

ASX Announcement

27 May 2016

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

Hotel Property Investments (ASX Code: HPI)
Issue of Notice of Meeting regarding Management Internalisation

The Trust Company (RE Services) Limited (ACN 003 278 831 and AFSL number 235150) ("**Perpetual**") and Hotel Property Investments Limited (ACN 010 330 515) ("**Company**") have given notice that a meeting of holders of the stapled securities of HPI will be held as follows;

Time: 10.30 am

Date: 29 June 2016

Place: The Gateway Theatre, Ground Floor 312 St Kilda Rd, Melbourne, Vic, 3004

Hotel Property Investments (HPI) is seeking Investor approval for the internalisation of the responsible entity and management functions of HPI ("**Internalisation Proposal**").

The Independent Directors of the Company ("**Independent Directors**") believe the internalisation of the responsible entity and management functions of HPI (which are currently externally provided by third parties) will enhance alignment of management and Investors' interests and better position HPI to create future value for Investors.

The Independent Directors unanimously recommend that stapled securityholders vote in favour of all of the Internalisation Proposal resolutions, and consider the potential benefits of the Internalisation Proposal to include:

- Expected annual normalised and operational cost savings of around \$100,000 in the first full year of internalisation
- Continuity of service delivery with personnel currently providing the management services to be employed by the Company and the Company gaining direct oversight and control of the management services being provided

- Continuity of the Company Board with extensive relevant experience
- Engagement of highly experienced additional personnel to fulfil key risk and compliance roles
- The elimination of administrative duplication between the Company Board and Perpetual as the Responsible Entity
- No termination fee is payable by the Company to the outgoing services provider or Perpetual in relation to the Internalisation Proposal, however HPI will incur one-off costs, and meet the demobilisation costs of the outgoing services provider of around \$397,000 in aggregate in relation to the Internalisation Proposal.

Should stapled securityholders vote in favour of the Internalisation Proposal on 29 June 2016, internalisation will take effect on 1 July 2016.

Please find the full Notice of Meeting and Explanatory Memorandum attached to this announcement.

End.

Contact:

Jenny Romeo

Chief Financial Officer and Company Secretary

Hotel Property Investments Limited

03 9038 1774

Website: www.hpitrust.com.au



Hotel Property Investments Limited ACN 010 330 515
The Trust Company (RE Services) Limited (ACN 003 278 831 and AFSL number 235150)
as responsible entity of the Hotel Property Investments Trust ARSN 166 484 377

NOTICE OF MEETINGS AND EXPLANATORY MEMORANDUM

INTERNALISATION PROPOSAL

DATE OF MEETINGS: 29 June 2016

TIME OF MEETINGS: 10.30AM

VENUE: The Gateway Theatre, Ground Floor 312 St Kilda Rd, Melbourne, Vic, 3004

CHAIRMAN'S LETTER

27 May 2016

Dear Investor

The boards of Hotel Property Investments Limited (the **Company**) and The Trust Company (RE Services) Limited (**Perpetual**) as responsible entity of the Hotel Property Investments Trust (the **Trust**) (collectively **HPI**) are seeking Investor approval for the internalisation of the responsible entity and management functions of HPI.

The Independent Directors believe the internalisation of the responsible entity and management functions of HPI (which are currently externally provided by third parties) will enhance alignment of management and Investors' interests and better position HPI to create future value for Investors.

The Internalisation Proposal

The Internalisation Proposal involves:

1. Perpetual retiring as the responsible entity of the Trust and the Company being appointed as the new responsible entity of the Trust;
2. the internalisation of management functions of HPI by way of termination of the Administrative Services Agreement with Redcape Services and the Company hiring all of the personnel currently employed by Redcape Services who are involved with the provision of management services to HPI.

No consideration or management fees are payable by HPI in respect of the Internalisation Proposal, however, the Company will pay Redcape Services all reasonable costs of demobilisation relating to the cessation of the Administrative Services Agreement, which are not expected to exceed \$270,000. In addition, HPI expects there will be one-off costs associated with establishing the internalised management functions of HPI, which are not expected to exceed \$127,000.

If the Internalisation Proposal is approved by Investors, the Company as the new responsible entity of the Trust intends to retain the current custody arrangements with The Trust Company Limited (a wholly owned entity of Perpetual Limited). That is, Trust Company Limited will continue to act as custodian of the Trust.

Unanimous support of Independent Directors

The Independent Directors unanimously recommend that you vote in favour of all of the Internalisation Resolutions. The Independent Directors consider the potential benefits of the Internalisation Proposal to include:

- Expected annual normalised and operational cost savings of around \$100,000 in the first full year of internalisation (please note this excludes the upfront and one off costs relating to the Internalisation Proposal).
- Continuity of service delivery with personnel currently providing the management services to be employed by the Company and the Company gaining direct oversight and control of the management services being provided (by directly employing the relevant personnel).
- Continuity of the Company Board with extensive relevant experience.
- Engagement of highly experienced additional personnel to fulfil key risk and compliance roles.
- The elimination of administrative duplication between the Company Board and Perpetual as the Responsible Entity.
- No termination fee is payable by the Company to Redcape Services or Perpetual in relation to the Internalisation Proposal.

In considering the Internalisation Proposal, and in forming the view that the Internalisation Proposal is in the best interests of Investors, the Independent Directors have had regard to, and assessed the potential implications of, the merits and risks of retaining the status quo and alternative management arrangements. For more information, please see sections 6 and 7 of the Explanatory Memorandum.

Disadvantages and risks

Whilst the Independent Directors consider the benefits of the Internalisation Proposal compelling, potential disadvantages and risks include:

- Potential higher operating costs resulting from the internalisation of management.
- The Company and the Trust incurring one-off restructuring costs and reimbursement to Redcape Services of expenses of around \$397,000 in relation to the Internalisation Proposal.
- Risks associated with a change in the responsible entity, such as ensuring that future management, directors and various operational and administrative processes will satisfy the conditions inherent in the AFSL that the Company must hold in order to act as responsible entity of the Trust.
- The Company not being able to adequately perform its role as responsible entity.
- Loss of relevant employees following implementation of the Internalisation Proposal in circumstances where sufficiently experienced and qualified replacements cannot be found.

