



Hotel Property Investments Trust ARSN 166 484 377
Hotel Property Investments Limited ACN 010 330 515

Notice of Annual General Meetings

Notice is given that the 2016 annual general meeting of shareholders of Hotel Property Investments Limited, and a meeting of unitholders of Hotel Property Investments Trust, will be held concurrently on Thursday 17 November 2016 at 10:30am (Melbourne time) at:

The Gateway Theatre,
Ground Floor, 312 St Kilda Road
Melbourne VIC 3004

Ordinary Business

1. Financial Reports and Statements (Company and Trust)

To receive and consider the consolidated Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2016.

2. Remuneration Report (Company only)

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

To receive, consider and adopt the Remuneration Report for the year ended 30 June 2016.

3. Election of Directors (Company only)

To consider, and if thought fit, pass each of the following resolutions as separate ordinary resolutions of the Company:

- a) *That Mr. Lachlan Edwards, who retires by rotation in accordance with the Company's constitution and Listing Rule 14.4 and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.*
- b) *That Mr. David Charles, who was appointed in accordance with the Company's constitution and, being eligible, offers himself for election, be elected as a Director of the Company.*

Special Business

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

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

That for the purposes of Listing Rule 7.1 and 7.2 (Exception 9) and for all other purposes, the HPI Long Term Incentive Plan ('LTIP'), the terms and conditions of which are set out in the Explanatory Memorandum, and the issue of Performance Rights under the LTIP, be approved.

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

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

The grant to Mr David Charles of 65,147 Performance Rights under the LTIP for no consideration and otherwise on the terms and conditions described in the Explanatory Memorandum, be approved.

By Order of the Board

Jenny Romeo
Company Secretary
14 October 2016

1. Defined terms

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

2. Material accompanying this Notice

The following materials accompany this Notice:

- a) the Explanatory Memorandum setting out details relevant to the ordinary and special business set out in this Notice; and
- b) the Proxy Form.

3. Voting and required majority - Corporations Act

- a) In accordance with section 249HA of the Corporations Act, for each of resolutions 2 to 5 (all inclusive) to be effective:
 - i) not less than 28 days' written notice has been given;
 - ii) 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); and
 - iii) subject to clauses 3(b), 3(c) and 4, on a show of hands each Securityholder has one vote and on a poll each Securityholder has one vote for each Stapled Security held.
- b) In accordance with section 250R of the Corporations Act, for Resolution 2, a vote must not be cast (in any capacity) by or on behalf of a member of the Company's Key Management Personnel ("KMP") whose remuneration is included in the Remuneration Report or a closely related party of such member of the KMP ("**Voter**"). However, a Voter may cast a vote on Resolution 2 as a proxy for a person who is entitled to vote on Resolution 2 and either:
 - i) the appointment as a proxy is in writing and specifies the way the proxy is to vote on the resolution; or
 - ii) the vote is cast by the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.
- c) In accordance with section 250BD of the Corporations Act, for Resolution 4 and Resolution 5, a member of the KMP, and a closely related party of a member of the KMP, will not be eligible to vote as a proxy except where either:
 - i) the appointment specifies the way the proxy is to vote on the resolution; or
 - ii) the vote is cast by the Chair and the appointment expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a KMP.

4. Voting Exclusion Statement - Listing Rules

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on:

- a) Resolution 4, by any Directors of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company); and
- b) Resolution 5, by Mr. David Charles,

including, in each case, their respective associates, unless the vote is cast by:

- c) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- d) the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. 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 Tuesday 15 November 2016 ("Effective Time")**.

6. 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 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 percentage 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 section 250D of the Corporations Act in which case the Company will require a Certificate of Appointment of Corporate Representative executed in accordance with the Corporations Act. The Certificate must be lodged with the Company before the Meeting or at the registration desk on the day of the Meeting. The Company will retain the certificate. 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 the Company's share registry, Link Market Services Limited, no later than **10:30am (Melbourne time) on Tuesday 15 November 2016** (being 48 hours prior to the commencement of the Meetings). The completed proxy form may be:
 - i) delivered to the Company's share registry, Link Market Services Limited at Level 12, 680 George Street, Sydney NSW 2000;
 - ii) mailed to the Company'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 for more information.

Explanatory Memorandum

Item 1 - Financial Reports and Statements (Company and Trust)

The Corporations Act requires that the Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 June 2016 will be laid before the Meetings. While this item of business does not require a formal resolution to be put to Securityholders, the Chair will give Securityholders a reasonable opportunity to ask questions on these reports at the Meetings. Securityholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the content of the Auditor's Report.

A copy of the Financial Report, Directors' Report and Auditor's Report is available online at www.hpitrust.com.au.

Item 2 - Remuneration Report (Company only)

The Directors' Report contains the Remuneration Report, which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the Company's non-executive Directors and executive KMP. A copy of the Remuneration Report is available online at www.hpitrust.com.au.

