



HOSPITALITY PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2005/014211/06)

JSE share code: HPB ISIN: ZAE000214656

(Approved as a REIT by the JSE)

("Hospitality" or the "company")

REVISED LISTING PARTICULARS

PREPARED IN TERMS OF THE LISTINGS REQUIREMENTS OF THE JSE LIMITED

The definitions and interpretations commencing on page 2 of these revised listing particulars apply throughout this document, including this cover page.

These revised listing particulars are not an invitation to the public to subscribe for Hospitality shares, but are issued in terms of the Listings Requirements for purposes of giving information to the public with regard to the company. Although still subject to a number of conditions, these revised listing particulars have been prepared on the assumption that the transaction will be implemented.

At the date of these revised listing particulars:

- the authorised share capital of Hospitality comprises 2 000 000 000 shares of no par value;
- the issued share capital of Hospitality comprises 575 776 951 shares of no par value (excluding shares surrendered to the company in exercise of appraisal rights as per paragraph 13.1 below); and
- there are 562 774 shares held in treasury (excluding shares surrendered to the company in exercise of appraisal rights as per paragraph 13.1 below).

Pursuant to the implementation of the transaction the Vendors will use the proceeds of the purchase consideration to subscribe for 1 196 362 000 shares in Hospitality.

Pursuant to the implementation of the transaction:

- the authorised share capital of Hospitality will comprise 2 000 000 000 shares of no par value;
- the issued share capital of Hospitality will comprise 1 772 138 951 shares of no par value (excluding shares surrendered to the company in exercise of appraisal rights as per paragraph 13.1 below); and
- there will be 562 774 shares held in treasury (excluding shares surrendered to the company in exercise of appraisal rights as per paragraph 13.1 below).

The Hospitality consideration shares to be issued pursuant to the transaction will rank *pari passu* in all respects with existing Hospitality shares in issue. There are no convertibility or redemption provisions relating to any of the Hospitality shares.

These revised listing particulars have been prepared on the assumption that the ordinary and special resolutions proposed in the notice of general meeting forming part of the circular enclosed together with these revised listing particulars will be passed with the requisite majority of votes at the general meeting of shareholders to be held at 14:00 on Tuesday, 23 October 2018.

The directors, whose names appear on page 8 of these revised listing particulars accept, collectively and individually, full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement herein false or misleading, and that they have made all reasonable enquiries to ascertain such facts and that this document contains all information required by law and the Listings Requirements.

All advisors whose names and/or reports are contained in this circular have consented in writing to act in the capacity stated and to their names being included in this circular and, if applicable, to the inclusion of their respective reports in this circular in the form and context in which they appear and have not withdrawn their written consents prior to publication hereof.

Corporate advisor and sponsor to
Hospitality



Independent expert to Hospitality



Independent reporting accountants and
auditors to Hospitality



Independent property valuer to
Hospitality



Independent property valuer
to Hospitality



EXCELLERATE

Legal and tax advisor to Hospitality



Date of issue: Friday, 21 September 2018

These revised listing particulars are available in English only. Copies of these revised listing particulars may be obtained from the registered office of the company at the addresses set out in the Corporate Information section of revised listing particulars between 08:30 and 17:00 from Friday, 21 September 2018 to Monday, 22 October 2018, both days inclusive. These revised listing particulars will also be available on Hospitality's website (www.hpf.co.za) from Friday, 21 September 2018.

This document should be read with the circular posted with these revised listing particulars.

CORPORATE INFORMATION

Registered office of Hospitality

Hospitality Property Fund Limited
(Registration number 2005/014211/06)
The Zone, Phase 2
2nd Floor, Loft Offices East Wing
Corner Oxford Road and Tyrwhitt Avenue
Johannesburg, 2196
(PO Box 522195, Saxonwold, 2132)

Legal and tax advisor to Hospitality

ENSafrica
(Registration number 2006/018200/21)
150 West Street
Sandown, 2196
(PO Box 783347, Sandton, 2146)

Sponsor to Hospitality

Java Capital Trustees and Sponsors Proprietary Limited
(Registration number 2006/005780/07)
6A Sandown Valley Crescent
Sandton, 2196
(PO Box 2087, Parklands, 2121)

Corporate advisor to Hospitality

Java Capital Proprietary Limited
(Registration number 2012/089864/07)
6A Sandown Valley Crescent
Sandton, 2196
(PO Box 2087, Parklands, 2121)

Transfer secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

Date and place of incorporation of Hospitality

Incorporated in the Republic of South Africa on 10 May 2005

Company secretary

Laurinda Rosalind (Rosa) van Onselen
Diploma in Law (Paralegal)
CIS : Management and Administration
HPF Management Proprietary Limited
(Registration number 2009/021472/07)
The Zone, Phase 2
2nd Floor, Loft Offices East Wing
Corner Oxford Road and Tyrwhitt Avenue
Johannesburg, 2196
(PO Box 522195, Saxonwold, 2132)

Independent property valuer to Hospitality

Jones Lang LaSalle Proprietary Limited
(Registration number 1995/000505/07)
Office 303, The Firs
Cnr Craddock & Biermann Road
Rosebank, 2196
(PO Box 2331, Parklands, 2121)

Independent property valuer to Hospitality

Excellerate Real Estate Services Proprietary Limited
(trading as JHI)
(Registration number 2007/021131/07)
3A Summit Road
Dunkeld West
Johannesburg, 2196
(Private Bag X45, Benmore, 2010)

Independent reporting accountants and auditors to Hospitality

PricewaterhouseCoopers Inc
(Registration number 1998/012055/21)
2 Eglin Road
Sunninghill, 2191
(Private Bag X36, Sunninghill, 2157)

Independent expert to Hospitality

Mazars Corporate Finance Proprietary Limited
(Registration number 2003/029561/07)
54 Glenhove Road
Melrose Estate, 2196
(PO Box 669, Johannesburg, 2000)

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DEFINITIONS AND INTERPRETATIONS

In these revised listing particulars, unless the context indicates otherwise, references to the singular include the plural and *vice versa*, words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and *vice versa*, and the words in the first column have the meanings stated opposite them in the second column, as follows:

“Akani-Egoli”	Akani-Egoli Proprietary Limited (Registration number 1996/006917/07), a private company incorporated and registered in accordance with the laws of South Africa;
“Ash Brook”	Ashbrook Investments 72 Proprietary Limited (Registration number 2007/022550/07), a private company incorporated and registered in accordance with the laws of South Africa;
“Blackrock head lease agreement”	the head lease agreement concluded between Cassava (as landlord) and Grapplebrook (as lessee) for the lease of the Blackrock casino precinct;
“board” or “directors” or “board of directors”	the board of directors of Hospitality as set out in paragraph 3 of these revised listing particulars;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa and in the event that a day referred to in terms of the circular should fall on a day which is not a business day, the relevant date will be extended to the next succeeding business day;
“casino precincts” or “casino portfolio”	collectively, the seven casino precincts which will be owned by Merway, through Listed Investments and Cassava, on the effective date, the specific details of which are set out in Annexure 7 of the circular;
“Cassava”	Cassava Investments Proprietary Limited (Registration number 1997/020545/07), a private company incorporated and registered in accordance with the laws of South Africa and a wholly-owned subsidiary of Tsogo;
“Cassava sale shares”	all of the ordinary shares of no par value in the issued share capital of Cassava registered in the names of the respective Cassava vendors as at the effective date, comprising 100% of such issued share capital;
“Cassava vendors”	collectively, Silverstar, TSNEW and TSC, and “ Cassava vendor ” means any one of them as the context requires;
“category one acquisition”	an acquisition in respect of which the consideration payable or raised wholly or in part by the issue of shares in consideration for the acquisition which is or is anticipated to constitute 30% or more of the market capitalisation of the company or may result in a dilution of 30% or more of the issued shares of the company, as contemplated in the Listings Requirements;
“certificated shareholders”	Hospitality shareholders who hold certificated shares;
“certificated shares”	shares which have not been dematerialised into the Strate system, title to which is represented by a share certificate or other physical documents of title;
“circular”	the document dated 21 September 2018 distributed to shareholders containing the circular to shareholders and annexures thereto, the notice of general meeting of shareholders and a form of proxy;
“class of hotel”	an indication of the quality of the facilities and services provided in respect of hotel properties;
“combined portfolio”	collectively, the existing portfolio and the casino portfolio, the property specific details of which are set out in Annexure 7 of the revised listing particulars;
“Companies Act”	the Companies Act, 71 of 2008, as amended;

