



ASX Announcement

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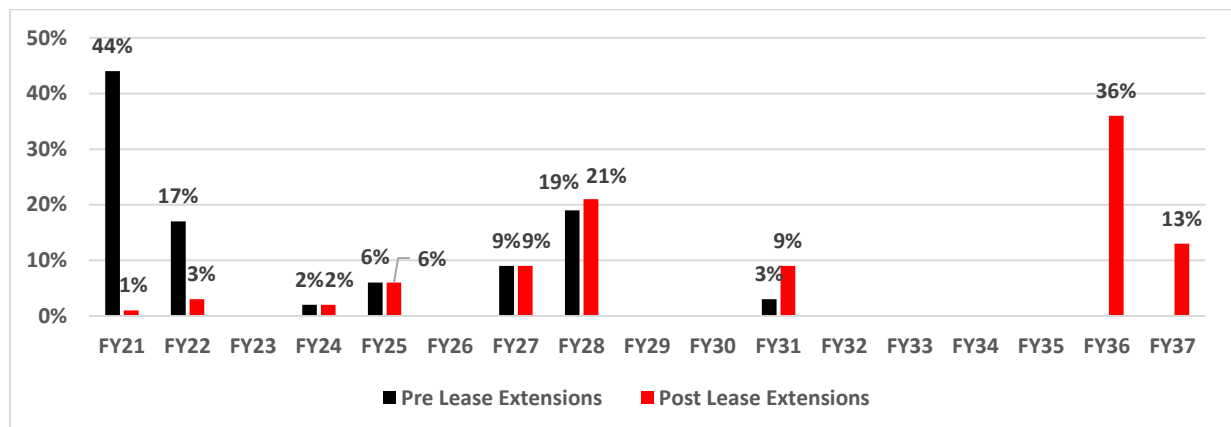
The Manager
 Australian Securities Exchange Limited
 Corporate Announcement Office
 Level 4, 20 Bridge St
 Sydney NSW 2000

Hotel Property Investments (ASX Code: HPI)

HPI announces all hotel leases expiring in CY2021 (28 hotels) have been extended

HPI is pleased to announce that Queensland Venue Company (“QVC”), a joint venture between Coles Ltd (“Coles”) and Australian Venue Co (“AVC”), has agreed to extend 28 leases with HPI that were due to expire in June and December 2021. The leases over these 28 properties represents 57% of HPI’s gross rental income at 31 December 2019.

As a result of the lease extensions, HPI’s pro forma Weighted Average Lease Expiry by income (“WALE”) at 31 December 2019 has increased from 3.8 years to 11.8 years. The impact of the lease extensions to HPI’s lease expiry profile is as follows:



Notes: Based on rental income at 31 December 2019
 Includes lease expiries of specialty retail tenancies

Hotel Property Investments comprises Hotel Property Investments Trust (ARSN 166 484 377), and Hotel Property Investments Limited (ACN 010 330 515, AFSL 479719).

For 20 of the properties, QVC has exercised options to extend its existing leases with HPI for a further 15 years. The rent and rent review mechanism remain unchanged for these properties.

For the remaining 8 properties the base rent has been reset \$3.0m (47%) lower than the base rent payable under the current leases. For these properties QVC has exercised options for a further 10 years. The rent review mechanism remains unchanged. The new rent will commence from 1 July 2020.

The following table summarises the terms of the agreement:

# of leases	20	8
Lease extension	15 years	10 years
Rents	Remains unchanged	\$3.0 million lower than rents payable under current leases
New rent commences	N/A	1 July 2020
Rent review mechanism	Remains unchanged	Remains unchanged

Each of the 28 properties subject to the lease extensions will be independently valued to reflect the new lease terms.

In conjunction with the lease extensions HPI has committed to a \$30 million capital expenditure program across the portfolio over a two year period commencing in early 2020. The works program has been agreed between HPI and QVC to improve the quality and operational performance of the hotels. The capital expenditure will be funded predominantly from existing undrawn debt facilities.

HPI reaffirms its FY20 distribution guidance of 20.7 cents per security.

This ASX announcement was authorised by the Hotel Property Investments Limited Board.

End.

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