Pro-invest Asia-Pacific Opportunities

Q4 2024 Quarterly Newsletter

Kimpton Margot Sydney, Harper Rooftop Bar

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

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).

Over Q3 2024, Australia recorded a Quarter-on-Quarter GDP growth rate of 0.3%, which was a slight improvement on the previous quarter. The New Zealand economy sunk further into recession in the same period however, down 1% after falling 1.1% in the preceding quarter.

The international tourism recovery in Australia and New Zealand has moderated over the last 12 months. In November 2024, Australia recorded 679,280 short-term visitor arrivals, or 83% of 2019 levels. New Zealand's short-term visitor arrivals reached 321,200 or 86% of the November 2019 figure.

In terms of hotel industry performance, Australia recorded an occupancy rate of 71% in the December Year-to-Date period. Sydney was the best performing capital city with an occupancy rate of 78%, followed by Brisbane with 76%. Australia's ADR reached $240, resulting in a RevPAR of $171. Sydney was again the standout performer, with an ADR of $274 and RevPAR of $215.

In New Zealand, occupancy in the December 2024 Year-to-Date period reached 67%. Comparatively, Auckland ended the period with an occupancy rate of 65% and Queenstown with 77%. ADR for New Zealand was recorded at $227, resulting in a RevPAR of $152. Auckland and Queenstown had ADRs of $227 and $295 respectively, with RevPARs of $114 and $227.

Pro-invest APAC is pleased to announce that the GRESB Real Estate Assessment scores for 2024 have been received for both Standing Investments and Developments in our eighth year of reporting to GRESB. Between 2017 to 2024, the Group more than doubled its GRESB Real Estate Standing Investments score, uplifting its score from 29/100 in 2017 to 72/100 in 2024. For assets under development, the Group continued to drive forward its overall score improvements, being able to maintain a score of 90/100 in 2024.

Pro-invest APAC expects further opportunities to materialise over 2025, 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 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 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

Q4 2024 ANZ Market Update

Australian Economy

The third quarter of 2024 saw Australia's GDP grow 0.3% Quarter-on-Quarter (QoQ), which was a slight improvement on the previous quarter's 0.2% growth.[1] However, through the year to September 2024, Australia's GDP grew 0.8%, representing the lowest growth rate since the COVID-19-impacted 2020 December quarter.[2]

The nation's labour market remained strong, with December 2024 recording a seasonally adjusted unemployment rate of 4.0%, slightly above last month's figure of 3.9%.[3] December 2024 also saw Australia retain its record high participation rate of 67.1%.[4]

Headline inflation, as measured by Consumer Price Index (CPI) growth, was 2.4% Year-on-Year (YoY) in the December 2024 quarter, down from 2.8% the previous quarter.[5] Trimmed mean inflation, the RBA's preferred measure of underlying inflation, was 3.2% YoY in December 2024, falling from 3.6% three months prior.[6]

At the RBA's last policy meeting in December 2024, the central bank decided to leave the cash rate unchanged at 4.35%, where it has remained since November 2023.[7] The market consensus is that the cash rate will be cut in early 2025 and fall within the range of 3.35% - 3.85% by December 2025.[8]

New Zealand Economy

The September 2024 quarter saw New Zealand sink further into recession, recording a QoQ GDP fall of 1.0% after decreasing 1.1% the previous quarter.[9] YoY GDP growth was 0.1% compared to 0.6% last quarter.[10]

New Zealand recorded an unemployment rate of 5.1% in the December 2024 quarter, increasing slightly from 4.8% in the September 2024 quarter.[11] Although the QoQ change was only limited, the latest unemployment print represents a substantial change from the 3.2% in the September 2022.[12]

In terms of headline inflation, CPI increased 2.2% YoY through the December 2024 year, unchanged from three months prior.[13] CPI growth excluding volatile items reached 0.9% in the December quarter, compared to 1.0% in the previous quarter.[14]

In November 2024, the Reserve Bank of New Zealand decided to reduce the Official Cash Rate (OCR) by 50 basis points to 4.25 per cent.[15] The central bank has now lowered the OCR by a cumulative 125 basis points since July 2024.[16] The market forecasts the OCR to sit within 2.75% - 3.50% by December 2025.[17]

Australia - New Zealand Tourism Update

International Tourism

In Australia, the recovery in international visitor arrivals to pre-COVID levels has moderated in the last 12 months, hovering between 80% to 90%.[18] In November 2024, there were 679,280 short-term visitor arrivals, which was 83% of the pre-COVID November 2019 level.[19]