“Companies Regulations”	the Companies Regulations, 2011, promulgated in terms of the Companies Act;
“company secretary”	the company secretary of Hospitality, Laurinda Rosalind (Rosa) van Onselen;
“conditions precedent”	the conditions precedent to which the transaction is subject, as set out in paragraph 3 of the circular;
“corporate advisor”	Java Capital Proprietary Limited (Registration number 2012/089864/07), a private company incorporated and registered in accordance with the laws of South Africa, full details of which are set out in the Corporate Information section;
“CSDP”	a Central Securities Depository Participant as defined by the Financial Markets Act appointed by a shareholder for purposes of, and in regard to, dematerialisation and to hold and administer dematerialised shares or an interest in dematerialised shares on behalf of a shareholder;
“Cullinan”	The Cullinan Hotel Proprietary Limited (Registration number 1988/004685/07), a private company incorporated and registered in accordance with the laws of South Africa, which owns the properties numbered 23 to 32 in Annexure 7 and which will become a wholly-owned subsidiary of Hospitality following the implementation of the transaction;
“dematerialise” or “dematerialisation”	the process whereby certificated shares are replaced by electronic records of ownership under Strate and recorded in the sub-register of shareholders maintained by a CSDP or broker;
“dematerialised shares”	shares which have been incorporated into the Strate system, title to which is not represented by share certificates or other physical documents of title;
“documents of title”	share certificates, certified transfer deeds, balance receipts and any other documents of title to shares;
“EBITDAR”	earnings before interest, income tax, depreciation, amortisation, property rentals paid, long term incentives and exceptional items after deducting management fees and licence fees charged by the companies within the Tsogo group in respect of the casino precincts;
“effective date”	the date on which the last of the conditions precedent to be fulfilled or waived (as the case may be) is fulfilled or waived, which is expected to be 1 March 2019;
“Emnotweni head lease agreement”	the head lease agreement concluded between Listed Investments (as landlord) and Grapplebrook (as lessee) for the lease of the Emnotweni casino precinct;
“escalation rate”	at the beginning of each financial year, shall mean the percentage change in the consumer price index (main indices for all urban areas as published by Statistics South Africa) which is applicable over the period of 12 months preceding the commencement of such financial year;
“existing portfolio”	the portfolio of 53 hotel properties currently owned by Hospitality, the property specific details of which are set out in Annexure 7 of the revised listing particulars;
“Fezisource”	Fezisource Proprietary Limited (Registration number 2015/305572/07), a private company incorporated and registered in accordance with the laws of South Africa, which is a wholly-owned subsidiary of Hospitality;
“Financial Markets Act”	the Financial Markets Act, 19 of 2012, as amended;
“financial year”	the financial year of Hospitality, for the time being ending on 31 March of each year;
“fixed rental lease agreements”	lease agreements where the rental does not contain a variable portion of rental;

“general meeting”	the general meeting of Hospitality shareholders to be held at 14:00 on Tuesday, 23 October 2018 at Palazzo Towers East, Ground Floor, Montecasino Boulevard, Fourways, South Africa, for the purpose of considering and passing the resolutions required to implement the transaction;
“Gold Reef City head lease agreement”	the head lease agreement concluded between Listed Investments (as landlord) and Grapplebrook (as lessee) for the lease of the Gold Reef City casino precinct;
“Grapplebrook”	Grapplebrook Proprietary Limited (Registration number 2013/088934/07), a private company incorporated and registered in accordance with the laws of South Africa, which is the lessee in relation to the casino portfolio numbered 1 to 7 in Annexure 7 pursuant to respective head lease agreements;
“head lease agreements”	collectively, the Montecasino head lease agreement, The Ridge head lease agreement, the Emnotweni head lease agreement, the Silverstar head lease agreement, the Gold Reef City head lease agreement, the Blackrock head lease agreement and the Suncoast head lease agreement all of which are concluded on substantially the same terms;
“Hospitality” or “the company”	Hospitality Property Fund Limited (Registration number 2005/014211/06), a public company incorporated and registered in accordance with the laws of South Africa and listed on the JSE;
“Hospitality group”	collectively, Hospitality and its subsidiaries;
“Hospitality rights offer”	the renounceable rights offer by Hospitality to Hospitality shareholders to subscribe for rights offer shares <i>pro rata</i> to the shareholding, as per the rights offer circular to Hospitality shareholders issued on Tuesday, 18 July 2017;
“hotel management companies”	entities which manage and operate the hotels on behalf of Hospitality’s tenants, further details of which are set out in Annexure 6 of the revised listing particulars;
“hotel properties”	immovable properties together with all buildings and improvements thereon;
“HPF Employee Incentive Trust”	The HPF Employee Incentive Trust (Masters reference number IT1564/2013), a trust established on 30 May 2013, for the purposes of retaining employees by providing them with an opportunity to share in the benefits of the equity of the company and the related distributions;
“HPF Properties”	HPF Properties Proprietary Limited (Registration number 2005/020743/07), a private company incorporated and registered in accordance with the laws of South Africa and which is a wholly-owned subsidiary of Hospitality;
“IFRS”	International Financial Reporting Standards;
“Income Tax Act”	Income Tax Act, 58 of 1962, as amended;
“independent expert” or “Mazars”	Mazars Corporate Finance Proprietary Limited (Registration number 2003/029561/07), a private company incorporated and registered in accordance with the laws of South Africa, acting as independent expert and appointed to provide external advice to Hospitality shareholders in relation to the related party considerations in terms of the Listings Requirements, full details of which are set out in the Corporate Information section;
“independent property valuers”	JHI and/or JLL, as the context may require;
“independent reporting accountants” or “PwC”	PricewaterhouseCoopers Incorporated (Registration number 1998/012055/21), a company incorporated and registered in accordance with the laws of South Africa, full details of which are set out in the Corporate Information section;
“issue price”	being the agreed issue price of R12.50 per Hospitality ordinary share;

“JHI”	Excellerate Real Estate Services Proprietary Limited (Registration number 2007/021131/07), trading as JHI, a private company incorporated and registered in accordance with the laws of South Africa, full details of which are set out in the Corporate Information section;
“JLL”	Jones Lang La Salle Proprietary Limited (Registration number 1995/000505/07), a private company registered and incorporated in accordance with the laws of South Africa, full details of which are set out in the Corporate Information section;
“JSE”	Johannesburg Stock Exchange, being the exchange operated by the JSE Limited, (Registration number 2005/022939/06), a public company incorporated and registered in accordance with the laws of South Africa, and licensed to operate an exchange under the Financial Markets Act;
“King IV”	the Code of Corporate Practices and Conduct in South Africa representing principles of good corporate governance as laid out in the King Report, as amended from time to time;
“last practicable date”	Wednesday, 5 September 2018, being the last practicable date prior to the finalisation of the revised listing particulars;
“Listed Investments”	Listed Investments Proprietary Limited (Registration number 1997/003059/07), a private company incorporated and registered in accordance with the laws of South Africa and a wholly-owned subsidiary of Tsogo;
“Listed Investments sale shares”	all of the ordinary shares of no par value in the issued share capital of Listed Investments registered in the name of the Listed Investments vendors as at the effective date, comprising 100% of such issued share capital;
“Listed Investments vendors”	collectively, Akani-Egoli, TSKZN and TSC, and “Listed Investments vendor” means any one of them as the context requires;
“Listings Requirements”	the Listings Requirements published by the JSE from time to time;
“m²”	square metres;
“Merway”	Merway Fifth Investments Proprietary Limited (Registration number 1991/006478/07), a private company incorporated and registered in accordance with the laws of South Africa, a wholly-owned subsidiary of Hospitality and which will own 100% of the ordinary share capital of Listed Investments and Cassava;
“MOI”	the memorandum of incorporation of Hospitality;
“Montecasino head lease agreement”	the head lease agreement concluded between Listed Investments (as landlord) and Grapplebrook (as lessee) for the lease of the Montecasino precinct;
“NAV”	net asset value;
“press”	the Business Day newspaper;
“purchase consideration”	the aggregate purchase consideration payable in cash by Merway to the vendors for the sale shares, being an amount of R23.0 billion, which reflects the equity valuation of Listed Investments and Cassava, net of debt;
“R” or “Rand”	South African Rand, the lawful currency of South Africa;
“REIT”	a Real Estate Investment Trust, which is an entity which receives REIT status in terms of the Listings Requirements and qualifies as such in terms of the Income Tax Act;
“rental aggregation agreement”	the rental aggregation agreement concluded between the vendors, Cassava and Listed Investments in order to govern the rental, escalations, reviews and resets in respect of each head lease agreement;

“revised listing particulars”	these revised listing particulars of Hospitality accompanying the circular and providing additional information in relation to Hospitality after the implementation of the transaction, issued on Friday, 21 September 2018;
“The Ridge head lease agreement”	the head lease agreement concluded between Cassava (as landlord) and Grapplebrook (as lessee) for the lease of The Ridge casino precinct;
“sale shares”	collectively, the Cassava sale shares and the Listed Investments sale shares;
“SENS”	the Stock Exchange News Service of the JSE;
“Silverstar head lease agreement”	the head lease agreement concluded between Cassava (as landlord) and Grapplebrook (as lessee) for the lease of the Silverstar casino precinct;
“South Africa”	the Republic of South Africa;
“Southern Sun Hotels” or “SSH”	Southern Sun Hotels Proprietary Limited (Registration number 2002/006356/07), a private company incorporated and registered in accordance with the laws of South Africa and a wholly-owned subsidiary of TSHG&E;
“sponsor”	Java Capital Trustees and Sponsors Proprietary Limited (Registration number 2006/005780/07), a private company incorporated and registered in accordance with the laws of South Africa, full details of which are set out in the Corporate Information section;
“SSHI”	Southern Sun Hotel Interests Proprietary Limited (Registration number 1969/001365/07), a private company incorporated and registered in accordance with the laws of South Africa and a wholly-owned subsidiary of Southern Sun Hotels;
“Strate”	Strate Proprietary Limited (Registration number 1998/022242/07), a private company incorporated and registered in accordance with the laws of South Africa, which is licensed to operate in terms of the Financial Markets Act and which is responsible for the electronic settlement system used by the JSE;
“subscription shares”	1 196 362 000 ordinary shares of no par value in the authorised but unissued share capital of Hospitality (based on the agreed values) to be issued at an agreed value of R12.50 per share to the vendors on the effective date, in exchange for cash, in accordance with the provisions of the transaction agreement and which shares, when issued, will not constitute less than 67.4% of the entire issued share capital of Hospitality at the time;
“Suncoast head lease agreement”	the head lease agreement concluded between Listed Investments (as landlord) and Grapplebrook (as lessee) for the lease of the Suncoast casino precinct;
“transaction”	the acquisition by Hospitality, subject to the fulfilment or waiver (as the case may be) of the conditions precedent, of the entire issued share capital of each of Cassava and Listed Investments (which own the casino precinct properties) from the vendors in terms of an “intra group transaction” as per section 45 of the Income Tax Act for the purchase consideration, further details of which is set out in paragraph 3 of the circular;
“transaction agreement”	the sale of shares and subscription agreement concluded between the Cassava vendors, the Listed Investments vendors, Merway, Cassava, Listed Investments, Tsogo and Hospitality, whereby Merway purchases the sale shares from the vendors and whereby the vendors will subsequently use a portion of the purchase consideration to subscribe for the subscription shares and to apply the balance of the purchase consideration to settle their outstanding debt obligations;
“transfer secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company incorporated and registered in accordance with the laws of South Africa, full details of which are set out in the Corporate Information section;

