



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 third quarter of 2024, which reflects Pro-invest's expanded focus from hospitality into urban accommodation.

Pro-invest APAC announced that it is entering into the urban accommodation market with its new Flex-Living model, developed to capture the extensive potential of Flex-Living across Australia. The company is set to own and operate approximately 2,000 units across ten assets in its first tranche of development; and anticipates scaling it to the size of their current hotel business (c. 6,000 keys).

Australia's economy grew again over Q3 2024, at a similar pace to the previous quarter. New Zealand recorded negative economic growth over the quarter, with the RBNZ having cut the Official Cash Rate for the first time since May 2023.

In August 2024, Australia recorded 658,810 short-term international visitor arrivals, being 83% of its pre-COVID August 2019 level. Similarly, New Zealand has been experiencing a steady recovery since reopening its borders in July 2022, with 214,300 international visitor arrivals in August 2024, being 85% of its pre-COVID level.

Turning to Australia's hotel industry performance, Sydney had the highest occupancy rate out of the capital cities over the YTD September 2024 period, with an occupancy of 77%. All major capital cities recorded ADR growth above their pre-COVID levels. In terms of RevPAR, Brisbane outperformed the other capital cities, emerging as the standout for the period. It surpassed its pre-COVID figure by 56%.

In New Zealand, Auckland's occupancy reached 65% over the YTD September 2024 period, which was 15% below its 2019 level. Queenstown recorded an occupancy of 76% in the same period, down 5% on its pre-COVID level. Auckland's ADR was recorded at \$215 for the period, representing a 12% improvement on its pre-COVID level. This resulted in a RevPAR of \$139 for the period, which was 9% below its YTD September 2019 level. Queenstown's ADR reached \$285 over the period, growing 20% on its 2019 figure. This resulted in a RevPAR of \$216, a 12% increase on 2019 level.

Pro-invest APAC expects further opportunities to materialise over 2024, with the Group positioned to leverage their active asset management approach and leading fully integrated platform to create significant value generation for investors. The combination of COVID-19 aftermaths, sticky inflation and higher interest rates has impacted hotel cash flows. Single-owner hotels present the ideal opportunity to secure good quality hotels in strong locations across Asia-Pacific.

With a team comprised of industry veterans and specialists and unique operating structure allowing for full control of the entire value chain, 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 presented by COVID-19. 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 wish you all health and safety. As always, welcome your comments and feedback.

With kind regards,

Ronald Stephen Barrott FRICS,

Founder & Chairman 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.

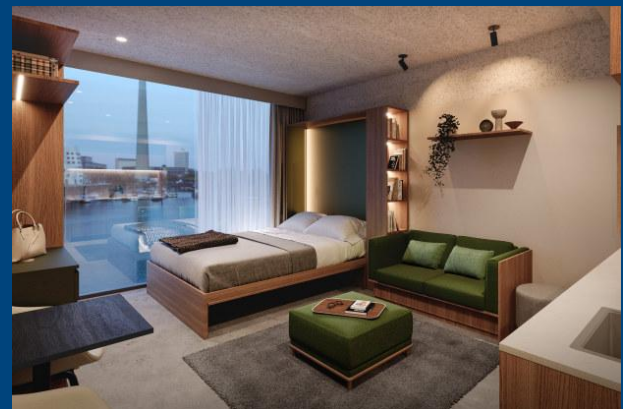
Pro-invest Group’s Approach to Urban Accommodation Solutions

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, 2024

Q3 2024 ANZ Market Update

Australian Economy

In the third quarter of 2024, Australia's GDP grew by 0.2% quarter-on-quarter (QoQ), improving slightly from the 0.1% figure recorded in the previous quarter.¹ Government expenditure contributed 0.3% to this growth figure, though weak household consumption detracted 0.1%.² Year-on-year (YoY) GDP growth reached 1.0% in Q3 2024, compared to 1.1% in the last quarter.³

