PRO-INVEST GROUP

Pro-invest Asia-Pacific Hospitality Opportunity

Q2 2025 Quarterly Newsletter

Luke's Kitchen, Kimpton Margot Sydney

Dear Investors and Friends,

It is with pleasure that Pro-invest Asia-Pacific (APAC) presents you with our updated **Pro-invest Asia-Pacific Quarterly Newsletter** for the second quarter of 2025.

Pro-invest APAC is entering the Australian urban accommodation market with its new Flex-Living model, developed to capture the strong growth potential of the sector.

In the March 2025 quarter, the Australian economy grew by 0.2% on a Quarter-on Quarter basis, down from 0.6% in the previous quarter. New Zealand's GDP rose 0.8% over the same period, up from 0.5% in the prior quarter.

May 2025 saw the RBA reduce the cash rate by 25 basis points to 3.85%, citing signs that inflation was sustainably trending downwards. Post the June quarter, on 12 August, the RBA cut the cash rate by a further 25 basis points to 3.60%, citing inflation trending towards the 2–3% target and a slight easing in labour market conditions. In Australia, private demand is strengthening, household incomes are rising, and financial conditions are improving, supporting growth prospects over the next 12 months. In May, the RBNZ also reduced its Official Cash Rate by 25 basis points to 3.25%, in response to global tariffs reducing economic activity and inflation within the country.

The recovery in international tourism to pre-COVID levels in both Australia and New Zealand has moderated over the last 12 months, primarily due to the slower than expected rebound in Chinese travellers. May 2025 saw Australia's short-term arrivals from China reached 71% of 2019 levels, while in New Zealand the figure was 53%.

In the YTD June 2025 period, Australia recorded an occupancy of 71%, marginally down 1 percentage point on the 2019 rate. ADR reached $240 for the period, resulting in a RevPAR of $170 that was 28% above the June 2019 YTD RevPAR. In New Zealand, occupancy for the same period was 68%, which was 11 percentage points below the 2019 figure. ADR reached $230, leading to a RevPAR of $155 that was 2% above the pre-COVID RevPAR.

With a team comprised of industry veterans and specialists, coupled with Pro-invest APAC's well-formed network, track-record and access to unique off-market opportunities, Pro-invest APAC is positively positioned to overcome and even leverage off the hurdles that materialised following the COVID-19 pandemic. Currently, Pro-invest APAC is managing c. A$3 billion worth of assets through several funds, co-investments, joint ventures, and other assets that Pro-invest APAC manages.

We hope you find this newsletter insightful, and as always, we welcome your comments and feedback.

With kind regards,

Ronald Stephen Barrott FRICS,

CEO Pro-invest Group

On behalf of Pro-invest Group

For more information about Pro-invest Group please visit:

www.proinvestgroup.com

Pro-invest APAC Flex-Living Program – Hospitality Based Urban Accommodation Model

Pro-invest Group APAC is evolving into the Australian urban accommodation market with a hospitality-led, short-stay accommodation platform designed to capture strong sector growth. The strategy focuses on amenity-activated urban accommodation solutions designed to maximise investor returns.

Through the conversion and repositioning of existing assets, Pro-invest Group will deliver properties of 100–250 rooms, targeting an overall portfolio of more than 5,000 rooms. Leveraging decades of expertise in operating, upgrading, repurposing, and redeveloping hotel and office assets globally, the firm is uniquely positioned to extract value from conversions while preserving yield during planning and preliminary works.

Located in key Australian city centres, city-fringe precincts, and high-growth suburbs, the Flex-Living properties will appeal to a wide range of guests. The Flex-Living accommodation units will typically comprise of studios, complemented by ample activated amenity spaces for guest use.

Demand for Amenity-Rich Urban Accommodation

Australia's major cities continue to experience strong demand for centrally located, flexible accommodation, driven by population mobility, evolving travel patterns and changing stay preferences.

Flex-Living accommodation responds to demand for well-located, hospitality-led accommodation, by delivering well-located, quality studios that are designed to support seamless short-stay accommodation experiences. Designed with activated amenities and curated guest experiences, these schemes appeal to a broad range of guests seeking flexible, hospitality-led accommodation in urban locations.

Pro-invest Group's Approach to Urban Accommodation Solutions

Pro-invest Group will leverage its expertise in converting and repositioning assets such as hotels and secondary grade offices to deliver its Flex-Living properties to market. These properties will be strategically positioned near key employment hubs, supported by strong infrastructure pipelines and major transport nodes.