Proxies

If you are unable to attend the meeting but wish to vote, you should complete and return the enclosed proxy form in accordance with the instructions provided on the form. Proxy forms must be received by the Company's share registry, Link Market Services Limited, no later than 10.30AM 27 June 2016 (being 48 hours prior to the commencement of the Meetings).

YOUR VOTE IS IMPORTANT

In order for the Internalisation Proposal to proceed, Investors must pass all the Internalisation Resolutions at the Meetings.

If you have any questions, please contact the Company Secretary on 03 9038 1774. Alternatively, you may also contact your financial, legal, taxation or other professional adviser.

On behalf of HPI, I would like to take this opportunity to thank you for your support and encourage you to vote in favour of the Internalisation Proposal.

Yours sincerely,



Michael Tilley
Chairman
Hotel Property Investments Limited

27 May 2016

Dear Investor

Internalisation Proposal for HPI

I write to you in respect of the proposed retirement by The Trust Company (RE Services) Limited (**Perpetual**) as responsible entity of The Hotel Property Investments Trust (**Trust**) and appointment of Hotel Property Investments Limited (**Company**) as replacement responsible entity.

The retirement of Perpetual as responsible entity of the Trust is being considered as part of an Internalisation Proposal which is being proposed by the Company.

If the Internalisation Proposal is approved by Investors, the Company has advised us of its intention to retain the current custody arrangements in relation to the Trust which are currently provided by The Trust Company Limited (a wholly owned entity of Perpetual Limited). The Trust Company Limited has agreed to provide these ongoing custody arrangements.

Perpetual is of the view that the Internalisation Proposal will allow the change of responsible entity and internalisation of HPI's management to occur efficiently.

Please do not hesitate to contact the Company Secretary of HPI Limited on 03 9038 1774 if you have any queries or require further clarification in relation to the proposed internalisation.

Yours sincerely,



Name: Hugh Treweeke

Title: Head of Responsible Entity Services

EXPLANATORY MEMORANDUM

1 BACKGROUND

Hotel Property Investments Limited (the **Company**) and The Trust Company (RE Services) Limited (**Perpetual**) as responsible entity of the Hotel Property Investments Trust (**Trust**) are seeking Investor approval for the internalisation of the responsible entity and management functions of HPI. The Internalisation Proposal is subject to a number of pre-conditions, including Investor approval, which are outlined in section 3 of this Explanatory Memorandum.

Unless otherwise defined in this Explanatory Memorandum, terms and abbreviations used in this booklet have defined meanings which are set out in the glossary in section 14.

The statements in this Explanatory Memorandum regarding the Administrative Services Agreement and the proposed employment of management personnel by the Company (including but not limited to section 5) are made by the Company and not Perpetual, and Perpetual is not responsible for those statements.

2 WHO CURRENTLY MANAGES HPI?

Around the time of Listing, Perpetual as responsible entity of the Trust and the Company entered into the Management Agreement pursuant to which the Company agreed to be responsible for the oversight and day to day management of HPI. Since Listing, the Company has delegated and subcontracted substantially all of its administrative and operational management obligations (arising under the Management Agreement) to Redcape Services, pursuant to the Administrative Services Agreement.

Redcape Services is currently responsible for managing HPI's property portfolio and Redcape Services has employed various personnel who are responsible for ensuring that it provides the relevant day-to-day administrative, operational and management services to HPI.

The Administrative Services Agreement contains a framework which provides that if the Company terminates the Administrative Services Agreement, the Company shall either:

1. assume the obligations and liabilities of Redcape Services as they relate to the employees, operations and assets of Redcape Services relevant to the day-to-day administrative, operational and management services provided to HPI; or
2. reimburse Redcape Services for all costs, expenses and liabilities incurred by Redcape Services as a consequence of no longer providing the management type services to the Company (including as a result of making the relevant employees redundant, breaking lease arrangements and other relevant contracts).

As part of the Internalisation Proposal, the Company and Redcape Services have agreed to certain amendments to the Administrative Services Agreement in order to provide for a simplified termination process. The proposed amendments to the Administrative Services Agreement are conditional on the Internalisation Resolutions being approved by Investors. Further details on the proposed amendments to the Administrative Services Agreement are set out in section 3 below.

3 WHAT IS THE INTERNALISATION PROPOSAL AND WHAT DOES IT INVOLVE?

The Internalisation Proposal (if approved and implemented following satisfaction of the conditions outlined below) involves:

1. Perpetual retiring as the responsible entity of the Trust and the Company being appointed as the new responsible entity of the Trust; and

2. the internalisation of management functions of HPI by terminating the Administrative Services Agreement and hiring all of the personnel currently employed by Redcape Services who provide management services to HPI.

The Internalisation Proposal is conditional on ASIC issuing the Company with an AFSL enabling it to act as responsible entity of the Trust.

On 23 February 2016, ASIC provided a draft AFSL to the Company and confirmed ASIC were minded to grant an AFSL to the Company subject to the satisfaction of certain conditions.

The Company confirms that all of the conditions stipulated by ASIC have either already been satisfied or, once Securityholders approve the resolutions the subject of these meetings, the conditions will be satisfied with administrative items or notifications that will be taken by the Company.

Perpetual as responsible entity of the Trust is currently party to an arrangement with The Trust Company Limited (a wholly owned entity of Perpetual Limited), pursuant to which The Trust Company Limited holds the assets of the Trust in its own name as custodian, but such that ownership is recorded in The Trust Company Limited's books as belonging to the Trust. If the Internalisation Proposal is approved by Investors, the Company, as responsible entity of the Trust, intends to retain the current custody arrangements with The Trust Company Limited.

