



HOTEL
PROPERTY
INVESTMENTS



SUSTAINABILITY
REPORT
FY22

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ABOUT THIS REPORT

The information presented in this report reflects Hotel Property Investment Limited's (HPI) management and performance on key environmental, social and governance (ESG) topics identified as material to the business and our stakeholders. The aim of this report is to communicate our understanding of the ESG risks and impacts associated with our operations and how we are working to manage and mitigate those impacts.

For a more complete understanding of the business context, we recommend that this report is read in conjunction with the HPI's Annual Report, Corporate Governance Statement, Code of Conduct, Corporate Policies and Charters available on our website; hpitrust.com.au. This report covers the FY22 reporting period (commencing 1 July 2021 to 30 June 2022).

This is the first HPI Sustainability Report and an update will be provided on an annual basis. We believe that placing a strong focus on building a sustainable business generates better outcomes for all stakeholders, including securityholders, employees, our tenants and the wider community. This Report has been prepared with reference to the Global Reporting Initiative (GRI) Reporting Standards (Core option). We have not sought third-party assurance for this sustainability report, for further details refer to the 'Assurance' section of this report.

HPI acknowledge that there are limitations on our ability to influence operations in our premises under the terms of our existing long term lease arrangements. If there are any conflicts between our aspirations under this document and our legal obligations and responsibilities as landlord or as directors then the latter will prevail.

This report is only available online to reduce paper usage and users are encouraged to consider the environment before printing this report.



MESSAGE FROM OUR CEO

Welcome to HPI's inaugural Sustainability Report. As an owner of assets located in Australia, we are committed to minimising our impact on the environment to the extent we can under the terms of the long-dated leases to which we are a party. At an operational level, we take pride in engaging closely with our staff and tenants and maintaining the highest levels of corporate governance.

The objective of HPI's sustainability strategy is to operate our business in a way which is ethical, responsible and sustainable in the long term, and in line with our values, strategy and the expectations of our employees, and our external stakeholders. As part of this strategy, we also seek to engage, support and work in partnership with our tenants towards sustainable business and value creation.

This year we have undertaken a process to understand where our key ESG risks and opportunities are and have identified the topics that are most material to our business. We've done this because we are determined to focus on the issues that matter most to our business and stakeholders towards the sustainable development of our business. This report sets out the initiatives that HPI is undertaking at a strategic and operational level to manage our key ESG issues and to make better choices for our business, our communities, and the environment.

We acknowledge that we are at the start of our sustainability journey, and we look forward to the continuous improvement of our practices towards value creation. We also recognise that the leases which are in place limit our rights in respect of the operating activities on our land and in our buildings. These leases have a long life and so will continue to limit our abilities to affect ESG outcomes for the foreseeable future.

On a final note, I would like to thank the hard work, dedication and unwavering commitment of our board, staff and advisers, without whom we would have been unable to start our sustainability journey.

Yours faithfully

Don Smith
CEO & Managing Director

ABOUT HPI

Headquartered in Melbourne, Australia, HPI's principal activity is real estate investment, with a large portfolio of freehold properties predominantly in Queensland. The portfolio consists of pubs and associated specialty stores located on pub sites, with the majority of pubs leased to HPI's main tenant, Queensland Venue Company (QVC), a joint venture between the Coles Group and Australian Venue Company. HPI's operating strategy is to pursue acquisition opportunities which meet our investment criteria:

- Target properties in good condition
- Located in key regional or metropolitan areas with potential for long-term growth
- Leased to experienced tenants of good standing, on favourable lease terms

HPI's key financial goal is to improve cash distributions to securityholders whilst maintaining the key attributes of the HPI Group business.

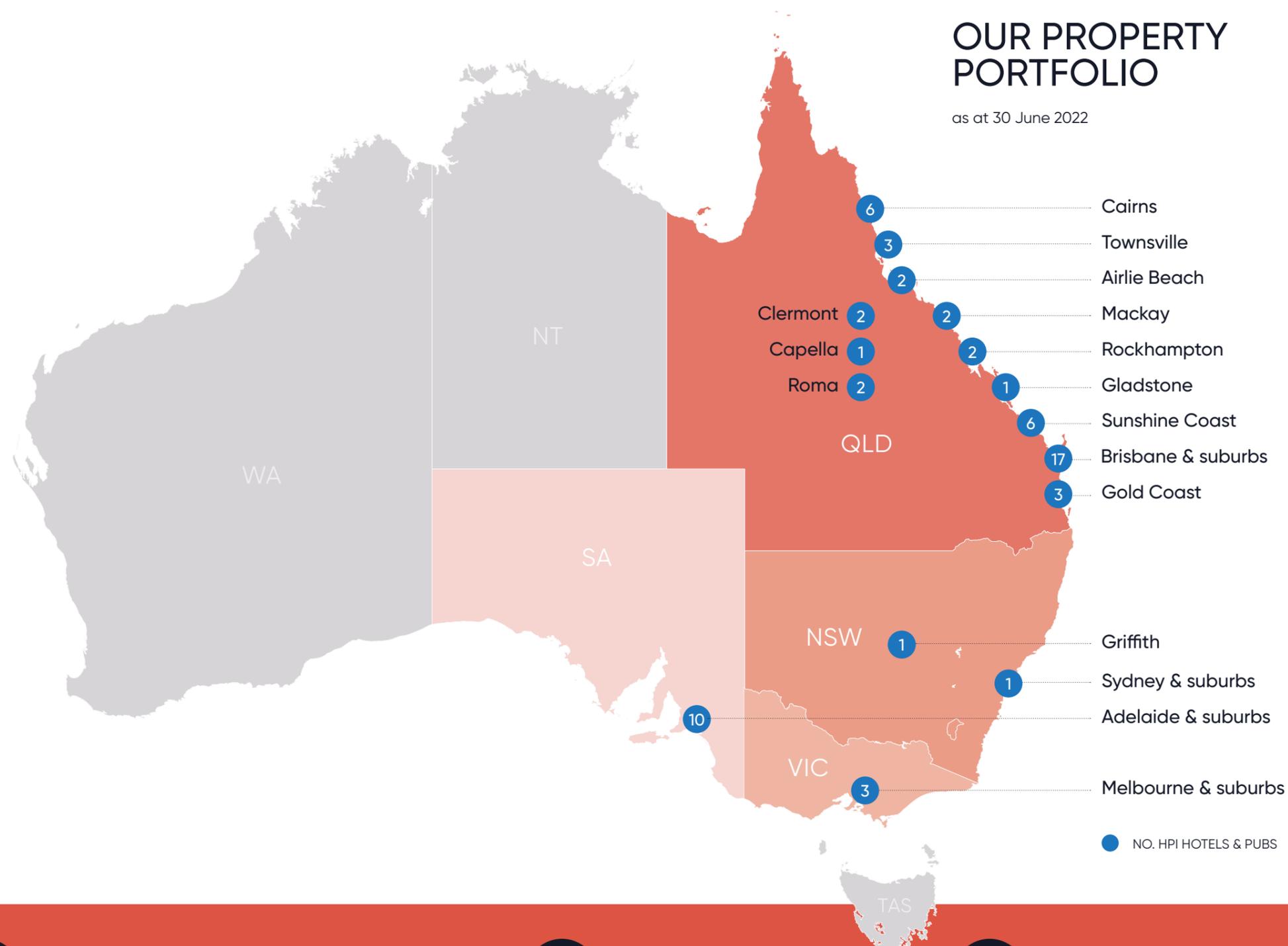
HPI is comprised of several sub-trusts and trustee companies, with all entities within the Group being controlled by the designated Responsible Entity of the Group, which is Hotel Property Investments Limited.

