



## HOTEL PROPERTY INVESTMENTS

Hotel Property Investments Trust	ARSN	166 484 377
Hotel Property Investments Limited	ACN	010 330 515
Hotel Property Investments Limited	AFSL	479719

### NOTICE OF MEETINGS

Notice is given that the 2022 annual general meeting of Shareholders of Hotel Property Investments Limited (**Company**), and a meeting of Unitholders of Hotel Property Investments Trust (**Trust**), will be held concurrently on Wednesday 16 November 2022 at 10:30am (Melbourne time) at:

Mantra Southbank  
31 City Road  
Southbank, VIC 3006

The Notice of Meeting contains instructions for Securityholders to participate in the Meetings, including how to vote and ask questions.

#### Considerations and Securityholder Questions

A discussion will be held on all items to be considered at the Meetings. The items of business should be read in conjunction with the Explanatory Notes on pages 5 to 10.

All Securityholders will have a reasonable opportunity to ask questions during the Meetings in person, including an opportunity to ask questions of the Company's external auditor. The Chair of the Meetings will allow a reasonable opportunity for Securityholders to ask questions or make comments on the management of the Company and the Remuneration Report.

To ensure that as many Securityholders as possible have the opportunity to contribute, Securityholders are required to observe the following:

- all Securityholder questions should be stated clearly and should be relevant to the business of the Meetings, including matters arising from the Financial Report, Directors' Report (including the Remuneration Report) and Auditor's Report, and general questions about the performance, business or management of HPI; and
- Securityholders should not ask questions at the Meetings regarding personal matters or those that are commercial in confidence.

Securityholders who prefer to register questions in advance of the Meetings are invited to do so. A Securityholder Question Form has been included with this Notice.

We will attempt to address the more frequently asked questions of Securityholders in the Meetings. Written questions must be received by the Company or Link Market Services Limited by 5pm on Wednesday 9 November 2022, and can be submitted online, by mail or in person (as set out on the top of the Securityholder Question Form).

#### 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 2022.

##### 2. Remuneration Report (Company only)

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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 2022.*

**3. Election of Director – Mr Lachlan Edwards (Company only)**

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

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

**4. Issuance of 60,740 Performance Rights to Mr Don Smith under the LTIP (Company and Trust):**

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

*That, for the purpose of ASX Listing Rule 10.14 and for all other purposes, the issue to Mr Don Smith, the Managing Director and Chief Executive Office of the Company (or his nominee), of 60,740 Performance Rights under the LTIP, for no consideration and otherwise on the terms and conditions described in the Explanatory Notes, be approved.*

**5. Reinsertion of proportional takeover provisions in the Constitution (Company):**

To consider, and if thought fit, to pass the following resolution as a special resolution of the Company:

*That, for the purposes of section 136 and 648G of the Corporations Act and for all other purposes, the proportional takeover provisions in clause 15.7 of the Company's Constitution be reinserted for a period of three years on the terms and conditions set out in the Explanatory Notes.*

**6. Reinsertion of proportional takeover provisions in the Trust Deed (Trust):**

To consider, and if thought fit, to pass the following resolution as a special resolution of the Trust:

*That, for the purposes of sections 601GC and 648G of the Corporations Act and for all other purposes, the proportional takeover provisions in clause 16 of the Trust's Trust Deed be reinserted, as amended, for a period of three years on the terms and conditions set out in the Explanatory Notes.*

By Order of the Board

Blair Strik

Company Secretary

7 October 2022

## 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 Notes attached to this Notice.

## 2. Material accompanying this Notice

The following materials accompany this Notice:

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

## 3. All resolutions by Poll

In accordance with clauses 21.9 and 21.10 of the Company's constitution, and clauses 28.8 and 28.9 of the Trust's trust deed, the Chair intends to call a poll on each of the resolutions proposed at the Meetings. Each resolution considered at the Meetings will therefore be conducted by poll, rather than a show of hands. The Chair considers voting by poll to be in the interests of the Securityholders as a whole, and to ensure the representation of as many Securityholders as possible at the Meetings.

