HOTEL PROPERTY INVESTMENTS

Acquisitions and Equity Raising Presentation

19 November 2020

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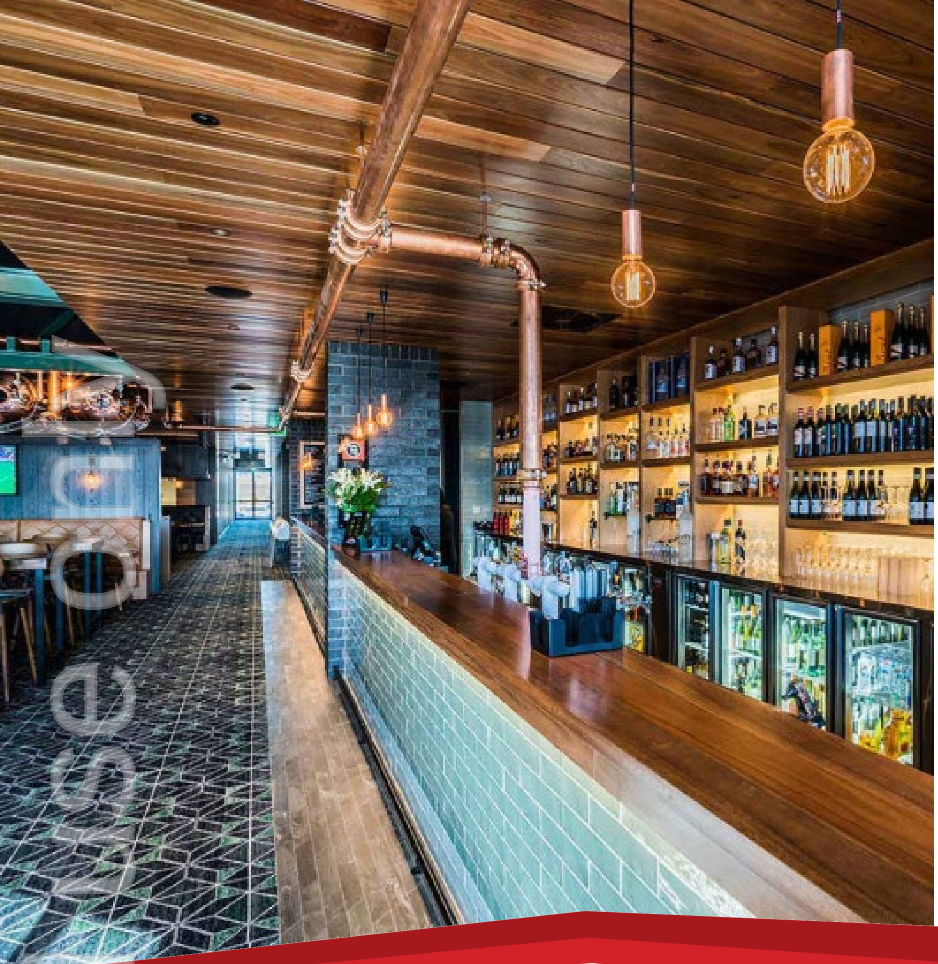


Contents

Transaction Overview

Acquisitions	• Hotel Property Investments ("HPI") has entered into agreements to acquire three properties (the "Acquisitions") for total consideration of $63.3m[1]: – Mango Hill Tavern: a mixed use complex in metropolitan Brisbane comprising a pub and liquor barn, service station and specialty tenancies, for consideration of $31.3m[1] – Summerhill Hotel: a pub in metropolitan Melbourne, for consideration of $22.7m[1] – Jubilee Tavern: a freestanding tavern in Airlie Beach, QLD, for consideration of for $9.3m[1] • The Acquisitions are located in attractive markets and are leased to experienced pub operators with strong track records
Acquisition funding	• HPI will undertake a fully underwritten institutional placement ("Placement") of $40m to partially fund the Acquisitions and associated transaction costs • The balance of the funding for the Acquisitions and associated transaction costs will be sourced from existing debt facilities
Equity raising	• The issue price for the Placement has been set at $3.04 per security ("Issue Price") • HPI will be supplementing the Placement with a non-underwritten Security Purchase Plan ("SPP") to eligible securityholders[2] to raise up to $8m – the offer price under the SPP will be $3.04 per new security, being the issue price under the Placement • Further information in relation to the SPP will be dispatched to eligible securityholders[2] on or around 27 November 2020
Financial impact	• Including the impact of the Acquisitions and the Placement, and barring any unforeseen events and no material change in market conditions, HPI is pleased to increase its FY21 distribution guidance from 19.2 cents per security to 19.3 cents per security • Following the Acquisitions and the Placement, HPI's pro forma metrics as at 30 June 2020 are: – Balance sheet gearing of 38.2% – NTA per security of $2.98

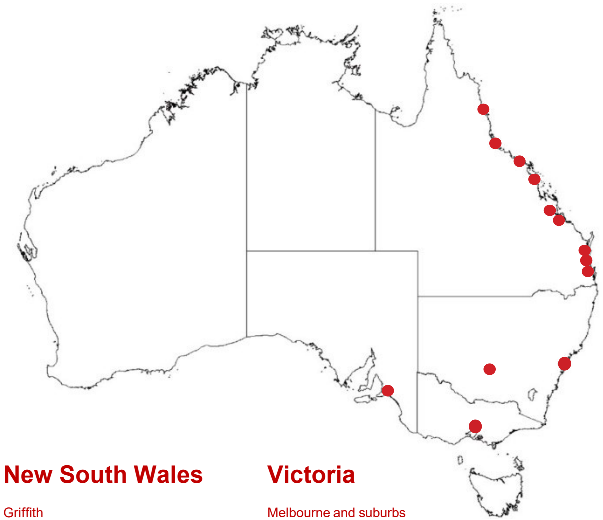
Notes:

1. Excludes transaction costs
2. Eligible securityholders are holders of existing HPI securities as at 7:00pm (AEDT) on 18 November 2020 with a registered address in Australia or New Zealand. The SPP is targeted to raise $8m and will not be underwritten. If total demand for the SPP exceeds $8m, HPI may accept applications (in whole or in part) that results in the SPP raising more than this amount at its absolute discretion

