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14 November 2016

Supplementary Information to Notice of AGM

Hotel Property Investments Limited (ACN 010 330 515) (**Company**) advises that it has prepared the attached supplementary information in relation to its annual general meeting to be held on 17 November 2016.

Any enquiries regarding the Annual General Meeting should be directed to:

Jenny Romeo
Chief Financial Officer and Company Secretary
Hotel Property Investments Limited
03 9038 1774
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Supplementary Information to Notice of Annual General Meeting

Hotel Property Investments Limited (ACN 010 330 515) (**Company**) provides Shareholders the following supplementary information in relation to Resolutions 4 and 5 which are set out in the Company's Notice of Annual General Meeting which was lodged with ASX on 14 October 2016 (**Notice**).

This supplementary information should be read in conjunction with, and forms part of, the Notice. A copy of the original Notice can be found at www.hpitrust.com.au or on the ASX website.

Capitalised terms which are not defined in this supplementary information but which are defined in the Notice have the same meaning in this supplementary information.

This supplementary information should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Resolution 4 - General approval of Long Term Incentive Plan (Company only)

The Explanatory Memorandum accompanying the Notice describes the purpose for which Shareholder approval is sought in relation to Resolution 4. It also provides a summary of the terms of the LTIP.

The Company provides the following additional information in relation to the LTIP:

Plan duration, eligibility and participation

The LTIP continues until the Board determines that the Plan is terminated, suspended or discontinued.

The Board has the absolute discretion to determine whether or not a person is an 'Eligible Person' for the purposes of the LTIP, and has the absolute discretion to determine the terms on which a person will be issued Performance Rights.

Conditions and restrictions on Performance Rights and/or Securities acquired on exercise

A Participant is entitled to any rights that accrue to Performance Rights held by the Participant, or Securities acquired on exercise of the Performance Rights. Performance Rights do not confer an entitlement to receive dividends or distributions from HPI, to vote at HPI members meetings or to capital distributions.

A Participant must not sell, transfer, encumber or otherwise deal with its Performance Rights unless otherwise permitted under the LTIP or determined by the Board.

The Board may determine at any time that any or all of the conditions and exercise or disposal restrictions applicable to any or all of a Participant's Performance Rights have been removed or, in the case of any vesting conditions, have been deemed satisfied.

Subject to the conditions being satisfied, each Performance Right exercised will entitle the Participant to one Security. Where a Participant acquires Securities on exercise of his or her Performance Rights, the Participant is entitled to all rights in respect of those Securities.

Vesting conditions

The Board may determine the nature and content of the vesting conditions for any Performance Rights. The vesting conditions for the FY2017 grant are set out in the Notice.

Forfeiture conditions

Unless otherwise determined by the Board, Performance Rights held by a Participant are subject to forfeiture if the Participant ceases employment with the Company. On cessation of employment, the Board will have absolute discretion to determine whether the Participant is a 'bad leaver', a 'good leaver' or a 'leaver', the treatment for each of which shall be as follows:

- Bad Leaver – all rights, entitlements and interests in any Performance Rights will be forfeited.
- Good Leaver – subject to the Board's discretion to determine otherwise, unvested Performance Rights will vest pro rata according to the proportion of the relevant Performance Period that has elapsed as at the date on which employment ceases and having regard to the extent to which any performance conditions have been achieved. The balance of Performance Rights that do not vest will be forfeited.
- Leaver – unvested Performance Rights will normally be forfeited subject to the Board's discretion.

Exercise

A Participant will not be able to exercise the Performance Rights to acquire Securities until the vesting conditions are satisfied. On exercise of the Performance Rights, HPI must allot, issue, transfer and/or procure the allotment, issue or transfer of the number of Securities the Participant is entitled to.

If HPI becomes or, in the opinion of the Board, is likely to become subject to a change in control, unvested Performance Rights held by a Participant will vest pro rata according to the proportion of the relevant performance period that has elapsed as at the date of the change in control having regard to the extent to which any performance conditions have been achieved, but subject to Board discretion.

Administration of LTIP and amendments

The Board has the power to administer the LTIP, to determine how the Company will exercise a power or discretion under the LTIP and any decision by the Company regarding the interpretation, effect or application of the LTIP.

The Board may amend the LTIP in its discretion. The Board must obtain a Participant's consent to an amendment where the amendment will materially reduce the Participant's accrued benefits or entitlements, or will impose additional obligations on the Participant.

Appointment of Trustee

HPI may appoint a Trustee, on terms and conditions that it considers appropriate, to acquire and hold Securities, or other securities of HPI, on behalf of Participants, for transfer to future Participants or otherwise for the purposes of the LTIP.

In relation to the FY2017 grant, the Company intends to appoint a Trustee to hold Securities in relation to the Plan. The trust arrangement is the mechanism by which Participants will receive Securities upon exercise of any Performance Rights. Under the terms of the Trust Deed:

- The Trustee will acquire on-market Securities in respect of each Performance Right granted to a Participant.
- Upon vesting of a Performance Right and at the direction of the Company, the Trustee must allocate a Security held by the Trustee for the benefit of the Participant. The Security allocated to the Participant will be held by the Trustee until the Participant exercises its Performance Right.
- The Trustee is obliged to transfer the Securities allocated to the Participant when that Participant exercises his/her Performance Right (which may only be exercised upon vesting).

- The participant is entitled to any net income in the form of distribution declared by HPI from the Securities held by the Trust between vesting and exercising of Performance Rights.

Resolution 5 - Grant of Performance Rights to Mr David Charles under Long Term Incentive Plan (Company only)

Shareholder approval is being sought for the proposed grant of Performance Rights to Mr David Charles and, specifically, for the purposes of ASX Listing Rule 10.14.

ASX Listing Rule 10.14 states that a listed company must not permit a Director to acquire securities under an employee incentive scheme without Shareholder approval, by ordinary resolution.

The terms on which the Performance Rights will be issued to Mr David Charles are set out in the Notice, and will be issued in accordance with the terms of the LTIP (as further described in the Notice and this supplementary information).