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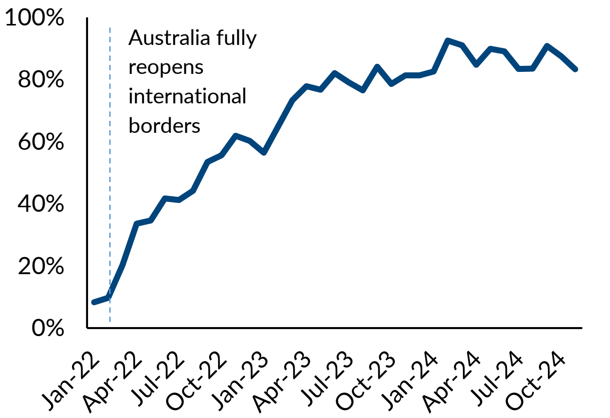
[1] Australian Bureau of Statistics (ABS), Australian National Accounts: National Income, Expenditure and Product, 12.2024.
[2] ABS, Australian National Accounts: National Income, Expenditure and Product, 12.2024.
[3] ABS, Labour Force, Australia, 12.2024.
[4] ABS, Labour Force, Australia, 12.2024, ABC News, Market continues to bet on February interest rate cut despite December jobs surge, 01.2024.
[5] ABS, Consumer Price Index, Australia, 01.2025.
[6] ABS, Consumer Price Index, Australia, 10.2024.
[7] Reserve Bank of Australia (RBA), Cash Rate Target, accessed 01.2025.
[8] Westpac, AU & NZ Weekly, 01.2025, ANZ, ANZ Forecasts, accessed 01.2025, NAB, Interest Rate Forecasts, accessed 01.2025.
[9] Stats NZ, Gross Domestic Product: September 2024 Quarter, 12.2024.
[10] Stats NZ, Gross Domestic Product: September 2024 Quarter, 12.2024.
[11] Stats NZ, Unemployment rate, 11.2024.
[12] Stats NZ, Unemployment rate at 4.8 percent, 11.2024.
[13] Stats NZ, Consumer price index (CPI), 01.2025.
[14] Stats NZ, Consumers price index: December 2024 quarter, 01.2025, Consumers price index: September 2024 quarter, 10.2024.
[15] Reserve Bank of New Zealand (RBNZ), OCR 4.25% - OCR lowered further as inflation returns to target, 11.2024.
[16] RBNZ, Past monetary policy decisions, 11.2024.
[17] Westpac, AU & NZ Weekly, 01.2025, ANZ, ANZ Forecasts, accessed 01.2025, NAB, Interest Rate Forecasts, accessed 01.2025.
[18] Reuters, 'Welcome back world!'' Australia fully reopens borders after two years, 02.2022, ABS, Overseas Arrivals and Departures, 01.2025.
[19] ABS, Overseas Arrivals and Departures, 01.2025.

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



Source: ABS, Overseas Arrivals and Departures, 01.2025. Note: excludes Australian citizens and permanent residents.

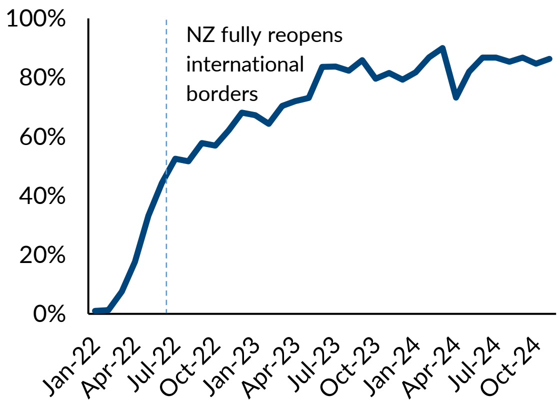
Q4 2024 saw 4.4m passengers pass through Sydney's international terminal, representing a 99% recovery on the Q4 2019 level.[20] In December 2024, Melbourne Airport saw a record 1.1m passengers pass through its international terminal, which was a 6% improvement on the December 2019 level.[21]

Melbourne Airport has announced that they will invest $4.5b to upgrade its international terminal in response to rising passenger demand.[22] Together with its existing plans to build a $3b third runway by 2031,[23] the airport aims to increase terminal capacity amid record international passenger traffic.[24]

Subject to regulatory approval, Virgin will commence long haul flights between Australia's major cities and Doha thanks to its recent partnership with Qatar Airways.[25] The additional flights are expected to inject $3b into the economy over the next five years.[26]

Although international passenger arrivals rebounded strongly in New Zealand after borders were reopened in July 2022, recent arrivals numbers have stagnated.[27] In November 2024, overseas visitor arrivals reached 321,200 or 86% of the November 2019 level.[28]

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



Source: StatsNZ, International Arrivals, 01.2025. Note: excludes NZ residents.