## 4. Voting and required majority - Corporations Act

- a) For Resolutions 2, 3 and 4 to be effective:
  - i) not less than 28 days' written notice has been given; and
  - 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);
- b) Subject to clauses 4(c) and (d), on a poll each Securityholder has one vote for each Stapled Security held.
- c) 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.
- d) In accordance with the ASX Listing Rules and the Corporations Act, for Resolution 4, HPI will disregard any votes cast in favour of the resolution by or on behalf of:
  - i) Mr Smith or any of his associates; or
  - ii) KMP or a closely related party of a member of the KMP.

However, the voting exclusion does not apply to a vote cast in favour of Resolution 4 by:

- A) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- B) the Chair of the Meetings as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- C) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

For the purposes of the voting exclusions above, the term 'key management personnel' and 'closely related party' have the same meaning as set out in the Corporations Act and the term 'associate' has the same meaning as set out in the ASX Listing Rules.

- e) Resolutions 5 and 6 are each special resolutions and will be passed if more than 75% of the votes cast by Securityholders present (in person or by proxy or by representative) and eligible to vote are cast in favour of each resolution.

#### 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 Monday 14 November 2022 ("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 proxy or attorney's appointment specifies the way in which the proxy or attorney must vote, the proxy or attorney must follow those instructions in accordance with the Corporations Act.
- e) If a Securityholder is entitled to cast two or more votes they may appoint no more than 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 and any fractions of votes will be disregarded.
- f) 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 or by the corporation's duly authorised attorney or representative.
- g) 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 Meetings or at the registration desk on the day of the Meetings. The Company will retain the certificate. Appointments of representatives must be received in accordance with paragraph (h) below at any time before the Meetings or at the Meetings or any adjournment of the Meetings.
- h) 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 Monday 14 November 2022** (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 during business hours (Monday to Friday, 9.00am – 5:00pm);
  - 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](http://www.linkmarketservices.com.au).

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

## Explanatory Notes

### 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 2022 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](http://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](http://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 (known as a 'spill 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 and the Chair intends to vote all available proxies in favour of Resolution 2.

### Item 3 - Election of Mr Lachlan Edwards (Company only)

Mr Edwards has been a non-executive Director of HPI since his appointment in November 2013. Mr Edwards was most recently re-elected to the Board in November 2019 and is standing for re-election in 2022.

In accordance with the Company's Corporate Governance policy he is considered by the Board to be an independent Director.

Lachlan Edwards is the Founder of advisory business Faraday Associates, having been the Co-Head of advisory businesses at Lazard 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. His previous Board positions include Director of NM Rothschild & Sons and Governor of the English National Ballet in London.

Mr Edwards was a Managing Director of Goldman Sachs 2006–2013 and was at Rothschild in both Sydney and London for 15 years.

Mr Edwards currently serves on a number of Boards including as Deputy Chair of the Bell Shakespeare Company. He is also Trustee of both the Historic Houses Trust of NSW (Sydney Living Museums) and the Art Gallery of NSW.

Mr Edwards has a Bachelor of Economics degree from the University of Sydney and a Graduate Diploma in Applied Finance and Investments from the Securities Institute of Australia. He is also a Member of the Australian Institute of Company Directors.

Mr Edwards currently serves as Chair of HPI's Human Resources and Nominations Committee, Board Audit and Risk Committee and the Responsible Entity Compliance Committee.

On the basis of Mr Edwards' skills, qualifications and experience and his contribution to the Board's activities, the continuing Directors (other than Mr Edwards) recommend that Shareholders vote in favour of Resolution 3 and the Chair of the meeting intends to vote all available proxies in favour of Resolution 3.

#### **Item 4. Issue of 60,740 Performance Rights to Mr Don Smith under the LTIP (Company and Trust)**

The Company's Long Term Incentive Plan ("LTIP") is a key component of the Company's remuneration framework and is designed to link sustainable growth in securityholder value to executive reward as set out in the Remuneration Report.

The Board has determined that HPI's relative Total Securityholder Return ("TSR"), as assessed over 3-year performance periods, and in relation to a comparator group consisting of comparable ASX-listed real estate investment trusts, will be the only performance metric used in the LTIP. The comparator grouping is selected to align with the complexity, size and nature of operations of HPI.

