ASX Announcement

21 November 2014

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

HOTEL PROPERTY INVESTMENTS

P: +61 3 9038 1774
F: +61 3 9038 1768
www.hpitrust.com.au

Address
Ground Floor
312 St Kilda Road
Melbourne VIC 3004

Hotel Property Investments (ASX Code: HPI)
Annual General Meeting, 21 November 2014
Chairman's Address

Ladies and Gentlemen,

It is now almost a year since 10th of December last year, when HPI was listed on the ASX. The IPO process saw HPI's new Board come together formally for the first time in November 2013, and the appointment of David Charles as the Fund Manager on 10 December 2013.

The period since the IPO has been an active one for the Board and Management of HPI with many accomplishments and achievements.

As was contemplated during the IPO roadshow last November, HPI spent a large part of its first 6 months on the important work of establishing the working relationship between the Board and Management, bedding down Board governance processes, committee activities, familiarising itself with the portfolio and producing the December half year and June full year end accounts, and your company's first Annual Report.

Additionally, the Board and its Audit and Risk committee has been extremely active since the IPO, having established the company's Risk Management Framework, Delegated Authority Policy and numerous operational protocols.

By May of 2014, having established the company's governance and management foundations, the Board and Management commenced strategic discussions including portfolio growth strategies.

In August 2014 the opportunity arose to acquire the Hotel HQ, a Coles-leased freehold hotel in the Brisbane suburb of Underwood 20 km south of the Brisbane CBD, and having assessed the opportunity against the Board's acquisition criteria, HPI successfully acquired Hotel HQ in September 2014.

Subsequently HPI acquired a second Coles-leased asset being the Beenleigh Tavern, in the Brisbane suburb of Eagleby, approximately 35 km south of Brisbane.

The acquisition of these quality assets is distribution accretive to HPI security holders, and each is an excellent addition to the HPI portfolio. These acquisitions and others that may become available demonstrate an ongoing opportunity to grow distributions and the value of your company.

In order to rebalance gearing following the HQ and Beenleigh acquisitions, and to provide additional funds for growth, in October and early November 2014 HPI undertook a $25 million institutional equity placement, and ran a Share Purchase Plan (or SPP) to raise a further $5 million from mostly retail shareholders.

Both of these offers were materially oversubscribed and the value of your securities has been maintained in the wake of these raisings.

HPI paid its inaugural distribution in September 2014, an amount of 8.8c per security related to the period from IPO to 30 June 2014. This amount exceeded the Prospectus forecast, and reflected a yield on the IPO issue price of 7.5%.

The Board and Management continues to review the portfolio with a view to increasing distributions per security, whether by divesting lower-yielding assets and recycling the proceeds into higher-yield assets, or by acquiring new assets which are accretive to distributions. In all cases we take a disciplined approach to acquisitions, strictly applying our acquisition "criteria" and ensuring we pay an appropriate price for the assets. This discipline is demonstrated in the assets acquired to date, and more importantly in assets that we have not acquired.

The growth outlook for HPI is promising, with a number of acquisition prospects identified.

With respect to possible divestments, your directors have also identified a number of non-strategic and lower yielding properties which are suitable for divestment, and has implemented plans to bring those assets to market over the next 3-6 months.

We are now almost half way through financial year 2015 and the company remains on track to deliver the prospectus distribution forecast of 15.9 cents per security, notwithstanding the 13.2 million new securities issued in 2014.

Thank you, I will now move to the Formal Business of today's Meeting.

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