In December 2024, Auckland Airport recorded 1.0m international passengers, which was 97% of the December 2019 level.[29] Comparatively, Queenstown Airport improved 34% above its December 2019 level, with a total international passenger figure of 92,477.[30]

In December 2024, Jetstar announced plans to strengthen its connection between New Zealand and Australia by launching direct flights between Auckland and Sunshine Coast.[31] The new service will operate up to three times a week and deliver over 58,000 seats a year.[32]

[20] Sydney Airport, Sydney Airport Annual Traffic Performance Q4 2024, 01.2025.
[21] Melbourne Airport, Melbourne Airport exploring international terminal expansion, 01.2025.
[22] Australian Financial Review (AFR), Melbourne Airport flags $4.5b investment in international terminal, 01.2025.
[23] AFR, Melbourne Airport cleared for third runway, sparking noise debates, 09.2024.
[24] Melbourne Airport, Melbourne Airport exploring international terminal expansion, 01.2025.
[25] Virgin Australia, Virgin Australia flights to Doha on sale now, 12.2024.
[26] Virgin Australia, Virgin Australia flights to Doha on sale now, 12.2024.
[27] New Zealand Immigration, New Zealand border fully reopening by July 2022, 05.2022.
[28] Stats NZ, International travel: November 2024, 01.2025.
[29] Auckland Airport, December 2024 Monthly traffic update, 12.2024, Auckland Airport, December 2019 Monthly traffic update, 12.2019.
[30] Auckland Airport, December 2024 Monthly traffic update, 12.2024, Auckland Airport, December 2019 Monthly traffic update, 12.2019.
[31] Jetstar, Jetstar kicks off New Zealand expansion, bringing Kiwis more choice and low fares, 12.2024.
[32] Jetstar, Jetstar kicks off New Zealand expansion, bringing Kiwis more choice and low fares, 12.2024.

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) has 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 higher-for-longer 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.

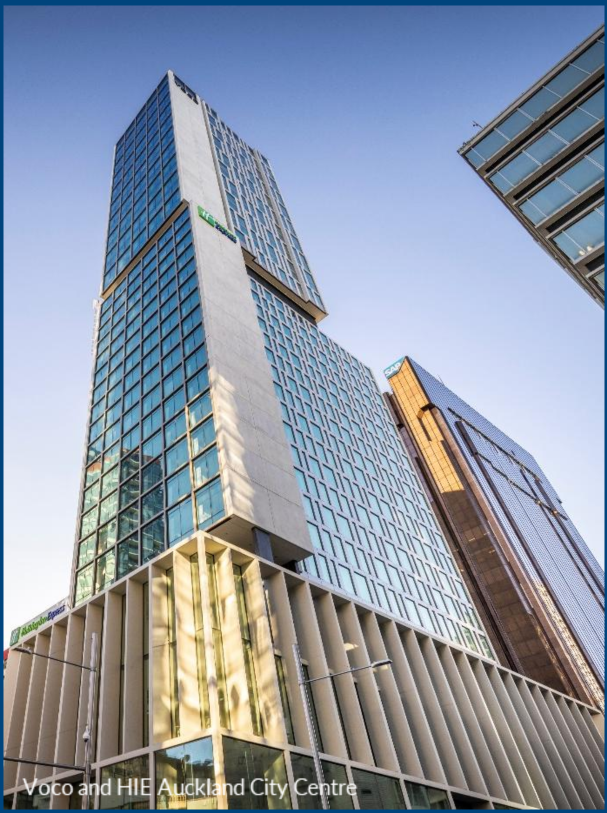
Pro-invest APAC Overview

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 renown 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 have 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 October 2024, there were 5.8m passengers that were carried by Australia's domestic commercial aviation, which was 97% of the October 2019 level.[33] In the September 2024 quarter, nights spent on domestic trips was down 5% on the 2019 quarter amount.[34] However, the September 2024 quarter also saw the number of domestic trips increase marginally by 1%, with spend jumping substantially by 38% on September 2019 quarter levels.[35]