To maximise alignment with the returns experienced by Securityholders, the Board has imposed a gateway requirement that HPI's TSR over each 3-year performance period be positive before any Performance Rights are able to vest under the LTIP. This ensures that Performance Rights cannot vest to executives when Securityholders have lost value over a performance period, even where HPI's relative TSR against the comparator group would otherwise result in some or all Performance Rights vesting.

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

As any HPI securities granted to Mr Smith under the LTIP will be purchased on market and will not result in the issuance of new HPI securities, Shareholder approval for the grant of Performance Rights is not required under the ASX Listing Rules. However, in the interests of good governance and transparency, the Company has elected to seek Shareholder approval for the grant of Performance Rights to Mr Smith.

The number of Performance Rights issued to Mr Smith has been determined by dividing the annual long-term incentive component of Mr Smith's remuneration (currently \$200,000), by the weighted average closing price for Stapled Securities over the 20 trading days following the release of HPI's audited results for the Financial Year end. Mr Smith is not required to pay anything to acquire or exercise Performance Rights granted under the LTIP. The Board may adjust the rights attaching to Performance Rights, including the number of Stapled Securities that may be acquired on exercise of the Performance Rights, on any basis it sees fit in its absolute discretion.

Mr Smith's current annual remuneration package includes:

- a total fixed remuneration, including superannuation of \$510,000;
- a short term incentive opportunity, up to 75% of total fixed remuneration, currently valued at \$382,500; and
- a long term incentive of up to \$200,000.

#### Why are Performance Rights being issued?

Under his employment agreement with the Company, Mr Smith's remuneration consists of a fixed component, a short term incentive component and the issue of Performance Rights under the LTIP.

Each Performance Right can be exercised to provide one HPI Stapled Security if the performance conditions attached to that Performance Right are satisfied, and the executive remains employed with HPI until the relevant vesting outcomes have been determined. In addition, to maximise the alignment of interests between executives and Securityholders, for the period between vesting and exercise of a Performance Right, the Company will pay the executive an amount equivalent to the distributions paid on each HPI Stapled Security over that same period.

Subject to Securityholder approval being obtained, the Company proposes to issue Performance Rights to Mr Smith under the LTIP, which, if all performance conditions are satisfied, will entitle him to be issued HPI Stapled Securities for no consideration.

If Securityholders do not approve the grant of Performance Rights to Mr Smith, issues may arise regarding the competitiveness of Mr Smith's total remuneration package and the alignment of rewards provided to other senior executives in HPI. The Board may then need to consider alternative remuneration arrangements for Mr Smith consistent with HPI's remuneration principles, including the possible provision of a cash amount up to the value of the incentive component of Mr Smith's total remuneration package.

## Details of Performance Rights to be issued to Mr Smith

The Performance Rights will be issued to Mr Smith under the LTIP Rules. Mr Smith is the CEO and a Director of the Company, and as a result he falls within the category of a person listed in Listing Rule 10.14.1.

The Company proposes to grant Mr Smith 60,740 Performance Rights on or about 16 November 2022 under the LTIP, for no consideration. If granted, the details of these Performance Rights will be published in the Company's 2023 Annual Report, along with a statement confirming that approval for the issue was obtained under Listing Rule 10.14. It is not proposed that any loan be made to Mr Smith in connection with the issue of Performance Rights.

The number of Performance Rights previously granted to Mr Smith under the LTIP are as follows:

- 17 November 2021: 56,840 Performance Rights;
- 22 October 2020: 64,415 Performance Rights; and
- 24 October 2019: 57,632 Performance Rights.

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in a future issue of Performance Rights under the LTIP, but who are not identified in this Notice, will not be able to participate in an issue until specific approval for that issue has been granted under Listing Rule 10.14.

The Performance Rights to be issued to Mr Smith will expire on the *earlier* of the 5 year anniversary of their grant date (or the next business day) on occurrence of any earlier lapsing or forfeiture event.