As part of the Internalisation Proposal, certain amendments are proposed to be made to the Administrative Services Agreement between the Company and Redcape Services. These amendments provide for a simpler termination and transition process relating to the internalisation of all management functions from Redcape Services to the Company. The current Administrative Services Agreement provides for a range of options which are available to the Company and Redcape Services in relation to an internalisation of the management function. The Company and Redcape Services have agreed to amendments which are substantively consistent with one such option, but provide for a simplified transition process. The amendments to the Administrative Services Agreement will provide for the following termination and transition arrangements:

1. the Company will be entitled to terminate the Administrative Services Agreement on short notice if the Internalisation Proposal is approved by Investors;
2. the Company will offer employment to certain employees of Redcape Services (whose roles and responsibilities relate largely to the provision of the management services to HPI) on substantially the same terms as the existing employment agreements with Redcape Services, and the Company will recognize and be liable in respect of all accrued entitlements and services of these employees for all purposes. If any offer of employment to these employees is not accepted, the Company will indemnify Redcape Services on demand for all costs associated with Redcape making any such non-transferring employees redundant;
3. the Company will offer employment to David Charles on terms and conditions to be agreed between the Company and David Charles. The Company's offer of employment to David Charles will recognise and accept liability in respect of all accrued entitlements of David Charles for all purposes, and on acceptance of the offer of employment from the Company, David Charles will resign his employment from Redcape Services, including by way of entering into a release and settlement deed or similar with Redcape Services in relation to such resignation. If David Charles and the Company cannot come to an agreement on David Charles' employment terms (or if David Charles does not accept the offer of employment from the Company), the Company will indemnify Redcape Services for all costs associated with Redcape Services making David Charles' role redundant;
4. in order to facilitate the transfer of the employees as noted above, the Company will pay to Redcape Services an amount not expected to exceed \$270,000 as a demobilisation reimbursement;
5. all head office equipment, and associated equipment licenses, will be purchased by the Company for their aggregate book value at the time of transfer; and
6. the Company undertakes to comply with, and will indemnify Redcape Services in respect of an agreed list of business contracts from the transfer date (with a view to assigning and novating these contracts following the internalisation occurring), and will indemnify Redcape Services for any other shared service arrangements which are not able or appropriate to be assigned or novated;

7. the Company undertakes to comply with, and will indemnify Redcape Services in respect of the relevant lease at Level 23, HWT Tower, 40 City Rd, Southbank, Vic, 3006 (with a view to assigning and novating this lease following the internalisation occurring). The Company will also pay to Redcape Services an amount equal to the cash security bond currently held by the landlord for this lease; and
8. the Company will indemnify Redcape Services for any liability, cost or expense arising as a result of the transition (or any delay thereto), other than any liability Redcape Services has specifically assumed or undertaken to incur.

4 WHAT IS THE BACKGROUND TO THE INTERNALISATION PROPOSAL?

As outlined above in section 3 of this Explanatory Memorandum, the Company and Perpetual as responsible entity of the Trust entered into various agreements prior to Listing in relation to the operation and management of HPI. The Management Agreement and Administrative Services Agreement both contemplated the internalisation of HPI's management functions, whereby the Company may terminate the Administrative Services Agreement and directly employ relevant personnel in order to manage and operate HPI.

The Company has determined that it is preferable to internalise HPI's management function by terminating the Administrative Services Agreement, appointing the Company as the new responsible entity of the Trust (upon Perpetual's retirement as responsible entity of the Trust) and the Company directly employing the various personnel to manage and operate HPI.

The key commercial rationale for the Company making its determination to internalise management are:

- Expected annual normalised and operational cost savings of around \$100,000 in the first full year of internalisation.
- Continuity of service delivery with personnel currently providing the management services to be employed by the Company and the Company gaining direct oversight and control of the management services being provided (by directly employing the relevant personnel).
- Continuity of the Company Board with extensive relevant experience, to become responsible for protecting the Trust assets on behalf of Investors.
- Engagement of highly experienced additional personnel to fulfil key risk and compliance roles.
- The elimination of administrative duplication between the Company Board and Perpetual acting as responsible entity of the Trust.
- No termination fee is payable by the Company to Redcape Services or Perpetual in relation to the Internalisation Proposal.

In accordance with section 601FL(2) of the Corporations Act, the Company has consented in writing to becoming the new responsible entity of the Trust as part of the Internalisation Proposal. Perpetual will retire as responsible entity of the Trust as part of an Internalisation Proposal.

The Independent Directors believe that giving effect to the Internalisation Proposal will enhance alignment of management and Investors' interests and better position HPI to create future value for Investors.

In connection with the Internalisation Proposal, the Company has requested Perpetual to retire as responsible entity of the Trust in accordance with provisions in the Management Agreement and the Stapling Deed and the Company has nominated itself as the proposed replacement responsible entity of the Trust.

5 WHO WILL MANAGE HPI IF THE INTERNALISATION PROPOSAL IS APPROVED AND IMPLEMENTED?

If the Internalisation Proposal is approved and implemented, the directors of the Company and an experienced senior management team, as outlined below, will manage HPI.

Following implementation, the Company Board will continue to comprise of a majority of independent directors that, together with the senior management team, have been involved in HPI's governance and management since Listing.

As outlined below in section 5.2, if the Internalisation Proposal is approved and implemented, all of the senior management personnel who were employed by Redcape Services and who presently provide the management services to HPI will become employed by the Company, and as such, there will be continuity of the senior management team who have been responsible for the management and governance of HPI since Listing.

5.1 Board of Company

The directors of the Company, who have all been directors since Listing, are:

- Michael Tilley;
- Raymond Gunston;
- Lachlan Edwards; and
- John Russell.

Michael Tilley (Independent non-executive Chairman)

Michael Tilley was appointed non-executive Chairman of the Company in November 2013. He is a highly experienced executive having spent over 30 years advising and managing leading companies in financial services, life insurance and funds management in Australasia. He has served as Managing Director and Chief Executive Officer of Challenger Financial Services, Chairman and Chief Executive Officer of Merrill Lynch Australasia, and as a partner at Deloitte Touche Tohmatsu.