“TSC”	Tsogo Sun Casinos Proprietary Limited (Registration number 1995/012674/07), a private company incorporated and registered in accordance with the laws of South Africa;
“TSKZN”	Tsogo Sun KwaZulu-Natal Proprietary Limited (Registration number 1997/014551/07), a private company incorporated and registered in accordance with the laws of South Africa and a wholly-owned subsidiary of Tsogo;
“TSNEW”	Tsogo Sun Newcastle Proprietary Limited (Registration number 1998/002723/07), a private company incorporated and registered in accordance with the laws of South Africa and a wholly-owned subsidiary of Tsogo;
“Tsogo”	Tsogo Sun Holdings Limited (Registration number 1989/002108/06), a public company incorporated and registered in accordance with the laws of South Africa and listed on the JSE;
“Tsogo group”	collectively, Tsogo and its subsidiaries;
“variable rental lease agreements”	variable lease agreements, where the rentals are based on EBITDAR;
“VAT”	value added tax as defined in the Value Added Tax Act, No. 89 of 1991;
“vendors”	collectively, the Listed Investments vendors and the Cassava vendors;
“Vexicure”	Vexicure Proprietary Limited (Registration number 2009/017870/07), a private company incorporated and registered in accordance with the laws of South Africa; and
“VWAP”	volume weighted average price.



HOSPITALITY PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2005/014211/06)
JSE share code: HPB ISIN: ZAE000214656
(Approved as a REIT by the JSE)
("Hospitality" or the "company")

Directors

John Copelyn (*Chairman, non-executive director*)
Jacques Booysen (*Non-executive director*)
Keith Randall (*Chief executive officer*)
Mara de Lima (*Financial director*)
Mahomed Gani (*Independent non-executive director*)
Don Bowden (*Independent non-executive director*)
Gerald Nelson (*Lead independent non-executive director*)
Zuko Kubukeli (*Independent non-executive director*)
Syd Halliday (*Independent non-executive director*)
Zola Malinga (*Independent non-executive director*)
Mohamed Ahmed (*Independent non-executive director*)
Robert Nicolella (*Non-executive director*)
Laurelle McDonald (*Non-executive director*)
Zibusiso Kganyago (*Non-executive director*)

REVISED LISTING PARTICULARS SECTION ONE – OVERVIEW OF THE HOSPITALITY GROUP

1. INTRODUCTION

- 1.1. As announced on SENS on 9 July 2018 and on Friday, 7 September 2018, Hospitality shareholders and Tsogo shareholders were advised that Hospitality has entered into the transaction agreement, in terms of which Hospitality will acquire the entire issued share capital of Listed Investments and Cassava from the vendors for the purchase consideration. The transaction is subject to certain conditions precedent set out more fully in the circular.
- 1.2. The transaction will provide Hospitality with scale through the acquisition of seven premium casino precincts, further details of which are set out in **Annexure 7** to these revised listing particulars.
- 1.3. These revised listing particulars have been prepared on the assumption that the transaction will be implemented and is intended to provide Hospitality shareholders with information in relation to the business, operations and prospects of Hospitality after the implementation of the transaction.

2. HISTORY, NATURE OF BUSINESS, STRATEGY AND PROSPECTS OF THE GROUP

2.1. History and nature of business

- 2.1.1. Hospitality was incorporated in South Africa on 10 May 2005 and was established with the aim of offering shareholders a unique investment vehicle with exposure to the hospitality sector through the ownership of hotel and leisure properties.
- 2.1.2. Hospitality is a publicly traded company and was listed on the main board of the JSE under the Financials – Real Estate sector in February 2006. On 1 July 2013, Hospitality converted from a property loan stock to a REIT and accordingly changed its sector classification to the "Financials – Speciality REIT" sector on the JSE.
- 2.1.3. The company listed on the JSE with a portfolio of 16 properties valued at approximately R1.0 billion and the portfolio has since grown to 53 hotel properties with a market value of approximately R12.6 billion as at 31 March 2018. The portfolio is highly diversified in terms of geographic location, class of hotel, brands and market mix.

- 2.1.4. The company caters to the requirements of a wide-ranging domestic and international target market, including the business travel, leisure travel, government travel and meetings and conferencing markets. Well-located, quality properties with strong brands offering a superior guest experience, are the key differentiators which will enable the company to add value for shareholders.
- 2.1.5. Hospitality is the largest multi-branded hotel owner in South Africa and has built strong partnerships with well-organised local and international hotel brands. Through these long-term partnerships, the company leverages the value of its portfolio.
- 2.1.6. On 28 September 2015, the authorised capital of the company converted from a linked unit capital structure to an all share capital structure.
- 2.1.7. On 11 October 2016 the company's dual-class share capital structure was restructured to its current single-class share capital structure.
- 2.1.8. On 1 September 2016 the implementation of an acquisition by Hospitality of 10 hotel properties from Tsogo was effected.
- 2.1.9. On 10 July 2017 the implementation of an acquisition by Hospitality of a further 29 hotel properties from Tsogo was effected. This acquisition was undertaken in line with Hospitality's growth strategy in order to increase critical mass and scale.
- 2.1.10. Post the implementation of the transaction, Hospitality will have added the casino precincts to its portfolio, which will see the gross investment property value of Hospitality increase to c.R35.2 billion.

2.2. **Group structure**

The group structure of Hospitality prior to the implementation of the transaction and post the implementation of the transaction are set out in **Annexure 1** of these revised listing particulars.

2.3. **Subsidiaries**

Post the implementation of the transaction the company will have five wholly-owned subsidiaries. None of the company's subsidiaries are listed on any stock exchanges. The names, registration numbers, places of incorporation, dates of incorporation, nature of business, issued share capital and date of becoming a subsidiary for each of the subsidiaries of the Hospitality group are set out in **Annexure 2** of these revised listing particulars.

2.4. **Strategy**

- 2.4.1. Post the implementation of the transaction, Hospitality will own quality properties in the South African hospitality and entertainment industry. The strategic objectives of the company are to sustain and optimise the business, and to grow the portfolio. To this end, Hospitality may evaluate and consider the acquisition of other value enhancing properties.
- 2.4.2. The value of the business is determined by the ability of Hospitality to grow its assets and the earnings that it distributes. The ongoing sustainability of the company is thus a key focus which will be achieved through, identifying risks and opportunities and then developing mitigating measures to minimise the impact of risks as well as strategies to take advantage of opportunities.
- 2.4.3. Optimisation is a focus on continuous improvement of the management of the portfolio of assets, the capital structure, cost control and information and data management to support decision-making. Growth will be achieved both organically and inorganically and is measured by both the increase in distributable earnings and dividend per share.
- 2.4.4. The transaction will provide Hospitality with scale through the acquisition of seven premium casino precincts (including an additional 1 335 hotel rooms).
- 2.4.5. The acquisition of the casino portfolio from Tsogo will substantially boost Hospitality's net asset value and provide a steady rental income stream escalating in line with inflation which will provide a core base income and reduce the overall volatility of the company's rental income.

2.5. **Prospects**

Details of the group's prospects are set out in paragraph 4 of the circular.

2.6. **Financial year-end**

As announced on SENS on 8 February 2017, the company has changed its year-end from 30 June to 31 March, its most recent being 31 March 2018.

3. DIRECTORS AND NEW DIRECTORS

3.1. Details of the directors of Hospitality

3.1.1. The full names, ages, business addresses, qualifications, position and experience of the directors of the company are set out below:

Name and age	John Copelyn (68)
Business address	Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005.
Qualifications	BA (Hons), BProc
Position	Chairman, non-executive director
Experience	John was appointed as chairman of Hospitality, effective 30 November 2016. John joined Hosken Consolidated Investments Limited (“ HCI ”) as chief executive officer in 1997. He was previously General Secretary of the Southern African Clothing and Textile Workers Union from 1974, before becoming a member of parliament in 1994. He currently holds various directorships and is the non-executive chairman of Tsogo Sun, Niveus Investments Limited and eMedia Holdings Limited. John is the chairman of Hospitality’s nomination committee and a member of the remuneration committee.

Name and age	Keith Randall (55)
Business address	The Zone, Phase 2, 2 nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196.
Qualifications	BSc (Eng), GDE, MBA (UCT)
Position	Chief executive officer
Experience	Keith was appointed to the position of Chief Executive Officer at Hospitality with effect from 1 January 2017 and is a member of the social and ethics committee. Prior to his appointment at Hospitality, Keith had been with the Tsogo group for over 20 years, principally in the development of new hotels and the oversight of major hotel refurbishments in South Africa, Africa and the Middle East. More recently, he was a director of Sun1 Hotels Proprietary Limited, following the acquisition of the Formula 1 Group in South Africa from Accor and was responsible for the refurbishment and repositioning of this hotel chain. Keith does not hold positions on any other governing body outside of the Hospitality group.

