

Sustainability Report

2018

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Message from Pro-invest Group's CEO

Dear Readers,

We are pleased to present to you Pro-invest Group's first annual sustainability report. This paper discloses the Group's efforts, impacts and progress in relation to all areas of sustainability during the Financial Year Ending (FYE) 2018.

Since inception in 2010, Pro-invest Group has achieved significant growth, expanding our hotel portfolio's footprint across Australia. To date, we have three operational hotels, with a further seven in various stages of development across Australia and New Zealand.

In line with strategic objectives, Pro-invest Group is dedicated to optimising the financial and social returns of its hotel investment portfolio for its investors through a focus on Environmental, Sustainable and Governance ("ESG"). Pro-invest Group enhances its investments via yield accretive ESG initiatives and mitigates resource price volatility on its fund returns by reducing consumption. Further, Pro-invest has an integrated ESG approach in its business and believes that ESG is a growing area of importance to hotel guests. Markedly, ESG aids in the engagement and retention of high caliber staff and is important in the overall guest experience amongst today's socially and environmentally aware market place.

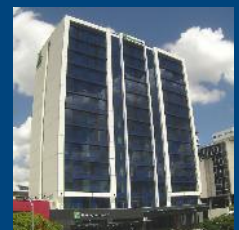
Subsequently, in accordance with our guiding principles of Commitment, Integrity and Trust governing all aspects of our conduct, business operations and loyalty to stakeholders, during 2018 we implemented a range of initiatives spanning our core business divisions and the lifecycle of our hotels. The following pages of this report discuss in greater detail some of the core initiatives we have rolled out during this financial year.

We hope you enjoy the read,

Ronald Stephen Barrott FRICS

CEO Pro-invest Group
On behalf of Pro-invest Group

Pro-invest
group

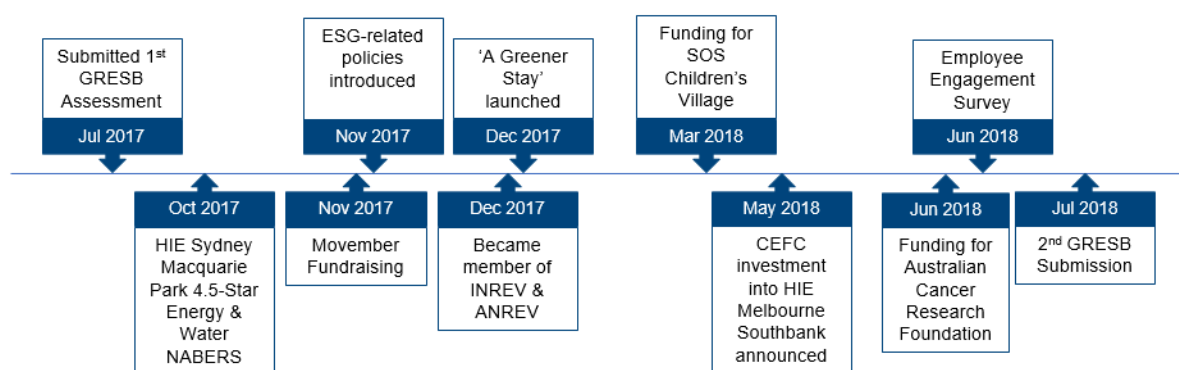


In collaboration
with **IHG**®

FYE 2018 Sustainability Milestones

Pro-invest Group ("Group") is proud of the efforts and achievements that the Group has made in respect to ESG during the 12 months to June 2018.

As this is the first year of reporting on its sustainability initiatives, the Group wishes to disclose that no formal alignment to any third-party reporting standards have been engaged. As part of the Group's commitment to strengthening the transparency and structure of its sustainability framework, alignment to ESG reporting standards will be engaged and adhered to in forthcoming Sustainability Reports.