Michael was a non-executive Director at Orica Ltd from November 2003 until January 2014 where he was the Chairman of Orica's Safety, Health & Environment Committee and a member of the Audit and Risk and Corporate Governance and Nominations Committees. Michael is a former member of the Takeovers Panel and has previously served as a non-executive director of Incitec Ltd.

He holds a Post Graduate Diploma in Business Administration from Swinburne University and is a Fellow of The Australian Institute of Company Directors.

Raymond Gunston (Independent non-executive director)

Raymond Gunston was appointed an Independent non-executive director of the Company in November 2013. Raymond has over 30 years of corporate and financial services experience in the public and private sectors, specialising in finance, treasury, mergers and acquisitions, and accounting.

Raymond is currently a non-executive director of Sigma Pharmaceuticals Limited, where he is also a member of the Remuneration and Nomination and Risk Management and Audit Committees.

He was formerly Chief Financial Officer of Tatts Group Limited and director of many of the Tatts Group's subsidiary and associate companies. He is currently the General Manager-Finance, Corporate and Major Projects at the Australian Football League.

Raymond has a Bachelor of Commerce (with Honours) from the University of Melbourne and a Diploma of Education. Raymond is a Fellow Certified Practising Accountant, and a Graduate Member of the Australian Institute of Company Directors, and is Chairman of HPI's Audit and Risk Management Committee.

Lachlan Edwards (Independent non-executive director)

Lachlan Edwards is a Managing Director and Co-Head of the advisory businesses at Lazard in Australia. Lachlan has extensive experience in capital markets and has been a senior level advisor to Governments, boards,

executive teams and creditors in Australia and Europe. He has previously held board positions as a director of NM Rothschild & Sons, a Governor of the English National Ballet in London, and at the University & Schools Club in Sydney.

Lachlan was a Managing Director at Goldman Sachs between 2006 - 2013 where he was Head of Restructuring Europe and more recently Head of Restructuring Asia-Pacific.

Prior to joining Goldman Sachs Lachlan spent 15 years at Rothschild Australia and NM Rothschild & Sons in London in various risk management, project finance and restructuring roles latterly as Co-Head of Restructuring Europe and Co-Head of Corporate Debt Advisory, UK.

Lachlan has a Bachelor of Economics degree from the University of Sydney and a Graduate Diploma in Applied Finance & Investments from the Securities Institute of Australia, and is a Member of the Australian Institute of Company Directors.

John Russell (non-executive director)

John Russell has an extensive background in the hospitality and gaming industries. He is currently Chief Executive Officer of Redcape Group Ltd and has enjoyed senior executive roles at Australian Leisure and Hospitality Group Limited (ALH) and Tabcorp Holdings Limited.

John joined Redcape Group Ltd from Customers Limited where he was Managing Director & Chief Executive Officer. Previously he was Chief Financial Officer of ALH and has served as General Manager Strategy & Operations at AWB Limited and Group General Manager Operations at Tabcorp.

John has a broad range of senior management experience in large and small public and private companies.

John holds an Honours Degree in Economics and a Master of Business Administration from the University of Adelaide and is a Graduate Member of the Australian Institute of Company Directors.

5.2 Key Employees

If the Internalisation Proposal is approved and implemented, the employees of Redcape Services as set out below will become HPI's employees:

- Fund Manager, David Charles, to be appointed as Chief Executive Officer;
- Property Manager, Sean Gayler, to be appointed Property Manager;
- Facilities & Maintenance Manager, Ken Meade, to be appointed Facilities & Maintenance Manager;
- Senior Accountant, Nicholas Anthony, to be appointed Senior Accountant.

HPI directly engages the services of Jenny Romeo in the position of Chief Financial Officer and Company Secretary, and Kelly Soderstrom in the position of Assistant Accountant.

Biographies for the key personnel are set out below.

David Charles – Fund Manager

David Charles has been Fund Manager for HPI since November 2013. If the Internalisation Proposal is approved and implemented, David Charles will be appointed as Chief Executive Officer of HPI.

Prior to this, David was Chief Financial Officer at Redcape Group Limited from April 2009 to November 2013. He is a Chartered Accountant with over 25 years' experience in the accounting and audit, financial services, retail and the property sector.

Before joining the Redcape Group Limited, David served at Coles Group for 5 years, including 4 years within the Liquor and Hotels division in senior finance and business management roles.

David holds a Bachelor of Economics from Monash University and is a member of the Institute of Chartered Accountants in Australia and New Zealand.

Jenny Romeo – Chief Financial Officer

Jenny Romeo was appointed Chief Financial Officer in September 2015, and is a Chartered Accountant with over 25 years' experience in the property and financial services sectors.

Prior to joining HPI Jenny was CFO at International Parking Group for 6 years and CFO at Lifestyle Communities for 2 years. Jenny has responsibility for all financial and compliance matters of the group.

Jenny holds a Bachelor of Economics from Monash University and is a member of the Chartered Accountants Australia and New Zealand.

Ken Meade – Facilities Manager

Ken has worked within property and facility maintenance for over 30 years, including the last 10 years involved with the HPI asset portfolio, initially in the capacity as Facilities Manager at Coles, and subsequently in his role with the Service provider to the HPI Group.

Sean Gayler – Property Manager

Sean has worked within commercial real estate for approximately 20 years, including management of the HPI Group asset portfolio since 2006. Sean is experienced in commercial leasing, lease administration and property and facility maintenance.

6 REASONS FOR VOTING IN FAVOUR OF THE INTERNALISATION RESOLUTIONS

This section 6 provides a summary of some of the reasons why Investors may vote in favour of the Internalisation Resolutions and is not intended to set out all the relevant issues for Investors in relation to the Internalisation Proposal. This section 6 should be read in conjunction with all of the other sections of this Explanatory Memorandum, including section 7 which sets out reasons why Investors may wish to vote against the Internalisation Resolutions, and risks attaching to the Internalisation Proposal.