Portfolio Update

- Portfolio weighted to Queensland, which has experienced less disruption from COVID-19 relative to Victoria
- Deployed $6.7m of capex under lease renewal commitment to QVC to date
- Continue to assess acquisition opportunities

Investment portfolio



New South Wales

Griffith
Quest Griffith

Sydney and suburbs
Gregory Hills

Victoria

Melbourne and suburbs
Summerhill Hotel

Queensland

Cairns
Barron River Hotel
Dunwoody's Tavern
Grafton Hotel
Palm Cove
Q Sports Bar
Trinity Beach

Townsville
Hotel Allen
Royal Hotel
Tom's Tavern

Airlie Beach
Magnum's Hotel
Jubilee Tavern

Mackay
Boomerang Hotel
Kooyong Hotel

Rockhampton
Berserker Tavern
Leichhardt Hotel

Gladstone
Club Hotel

Sunshine Coast
Bribie Island Hotel
Chancellor's Tavern
Kings Beach Tavern
Royal Mail Hotel

Brisbane and suburbs
Acacia Ridge Hotel
Beenleigh Tavern
Bonny View Hotel
Brighton Hotel
Crown Hotel
Cleveland Sands Hotel
Cleveland Tavern
Everton Park Hotel
Hotel HQ
Fitzy's Loganholme
Fitzy's Waterford
Finnigan's Chin Kallangur
Lord Stanley Hotel
Mango Hill Tavern
MiHi Tavern
New Inala Hotel
Regatta Hotel
Sundowner Hotel
Woodpecker Bar and Grill

Gold Coast
Coomera Lodge Hotel
Ferry Road Tavern
Wallaby Hotel

South Australia

Adelaide and suburbs
Brighton Metro Hotel
Grand Junction Hotel
Waterloo Station Hotel

Acquisitions Overview

The Acquisitions meet HPI’s investment criteria

Strongly performing assets	✓ Metropolitan and strategic regional locations ✓ Mango Hill is located opposite Westfield North Lakes, a fast growing area in metropolitan Brisbane ✓ Acquisitions provide geographic diversification
Quality operators	✓ Experienced operators with proven track records ✓ Properties with diversified income streams (i.e. a mix of F&B, bar, gaming, accommodation and retail)
Long term leases	✓ Long lease terms with further options to extend ✓ Acquisitions increase portfolio WALE
Attractive lease terms	✓ Rent set at sustainable levels ✓ Predominantly net leases with tenant responsible for property outgoings

Acquisition summary

Acquisitions	Location	State	Purchase price[1]	Cap rate	Land area (sqm)	WALE[2] (years)	Hotel occupancy[3]
Mango Hill	Brisbane	QLD	$31.3m	5.7%	15,400	6.6	100%
Summerhill	Melbourne	VIC	$22.7m	7.0%	6,750	17.8[4]	100%
Jubilee Tavern	Airlie Beach	QLD	$9.3m	7.5%	19,180	20.0	100%
Total/average			**$63.3m**	**6.4%**	**41,330**	**13.4[6]**	**100%**

Portfolio impact	Current	Acquisitions	Pro forma
Investment properties value[5]	$785.9m	$63.3m	$849.2m
Number of properties	45	3	48
Weighted average capitalisation rate	6.1%	6.4%	6.1%
Weighted average lease expiry (years)[2]	11.2	13.4[6]	11.4
Hotel occupancy[3]	100%	100%	100%

Notes:

1. Excludes transaction costs
2. WALE metrics are as at 1 December 2020
3. Excludes specialties
4. Settlement of the acquisition is expected to occur on the latter of 1 March 2021 and the lifting of relevant closure order in Victoria (if any)
5. Balance as at 30 June 2020
6. Includes period between 1 December 2020 and expected settlement date of 1 March 2021 for Summerhill

Acquisitions Overview – Mango Hill Tavern

- Mango Hill Tavern is a mixed use complex in metropolitan Brisbane comprising a pub and liquor barn, service station and specialty tenancies
  - corner location in above average income catchment with high population growth, situated 29km north of the Brisbane CBD
  - located opposite Westfield North Lakes
- Diverse income streams across bar, F&B and 45 EGMs
- HPI will acquire the mixed use complex which includes a pub, bottle shop, service station and specialty retail
  - QVC, a joint venture between AVC and Coles, is the tenant for pub and bottleshop (56% of rent)
  - Viva Energy Australia (Shell-branded) is the tenant for the service station (19% of rent)
  - specialty retail tenants comprise 25% of rent

KEY LEASE TERMS	
Location	Brisbane, QLD
Tenants	QVC, Viva Energy Australia, Specialty retail
Purchase Price[1]	$31.3m
Yield	5.7%
Passing rent (p.a.)	$1.9m
Lease and option terms	6.6 year WALE QVC (pub): 14 years (1x10 year option) QVC (bottle shop): 4 years (2x10 year option) Service station: 4 years (5x5 year option)
Rent review mechanisms	QVC: lower of 2xCPI or 3% Service Station: CPI
Outgoings	Tenant responsibility (excluding land tax)
Land area	15,400 sqm
Refurbishments	No refurbishment provisions
Gaming authority ownership	HPI expects to have first right to purchase[2]

Note:
1. Excluding transaction costs
2. In process of being documented

Acquisitions Overview – Summerhill Hotel

- A pub in metropolitan Melbourne, 12km north of the Melbourne CBD
  - pub performs at well above VIC averages for net machine revenue with 88 EGMs
  - area undergoing increasing levels of medium and higher density housing development
- Premises also includes a Chemist Warehouse outlet and retail shop (currently vacant)
  - The Chemist Warehouse outlet represents ~11% of income – rent will increase by 15% once new adjacent supermarket is opened
  - vacant space has been attributed no consideration
- The Francis Group has been involved in hotel operations since 1992, and have a strong track record including the Mordialloc Hotel, the Dorset Gardens Hotel and the Newport Family Hotel
- Settlement of the acquisition is expected to occur on the latter of 1 March 2021 and the lifting of relevant closure orders in Victoria (if any)

