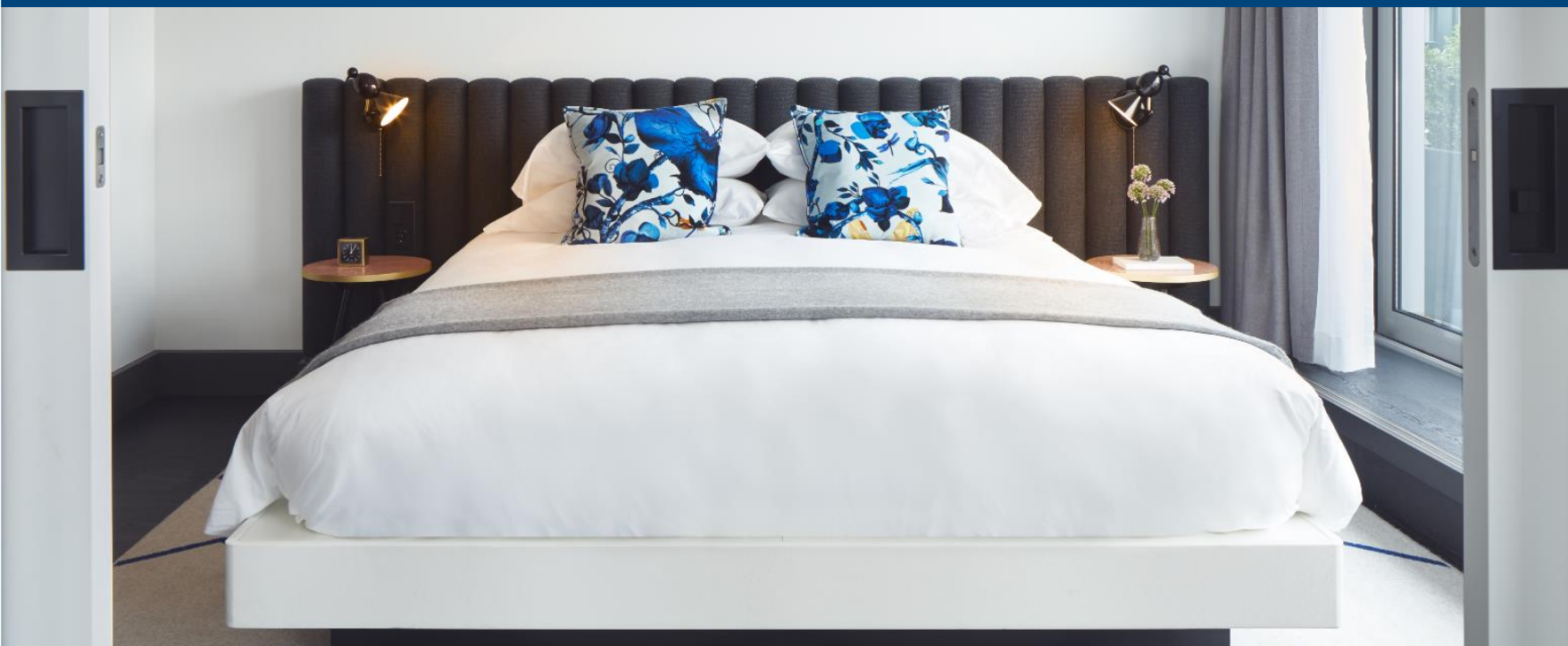


ASIA-PACIFIC DISTRESSED HOSPITALITY FUND III

VALUE-ADD INVESTMENTS INTO INCOME PRODUCING HOTEL ASSETS

MARCH 2021



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WHY INVEST IN HOSPITALITY NOW



Hotel Indigo Singapore



Kimpton Charlotte



Kimpton Amsterdam



As a result of the acute impact of the COVID-19 pandemic on the industry, the hospitality market is currently experiencing an unprecedented level of disruption.



While there have been prior economic shocks that have significantly disrupted the accommodation sector, the virtual shutdown of the travel industry spurred by the virus has never happened before.



Following the global financial crisis, full-service hotel values increased at an average of 12.3% per year from 2010 – 2015 vs. an average of 4.8% for limited-service hotels.