The following advantages of the Internalisation Proposal to HPI and its securityholders may outweigh the disadvantages:

- Expected annual normalised and operational cost savings of around \$100,000 in the first full year of internalisation.
- Continuity of service delivery with personnel currently providing the management services to be employed by the Company and the Company gaining direct oversight and control of the management services being provided (by directly employing the relevant personnel).
- Continuity of the Company Board with extensive relevant experience, to become responsible for protecting the Trust assets on behalf of Investors.
- Engagement of highly experienced additional personnel to fulfil key risk and compliance roles.
- The elimination of administrative duplication between the Company Board and Perpetual acting as responsible entity of the Trust.
- No termination fee is payable by the Company to Redcape Services or Perpetual in relation to the Internalisation Proposal.

If the Internalisation Proposal is approved and implemented, the FY16 distribution will remain unaffected as the estimated net annual cost saving will commence following implementation of the proposal, whilst the one-off costs associated with the internalisation are either accounted for within the current distribution guidance or fall outside of the definition of Adjusted Funds From Operations, and consequently outside of HPI's distribution calculation policy and methodology.

No expected impact on day to day management of HPI

As outlined above in section 5.2, if the Internalisation Proposal is approved and implemented, all of the senior management of Redcape Services will transfer to the Company and will serve as HPI's senior management team, subject to their agreement to do so. The appointment of the Company as responsible entity of the Trust and the internalisation of management is not expected to have an impact on HPI's day-to-day business and activities as the senior management personnel who manage HPI's affairs immediately prior to internalisation will continue to do so following the internalisation, subject to agreeing to become employees of the Company.

This continuity in HPI's management and operations will enable HPI to continue to pursue its objectives and focus on enhancing HPI's business.

No adverse effect expected on Investors' legal rights

The change of responsible entity of the Trust and Internalisation Proposal is not expected to have any adverse effect on the nature of Investors' legal rights in relation to HPI.

The Corporations Act aims to protect investors in a managed investment scheme (such as the Trust), so that a change of responsible entity does not affect their legal rights. The provisions of the Corporations Act which govern changes of responsible entities operate so that liabilities of the retiring responsible entity are transferred to the new responsible entity. The exception to this general principle is that the retiring responsible entity (and not the new responsible entity) remains liable for any liability in relation to which the retiring responsible entity could not have been indemnified out of the Trust's property, if it had remained the responsible entity of the Trust (for example, if the liability had been incurred in breach of the trustee's trust obligations).

As a consequence, the rights and benefits of the Unitholders in relation to the assets of the Trust, and any interest in the Trust and those assets, will not change and it is expected that Investors will remain in the same position, and hold the same legal rights in HPI, as before the change of the responsible entity and the internalisation of HPI's management functions.

7 REASONS WHY YOU MIGHT VOTE AGAINST THE INTERNALISATION PROPOSAL - THE MAIN RISKS ASSOCIATED WITH THE INTERNALISATION PROPOSAL?

This section 7 provides a summary of some of the reasons why the Independent Directors and Perpetual Board consider that Investors may vote against the Internalisation Resolutions. This section 7 is not intended to set out all the relevant risks for Investors in relation to the Internalisation Proposal but does provide for a summary of the key risk factors.

There are a number of risks, both specific to HPI and of a general nature, which may affect HPI's future operating and financial performance as a consequence of the Internalisation Proposal.

1. One-off costs and potential higher operating costs resulting from the internalisation of management

As part of the Internalisation Proposal, the Trust is expected to incur one-off restructuring costs and reimbursement of expenses of around \$397,000 in relation to the Internalisation Proposal.

Following implementation of the Internalisation Proposal, HPI will no longer be externally managed and the Company will no longer pay management fees to Redcape Services. HPI will also cease to pay responsible entity fees to Perpetual (although it will continue to pay fees in respect of the custody arrangements). Instead, HPI will bear all establishment and ongoing costs in connection with obtaining and maintaining an Australian Financial Services Licence (including all costs and expenses in ensuring the Company has sufficient net tangible assets in order to satisfy the financial requirements for its Australian Financial Services Licence), performing the responsible entity function and performing the administrative services previously performed by Redcape Services.

While the Independent Directors and the Perpetual Board have considered the one-off restructuring costs and the future potential costs, and are satisfied that the increases in costs will not materially adversely impact HPI, there is a risk that the cost increase arising from internalisation may be higher than estimated which could adversely impact HPI's financial performance.

2. Change of responsible entity and loss of Perpetual's involvement as responsible entity

If the Internalisation Proposal is approved and implemented, there will be a change of responsible entity of the Trust such that the Company will perform the duties of the responsible entity in place of Perpetual.

There are inherent risks associated with a change in responsible entity, such as ensuring that future management, directors and various operational and administrative processes satisfy the conditions inherent in the AFSL that the Company must hold in order to act as responsible entity of the Trust. Further, Perpetual is a large, listed, Australian financial services company with extensive experience in corporate trustee services and with significant resources and staff to enable it to discharge its duties as responsible entity of the Trust. In contrast, the Company has a smaller, non-executive board and a small senior management team to perform the same function.

Notwithstanding this, the Company is of the view that having regard to the nature and scale of HPI's business, HPI will have the appropriate governance and systems in place for the Company to perform its duties as responsible entity of the Trust and as such, the change of responsible entity is unlikely to have a material adverse impact on HPI's future operating performance.

The Company is of the view that the risks associated with a change of responsible entity are offset, to some degree, by the following:

- all members of Redcape Services' existing management team who provide the day to day operational and administrative services to HPI will transfer to the Company on the implementation of the Internalisation Proposal, subject to their agreement to do so;
- the Board will remain comprised of a majority of independent directors who have been involved in, and have extensive experience in, HPI's governance and management since Listing; and
- HPI will retain all the IT systems including server hardware, laptop and desktop computers, software, systems (including the general ledger system), data storage backups, hard copy data records, and will continue to utilise the existing external services and IT maintenance provider
- HPI will adopt the lease on the Redcape Services office, ensuring continuity in all material respects.

