 2024: 100%)

## WALE

**9.2** years

(Jun 2024: 9.1 years)

# Governance



Charter Hall and Hostplus (Bidders) have acquired 76.75%<sup>1</sup> of HPI's stapled securities and the HPI Board continues to recommend Securityholders **accept** the Bidder's Offer. The following governance changes have now been made.

## Board and Management changes

- Lachlan Edwards and Anne Michaels resigned from the Board
- John White has resigned as Managing Director and Chief Executive Officer
- David Harrison and Greg Paramor (AO) have joined the Board
- Ben Ellis has joined as an alternate Director to Mr Paramor
- Blair Strik has been appointed acting Chief Executive Officer

## Independent Board Committee

- An Independent Board Committee (IBC) has been established
- The members of the IBC are Giselle Collins and Chris Judd
- The IBC's role is to manage potential conflicts that may arise from time to time in respect of the takeover offer made by Charter Hall and Hostplus

<sup>1</sup>. As announced by the Bidder on 3 February 2025

# Portfolio and Trading Update



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



## Portfolio updates

- 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 and Mile End Beer Garden, SA
  - Began works on Mango Hill Hotel, Mango Hill, QLD, 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
  - DA in planning for 5 planned projects



## 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 36.11% is at the lower end of our target gearing range



## Distributions

- Upgraded full year guidance to 19.7c for FY25
  - Reflecting a 3.7% growth in DPU from FY24
  - DPU growth in top quartile of most comparable peer group
- Paid 6.5c interim distribution to October 2024
- 3.3c distribution for November and December 2024
- 9.8c total distributions for the six-month period, an increase of 3.2% on FY24

*Improved quality and return on portfolio*

*Robust balance sheet positioned to grow*

*Providing returns to securityholders*

<sup>1</sup>.(Drawn loans minus cash) / (Total assets minus cash)

# HPI Strategy Update



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

|                                  |   |   |
|----------------------------------|---|---|
| <p><b>Existing portfolio</b></p> | <p><b>Secure income</b></p> <ul style="list-style-type: none"> <li>All venues operated by leading pub operators; major operator (AVC) enjoys renewed growth mandate</li> <li>Extended WALE to 9.2 years following 10 year extension of Regatta Hotel lease</li> </ul> <hr/> <p><b>Embedded growth</b></p> <ul style="list-style-type: none"> <li>Most leases contain review mechanisms of lesser of 2x CPI or 4%</li> <li>Achieved like for like weighted average rent increase of 3.5%</li> </ul> <hr/> <p><b>Reversion rights</b></p> <ul style="list-style-type: none"> <li>Licences revert to landlord on lease expiry</li> <li>Provide additional protection of income as well as future optionality</li> </ul>  | <p>Highly secure income profile with attractive lease structure</p> |
| <p><b>Growth levers</b></p>      | <p><b>Venue enhancement</b></p> <ul style="list-style-type: none"> <li>Construction underway at Everton Park Stage 2, Mango Hill Tavern and Leichhardt Hotel</li> <li>DA in planning for Boomerang Hotel Stage 2, Tom's Tavern, accommodation proposals for Everton Park, Bribie Island, Kooyong Hotel and MiHi Tavern</li> <li>DA lodged for Coomera Lodge accommodation</li> <li>Completed Mile End beer garden, Berserker comprehensive renovation</li> </ul> <hr/> <p><b>Acquisition pipeline</b></p> <ul style="list-style-type: none"> <li>Exclusive due diligence for pubs in Hervey Bay and Sydney metropolitan area</li> <li>ROFR over Ball Court Hotel, Hotel Allen, Woodpecker and Royal Mail Hotel</li> </ul> <hr/> <p><b>Site intensification</b></p> <ul style="list-style-type: none"> <li>Trial EV charging station installed at Summerhill Hotel. Feasibility assessment underway for other sites</li> <li>Planning reports completed across portfolio identifying further scope for development</li> <li>Commercial feasibility work being undertaken on Crown, Regatta, Kings Beach and Leichhardt Hotels for residential/short stay accommodation</li> <li>Initial RFPs/negotiations commenced with QSR, signage and embedded networks</li> </ul> | <p>Multiple levers to drive earnings and distribution growth</p>    |
| <p><b>Optimisation</b></p>       | <p><b>Asset recycling</b></p> <ul style="list-style-type: none"> <li>Selling Queensland GMEs in excess of operational requirements</li> <li>Marketing of West End Tavern commenced</li> </ul> <hr/> <p><b>Capital management</b></p> <ul style="list-style-type: none"> <li>Diversified capital sources and extend tenor; optimise cost of debt</li> <li>Increased bank debt capacity to allow USPP refinance</li> </ul>  | <p>Continual refinement of portfolio and capital structure</p>      |