Fund III will target to make controlled investments primarily in luxury, upper-upscale & upscale hotels, known as full-service hotels, with focus on the ANZ market as well as opportunistic investments in other secure Asia-Pacific markets.



To capitalise on the opportunities, Pro-invest established the Pro-invest Asia-Pacific Distressed Hospitality Fund III (Fund III). Fund III has been structured to ensure its hotel assets generate income from the very start.

10

Years in
Operation

Global

Reach - Offices in
Europe, Middle East &
APAC

200+

Years Experience
Among Executives

\$2bn+

Asset Under
Management

17

Hotels across
Australasia

c. 4000

Rooms ranging
from Midscale to
Luxury

We operate as an asset manager and investment firm specialising in private equity real estate & real estate asset management. We have grown to become one of the largest hotel investment platforms in Australasia, in addition to successfully executing a number of commercial real estate transactions.

Pro-invest operates as an internationally connected & fully integrated business combining active asset management, development & operational capabilities, providing investors with above-industry risk-adjusted returns in the hospitality, commercial & retail space.

The Group is also committed to optimising social & financial returns of its hotel portfolio for investors, enabled by industry-leading ESG practices.

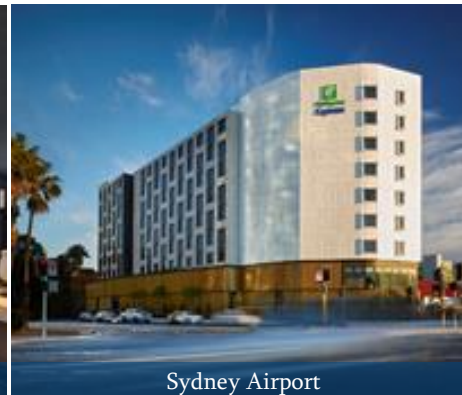
Pro-invest Fund I & Fund II Asset Examples



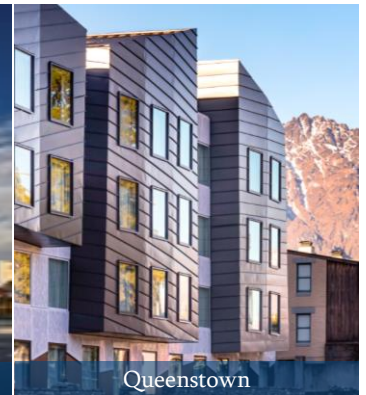
Melbourne Southbank



Auckland City Centre



Sydney Airport



Queenstown

“ Post-financial crisis all you needed was the cash to buy assets and a rising market made everyone look like heroes. This time you are going to need to be much more selective and have the skill set to execute highly transitional assets strategies. ”

– Bloomberg 2021

By acquiring new sites or well-positioned assets at a discount to replacement cost, Pro-invest Group actively creates value-add through in-house development, repositioning, operation & asset management capabilities.

Geographic Investment Focus	Real Estate Asset Class Focus	In-House Team for Design & Development		In-House Team for Re-development	In-House Operations	In-House Asset Management
Europe Middle East Asia	Hospitality Commercial Debt	✓		✓	✓	✓
Off Market Opportunities	Managing Due Diligence	Brand & Operator Selection	Refurbishment / Redevelopment	Green Field Development	Hotel Operations	Active Asset Management



Holiday Inn Express Melb. Little Collins



Sebel Canberra Civic



Yas Hotel Abu Dhabi



Ferrari World Abu Dhabi



Following numerous successful capital raises, Pro-invest holds Pro-invest Australian Hospitality Opportunity Fund I & Fund II, along with several co-investments & managed accounts, amounting to over A\$2bn in assets under management. The hotels are strategically positioned across key APAC markets & feature a collection of select service through to full-service luxury hotels within development, operation & repositioning phases.



Pro-invest sourced & supported the acquisition of the up-and-coming Indigo & voco branded hotels in Brisbane on behalf of Commerz Real. Pro-invest was retained as asset manager.



Pro-invest sourced & managed the off-market acquisition of The Sebel Canberra on behalf of DWS (Deutsche Bank). Pro-invest was retained as the asset manager for the investment.



Pre-COVID-19, Fund I was on track to generate a 25% levered gross equity IRR (target aggregated leverage is 55% of loan-to-cost).