Name and age	Mara de Lima (40)
Business address	The Zone, Phase 2, 2 nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196.
Qualifications	CA(SA)
Position	Financial director
Experience	Mara was appointed the Financial Director of Hospitality effective 30 September 2016. Mara served her articles at KPMG Inc. and joined Southern Sun Hotels Proprietary Limited as management accountant in October 2007. She was appointed the group Financial Manager of Tsogo Sun Hotels in February 2009.

Name and age	Donald (Don) George Bowden (59)
Business address	The Zone, Phase 2, 2 nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196.
Qualifications	BCom (Economics), BAcc (Wits), CA(SA)
Position	Independent non-executive director
Experience	Don was appointed to the board in August 2012. He is a non-executive director of Foord Unit Trusts (RF) and The Fruitways Group and a trustee of Molteno Brothers Trust, a charitable trust. Don was a financial services partner at Deloitte & Touche before joining BoE in 1998. At BoE he managed the investor relations, communications, marketing and human resources portfolios for the banking group. Following the merger of BoE with Nedcor (later to be renamed The Nedbank Group) in 2002, Don assumed responsibility for communications and human resources on the Nedcor integration and restructuring team, before starting Tier 1 Investor Relations in 2003. Don served as Chairman of the board from 30 June 2013 to 30 November 2016. He chairs the remuneration committee and is a member of the audit and risk committee.

Name and age	Jacques Booyesen (58)
Business address	Palazzo Towers East, Montecasino Boulevard, Fourways, 2155
Qualifications	CA(SA)
Position	Non-executive director
Experience	Jacques is a Chartered Accountant (South Africa) and was a partner at PricewaterhouseCoopers Inc. prior to working at the Gauteng Gambling Board for 12 years, where he held the position of Chief Executive Officer. He joined Tsogo Sun in 2007 and served as the Financial Director of Tsogo Sun Gaming and subsequently the Managing Director of Tsogo Sun Gaming prior to his appointment as the Chief Executive Officer of Tsogo. Jacques serves on Hospitality's nomination and remuneration committees.
Name and age	Gerald Alan Nelson (63)
Business address	The Zone, Phase 2, 2 nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196
Qualifications	BSc Building (Wits)
Position	Lead independent non-executive director
Experience	Gerald stepped down as the Chief Executive Officer of Hospitality on 30 June 2013, but remained on the board as a non-executive director. He was first appointed to the board prior to the listing of the company in 2006. He conceptualised and was actively involved with the set-up of the company. Prior to 2006, Gerald was the Managing Director of Sycom Property Fund Managers Limited and a past Chairman of the Association of Property Unit Trusts. He has 38 years' experience in activities related to property with specific expertise in development, asset management as well as listed and directly held investment property vehicles, with a specific focus on the hotel and leisure industry for the past 11 years. Gerald was appointed as Lead Independent Director on 13 March 2018. Gerald is a director of the Grapnel Property Group, a privately-owned business, where he is currently involved in various local and offshore property development and investment activities. He is a member of the nominations and social and ethics committees.
Name and age	James Robert (Rob) Nicolella (49)
Business address	Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005
Qualification	CA(SA), PLD
Position	Non-executive director
Experience	Rob joined HCI in 2011. Rob serves on the boards of subsidiary companies Business Systems Group Africa Proprietary Limited and group associate company Impact Oil and Gas Limited. Prior to joining HCI he was employed by Investec Bank Limited for 17 years, most notably in the capacity as Head of Corporate Banking, Western Cape and subsequently Head of Private Banking, Western Cape.
Name and age	Laurelle McDonald (36)
Business address	Palazzo Towers East, Montecasino Boulevard, Fourways, 2155
Qualification	CA(SA)
Position	Non-executive director
Experience	Laurelle served her articles at Grant Thornton and joined Gold Reef Resorts as an assistant financial manager at Silverstar Casino in 2007. Thereafter, she was appointed as the Group Financial Manager and the Company Secretary of Gold Reef Resorts. After the acquisition of Gold Reef Resorts by Tsogo, Laurelle was appointed Corporate Finance and Treasury Manager of Tsogo and currently serves as a member of Tsogo's executive committee.

Name and age	Zibusiso Janice Kganyago (51)
Business address	Palazzo Towers East, Montecasino Boulevard, Fourways, 2155
Qualification	BCom (University of Natal)
Position	Non-executive director
Experience	Zibusiso is Director of Developments at Tsogo Sun Gaming and has been with Tsogo for 20 years. Zibusiso's property experience spans a 20-year period, having concluded Cosatu's first property transaction, while she was their accountant, whereafter she moved to Intersite Property Management Service, then Southern Sun. Zibusiso joined Southern Sun as Development Manager and moved across to Tsogo in the same year. Zibusiso was later promoted to the position of Director of Developments.
Name and age	Zuko Ntsele Kubukeli (43)
Business address	The Zone, Phase 2, 2 nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196
Qualification	PhD (Human Biology) (UCT), BSc (Medicine) (Hons) (UCT), BSc (Biochemistry and Microbiology) (UCT)
Position	Independent non-executive director
Experience	Zuko was a Regional Property Manager of Atlas Property Services Proprietary Limited, the management company of the listed property loan stock company, Atlas Properties Limited, prior to which he was an executive director of Brait Specialised Funds. Zuko is the executive director – strategy and acquisitions, of Pan-African Capital Holdings Proprietary Limited and a principal and Chief Executive Officer of Pan-African Private Equity Fund One and Two. He was appointed to the board of Hospitality in June 2008. Zuko chairs the social and ethics committee and serves on the nominations and remuneration committees.
Name and age	Sydney (Syd) Arnold Halliday (71)
Business address	The Zone, Phase 2, 2 nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196.
Qualification	CAIB (SA), ACIS
Position	Independent non-executive director
Experience	Syd retired from Nedbank in 2004 where he had held various senior credit risk management positions in the property finance departments of Nefic, Syfrets, Nedcor Investment Bank and Nedbank. Syd served as the independent Chairman of Nedbank Corporate Property Finance's main property lending committee up to December 2012. He joined the board of Hospitality on 30 June 2013 and is a member of the audit and risk and nominations committees. He also serves on the board of Dipula Income Fund Limited and consults to Rand Merchant Bank as a member of their real estate credit committee and Sasfin Bank in their real estate private equity fund.
Name and age	Mahomed Gani (65)
Business address	The Zone, Phase 2, 2 nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196
Qualification	CA(SA), BCom (Accounting)
Position	Independent non-executive director
Experience	Mahomed is a Chartered Accountant (South Africa) with over 30 years' experience in the accounting and audit profession. He was a founding partner of MSGM Masuku Jeena Inc., a partner of Saboor Gani & Co and a partner of PricewaterhouseCoopers until 2013. He is a non-executive director on a number of boards including HCI, Tsogo, Dis-Chem Pharmacies Limited and Basil Read Holdings Limited. He also serves as a member of the investigating committee of the Independent Regulatory Board of Auditors. Mahomed serves as the chair of Hospitality's the audit and risk committee.

Name and age	Zola Malinga (40)
Business address	The Zone, Phase 2, 2 nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196
Qualification	CA(SA), BCom (Accounting)
Position	Independent non-executive director
Experience	Zola qualified as a Chartered Accountant (South Africa) in 2003, having completed a postgraduate diploma in accounting at the University of Natal (Durban) and a bachelor of commerce at the University of Cape Town. She is an executive director of Jade Capital Partners, an investment company. Zola was previously a director of Standard Bank Group Limited's real estate finance division, heading up its new business team and an investment banker, having held roles in Standard Bank's BEE finance division and in corporate finance at Investec Bank Limited. She was appointed to the board of Hospitality as an independent non-executive director on 8 July 2013 and serves as a member of the audit and risk and remuneration committees.
Name and age	Mohamed Haroun Ahmed (54)
Business address	The Zone, Phase 2, 2 nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196
Qualification	BCom (Accounting)
Position	Independent non-executive director
Experience	With 25 years of experience in finance and leadership, Mohamed is a businessman who has served on the boards of various listed companies, including as an alternate director for MTN Group Limited. He is currently an independent non-executive director for both Montauk Holdings and Deneb Investments, where he also serves as the Chair of the audit, risk and remuneration committees and is the founder of the Gallagher Charitable Trust. Mohamed was appointed to the Board on 14 August 2018.

All of the directors are South African nationals.

3.1.2. As announced on SENS on 7 September 2018, the board of directors has appointed Robert James Nicolella as an executive director and the CEO of Hospitality following the resignation of Keith Randall as executive director and CEO, effective 1 November 2018. Keith Randall will remain on in the employ of Hospitality and step into the role of chief operating officer.

3.2. Additional information related to the directors

3.3.1. **Annexure 3** of the revised listing particulars contains the following information:

- 3.2.1.1. details of the directors' interests in Hospitality shares and transactions;
- 3.2.1.2. emoluments of the directors;
- 3.2.1.3. terms of employment of directors;
- 3.2.1.4. borrowing powers of the company;
- 3.2.1.5. interests of directors and promoters; and
- 3.2.1.6. declarations by the directors.

3.3.2. **Annexure 4** contains details of the directors' other directorships and partnerships in the previous five years.

3.3.3. The provisions of the MOI with regard to the following are set out in **Annexure 5** of the revised listing particulars:

- 3.2.3.1. qualification of directors;
- 3.2.3.2. remuneration of directors;
- 3.2.3.3. any power enabling the directors to vote on remuneration to themselves or any member of the board;
- 3.2.3.4. the borrowing powers exercisable by the directors and how such borrowing powers can be varied; and
- 3.2.3.5. retirement or non-retirement of directors under an age limit.