Material Highlights for FYE 2018

4.5-star

NABERS Energy & Water Rating received for first operational asset

c. A\$37,000

donated to charities located in APAC

86%

score for INREV best practice Corporate Governance Standards Assessment

54% to 46%

male to female ratio

A\$39m

CEFC investment received to boost NABERS Rating to 5-stars & reduce energy consumption by up to

25%

89%

of employees believe the Group to operate in a socially responsible manner

The Pillars of Governance at Pro-invest Group

The Group continuously strives to maintain best practice governance policies and procedures to ensure ongoing investor confidence. This means that the Group continuously conducts reviews and engages with third-party institutions to ensure we remain up to date and compliant with legislation and governance frameworks within the geographic environments that our operations expand to.

GRESB 2017 Results

In June 2017, the Group participated in its first Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment. GRESB is an investor-driven organisation which has the principal function of assessing the sustainability performance of real asset sector portfolios and assets across the globe.

GRESB provides business intelligence and engagement tools for investors and management to utilise through validating, scoring and benchmarking ESG performance

data. The assessment covers seven overarching themes:

1. Stakeholder Engagement;
2. Building Certifications;
3. Performance Indicators;
4. Management, Policy & Disclosure;
5. Risks & Opportunities;
6. Monitoring; *and*
7. Energy Management Systems

Strengthening our ESG Framework

The Group has just completed its 2018 GRESB assessment and the results are expected in September 2018. During 2018, the Group identified key ESG initiatives which it has implemented to strengthen its sustainability performance.

As part of its 2018 GRESB assessment, the Group reviewed all of its ESG policies and procedures to ensure that they were in line with other real estate groups.

Most Recent Policies Introduced

Environmental 	Social 	Governance 
Pro-invest Asset Development & Maintenance Policy	Community Impact & Engagement Policy Human Rights Policy Employee Engagement Policy Health, Safety & Wellbeing Policy Tenant & Customer Policy Supplier Code of Conduct	Investor Engagement Policy Pro-invest International Asset Management ESG Policy ESG Taskforce Committee Policy Government & Local Authorities Engagement Policy

INREV & ANREV Membership

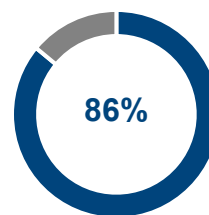
Pro-invest Group established membership with INREV and ANREV, permitting the Group to adhere to global compliance best practice with respect to non-listed real estate vehicles.

INREV is Europe's leading member driven association for Investors in Non-Listed Real Estate Vehicles. INREV acts as a pioneer in advocating for professional standards across the non-listed real estate industry through a range of actions such as establishing the benchmark for corporate governance, sustainability, accounting and reporting. ANREV is Asia Pacific's leading platform in sharing knowledge.

Compliance with the INREV Guidelines Assessment Results

The Group voluntarily engaged with INREV during the reporting period to complete an assessment with respect to best practice corporate governance standards. Pleasingly, the Group performed strongly gaining a compliance total of 86% of the 49 questions assessed.