Performance Rights will vest if Mr Smith 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 and:

1. HPI's Total Securityholder/Shareholders Return ("**TSR**") measured over the 3 years from 1 July 2022 to 30 June 2025 (the Performance Period) is positive; and
2. HPI's TSR over the Performance Period is ranked at or above the median (50<sup>th</sup> percentile) of the comparator group, which changes over time; but, it is currently comprised of the following ASX-listed retail investment trusts:

ASX Code	REIT
ABP	Abacus Property Group
AOF	Australian Unity Office Fund
ARF	Arena REIT
BWP	BWP Trust
CIP	Centuria Industrial REIT
CLW	Charter Hall Long WALE REIT
COF	Centuria Office REIT
CQE	Charter Hall Education Trust
CQR	Charter Hall Retail REIT
DXC	Dexus Convenience REIT
DXI	Dexus Industrial REIT
ERF	Elanor Retail Property Fund
GDF	Garda Diversified Property Fund
GOZ	Growthpoint Properties Australia
NSR	National Storage REIT
SCP	Shopping Centres Australasia Property Group
WPR	Waypoint REIT

The proportion of the Performance Rights in the grant that vest will be determined according to HPI's relative TSR percentile ranking against the comparator group of ASX-listed retail investment trusts over the performance period as follows:

- At the 75<sup>th</sup> percentile of the peer group, or above: 100% of the Performance Rights in the grant will vest

- Between the 50<sup>th</sup> and 75<sup>th</sup> percentiles of the peer group: The Performance Rights in the grant will vest on a straight line basis between 50% to 100%
- At the 50<sup>th</sup> percentile of the peer group: 50% of the Performance Rights in the grant will vest
- Below the 50<sup>th</sup> percentile of the peer group: no Performance Rights in the grant will vest

Performance Rights will be forfeited if they do not vest or on cessation of employment, with the proviso that for 'Good Leavers' (i.e. participants who cease employment with HPI for reasons such as ill-health, total and permanent disability, death, redundancy or sale of a business) unvested Performance Rights will vest pro rata according to the extent to which the relevant performance period has been completed, as at the date on which employment ceases, and having regard to the extent to which performance conditions have been achieved, as determined by the board. For 'Bad leavers' (including participants whose employment is terminated by the Company for cause all Performance Rights, entitlements, and interest in any Performance Rights, including vested Performance Rights will be forfeited. For 'Leavers' who are neither 'Good' nor 'Bad' Leavers, the Board has a discretion to permit some or all of the unvested Performance Rights held by an executive to vest.

The Performance Rights:

- are not transferable;
- do not confer any right to vote, except as otherwise required by law;
- do not confer any entitlement to a dividend or distribution before vesting;
- do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise;
- do not confer any right to participate in the surplus profit or assets of the Company or Trust; and
- do not confer any right to participate in new issues of HPI securities such as bonus issues or entitlement issues.

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

The Directors (with Mr Smith abstaining) recommend that the Securityholders vote in favour of Resolution 4 and the Chair intends to vote all available proxies in favour of Resolution 4.

**Items 5 and 6. Reinsertion of the proportional takeover provisions in the Constitution and Trust Deed (Company and Trust)**

Clause 15.7 of the Constitution and clause 16 of the Trust Deed contain provisions dealing with a proportional takeover bid for securities in the Company and units in the Trust in accordance with the Corporations Act, which have ceased to apply.

Under the Corporations Act and the Constitution and Trust Deed, the provisions must be renewed or reinserted every three years or they will cease to have effect. The current provisions have ceased to have effect (as approval has not been obtained in more than three years before the date of the Meetings) and, accordingly, it is proposed to reinsert them as part of the Meetings.

If reinserted, clause 15.7 of the Constitution and clause 16 of the Trust Deed will operate on the same terms as currently set out in the Constitution and Trust Deed as at the date of this notice, for a period of three years from the date of the Meetings. If not reinserted, the proportional takeover provisions in clause 15.7 of the Constitution and clause 16 of the Trust Deed will continue to have no effect.

Section 648G of the Corporations Act requires that the following information be provided to Securityholders when they are considering the renewal or reinsertion of proportional takeover provisions in a constitution.