Unlike traditional accommodation formats with fixed stay requirements, Pro-invest Group's model is designed to support flexible booking structures aligned with hotel operating principles. The Flex-Living properties will be up to 35 square metres and fully furnished. Guests will also benefit from well-curated hospitality experiences including integrated technology, guest experiences, and access to Pro-invest Group APAC's extensive network of partners, suppliers, restaurant and bar offerings.

Additionally, sustainability initiatives will be embedded across the asset lifecycle from the design and development phase through to asset operations.

Pro-invest Group APAC, as a real estate private equity firm with a strong foundation in hospitality, is well placed to lead the growth of the urban accommodation sector in Australia.

Pro-invest Group Urban Accommodation Rendering, 2025

Q2 2025 ANZ Market Update

Australian Economy

In the March 2025 quarter, Australia's GDP expanded by 0.2% quarter-on-quarter (QoQ), marginally down from the 0.6% QoQ growth recorded in the December 2024 quarter.[1] Annualised growth remained steady at 1.3%, matching the previous quarter's pace.[2]

The labour market softened marginally. The seasonally adjusted unemployment rate rose to 4.3% in June 2025, up from 4.1% in March 2025.[3]

Consumer Price Index (CPI) inflation was 2.1% year-on-year (YoY) in June 2025, 30 basis points lower than in the prior quarter.[4] Trimmed mean annual inflation, the RBA's preferred measure of inflation, was 2.7% in June 2025, down from 2.9% in the prior quarter's data release.[5] The lowest result since 2021, trimmed mean annual inflation remains within the RBA's 2% - 3% target range.[6]

In May 2025, the RBA cut the cash rate by 25 basis points to 3.85%, its second reduction of the year, citing further evidence that inflation was easing.[7] Post the June quarter, on 12 August, the RBA cut the cash rate by a further 25 basis points to 3.60%, citing inflation trending towards the 2–3% target and a slight easing in labour market conditions.[8] In Australia, economic conditions are improving, supporting growth prospects over the next 12 months.[9] In July 2025, Westpac, ANZ, and NAB forecasted the cash rate to decline to a range between 3.30%–3.35% by December 2025.[10]

New Zealand Economy

In the March 2025 quarter, New Zealand's GDP grew 0.8% QoQ, following 0.5% in the prior quarter.[11] However, on a year-on-year basis, GDP contracted 1.1%, a deterioration from the 0.6% decline in the December quarter.[12]

The unemployment rate held steady at 5.1% in the March quarter.[13] Annual wage growth slowed to 2.9%, down from 3.3% in December 2024.[14]

Headline inflation was 2.7% YoY in the June 2025 quarter, up from 2.5% in the preceding quarter.[15] This marks the fourth consecutive quarter that annual inflation has remained within the Reserve Bank of New Zealand's target range of 1–3%.[16]

In response to US tariffs reducing economic activity and inflation in New Zealand, the RBNZ cut the Official Cash Rate (OCR) by 25 basis points to 3.25% in May 2025.[17] Since August 2024, the OCR has been reduced by a cumulative 225 basis points.[18] In July 2025, Westpac, ANZ, and NAB forecasted that the OCR will sit within the range of 2.75% and 3.25% by December 2025.[19]

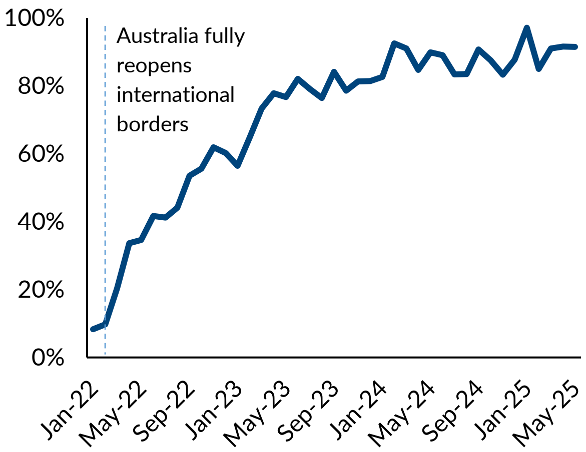
Australia - New Zealand Tourism Update

International Tourism

Over the past 12 months, Australia's international visitor arrivals has ranged between 83% and 97% of pre-COVID levels.[20] In May 2025, there were 611,180 short-term international visitor arrivals, equal to 91% of May 2019 volumes.[21] The pace of recovery remains constrained by slower rebounds from China (71% of May 2019) and Malaysia (50% of May 2019).[22]