HPI Group is an Australian Real Estate Investment Trust (REIT) and was listed on the ASX on 10 December 2013.

We note that our assets are operated in a highly regulated industry and the majority of the laws, such as liquor and gaming regulations, apply to the operator as the holder of the applicable licences during the lease term. The reader should also note that HPI is also significantly constrained in its ability to influence those operating activities by the terms of the property leases.

OUR PROPERTY PORTFOLIO

as at 30 June 2022



62

NUMBER OF PROPERTIES*

*as at 30 June 2022

\$1.3b

PORTFOLIO VALUE*

*as at 30 June 2022

10.4

WALE*

*as at 30 June 2022

2

KEY TENANTS*

*as at 30 June 2022

SUSTAINABILITY HIGHLIGHTS



Working towards reaching mutually beneficial & sustainable outcomes.

STAKEHOLDER ENGAGEMENT

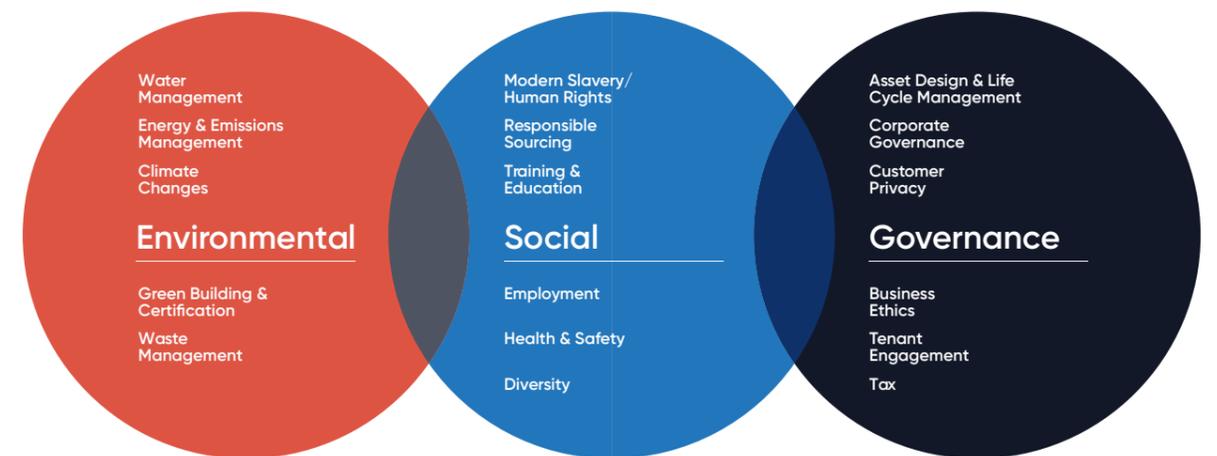
Our key stakeholders include our employees, tenants, securityholders and regulators. We have always focused on building strong and meaningful relationship with our stakeholders and as we embark on our sustainability journey, our engagement and communication channels are evolving accordingly.

As at the date of this report, our business personnel consist of five employees and two non-Executive Directors, so we pride ourselves on working closely together and collaboratively.

For our investors, we seek to provide an elevated level of transparency and engage with them through a range of activities and communication mediums, including half-yearly and annual financial results, annual general meetings, market updates, presentations, publication of ASX announcements and this inaugural sustainability report.

The results of this year's sustainability materiality assessment (refer to next section for details) have highlighted the importance of enhancing our tenant engagement approach. We will continue to build a stronger business partnership by working collaboratively towards reaching mutually beneficial sustainable outcomes. Details of our new engagement approach are provided in more details in the 'Tenant Engagement' section of this sustainability report.