The labour market remains tight, with August 2024 recording a seasonally adjusted unemployment rate of 4.2%, unchanged from the previous month.⁴ The seasonally adjusted participation rate was unmoved from the historic high of 67.1% in August 2024.⁵ Underlying inflation for the June 2024 quarter, measured by the trimmed mean annual inflation, fell slightly to 3.9%, down from 4.0% in the previous quarter.⁶

At the latest policy meeting in September 2024, the RBA decided to leave the cash rate unchanged at 4.35%, the same level it has remained since November 2023.⁷ The market consensus is that the central bank will commence lowering the cash rate within the range of 4.10% to 4.35% by early 2025.⁸

New Zealand Economy

The June 2024 quarter saw New Zealand's QoQ GDP fall 0.2%, compared to the 0.1% growth rate recorded last quarter.⁹ YoY GDP growth for the June 2024 quarter was -0.2%, falling from 0.3% in Q1 2024.¹⁰

In the June 2024 quarter, the unemployment rate was 4.6%, compared to 4.4% last quarter.¹¹ The unemployment rate has been rising since 2022, and is at its highest level since March 2021.¹² In terms of inflation, CPI grew by 2.2% YoY in September 2024, declining from the 3.3% figure recorded for June

2024.¹³ This is the first time since March 2021 that annual inflation has fallen within the Reserve Bank of New Zealand's (RBNZ) 1 to 3 percent target band.¹⁴

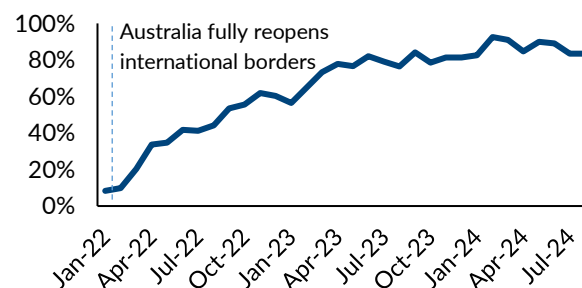
In August 2024, the Reserve Bank of New Zealand (RBNZ) lowered the Official Cash Rate (OCR) for the first time since May 2023 from 5.5% to 5.25%.¹⁵ In October 2024, the central bank cut the OCR a further 50bps to 4.75%.¹⁶ The RBNZ noted the country's weak economic growth and declining consumer price inflation in its decision to loosen its monetary policy stance.¹⁷

Australia - New Zealand Tourism Update

International Tourism

August 2024 saw 658,810 short-term international visitors arrive in the country, which was 83% of the pre-COVID August 2019 level.¹⁸ New Zealand was the largest source country, accounting for 17% of visitor arrivals, followed by China with 12%.¹⁹

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



Source: ABS, Overseas Arrivals and Departures, 10.2024. Note: excludes Australian citizens and permanent residents.

A similar recovery trend is evident in Australia's international flight market. In July 2024, Australia's international passenger traffic reached 3.6m or 95% of the July 2019 level.²⁰ July 2024 also saw the total number of seats available on international flights in

¹ ABS, Australian National Accounts, 09.2024.

² ABS, Australian National Accounts, 09.2024.

³ ABS, Australian National Accounts, 09.2024.

⁴ ABS, Labour Force, Australia, 09.2024.

⁵ ABS, Labour Force, Australia, 09.2024, ABC, Australia's unemployment rate remains steady in August at 4.2 per cent, 09.2024.

⁶ ABS, Consumer Price Index, Australia, 07.2024.

⁷ RBA, Cash Rate Target, accessed

⁸ Westpac, AU & NZ Weekly, 09.2024, ANZ, ANZ Forecasts, 10.2024 & NAB, Interest Rate Forecasts, 10.2024.

⁹ StatsNZ, Gross Domestic Product (GDP), 09.2024.

¹⁰ StatsNZ, Gross Domestic Product (GDP), 09.2024.

¹¹ StatsNZ Unemployment rate at 4.6 percent, 08.2024.

¹² StatsNZ Unemployment rate at 4.6 percent, 08.2024.

¹³ StatsNZ, Annual inflation at 2.2 percent, 10.2024.