# H1 FY25 financial results

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# H1 FY25 financial results

## Statutory profit



|   | H1 FY25<br>\$m | H1 FY24<br>\$m |
|---|----------------|----------------|
| Rental income                                     | 37.1           | 36.5           |
| Other property income                             | 4.8            | 4.7            |
| <b>Net rental income</b>                          | <b>41.9</b>    | <b>41.2</b>    |
| Property outgoings                                | (6.7)          | (6.8)          |
| Management and trust expenses                     | (2.8)          | (2.2)          |
| <b>Operating profit</b>                           | <b>32.4</b>    | <b>32.2</b>    |
| Fair value profit / (loss) on investment property | 7.8            | (8.1)          |
| Fair value loss on derivative instrument          | (2.4)          | (1.0)          |
| Defence costs                                     | (8.5)          | -              |
| <b>Earnings before interest and tax</b>           | <b>29.3</b>    | <b>23.1</b>    |
| Net finance expenses                              | (12.6)         | (13.6)         |
| <b>Net profit before tax</b>                      | <b>16.7</b>    | <b>9.5</b>     |
| Income tax expense                                | -              | -              |
| <b>Net profit after tax</b>                       | <b>16.7</b>    | <b>9.5</b>     |
| <b>Earnings per Security (cents)</b>              | <b>8.49</b>    | <b>4.85</b>    |

Rental income - \$37.1m – up 1.6% on pcp

- Like for like growth ~3.5%
- Offset by net asset sales

Operating profit - \$32.4m – up 0.6% on pcp

- Impacted by one-off change of control costs

Earnings before tax - \$29.3m – up 26.8% on pcp

- Net fair value gain offset by unfavourable hedge value movements and takeover defence costs

Finance expenses - \$12.6m – down 7.4% on pcp

- Impact of interest rate risk management initiatives and debt facility renegotiation

# H1 FY25 financial results

## Distributions



|   | H1 FY25<br>\$m | H1 FY24<br>\$m |
|---|----------------|----------------|
| <b>Net profit after tax</b>                       | <b>16.7</b>    | <b>9.5</b>     |
| <b>Adjusted for:</b>                              |                |                |
| Straight line lease adjustment                    | (0.8)          | (0.6)          |
| Fair value (profit) / loss on investment property | (7.8)          | 8.1            |
| Fair value loss on derivative instruments         | 2.4            | 1.0            |
| Maintenance Capex                                 | (0.3)          | (0.3)          |
| Takeover defence costs                            | 8.5            | -              |
| Other adjustments                                 | 1.0            | 0.8            |
| <b>Adjusted Funds From Operations</b>             | <b>19.7</b>    | <b>18.5</b>    |
| Capital adjustment                                | (0.4)          | -              |
| <b>Distributions</b>                              | <b>19.3</b>    | <b>18.5</b>    |
| AFFO distribution per Security (cents)            | 10.0           | 9.5            |
| Capital adjustment per Security (cents)           | (0.2)          | -              |
| <b>Total distributions per Security (cents)</b>   | <b>9.8</b>     | <b>9.5</b>     |