A resolution will be put to Shareholders to adopt the Remuneration Report. Shareholders should note that the vote on this resolution is advisory only and is not binding on the Company. However, the Directors will take the outcome of the vote into consideration when considering future changes regarding the Company's remuneration policy.

Under section 300A of the Corporations Act, if comments are made on the Remuneration Report and 25% or more of the votes cast on this resolution are against adoption of the Remuneration Report, the Company will be required to consider and report to Shareholders on what action has been taken to address their concerns at next year's annual general meeting. Depending on the outcome of next year's voting on the Company's Remuneration Report, Shareholders may be required to consider a resolution to call another general meeting in accordance with the Corporations Act at which the Directors who held office at the date of the Directors' Report will be required to seek re-election.

As stated in the Notice, each of the KMP's whose remuneration is included in the Remuneration Report and closely related parties of those KMP's are not eligible to vote on this resolution, except as stated in the Notice.

The Board recommends that Shareholders vote in favour of Resolution 2.

Item 3 - Election of Directors (Company only)

Each election will be conducted as a separate resolution.

Item 3(a) - Re-election of Mr Lachlan Edwards

Mr Edwards has been a non-executive Director of HPI since his appointment in November 2013. In accordance with the Company's Corporate Governance policy he is considered by the Board to be an independent Director.

Mr Edwards is a Managing Director and Co-Head of the advisory businesses at Lazard in Australia. Mr Edwards 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, and at the University & Schools Club in Sydney, and was a Governor of the English National Ballet in London.

Mr Edwards 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 Mr Edwards 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 Advisor, UK.

Mr Edwards 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. He is a Graduate Member of the Australian Institute of Company Directors.

The continuing Directors recommend the re-election of Mr Edwards and the Chair intends to vote all available proxies in favour of Resolution 3(a).

Item 3(b) - Election of Mr David Charles

Mr Charles has been the Managing Director and CEO since 1 July 2016, following a period as Fund Manager of HPI commencing November 2013.

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

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

The continuing Directors recommend the election of Mr Charles and the Chair intends to vote all available proxies in favour of Resolution 3(b).

Item 4 -General approval of Long Term Incentive Plan

For the purposes of Listing Rule 7.1 and for all other purposes, Shareholder approval is sought for the adoption of the HPI Long Term Incentive Plan ("**LTIP**"), the terms and conditions of which are summarised below.

If approved by Shareholders, any Stapled Securities ("Securities") issued under the LTIP will not affect the Company's ability to issue Securities under Listing Rule 7.1.

The LTIP will provide the performance and retention elements of the HPI executive remuneration. Participants in the LTIP will receive annual grants of Performance Rights. It is intended that HPI will transfer securities to each participant if the performance conditions attached to that Performance Rights are satisfied (rather than issuing new securities).

To maximise the alignment of interests between executives and Securityholders, for the period between vesting and exercise of a Performance Right, the participants in the LTIP will be entitled to all distributions paid on a Security over that same period.

The number of Performance Rights to be granted to each executive in FY2017 will be determined by dividing the annual long term incentive component of the executive's remuneration by the weighted average closing price for HPI Securities over the 20 trading days following the release of HPI's audited results for FY2016. Participants are not required to pay any consideration to acquire or exercise the Performance Rights granted under the LTIP.

If the LTIP is approved by Shareholders, Performance Rights will vest (and become exercisable) if the executive remains continuously employed by HPI from the grant date until the date on which the Board determines whether the performance conditions applicable to the Performance Rights have been met namely that:

- HPI's Total Securityholder/Shareholders Return ("TSR") measured over the three years from 1 July 2016 to 30 June 2019 (the "Performance Period") is positive; and
- HPI's TSR over the Performance Period is ranked at or above the median (50th percentile) of a comparator group of ASX-listed retail investment trusts.

The proportion of the Performance Rights in the FY2017 grant that will vest will be determined according to HPI's relative TSR percentile ranking against the comparator group companies over the Performance Period as follows:

- at the 75th percentile of the peer group, or above, 100% of the Performance Rights in the grant will vest;
- between the 50th and 75th percentiles of the peer group, the Performance Rights in the grant will vest on a straight line basis from 50% to 100%;
- at the 50th percentile of the peer group, 50% of the Performance Rights in the grant will vest; and
- below the 50th percentile of the peer group, no Performance Rights in the grant will vest.

Performance Rights expire on the earlier of five years after they are granted or on the occurrence of any earlier lapsing or forfeiture event. Subject to certain exceptions, participants will forfeit their Performance Rights if they do not vest or on cessation of their employment. The Board may, however, issue, allot or transfer Securities under the LTIP to participants who cease employment with HPI for reasons such as ill-health, total and permanent disability or death.