¹⁴ StatsNZ, Annual inflation at 2.2 percent, 10.2024.

¹⁵ RBNZ, Past Monetary Decisions, 10.2024.

¹⁶ RBNZ, Past Monetary Decisions, 10.2024.

¹⁷ RBNZ, OCR 4.75% – Monetary restraint reduced as inflation converges to target, 10.2024.

¹⁸ ABS, Overseas Arrivals and Departures, Australia, 10.2024.

¹⁹ ABS, Overseas Arrivals and Departures, Australia, 10.2024.

²⁰ Bureau of Infrastructure, Transport, and Regional Economics, International airline activity

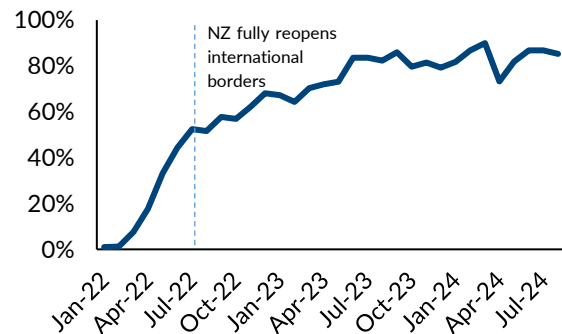
Australia reach 4.4m, representing a 94% recovery on the July 2019 level.²¹

In Q3 2024, Sydney’s T1 international terminal saw 10.3m passengers pass through, which was a 93% recovery on the Q3 2019 level.²² At Melbourne airport, 3.0m passengers passed through in September 2024, just 3.8% shy of the September 2019 level.²³

Qatar Airways will buy a 25% stake in Virgin Airways in a move that will expand the airline’s global services.²⁴ The deal will allow Virgin to integrate its frequent flyer program with Qatar’s extensive international network, and access capital to expand and upgrade its fleet.²⁵ Benefiting international travellers to Australia through increased capacity and enhanced service quality. Subject to regulatory approval, Virgin will introduce a flight path from major cities to Doha by mid-2025.²⁶

New Zealand fully reopened its international borders in July 2022, leading to an initial strong rebound in overseas passengers to pre-COVID level.²⁷ However this recovery has moderated, reaching 214,300 overseas visitor arrivals in August 2024 or 85% of its August 2019 pre-COVID level.²⁸ The largest source of these arrivals was Australia, accounting for 53%, followed by China with 9%.

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



Source: StatsNZ, International Arrivals, 10.2024. Note: excludes NZ residents.

In September 2024, 806,638 international passengers passed through Auckland Airport, fully recovered from its September 2019 level.²⁹ At Queenstown Airport, this figure was 210,243 in September 2024, which was a 11% improvement on the September 2019 level.³⁰

In Q3 2024, Air New Zealand announced that it would be bringing back seasonal flights from Auckland to Seoul.³¹ Three flights a week between the cities is planned, adding nearly 40,000 seats over five months.³²

²¹ Bureau of Infrastructure, Transport, and Regional Economics, International airline activity

²² Sydney Airport, Sydney Airport Traffic and Operational Performance Q3 2024, 10.2024.

²³ Melbourne Airport, Brisbane and Sydney help deliver Melbourne a September record!, 10.2024.

²⁴ Australian Financial Review (AFR), Qatar Airways to buy 25pc of Virgin Australia, funding big expansion. 10.2024.

²⁵ AFR, Qatar Airways to buy 25pc of Virgin Australia, funding big expansion. 10.2024.

²⁶ Sydney Morning Herald, Qatar Airways to take stake in Virgin Australia as it proposes Doha flights, 10.2024.

²⁷ New Zealand Immigration, New Zealand border fully reopening by July 2022, 05.2024

²⁸ StatsNZ, International Travel, 08.2024, 08.2019.

²⁹ Auckland Airport, Monthly traffic update, 10.2024, 10.2019

³⁰ Auckland Airport, Monthly traffic update, 10.2024, 10.2019

³¹ Hotel Management, Air New Zealand set for Seoul return from October, 09.2024.

