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**Hotel Property Investments (ASX Code: HPI)**  
**Upgraded FY23 guidance, financing update and reinstatement of the Distribution Reinvestment Plan**

Hotel Property Investments (HPI) is pleased to provide the following update to investors.

**1. Upgraded FY23 distribution guidance to 18.6 cents per security**

Distribution guidance for FY23 is increased to 18.6 cents per security for FY23 from the previous guidance of 18.4 cents. The December 2022 distribution paid was 9.2 cents per security and it is anticipated the June 2023 distribution will be 9.4 cents per security.

The increased distribution guidance is due to a combination of factors, including the initiatives detailed in sections 2 and 3 below.

**2. Portfolio Transactions continued capital recycling adding to growth**

HPI continues to actively manage its portfolio to improve distributions for unitholders. The following acquisitions have been negotiated in recent months and are expected to be completed before year end:

- *Cornerstone Ale House, Butler, Western Australia - \$4.0 million, 7.0% initial yield*  
The Cornerstone Ale House is the first pub in the HPI portfolio located in Perth, Western Australia. The tenant is a local pub group and the initial term of the lease is 10 years with 4 x 5 year options. Settlement was completed in February 2023.
- *The Strand Hotel, Yeppoon, Queensland - \$9.3 million, 6.2% initial yield*  
The Strand Hotel adds to HPI's Queensland portfolio. The tenant is Australian Venue Company and the initial term of the lease is 12 years with 2 x 15 year options. Settlement is expected in June 2023.

**3. Financing update**

Interest rate swap

HPI has entered into a callable base rate swap to fix an increased portion of its borrowing costs. The swap has the following features:

- Face value: A\$100 million
- Fixed rate: 2.98% (plus any facility margin)

- Term: 5 years starting from May 2023. At any time after the second anniversary date the swap may be called by the bank at its discretion.
- The swap increases interest rate certainty for at least 2 years and up to 5 years and increases HPI's fixed rate debt from ~45% to ~67%. HPI has no fixed rate debt facilities maturing until August 2026.

#### Debt facilities

HPI has refinanced the partially drawn \$120 million bank debt facility that was due to mature in August 2024 with a \$105 million facility with two Australian banks that expires in May 2026.

#### **4. Reinstatement of the Distribution Reinvestment Plan**

HPI is pleased to announce the re-instatement of a Distribution Reinvestment Plan (DRP), under which eligible securityholders are able to invest all or a part of their distributions into HPI stapled securities. The DRP will apply to the June 2023 distribution and all future distributions unless the DRP is suspended.

Securityholder's previous elections to participate in the DRP will be reinstated. Securityholders wishing to amend their participation in the DRP must complete a [DRP Participation Variation Form](#).

A full copy of the DRP Rules (including the FAQ sheet and Election Form) and all other information regarding HPI's DRP can be obtained from HPI's website (<https://www.hpitrust.com.au/distributions/>) or by contacting HPI's Security Registrar, Link Market Services, on 1300 554 474. The DRP Plan Rules remain unchanged from the previous iteration.

Securityholders participating in the DRP for the June 2023 distribution will be issued new securities priced at a 2% discount to the volume weighted average trading price for the first 20 days that HPI's securities trade on an ex-entitlement basis.

To be eligible, your completed Application/Variation Form must be received by the Security Registrar before 5pm on Monday 3 July 2023.

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

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