Figure 1: Monthly International Arrivals to Australia Compared to 2019 Levels

[1] Australian Bureau of Statistics (ABS), Australian National Accounts: National Income, Expenditure and Product, 06.2025.
[2] ABS, Australian National Accounts: National Income, Expenditure and Product, 06.2025.
[3] ABS, Labour Force, Australia, 06.2025.
[4] ABS, Consumer Price Index, Australia, 07.2025.
[5] ABS, Consumer Price Index, Australia, 07.2025.
[6] ABS, Consumer Price Index, Australia, 07.2025.
[7] RBA, Monetary Policy Decision, 05.2025.
[8] RBA, Monetary Policy Decision, 08.2025.
[9] RBA, Monetary Policy Statement, 08.2025.
[10] Westpac, AU & NZ Weekly, 07.2025, ANZ, ANZ Forecasts, accessed 07.2025, NAB, Interest Rate Forecasts, accessed 07.2025.
[11] Stats NZ, Gross Domestic Product: March 2025 Quarter, 06.2025.
[12] Stats NZ, Gross Domestic Product: March 2025 Quarter, 06.2025.
[13] Stats NZ, Unemployment rate, 05.2025.
[14] Stats NZ, Unemployment rate at 5.1 percent in the March 2025 quarter, 05.2025.
[15] Stats NZ, Annual inflation at 2.7 percent in June 2025, 05.2025.
[16] Stats NZ, Consumers price index: June 2025 quarter, 06.2025, Stats NZ, Consumers price index: March 2025 quarter, 04.2025.
[17] Reserve Bank of New Zealand (RBNZ), Monetary Policy Statement May 2025, 05.2025.
[18] RBNZ, Past monetary policy decisions, 07.2025.
[19] Westpac, AU & NZ Weekly, 07.2025, ANZ, ANZ Forecasts, accessed 07.2025, NAB, Interest Rate Forecasts, accessed 07.2025.
[20] ABS, Overseas Arrivals and Departures, 07.2025.
[21] ABS, Overseas Arrivals and Departures, 07.2025.
[22] ABS, Overseas Arrivals and Departures, 07.2025.



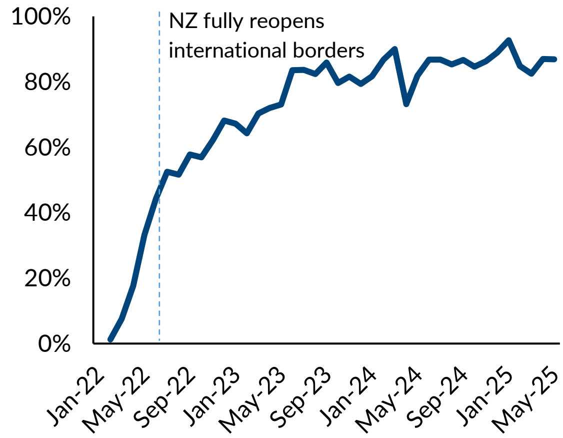
Source: ABS, Overseas Arrivals and Departures, 07.2025. Note: excludes Australian citizens and permanent residents

Year-to-date, Australia has received 3.5 million inbound international travellers, which is 9% below the comparable pre-COVID year-to-date figure from 2019.[23]

In June 2025, Sydney Airport completed a $169 million infrastructure upgrade that will enhance its international layover capacity and support the airport's long-term growth strategy of servicing 66 million travellers by 2039.[24] This coincided with the launch of new daily flights between Hong Kong and Sydney.[25]

Since reopening international borders in July 2022, New Zealand's inbound tourism recovery has plateaued.[26] In May 2025, overseas visitor arrivals reached 190,593, representing 87% of May 2019 levels.[27] Similar to Australia but more pronounced, the recovery has been held back by a lagging rebound in Chinese visitor numbers. In May 2025, arrivals from China were only 53% of their May 2019 level.[28]

Figure 2: Monthly International Arrivals to New Zealand Compared to 2019 Levels



Source: Stats NZ, International Arrivals, 07.2025. Note: excludes NZ residents.