3. Loss of relevant employees following implementation of the Internalisation Proposal

If the senior management staff that will transfer to the Company upon implementation of the Internalisation Proposal cease to be employed by the Company, there is a risk that if the Company cannot employ alternative staff of commensurate ability, the Company may not be able to adequately perform its obligations as responsible entity and manager of HPI.

8 WHAT ARE THE INTERNALISATION RESOLUTIONS TO BE CONSIDERED AND VOTED ON AT THE MEETINGS?

The Internalisation Resolutions are conditional upon each other, such that if either Internalisation Resolution (as outlined in the Notice of Meetings) is not approved by Investors, the Internalisation Proposal will not be implemented.

- Internalisation Resolution 1 is an ordinary resolution approving amendments to the Administrative Services Agreement which will enable the Company to immediately terminate this agreement and employ all of the senior management who previously provided management services to HPI, as well as authorising Perpetual as responsible entity of the Trust to do all things which it considers necessary, desirable or reasonably incidental to give effect to the Internalisation Proposal.
- Internalisation Resolution 2 is an ordinary resolution approving the retirement of Perpetual as responsible entity of the Trust and the appointment of the Company as responsible entity of the Trust upon the retirement of Perpetual.

(A) INTERNALISATION RESOLUTION 1 - INTERNALISATION PROPOSAL

In November 2013, the Company and Perpetual, amongst others, entered into a range of agreements in relation to the operation and management of the Trust. Pursuant to the Management Agreement, Perpetual appointed the Company to manage and invest the assets, and manage the liabilities, of the

Trust. The Company and Redcape Services, amongst others, separately entered into the Administrative Services Agreement which involved the Company engaging Redcape Services to perform its administrative and operational service obligations under the Management Agreement.

As a condition of being admitted to the official list of the ASX, HPI was required to provide undertakings in favour of ASX that it would seek Securityholder approval for any material changes to the Administrative Services Agreement or the Management Agreement. The Company and Perpetual as responsible entity of the Trust provided such an undertaking in favour of the ASX, by way of the Deed Poll. The Administrative Services Agreement is scheduled to expire at or around December 2016, and there is requirement for Redcape Services to continue to provide the management services under the Administrative Services Agreement.

In order to give effect to the Internalisation Proposal, the Administrative Services Agreement will need to be amended, to permit the Company to immediately terminate the Administrative Services Agreement when the Company becomes responsible entity of the Trust, and the Company will then employ the personnel who had previously provided the Trust with administrative and operational services. Please refer to section 3 above for a more detailed summary of these proposed amendments.

Securityholder approval

Securityholders are asked to approve this resolution to amend the Administrative Services Agreement to permit the Company to immediately terminate the Administrative Services Agreement and to enable Perpetual to do all things which it considers necessary, desirable or reasonably incidental to give effect to the Internalisation Proposal.

Independent Directors' Recommendation

The Independent Directors unanimously recommend Securityholders vote in favour of Internalisation Resolution 1 set out in the Notice of Meetings.

(B) INTERNALISATION RESOLUTION 2 - REPLACEMENT OF RESPONSIBLE ENTITY OF THE TRUST (Trust only)

Internalisation Resolution 2 is an ordinary resolution approving the appointment of the Company as responsible entity of the Trust upon the retirement of Perpetual as the current responsible entity of the Trust.

Unitholder approval is required under section 601FL of the Corporations Act in relation to the retirement of a responsible entity of a registered managed investment scheme. The Trust is a registered managed investment scheme. Section 601FL of the Corporations Act requires that a responsible entity explain its reasons for wanting to retire and requires Unitholders to vote on a resolution to choose a company to be the new responsible entity.

In connection with the Internalisation Proposal, the Company has requested Perpetual to retire as responsible entity of the Trust in accordance with provisions in the Management Agreement and the Stapling Deed and the Company has nominated itself as the proposed replacement responsible entity of the Trust.

Please refer to section 5 of this Explanatory Memorandum for details of the Company and senior management team who will be responsible for managing HPI following completion of the Internalisation Proposal.

Unitholder approval

The Trust's Unitholders are asked to approve this resolution approving the retirement of Perpetual as responsible entity of the Trust and the appointment of the Company as the new responsible entity of the Trust upon Perpetual's retirement.

9 WHAT ARE THE IMPLICATIONS IF THE INTERNALISATION PROPOSAL IS APPROVED?

If the Internalisation Proposal is approved and implemented:

1. Perpetual will retire as the responsible entity of the Trust;
2. The Company will become the responsible entity of the Trust;
3. The Administrative Services Agreement will be terminated and all of the management team of Redcape Services will transfer to HPI to assist with managing HPI;
4. Stapled Securities will continue to trade on ASX.

Under section 601FS of the Corporations Act, the Company will, upon becoming the responsible entity of the Trust, acquire the rights, obligations and liabilities of Perpetual (as the current responsible entity of the Trust) in respect of the Trust, other than any liability for which Perpetual could not be indemnified out of scheme property if it had remained responsible entity.

Under section 601FT of the Corporations Act, contracts entered into by Perpetual as responsible entity of the Trust that are capable of having effect after the change of responsible entity will be automatically novated to the Company. Therefore any agreements that Perpetual has made with service providers will continue on foot between the Company and the service providers if the Company becomes the responsible entity of the Trust .

10 WHAT ARE THE IMPLICATIONS IF THE INTERNALISATION PROPOSAL IS NOT APPROVED?

If the Internalisation Proposal is not approved and implemented:

1. Perpetual will remain as the responsible entity of the Trust;
2. The Company will continue to pay administrative services fees to Redcape Services;
3. The application made by the Company for an Australian Financial Services Licence to allow it to act as responsible entity of the Trust will lapse; and
4. It will be open to the Independent Directors and the Perpetual Board to consider other alternatives for HPI's long term management.

If the Internalisation Proposal is not approved and implemented, the FY16 distribution will remain unaffected as the costs of preparing for the implementation of the Internalisation Proposal are already accounted for within HPI's current distribution guidance, and the one-off costs associated with the completion of internalisation will not eventuate.