AFFO - \$19.7m – up 6.5% on pcp

Distributions - \$19.3m – up 4.3% on pcp

Distributions per security – 9.8 cents – up 3.2% on pcp

Distributions – on track for 19.7 cents for the full year, up 3.7% on pcp



# H1 FY25 financial results

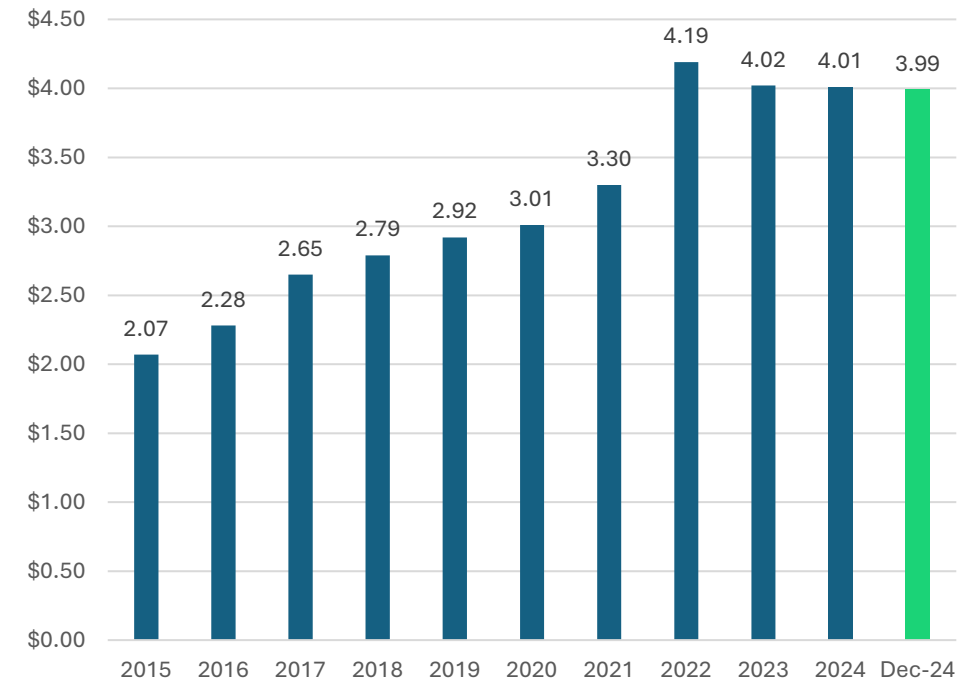
## Balance Sheet



|  | Dec 24<br>\$m  | Jun 24<br>\$m  |
|--|----------------|----------------|
| Cash and cash equivalents                  | 1.9            | 0.9            |
| Receivables                                | 0.5            | 0.4            |
| Investment properties (inc. held for sale) | 1,258.5        | 1,278.4        |
| Other assets                               | 14.4           | 9.0            |
| <b>Total assets</b>                        | <b>1,275.3</b> | <b>1,288.7</b> |
| Creditors and payables                     | 22.0           | 12.4           |
| Provisions                                 | 6.5            | 18.5           |
| Loans and borrowings                       | 461.0          | 477.1          |
| Capitalised borrowing costs                | (2.3)          | (2.2)          |
| Other liabilities                          | 3.9            | 0.4            |
| <b>Total liabilities</b>                   | <b>491.1</b>   | <b>506.2</b>   |
| <b>Net assets</b>                          | <b>784.2</b>   | <b>782.5</b>   |
| <b>Net asset value per Security</b>        | <b>\$3.99</b>  | <b>\$4.01</b>  |
| <b>Gearing<sup>1</sup></b>                 | <b>36.1%</b>   | <b>37.0%</b>   |

<sup>1</sup> (Drawn Debt minus Cash)/(Total Assets minus Cash)

### Net asset value per security



# H1 FY25 financial results

## Debt facilities



|                | USPP Note A | USPP Note B | USPP Note C           | USPP Note D | USPP Note E | CTD Facility A | CTD Facility B | CTD Facility C        | CTD Facility D | Total <sup>1</sup>       |
|----------------|-------------|-------------|-----------------------|-------------|-------------|----------------|----------------|-----------------------|----------------|--------------------------|
| Total facility | \$100m      | \$30m       | \$100m                | \$40m       | \$40m       | \$85m          | \$70m          | \$100m                | \$50m          | \$615m                   |
| Amount drawn   | \$100m      | \$30m       | \$100m                | \$40m       | \$40m       | \$11m          | \$20m          | \$100m                | \$20m          | \$461m                   |
| Available debt | -           | -           | -                     | -           | -           | \$74m          | \$50m          | -                     | \$30m          | \$154m                   |
| Maturity date  | Aug 2025    | Aug 2027    | Aug 2027              | Aug 2028    | Aug 2033    | Nov 2027       | Nov 2027       | Dec 2028              | Nov 2027       | 3.1 years                |
| Interest basis | Fixed       | Fixed       | Floating <sup>2</sup> | Fixed       | Fixed       | Floating       | Floating       | Floating <sup>2</sup> | Floating       | 88.9% <sup>3</sup> fixed |