KEY LEASE TERMS	
Location	Melbourne, VIC
Tenants	The Francis Group, Chemist Warehouse outlet
Purchase Price[1]	$22.7m
Yield	7.0%
Passing rent (p.a.)	$1.6m
Lease and option terms	17.8 year WALE Pub: 20 years (2x20 year options) Chemist: 10 years (4x5 year options)
Rent review mechanisms	Pub: Fixed 2.5% Chemist: Fixed 3.0%
Outgoings	Pub: Tenant Responsibility Chemist: Landlord Responsibility (~20k p.a.)
Land area	6,750 sqm
Refurbishments	Pub: Every 7 years, paid by lessee Chemist: Every 4 years, paid by lessee
Gaming entitlements	Reverts to HPI at lease expiry

Note:
1. Excluding transaction costs

Acquisitions Overview – Jubilee Tavern

- Single level hotel with a public bar, TAB, 45 EGMs, bistro, large beer garden and dual lane drive through bottle shop
  - designed to cater to the family and tourism market
- Located in Jubilee Pocket, a predominantly residential suburb 2.5km south-east of Airlie Beach, Queensland
  - large caravan park immediately opposite the pub
- 20 year lease to AVC

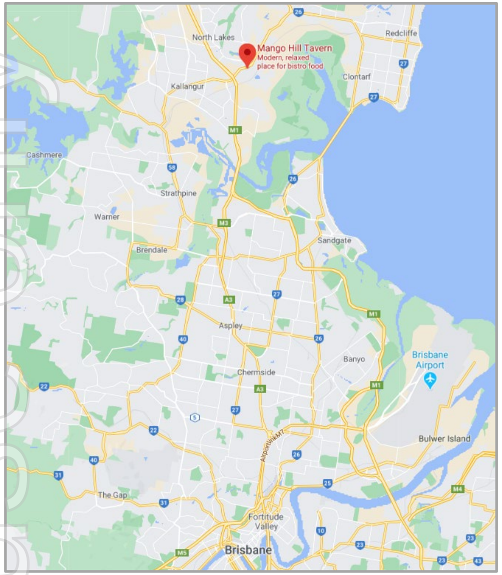
KEY LEASE TERMS	
Location	Airlie Beach, QLD
Tenant	AVC
Purchase Price[1]	$9.3m
Yield	7.5%
Passing rent (p.a.)	$0.7m
Lease and option terms	20 years (2x15 year options)
Rent review mechanisms	CPI plus 0.5% with cap and collar of 1% and 3%
Outgoings	Tenant responsibility
Land area	19,180 sqm
Refurbishments	Every 5 years, paid by lessee
Gaming authority ownership	Reverts to HPI at lease expiry

Note:

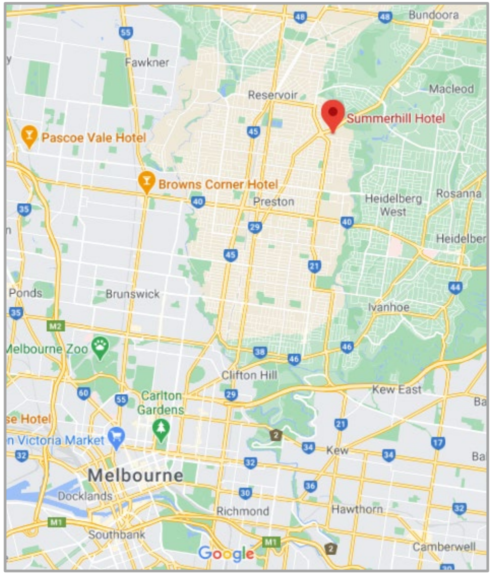
1. Excluding transaction costs

Acquisitions Overview – Locations

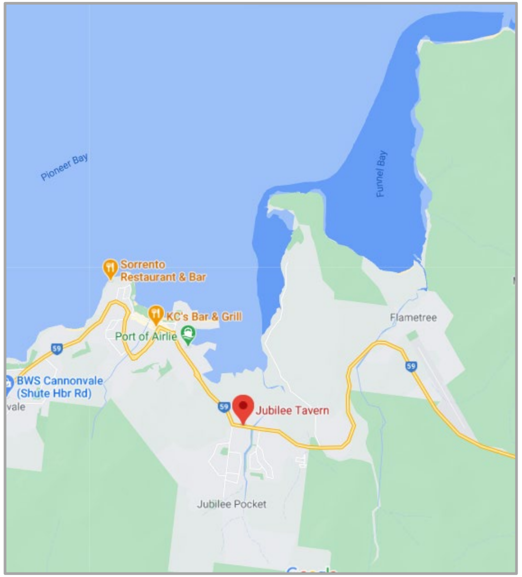
Mango Hill Tavern



Summerhill Hotel



Jubilee Tavern

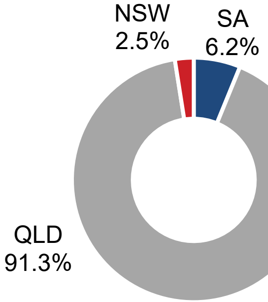


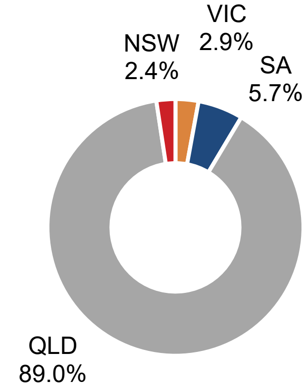
Portfolio Impact

Pre Acquisitions

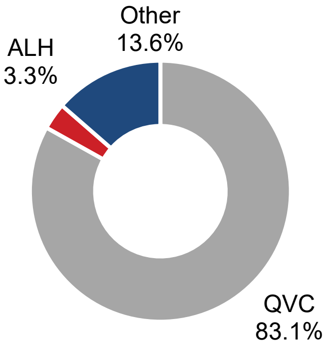
Post Acquisitions

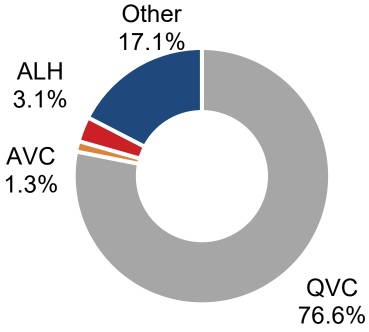
Geographic profile (by income)[1]





Tenant mix (by income)[1]





Note:

1. Based on gross rent

Sources and Uses of Funds

- HPI will undertake a fully underwritten Placement of $40m to partially fund the Acquisitions and associated transaction costs.
- The balance of the funding for the Acquisitions and transaction costs will be sourced from existing debt facilities and any potential funds raised under the SPP. The information below assumes no funds are raised under the SPP.