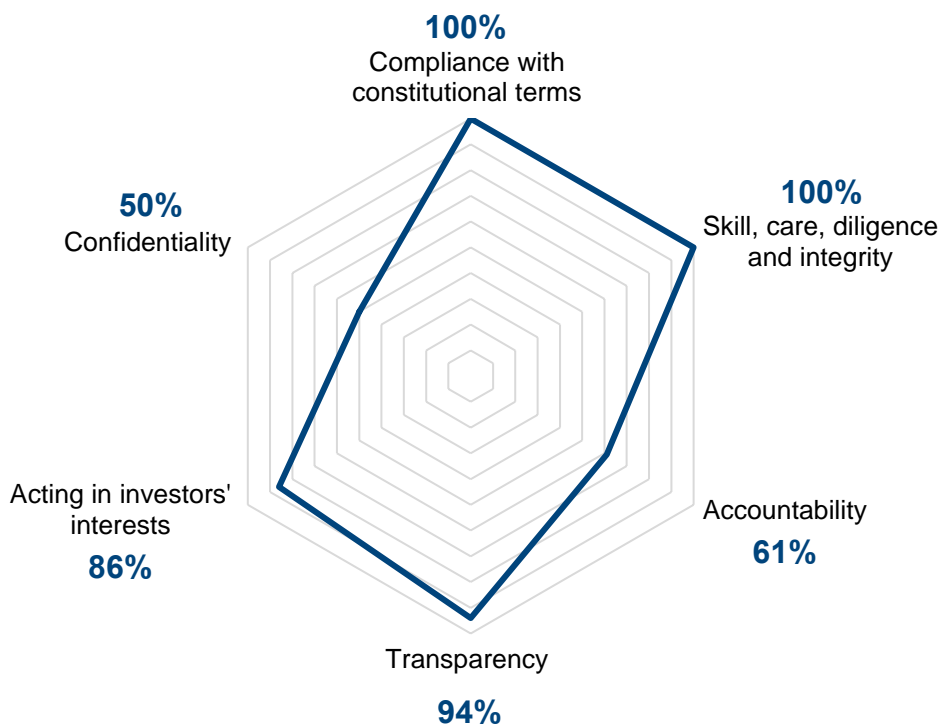
INREV Results



Pro-invest Group Compliance INREV Total

The breakdown score evidenced in the spider map below demonstrates the Group's strong performance particularly in areas of skill, care diligence and integrity (100%), compliance with constitutional terms (100%) and transparency (94%). The significance of these results relates to the fact that Pro-invest Group operates as an ethical business, reducing any legal risk that the Group may be subjected to, enabling it to act in the best interests of its stakeholders, thus progressing in a sustainable manner.

Further, the strong results achieved in this assessment demonstrate the Group's commitment to best practice compliance initiatives, which ultimately drive investor confidence.



Human Capital at Pro-invest Group

People are our most valuable asset. As such, during the financial year, the Group released its Employee Engagement Survey, receiving a 96% response rate. The Employee Engagement Survey was classed into three sections, with the primary section being benchmarked against the Professional Services Benchmark (PSB) and Financial Services Benchmark (FSB), the second being in-house questions and the third, free response. The results indicated that the Group is performing well against its peers in both the PSB and FSB, generally sitting in the upper to top quartile.

Employee Engagement Survey Highlights

89% believe the Group operates in a socially responsible manner

89% take the initiative to help one another when the need arises

82% believe the Group to be environmentally responsible

Diversity across the Group's Operations

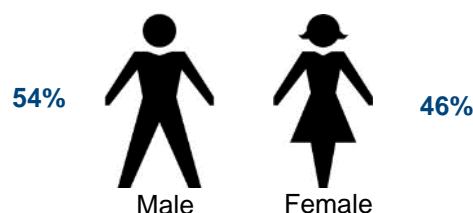
The Group avidly supports diversity across the organisation. Through ongoing revision of its policies and procedures, the Group ensures there is no discrimination against gender, religion, ethnic background, sexual orientation or the like. The Group strives to facilitate an inclusive workplace where employees are free to express their diversity and unique attributes.



Pro-invest Group

Under the operation of Pro-invest Group, there are a total of 100 employees currently employed at the Group's Head Office, Holiday Inn Express ("HIE") Sydney Macquarie Park, HIE Brisbane Central and HIE Adelaide City Centre.

To date, there is a relative balance of females and males.



Investing in the Group's Human Capital

Further, the Group strongly encourages training and development. Accordingly, in an ongoing commitment to enhancing the already high-caliber employees at Pro-invest Group, the Group invested in several industry and ESG-related training and development conferences and workshops hosted by leading institutions such as AHICE, ANREV, GRESB, CompliSpace, Deloitte, Tourism Research Australia and ZOOiD (Certified Training Partner of the Global Reporting Initiative) for employees to attend. This investment ensures that the team remains informed of the latest industry and sustainability trends, coupled with compliance-related regulations.



