

January 2024

## Pro-invest Group Set for a Dynamic Year: Looking Ahead to 2024

Dear Investors and Partners,

As we start what will no doubt be another busy year, I have been reflecting on our progress, the hard work of our team and the strides we are making across the portfolio.

The economic environment continues to provide both challenge and opportunity, and I am very proud of the way our adept team have been expertly navigating this across sectors, markets, and assets. This reflects the depth of insight and breadth of knowledge within the business.

While uncertainty remains top of mind in many industries, travel and hospitality continue to rebound and show resilience to market dynamics. [Tourism forecasts for Australia](#), for example, show travel projected to surpass pre-pandemic levels by 2028. With domestic travel stabilising in 2022, international visitor volumes are now expected to return to 2019 figures next year (2025). Spending from critical Asian markets like Vietnam, Thailand and India also recovered in 2023, and Chinese and Japanese visitors are gaining momentum with plenty of upside expected this year. Total visitor expenditure is anticipating a 61% increase over pre-pandemic benchmarks, while overall visitor spend last year tracked 23% higher than 2019, a trend that further validates travel's revival and the prospects for hospitality.

Read more in our white paper, "[Finding the Silver Lining: A New Perspective on Hospitality as an Alternative Asset](#)", authored by Dr. Sabine Schaffer, Co-Founder & CEO, Europe, who shares our perspective on why current dynamics indicate now is the right time to consider hotels as a viable alternative asset class.

### Driving Results

Amid these encouraging tailwinds, our diversified hotel portfolio is outpacing competitors and our strong operating platform enabled nimble responses to capture this rising demand. RevPAR in our stabilised properties grew 50% higher than their competitive sets last year. While our operating model efficiency boosted margins to 40%+ GOP for our select service hotels - compared to an industry average of 34%-37%. Combining travel momentum with our comprehensive brand offerings, a lean operating model and growth-oriented strategy, Pro-invest is primed to capitalise on further growth ahead.

Jan Smits, CEO, Asia-Pacific, shared more about how Australia is performing and what's in store for the company in [Hotel Investment Today](#).

### Portfolio Expansion and Notable Openings

In 2022 we opened more hotels than any other owner/operator in Australasia; and in 2023 we continued to expand our portfolio, opening several new hotels and restaurants.

[Hotel Indigo Melbourne on Flinders](#) opened to wide acclaim after our \$20m repositioning of the property. The first Hotel Indigo in Melbourne, we drew inspiration from the history and colourful legends of its Flinders Lane neighbourhood. Following closely behind was the much anticipated [Hotel Indigo Sydney Potts Point](#). Another brand debut, this hotel further cements our presence in the luxury and lifestyle segment, becoming the third Hotel Indigo in our portfolio.

Last year we also unveiled three new Restaurants and Bars, enhancing our portfolio with distinctive culinary experiences:

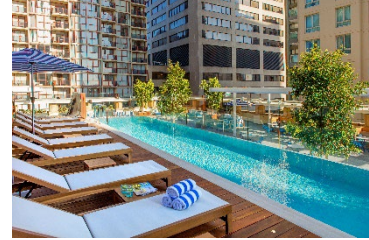
- **BESO** combines Spanish culinary artistry with Melbourne's vibrancy, offering distinctive Spanish dishes and wines in a welcoming, multicultural setting, seamlessly connected to our Hotel Indigo.
- **Luc-San** a French Izakaya by Luke Mangan, blends Japanese and French flavours, creating a unique dining experience for both Potts Point locals and Hotel Indigo guests staying close by.
- **Harper Rooftop Bar**, found on level seven of Kimpton Margot Sydney, is the city's largest rooftop bar and an urban oasis where you relax, eat, drink, and connect as the city bustles below you.



BESO, Melbourne



Luc-San, Sydney



Harper Rooftop Bar, Sydney

In December, NEXT Hotel Melbourne (one of our extensive portfolio of third-party management contracts delivered on behalf of Vista Hospitality Group), became the [city's first Curio Collection by Hilton](#) and marked our inaugural partnership with Hilton. The team transitioned this hotel into the Hilton enterprise in just a few months, embedding the systems, loyalty programme and brand standards that will mark this hotels' next chapter.