Sources of funds	$m
Placement[1]	40.0
Debt	27.8
Total sources	**67.8**

Uses of funds	$m
Acquisitions	63.3
Transaction costs	4.6
Total uses	**67.8**

Key metrics	
Issue price under the Placement	$3.04
Discount to last close	3.5%
Discount to 5-day VWAP	4.6%
FY21 DPS yield (at Placement Issue Price)[2]	6.3%
Pro forma Gearing (see Appendix 1)	38.2%

Notes:

1. Includes the impact of the fully underwritten Placement of $40m but does not include potential proceeds from the non-underwritten SPP (see page 15 for further details in relation to the Placement and the SPP)
2. Based on FY21 distribution guidance of 19.3 cents per security

Equity Raising

Equity raising	• HPI will undertake a fully underwritten Placement of $40m to partially fund the Acquisitions and associated transaction costs – The issue price for the Placement has been set at $3.04 per Security ("Issue Price") • HPI will be supplementing the Placement with a non-underwritten Security Purchase Plan ("SPP") to eligible securityholders to raise up to $8m[1] – the offer price under the SPP will be $3.04 per new security, being the issue price under the Placement
Use of proceeds	• Proceeds of the Placement and SPP are to be used to partly fund the Acquisitions and associated transaction costs for a total consideration of $63.3m[2]
Pricing	• Issue Price under the Placement of $3.04 per Security represents a: – 3.5% discount to the last close of $3.15 on 18 November 2020 – 4.6% discount to the 5-day VWAP of $3.19 on 18 November 2020 – 6.3% FY21 distribution yield[3]
Ranking	• New Securities issued under the Placement and SPP will rank pari passu with existing securities and will be entitled to the distribution for the six months ending 31 December 2020
Underwriting	• The Placement is fully underwritten by E&P Corporate Advisory Pty Ltd and J.P. Morgan Securities Australia Limited
Security Purchase Plan	• Eligible securityholders in Australia and New Zealand will be invited to subscribe for up to $30,000 in additional securities, free of any brokerage or transaction costs, at the Issue Price of $3.04 per security, which is the same as the Placement price • The SPP is targeted to raise $8m and will not be underwritten. If total demand for the SPP exceeds $8m, HPI may accept applications (in whole or in part) that results in the SPP raising more than this amount at its absolute discretion • Further information on the SPP will be set out in the SPP offer booklet which is expected to be lodged with the ASX and sent to eligible securityholders on or around 27 November 2020

Notes:

1. If demand for the SPP exceeds $8m, HPI may accept applications (in whole or in part) that results in the SPP raising more or less than this amount in its absolute discretion
2. Excluding transaction costs
3. Based on FY21 distribution guidance of 19.3 cents per security

Indicative Timetable

Event	Date
Record date for SPP	Wednesday, 18 November 2020
Trading halt and announcement of the Placement, SPP and Acquisitions	Thursday, 19 November 2020
Trading halt lifted – trading of Securities recommences on the ASX	Friday, 20 November 2020
Settlement of New Securities issued under the Placement	Tuesday, 24 November 2020
Allotment and normal trading of New Securities issued under the Placement	Wednesday, 25 November 2020
SPP offer opens and booklet is dispatched	Friday, 27 November 2020
SPP offer closing date	Thursday, 10 December 2020
SPP allotment date	Thursday, 17 December 2020
Despatch of holding statements and normal trading of New Securities issued under the SPP	Friday, 18 December 2020

All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to AEDT.

Appendix

Appendix 1 – Pro Forma Balance Sheet

	30 June 2020	Adjustment for DRP	Acquisitions and Placement[1]	30 June 2020 pro forma
Cash and cash equivalents	1.1			1.1
Receivables	3.8			3.8
Investment properties	785.9		63.3	849.2
Other assets	0.9			0.9
Total assets	**791.7**	**0.0**	**63.3**	**855.1**
Creditors and payables	5.5			5.5
Provisions	15.2			15.2
Loans and borrowings	301.5	(2.0)	27.8	327.3
Borrowing costs	(2.8)			(2.8)
Other liabilities	0.3			0.3
Total liabilities	**319.7**	**(2.0)**	**27.8**	**345.5**
Net assets	**472.0**	**2.0**	**35.4**	**509.6**
NAV per security	**$3.01**			**$2.98**
Gearing[2]	**38.0%**			**38.2%**

Notes:

1. Includes the impact of the fully underwritten Placement of $40m but does not include any impact attributable to the SPP (see page 15 for further details in relation to the Placement and the SPP)
2. Gearing is calculated as (Drawn Debt minus Cash)/(Total Assets minus Cash)

Appendix 2 – Key Risks

HPI's business activities are subject to risks, specific to its investment in property, as well as of a general nature. Many of these risks are outside of the control of HPI and, if they were to eventuate, either individually or in combination, these risks may affect the future operating performance of HPI and the value of an investment in HPI.

Prospective investors should note that this section identifies the HPI Directors' current views on the key risks of an investment in HPI and is not intended to be exhaustive. Prospective investors should carefully consider the risk factors identified, in addition to the other information in this presentation, before deciding to invest in securities. Prospective investors should ensure they have sufficient awareness of the risks and have regard to their own investment objectives, financial circumstances and taxation position before deciding to invest.

If you do not understand any part of this presentation, or are in doubt as to whether to invest in securities or not, it is recommended that you seek professional guidance from your broker, solicitor, accountant or other qualified professional adviser before deciding whether to invest.