In December 2024, Auckland Airport recorded 745,352 domestic passengers, down 8% on the figure recorded in December 2019.[36] At Queenstown Airport, domestic passenger levels reached 156,329 in the December 2024 period, or 4% below its December 2019 level.[37] In November 2024, New Zealand's domestic tourism expenditure, as measured by Tourism Electronic Card Transactions (TECTs), reached $925m, which was 16% above its November 2019 figure.[38]

Australian & New Zealand Tourism Support & Campaigns

In November 2024, the Sydney Marathon was added to the elite Abbott World Marathon Major series.[39] Sydney joins an exclusive club of six other major cities to hold such a status, which includes Boston, Tokyo, London, and New York City.[40] Destination NSW estimates that the marathon will add $73m in visitor expenditure to the NSW economy over the next three years.[41]

Tourism New Zealand has partnered with the Chinese social media and e-commerce platform RED to encourage increased visitation from the recovering market.[42] The partnership aims to drive autumn and winter arrivals from China and support the country's off-peak strategy.[43]

ANZ Hotel Market Performance

Australia

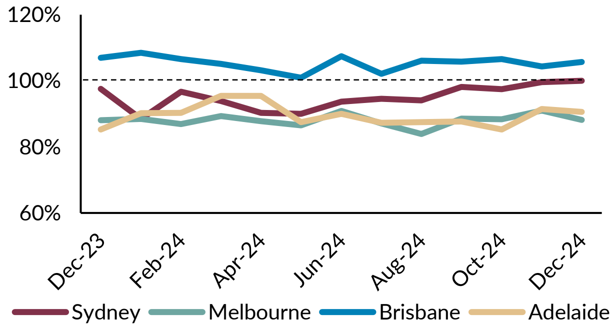
In the YTD December 2024 period, Australia recorded an occupancy rate of 71%, which was 2% below its 2019 level.[44] However, ADR ended the period 29% above the 2019 level while RevPAR improved by 25%.[45] Brisbane was the strongest performer out of the capital cities in terms of RevPAR, having improved 58% on its 2019 level, while Sydney and Melbourne's grew 18% and 4% respectively.[46] Notably, Sydney posted a record high daily ADR and RevPAR on New Year's Eve, of $854 and $808 respectively.[47]

Figure 3: Australian Hotel KPI YTD December 2024

Market	Occ (%)	ADR (A$)	RevPAR Change (vs YTD Dec 2023)	RevPAR Change (vs YTD Dec 2019)
Australia	**71%**	**240**	**3%**	**25%**
Sydney	78%	274	4%	18%
Melbourne	71%	218	3%	4%
Brisbane	76%	234	6%	58%
Adelaide	73%	206	1%	20%

Source: STR, ANZ Performance Update, 01.2025.

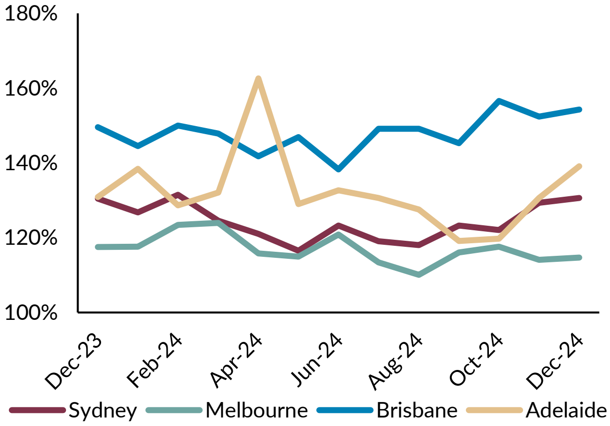
Figure 4: Markets Monthly Occupancy (indexed to 2019)



Source: STR, ANZ Performance Update, 01.2025.

[33] BITRE, Domestic aviation activity, October 2024, 10.2024.
[34] Tourism Research Australia (TRA), National Visitor Survey Results, accessed 01.2025.
[35] TRA, National Visitor Survey Results, accessed 01.2025.
[36] Auckland Airport, December 2024 Monthly traffic update, 12.2024, Auckland Airport, December 2019 Monthly traffic update, 12.2019.
[37] Auckland Airport, December 2024 Monthly traffic update, 12.2024, Auckland Airport, December 2019 Monthly traffic update, 12.2019.
[38] Ministry of Business Innovation & Employment, Reliance on tourism, accessed 01.2025.
[39] Hotel Management, Sydney Marathon's world series status to add $73 million in visitor spending over three years, 11.2024.
[40] Hotel Management, Sydney Marathon's world series status to add $73 million in visitor spending over three years, 11.2024.
[41] Hotel Management, Sydney Marathon's world series status to add $73 million in visitor spending over three years, 11.2024.
[42] Tourism New Zealand (TNZ), TNZ's activity in China encourages autumn and winter arrivals, 12.2024.
[43] TNZ, TNZ's activity in China encourages autumn and winter arrivals, 12.2024.
[44] STR, ANZ Performance Update, 01.2025.
[45] STR, ANZ Performance Update, 01.2025.
[46] STR, ANZ Performance Update, 01.2025.
[47] STR, Sydney's hotel room rates reached all-time high on New Year's Eve, 01.2025.