³² Hotel Management, Air New Zealand set for Seoul return from October, 09.2024.

Pro-invest APAC Hospitality Funds

Pro-invest Asia-Pacific Hospitality Opportunity Fund III (Fund III)

Pro-invest APAC is pleased to announce having launched its third hotel fund, the Pro-invest Asia-Pacific Hospitality Opportunity Fund III (Fund III).

Fund III has acquired its first two assets in Canberra and Melbourne. The Sebel Canberra Campbell (formerly known as C5 Hotel Canberra) opened for trading in September 2022 and has been well received by the hotel guests. The Hotel Indigo Melbourne on Flinders (formerly known as Holiday Inn on Flinders) opened in August 2023 and is the first Hotel Indigo in Melbourne.

Pro-invest APAC is actively looking at other opportunities which are in the pipeline for Fund III across the key markets of Japan, Singapore, Korea and Thailand, in addition to Australasia. Unprecedented market conditions created by COVID-19 and increase in interest rates and inflation have established an opportunity to make value-add investments into standing and income producing assets primarily in luxury, upper-upscale and upscale full-service hotels in Australia & New Zealand, as well as other secure markets in Asia.

Fund III is structured to capitalise on the current opportunity, presenting a platform that allows investors to participate in the travel recovery. Pro-invest APAC is targeting to raise A\$500 million from institutional investors, sovereign wealth funds and established family offices among other investors.

Pro-invest APAC Overview

Pro-invest APAC is currently managing c. A\$3 billion in real estate assets, including commercial assets as well as the roll out of the European pipeline.

In early 2000, Pro-invest's CEO, Ronald Barrott brought one of the largest and most renowned hotel brands, Holiday Inn Express® (HIE), to the European market. At the time, he developed a portfolio of HIE hotels across the UK, which he grew to become one of the largest franchised hotel portfolios outside of the US. **Over a period of 6 years, 15 HIE assets were developed and the portfolio was exited as a trade sale achieving an IRR in excess of 30%.**

In 2013, given his successful relationship with InterContinental Hotels Group (IHG) and a substantial market opportunity, Ronald launched the Pro-invest Australian Hospitality Fund I (Fund I) to develop, own and operate a new portfolio of HIE hotels across Australia and New Zealand (ANZ). Fund I is a widely held Managed Investment Scheme, allowing for a final withholding tax rate of 15%. Its portfolio now counts 8 hotels and c. 2,000 rooms, being rolled out under a Master Development Agreement with IHG.

By 2017, Pro-invest APAC launched the Pro-invest Australian Hospitality Fund II (Fund II), which successfully completed equity raising in 2020. Fund II continues Pro-invest APAC's strong track record of rolling out its Select Service and Lifestyle hotels throughout the Australasian market. 4 of the hotels in Fund II opened for trading in 2022 and 1 opened in 2023, with all hotels having been well received across their respective markets.



Voco and HIE Auckland City Centre

Domestic Tourism

In July 2024, Australia’s domestic commercial aviation carried 5.3m passengers, compared to 5.7m in July 2019.³³ In the June 2024 quarter, total domestic visitor nights reached 93.7m, which was 92% of the figure recorded in the same 2019 quarter.³⁴ Domestic overnight spend in the June 2024 quarter, however, grew 33% over its June 2019 quarter figure, to \$26b.³⁵

In September 2024, Auckland Airport recorded 673,615 domestic passengers, which was down 11% on the September 2019 level.³⁶ Comparatively, Queenstown Airport saw a 2% improvement on its September 2019 quarter amount in the September 2024 quarter period.³⁷ According to the latest ANZ research, tourism-related card spending was down 18.9% YoY in the September 2024 period, likely reflecting more cautious domestic tourism.³⁸

Australian & New Zealand Tourism Support & Campaigns

The NSW Government has increased it’s in annual visitor economy goal by 40% to an ambitious \$91b in size by 2035, in the newly released NSW Visitor Economy Strategy 2035 s.³⁹ To support this, the government is enhancing aviation capacity by supporting new international routes, including Turkish Airlines to Sydney Airport and additional routes through Newcastle Airport. Furthermore, the Minns government has allocated an additional \$1.5 million in FY25 to attract more Business Events in Sydney.⁴⁰