Risks specific to the Placement	
Acquisitions risk	HPI expects the Acquisitions to proceed as advised in this presentation. If an acquisition in fact fails to complete or completion is delayed, the expected financial performance of HPI could be adversely affected. There is a risk that the Acquisitions will not perform as expected and will not enhance the returns for securityholders. While HPI's policy is to conduct a thorough due diligence process in relation to any acquisitions, risks remain that are inherent in all acquisitions. For example, if any of the data or information provided to and relied upon by HPI in its due diligence process and its preparation of this presentation provides to be incomplete, inaccurate or misleading, there is a risk that the financial position and performance of the Acquisitions may be materially different to that expected by HPI as reflected in this presentation. Settlement of each of the Acquisitions is subject to a number of conditions. If one of more of the completion conditions are not satisfied or waived, the Acquisitions will not proceed. In particular, settlement of the acquisition of the Summerhill Hotel will occur on the latter of: 1 March 2021; and the date that is 14 days after the closure order imposed by the Victorian Government has been lifted (or earlier as called for by the vendor) (Settlement Condition). The Summerhill Hotel is currently subject to restrictions on operations imposed by the Victorian Government which may include patron limits, density quotients, 'dwell time' limits and reduced hours of operations of EGMs. For the purposes of the Settlement Condition, the closure order is deemed to be lifted when the tenant is permitted to legally recommence operation of all 88 EGMs. In the event that the closure order has not been lifted by 1 March 2021, then the vendor has until 30 June 2021 to serve a settlement notice on HPI requiring settlement to occur within 14 days. If the closure order has not been lifted by 30 June 2021 and the vendor has not given a settlement notice, then either party may (but is not obliged to) terminate the contract and the deposit will be refunded in full to HPI.
Underwriting risk	HPI has entered into an underwriting agreement with the Joint Lead Managers for the Placement (**Underwriting Agreement**). The Joint Lead Managers' obligations to underwrite the equity raising are subject to customary terms and conditions, including termination rights for the Underwriters in specific circumstances. If either or both of the Joint Lead Managers are entitled to, and do, terminate the Underwriting Agreement, HPI may not otherwise be able to raise sufficient equity capital to meet its obligations and commitments in respect of the Acquisitions and for all of the intended purposes as set out in this presentation, which may materially and adversely affect HPI's financial position and the market price for HPI securities.

HOTEL PROPERTY INVESTMENTS

Appendix 2 – Key Risks *(continued)*

Industry specific risks	
Property valuations	Valuations ascribed to each property and any properties held by HPI in the future will be influenced by a number of on-going factors including: • supply and demand for pubs and liquor store freehold assets as investor preferences for particular sectors and asset classes change; • general property market conditions; • changes to gaming and/or liquor licensing laws and regulations • the ability to attract and implement economically viable rental arrangements; • re-leasing of the properties; • capitalisation rates (the rate of return from an investment); • future planning zone changes; and • general economic factors such as the level of inflation, interest rates and economic growth.
Re-leasing	There is a risk that if the Tenants do not exercise any options to extend the lease terms, HPI may not be able to negotiate suitable lease extensions with existing Tenants or replace outgoing Tenants with new Tenants on substantially the same terms. HPI could also incur additional costs associated with re-leasing the Properties. Re-leasing the Properties would depend on market conditions and financial considerations prevalent at that time. Should replacement or existing Tenants lease a Property on less favourable terms, this may have an adverse impact on the value of the Property and the overall performance of HPI and may lower the rental return to HPI.
Property liquidity	HPI may not be able to realise its property assets within a short period of time or may not be able to realise its property assets at book valuation. As a result, the realisable value of those property assets may be less than the full value of those property assets currently included in the balance sheet.
Environmental	As with any property, there is a risk that one or more of the properties may be contaminated now or in the future. Government environmental authorities may require such contamination be remediated. There is always a residual risk that HPI may be required to undertake any such remediation at its own cost. Such an event would adversely impact upon HPI's financial performance. Environmental laws impose penalties for environmental damage and contamination which can be material in size.
COVID-19	The COVID-19 pandemic has resulted in significant national and global market turbulence and has created substantial volatility in the prices of securities trading on the ASX, including the price of securities in HPI. The uncertainty associated with the pandemic means that the broader impacts of it and how long they will occur for are unknown. Among other things, this relates to the state and federal responses to mitigate COVID-19, the closure of many businesses across the country, affiliated unemployment and travel restrictions, all of which may have some impact on the performance of HPI, tenants of HPI, the Australian share market and the broader economy. Given the high degree of uncertainty surrounding the extent and duration of COVID-19, it is not currently possible to assess the full impact of COVID-19 on HPI's business. A number of HPI's tenants directly or indirectly affected by government, regulatory or health authority actions, work stoppages, lockdowns, quarantines and travel restrictions associated with COVID-19, including government imposed shut-downs and closures of pubs and hotels. This may negatively impact their ability to meet their rent obligations.

Appendix 2 – Key Risks *(continued)*

Specific risks relating to HPI’s portfolio	
Rental income and inflation	HPI’s income is generated through the leasing arrangements on its portfolio. Therefore, HPI’s financial performance and ability to fund distributions is dependent, in part, on rents received from those assets. There is a risk that tenants may default on their obligations under their Leases. The ability of the tenants to meet their obligations may be adversely affected by a number of factors including overall macroeconomic conditions, property market conditions, competition from other pub / liquor properties, financial condition of tenants, increase in rental arrears and vacancies and additional expenses associated with re-leasing or enforcement actions. The severity of this risk is enhanced by the COVID-19 pandemic and government regulations implemented to mitigate the spread of the virus. Recently announced regulations and any further changes to legislation yet to be announced may adversely affect HPI’s ability to manage the performance of their tenants and may limit HPI’s availability to recourse for any tenants in default during the term of the regulations.
Sector concentration	The portfolio is predominantly comprised of pubs and specialty shops. As a result of this exposure, adverse events to these property sectors may impact the value of the portfolio and the future growth prospects of the current portfolio.
Tenant concentration	HPI are the owner of 48 pub and accommodation assets, of which 42 is currently leased to Queensland Venue Co (**QVC**). Therefore the performance of HPI is materially dependent on the leasing arrangements in place with QVC and the ability of QVC to continue to meet its obligations under the leases. Further, there is a risk that if QVC does not exercise its options to extend the lease terms (and therefore ceases to be a tenant), HPI may not be able to find replacement tenants prepared to lease those properties on a basis which would result in the same return to HPI.
Geographic concentration	The portfolio comprises properties located predominately in Queensland, as well as New South Wales and South Australia, which may involve a greater geographic concentration risk than an investment in a more geographically diverse portfolio of properties. If the property markets in Queensland, New South Wales or South Australia or their economies experience a downturn in activity, HPI’s performance and the valuation of its properties may be adversely impacted.
Occupational health and safety	There is a risk that liability arising from occupational health and safety matters at a property may be attributable to HPI as the landlord instead of, or as well as, the tenants. To the extent that any liabilities may be borne by HPI, this may impact upon the financial performance of HPI (to the extent not covered by insurance). In addition, penalties may be imposed upon HPI which may have an adverse impact on HPI.
Operator risk	While HPI is not an operator of pubs, bottle shops or speciality stores, HPI’s performance, the valuation of its properties and the ability of HPI to fund distributions could be materially adversely affected by a number of operational risks of its tenants. In particular, HPI may be affected by: • (**competition**) increased competition in the pub, gaming, retail liquor markets and other speciality stores in the regions of Australia in which its tenants operate; • (**regulation of operators**) changes in legislation and government policies that regulate liquor and gaming venues or gaming laws may adversely impact on the profitability of the tenants; and • (**actions of a tenant**) the actions of a tenant (including by omission), which cause conditions to be placed on a liquor, gaming or other licence, or for that licence to be revoked.