Figure 5: Markets Monthly ADR (indexed to 2019)



Source: STR, ANZ Performance Update, 01.2025.

New Zealand

New Zealand's occupancy in the YTD December 2024 period reached 67%, which was 11% below its 2019 level.[48] The YTD December 2024 period saw ADR and RevPAR improve 18% and 2% on their 2019 levels respectively.[49]

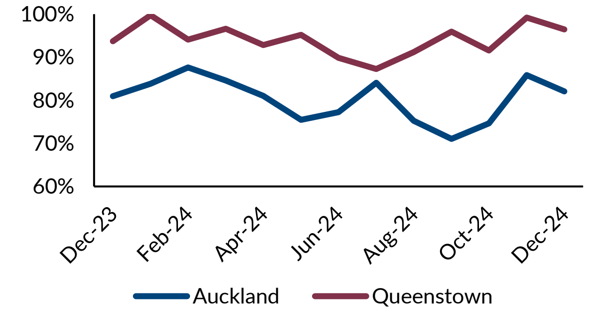
The Auckland market is still recovering to pre-COVID levels, with RevPAR in the YTD December 2024 period down 10% on its 2019 level.[50] Queenstown though, improved 15% above its 2019 RevPAR level in the same period.[51]

Figure 6: New Zealand Hotel KPI YTD December 2024

Market	Occ (%)	ADR (NZ$)	RevPAR Change (vs YTD Dec 2023)	RevPAR Change (vs YTD Dec 2019)
New Zealand	**67%**	**227**	**-3%**	**2%**
Auckland	65%	220	-12%	-10%
Queenstown	77%	295	13%	15%

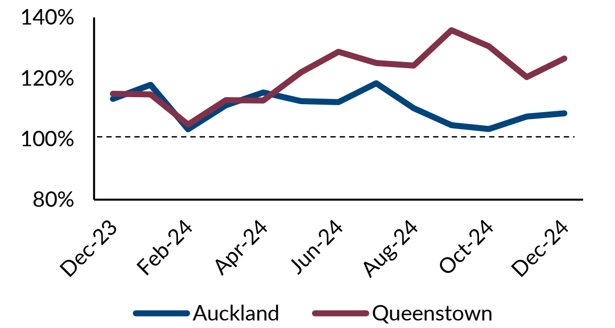
Source: STR, ANZ Performance Update, 01.2025.

Figure 7: Markets Monthly Occupancy (indexed to 2019)



Source: STR, ANZ Performance Update, 01.2025.

Figure 8: Markets Monthly ADR (indexed to 2019)



Source: STR, ANZ Performance Update, 01.2025.

Hotel Investment Market

In December 2024, the 146-room Hotel X in Brisbane was sold for $82.5m (including office and residential components). December also saw the sale of the 45-room Ibis Styles in Port Macquarie and 85-room Mantra Terrace Brisbane for c. $15m and $23m, respectively.[52]

[48] STR, ANZ Performance Update, 01.2025.
[49] STR, ANZ Performance Update, 01.2025.
[50] STR, ANZ Performance Update, 01.2025.
[51] STR, ANZ Performance Update, 01.2025.
[52] AFR, NRL buys another two hotels in property push, 12.2024.

ESG: 2024 GRESB Results

GRESB Real Estate Assessment 2024

The Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment is a globally recognised benchmark that evaluates the Environmental, Social, and Governance (ESG) performance of real estate portfolios and assets.

Pro-invest Group is pleased to announce that the GRESB Real Estate Assessment scores for 2024 have been received for both Standing Investments and Developments in our eighth year of reporting to GRESB.