New Zealand's Auckland Airport recorded 764,842 international passenger movements in May 2025, 3% ahead of May 2019.[29] In the same period, Queenstown Airport recorded 49,465 international passenger movements, a 58% increase on the May 2019 passenger number.[30]

In June 2025, Air New Zealand, Air China and Tourism New Zealand announced a strategic investment to boost Chinese travel demand to New Zealand.[31] The three organisations committed NZD $0.5 million to stimulate inbound Chinese travel to New Zealand.[32]

[23] ABS, Overseas Arrivals and Departures, 07.2025.
[24] Sydney Airport, Sydney Airport unlocks capacity with apron upgrade, 06.2025, Sydney Airport, Master Plan 2039, 07.2025
[25] Sydney Airport, Hong Kong Airlines arrives at Sydney Airport, 06.2025.
[26] New Zealand Immigration, New Zealand border fully reopening by July 2022, 05.2022.
[27] Stats NZ, International travel: February 2025, 07.2025.
[28] Stats NZ, International travel: May 2025, 07.2025, Stats NZ, International travel: May 2019, 07.2019.
[29] Auckland Airport, May 2025 Monthly traffic update, 06.2025, Auckland Airport, May 2019 Monthly traffic update, 06.2019.
[30] Auckland Airport, May 2025 Monthly traffic update, 06.2025, Auckland Airport, March 2019 Monthly traffic update, 06.2019.
[31] Air New Zealand, Air New Zealand, Air China, and Tourism New Zealand announce strategic investment to boost Chinese travel demand to Aotearoa, 06.2025.
[32] Air New Zealand, Air New Zealand, Air China, and Tourism New Zealand announce strategic investment to boost Chinese travel demand to Aotearoa, 06.2025.

Domestic Tourism

In May 2025, Australian domestic commercial aviation carried 5.2 million passengers, up 2% from May 2019.[33] For the March 2025 quarter, total domestic passenger volumes reached 102% of the March 2019 quarter, and regional spending was 43% higher than in March 2019.[34] However, year-on-year domestic overnight trips and expenditure for the quarter declined by 2% and 7%, respectively.[35]

In May 2025, Auckland Airport saw 667,484 domestic passengers, 13% below May 2019 levels. Over the same period Queenstown Airport recorded 113,627 domestic passengers, 3% below May 2019.[36]

Australian & New Zealand Tourism Support & Campaigns

In July 2025, Tourism Australia entered a three-year partnership with Trip.com Group, enhancing marketing to international visitors, with a particular focus on direct advertising to the Chinese market through marketing and package deals.[37] Queensland also launched its domestic mega-campaign, "That Holiday Feeling" (April 2025–June 2026), which aims to boost domestic advertisement and exposure on holiday booking platforms.[38]

In June 2025, Tourism New Zealand rolled out its refreshed global brand campaign "Find Your 100% Pure New Zealand", developed with TBWA, an international advertising agency, at a cost of NZD $5.45 million.[39] The campaign will target 155 million potential visitors with increased advertising and a holiday planning platform, underpinning a NZD $5 billion international tourism growth strategy. [40]

ANZ Hotel Market Performance

Australia

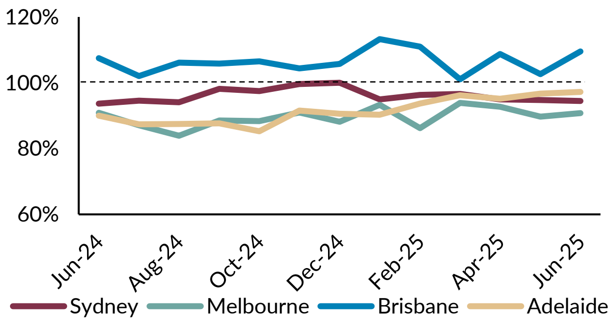
For the YTD June 2025 period, Australia recorded a 71% occupancy rate, marginally down 1% on YTD June 2019's occupancy rate.[41] ADR ended the period at $240, 31% above its 2019 level.[42] This resulted in a RevPAR of $170 for the period, 28% above YTD June 2019's RevPAR.[43] Sydney's RevPAR of $215 was the highest amongst the capital cities, and Brisbane recorded the highest growth above pre-COVID levels at 72%.[44]

Figure 3: Australian Hotel KPI YTD June 2025

Market	Occ (%)	ADR (A$)	RevPAR Change (vs YTD Mar 2025)	RevPAR Change (vs YTD Mar 2019)
Australia	**71%**	**240**	**3%**	**28%**
Sydney	79%	271	3%	19%
Melbourne	73%	222	2%	9%
Brisbane	74%	244	11%	72%
Adelaide	75%	203	-1%	27%