Materiality Assessment; Environmental, Social, Governance



MATERIALITY ASSESSMENT

We report on ESG topics relevant to our investment business and our key stakeholders. This year we undertook our first sustainability materiality assessment through a process that enabled us to identify, understand and assess ESG topics significant to our investment business and relevant to our stakeholders. This helped focus our efforts into their effective management in order of materiality.

Our materiality assessment process consisted of:

- Recognition of HPI as an asset owner rather than an operator in the real estate industry;
- Analysis of material topics across peers and more broadly across the industry;
- Considering material topics as identified in global ESG frameworks and standards including GRI, and the Sustainability Accounting Standards Board (SASB) for the industry and sector in which we operate;
- Evaluating the applicable material topics according to standards and frameworks prescribed by ESG ratings agencies like MSCI and Sustainalytics; and
- Engaging with stakeholders both internal and external.

We then considered the sustainability topics identified in order to determine their overall materiality to our investing business. Resulting from this process are the topics that have been identified as being potentially material to our business or key stakeholders, which are outlined below.

We note that our assets are used in a highly regulated industry and the majority of the laws, such as liquor and gaming regulations, apply to the operator as holder of the applicable licences during the lease term. The reader should also note that HPI is also significantly constrained in its ability to influence those operating activities by the terms of the leases.

OUR APPROACH TO SUSTAINABILITY

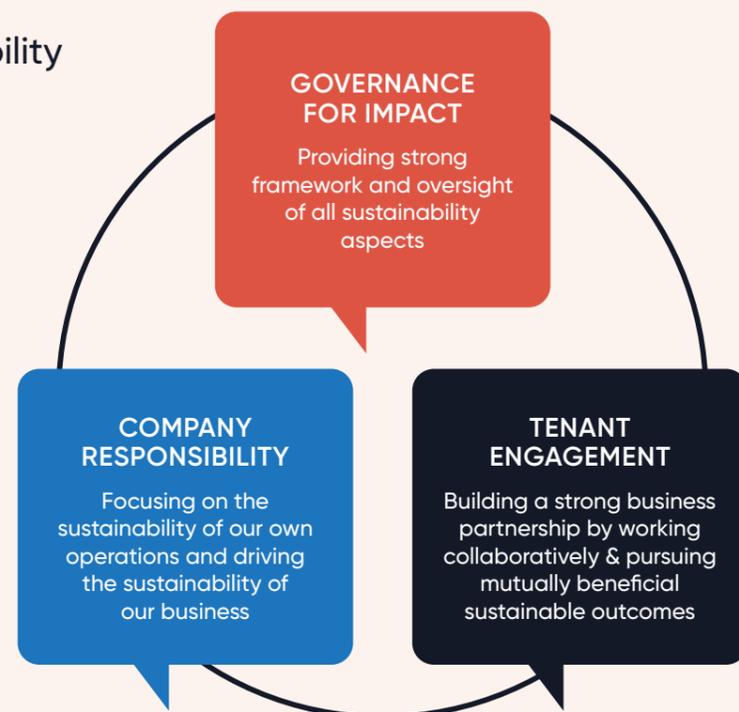
HPI is committed to the sustainable development of its business in the long-term. While our own ESG footprint is small (as we do not operate businesses apart from property investment), as the owner of a portfolio of buildings with a significant footprint we have the responsibility to identify and reduce potential negative impacts of our business and to maximise its positive contributions. We are committed to strategic and structured sustainable practices to address our most material ESG risks and opportunities. Our sustainability strategy will guide our engagement with key stakeholders, and will be key to our focus on continuous improvement. It will also allow us to measure and report our progress in a transparent

manner in line with international frameworks, all this with an on-going long-term view of sustainability.

Given the footprint of our assets, HPI has an opportunity to leverage its own sustainability initiatives to create a multiplier effect on its ESG impacts by fostering strong partnerships with our tenants to achieve mutually beneficial goals. Whilst we do not have the ability to require our tenants to act under the lease, we will demonstrate benefit via our own actions.

Our approach to sustainability considers the material ESG topics defined in our materiality assessment, and it is distilled in our three key pillars.

HPI Sustainability Framework



These three pillars form the foundation of our practices aimed at the effective management of the distinctive risks and opportunities of managing our material ESG issues. HPI will strive towards the continuous improvement of our management practices and will perform materiality assessments on a periodic basis to validate the materiality of existing ESG issues and identify new ESG issues that could impact our business and/or our stakeholders' interests.

The following sections of our sustainability report provide details of our management practices under each pillar and the material ESG topics. We also discuss our next steps in each of these areas.

GOVERNANCE FOR IMPACT

Governance Structure

HPI has put in place a detailed governance and management framework to help us manage our reputational and financial risks. Under the legal and regulatory framework within which we operate, which includes the ASX Corporate Governance Principles, ASX Listing Rules and ASIC regulations, we address these risks and report annually on our progress. This section of the Sustainability Report covers the areas of governance representing the most significant sustainability risks to the Company. For a more complete description of our governance and risk management frameworks you should refer to the Corporate Governance Statement, which is available on our website; hpitrust.com.au.

Hotel Property Investments Limited also holds an Australian Financial Services Licence (AFSL) that requires us to implement a Compliance Plan that is audited annually.

Board Responsibility & Oversight

The Board is ultimately accountable for implementing and overseeing an effective corporate governance framework under the Corporations Act and in accordance with the ASX listing rules, but HPI's executive leadership team and our employees are responsible for upholding our high corporate governance standards day to day. The Board-adopted framework for managing the Company includes corporate governance policies designed to promote responsible management and conduct, the implementation of relevant internal controls, a comprehensive risk management and mitigation process covering all major risks, including sustainability risks, and the controls required to manage them. Collectively this framework is designed to ensure that the Company functions effectively, ethically and responsibly.