Community Engagement

The Movember Foundation

The Movember Foundation is the only charity that tackles men's health on a global scale, year-round. The Foundation addresses some of the most pressing health issues faced by men, including that of prostate cancer, testicular cancer, and mental health and suicide prevention. Men of all ages face this health crisis, with all being fathers, brothers, partners, friends and beloved colleagues.



During November 2017, Group personnel joined the forces of thousands of other men, not shaving for 4 weeks, raising donations, making conversations and inspiring real change. Before fundraising commenced, the team set the target of A\$2,500 and by the end of November, the team had achieved their goal. The Group wishes to thank everyone who supported the team in combating prostate cancer, testicular cancer and mental health and suicide. All donations were greatly appreciated.



SOS Children's Villages Thailand Project

The SOS Children Foundation was founded in 1971 with the mission to help children who have lost the care of their parents. The Foundation believes that the family environment is the best environment for a child to grow and thus, the Foundation assists children to grow up in the most natural way possible, developing their individual skills, talents and interests.

On behalf of the Pro-invest Management entity, the Group and InterContinental Hotels Group ("IHG") entered into an agreement with SOS Children's Village Thailand to assist in funding the Bangpoo, Samutprakarn Village, located c. 15 kilometres east of Bangkok, ultimately supporting 143 people.

The funding amount totaled to US\$25,000 which will be allocated towards the renovation of 12 family houses. These houses have been used for more than 45 years and are therefore in urgent need of renovation.

Works will include the housing foundation, roofs, floors, walls, ceilings, doors and windows along with sanitary ware, electricity and painting.



Australian Cancer Research Foundation

The Australian Cancer Research Foundation's mission is to outsmart cancer through providing world-class scientists with the equipment they need to improve prevention, diagnosis and treatment of all types of cancer.

Founded in 1984, the Foundation has achieved great progress regarding research into many cancers. However, more funding is required to ensure that researchers have the latest and most sophisticated equipment they need to help end cancer.

Recognising the value of supporting the Foundation's efforts, the Pro-invest Management entity donated A\$10,000 to the Foundation, with 100% of the money going directly to cancer research.



AUSTRALIAN
CANCER
RESEARCH
FOUNDATION

Environmental Performance Across the Portfolio

With the Group's ever-growing portfolio, it is integral that, as a key operator in the Australian and New Zealand hotel landscape, the Group designs and develops hotels that operate efficiently throughout the long term. Such efforts not only save on operational expenses but aid in reducing the impact the Group has on the environment. By incorporating sustainable objectives into the core functions of the Group, a range of direct and indirect benefits are compounded.

Notably, as an IHG Franchisee, hotels owned, developed and operated by the Group have access to numerous tools and processes created by IHG to promote several ESG initiatives. Some initiatives are voluntary, while others form part of each hotel's compliance to Brand Standards, which form part of the Licence Agreement entered into between various hotel owning entities and IHG as Licensor of the Holiday Inn Express® and EVEN® Hotel brands.

The following pages will be reporting on the ESG initiatives rolled out during FYE 2018 across Australian Hospitality Opportunity ("AHO") Fund I and AHO Fund II.

HIE Brand Audit

At all times, hotels have a duty of care in the management of risks pertaining to the safety and security of staff, guests, visitors and other stakeholders. Therefore, periodic measures are implemented and monitored across the Group's operational assets to ensure the regular crisis and incident risk assessments are performed.

All three operational HIE hotels received excellent results, passing IHG's audit for Brand Standards Compliance.

Broadly, the five overarching categories assessed included Service Standards, Product, Brand Safety Standard, Cleanliness and Condition. Markedly, all three HIE assets received 100% for the category of Brand Safety Standards. These marks are significant in reducing operational and financial risk to the portfolio.

Sustainability in Design & Construction at the Group's HIE Hotels

The Group actively works towards enhancing AHO Fund I and AHO Fund II's (including the Melbourne Co-investment) returns through environmentally sustainable design, construction and hotel operational initiatives.