Appendix 2 – Key Risks *(continued)*

Acquisition and divestment risk	There is no guarantee that HPI will be able to complete all current acquisitions. To the extent that the current acquisitions are not successfully integrated with HPI's existing business, the financial performance of HPI could be materially adversely affected. There is also a risk that HPI will be unable to identify future acquisition opportunities that meet its investment objectives, or if such acquisitions are identified, that they can be acquired on appropriate terms, thereby potentially limiting the growth of HPI and its business. Any failure to identify appropriate assets or successfully acquire such assets could materially adversely affect the growth prospects and financial performance of HPI. While it is HPI's policy to conduct a thorough due diligence process in relation to any such acquisitions, risks remain that are inherent in such acquisitions. HPI may also pursue opportunities to divest existing assets. If such investments are undertaken, no assurances can be given that the price paid to HPI by a purchaser of such assets would be an accurate reflection of any future market value of such assets had HPI retained ownership of such assets.
Capital expenditure and development risk	HPI is responsible for structural repairs to the properties, repair of the roof and exterior of the building and the car parks. HPI must also replace major parts of plant and equipment where repair is not economical or practical. Capital expenditure to be incurred or supported by HPI may exceed the current forecasts which could have an adverse impact on the value of the portfolio and could lead to either or both increased funding costs and lower distributions. There is a risk that future developments or re-developments of the properties, could be delayed. Completion of a development may be delayed for a number of reasons, including industrial disputes, dealings with counterparties, inclement weather, permitted variations to the works, changes to legislative requirements, delays in authority inspections or approvals or a builder experiencing financial difficulties. As a result, HPI may suffer loss of rent in respect of a delay in completion of the relevant development. This may negatively impact the financial performance of HPI and/or potentially lower distributions.
Other risks relating to HPI	
Funding	HPI's ability to raise funds from either debt or equity markets on favourable terms for future corporate activity is dependent on a number of factors including: • the general economic and political climate; • the state of debt and equity capital markets; • the performance, reputation and financial strength of HPI; and • the value of the Properties. Changes to any one of these underlying factors could lead to an increased cost of funding, limited access to capital, increased refinancing risk for HPI and/or an inability to expand operations or purchase assets in a manner that may benefit HPI and its Securityholders.
Extension and refinancing	HPI's ability to refinance or repay its debts as they fall due will be impacted by market conditions, the financial status of HPI, the value of the properties, and prevailing economic conditions, including interest rates, at the time of maturity or refinancing. There is a risk that HPI may not be able to extend or refinance its debts before expiry, and the terms of such extension or refinancing (if any) may not be on substantially the same or improved terms as the existing facilities. There is also a risk that HPI is unable to hedge future borrowings to mitigate future interest rate risk, or that the terms of such hedging are worse than currently available. Possible increases in the interest rate, the cost of interest rate hedges and the level of financial covenants required by lenders may adversely impact on the operational and financial results of HPI, the level of distributions available to Securityholders, HPI's ability to raise equity and/or enter into new debt facilities. Further, there is a risk that HPI may need to dispose of assets in order to repay its debts or increase its available liquidity and such disposal may be at a lower market value than could otherwise have been realised in a different interest rate environment.
Debt facility undertakings and covenants	HPI is subject to a number of undertakings and covenants in relation to its debt facilities, including in relation to gearing levels and interest cover ratios. An event of default may occur if HPI fails to maintain these financial covenants. This may be caused by unfavourable movements in interest rates (to the extent interest rates are not hedged) or deterioration in the income or the value of the portfolio. In the event that an event of default occurs, the lender may require immediate repayment of the debt facilities. HPI may need to dispose of some or all of its properties for less than their face value, raise additional equity, or reduce or suspend distributions in order to repay the debt facilities.