In August 2024, Tourism New Zealand launched a new campaign promoting the nation as a year-round destination for international tourists.⁴¹ The campaign showcases New Zealand’s stargazing and culinary offerings and will contribute to Tourism New Zealand’s plans to grow tourism by \$5b by 2028.⁴²

³³ Bureau of Infrastructure and Transport Research Economics, Domestic Aviation Activity July 2024, 09.2024, Domestic Aviation Activity July 2019, accessed 10.2024.

³⁴ Tourism Research Australia, National Visitor Survey Results June Quarter 2024, accessed 10.2024.

³⁵ Tourism Research Australia, National Visitor Survey Results June Quarter 2024, accessed 10.2024.

³⁶ Auckland Airport, Monthly traffic update, 10.2024, 10.2019.

³⁷ Auckland Airport, September 2024 Monthly traffic update, 10.2024, 10.2019.

³⁸ ANZ, ANZ NZ Merchant and Card Spending Chartpack, accessed 10,2024.

ANZ Hotel Market Performance

Australia

In the YTD September 2024 period, Australia recorded an occupancy rate of 70%, only 3% lower than the figure recorded in the same period in 2019.⁴³ ADR in the YTD September 2024 period was \$235, which was 29% above the 2019 level.⁴⁴ However, there was no change to the 2023 level.⁴⁵

Australia’s RevPAR for the YTD September 2024 period stood at \$165, a 24% improvement on its 2019 level.⁴⁶ All Australian capital cities recorded RevPAR growth over their 2019 levels, with Brisbane notably beating its pre-COVID figure by 56%.⁴⁷

Figure 3: Australian Hotel KPI YTD September 2024

Market	Occ (%)	ADR (A\$)	RevPAR Change (vs YTD Sep 2023)	RevPAR Change (vs YTD Sep 2019)
Australia	70%	235	2%	24%
Sydney	77%	264	3%	15%
Melbourne	70%	216	2%	4%
Brisbane	75%	229	4%	56%
Adelaide	72%	202	0%	22%

Source: STR, ANZ Performance Update, 10.2024.

³⁹ Hotel Management, NSW Government targets 40,000 new hotel rooms in \$91 billion tourism plan, 10.2024.

⁴⁰ Hotel Management, NSW Government targets 40,000 new hotel rooms in \$91 billion tourism plan, 10.2024.

⁴¹ Tourism New Zealand, Tourism New Zealand off-peak strategy dishes up cuisine with a billion stars, 08.2024.

⁴² Tourism New Zealand, Tourism New Zealand off-peak strategy dishes up cuisine with a billion stars, 08.2024.

⁴³ STR, ANZ Performance Update, 10.2024.

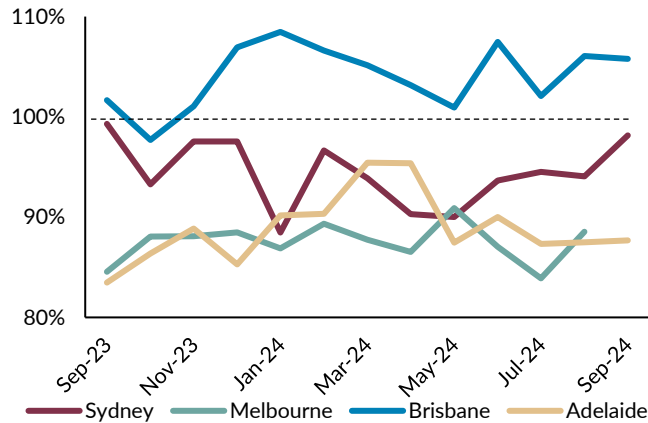
⁴⁴ STR, ANZ Performance Update, 10.2024.

⁴⁵ STR, ANZ Performance Update, 10.2024.

⁴⁶ STR, ANZ Performance Update, 10.2024.