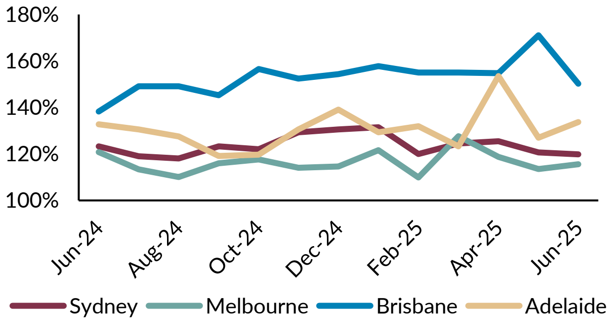
Source: STR, ANZ Performance Update, 07.2025.

Figure 4: Markets Monthly Occupancy (indexed to 2019)



Source: STR, ANZ Performance Update, 07.2025.

Figure 5: Markets Monthly ADR (indexed to 2019)



Source: STR, ANZ Performance Update, 07.2025.

[33] Bureau of Infrastructure and Transport Research Economics (BITRE), Domestic aviation activity, May 2025, accessed 07.2025.
[34] Tourism Research Australia (TRA), National Visitor Survey Results, accessed 07.2025.
[35] TRA, National Visitor Survey Results, accessed 07.2025.
[36] Auckland Airport, May 2025 Monthly traffic update, 06.2025, Auckland Airport, May 2019 Monthly traffic update, 06.2019.
[37] Tourism Australia, Tourism Australia targets visitor growth with new global Trip.com Agreement, 07.2025.
[38] Tourism & Events Queensland, TEQ's New Brand 05.2025.
[39] RNZ, Tourism NZ launches new 100% Pure New Zealand global campaign, 07.2025.
[40] Tourism New Zealand, Tourism New Zealand entices visitors to explore Aotearoa with refreshed IF YOU SEEK campaign, 07.2025.
[41] STR, ANZ Performance Update, 07.2025.
[42] STR, ANZ Performance Update, 07.2025.
[43] STR, ANZ Performance Update, 07.2025.
[44] STR, ANZ Performance Update, 07.2025.

New Zealand

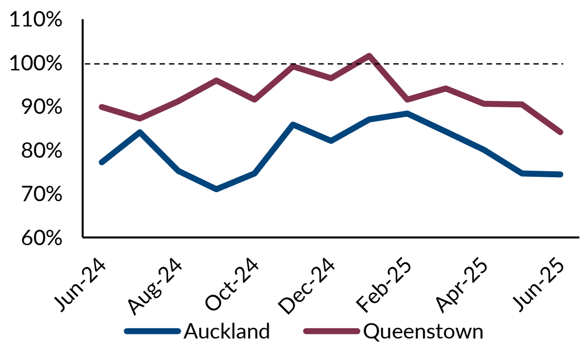
In the YTD June 2025 period, New Zealand occupancy reached 68%, which lagged its 2019 occupancy by 11%.[45] ADR for the period reached $230, up 19% on its 2019 level, leading to a RevPAR of $155 that was 2% above its pre-COVID RevPAR.[46] Queenstown remains New Zealand's strongest performing city, with a YTD RevPAR of $218, 9% higher than its 2019 level.[47] Auckland is still recovering to pre-COVID levels, with a YTD June 2025 RevPAR of $144, 10% below the 2019 period.[48]

Figure 6: New Zealand Hotel KPI YTD June 2025

Market	Occ (%)	ADR (NZ$)	RevPAR Change (vs YTD Mar 2024)	RevPAR Change (vs YTD Mar 2019)
New Zealand	**68%**	**230**	**-1%**	**2%**
Auckland	66%	219	-4%	-10%
Queenstown	73%	300	1%	10%

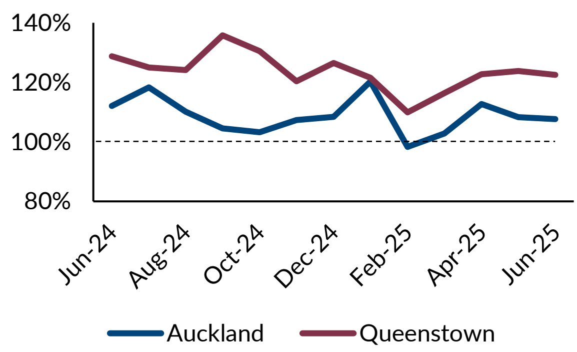
Source: STR, ANZ Performance Update, 07.2025.