Appendix 2 – Key Risks *(continued)*

Change of Responsible Entity or change of control of Responsible Entity	There is a risk that the Responsible Entity may be removed as the responsible entity of the Trust. A change of the Responsible Entity or a change of control may constitute a default under HPI's material agreements, which may result in a right for the counterparty to terminate the agreement. For example, a debt review event is triggered on the change of control of the Responsible Entity. A change of control of the Responsible Entity may affect the Responsible Entity's role or the composition of the Responsible Entity Board.
Counterparties	There is always a risk that, notwithstanding appropriate safeguards, parties with whom HPI has dealings may experience financial or other difficulties which may affect that parties ability to perform its obligations to HPI. This may affect the value of, and returns from, an investment in securities.
Litigation	HPI may in the ordinary course of business be involved in possible litigation and disputes (for example, tenancy disputes, occupational health and safety claims or third party claims). While the extent of any disputes and litigation cannot be ascertained at this time, any dispute or litigation may be costly and may adversely affect the operational and financial results of HPI.
Compliance	The Trust is a managed investment scheme which means the Responsible Entity is subject to strict regulatory and compliance arrangements under the Corporations Act and ASIC policy. If the Responsible Entity fails to comply with the conditions of its Australian Financial Services Licence, then ASIC may take action to suspend or revoke the licence, which in turn could adversely impact HPI.
Insurance and Force majeure	HPI carries insurance coverage in line with industry practice, however no assurance can be given that such insurance will be available in the future on a commercially reasonable basis, or will provide adequate insurance cover against claims made. If HPI incurs uninsured losses or liabilities, its assets, profits and prospects may be materially adversely affected. Further, HPI may not be able to recover under its insurance if the company or companies providing the insurance (or any reinsurance) are under financial distress or fail. Some risks are not able to be insured at acceptable premiums. Examples include where the properties held by HPI may be damaged or destroyed by flood, fire, earthquake or other disaster. Any losses incurred due to uninsured risks, a loss in excess of the insured amounts, or an increase in insurance premiums, may adversely affect the performance of HPI.
General risks relating to the offer and securities	
Payment of distributions	Payment of distributions is at the discretion of the HPI Directors. Securityholders should be aware that HPI will only pay distributions having regard to the financial circumstances of HPI and there is no guarantee that any or all distributions will be paid.
ASX market volatility	The market price of HPI's securities will fluctuate due to various factors, many of which are non-specific to HPI, including recommendations by brokers and analysts, Australian and international general economic conditions, inflation rates, interest rates, exchange rates, changes in government, fiscal and regulatory policies, changes to laws, global geopolitical events and hostilities and other factors that may affect HPI's financial performance and position. In the future, these factors may cause HPI's securities to trade at or below their issue price.
Liquidity and realisation risk	There can be no guarantee that there will be an active market in HPI securities or that their value will increase. There may be relatively few or many buyers or sellers of HPI securities on the ASX at any one time which may lead to increased price volatility and affect the price at which securityholders are able to sell their HPI securities.
Macro-economic	Changes in the general economic outlook both in Australia and globally may impact the performance of HPI and its portfolio. General economic factors such as interest rates, exchange rates, inflation, business and consumer confidence and general market factors may have an adverse impact on HPI's earnings or value of its assets.
Tax and stamp duty	Changes in tax or stamp duty law or changes in the way they are expected to be interpreted in Australia may adversely impact HPI's returns and the distributions made to Securityholders. Future changes in taxation law may also impact the taxation treatment of your investment in HPI securities or the holding and disposal of those securities.
Dilution risk	HPI securityholders who do not participate in the Placement will have their investment in HPI diluted. HPI securityholders may have their investment in HPI diluted by future capital raisings.

Appendix 3 – International Offer Restrictions

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OF SECURITIES IN ANY JURISDICTION IN WHICH IT WOULD BE UNLAWFUL. IN PARTICULAR, THIS DOCUMENT MAY NOT BE DISTRIBUTED TO ANY PERSON, AND THE SECURITIES MAY NOT BE OFFERED OR SOLE IN ANY COUNTRY OUTSIDE AUSTRALIA, EXCEPT TO THE EXTENT PERMITTED BELOW.

HONG KONG

WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Placement. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong) (the “C(WUMP)O”), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, (i) the New Securities may not be offered or sold in Hong Kong by means of this document or any other document other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the C(WUMP)O or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and (ii) no person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the New Securities which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

No person allotted New Securities may sell, or offer to sell, such Securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such Securities.

NEW ZEALAND

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the “FMC Act”).

The New Securities are not being offered to the public within New Zealand other than to existing securityholders of HPI with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the Placement, the New Securities may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Appendix 3 – International Offer Restrictions *(continued)*

SINGAPORE

This document and any other materials relating to the New Securities has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (“MAS”). Accordingly, the New Securities may not be offered or sold or made the subject of an invitation for subscription or purchase, nor may this document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Securities be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person under Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the New Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, or

b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

Securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the New Securities pursuant to an offer under Section 275 of the SFA except:

1. to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
2. where no consideration is or will be given for the transfer;
3. where the transfer is by operation of law;
4. pursuant to Section 276(7) of the SFA; or
5. as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification under Section 309B(1)(c) of the SFA - In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 (the “CMP Regulations 2018”) of Singapore, HPI has determined the classification of the New Securities as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Appendix 4 – Underwriting Agreement

HPI has entered into an underwriting agreement with the Joint Lead Managers for the Placement (**Underwriting Agreement**) pursuant to which the Joint Lead Managers have been appointed as joint bookrunners, joint lead managers and joint underwriters of the Placement. The Underwriting Agreement contains representations, warranties and indemnities in favour of the Joint Lead Managers. The Joint Lead Managers may terminate its obligations under the Underwriting Agreement on the occurrence of certain termination events including where:

- any of the conditions precedent under the Acquisition agreements are, or become, not capable of being satisfied in accordance with their terms or if any of the Acquisition agreements:
  - are materially amended or varied without the consent of the Joint Lead Managers;
  - are terminated or rescinded;
  - are materially breached;
  - cease to have effect, otherwise than in accordance with its terms; or
  - is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) by the relevant vendor, or its performance is or becomes illegal;
- a certificate which is required to be furnished by HPI under the Underwriting Agreement is not furnished by the time specified;
- a statement in any of the Offer documents is or becomes misleading or deceptive or is likely to mislead or deceive (including by omission) in a material particular, or a matter required to be included is omitted from an Offer document that would render it misleading in a material respect;
- HPI withdraws the Placement;
- at any time the S&P/ASX 200 Index or the S&P/ASX 200 A-REIT Index falls to a level that is 90% or less of the level as at the close of trading on the trading day prior to the date of the Underwriting Agreement;
- an application is made by ASIC for an order under Part 9.5 in relation to the Placement or the Offer documents and such application becomes public or is not withdrawn within 2 business days after it is made or where it is made less than 2 business days before the date of settlement of the Placement (**Settlement Date**), it has not been withdrawn by that date; or ASIC commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Placement or the Offer documents and such investigation or hearing becomes public or is not withdrawn within 2 business days after it is commenced or where it is commenced within 2 business days before the Settlement Date, it has not been withdrawn before that date;
- ASX announces that HPI will be removed from the official list or that any Securities will be delisted or suspended from quotation by ASX;
- any of the following occurs:
  - a director of HPI is charged with an indictable offence; or
  - a director of HPI is disqualified from managing a corporation under the Corporations Act;
- HPI is prevented from allotting and issuing the Placement Securities within the time required by the timetable, ASX Listing Rules, applicable laws, an order of a court of competent jurisdiction or a government agency;