3.3. **Asset management**

3.3.1. The asset management function of the hotel properties is performed by Hospitality.

3.3.2. The casino portfolio will be owned by Hospitality post the implementation of the transaction. Each casino precinct is the subject of an effective triple net lease whereby the lessee has considerable scope and responsibility in terms of managing the casino properties.

3.3.3. Notwithstanding the above, as lessor of the casino portfolio, Hospitality will monitor all changes implemented by the lessee to the casino portfolio and maintains a level of discretion with regard to material improvements proposed by the lessee.

3.4. **Management companies**

3.4.1. Existing portfolio

The hotel management companies operate the hotels on the hotel properties within the existing portfolio on behalf of Hospitality's tenants. Details of the hotel management companies in respect of the existing portfolio are set out in **Annexure 6** of the revised listing particulars.

3.4.2. Casino portfolio

Each casino precinct is the subject of an effective triple net lease whereby the lessee has considerable scope and responsibility in terms of managing the casino properties. The management function is thus effectively performed by the lessee (i.e. the casino operator), being Tsogo in each case, with a monitoring and oversight role being performed by Hospitality.

4. **MAJOR AND CONTROLLING SHAREHOLDERS**

Details of the major and controlling shareholders are set out in paragraph 13 of the circular.

5. **RELATIONSHIP INFORMATION**

Details of the relationship information are set out in paragraph 14 of the circular.

SECTION TWO – DETAILS OF THE PROPERTIES

6. THE COMBINED PORTFOLIO

Set out below is a summary of the combined portfolio, which post the transaction will consist of the portfolio of 53 hotel and resort properties in South Africa, all of which have fixed and variable leases, and the seven casino precincts, further details of which are set out in **Annexure 7** of these revised listing particulars.

6.1. Analysis of the combined portfolio

An analysis of the combined portfolio is set out below. The gross rental income figures in this section are presented for the year ending 31 March 2020. The property values, gross built-up area, number of rooms, casino tables, and slot machines data are presented as at 31 March 2018.

6.1.1. Geographic profile

Analysis of the combined portfolio:

%	Rental income	Property value
Gauteng	52.1	51.4
KwaZulu-Natal	25.1	24.3
Western Cape	13.2	15.6
Mpumalanga	6.5	5.6
Eastern Cape	1.2	1.1
Limpopo	0.7	0.8
Northern Cape	0.4	0.5
Free-State	0.4	0.4
North West	0.4	0.3
Total	100.0	100.0

Analysis of the casino portfolio:

	Rental income %	Property value %	Gross built-up area (m ²)	Hotel rooms	Casino tables	Slot machines	Retail GLA (m ²)	Office GLA (m ²)
Notes	1		1, 2, 3		3	3	3	3
Gauteng	59.9	61.2	184 142	691	163	4 200	54 668	25 700
KwaZulu-Natal	31.3	30.9	50 616	245	67	1 922	12 083	–
Mpumalanga	8.8	7.9	36 309	399	38	861	3 350	–
Total	100.0	100.0	271 067	1 335	268	6 983	70 101	25 700

Notes:

1. Based on forecast rental income for the year ending 31 March 2020.
2. Gross built-up area as determined by the site architects.
3. The data for KwaZulu-Natal excludes the Suncoast expansion.

Analysis of the existing portfolio:

%	Rental income	Property value	No. of rooms
Western Cape	40.9	44.4	28.8
Gauteng	35.7	33.3	43.0
KwaZulu-Natal	12.0	12.2	12.1
Eastern Cape	3.8	3.1	5.4
Limpopo	2.3	2.3	2.0
Mpumalanga	1.5	1.3	2.8
Northern Cape	1.4	1.3	2.2
Free-State	1.4	1.1	2.3
North West	1.0	1.0	1.4
Total	100.0	100.0	100.0

6.1.2. Sectoral profile

%	Rental income	Property value
Hotels	32.3	35.1
Casino precincts	67.7	64.9
Total	100.0	100.0

6.1.3. Tenant profile

The casino precincts are leased to a single tenant, Grapplebrook, which is a wholly-owned subsidiary of Tsogo. Tsogo has provided a guarantee to and in favour of Listed Investments and Cassava in respect of each casino precinct for all the obligations due by Grapplebrook in terms of the respective head lease agreements and the rental aggregation agreement. Tsogo is a large listed company and Grapplebrook is accordingly classified as an A-grade tenant.

The table below reflects the tenant profile for the existing portfolio by hotel management company, details of which are contained in **Annexure 6** of these revised listing particulars.

%	Rental income	Property value	No. of rooms
Tsogo Sun	57.9	59.0	70.7
Marriott	21.6	22.4	13.9
Radisson Hotel Group	8.9	9.0	4.4
Birchwood Hotel Management Company	8.2	6.5	7.4
Champagne Sports Resort	2.5	2.5	1.7
African Hotels and Adventures	0.9	0.6	1.9
Total	100.0	100.0	100.0

6.1.4. Vacancy profile

There are no vacancies across the combined portfolio.

6.1.5. Lease expiry profile

	Hotels			Casino Precincts			Total	
	Rental income %	No. of rooms	Property value %	Rental income %	Gross built-up area (m2)	Property value %	Rental income %	Property value %
1 – 5 years	26.8	2 256	23.8	–	–	–	8.6	8.4
6 – 10 years	2.0	172	1.9	–	–	–	0.6	0.7
11 – 20 years	71.2	6 573	74.3	100.0	271 067	100.0	90.8	90.9
21 – 30 years	–	–	–	–	–	–	–	–
Total	100.0	9 001	100.0	100.0	271 067	100.0	100.0	100.0

6.1.6. Weighted average rental

The weighted average rentals per month for the property portfolio are presented in the table below. The calculations are based on forecast rental income for the year ending 31 March 2020, the number of hotel rooms and the gross built-up area as at 31 March 2018.

Hotels	R8 961/room
Casino precincts	R625/m ² of gross built-up area

6.1.7. Weighted average rental escalation rate profile

6.1.7.1. Typically, the fixed portion of the lease escalates at CPI with a reset to 50% of budgeted EBITDAR on a varying cycle (e.g. two or three years). The variable portion is based on a percentage of actual EBITDAR less the fixed portion. The rental is a combination of the fixed and variable portion and it is thus not possible to provide a weighted average rental escalation for hotels (“F&V lease” or “F&V”).

6.1.7.2. The head lease agreements and the rental aggregation agreement, the salient terms of which are set out in paragraph 3 of the circular, stipulate that the annual initial aggregate base rental shall be escalated at the escalation rate for the first seven years from 1 April 2018. Thereafter the initial aggregate base rental will escalate annually on the 1st day of April of each year by the escalation rate subject to the terms of a rental review referred to in paragraph 3.1.7.5. of the circular.

6.1.8. **Property yield**

The property yield for the combined portfolio is 8.5%. This is based on the fair value of investment properties as set out in **Annexure 7** and operating profit for the year ending 31 March 2020 as set out in **Annexure 10**.

6.1.9. **Class of hotels profile**

%	Rental income	Property value	Number of rooms
Luxury	16.2	17.7	8.3
Upscale	34.5	36.5	28.1
Midscale	41.5	38.1	46.8
Economy	7.8	7.7	16.8
Total	100.0	100.0	100.0

6.1.9.1. Class of hotel categories typically indicate quality, size and range of facilities and provide an indication of accommodation pricing within a common location.

6.1.9.2. Luxury hotels will have large bedrooms, a wider range of room types, usually more than one restaurant and bar, offer larger conferencing and meeting room facilities and are likely to include up market gym facilities, a spa, hairdresser, and a full concierge service.

6.1.9.3. Upscale hotels will be similar in quality to luxury hotels, but with comparatively smaller bedrooms and fewer room types, whilst still offering conferencing and meeting facilities but on a smaller scale. They are often focused within a location on a specific customer segment (e.g. business).

6.1.9.4. Midscale hotels will tend to have smaller bedrooms and two or, at most, three room types. They will offer only selected services and may only provide breakfast to their guests. They may have an outsourced restaurant on the premises.

6.1.9.5. Economy hotels will have the smallest bedrooms and will offer only one or two room types. Typically, they will have a limited breakfast offering and will have little or no additional services or facilities.

7. VALUATION REPORTS

7.1. The existing portfolio was valued by Bryan Kinyua Kanandu Nyagah of JHI, who is an independent external registered professional valuer in terms of the Property Valuer's Profession Act, No 47 of 2000.

7.2. The casino portfolio was valued by Ashton Candrick Eckler of JLL, who is an independent external registered professional valuer in terms of the Property Valuer's Profession Act, No 47 of 2000.

7.3. Detailed valuation reports have been prepared in respect of each of the properties and are available for inspection as set out in paragraph 29 of the revised listing particulars. The summary valuation report in respect of the casino portfolio has been included in **Annexure 8** of the circular and the summary valuation report in respect of the existing properties has been included in **Annexure 8** of these revised listing particulars.

8. PROPERTY AND BUSINESS UNDERTAKINGS ACQUIRED OR TO BE ACQUIRED

Other than as disclosed in **Annexure 9**, no material immovable properties and/or fixed assets and/or business undertakings ("acquisition properties") have been acquired by the Hospitality group within the past three years or are in the process of being or are proposed to be acquired by the group (or which the Hospitality group has an option to acquire).

9. PROPERTIES, ASSETS AND BUSINESS UNDERTAKINGS DISPOSED OF OR TO BE DISPOSED OF

No material immovable properties and/or fixed assets and/or business undertakings have been disposed of in the three years preceding the last practicable date or are intended to be disposed of within six months of the issue of these revised listing particulars.