| Covenants            | Covenant  | Dec 24     | Headroom  |
|----------------------|-----------|------------|-----------|
| Gearing <sup>4</sup> | 60%       | 36.7%      | 23.3%     |
| Interest cover ratio | 1.5 times | 2.5 times  | 1.0 times |
| Tangible assets      | \$500m    | \$1,275.3m | \$775.3m  |

<sup>1</sup> Excludes fully drawn \$5.6m bank guarantee facility

<sup>2</sup> Effectively swapped to fixed by interest rate swaps

<sup>3</sup> Of drawn debt as at 31 December 2024, including impact of callable interest rate swap

<sup>4</sup> (Interest bearing liabilities + provision for distribution) / Total assets



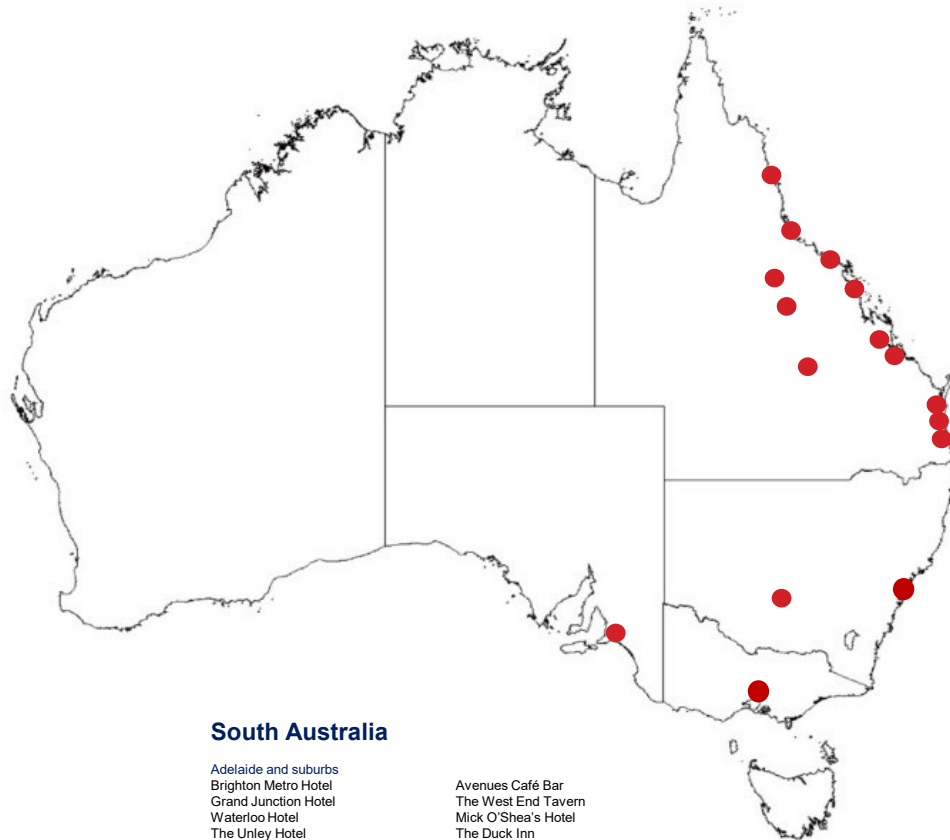
# Property portfolio

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# Property portfolio



## Western Australia

Perth and suburbs  
Cornerstone Ale House

## South Australia

Adelaide and suburbs  
Brighton Metro Hotel  
Grand Junction Hotel  
Waterloo Hotel  
The Unley Hotel  
The Mile End Hotel

Avenues Café Bar  
The West End Tavern  
Mick O'Shea's Hotel  
The Duck Inn  
Victoria Hotel