Assets are enhanced through energy and water efficient design which commences at the design phase and is followed through in the construction phase with all HIE hotels in the Funds through having:

- LED lighting throughout and sensor lighting in the corridors;
- Gas fired water heaters, with gas typically being a lower carbon emission form of energy than electricity in Australia;
- Dual flush lavatories;
- Modular carpet with an Environmental Product Declaration, made from recycled materials; *and*
- Building Management System ("BMS") to optimise plant use efficiency.



Aligning with Leading Institutions to Optimise Asset Efficiency

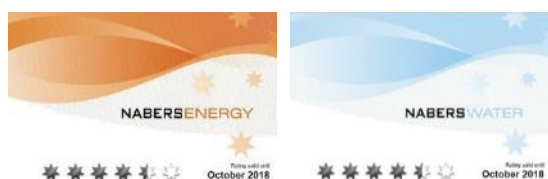
In Australia, energy costs have risen drastically and thus, developing assets to reduce their energy consumption is a necessity. In addition, provisions for energy reduction systematically mitigates the risk of exposure to the volatility of energy prices in the market.

HIE Sydney Macquarie Park NABERS Rating

HIE Sydney Macquarie achieved a 4.5-star Energy and Water National Australian Built Environment Rating System (NABERS) Rating.

NABERS is a national rating system whereby the environmental performance of Australian assets is measured. These include energy efficiency, waste management and water usage. The Group continuously strives to acquire a 5-star NABERS rating for every asset in the portfolio on first assessment. Ratings given are between one and six stars. A 6-star rating demonstrates market-leading performance.

To date, HIE Sydney Macquarie Park is the only asset to have a post-construction NABERS rating, as at the time of the registration process it was the only asset that had been in operation over 12 months. HIE Sydney Macquarie Park achieved a NABERS Energy rating of 4.5-stars and NABERS Water rating of 4.5-stars.



Once a building meets and continues to maintain at all times during the income year at least a 5-star Green Star rating as certified by the Green Building Council of Australia or a 5.5-star energy rating as accredited by NABERS, the asset will qualify as a “Clean Building”.

Term Debt Facility from CEFC

In the third quarter of 2016, Pro-invest commissioned Cundall to assess the potential NABERS Energy Rating of the HIE Melbourne Southbank asset currently under construction. Cundall is an international multi-disciplinary

consultancy based in Australia. Cundall provides design input throughout the entire asset lifecycle.

Over the months leading to Q4 2017, a sequence of events resulted in the Group engaging with Clean Energy Finance Corporation (CEFC). CEFC invests in projects that demonstrate robust potential in decarbonation, ambitious energy efficiency such as infrastructure, manufacturing and property, and electrification and fuel switching.

The CEFC Board operates and conducts their investment decisions independently from government through applying rigorous commercial assessments, which the Group had to follow accordingly.

As a result, the Group received a A\$39 million term debt facility from CEFC for HIE Melbourne Southbank, enabling the asset to cut as much as 25% of its energy consumption once operational and boosting the asset's anticipated NABERS rating to 5 stars.

The involvement of CEFC marks the institution's first investment into hotel real estate, enabling the Group to continue developing, operating and owning assets that are industry-leading in respect to sustainability.

Situated at 35-47 City Road, Southbank Victoria, the asset is a mixed-use 4-star hotel comprising of 345 hotel rooms, 370m² of retail space, 4,500m² of commercial space and 103 car park spaces. When completed, the hotel will include meeting and conference rooms, gym facilities and a food and beverage offering. HIE Melbourne Southbank is expected to be operational by November 2019.



Initiatives for HIE Melbourne Southbank include, but are not limited to:

- High performance glazing;
- High efficiency air-cooled chillers;
- Condensing boilers;
- Solar photovoltaic systems on the hotel's roof;
- Regenerative lift drives enabling the hotel to recycle energy; *and*
- Integrated building management and guestroom energy management systems to allow the hotel to monitor and drive optimum energy performance.