Standing Investments scores for Pro-invest Group had a minor score reduction of 1 point to 72/100, while Developments maintained its score of 90/100. The 2024 submission focused strongly on showcasing the Group's efforts around data completeness for Scope 1 and Scope 2 emissions, data verification and checks, coupled with enhanced ESG strategies such as pursuing Net Zero Science Based Targets Initiative aligned roadmaps (which will focus on gaining scope 3 emissions coverage) amongst others. The ESG team is actively working on 2025 uplift strategies including obtaining Green Key certification across the portfolio to ensure ongoing ESG activation.

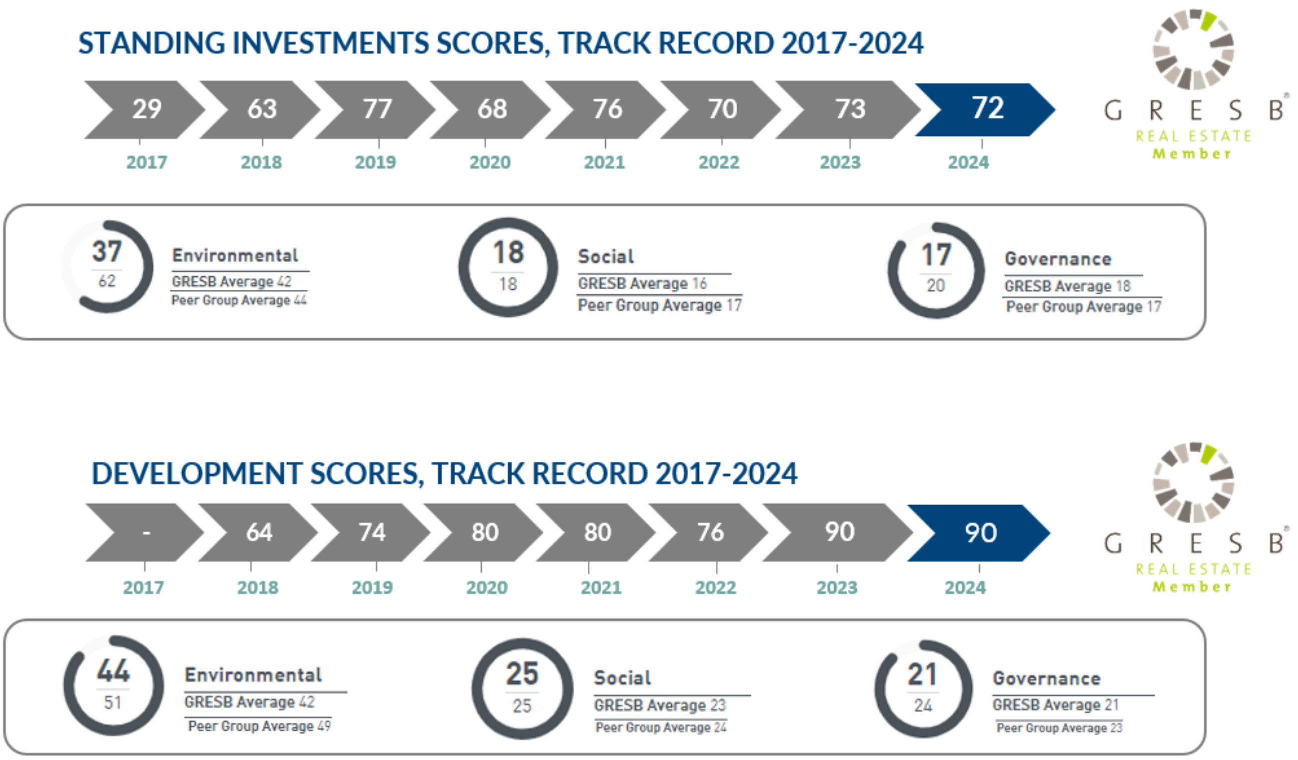
Scores are driven by management efforts, assets' performance and development activities, as they relate to ESG. The assessment covered all that Pro-invest has implemented across the business, covering topic areas such as:

- Leadership
- Policies
- Reporting
- Risk Management
- Stakeholder
- Engagement, Certifications & Ratings
- Consumption/Targets
- Data Monitoring and Review

Between 2017 to 2024, the Group more than doubled its GRESB Real Estate Standing Investments score, uplifting its score from 29/100 in 2017 to 72/100 in 2024. For assets under development, the Group continued to drive forward its overall score improvements, being able to maintain a score of 90/100 in 2024.

Additionally, the ESG team has created a detailed gap analysis to ensure efforts are underway for performance and score maximisation for the GRESB 2025 reporting season, which commences in Q2 2025.

Figure 9: GRESB Real Estate Assessment Results 2024



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