In the event the Company undergoes a capital reconstruction, the Board may also adjust the number of Securities that may be allotted or transferred to Participants on the exercise of their Performance Rights.

Participants may not deal with Performance Rights prior to vesting or exercise of the Performance Rights. Following exercise of the Performance Rights, participants may only deal with the Securities in accordance with the HPI Securities Trading Policy.

The full terms and conditions of the LTIP may be inspected during normal business hours at the registered office of the Company or may be obtained by contacting the Company Secretary.

As stated in the Notice, KMP, their associates and their closely related parties are not eligible to vote on this resolution, except as stated in the Notice.

The Board recommends that Shareholders vote in favour of Resolution 4.

Item 5 - Grant of Performance Rights to Mr David Charles under Long Term Incentive Plan

Shareholder approval is sought for the granting of Performance Rights under the LTIP to Mr Charles.

Under his employment agreement, Mr Charles's remuneration consists of a fixed component and a long term incentive based component. The Board proposes that as soon as possible after the AGM, and in any event during FY2017, Mr Charles be granted 65,147 Performance Rights under the LTIP for no consideration and that these Performance Rights will represent the FY2017 long term incentive component of his remuneration.

If the performance conditions of the LTIP are satisfied, Mr Charles' Performance Rights will vest and he will be entitled to be transferred Stapled Securities for no consideration.

In determining the number of Performance Rights to be issued to Mr Charles, the Board has considered the nature of Mr Charles' position, current market factors, the incentive schemes offered by HPI's competitors and peers and other relevant advice and information.

Mr Charles is the only Director who is eligible to participate in the LTIP. No other Director or associate of a Director has been issued Performance Rights or other securities under the LTIP. No loans have been, or will be,

granted to Mr Charles in relation to his participation in the LTIP and Mr Charles is not permitted to hedge or otherwise deal with his Performance Rights prior to vesting.

As stated in the voting exclusion statement in the Notice, Mr Charles and his associates are not eligible to vote on this resolution, except as stated in the Notice.

The Board (with Mr Charles abstaining) recommends that Shareholders vote in favour of Resolution 5.

GLOSSARY

Auditor	means the auditor of HPI.
Auditor's Report	means the report of the Auditor regarding its audit of HPI which accompanies the Notice.
ASX	means ASX Limited ACN 008 624 691.
Board	means the board of directors of the Company.
Chair	means the individual acting as chair of the Meetings.
Company	means Hotel Property Investments Limited ACN 010 330 515.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Director's Report	means the report of the Directors, which is included in HPI's annual report.
Effective Time	means 7:00pm (Melbourne time) on Tuesday 15 November 2016
Explanatory Notes	means the notes contained in this document that provide details of the business to be heard at the Meetings.
Financial Report	means the financial report of HPI for the year ending 30 June 2016 that accompanies the Notice.
HPI	means the Company and the Trust.
KMP	has the meaning given to that term in the Financial Report.
Listing Rules	means the listing rules of the ASX, as amended from time to time.
Meetings	means the annual general meeting of Shareholders and meeting of Unitholders, to be held concurrently on Thursday 17 November 2016 at 10:30am (Melbourne time).
Notice of Meetings	means the notice of the Meetings accompanying these Explanatory Notes (and the term " Notice " has the same meaning).
Proxy Form	means the proxy form accompanying the Notice.
Remuneration Report	means HPI's remuneration report that forms part of the Directors' Report accompanying the Notice.
Shares	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 shares in the Company and units in the Trust.
Stapled Security	means one Share stapled to one Unit.
Trust	means Hotel Property Investments Trust ARSN 166 484 377.
Units	means fully paid ordinary units in the Trust.
Unitholder	means a holder of one or more Units.

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL

Hotel Property Investments Limited
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 and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting 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 Meeting, 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 Annual General Meeting of the Company to be held at **10:30am (Melbourne time) on Thursday, 17 November 2016 at The Gateway Theatre, Ground Floor, 312 St Kilda Road, Melbourne, 3004 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 2, 4 and 5: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 2, 4 and 5, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

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

VOTING DIRECTIONS

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

Please read the voting instructions overleaf before marking any boxes with an ☒
Resolutions
2 Adoption of the Remuneration Report (Non-Binding)

For Against Abstain*
☐ ☐ ☐
5 Grant of Performance Rights to Mr David Charles under Long Term Incentive Plan

For Against Abstain*
☐ ☐ ☐
3a Re-election of Mr Lachlan Edwards as a Director

☐ ☐ ☐
3b Election of Mr David Charles as a Director

☐ ☐ ☐
4 General approval of Long Term Incentive Plan

☐ ☐ ☐


* 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 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 Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting 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.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

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 Meeting 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 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 Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. 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 (Melbourne time) on Tuesday, 15 November 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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 MAIL

Hotel Property Investments Limited
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 ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**