The Board seeks to ensure that HPI is professionally managed and that our people operate in an appropriate manner at all times. Our high standards of corporate governance are underpinned by our Code of Conduct and a suite of other corporate policies, as well as the behaviours we display at work.

Due to the passing of our former Chair in July 2022, the Board of HPI currently consists of three directors, two of whom are independent, including the Chair, plus one executive director, the CEO & Managing Director. Recruitment of an additional independent Director is currently underway. More detail on the structure, functioning and skills of the Board is provided in the Board Charter and Corporate Governance Statement, which you can find in our website; hpitrust.com.au.

ETHICAL BEHAVIOUR

Code of Conduct

Our Code of Conduct is the foundation document that defines the Company HPI wants to be. It sets out the behaviours that HPI expects employees, including Directors, to display while working at the Company, and the consequences of breaching the Code. The required behaviours, with a heavy emphasis on ethical behaviour, honesty, integrity and respect, are defined under the broad headings of:

- Honesty, integrity & fairness,
- Responsibilities to securityholders & financial markets,
- Compliance with laws, policies & procedures,
- Confidential information, privacy & maintaining records,
- Conflicts of interest,
- Engaging external personnel,
- Use of Company resources & information systems,
- Sustainability, &
- Relationship with politicians & government officers.

Other Key Policies

- For employees: In addition to the Code of Conduct, the key policies for employees include the Diversity Policy, Complaints Handling Policy, Whistleblower Protection Policy, Anti-bullying and Harassment Policy, Equal Opportunity Policy, Privacy Policy, OHS Policy, Related Party and Conflict of Interest Policy and policies related to recruitment, remuneration, performance and development, leave, travel and expenses, plus a few largely administrative policies;
- Corporate governance policies: These enable HPI to comply with its obligations under the ASX Corporate Governance Principles, related to issues such as auditor independence, securities trading, continuous disclosure and documents such as Board and Board committee charters and Delegation of Authority;
- AFSL-related: Consist of a range of compliance-focused policies required to ensure we comply with the conditions of our Australian Financial Services Licence (AFSL).

Legal/Regulatory Compliance

Compliance with all laws, regulations, policies and company procedures is a key obligation of all employees, officers and Directors of the Company. This includes all laws related to social and environmental impacts and behaviours. During FY22, HPI did not receive any sanctions or penalties related to any breaches of social or environmental laws.

Anti-Competitive Behaviour

Anti-competitive behaviour is covered under our Code of Conduct and HPI has no tolerance for any attempt to subvert our normal processes or any laws to reduce competition or to give the Company an unfair or illegal advantage in transactions.

Bribery & Corruption

HPI is committed to promoting and maintaining the highest level of integrity and ethical standards in all its business practices and operations, and its zero-tolerance approach to bribery, corruption or fraud is part of this commitment. The Corruption and Fraud Prevention and Detection Policy outlines the Company's resolve to ensure that a robust internal control environment is in place. Wherever it is possible and cost effective to do so, management engineers preventative and detective controls into systems and processes to ensure that the company's assets are safeguarded, and the Company is protected against all forms of avoidable loss.

The policy applies to all employees, temporary staff, contractors, service providers and directors. Identifying incidents of corruption and fraud relies on employees being aware of their possibility and being alert to warning signs or red flags. HPI ensures that all employees are aware of the policy and understand its importance to the Company. All employees must complete the compliance training module related to the policy annually.

Any employee suspecting misconduct must report it to senior management, and breaches of the policy can lead to disciplinary action, including, potentially, dismissal for serious breaches and/or legal prosecution where criminal behaviour takes place.

During the FY22 year there were no reported incidents of fraud, corruption or bribery in the Company. 100% of applicable employees and Directors completed the relevant compliance training.

Whistleblower Protection

HPI has set up processes and controls to ensure that unethical or illegal activities do not take place, to which we have added another plank of our approach to compliance: our Whistleblower Protection Policy. This requires that employees witnessing or becoming aware of any misbehaviour report it to the company and, in turn, that all employees reporting such conduct are protected from retribution or harassment.

The policy mandates the protection of Eligible Whistle-blowers and is designed to enable HPI to identify wrongdoing that may not otherwise be revealed. It defines an Eligible Whistleblower, the types of behaviours that could constitute Reportable Conduct under the policy and the avenues available for disclosures to be made. The process is designed to support people making disclosures by providing confidentiality and a fair investigation, whilst offering procedural fairness to those accused of wrongdoing.

During FY22 there were no incidents reported to HPI under the Whistleblower Protection Policy.

Political Contributions

Under the HPI Code of Conduct, the Company may make donations to political parties where it believes such donations may help the parties perform their functions better and to improve the democratic process. All dealings with politicians and government officers relating to the Company and its activities must be conducted at arm's length, to avoid any perception of attempts to gain advantage. All donations must be authorised by the Board, disclosed as required by law and recorded in the Company's and Trust's accounts.

During FY22, the Company made no financial or other donations to any political organisation or party.

TAX

Overall Approach to Taxation

While acknowledging that, as a trust, HPI has limited tax liabilities, we take an approach to tax that is ethical, transparent and sustainable, having regard to our broader business objectives. The Board endorses the following principles governing our approach:

- Commitment to ensure full compliance with all statutory obligations, and full disclosure to revenue authorities.
- Maintenance of documented policies and procedures in relation to tax risk management and completion of thorough risk assessments, including escalation and reporting to the Board where required.
- Ongoing engagement with revenue authorities and active consideration of the implications of tax planning for our wider reputation.
- Managing tax affairs pro-actively to maximise shareholder value while avoiding aggressive tax minimisation measures and always operating in accordance with the law.