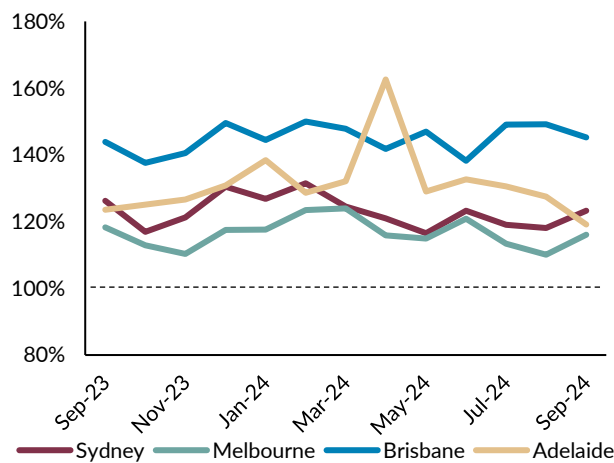
⁴⁷ STR, ANZ Performance Update, 10.2024.

Figure 4: Markets Monthly Occupancy (indexed to 2019)



Source: STR, ANZ Performance Update, 10.2024.

Figure 5: Markets Monthly ADR (indexed to 2019)



Source: STR, ANZ Performance Update, 10.2024.

New Zealand

New Zealand’s occupancy in the YTD September 2024 period was 66%, down 11% from its 2019 level.⁴⁸ Auckland and Queenstown were down 15% and 5% on their 2019 levels respectively.⁴⁹

New Zealand’s ADR for the YTD September 2024 period was \$222, up 19% on its 2019 level. Auckland and Queenstown’s ADRs were above their 2019 levels by 12% and 20% respectively.⁵⁰ The nation’s RevPAR was \$146 for the YTD September 2024 period, up 2% on its 2019 level.⁵¹ Auckland was down 9% while Queenstown grew by 12% on its 2019 level.⁵²

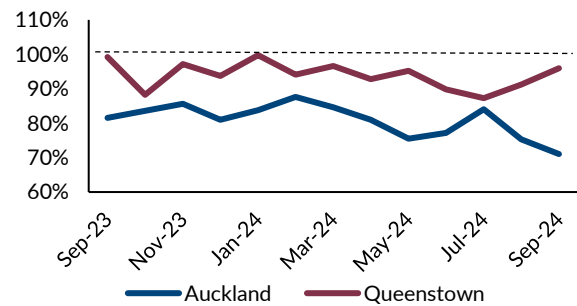
⁴⁸ STR, ANZ Performance Update, 10.2024.
⁴⁹ STR, ANZ Performance Update, 10.2024.
⁵⁰ STR, ANZ Performance Update, 10.2024.
⁵¹ STR, ANZ Performance Update, 10.2024.

Figure 6: New Zealand Hotel KPI YTD September 2024

Market	Occ (%)	ADR (NZ\$)	RevPAR Change (vs YTD Sep 2023)	RevPAR Change (vs YTD Sep 2019)
New Zealand	66%	222	-5%	2%
Auckland	65%	216	-15%	-9%
Queenstown	76%	285	14%	12%

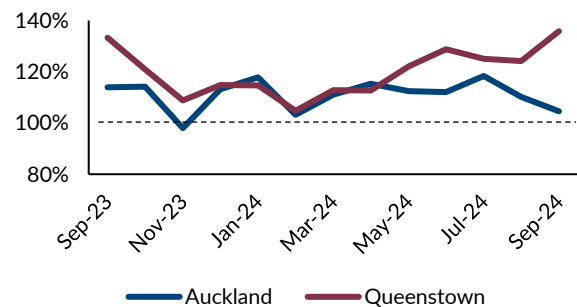
Source: STR, ANZ Performance Update, 10.2024.

Figure 7: Markets Monthly Occupancy (indexed to 2019)



Source: STR, ANZ Performance Update, 10.2024.

Figure 8: Markets Monthly ADR (indexed to 2019)



Source: STR, ANZ Performance Update, 10.2024.