**What is a proportional takeover bid and why do we need the proportional takeover provisions?**

A proportional takeover bid occurs where a person makes a bid for a proportion of each Securityholder's securities in HPI. This means that if a proportional takeover bid were to proceed, control of HPI may pass without Securityholders having the chance to sell all their securities to the bidder. It also means the bidder may take control of HPI without paying an adequate amount for gaining control.

In order to deal with this possibility, the Company and the Trust may include in the Constitution and Trust Deed that a proportional takeover bid in respect of HPI securities is prohibited unless and until a resolution is put to Securityholders to approve the bid. In effect, the approval of Resolutions 5 and 6 will enable HPI to

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refuse to register HPI securities acquired under a proportional takeover bid unless that bid is approved by a majority of Securityholders.

The Board consider that Securityholders should be able to vote on whether a proportional takeover bid ought to proceed given such a bid might otherwise allow control of HPI to change without Securityholders being given the opportunity to dispose of all of their HPI securities for a satisfactory control premium. The Board also believes that the right to vote on a proportional takeover bid may avoid Securityholders feeling pressure to accept the bid even if they do not want it to succeed.

Importantly, if the proportional takeover provisions in the Constitution and Trust Deed are not reinserted, they will not have effect and Securityholder approval of any proportional takeover bid will not be required. On this basis, Securityholders will not be able to prevent a proportional takeover bid from proceeding in circumstances where Securityholders believe that control of HPI should not be permitted to pass under the bid.

#### **What is the effect of the proportional takeover provisions?**

If a proportional takeover bid is made, the Board must ensure that Securityholders vote on a resolution to register the transfers proposed under the proportional takeover bid more than 14 days before the bid period closes. The vote is decided by a simple majority. Each person who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote. However, the bidder and their associates are not allowed to vote.

If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn. If the bid is approved (or taken to have been approved), the transfers must be registered if they comply with the Corporations Act and the Constitution and Trust Deed.

The proportional takeover provisions do not apply to full takeover bids, and only apply for three years after the date they are renewed or reinserted. The provisions may be renewed or reinserted upon the expiry of the initial three-year period, but only by special resolution.

#### **What are the potential advantages and disadvantages of reinserting the proportional takeover provisions?**

While the reinsertion of clause 15.7 of the Company's Constitution and clause 16 (as amended in the manner discussed below) of the Trust's Trust Deed allows the Directors to ascertain Securityholders' views on a proportional takeover bid, it does not otherwise offer any advantage or disadvantage to the Directors who remain free to make their own recommendation as to whether a bid should be accepted.

#### ***Advantages of proportional takeover provisions***

The inclusion of proportional takeover provisions in the Constitution and Trust Deed provide Securityholders with the following advantages:

- (i) Securityholders have an opportunity to study a proportional takeover bid proposal and vote on the bid at a general meeting. This is likely to ensure a potential bidder structures its offer in a way which is attractive to a majority of Securityholders, including appropriate pricing. Similarly, knowing the view of the majority of Securityholders may help individual Securityholders assess the likely outcome of the proportional takeover when determining whether to accept or reject the offer.
- (ii) The provisions may provide Securityholders with protection against being coerced into accepting a partial bid at a high premium where the bidder indicates its intention to mount a subsequent bid for the remaining HPI securities at a much reduced price. This puts pressure on Securityholders to accept the initial bid in order to maximise their returns.
- (iii) If a partial bid is made, the provisions may make it more probable that a bidder will set its offer price at a level that will be attractive to at least a majority of Securityholders.
- (iv) The body of Securityholders may more effectively advise and guide the Directors' response to a partial bid.
- (v) The provisions may make it more probable that any takeover offer will be a full bid for the entire holding of each Securityholder, so that Securityholders may have the opportunity of disposing of all their HPI securities rather than only a proportion.