Appendix 4 – Underwriting Agreement *(continued)*

- HPI is or becomes insolvent or a circumstance arises in consequence of which HPI is likely to be insolvent;
- a change in the Managing Director and Chief Executive Officer, Chief Financial Officer or in the board of directors of HPI is announced or occurs, except as disclosed to the Joint Lead Managers in writing at least 2 business days prior to the date of the Underwriting Agreement;
- in the reasonable opinion of the Joint Lead Managers, a new circumstance arises that would have been required to be disclosed in the Offer documents had it arisen before the Offer documents were lodged with ASX;
- there is an application to a government agency for an order, declaration or other remedy, or a government agency commences any investigation or hearing or announces its intention to do so, in each case in connection with the Placement (or any part of it) or any agreement entered into in respect of the Placements (or any part of it);
- unconditional approval (or conditional approval, provided such condition would not have a material adverse effect on the success or settlement of the Placement) by the ASX for official quotation of the Placement Securities is refused, or is not granted, or is withdrawn, in each case on or before the Settlement Date as the case may be, or ASX makes, in writing, an official statement to any person or indicates to HPI or the Joint Lead Managers that official quotation of the Placement Securities will not be granted; or
- a delay in an event specified in the timetable causes settlement to be delayed by more than 1 business day.

In addition, the following termination events will depend on whether the Joint Lead Managers in their reasonable opinion believe that the relevant event (i) has, or is likely to have, a material adverse effect on the success or settlement or marketing of the Placement or on the ability of the Joint Lead Manager to market or promote or settle the Placement or on the likely price at which the Placement Securities will trade on ASX, or the willingness of investors to subscribe for the Placement Securities; or (ii) will, or is likely to, give rise to a liability of a Joint Lead Manager under, or result in, a contravention by the Joint Lead Manager or its Affiliates of, or the Joint Lead Manager or its affiliates being involved in a contravention of, any applicable law:

- any statement in a certificate provided to the Joint Lead Managers under the underwriting Agreement is false, misleading or deceptive;
- any information supplied by or on behalf of HPI to the Joint Lead Managers in final form is or becomes misleading or deceptive in a material respect, including by way of omission;
- hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United Kingdom, the United States, Singapore or Hong Kong (excluding a recurrence of the recent hostilities, but including any escalation of those recent hostilities, through any military deployment by the People's Republic of China or otherwise), or a major terrorist act is perpetrated on any of those countries;
- there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia, or any Federal or State authority of Australia adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Underwriting Agreement), any of which does or is likely to prohibit or adversely regulate the Placement;

Appendix 4 – Underwriting Agreement *(continued)*

- a contravention by HPI or a member of HPI and its subsidiaries (**Group**) of the Corporations Act, a constituent document of HPI, the ASX Listing Rules or any other applicable law;
- HPI fails to perform or observe any of its obligations under the Underwriting Agreement on or before the date of allotment, or fails to do so after that date and does not remedy that failure within 2 business days (or by 8.00am on the Settlement Date if earlier);
- other than as set out in the Offer documents or otherwise disclosed to ASX prior to the date of the Underwriting Agreement, there is a change in the business, assets, liabilities, financial position or performance, profits, losses, operations, results or prospects of HPI or the Group, or there is an event which makes it reasonably likely that such a change will occur;
- a representation or warranty made or given by HPI under the Underwriting Agreement proves to be, or has been, or becomes, untrue or incorrect;
- any of the following occurs:
  - a general moratorium on commercial banking activities in Australia, New Zealand, the United Kingdom, the United States, Singapore or Hong Kong is declared by the relevant central banking authority in those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries, in any such case continuing for 1 full trading day or more; or
  - trading in all securities quoted or listed on ASX, the New Zealand Exchange, London Stock Exchange, New York Stock Exchange or Hong Kong Stock Exchange is suspended or limited in a material respect for at least 1 day on which that exchange is open for trading; or
  - a government agency commences any public action against a director of HPI or announces that it intends to take any such action.

The exercise by one Joint Lead Manager of its right to terminate (the **Terminating JLM**) does not automatically terminate the obligations of the remaining Joint Lead Manager (the **Remaining JLM**) as the the Remaining JLM may elect by giving a notice in writing to the Terminating JLM and HPI, within 2 business days after the Remaining JLM receives notice from the Terminating JLM of its termination to assume the obligations of the Terminating JLM under the Underwriting Agreement, or to also terminate its obligations under the Underwriting Agreement.

Termination of the Underwriting Agreement could have an adverse impact on the amount of proceeds raised under the Placement. If either or both of the Joint Lead Managers are entitled to, and do, terminate the Underwriting Agreement, HPI may not otherwise be able to raise sufficient equity capital to meet its obligations and commitments in respect of the Acquisitions and for all of the intended purposes as set out in this presentation, which may materially and adversely affect HPI's financial position and the market price for HPI securities.

Appendix 5 – Glossary

Defined term	Meaning
AFSL	Australian financial services licence issued under the Corporations Act
Acquisitions	The acquisition of the 3 properties which HPI has contracted to acquire, as outlined on slide 8 of this Presentation
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AVC	Australian Venue Co
Coles	Coles Ltd
Corporations Act	Corporations Act 2001 (Cth)
Distribution	A distribution made in relation to the Securities
EGM	Electronic Gaming Machines
F&B	Food and Beverage
DPS	Distribution per Security
Gearing	Total interest bearing liabilities and distribution provision divided by total assets
HPI	Hotel Property Investments Limited (ACN 010 330 515)
Issue Price	$3.04 per Security
Joint Lead Managers	E&P Corporate Advisory Pty Ltd and J.P. Morgan Securities Australia Limited
NAV	Net asset value
New Securities	The Securities to be offered under the Institutional Placement and SPP

Defined term	Meaning
Placement	Fully underwritten institutional placement to raise $40m at an issue price of $3.04 per Security
Transaction	The Acquisitions and the Institutional Placement
Security	A security in HPI
Securityholder	A holder of a Security
SPP	Security Purchase Plan
QVC	Queensland Venue Co
VWAP	Volume weighted average price
WALE	The average lease term remaining to expiry across the portfolio, weighted by gross property income