The ultimate responsibility for the establishment of a tax risk management framework sits with our Board, which has delegated to the Audit and Risk Committee the function of developing and maintaining our tax risk management framework. Company directors are not expected to be tax specialists but there is a fundamental requirement for directors to be involved in overseeing the management of the Company and to take all reasonable steps to guide and monitor on issues such as tax.

Tax Risk Tolerance & Actions

Taxes are managed with the clear objective that all tax liabilities properly due under the law are correctly recorded, accounted for and paid. The Company balances considered tax planning with appropriate tax risk management by adopting valid and supportable positions and maintaining awareness of other prevailing views and risks through regular consultation with its external tax advisors.

The business is well educated on tax matters, and we ensure tax is considered in all key business operations. Finance is aware of all business opportunities, acquisitions and disposals, transactions and other business operations being considered that require tax input or with potential tax implications and obtains advice from external advisors as required. We identify tax risks as they arise and escalate significant ones to the Audit and Risk Committee and Board. We meet with our main tax advisor regularly to discuss business updates and ensure that key tax risks are identified and addressed or mitigated, and these meetings are documented.

MODERN SLAVERY & SUPPLY CHAIN

Modern Slavery

Although we believe the Australian real estate asset ownership industry has a relatively negligible risk for modern slavery, HPI is nevertheless committed to minimising or eliminating any risk of modern slavery in our operations and supply chains. While expecting that the risk of modern slavery occurring in our own operations is extremely low, we have commenced a review of our own supply chain, where we believe that any significant risk would lie.

We own little physical infrastructure, with our offices and systems hardware mostly leased. We are currently working to categorise our suppliers by risk level (using broad factors such as country of origin and type of service/ product) and will seek to engage with those we deem to be higher risk.

We are only starting on our sustainability journey and our main focus for this first year has been to establish what topics are most material, determine where we can make the biggest impact, set up initiatives that will achieve that and complete this report. We currently fall below the threshold for being required to prepare a report under the Modern Slavery Act (Cth) 2018. We intend, in future years, to prepare a Supplier Code of Conduct, to apply to all suppliers, which will require them to address specific sustainability risks for us to do business with them. Modern slavery will be part of this Code, and we intend, once the Code is in place, to screen new suppliers for modern slavery risk. We will work with them to address the risks of modern slavery, and if appropriate, will be prepared to terminate our relationship with them for non-compliance.

We will be working with our tenants, as our collaboration with them grows and deepens, to understand their approach to managing this key risk, both in their own operations and in their supply chains, for example in their use of contracted hospitality and cleaning services, where there is a known risk of modern slavery or under-payment of wages in Australia.

Assurance

At this early stage in our sustainability reporting, we are still seeking to fully understand what topics are most material to our business and setting up processes for reporting accurately on them. We have not sought third-party assurance for any of the sustainability topics in this report this year. We will decide in future years if, and to what extent, we believe some degree of assurance would be productive and useful.

COMPANY RESPONSIBILITY

HPI recognises that from an environmental perspective our largest impact lies within our property portfolio as our own operations are limited to our head office and our personnel consists only of five employees and two non-Executive Directors. However, it is here where our drive for sustainable practices originates, where our sustainability culture shapes and where our 'company responsibility' starts.

As part of our ESG assessment, we have identified the material sustainability issues applicable to our operations, including the key social aspects of 'health and safety' and 'diversity and equal opportunity' and key environmental aspects including 'climate change'.

SOCIAL

At HPI, we are committed to creating a high-performance, diverse, and inclusive work environment where our people feel safe, recognised, and empowered to deliver their best. We have a small team, but our people provide a competitive advantage for our business, with a high level of sector-specific knowledge and expertise that is critical to our overall business performance.

Health & Safety

Ensuring the health and safety of our people is of paramount importance to us. HPI has an Occupational Health and Safety (OHS) Policy in place that sets out our approach to managing OHS matters. The OHS Policy outlines our OHS risk management process comprising of OHS hazard and risk identification, assessment and control setting, incident recording, reporting and investigation, workplace inspection program and risk audits and consultation with workers. The policy also sets roles and responsibilities at every level of the Company, emphasising the importance of individual roles towards a collective safe and healthy work environment. Each employee and non-Executive Director is trained on our OHS Policy as part of our onboarding process.

Our OHS risk management approach aims to manage workplace hazards so as to reduce or eliminate the OHS risks posed to employees, visitors, consultants, contractors, employees of contractors, persons employed through labour hire agencies and volunteers carrying out work related to our business.

Responding to COVID-19

We recognise that health is not limited to just physical health with a growing focus on mental health and wellbeing emphasised by the challenges posed by the pandemic including extended mandatory lockdowns and remote working. HPI had implemented a technology platform which enabled us to transition to a remote work environment seamlessly and effectively, helping our people to keep connected. We continue to support our team with their mental health and wellbeing through flexible work arrangements and other assistance as required.