Figure 7: Markets Monthly Occupancy (indexed to 2019)



Source: STR, ANZ Performance Update, 07.2025.

Figure 8: Markets Monthly ADR (indexed to 2019)



Source: STR, ANZ Performance Update, 07.2025.

Hotel Investment Market

Australian hotel transaction volumes in H1 2025 totalled $1.36 billion.[49] This has been driven by a favourable exchange rate, a 50-basis point reduction in interest rates over the past 12 months, and the industry's resilience amid global uncertainties. [50] In New Zealand, Q1 2025 featured the largest single hotel asset sale ever in the country, the sale of the InterContinental Auckland for NZ$180 million.[51] A decline in interest rates by 225 basis points over the past year has led to anticipated further yield compression and increased transactional activity.[52] Furthermore, the Hotel Indigo Auckland completed its expression of interest sale in April 2025.[53]

[45] STR, ANZ Performance Update, 07.2025.
[46] STR, ANZ Performance Update, 07.2025.
[47] STR, ANZ Performance Update, 07.2025.
[48] STR, ANZ Performance Update, 07.2025.
[49]Colliers, Hotels Q2 Update 2025, Research Report, 07.2025.
[50]Colliers, Hotels Q2 Update 2025, Research Report, 07.2025.
[51]CoStar, Singapore-based Hotel Properties acquires InterContinental Auckland, 03.2025.
[52] Colliers, New Zealand Hotel Market Snapshot, 03.2025.
[53] The Hotel Conversation Hotel Indigo Auckland for sale - Whillans Realty Group & McVay Real Estate, 02.2025.

ESG Impact & Reporting Milestones

Ninth Year of Reporting to GRESB

Pro-invest APAC is pleased to announce that 2025 marks its ninth-year reporting to the GRESB Real Estate Assessment. As of June 2025, the Assessment has been lodged to GRESB, capturing the efforts of Pro-invest APAC's One Earth, Countless Experiences strategy and impacts.

Specifically, Pro-invest included the milestone of committing to and achieving third-party sustainability certification across 12 of its Australian-based hotels under the internationally recognised Green Key scheme. The certification is underway across the remaining three New Zealand-based hotels.

With the inclusion of Green Key certification, amongst other ESG impact achievements, Pro-invest APAC anticipates a score uplift for 2025's assessment. The official GRESB Real Estate results will be published in Q4 2025, and Pro-invest APAC looks forward to communicating its progress relative to the GRESB Real Estate Assessment benchmark.

2025 NABERS Energy & Water Rating Progress

Pro-invest APAC is actively working to finalise its NABERS Energy and Water rating renewals across its fund hotels located in Australia. The hotels' NABERS ratings are on track to be completed by close of August 2025. Pro-invest looks forward to sharing the NABERS results in the next quarterly report.

Over in New Zealand, due to the NABERS hotel tool not being active in the region, Pro-invest APAC is working with Toitu Envirocare – a New Zealand-based standard that supports businesses to reduce emissions and improve operational performance via science-led certifications, assurance and advisory services. Toitu Envirocare is underway for the Auckland and Queenstown hotels. Completion is anticipated by the end of the year.

FYE 2024 Annual Sustainability Report

Pro-invest APAC's commitment to transparency, accountability, and measurable ESG impact continues to guide the business. The Group is proud to share the release of the FYE 2024 Annual Sustainability Report, showcasing the progress made across its hotel portfolio and corporate operations. The report communicates Pro-invest Group's One Earth, Countless Experiences strategy, targets and impacts for the period across environment, social and governance factors.

From being the first group to achieve the Green Key certification across such a large portfolio in Australia to advancing RISE – Reaching for Inclusion through Scholarships & Experiences and CARE - Creating Accessible Roles & Experiences programs that foster inclusive employment and education pathways, this year's report underscores Pro-invest APAC's unwavering commitment to a more sustainable and equitable future.

Milestones included in the report are as follows:

- A$15,322 was fundraised for RISE during FYE 2024, supporting three scholarships and internship opportunities with a further A$6,435 raised to date.
- Third-party sustainability certification for 12 hotels under the Green Key scheme.
- Average of 4.5-star NABERS Energy and Water rating across 10 fund hotels in 2024.
- Undertaking a modern slavery reporting trial as part of the Group's commitment to advancing its social impact.

To access the FYE 2024 Annual Sustainability Report, please click here.

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