### Award-Winning Excellence

Our dedication to service excellence earned prominent industry honours last year, including:

- Holiday Inn Express & Suites Queenstown - New Zealand's Best Mid-Scale Hotel (*HM Awards*).
- voco Auckland City Centre - Highly Commended, New Zealand's Best Upscale Hotel (*HM Awards*).
- Kimpton Margot Sydney, Australia's Best Boutique Hotel (*HM Awards*).
- Kimpton Margot Sydney - Finalist, Best Tourism & Leisure Development (*Property Council of Australia & Rider Levett Bucknall Award*).

Of equal pride, Pro-invest Group and Vista Hospitality were certified as a [Great Place To Work](#) across Australia and New Zealand - affirming our supportive, inclusive work environment nurturing top talent.

### Sustainable Growth and ESG Initiatives

Sustainability remains a cornerstone of our operations and our dedicated ESG ethos, One Earth, Countless Experiences, ensures environmental responsibility is woven into every aspect of our business.

We were delighted that in our seventh consecutive year of participation, we successfully increased our [GRESB Real Estate Assessment scores](#). Our comprehensive approach, which encompasses Leadership, Risk Management, and other critical ESG aspects, has been instrumental in achieving consistently improved outcomes.

You can read more about how we develop sustainable hotel assets, and the real-world performance this delivers, in this recent [case study produced by NABERS](#) and our [Sustainability Report](#).

### European Progress

Our European team continues to pursue investment, development and asset conversions that unlock value. Most recently we've been working on the repositioning of hotel assets into build-to-rent residential property and several brown-to-green conversion opportunities. There has been a notable rise in the number of potential office conversion proposals underway - particularly transforming office properties into thriving hospitality assets. As post-pandemic work modes transform office space demands, corporates re-evaluate

their real estate and leisure demands climb, we see substantial opportunities to repurpose these spaces to drive value for asset owners.

Aligned with private equity research firm PERE's prediction of 'vintage' conditions in 2024, we are witnessing market conditions ripe for value-add investments, with narrowing bid-ask spreads signalling opportune moments for strategic acquisitions. Our integrated platform is primed to capitalise on these dislocated assets, reinforcing our commitment to growth and sustainability in the European market.

### **Taking our Hospitality Model to the Living Sector**

As we look ahead to what 2024 holds, we remain committed to identifying and capitalising on new opportunities around the world. Our integrated platform, combining expertise in development, asset management, and operations, uniquely positions us to navigate the evolving real estate landscape.

As interest accelerates in residential real estate, and BTR in particular, our deep hospitality expertise offers a competitive edge to make a meaningful impact. Our expertise aptly translates into the broader living sector, enabling us to deliver innovative, community-focused solutions for modern urban dwellers.

Our operational excellence around customer service, value creation and rental yield optimisation positions us to provide rewarding rental environments. While existing infrastructure and connections, help us capitalise on evolving residential opportunities. Expect to hear more from us this year as we scale into dynamic residential spaces where people gather to live, work and play.

Ultimately, we believe quality assets across the hospitality, retail, office, and residential sectors remain highly sought-after with astute global investors seeking to deploy capital. Economic complexities underscore the need for a fully integrated real estate provider – one that generates value across the entire asset lifecycle, while embedding future-proof sustainability. This is what Pro-invest Group is designed to deliver.

### **The 12 months ahead**

As a team we have entered 2024 with momentum, well-equipped to achieve heightened success. The support of our capable colleagues, trusted partners and loyal investors fuels our success and inspires us to set higher benchmarks – we are as focused as ever on delivering greater achievements, further growth, and continued excellence.

Warm regards,



### **Ronald Stephen Barrott FRICS**

Founder and Chair, Pro-invest Group

For more Pro-invest Group insights [subscribe here](#) to receive our quarterly Asia-Pacific Hospitality Opportunity Newsletter.