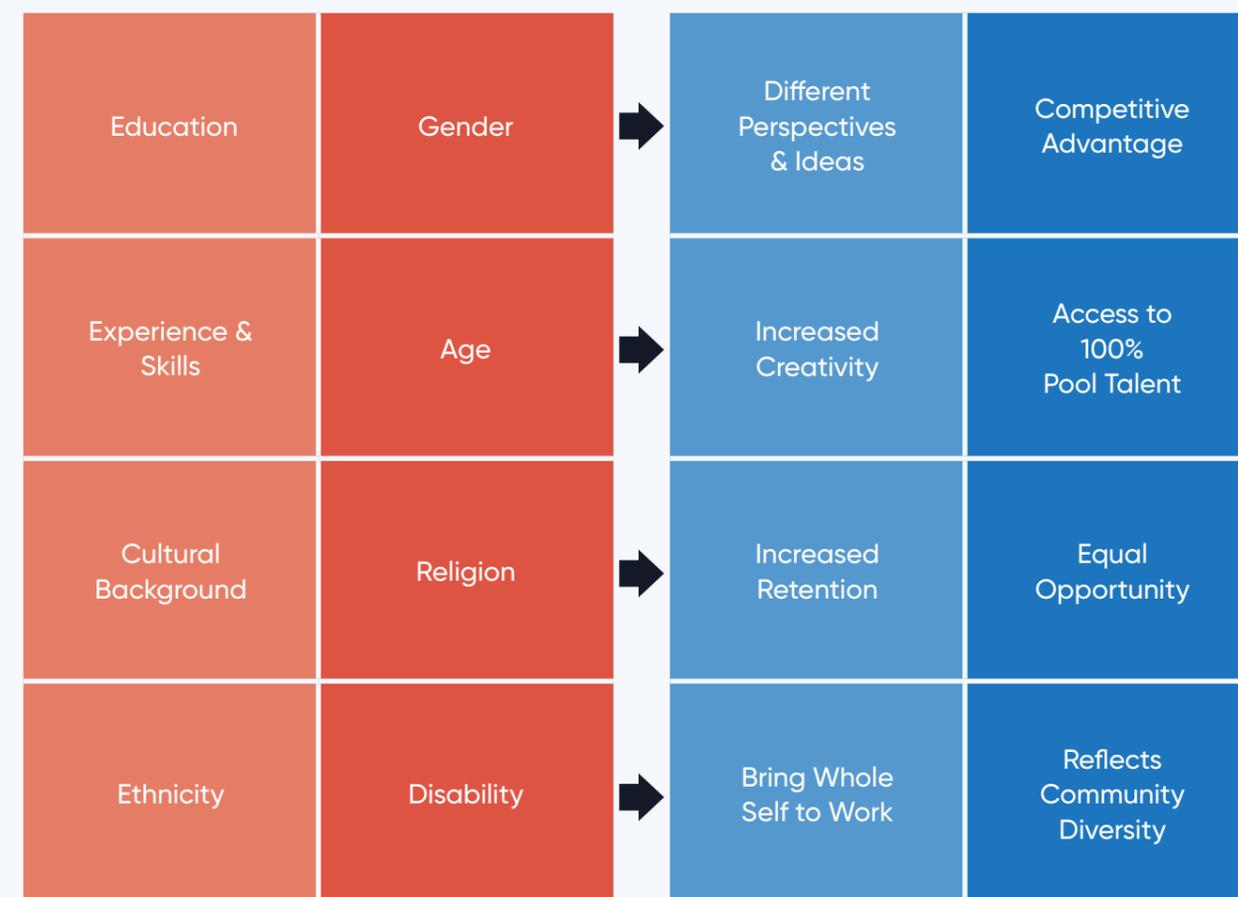
Providing strong framework and oversight of all sustainability aspects.

Diversity, Inclusion, & Equal Opportunity

HPI has a strong commitment to diversity, and we seek to promote an inclusive culture where people are encouraged to succeed to the best of their ability. We value the competitive advantage that diversity brings and works continuously to ensure an environment that is supportive of equal opportunity and equal access to career development, remuneration and benefits. We offer our employees flexible work arrangements, parental leave and long service leave as supporting mechanisms to our culture.

Our Diversity Policy (available on our website) has been implemented as part of our corporate governance framework to support our diversity and inclusion efforts and underpins our approach in this area.

Diversity, Inclusion, & Equal Opportunity at HPI



We promote a diverse & inclusive culture.

We value it's benefits for our people & our business.

Gender diversity is important to our strategy and increasing the representation of women is a focus area for us. HPI acknowledges the ASX Principles and Recommendations in relation to gender diversity. However, in light of our small team of directors and employees, we believe that setting benchmarks for gender would be ineffective and unnecessary at this stage, and as such, we do not currently report against our progress to achieve any measurable objectives in the short term. However, HPI will continue to assess this approach on an ongoing basis as our business grows in the medium to long term and we remain

committed to ensuring that the best candidates both at a Board and employee level are appointed as opportunities arise regardless of gender, beliefs, or racial background. Table 1 below captures details of diversity indicators of our current workforce.

As at the date of this report, our total workforce is composed of five employees (including our CEO & Managing Director) and our Board comprises three Directors (including two independent non-Executive Directors and our CEO & Managing Director).

Diversity Metric	FY2022
Board Gender Composition by Headcount & (Percentage)	Female: 1 (33%) Male: 2 (67%)
Board Age Composition by Headcount	<30: 0 30-50: 0 >50: 3
Employees Gender Composition by Headcount & (Percentage)	Female: 1 (20%) Male: 4 (80%)
Employees Age Composition by Headcount	<30: 0 30-50: 3 >50: 2

Our business did not experience significant movements with one position turning over in FY22. This is a reflection of our small workforce.

ENVIRONMENT

HPI recognises that the environmental footprint of our direct operations is minimal, with our energy consumption and associated emissions, our water consumption and waste generation being limited to our head office. HPI has opted into renewable energy for our head office operations.

We acknowledge however, the potential impact of our property portfolio (covered under Pillar 2) on the environment and the potential impact of the environment on us, particularly through climate change.

Climate Change

A global challenge that requires a multiparty collaborative approach.



Climate change is considered the largest threat of the 21st century, a global challenge that requires a multiparty collaborative approach to address its already present impacts. The ongoing greenhouse gas (GHG) emissions are contributing to dangerous levels of global warming, resulting in an increase in the frequency and intensity of climate-related events around the world. HPI recognises the impact that our property portfolio may have on climate change as contributors to GHG emissions levels and conversely the impacts that climate change may have on us as a business and to the world's socioeconomic development towards adaptation measures targeting these impacts.

