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Hotel Property Investments (ASX Code: HPI)
Financial results for the six months ending 31 December 2024

Hotel Property Investments (HPI) today lodged its H1 FY25 interim report which shows a statutory profit of \$16.7 million and has declared a final distribution of 3.3 cents per stapled security for the two months ending 31 December 2024.

1. Highlights

Rental income: Rental income is up 1.6% to \$37.1 million (H1 FY24: \$36.5 million), due to contracted rent increases across the pub portfolio for consistently held assets averaging 3.5%, offset by rental income foregone as a result of the sale of several assets during FY24 and FY25.

Adjusted Funds From Operations (AFFO): AFFO increased by 6.5% to \$19.7 million (H1 FY24: \$18.5 million), primarily due to the impact of interest cost savings as a result of debt refinancing and interest rate derivatives entered into during the period.

Distributions: The final distribution for the two months ended 31 December 2024 is 3.3 cents per security. The total distributions for the half year to 31 December 2024 is 9.8 cents (H1 FY24: 9.5 cents), an increase of 3.2%.

Property Valuation and Cap Rates: Portfolio valued at \$1,223.7 million reflecting an average Cap Rate of 5.61%. (June 2023: 5.53%). 17 of the 58 investment properties have been externally valued at 31 December 2024.

Transactions: In July 2024, HPI disposed of the Hotel HQ in Underwood, QLD for \$34.0m.

Debt facilities: During the period HPI refinanced the Common Terms Deed debt facilities, achieving:

- an additional \$100 million debt capacity, allocated to the repayment of the USPP Note maturing in August 2025;
- a reduction in overall costs, when compared to prior arrangements;
- an extension of HPI's debt maturity profile; and
- further diversification of lenders.

HPI is well positioned with a mix of debt facilities:

- next facility maturity – \$100m USPP Note in August 2025
- weighted average fixed rate debt term – 2.3 years
- weighted average cost of fixed rate debt – 5.06%
- proportion of debt fixed – 88.9%

* Inclusive of distribution paid in November 2024 of 6.5 cents per stapled.

As at 31 December 2024 the weighted average debt tenor is 3.1 years and the average cost of all debt facilities is 5.17%.

2. Profit after tax and Distributable Earnings

The Profit after Tax for the six months ended 31 December 2024 was \$16.7 million. In addition to the fair value gain on investment properties of \$7.8 million, other operating revenues and expenses included rental income from investment properties of \$37.1 million, property cost recoveries of \$4.8 million, property outgoing costs of \$6.7 million, management fees and other trust costs of \$2.8 million, takeover defence costs of \$8.5 million, fair value loss on hedging instruments of \$2.4 million and financing costs of \$12.6 million.

Adjusting profit after tax for fair value adjustments, non-cash finance costs and other minor items, the distributable earnings of HPI was \$20.0 million. Adjusting further for maintenance capex of \$0.3 million the Adjusted Funds from Operations (AFFO) was \$19.7 million.

3. Distribution Reinvestment Plan (DRP)

The DRP has been suspended for the December 2024 distribution.

4. Key Metrics

- **Statutory profit:** \$16.7 million
- **Fair value gain:** \$7.8 million
- **Investment Property Value:** \$1,223.7 million
- **Average cap rate:** 5.61%
- **Cash on Hand:** \$1.9 million
- **Loans Drawn:** \$461 million
- **Undrawn debt facilities:** \$154 million
- **Weighted average debt expiry:** 3.1 years
- **Gearing:** 36.7% (Drawn Debt minus cash)/(Total Assets minus Cash)
- **WALE:** 9.2 years
- **Average Hotel Option Period:** 26.0 years
- **Occupancy:** Hotels 100% leased
- **Net Assets per Security:** \$3.99

5. Distribution Guidance for FY25

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

6. Charter Hall and Hostplus (Bidders) Offer

On 20 December 2024 the HPI Board recommended that Securityholders accept the Bidders Offer. As at 3 February 2025 the Bidders confirmed that they have acquired 76.75% of HPI Securities at that date.

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

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