

ASX Announcement

10 October 2014

The Manager
Australian Securities Exchange Limited
Corporate Announcement Office
Level 4, 20 Bridge St
Sydney NSW 2000

Hotel Property Investments (ASX Code: HPI) **Successful Completion of Institutional Placement**

*Hotel Property Investments (HPI) is pleased to announce the successful completion of its \$25 million institutional placement (**Institutional Placement**) of new fully paid ordinary stapled securities (**New Securities**).*

Outcome of Institutional Placement

The Institutional Placement was strongly supported by existing and new institutional investors and priced at \$2.27 per New Security, a 3.8% discount to the last closing price and a 3.3% discount to the 5-day volume weighted average price of HPI securities on 9 October 2014. Proceeds from the Institutional Placement will be used to fund the acquisition of the Beenleigh Tavern, rebalance capital following the acquisition of Hotel HQ and to provide financial flexibility to pursue additional future opportunities.

The Institutional Placement will result in the issue of 11,013,216 New Securities, which will rank equally with existing securities from allotment.

HPI Chairman Mike Tilley said, "We are pleased with the success of the institutional placement. We thank existing institutional securityholders for their ongoing support for HPI's strategy and welcome our new institutional securityholders to the register."

Settlement of the New Securities is expected to take place on 15 October 2014, with allotment expected to occur on 16 October 2014.

Security Purchase Plan

*As announced yesterday, in addition to the Institutional Placement, HPI intends to offer a non-underwritten Security Purchase Plan (**SPP**) under which eligible HPI securityholders on the register at 7:00pm (AEDT) 8 October 2014 may each apply for up to \$15,000 of new securities. New securities issued under the SPP will be offered at an issue price consistent with the same price paid by institutional investors under the Institutional Placement, being the lower of \$2.27 per new security or a 3.3% discount to the 5-day volume weighted average price at the end of the SPP offer period.*

HPI may accept up to \$5 million in proceeds from securityholders under the SPP, and reserves the right to scale back applications under the SPP at its discretion. Further details on the SPP will be provided to eligible securityholders in due course.

Contact:
David Charles
Fund Manager and Company Secretary
Hotel Property Investments Limited
03 9038 1774
Website: www.hpitrust.com.au

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO US PERSONS

*This announcement has been prepared for publication in Australia and may not be released or distributed in the United States or to "US Persons" (as defined in Regulation S under the US Securities Act of 1933, as amended (the **US Securities Act**)) (**US Persons**). This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or to any person that is, or is acting for the account or benefit of, a US Person. The securities described in this announcement have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, US Persons except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and other applicable securities laws.*