HPI recognises the complexity of climate change and the need to understand its risks and opportunities in a comprehensive manner. The Taskforce on Climate-related Financial Disclosures (TCFD) has developed a

set of recommendations that provide key guidance as a globally recognised framework to assist in identifying and assessing financial climate related risks and opportunities and therefore evaluate a business' climate related resilience. Overall, the TCFD provides a framework consisting of four elements: governance, strategy, risk management and metrics and targets with associated recommendations serving as pillars for robust analysis and disclosure of climate related issues.

HPI will undertake a stepped approach to implementing the TCFD recommendations comprehensively. Below is our roadmap detailing our steps to understanding the potential impacts of climate change and embedding appropriate management practices in line with the TCFD pillars.

Roadmap to Comprehensive TCFD Adoption

	Discovery 2023	Scenario Analysis 2024	Check & Adjust 2025
Governance	Increase climate-related awareness across key organisational levels.	Incorporate climate-related issues into relevant governance and management bodies.	On-going review and approval of climate-related issues by appropriate governance and management bodies.
Strategy	Identify exposure, management strategies and high-level financial impact of material risks and opportunities.	Explore qualitative and quantitative scenarios to update issues, management strategies and financial impacts.	Integrate climate-related scenario analysis into our strategic and financial planning.
Risk Management	Incorporate climate-related risk into our Risk Management Framework.	Embed climate-related risks into our Risk Management Framework.	On-going monitoring and risk management of climate-related issues.
Metrics & Targets	Determine metrics associated with climate-related risks and opportunities.	Analyse metrics trends to develop targets, assess our strategic position and their financial impact.	On-going analysis of metrics and targets performance to assess our strategic position and their financial impact.
Disclosure	Disclose identified risks and opportunities with associated governance and risk management arrangements the following year.	Disclose our scenarios, assumptions, time frames and associated governance, risk management, metrics and targets the following year.	On-going comprehensive disclosure against all pillars

Key steps that HPI will undertake in 2022 will include engaging with our tenants to understand the availability of environmental data, importantly that relating to energy and emissions, which will allow us to comprehensively understand the environmental footprint of our portfolio and will enable effective decision making and strategy setting towards a climate change resilient portfolio.

TENANT ENGAGEMENT

HPI believes that making a positive sustainable impact from its operations is an important part of a company's ability to create value for its stakeholders. While our own environmental footprint is small (as we do not operate businesses in our assets), as the owner of a portfolio of buildings with a significant operating footprint we have a duty to maximise the positive outcomes and mitigate the negative impacts of our business wherever they occur. We are continuously exploring how we can make a difference. The key feature of our business model that contributes to our resilience and longevity is the long-term nature of the leases we have with our tenants. We own buildings that our tenants manage and operate, and our ability to effect change is limited and mainly focused on our future decisions regarding our assets. By understanding the issues that are truly material to our business and to our tenants, we see an opportunity to leverage our own sustainability initiatives to create a multiplier effect on our overall ESG impacts by fostering strong partnerships with our tenants to achieve mutually beneficial goals.

We have identified key sustainability issues applicable to our tenants' operations, including 'health and safety' and 'modern slavery' and key environmental aspects including 'energy', 'emissions', and 'water'. As a part of the materiality assessment process, we are engaging with our major tenants at least annually to develop our understanding of key ESG areas of their business that have the potential to impact on our own sustainability. We are in the process of collating ESG data for our tenants' business portfolio, which is a key input to understanding of our overall environmental footprint. As we embarked on this journey, our initial focus was on getting a sense of where we are at and what might be available to provide insights into strategic pathways to deliver meaningful sustainability strategies and outcomes for us and our tenants. As a first step in this direction, we conducted an ESG survey to gain a high-level understanding from our tenants on the availability of their ESG data and their capacity to collect and report it. This exercise has helped us to measure and establish baseline metrics for the most material topics and provide us with valuable inputs towards the establishment of an effective tenant engagement strategy and process, including a reporting process for future sustainability related metrics disclosures.

SOCIAL

HPI's principal activity is real estate investment, with a large portfolio of freehold properties predominantly in Queensland, consisting of pubs and associated specialty stores located on pub sites. As a significant portion of our tenant portfolio offers alcohol and gambling services within the premises, responsible business practices with focus on minimising harm

has been identified as a key topic for our tenant engagement strategy. Other underlying material social aspects include ensuring a robust health and safety management system to eliminate/mitigate work health and safety risks within their businesses and strong governance practices to address modern slavery risks across the supply chain.

We have reached out to our tenants to gather relevant information about their systems and processes in relation to these key topics and based on their responses and insights, we will carve out an engagement strategy towards minimising any adverse social impacts associated with our operations. We will be expanding on our reporting against these social topics over the years to come.

Over the course of the last year, we have invested in the upgrade of fire suppression and detection systems across the portfolio. This program is on-going and is expected to continue for several years to come.

We have also financially assisted our major tenant, QVC to refurbish its pubs which we understand has provided better social engagement with its community/customer base.

ENVIRONMENT

While our own environmental footprint is limited, we do have an opportunity to influence the environmental performance of building portfolio under our ownership

As the buildings sector currently contributes nearly 70%¹ of GHG emissions in urban areas, green buildings are intrinsic to climate change mitigation policies. We acknowledge the risk of climate change and have identified energy and emissions as one of our material topics to drive tenant engagement. Water consumption is the other key topic which we believe is of significant impact considering the nature of our tenants' operations. Like the approach we have adopted on key social aspects, we intend to improve our understanding around these issues by meaningful tenant engagement channels and progressively improve on our reporting and performance.

Over the course of the past several years, we have been adding long-life liquid thermal insulation Thermoshield to some of our pub roofs. Thermoshield coating creates a cool rooftop that reduces internal temperatures by up to 45%, lowers energy costs by at least 20% and decreases UV penetration by up to 96%.