Holiday Inn Express

SIGNAGE

51-5

Energy, Water & Waste

Green Engage is a tool developed to be applicable to IHG-branded hotels across the globe and therefore the system has been designed to be all-encompassing and applicable to assets in various stages of their lifecycle.

Aligned to the ISO Standards and LEED, Green Engage performs the functions of a sustainability guide offering over 200 initiatives to implement throughout development, refurbishment and operation phases, and an Energy Management System and Data Management System. In 2018, with standing assets commencing stabilisation, the Group has continued on the path of increasing transparency.



Not only can implementing programs such as IHG's Green Engage save hotels approximately 15-20% in energy savings, the benefits of a successfully implemented and managed sustainability program for the Group as an entity and the hotels under management can include the following:

- Increase business ability to comply with regulation;
- Attract employees & investors;
- Reduction in waste & energy usage;
- Reduction in labour expenses; *and*
- Improved brand image & competitive advantage.

Through the Green Engage system, the Group has been able to track energy, water and waste usage of each of the standing assets.

A Greener Stay

The Group, in collaboration with IHG, introduced a new environmental initiative called 'A Greener Stay'. The initiative enables guests staying more than two nights in our hotels to opt out of housekeeping services and receive 500 IHG Rewards Points.

Pro-invest Group

This initiative provides the Group's HIE hotels with numerous benefits including:

- Promoting an environmental initiative which reduces the cost of laundering bed linen and toweling;
- The ability to attract and enrol new IHG Reward Members; and
- Savings in room cleaning costs.

The Group's hotels are the first IHG branded hotels to roll this out in Asia Pacific, demonstrating the Group's leadership in seeking to operate more efficiently and environmentally. Since the roll-out of 'A Greener Stay' in December 2017, the program has generated a total of 4,638 'A Greener Stay' nights resulting in A\$59,500 in savings.

Building for the Long-term

Using Sustainable Hotel Guest Amenities

Guest amenities such as soaps, shampoos and conditioners are sourced from Vanity Group. According to the supplier, their packaging and ingredients are consistently reviewed to ensure all products are as eco-responsible as possible.



This includes:

- Advocating cruelty free products – non-animal testing;
- All products for all brands are paraben free;
- Sourcing sustainable materials and techniques; *and*
- Using EcoPure® which is an organic additive that causes plastic to biodegrade through a series of chemical and biological processes in a landfill disposal environment.

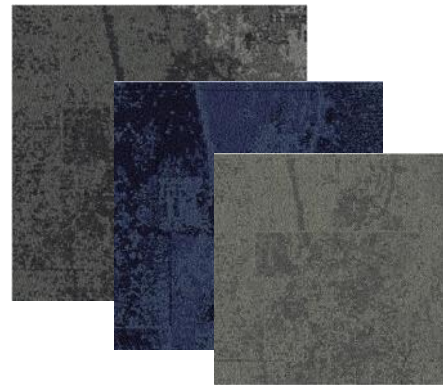
Pro-invest Group ensures that sustainability is exercised throughout the entire hotel, from design, construction, hotel Fixtures, Fittings & Equipment and hotel operations. The following section discusses one of the many sustainability practices incorporated at each of the Group's assets.

Recycled Carpeting

To date, HIE carpets installed have been manufactured by Interface Inc, the world's largest manufacturer of modular carpet. The Interface carpet tile is entirely recyclable, reducing landfill. Furthermore, providing modular carpet over standard broadloom provides several advantages, including less waste during the installation phase as cut tiles can be reused elsewhere, as well as the ability to replace single or multiple carpet tiles in case of damage or staining, rather than replacing a whole room or part of a corridor with broadloom.

Sustainability Specifications of Carpeting:

- Zero net Greenhouse Gas Emissions associated with the life cycle of the product;
- The modular carpet creates c. 85% less installation waste than broadloom; and
- Product qualifies for recycling under the supplier's optional carpet reclamation program.