11 PROPOSED TIMETABLE

An indicative timetable for the replacement of Perpetual as the responsible entity of the Trust is set out below.

Date	Event
on or around 25 May 2016	The Company executed the consent to act as new responsible entity of the Trust with effect from the date that ASIC records the change in responsible entity of the Trust
on or around 25 May 2016	The Company, the Services Manager and Perpetual enter into the amendments to the Administrative Services Agreement, which will only take effect if the Internalisation Proposal is approved by Investors.
27 May 2016	HPI to dispatch Notice of Meetings to Investors
27 June 2016	Each Investor to return proxy forms to HPI's registry
29 June 2016	Meeting of Investors
If the Internalisation Proposal is approved by Investors:	
By no later than 30 June 2016	Perpetual and the Company execute Deed of Retirement and Appointment
1 July 2016	Perpetual/Company to lodge or procure the lodgement of ASIC Form 5107 notifying ASIC of the change in responsible entity of the Trust
1 July 2016	Administrative Services Agreement amendments take effect, the Administrative Services Agreement is terminated and the management functions internalised (including the transfer of assets and employees from Redcape Services to the Company)
as soon as possible thereafter	All post appointment documents to be entered into

12 WHAT TO DO FROM HERE

It is important to note that, as explained earlier, the Internalisation Proposal will not affect the nature of your legal rights as an Investor, nor the nature or purpose of the Trust.

The Company therefore recommends that Investors approve the Internalisation Proposal by attending the Meetings to approve the Internalisation Resolutions or completing the enclosed proxy form to do so.

13 WHO DO YOU CONTACT IF YOU HAVE ANY ENQUIRIES?

If you have any questions about the information contained in this Explanatory Memorandum or require any further information about the Internalisation Proposal, please contact the Company on 03 9038 1774.

Administrative Services Agreement	means the Administrative Services Agreement, dated 19 November 2013, between Perpetual as responsible entity of the Trust, the Company, Redcape Services and RHG Properties Pty Ltd ACN 165 988 296.
AFSL	means Australian financial services licence issued pursuant to the Corporations Act.
ASX	means ASX Limited ACN 008 624 691.
Boards	means the Company Board and Perpetual Board.
Company	means Hotel Property Investments Limited ACN 010 330 515.
Company Board	means the board of directors of the Company.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Deed Poll	means the deed poll given by each of the Company and Perpetual as responsible entity of the Trust, dated 9 December 2013, in favour of ASX, pursuant to which HPI undertook, amongst other things, to seek Securityholder approval for any material changes to the Administrative Services Agreement and the Management Agreement.
Explanatory Memorandum	means the notes contained in this document that provide details of the business to be heard at the Meetings.
FY16	means the financial year ending 30 June 2016.
HPI	means the Company and the Trust.
Independent Directors	means the independent directors of the Company, namely: Michael Tilley, Raymond Gunston and Lachlan Edwards.
Internalisation Proposal	means the proposal to internalise the responsible entity and management functions of HPI as described in the Notice of Meetings and Explanatory Memorandum.
Internalisation Resolutions	means resolutions 1 and 2 as set out in the Notice of Meetings (each an “ Internalisation Resolution ”).
Investor	means a holder of a Stapled Security.
Listing	means the listing of HPI on ASX, which occurred on 10 December 2013.
Listing Rules	means the listing rules of the ASX, as amended from time to time.
Management Agreement	means the HPI Management Agreement, dated 19 November 2013, between Perpetual as responsible entity of the Trust and the Company.
Meetings	means the general meeting of Shareholders and meeting of Unitholders, to be held concurrently on 29 June 2016.
Notice of Meetings	means the notice of the Meetings accompanying these Explanatory Memorandum.
Perpetual	The Trust Company (RE Services) Limited ACN 003 278 831.
Perpetual Board	means the board of directors of The Trust Company (RE Services) Limited ACN 003 278 831.
Proxy Form	means the proxy form accompanying the Notice of Meetings.
Redcape Services	Redcape Services Pty Ltd ACN 138 297 775.
Share(s)	means fully paid ordinary shares in the capital of the Company.
Shareholder	means a holder of one or more Shares.
Securityholder	means a holder of Stapled Securities.
Stapled Security	means one Share stapled to one Unit.
Trust	means Hotel Property Investments Trust ARSN 166 484 377.
Unit(s)	means fully paid ordinary units in the Trust.
Unitholder	means a holder of one or more Units.

Notice of General Meeting of Members

Notice is given by The Trust Company (RE Services) Limited (ACN 003 278 831 and AFSL number 235150) ("**Perpetual**") that a meeting of Unitholders of the Hotel Property Investments Trust (ARSN 166 484 377) will be held at; and

Notice is given by the directors of Hotel Property Investments Limited (ACN 010 330 515) that a meeting of Shareholders will be held at:

Time: 10.30 am

Date: 29 June 2016

Place: The Gateway Theatre, Ground Floor 312 St Kilda Rd, Melbourne, Vic, 3004

(collectively referred to as "**the Meetings**").

The business to be considered at the Meetings is as follows:

Special Business

RESOLUTION 1: AMENDMENT AND TERMINATION OF ADMINISTRATIVE SERVICES AGREEMENT (Company and Trust)

To consider, and if thought fit, pass the following resolution as an **ordinary resolution**:

"THAT, subject to and conditional on Internalisation Resolution 2 being passed, approval be given to amend the Administrative Services Agreement, as described further in the Explanatory Memorandum accompanying this Notice of Meetings, and The Trust Company (RE Services) Limited (ACN 003 278 831 and AFSL number 235150), as the responsible entity of the Hotel Property Investments Trust (ARSN 166 484 377), be authorised to do all things which it considers necessary, desirable or reasonably incidental to give effect to the Internalisation Proposal."

