ASX Announcement

HOTEL PROPERTY INVESTMENTS

27 September 2015

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Hotel Property Investments (ASX Code: HPI) Investor Briefing Update

Investors are referred to the attached presentation.

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Key Messages

- 1. Four acquisitions achieved in 1st half of FY15
- 2. Final Distribution of 8.4 cents for a total of 16.3 cents for the year
- 3. Distribution growth of 8.6% projected for FY16 (to 17.7 cents)
- 4. Fair Value gain of \$18m for the year based on the majority of leases delivering 4% annual rental growth (average 3.9% across portfolio)
- 5. HPI has lodged an application for Australian Financial Services Licence (AFSL)





Key Metrics

Key Metrics	<u>30-Jun-15</u>	<u>30-Jun-14</u>
Investment Property (incl Asset held for sale)	\$564.2 m	\$496.7 m
Loans Drawn	\$251.1 m	\$224.1 m
Cash On Hand	\$4.6 m	\$3.3 m
Gearing	43.6%	44.3%
Average Cap Rate	7.42%	7.42%
WALE (years)	7.9	8.5
Pub occupancy	100%	100%
Net Assets per security	\$2.07	\$1.96





Outlook

- 1. Continuing strong gaming growth in Qld and HPI properties improving in the gaming rankings, underpinning HPI's average 3.9% annual rental increases
- 2. AFSL application reflects HPI's ongoing drive to reduce costs
- 3. Continue to review debt financing arrangements to achieve optimal cost, structure and flexibility outcomes







Appendix 1 – Financials and Capital Management





Net Profit year ended 30 June 2015

Consolidated Income Statement

P&L in \$ millions	<u>30-Jun-15</u>
Income	
Net rental income (excl. straight line lease adj)	40.7
Operating expenses	
Non-recoverable property operating expenses	-2.6
Management fees	-1.6
Trust expenses	-1.8
Total expenses	-6.0
Operating Profit	34.7
P&L on Disposal of Assets	-0.1
Fair value Adj and Realised loss on Hedging	-7.0
Fair value gain on HPI portfolio of properties	18.0
EBIT	45.7 ¹
Net interest expense	-10.2
Net Profit before tax	35.5
Tax	0.0
Net Profit after tax	35.4 ¹



¹ Minor addition differences due to rounding to \$M's



Distributable Income Year ended 30 June 2015

Consolidated Distribution Statements

DISTRIBUTIONS in \$ millions	Full Yr FY15
Statutory NPAT for the period	35.4
Amortisation adjustment	0.2
Fair Value adjustment	-11.0
Distributable earnings	24.7 ¹
Maintenance capex	-0.9
AFFO (Adj Funds From Ops)	23.8
Return of capital	0.0
Total Distribution	23.8
Stapled Securities at end of period	146.1
Distribution per stapled security (cents)	16.3



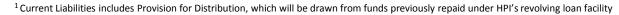
¹ Minor addition differences due to rounding to \$M's



Balance sheet at 30 June 2015

Consolidated Balance Sheet

BALANCE SHEET in \$ millions	<u>Jun-15</u>	<u>Jun-14</u>
Current Assets		
Cash	4.6	3.3
Other current assets	1.1	1.3
Total Current Assets	5.7	4.7
Non Current Assets		
Investment property / Property held for sale	564.2	496.7
Other non current assets	0.2	0.2
Total Non Current Assets	564.4	496.9
Total Assets	570.1	501.6
Liabilities		
Current Liabilities		
Payables, Accruals, Other current liabilities ¹	14.9	14.3
Non Current Liabilities		
Borrowings ²	250.2	223.2
Other non current liabilities	3.0	3.2
Total Liabilities	268.1	240.6
Net Assets	302.0	261.0



² Borrowings shown on balance sheet are drawn borrowings less \$0.84 million (Jun-14: \$0.95 million) of capitalised debt establishment fees

³ Minor addition differences due to rounding to \$M's





Capital Management

As at 30 June 2015

CAPITAL MANAGEMENT	<u>30-Jun-15</u>	30-Jun-14
Drawn Debt	\$251.1 m	\$224.1 m
Net Debt (Drawn Debt less Cash)	\$246.6 m	\$221.5 m
Loan Facility Limit	\$270.0 m	\$260.0 m
Weighted Average Debt Term to Maturity	3.5 yrs	4.4 yrs
Gearing ¹	43.6%	42.0%
% Hedging of Drawn Debt	46%	51%
Gearing Policy	40% - 50%	40% - 50%
Hedging Policy	approx 50%	approx 50%



¹ (Drawn Borrowings - Cash) / (Total Assets – Cash)