## Queensland

Cairns  
Dunwoody's Tavern  
Empire Altercade & Events  
Grafton Hotel  
Palm Cove  
Trinity Beach

Townsville  
Tom's Tavern

Airlie Beach  
Magnum's Hotel  
Jubilee Tavern

Mackay  
Boomerang Hotel  
Kooyong Hotel

Rockhampton and surrounds  
Berserker Tavern  
Leichhardt Hotel  
Strand Hotel Motel

Gladstone  
Club Hotel

Sunshine Coast  
Bribie Island Hotel  
Chancellor's Tavern  
Kings Beach Tavern  
Royal Mail Hotel  
Surfair Beach Hotel

Brisbane and suburbs  
Beenleigh Tavern  
Bonny View Hotel  
Brighton Hotel  
Crown Hotel  
Cleveland Sands Hotel  
Cleveland Tavern  
Everton Park Hotel  
Fitzy's Loganholme  
Fitzy's Waterford  
Finnigan's Chin Kallangur  
Mango Hill Tavern  
MiHi Tavern  
New Inala Hotel  
Regatta Hotel  
Sundowner Hotel  
Woodpecker Bar and Grill

Gold Coast  
Coomera Lodge Hotel  
Ferry Road Tavern  
Wallaby Hotel

Roma  
Commonwealth Hotel  
White Bull Tavern

Capella  
Capella Hotel

Clermont  
Commercial Hotel  
Grand Hotel

## Victoria

Melbourne and suburbs  
Summerhill Hotel  
Edwardes Lake Hotel

## New South Wales

Griffith  
Quest Griffith

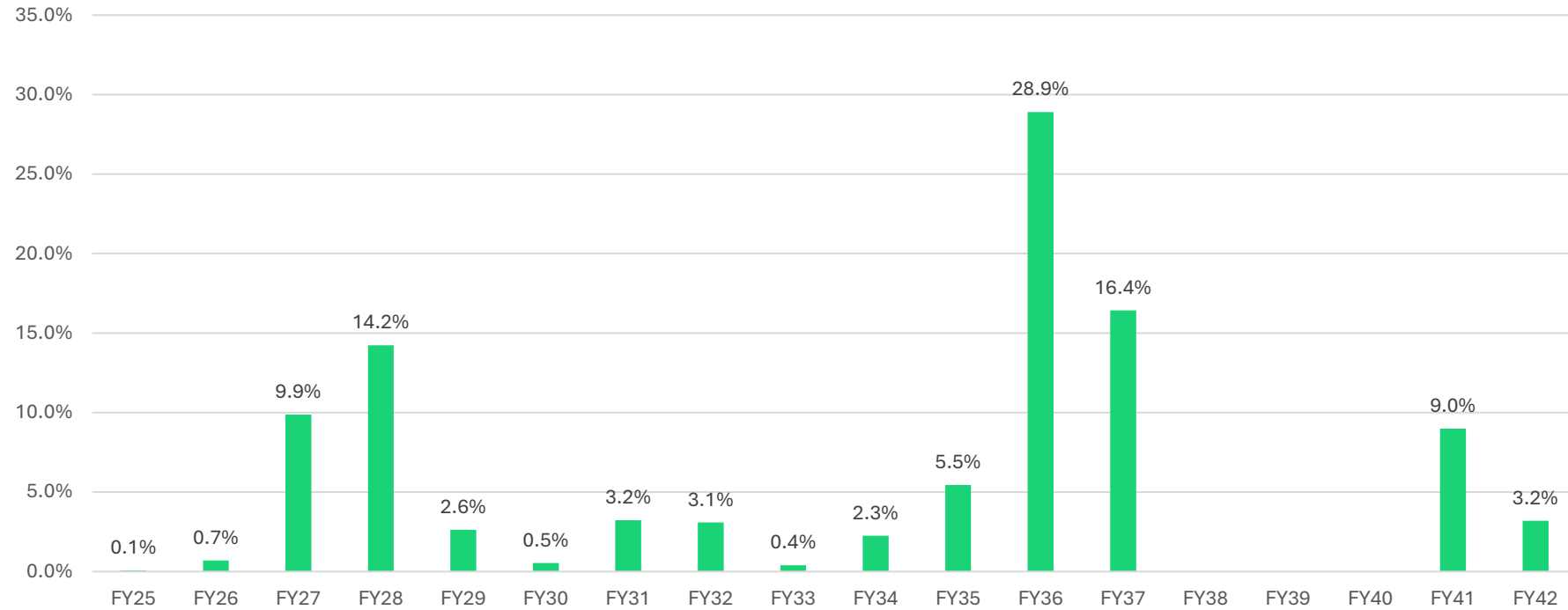
Sydney and suburbs  
Gregory Hills

# Key portfolio metrics

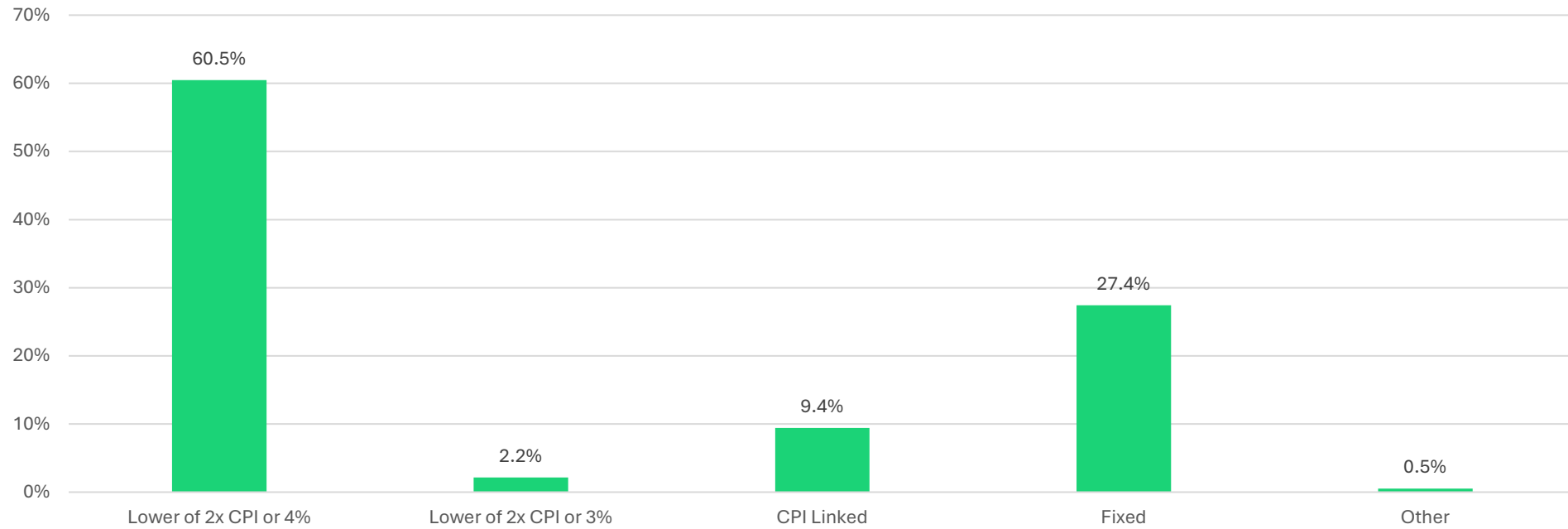


|   | Dec 24     | Jun 24     |
|---|------------|------------|
| <b>Investment properties</b>                        |            |            |
| Investment property value (including held for sale) | \$1,258.5m | \$1,278.4m |
| Number of properties                                | 58         | 59         |
| Weighted average capitalisation rate                | 5.62%      | 5.53%      |
| Weighted average lease expiry (all leases)          | 9.2 years  | 9.1 years  |
| Average hotel option period                         | 26.0 years | 19.9 years |
| Hotel occupancy                                     | 100%       | 100%       |

# Lease expiry by income



# Lease rent review mechanism by income





# Outlook

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# Outlook



## HPI re-affirms distribution guidance of 19.7 cents per security for FY25

- We will continue to review the portfolio with a view to increasing distributions, whether by divesting properties and recycling the proceeds into higher returning properties or strengthening the balance sheet, developing properties, or by acquiring new properties at appropriate prices



Boomerang Hotel, Mackay

# Thank you



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