Moving Forward to FYE 2019

The Group is committed to continuing along the journey of sustainability, ensuring that, to the best of the Group's ability, the needs of stakeholders across the organisation, both internal and external, are catered to.

Continuing our commitment to sustainability throughout the entire organisation and its assets, in collaboration with our key stakeholders, the Group will be directing its efforts towards the following areas:



Governance

Improving GRESB Performance year-on-year to ensure the Group remains competitive in comparison to best practice real estate portfolios globally;

Align sustainability reporting to internationally recognised reporting standards to improve transparency and rigorism; *and*

Action risk management practices and engage third-party professionals to ensure that the Group remains compliant with legislative updates and introductions.



Social

Allocate resources towards Training and Development for the Group's employees;

Continue the roll-out of the Employee Engagement Survey, ensuring all employees are healthy, happy and that their needs are being met; *and*

Facilitate greater community engagement through the continuance of activities and initiatives such as fundraising for the Movember Foundation.



Environmental

Continue adherence to the Green Engage Energy Management System through reporting

on and monitoring energy, water and waste consumption data across operational assets;

Continue the roll-out of 'A Greener Stay' across portfolio once assets become operational in order to reduce environmental impact and generate resource savings; and

Continue striving to achieve industry-grade certification for standing assets to certify their optimum energy and water usage, generating resource savings while boosting transparency and attracting environmentally-conscious guests.

The ACE Platform by CIM Enviro

During the end of the financial year, the Group engaged CIM Enviro to place HIE Sydney Macquarie Park on a 3-month trial commencing the 1st of August 2018. The advantages of the CIM Enviro's ACE Platform system are that there is:

- No initial capex requirement;
- Provides preventative maintenance insight;
- Detect R&M issues; and
- Reduces energy consumption due to the fine tuning of the BMS.

The ACE Platform system has the potential to provide:

- Up to 40% in Energy Savings
- Up to 66% in Repairs and Maintenance Savings
- Up to 55% in Maintenance Contracts Savings

Following the 3-month trial, an assessment will be performed to assess whether the Group will roll out the system across all operational assets in the portfolio.

Sustaining our NABERS Ratings

The Group is committed to improving the operational efficiency of the portfolio on an ongoing basis. As such, the Group have initiated a strategy to re-register HIE Sydney

Macquarie Park for the renew its Energy of Water NABERS Rating in the early months of FYE 2019.

In preparation for the certification renewal, the Group have engaged with an auditor to provide a roadmap to achieve a higher rating. This coupled with the engagement with CIM Enviro seeks to drive HIE Sydney Macquarie Park to achieve optimal efficiency throughout the entire lifecycle of the asset.

Conclusion

With a number of commitments already established, we anticipate our sustainable journey to continue to strengthen and refine over FYE 2019. The Group and all stakeholders

involved have learnt a lot over the 12 months to June 2018 and we will be applying the knowledge gained to our business strategy moving forward. As the Group's portfolio continues to grow in success, coupled with several milestones reached in FYE 2018, the upcoming 12 months serve as a prime opportunity to further challenge ourselves and implement a range of measures and initiatives to improve our Social, Economic and Environmental performance.

We thank you for taking the time to read our first annual Sustainability Report and look forward to communicating our sustainability journey with you in FYE 2019.



For more information about Pro-invest Group and the Australian Hospitality Opportunity, please visit:

www.proinvestgroup.com

Pro-invest
group



AN IHG® HOTEL



AN IHG® HOTEL

EXISTING HOTELS

Holiday Inn Express Sydney Macquarie Park
Holiday Inn Express Brisbane Central
Holiday Inn Express Adelaide City Centre

DEVELOPMENT PIPELINE

Holiday Inn Express Newcastle
Holiday Inn Express Melbourne Southbank
Holiday Inn Express & Suites Queenstown
Holiday Inn Express Sydney Airport
Holiday Inn Express Melbourne Little Collins
Holiday Inn Express Auckland City Centre
EVEN Hotel Auckland City Centre