10. VENDORS

- 10.1. Details relating to the vendors of the material assets (“**material assets**”) of the Hospitality group are set out in **Annexure 9** of these revised listing particulars.
- 10.2. The vendors of the material assets have not guaranteed the book debts or other assets of Listed Investments or Cassava, although they have warranted that immediately prior to implementation of the transaction they will collectively be the sole owners of the entire share capital of Listed Investments and Cassava. The transaction agreement contains warranties which are usual for transactions of this nature.
- 10.3. The transaction agreement does not preclude the vendors from carrying on business in competition with the Hospitality group nor does the transaction agreement impose any other restrictions on the vendors and therefore no payment in cash or otherwise has been made in this regard.
- 10.4. There are no liabilities for accrued taxation that are required to be settled in terms of the transaction agreement.
- 10.5. Save as disclosed in respect of the acquisitions set out in **Annexure 9** of these revised listing particulars, the Hospitality group has not made any material purchases of securities in any company, in the last three years.
- 10.6. Other than the directors’ interests as set out in **Annexure 3** of these revised listing particulars and paragraph 14 of the circular, no director or promoter of Hospitality (or any partnership, syndicate or other association in which a promoter or director had an interest) has any direct or indirect beneficial interest in the transaction.
- 10.7. No cash or securities have been paid or any benefit given within the three years preceding these revised listing particulars, nor is any cash or benefit proposed to be paid or given to any promoter (not being a director).
- 10.8. The material assets referred to in **Annexure 9** of these revised listing particulars have not been ceded or pledged to any party. However, the properties in the combined portfolio referred to in **Annexure 7** of these revised listing particulars have been provided for security for borrowings as set out in **Annexure 13** of these revised listing particulars.
- 10.9. Prior to the effective date of the transaction, the casino precincts will have transferred into the name of Listed Investments and Cassava respectively. Registration of transfer of all the casino properties into the names of Listed Investments and Cassava is a condition precedent to the transaction in terms of the transaction agreement.

SECTION THREE – FINANCIAL INFORMATION

11. FORECAST STATEMENT OF COMPREHENSIVE INCOME

- 11.1. The forecast statement of comprehensive income in respect of the combined portfolio has been prepared for the years ending 31 March 2019 and 31 March 2020 (the “forecast”), and is set out in **Annexure 10** of these revised listing particulars.
- 11.2. The forecast has been prepared on the assumption that the effective date of the transaction will be 1 March 2019.
- 11.3. The forecast, including the assumptions on which it is based and the financial information from which it is prepared, is the responsibility of the directors of Hospitality. The forecast has been prepared in accordance with Hospitality’s accounting policies, which are in compliance with IFRS, and the Listing Requirements.
- 11.4. The forecast must be read in conjunction with the independent reporting accountants’ assurance report on the forecast as contained in **Annexure 11** of these revised listing particulars.

12. PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- 12.1. The *pro forma* consolidated statement of financial position of Hospitality, after the transaction is set out in **Annexure 4** of the circular.
- 12.2. The *pro forma* consolidated statement of financial position of Hospitality, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the board of Hospitality.
- 12.3. The independent reporting accountants’ assurance report on the *pro forma* consolidated statement of financial position of Hospitality is set out in **Annexure 5** of the circular.
- 12.4. The independent reporting accountants’ review report on the adjustment column in the *pro forma* consolidated statement of financial position of Hospitality is set out in **Annexure 6** of the circular.

13. SHARE CAPITAL OF THE COMPANY

- 13.1. The share capital of Hospitality as at the last practicable date is set out below:

	R’000
<hr/>	
<i>Authorised share capital</i>	
2 000 000 000 shares of no par value	–
<hr/>	
<i>Issued share capital</i>	
575 776 951 shares of no par value	9 027 065
<hr/>	
Stated capital	9 027 065
<hr/>	

- 13.1.1. The issued share capital includes a total of 562 774 treasury shares which are owned by the HPF Employee Incentive Trust under an employee share-based payment scheme; and
- 13.1.2. There are 2 377 256 shares which relate to a shareholder having exercised its appraisal rights in respect of the capital restructure. In September 2015 the applicant exercised their appraisal rights and made a demand for fair value in terms of Section 164(4) of the Company’s Act. They subsequently withdrew their notice in September 2017. In May 2018 they lodged a new notice against Hospitality seeking to be paid the distribution declarations since February 2016 or, in the alternative, to be paid their fair value as determined by the court. Hospitality is defending this action.
- 13.1.3. These shares are not included in the issued share capital of the company, as prescribed by the Companies Act.
- 13.2. Assuming the implementation of the transaction, the anticipated share capital of Hospitality after the transaction is set out below:

	R’000
<hr/>	
<i>Authorised share capital</i>	
2 000 000 000 shares of no par value	–
<hr/>	
<i>Issued share capital</i>	
1 772 138 951 shares of no par value	23 981 590
<hr/>	
Stated capital	23 981 590
<hr/>	

There will be 562 774 Hospitality shares held in treasury, as detailed in paragraphs 13.1.1 to 13.1.3 above.

13.3. **Annexure 12** of these revised listing particulars contains the following salient information relating to the authorised and issued share capital:

13.3.1. alterations to authorised share capital during the preceding three years;

13.3.2. options and preferential rights in respect of shares;

13.3.3. issues and repurchases of shares in the preceding three years; and

13.3.4. statement as to listing on stock exchange.

14. DIVIDENDS

14.1. Pursuant to the implementation of the transaction, Hospitality will declare a clean-out dividend which will be paid to Hospitality shareholders on or before the effective date and prior to the issue of the subscription shares, as further detailed in paragraph 3.3 of the circular.

14.2. Any dividends remaining unclaimed for a period of three years from the declaration date thereof may be forfeited by resolution of the directors for the benefit of Hospitality.

14.3. There are no arrangements in terms of which future dividends are waived or agreed to be waived.

15. MATERIAL COMMITMENTS, LEASE PAYMENTS AND CONTINGENT LIABILITIES

15.1. As at 31 March 2018 –

15.1.1. The board committed a total of R236 million for capital improvements at its hotel properties of which R236 million is anticipated to be spent during the next financial year. R26 million of the committed capital expenditure had been contracted for.

15.1.2. Save for amounts committed to the implementation of the transaction, no amounts have been committed for expansionary capital expenditure.

15.2. Other than as disclosed in paragraph 15.1 above, the company has no material commitments, lease payments or contingent liabilities.

16. MATERIAL BORROWINGS AND LOANS RECEIVABLE

16.1. Details of material borrowings advanced to the Hospitality group at the last practicable date are set out in **Annexure 13** of these revised listing particulars.

16.2. None of the material borrowings listed in **Annexure 13** of these revised listing particulars have any redemption or conversion rights attaching to them.

16.3. Save for the material borrowings disclosed in **Annexure 13** of these revised listing particulars, the Hospitality group has no loan capital outstanding.

16.4. Other than as disclosed in **Annexure 2** of these revised listing particulars, the Hospitality group has not entered into any other material inter-company or other transactions.

16.5. As at the last practicable date, the Hospitality group has not undertaken any off-balance sheet financing.

16.6. Details of material loans receivable by the Hospitality group at the last practicable date are set out in **Annexure 13** of these revised listing particulars.

16.7. No loans have been made or security furnished by the group for the benefit of any director, manager or associate of any director or manager of the group.

17. MATERIAL CHANGES

Details of material changes are set out in paragraph 17 of the circular.

SECTION FOUR – ADDITIONAL MATERIAL INFORMATION

18. MATERIAL CONTRACTS

- 18.1. The Hospitality group has not entered into any contract that contains restrictive funding arrangements.
- 18.2. Set out below are contracts which have been entered into by the Hospitality group, which are material to the Hospitality group:
 - 18.2.1. the transaction agreement, the rental aggregation agreement and the head lease agreements, the salient features of which are set out in paragraph 3 of the circular;
 - 18.2.2. “Material contracts” referred to in **Annexure 14** of these revised listing particulars;
 - 18.2.3 the acquisition by Hospitality of 10 hotel properties from Tsogo, further details of which are set out in the circular posted to Hospitality shareholders on 8 March 2016; and
 - 18.2.4 the acquisition by Hospitality of 29 hotel properties from Tsogo, further details of which are set out in the circular posted to Hospitality shareholders on 9 June 2017.
- 18.3. Save for those contracts listed above, the Hospitality group has not entered into any material contract either verbally or in writing, being a contract entered into otherwise than in the ordinary course of the business carried on, or proposed to be carried on, entered into within the two years prior to the date of the revised listing particulars; or entered into at any time and containing an obligation or settlement that is material to the Hospitality group, as the case may be, at the date of these revised listing particulars.
- 18.4. Save for the trademark licence agreement referred to in **Annexure 14** of these revised listing particulars, the Hospitality group is not subject to any royalty agreements and no royalties are payable by the Hospitality group.

19. COMMISSIONS PAID OR PAYABLE BY HOSPITALITY

- 19.1. SSH served as the underwriter during the Hospitality rights offer (the “underwriter”) and as such provided an irrevocable commitment to follow their rights in terms of the rights offer amounting to R510 million and also undertook to underwrite a further R235 million of the rights offer.
- 19.2. In terms of the underwriting agreement concluded in terms of the arrangement described in paragraph 19.1 above, an underwriting fee of 1.0% of the amount underwritten (excluding the take up of its pro rata entitlement) was payable by Hospitality to the underwriter. This fee became payable upon compliance by the underwriter with its obligations in terms of the relevant underwriting agreement and, accordingly, an amount of R2 347 540 (excluding VAT) was paid to SSHI in terms of the underwriting arrangement.
- 19.3. Further details of the underwriter are disclosed in **Annexure 4** of the rights offer circular which was issued to Hospitality shareholders on Tuesday, 18 July 2017.
- 19.4. Save for as disclosed in paragraph 19.1, 19.2 and 19.3 above, no amount has been paid, or accrued as payable, within the preceding three years, as commission to any person, including commission so paid or payable to any sub-underwriter or a promoter or director or officer of Hospitality, for subscribing or agreeing to subscribe, or procuring, or agreeing to procure, subscriptions for any securities of Hospitality.
- 19.5. No commissions, discounts or brokerages have been paid nor have any other special terms been granted in connection with the issue or sale of any shares in the capital of the company, in the three years preceding the date of these revised listing particulars.