#### ***Disadvantages of proportional takeover provisions***

The inclusion of proportional takeover provisions in the Constitution and Trust Deed could result in the following disadvantages for Securityholders:

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- (i) By placing obstacles in the way of partial takeover offers, the proposal may tend to discourage partial takeover offers, thus reducing the opportunity for Securityholders to sell a portion of their holding.
  - (ii) It is possible that the existence of the provisions might have an adverse effect on the market value of HPI securities by making a partial takeover offer less likely, thus reducing any takeover speculation in the market price of HPI securities.
  - (iii) An individual Securityholder who wishes to accept a proportional takeover offer will be unable to sell to the bidder unless a majority of Securityholders vote in favour of the proportional takeover bid (which may be viewed as an additional restriction on the ability of individual Securityholders to deal freely with their HPI securities).
  - (iv) If a proportional takeover offer is made, HPI will incur the cost of calling a meeting of Securityholders.

These advantages and disadvantages of the proportional takeover provisions have been applicable during the period that these provisions previously had been in effect. It should be noted that during that period, no takeover bid for securities in HPI (whether proportional or otherwise) had been announced or made. While it may be argued that during that period, they had the disadvantage of discouraging proportional takeover bids, the Board is not aware of any potential takeover bid that was discouraged by those provisions during that period.

The Board considers that the potential advantages for Securityholders of the proportional takeover provisions outweigh the potential disadvantages.

#### **Current acquisition proposals**

As at the date on which this statement was prepared, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in HPI.

#### **Amendment to reinsert proportional takeover provisions in the Trust Deed**

As mentioned above, the proportional takeover provisions currently contained in clause 16 of the Trust Deed have no effect as a result of the Trust not renewing these provisions in accordance with the Trust Deed and the Corporations Act. It is proposed that clause 16 be reinserted in the Trust Deed, but with clause 16.9 of the Trust Deed amended as follows:

“This clause 16 will automatically cease to have effect on the third anniversary of the date of the adoption or the last renewal of this clause 16, unless the Corporations Act is amended to remove the requirement to renew periodically the proportional takeover provisions in the Constitution ~~upon 3 years after the date the Trust is Registered unless renewed in accordance with the Corporations Act prior to that date.~~”

In accordance with section 601GC of the Corporations Act, the Trust must lodge with ASIC a copy of the amended Trust Deed. The reinsertion of, and amendment to, clause 16 of the Trust Deed cannot take effect until a copy of the amendment has been lodged with ASIC.

The Directors recommend that Securityholders vote in favour of Resolutions 5 and 6 and the Chair intends to vote all available proxies in favour of Resolutions 5 and 6.

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## GLOSSARY

<b>Annual Report</b>	means the annual report of HPI for the year ended 30 June 2022 (a copy of which can be found at <a href="https://www.hpitrust.com.au/annual-interim-reports">https://www.hpitrust.com.au/annual-interim-reports</a> ).
<b>Auditor</b>	means the auditor of HPI.
<b>Auditor's Report</b>	means the report of the Auditor regarding its audit of HPI, as set out in the Annual Report.
<b>ASX</b>	means ASX Limited ACN 008 624 691.
<b>Board</b>	means the board of directors of the Company.
<b>Chair</b>	means the individual acting as chair of the Meetings.
<b>Company</b>	means Hotel Property Investments Limited ACN 010 330 515.
<b>Constitution</b>	means the constitution of the Company, which was last amended by special resolution on 23 November 2013.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	means a director of the Company.
<b>Director's Report</b>	means the report of the Directors, as set out in the Annual Report.
<b>Effective Time</b>	means 7:00pm (Melbourne time) on Monday 14 November 2022.
<b>Explanatory Notes</b>	means the notes contained in this document that provide details of the business to be heard at the Meetings.
<b>Financial Report</b>	means the financial report of HPI for the year ending 30 June 2022, as set out in the Annual Report.
<b>HPI</b>	means the Company and the Trust.
<b>KMP</b>	has the meaning given to that term in the Financial Report.
<b>Listing Rules</b>	means the listing rules of the ASX, as amended from time to time.
<b>LTIP</b>	means the Company's Long Term Incentive Plan.
<b>Meetings</b>	means the annual general meeting of Shareholders and meeting of Unitholders, to be held concurrently on Wednesday 16 November 2022 at 10:30am (Melbourne time).
<b>Notice of Meetings</b>	means the notice of the Meetings accompanying this Explanatory Notes (and the term " <b>Notice</b> " has the same meaning).
<b>Performance Right</b>	means the right to a HPI Stapled Security issued under the LTIP.
<b>Proxy Form</b>	means the proxy form accompanying the Notice.
<b>Remuneration Report</b>	means HPI's remuneration report that forms part of the Directors' Report, as set out in the Annual Report.
<b>Shares</b>	means fully paid ordinary shares in the capital of the Company.
<b>Shareholder</b>	means a holder of one or more Shares.
<b>Securityholder</b>	means a holder of Stapled Securities.
<b>Stapled Security</b>	means one Share stapled to one Unit.
<b>Trust</b>	means Hotel Property Investments Trust ARSN 166 484 377.
<b>Trust Deed</b>	means the trust deed of the Trust, which was last amended by supplemental deed on 11 November 2013.

