

ASX Announcement

27 September 2015

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

Investors are referred to the attached presentation.

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Hotel Property Investments comprises Hotel Property Investments Trust and Hotel Property Investments Limited, the investment manager for the Trust. The Trust Company (RE Services) Limited is the responsible entity for the Trust.

(Hotel Property Investments Trust ARSN 166 484 377, Hotel Property Investments Limited ACN 010 330 515)



HOTEL PROPERTY INVESTMENTS ANNUAL RESULTS BRIEFING – AUGUST 2015

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

<u>Key Metrics</u>	<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

<u>P&L in \$ millions</u>	<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

<u>DISTRIBUTIONS in \$ millions</u>	<u>Full Yr FY15</u>
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 ³
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

¹ Current Liabilities includes Provision for Distribution, which will be drawn from funds previously repaid under HPI's revolving loan facility

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>	<u>30-Jun-14</u>
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)



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