Pro-invest Co-CEO Mr. Jan Smits holds an extensive track record in overseeing the execution, operation & management of luxury full-service & select service hotels across the APAC region, which Fund III will benefit greatly from.



















Prior to Pro-invest, CEO & Founder of Pro-invest, Mr. Ronald Barrott as Founder & CEO of Stannifer Hotels Group introduced HIE brand in the UK. The portfolio comprised of 15 assets (over 2,000 rooms) with a realised levered gross 31% IRR or 3.2x EM.



Between 2005-10, Ronald Barrott, as CEO of Aldar, developed and operated a portfolio of hospitality assets in the Middle East.

“ With full-cycle hotel management at the core of their efforts, Pro-invest’s ESG initiatives range from building sustainable hotels from the ground up to guest engagement. ”

– Measurable Case Study on Pro-invest Group, April 2020

Re/Developments	Hotel Operations	Asset Management	Hospitality Asset Management
<p>Examples Include:</p> <ul style="list-style-type: none">  Environmental considerations during site selection & Due Diligence phases;  Green Engage ≥ Level 1 design & development requirements under IHG Brand Standards;  ≥4.5-star NABERS Energy & Water, targeting 5-stars;  Asset optimisation & efficiency design coordination. 	<p>Examples Include:</p> <ul style="list-style-type: none">  Operating to achieve ≥ Level 1 Green Engage for IHG-branded hotels;  A Greener Stay initiative, reducing associated environmental footprint;  Operating to lower energy, water & waste while maintaining guest satisfaction;  Supporting NABERS Energy & Water. 	<p>Examples Include:</p> <ul style="list-style-type: none">  Coordination with internal teams & ESD Consultants for ESG initiative execution;  Utility monitoring & management, with asset optimisations;  Managing NABERS, GRESB, INREV & ANREV for industry leading results;  GRI Standards & TCFD Recommendations. 	<p>Examples Include:</p> <ul style="list-style-type: none">  Establishing sustainability position of existing asset;  Engaging ESD Consultants to optimise efficiency of asset;  Collaborate with internal teams to implement & execute key ESG targets;  Deliver of NABERS Energy & Water assessment processes.





APAC Boasts Some of the Best Performing

hotel markets, with key market hubs such as Sydney, Auckland & Singapore



Distressed Hotel Opportunity

is rising greatly in the Asia Pacific region



Hotels Rebound Quicker

irrespective of being hit harder than other property types



Over Last 12 Years, Australian Hotels

have outperformed the wider property sector in total returns



Australia & New Zealand Position Better

than most countries with respect to active COVID-19 case numbers & community transmissions



Robust Australian & New Zealand Economies

with low levels of gross national debt, thus well positioned to support recovery



At c. 70%, Domestic Demand Drives

Australian tourism. In 2019, domestic travel +12% & international visitors +2%



Long-term, International Arrivals

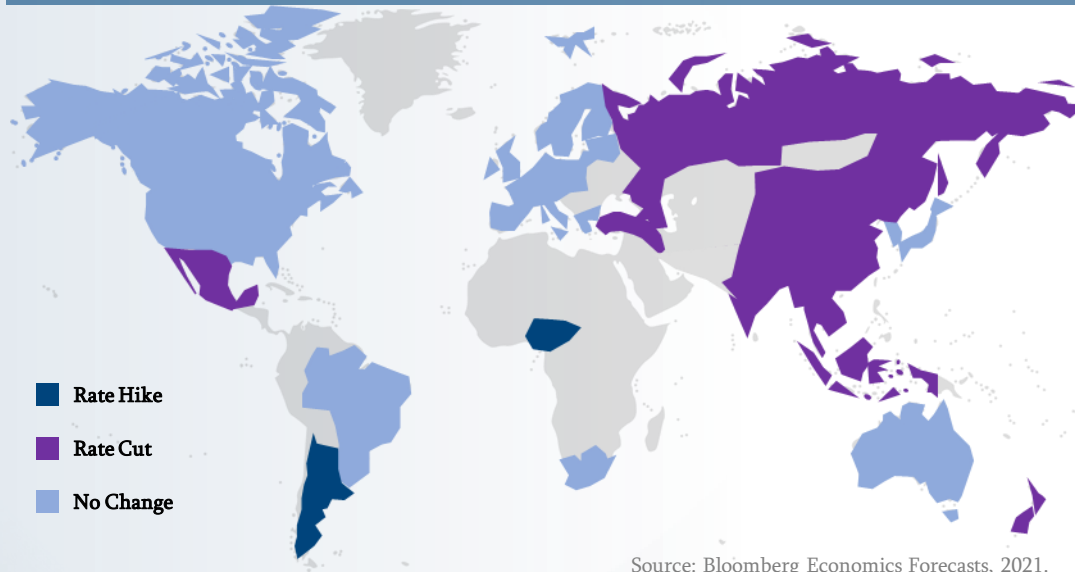
represent significant opportunity in Australia. Pre-COVID-19 forecasts of 10-year AAGR of 4.6% during 2018-19 to 2028-29