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<b>Units</b>	means fully paid ordinary units in the Trust.
<b>Unitholder</b>	means a holder of one or more Units.
<b>VWAP</b>	means the volume-weighted average price of HPI's Stapled Securities.



HOTEL  
PROPERTY  
INVESTMENTS

ACN 010 330 515  
AFSL 479719

## LODGE YOUR VOTE

**ONLINE**  
<https://investorcentre.linkgroup.com>

**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  
Parramatta Square, Level 22, Tower 6,  
10 Darcy Street, Parramatta NSW 2150

**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 Chair of the Meeting (mark box)

OR if you are **NOT** appointing the Chair 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 Chair 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 Wednesday, 16 November 2022 at Mantra Southbank 31 City Road Southbank, VIC 3006 (the Meeting)** and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1 and 3:** If the Chair 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 Chair of the Meeting to exercise the proxy in respect of Resolutions 1 and 3, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

**The Chair of the Meeting intends to vote undirected proxies in favour of the 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

#### Resolution

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Reinsertion of proportional takeover provisions in the Trust Deed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Director – Mr Lachlan Edwards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3 Issuance of 60,740 Performance Rights to Mr Don Smith under the LTIP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Reinsertion of proportional takeover provisions in the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf 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).

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STEP 1

STEP 2

STEP 3



## 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 Chair of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair 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 CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chair 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:

- 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
- 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 Annual General Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be received at [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au) prior to admission in accordance with the Notice of Scheme Meeting. A form of the certificate may be obtained from the Company's Security registry or online at [www.linkmarketservices.com.au](http://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 Monday, 14 November 2022**, 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

<https://investorcentre.linkgroup.com>

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, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



#### 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 <https://investorcentre.linkgroup.com> into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

#### 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 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\*  
Parramatta Square  
Level 22, Tower 6  
10 Darcy Street  
Parramatta NSW 2150

\*During business hours Monday to Friday (9:00am - 5:00pm)



HOTEL  
PROPERTY  
INVESTMENTS

ACN 010 330 515  
AFSL 479719

### LODGE YOUR QUESTIONS

 **ONLINE**  
<https://investorcentre.linkgroup.com>

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

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 **BY HAND**  
Link Market Services Limited  
Parramatta Square, Level 22, Tower 6,  
10 Darcy Street, Parramatta NSW 2150

 **ALL ENQUIRIES TO**  
Telephone: +61 1300 554 474



**X999999999999**

Please use this form to submit any questions about Hotel Property Investments Limited (“the Company”) that you would like us to respond to at the Company’s 2022 Annual General Meeting. Your questions should relate to matters that are relevant to the business of the meeting, as outlined in the accompanying Notice of Meeting and Explanatory Memorandum.

This form must be received by the Company’s security registrar, Link Market Services Limited, by **5:00pm (Melbourne time) on Wednesday, 9 November 2022.**

Questions will be collated. During the course of the Annual General Meeting, the Chairman of the Meeting will endeavour to address as many of the more frequently raised securityholder topics as possible. However, there may not be sufficient time available at the meeting to address all topics raised. Please note that individual responses will not be sent to securityholders.

My question relates to *(please mark the most appropriate box)*

A resolution being put to the AGM       Other

Blank area for question text

A resolution being put to the AGM       Other

Blank area for question text

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QUESTIONS