RESOLUTION 2: CHANGE OF RESPONSIBLE ENTITY (Trust only)

To consider, and if thought fit, pass the following resolution as an **ordinary resolution**:

"THAT, subject to and conditional on Internalisation Resolution 1 being passed, the retirement of The Trust Company (RE Services) Limited (ACN 003 278 831 and AFSL number 235150) as responsible entity of the Trust be approved and upon its retirement, in accordance with section 601FL of the *Corporations Act 2001* (Cth), Hotel Property Investments Limited (ACN 010 330 515) be appointed as the new responsible entity of the Trust."

By Order of the Boards

Jenny Romeo
Chief Financial Officer and Company Secretary
27 May 2016

1. Defined terms

Capitalised terms used in this Notice of Meetings (including those used in the resolutions set out in this Notice of Meetings) have, unless otherwise defined, the same meanings set out in the Explanatory Memorandum attached to this Notice of Meetings.

2. Material accompanying this Notice of Meetings

The following materials accompany this Notice of Meetings:

- a) the Chairman's letter and letter from the Perpetual Board;
- b) the Explanatory Memorandum setting out details relevant to the business set out in this Notice of Meetings; and
- c) the Proxy Form.

3. Voting and required majority - Corporations Act

- a) In accordance with section 249HA of the Corporations Act for each resolution of the Company to be effective, not less than 28 days written notice has been given.
- b) In accordance with section 252F of the Corporations Act for each resolution of the Trust to be effective, not less than 21 days written notice has been given.
- c) Each resolution must be passed by more than 50% of all the votes cast by Securityholders entitled to vote on the resolutions (whether in person or by proxy, attorney or representative).
- d) On a show of hands every Securityholder has one vote and, on a poll, in the case of a resolution of the Company every Shareholder has one vote for each Share held and in the case of a resolution of the Trust, every Unitholder has one vote for each Unit held.

4. Entitlement to attend and vote at the meetings

Pursuant to regulation 7.11.37 of the *Corporations Regulations 2001*, HPI has determined that, for the purpose of voting at the Meetings, members are those persons who are the registered holders of Stapled Securities at **7.00pm (Melbourne time) on 27 June 2016 ("Effective Time")**.

5. Proxies and representatives

- a) All holders of Stapled Securities at the Effective Time are entitled to attend and vote at the Meetings and may appoint a proxy for that purpose.
- b) A proxy need not be a Securityholder.
- c) The Proxy Form sent with this Notice of Meetings should be used for the Meetings unless you appoint your proxy online as set out below.
- d) If a Securityholder is entitled to cast two or more votes they may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the proxy appointments do not specify the proportion of the Securityholder's voting rights that each proxy may exercise, each proxy may exercise half of the Securityholder's votes.
- e) The Proxy Form must be signed by the Securityholder or the Securityholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act.
- f) A corporation may elect to appoint an individual to act as its representative in accordance with sections 250D and 253B of the Corporations Act 2001 (Cth) in which case the Company and Perpetual will require a Certificate of Appointment of Corporate Representative executed in accordance with the Corporations Act 2001 (Cth). The Certificate must be lodged with the Company and Perpetual before the meeting or at the registration desk on the day of the meeting. Appointments of representatives must be received in accordance with paragraph (g) below at any time before the Meetings or at the Meetings or any adjournment of the Meetings.
- g) To be effective, the Proxy Form (and, if the appointment is signed by the appointer's attorney, the authority under which it was signed or a certified copy of the authority) must be received by HPI's share registry, Link Market Services Limited, no later than 10:30AM 27 June 2016 (being 48 hours prior to the commencement of the Meetings). The completed proxy form may be:

- i) delivered to HPI's share registry, Link Market Services Limited at Level 12, 680 George St, Sydney NSW 2000;
- ii) mailed to HPI's share registry, Link Market Services Limited at Locked Bag A14, Sydney South NSW 1235;
- iii) sent by facsimile to Link Market Services Limited on +61 2 9287 0309; or
- iv) lodged electronically at www.linkmarketservices.com.au.

Please refer to the Proxy Form accompanying this Notice of Meetings for more information.

Hotel Property Investments Limited
(ABN 25 010 330 515)
The Trust Company (RE Services) Limited
(ACN 003 278 831 AFSL 235150)
as responsible entity of the Hotel Property Investments Trust
(ARSN 166 484 377)

LODGE YOUR VOTE

ONLINE

www.linkmarketservices.com.au


BY MAIL

Hotel Property Investments
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia


BY FAX

+61 2 9287 0309


BY HAND

Link Market Services Limited
Level 12, 680 George Street, Sydney NSW 2000


ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Hotel Property Investments Limited (Company) and the Hotel Property Investments Trust (Trust) and entitled to attend and vote hereby appoint:

APPOINT A PROXY



the Chairman of the Meetings (mark box)

OR if you are **NOT** appointing the Chairman of the Meetings as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meetings, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the meetings of the shareholders of the Company and the unitholders of the Trust to be held at **10:30am on Wednesday, 29 June 2016 at The Gateway Theatre, Ground Floor, 312 St Kilda Road, Melbourne, Vic, 3004** (the **Meetings**) and at any postponement or adjournment of the Meetings.

The Chairman of the Meetings intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted if they are signed and received no later than 48 hours before the Meetings.

Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

For Against Abstain*

- 1 Amendment and Termination of Administrative Services Agreement

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- 2 Change of Responsible Entity

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's and the Trust's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meetings as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meetings as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company and the Trust.

DEFAULT TO CHAIRMAN OF THE MEETINGS

Any directed proxies that are not voted on a poll at the Meetings will default to the Chairman of the Meetings, who is required to vote those proxies as directed. The Chairman of the Meetings intends to vote any undirected proxies that default to the Chairman of the Meetings in favour of each item of business.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meetings and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's and the Trust's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either securityholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meetings the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meetings. A form of the certificate may be obtained from the Company's security registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30am on Monday, 27 June 2016**, being not later than 48 hours before the commencement of the Meetings. Any Proxy Form received after that time will not be valid for the scheduled Meetings.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your securityholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Hotel Property Investments
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETINGS, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**