Hotel Investment Market

In August 2024, Leura Gardens Resort in New South Wales’s Blue Mountains was sold for \$25m.⁵³ In October 2024, three Bannister hotels located in Mollymook and Port Stephens on the NSW South and North Coast were transacted for over \$100m.⁵⁴ In October 2024, the Adelphi Hotel was sold for \$19 million, \$6 million lower than its acquisition price only 18 months ago.⁵⁵

⁵² STR, ANZ Performance Update, 10.2024.
⁵³ The Hotel Conversation, News Article, 08.2024.
⁵⁴ AFR, News Article, 10.2024.
⁵⁵ AFR, News Article, 10.2024.

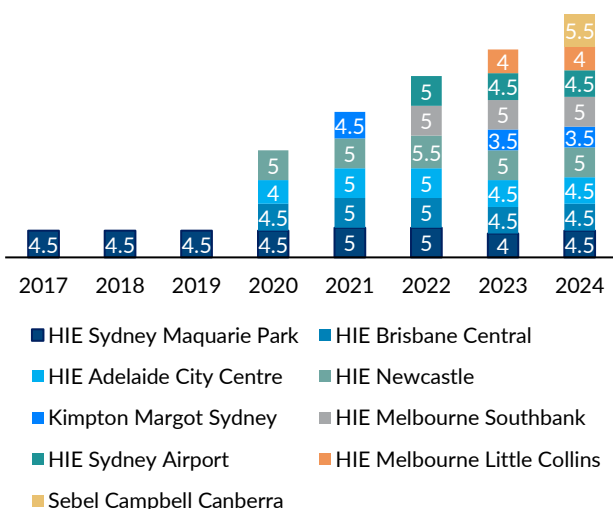
ESG: Certifications

NABERS Energy and Water Ratings 2024

The portfolio has been NABERS Energy and Water assessed. After receiving the June 2024 round of results, there have been no significant changes in ratings. Further, optimisations are being made by way of pursuing ATIC quality star ratings to best maintain the hotels' ratings in light of changes to the NABERS built in quality star rating tool which has consequently placed some hotels at a disadvantage for strong NABERS ratings. ATIC quality star ratings are actively being pursued by the operations team with ESG involvement.

Further, obtaining strong NABERS ratings continue to prove beneficial, with the Australian Government's Net Zero strategy requiring its travelers to consider the environment when booking travel from 1 July 2024 onwards. To support more sustainable travel practices, NABERS Energy ratings will be displayed next to applicable hotels in the Government's Online Booking Tool from 1 July 2024. The setting of minimum standards will be considered in 2026-27. As of September 2024, out of approximately 6269 hotels in Australia, there were 90 hotels (1.4%) which held an active NABERS Energy rating with 9 of those are under Pro-invest's management. The average NABERS Energy rating of hotels is 4.3-stars with the average for Pro-invest hotels to be 4.5-stars.

Figure 9: Nabers Energy (Without Greenpower) Uptake & Performance 2017-2024



Modern Slavery Pilot Program:

Building on Pro-invest Group's stance on respecting and protecting all forms of human rights, the Group have devised a Modern Slavery approach and strategy. The pack will ensure the business meets the ESG standards and government-level regulation with respect to Modern Slavery, reducing business risk and protecting the rights of people within our organisation, hotels and those within our supply chains.

Pro-invest Group has engaged iPro to assess its top 20 suppliers by spend as part of a trial program. The trial is underway and is set to analyse the efficiencies, effectiveness and engagement of this process with the production of an automated report. This will aid the Group in understanding its risks with respect to Modern Slavery across its supply chain while also aiding in understanding the resource savings it could have in preparation of producing its Modern Slavery Statement required under the Modern Slavery Act 2018 (Cth). If the trial is deemed successful, Pro-invest can formally engage iPro in supporting the Group as it does not yet meet the thresholds of reporting to the law however is adopting the appropriate steps to best prepare for these regulatory requirements.

Figure 10: Nabers Water Uptake & Performance 2017-2024

