

ASX Announcement

20 June 2018

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

**Hotel Property Investments (ASX Code: HPI)
Chief Executive Officer & Managing Director Appointment**

Hotel Property Investments Limited is pleased to announce the appointment of Mr Donald Smith as Chief Executive Officer & Managing Director, effective 1st October 2018.

Don brings more than 20 years' property and funds management experience with listed and unlisted companies. Most recently Don has been a member of the management team at OSK Property and prior to that held a range of roles at Vicinity Centres and Colonial First State. Don is also a Board Member and Chairman of Melbourne Athenaeum Incorporated, a not for profit cultural institution.

Don holds a Bachelor of Applied Science – Planning and a Graduate Diploma - Banking and Finance. He has also completed the Australian Institute of Company Directors Chairman's Course.

HPI Chairman Mike Tilley welcomed Mr Smith's appointment. "The HPI Board welcomes Don who brings with him a wealth of experience, contacts and deep knowledge of the property sector. Don will replace David Charles who after 10 years running the HPI portfolio with great distinction will leave the company. The Board wishes to acknowledge the important and valuable role David has played and looks forward to Don's contribution to the future success of HPI."

Material terms of Mr Smith's contractual arrangement are outlined in Schedule 1.

End.

Contact:
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Company Secretary and Chief Financial Officer
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SCHEDULE 1

Summary of material terms of employment contract between Hotel Property Investments Limited and Don Smith

Commencement Date	1 st October 2018
Term	No fixed term. Ongoing until terminated by either party in accordance with the employment contract
Total Fixed Remuneration	\$425,000 p.a.
Short Term Incentive	n/a
Long Term Incentive	<p>Don Smith is eligible to participate in the Company's LTI Plan.</p> <p>The number of Rights that will be granted to Don Smith under the LTI Plan will be equal to \$200,000 / weighted average close-of-trade price for HPI Securities over the 20 trading days following the release of HPI's audited FY18 results.</p> <p>Each Right can be exercised into one HPI Security.</p> <p>The Rights will vest if the following vesting conditions are met:</p> <p>(a) HPI's Total Shareholder Return (TSR) measured over the three years from 1 July 2018 to 30 June 2021 (the Performance Period) is positive (i.e. a positive percentage);</p> <p>(b) HPI's TSR measured over the Performance Period is ranked at or above the 50th percentile of the comparator group of ASX-listed real estate investment trusts.</p> <p>(c) The proportion of the Rights in the grant that vest will be determined according to HPI's relative TSR percentile ranking against the comparator group companies over the Performance Period, as follows:</p> <ul style="list-style-type: none">• At the 75th percentile of the peer group, or above: 100% of the Rights in the grant vest• Between the 50th and 75th percentile of the peer group: the Rights in the grant vest on a straight line basis between 50%

	<p>and 100%</p> <ul style="list-style-type: none"> • At the 50th percentile of the peer group: 50% of the Rights in the grant vest • Below the 50th percentile of the peer group: no Rights in the grant vest; <p>and</p> <p>(d) Don Smith remains continuously employed by the Company from the Grant Date until the date on which the Board makes a determination as to whether the Vesting Conditions applicable to those Rights have been met.</p> <p>If the Vesting Conditions are not satisfied, or if the Board determines that they cannot be satisfied, all rights will forfeit unless the Board exercises its discretion to permit some or all of those Rights to vest.</p> <p>On exercise of a Right, the Company will transfer to Don Smith, at no cost, one Security from the special purpose trust in which the Securities required for the LTI Plan are held (Plan Trust). The Securities held by the Plan Trust will have been bought on-market.</p>
Termination entitlements	Statutory entitlements will be paid as required by law.
Notice Period	Six month notice period required by either party on termination (or payment in lieu by HPI). May be terminated immediately for serious misconduct or material breach of contract.
Post-Employment restraint	Six month non-compete.