Thermoshield also prevents surface rust, roof deterioration and early roof replacements. As a result, we have increased the time until re-painting and reduced the amount of heat inside the tenancies, lowering air conditioning use and power costs, and extending the asset life and value. This represents a direct positive impact on the financial performance of both HPI and our tenants, and reduces our carbon footprint.

¹ MSCI Real Estate Management & Services (REMS) Industry Report

Appendix: GRI INDEX

HPI referred to the GRI Standards to determine the 2022 Sustainability Reporting boundaries and for guidance on identifying and reporting its material issues, management approaches and reporting key performance indicators across key stakeholder groups.

Below is a guide to HPI's reporting metrics in reference to the GRI Standards – Core Option.

Number	Disclosure	Reference (Report – Section) (SR = Sustainability Report / AR = Annual Report)	Remarks/ Omissions
General Disclosures			
102-1	Name of the organisation	SR - About this report	N/A
102-2	Activities, brands, products, and services	SR - About HPI	N/A
102-3	Location of headquarters	SR - About HPI	N/A
102-4	Location of operations	SR - About HPI	N/A
102-5	Ownership and legal form	AR - Reporting entity; Group entity; Parent entity	N/A
102-6	Markets served	SR - About HPI	N/A
102-7	Scale of the organisation	SR - Company responsibility	N/A
102-8	Information on employees and other workers	SR - Company responsibility	N/A
102-9	Supply chain	SR - Governance for impact: Modern slavery and supply chain	N/A
102-10	Significant changes to the organisation regarding size, structure, ownership and its supply chain	AR - Significant changes in state of affairs	N/A
102-11	Precautionary principle or approach	SR - Our Approach to sustainability	N/A
102-12	External developed economic, environmental and social charters	SR - Company responsibility: Social - Diversity, inclusion, and equal opportunity; Environment - Climate change	N/A
102-13	Membership of associations (industry) and national or international advocacy - hold position on governance body; provide funding or views membership as strategic	[TBD]	N/A
102-14	Statement from senior decision-maker	SR - Message from our CEO	N/A
102-16	Values, principles, standards, and norms of behaviour	SR - Governance for impact: Ethical behaviour - Code of conduct	N/A

Number	Disclosure	Reference (Report – Section) (SR = Sustainability Report / AR = Annual Report)	Remarks/ Omissions
General Disclosures			
102-18	Governance structure	SR - Governance for impact: Governance structure	N/A
102-40	List of stakeholder groups	SR - Stakeholder engagement	N/A
102-41	Collective bargaining agreements	N/A	Zero employees on collective bargaining agreements.
102-42	Identifying and selecting stakeholders	SR - Stakeholder engagement	N/A
102-43	Approach to stakeholder engagement	SR - Stakeholder engagement	N/A
102-44	Key topics and concerns raised	SR - Materiality assessment	N/A
102-45	Entities included in the consolidated financial statements	AR - Reporting entity; Group entity; Parent entity	N/A
102-46	Defining report content and topic Boundaries	SR - Materiality assessment	N/A
102-47	List of material topics	SR - Materiality assessment	N/A
102-48	Restatements of information	N/A	This is HPI first Sustainability Report.
102-49	Changes in reporting	N/A	This is HPI first Sustainability Report.
102-50	Reporting period	SR - About this report	N/A
102-51	Date of most recent report	SR - About this report	N/A
102-52	Reporting cycle	SR - About this report	N/A
102-53	Contact point for questions regarding the report	SR - About this report	N/A
102-54	Claims of reporting	SR - About this report	N/A
102-55	GRI content index	SR - Appendix - GRI Index	N/A
102-56	External assurance	N/A	External assurance has not been sought.

Topic-Specific Disclosures			
Management Approach			
103-1	Explanation of the material topic and its boundary	SR - Our Approach to sustainability; Governance for impact; Company responsibility; Tenant engagement	N/A
103-2	The management approach and its components		N/A
Environmental			
Energy			
302	Energy	N/A	Refer to Note 1 below.
Water & Effluents			
303	Water and effluents	N/A	Refer to Note 1 below.
Emissions			
305	Emissions	N/A	Refer to Note 1 below.
Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations	SR - Governance for impact: Ethical behaviour - Legal/regulatory compliance	N/A

Topic-Specific Disclosures			
Social			
Employment			
401-1	New employee hires and employee turnover	SR - Company responsibility: Social - Diversity, inclusion, and equal opportunity	N/A
Occupational Health & Safety			
403-1	Occupational health and safety management system	SR - Company responsibility: Social - Health and safety	N/A
403-2	Types of injury and rates of injury, occupational diseases	SR - Company responsibility: Social - Health and safety	N/A
403-9	Work-related injuries	SR - Company responsibility: Social - Health and safety	N/A
Diversity & Equal Opportunity			
405-1	Diversity of governance bodies and employees	SR - Company responsibility: Social - Diversity, inclusion, and equal opportunity	N/A
Human Rights Assessment			
412-1	Operations that have been subject to human rights reviews or impact assessments	SR - Governance for impact: Modern slavery and supply chain - Modern slavery	
Socioeconomic compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	SR - Governance for impact: Ethical behaviour - Legal/regulatory compliance	N/A

Note 1: HPI has conducted an ESG survey to gain a high-level understanding from our tenants on the availability of their ESG data and their capacity to collect and report it. This exercise has helped us to measure and establish baseline metrics and provide us with valuable inputs towards the establishment of an effective tenant engagement strategy and process, including a reporting process for future sustainability related metrics disclosures.



We are committed to improving the sustainability of our own practices, while maximising value for all stakeholders.



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