20. TRADING HISTORY OF SHARES

A table showing the aggregate volumes and values traded and the highest and lowest prices traded in Hospitality shares for each month over the 12 months prior to the date of issue of these revised listing particulars and for each day over the 30 days preceding the last practicable date prior to the date of these revised listing particulars is set out in **Annexure 15** of these revised listing particulars.

21. ADEQUACY OF CAPITAL

The adequacy of capital statement is set out in paragraph 18 of the circular.

22. ADVISOR'S AND COMPANY SECRETARY'S INTERESTS IN HOSPITALITY

The names and business addresses of the company's advisors and the company secretary are set out in the Corporate Information section. Neither the company's advisors nor the company secretary have any interests in Hospitality shares.

23. GOVERNMENT PROTECTION AND INVESTMENT ENCOURAGEMENT LAW

There is no government protection or any investment encouragement law pertaining to any of the businesses operated by the group.

24. CORPORATE GOVERNANCE

The corporate governance statement of the Hospitality group is available on Hospitality's website (www.hpf.co.za) and will also be available for inspection at Hospitality's registered office (The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, Corner Oxford Road and Tyrwhitt Avenue, Rosebank, 2196) from the date of issue of these revised listing particulars to Friday, 21 September 2018. The board has outlined the corporate governance statement in **Annexure 16** of these revised listing particulars.

25. LITIGATION STATEMENT

The litigation statement is set out in paragraph 19 of the circular.

26. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are set out in paragraph 3 of these revised listing particulars, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that they have made all reasonable enquiries to ascertain such facts and that the circular contains all information required by law and the Listings Requirements.

27. CONSENTS

- 27.1. Each of the company secretary, the sponsor, the corporate advisor, the independent reporting accountants, the independent property valuers, the independent expert, the transfer secretaries and the legal and tax advisors have consented in writing to act in the capacities stated and to their names appearing in these revised listing particulars and have not withdrawn their consent prior to the publication of these revised listing particulars.
- 27.2. The independent reporting accountants and the independent property valuer have consented to the inclusion of their reports in the form and context in which they are included in the revised listing particulars, which consents have not been withdrawn prior to the publication of these revised listing particulars.

28. PRELIMINARY EXPENSES AND ISSUE EXPENSES

The company has not incurred any preliminary expenses in the preceding three years. The issue expenses incurred as a result of the transaction are set out in paragraph 22 of the circular.

29. DOCUMENTS AND CONSENTS TO BE AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the company's registered office at any time during business hours on weekdays (official public holidays excluded) for a period of 14 days from the date of issue of these revised listing particulars and the circular:

- 29.1. the circular and revised listing particulars;
- 29.2. the memoranda of incorporation of the Hospitality group and its subsidiaries;
- 29.3. the agreements referred to in paragraph 3 of the circular;
- 29.4. the "material contracts" set out in paragraph 18 and **Annexure 14** of these revised listing particulars;
- 29.5. the agreement with hotel management companies referred to in **Annexure 6** of these revised listing particulars;
- 29.6. the loan agreements in respect of the loans referred to in **Annexure 13** of these revised listing particulars;
- 29.7. the summary valuation report by JLL on the casino portfolio as set out in **Annexure 8** of the circular and the detailed valuation reports thereto;
- 29.8. the summary valuation report by JHI on the existing properties as set out in **Annexure 8** of these revised listings particulars and the detailed valuation reports thereto;
- 29.9. the fairness opinion prepared by Mazars in respect of the transaction, as set out in **Annexure 1** of the circular;
- 29.10. copies of service agreements with directors, managers or secretary/ies; underwriters, vendors and promoters entered into during the last three years;
- 29.11. the written consents detailed in paragraph 21 of the circular and paragraph 27.2 above;

- 29.12. the signed reports by the independent reporting accountants, the extracts of which are set out in **Annexure 3**, **Annexure 5** and **Annexure 6** of the circular and **Annexure 11** of these revised listing particulars;
- 29.13. the audited annual consolidated financial statements of Hospitality for the financial years ended 31 March 2018, 31 March 2017 and 30 June 2016;
- 29.14. the unaudited interim consolidated financial statements of Hospitality for the six months ended 30 September 2017; and
- 29.15. the audited annual financial statements of each of Listed Investments and Cassava for the year ended 31 March 2018.

Signed in Johannesburg by Keith Randall on behalf of the Hospitality board, he being duly authorised in terms of a written resolution signed by each director on Monday, 10 September 2018.