Typically, More Australians Travel

abroad than domestically, with COVID-19 border closures expected to be mitigated

Global Central Banks 2021 Outlook: Changing Interest Rates Forecast



Source: Bloomberg Economics Forecasts, 2021.

“ Amongst global economic disruption, where trends are veering towards **negative interest rates**, investing in **real assets** provides investors the opportunity to see **running yields from day one**. ”



A turbulent 2020 has sent interest rates to record lows – and in various parts of the world rates remain in negative territory.



Quantitative easing has seen significant liquidity injected into economies to underpin growth leading to inflationary pressures and investments into real assets as a hedge against inflation.



Due to low interest rates and inflationary pressures, real estate will continue to be attractive relative to other asset classes with further potential for yield compression.



Fund III follows an attractive investment strategy **using a value-add approach to standing, income producing hotel assets currently undervalued due to COVID-19.**



Kimpton Asheville, Actual Photograph



The Fund will focus on acquiring hotels in markets with high-barriers to entry & attractive supply / demand fundamentals that are conducive to Pro-invest's strategy of implementing value-add initiatives to increase operating cash flow.

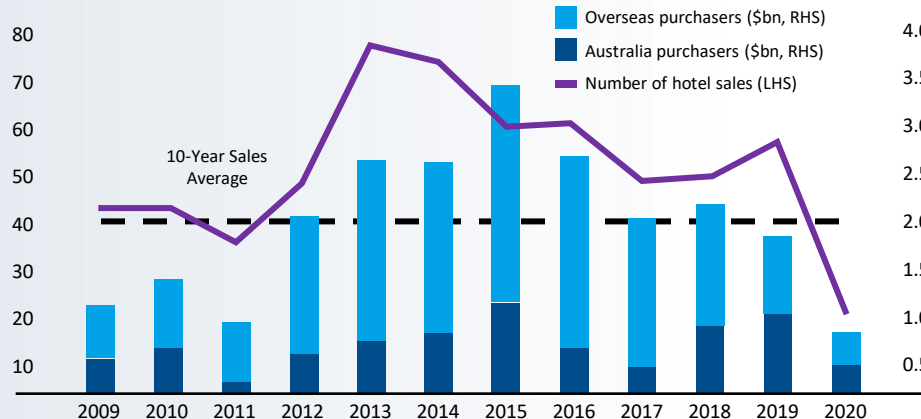


While Fund III's investment strategy is not reliant on distressed opportunities, the ability to acquire assets below replacement cost due to the current disruption in the hospitality sector may provide further upside for investors.



In order to be able & tap early on into some of the opportunities, Fund III has the flexibility to invest into Debt as well as Equity positions.

Total Value of National Hotel Sales



Source: CBRE Hotels, 2021

“...reasonably pronounced movement from the owners and investors being dominated by privates to a huge number of big balance sheet institutions that want to lean into the [hotel] sector.¹”

“Tourism is absolutely going to boom. Once the borders do free up, it is going to be rampant travel.¹”



Following the implications of COVID-19, the hotel sales market halted during much of 2020.



Looking to 2021, JLL anticipates a steady stream of hotels to come to the market with increased listing activity particularly in H2 2021.



Good-quality assets are still in high demand, with plenty of buyers from Australia and abroad eager to seize the counter-cyclical opportunity.



For instance, the Pro-invest Group A\$132 million acquisition (at A\$767,400 per key) for the luxury 5-star Primus Hotel Sydney and reports of a A\$600 million transaction by GIC for the Mirvac-NRMA Travelodge portfolio.



c. 60% to 70% of investment-grade hotels are owners by overseas interest, with the potential to increase post-COVID-19. For those that purchase in 2021, there could be significant uplift.

Already, Fund III looks to hold a pipeline featuring a luxury 5-star Sydney CBD hotel & an upscale hotel boasting a Sky Lounge in the heart of Auckland.



Prime 5-star Luxury Sydney CBD Hotel: Hotel Acquisition & Value-add

Proximate to prime grade commercial office towers, 10 minutes from Australia's newest international convention centre, short distance from the city's premium retail precinct and just north of Sydney's bustling Chinatown offering a myriad of F&B and entertainment options.

Existing 5-star hotels in Sydney CBD remain tightly held with long-term management agreements. Thus, opportunities for hotel brands to enter this highly sought-after, globally recognised market remain very rare.



Premium 4.5-star Upscale Auckland CBD Hotel: New Build

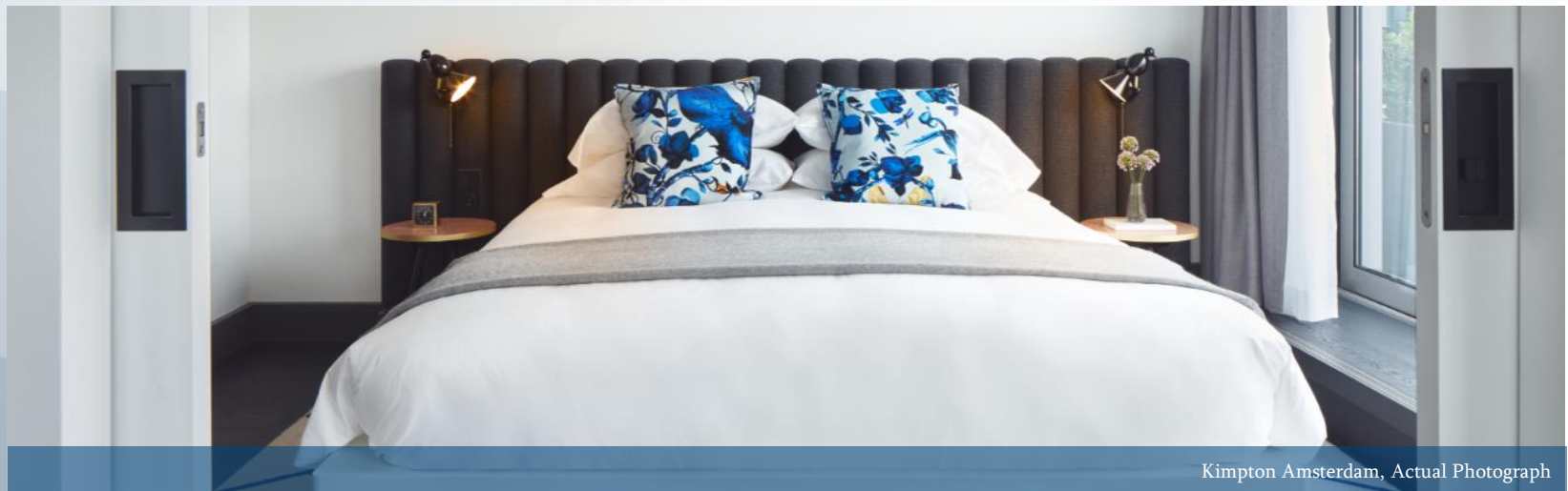
Premium asset positioned to capitalise on a constrained supply environment expecting strong hotel RevPAR growth.

The Auckland market has high barriers for entry due to limited well positioned and viable development sites, reducing the impact of expected new additions to supply.

Urgency for new hotel inventory in New Zealand is greatest in Auckland, where record occupancy rates disrupting traditional tourism patterns and behaviours.

STRONG RELATIONSHIPS

Pro-invest has passed stringent due diligence & is trusted by a several significant domestic & international debt & capital providers.



Kimpton Amsterdam, Actual Photograph

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