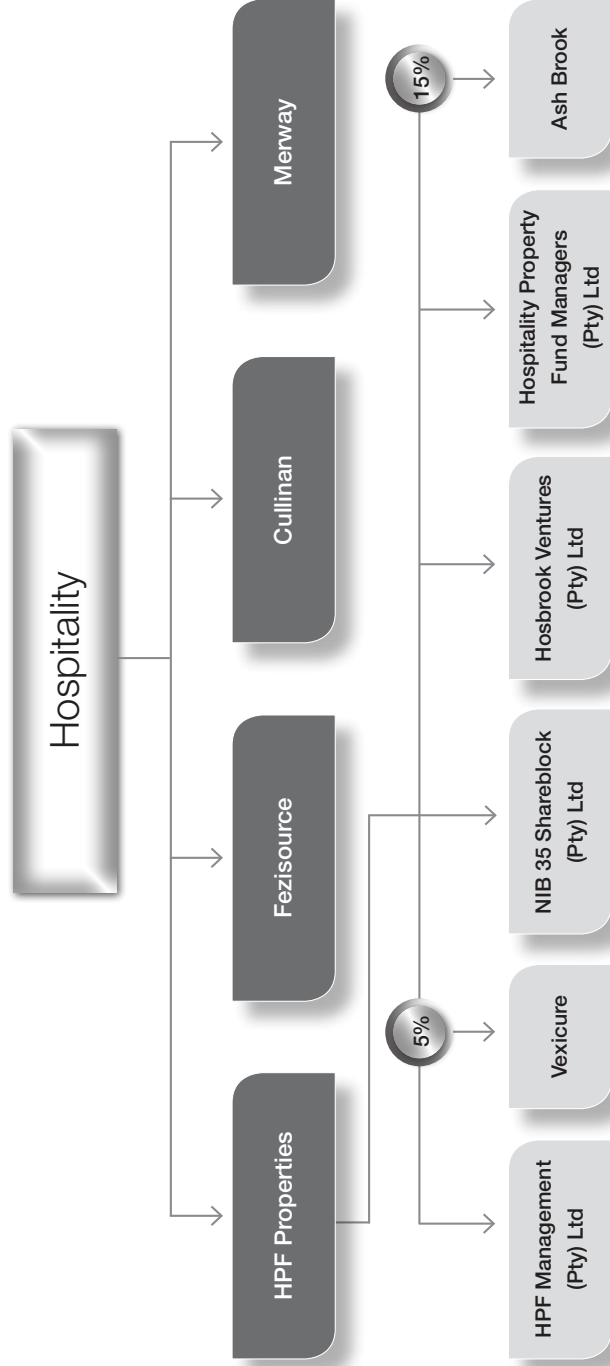
Keith Randall

Chief executive officer

Friday, 21 September 2018

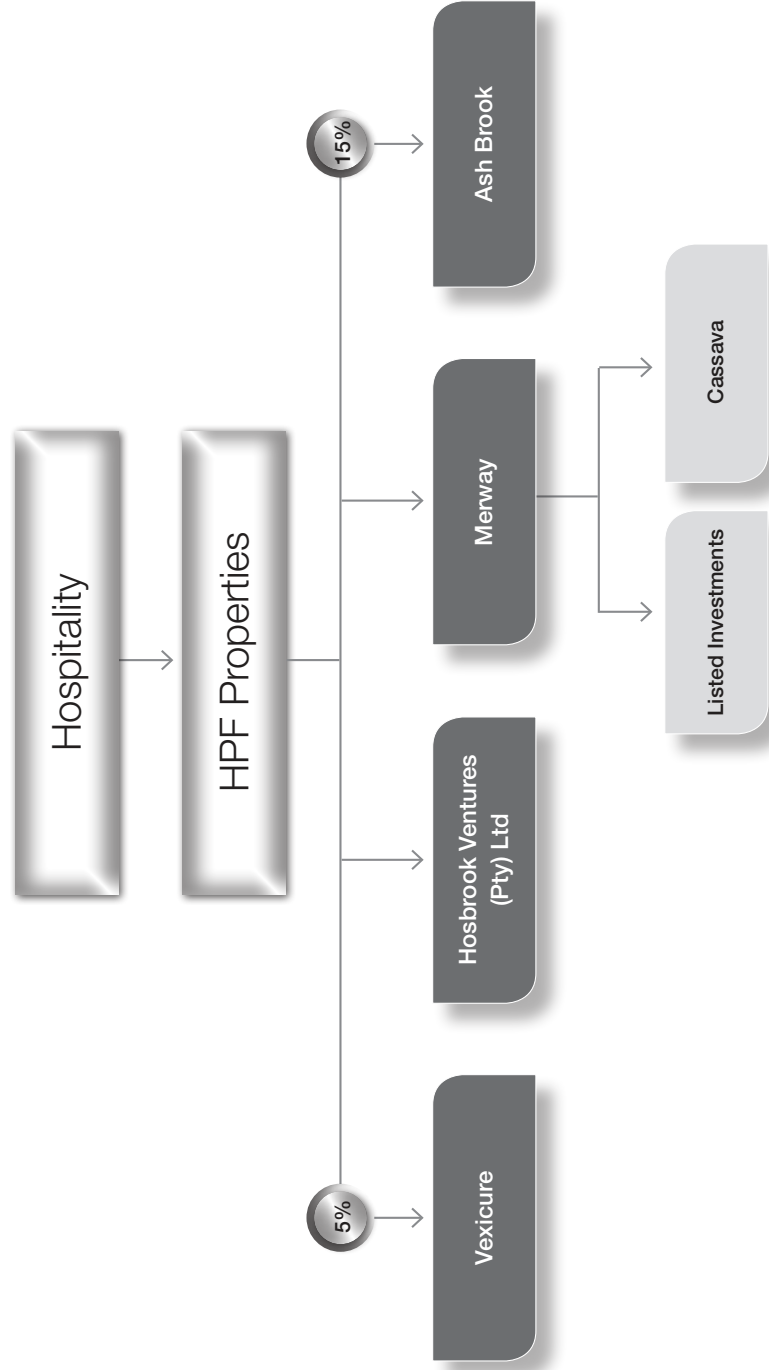
GROUP STRUCTURE

1. Set out below is the structure of the Hospitality group prior to the implementation of the transaction.



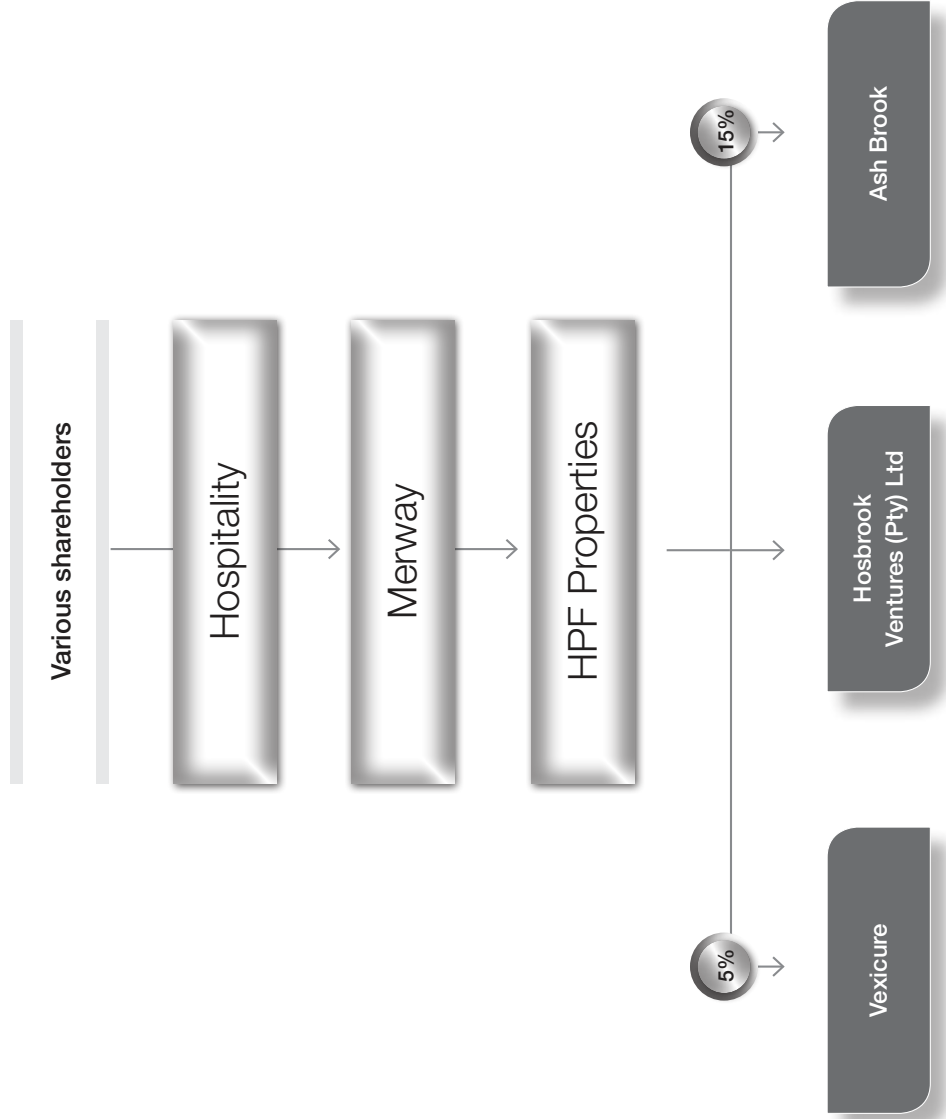
GROUP STRUCTURE

2. Set out below is the structure of the Hospitality group post the implementation of the transaction.



GROUP STRUCTURE

3. Set out below is the structure of the Hospitality group post the implementation of the Tsogo unbundling.



DETAILS OF SUBSIDIARIES

The following table contains a list, as at the last practicable date, of the major subsidiary undertakings of the Hospitality group. Post the implementation of the transaction, Listed and Cassava will become subsidiaries of Merway.

No. number	Subsidiary name and registration	Main business	Date and place of incorporation	Number of shares in issue	Date became a subsidiary	Effective holding %	Amount owing to (by) Hospitality R'000*
1.	HPF Properties	Property owning company	17 June 2005, South Africa	120	20 August 2005	100	3 903 104
2.	HPF Management Proprietary Limited (registration number 2009/032582/07) ⁽¹⁾	Asset management and administration of the existing portfolio	9 November 2009, South Africa	100	30 November 2009	100	(9)
3.	Hospitality Property Fund Managers Proprietary Limited (registration number 2005/035257/07) ⁽¹⁾	Non-trading	3 March 2005, South Africa	150	01 December 2009	100	–
4.	Fezisoource ⁽¹⁾	Property owning company	28 August 2015, South Africa	120	12 December 2016	100	–
5.	Cullinan ⁽¹⁾	Property owning company	18 August 1988, South Africa	195 000	01 July 2017	100	–
6.	Merway	Property owning company	14 November 1991, South Africa	673 452	01 July 2017	100	–
7.	NIB 35 Share Block (Pty) Ltd (registration number 1998/016260/07) ⁽¹⁾	Financial intermediation, insurance, real estate and business services	19 August 1998, South Africa	167	14 February 2006	100	–
8.	Listed Investments	Property owning company	3 March 1997, South Africa	100	1 March 2019	100	–
9.	Cassava	Property owning company	28 November 1997, South Africa	1	1 March 2019	100	–

⁽¹⁾ To be wound up as part of the Hospitality group internal restructuring as detailed in the circular.

DETAILS OF DIRECTORS OF HOSPITALITY

1. DIRECTORS' INTERESTS IN HOSPITALITY SHARES

- 1.1. Set out below are the interests of directors in the company at the year ended 31 March 2018. This includes the interest of persons who are no longer directors but resigned during the last 18 months. Direct and indirect beneficial interests are disclosed. In addition, interests of associates of directors, where the director has no beneficial interest, are separately disclosed (this relates principally to the holdings of spouse and minor children):

Director	Direct beneficial	Indirect beneficial	Held by associates	Total shares held	% of total shares ⁽⁵⁾
Jacques Booyesen	133 957	–	–	133 957	0.02
Zuko Kubukeli ⁽¹⁾	–	–	33 919	33 919	0.01
Laurelle McDonald ⁽²⁾	–	–	93 598	93 598	0.02
Marcel von Aulock ⁽³⁾	–	–	280 794	280 794	0.05
Gerald Nelson ⁽⁴⁾	–	–	490 123	490 123	0.09
Total	–	–	898 434	1 032 391	0.19

Notes:

- (1) Miavox Proprietary Limited (“**Miavox**”) owns 135 675 Hospitality shares. Zuko Kubukeli has a 25% interest in Miavox.
- (2) Elsitime Proprietary Limited (“**Elsitime**”) owns 374 392 Hospitality shares. Laurelle McDonald is a director and a 25% shareholder of Elsitime.
- (3) Marcel von Aulock resigned on 1 June 2017. Elsitime owns 374 392 Hospitality shares. Marcel von Aulock is a director and a 75% shareholder of Elsitime. Marcel von Aulock also has an indirect beneficial interest in 120 355 Hospitality shares, which he acquired subsequent to his resignation.
- (4) The Nelson Family Trust (the “**Nelson Trust**”) owns 427 466 Hospitality shares. Gerald Nelson is a trustee and beneficiary of the Nelson Trust. Grapnel Property Asset Managers Proprietary Limited (“**Grapnel**”) owns 187 990 Hospitality shares. Nelson Trust is a 33.33% shareholder of Grapnel.
- (5) Calculated as a percentage of the issued share capital, excluding the shares surrendered to the company in exercise of appraisal rights, as per paragraph 13.1 of these revised listing particulars.

1.1.1. Other than as disclosed in paragraph 1.1 above and the transactions detailed in paragraphs 1.1.2 and 1.1.3 below, the directors do not hold any interests in Hospitality shares.

1.1.2. On 12 July 2018, Laurelle McDonald and Marcel von Aulock acquired 11 250 and 33 750 shares respectively, at an average price of R10.00 per share for an aggregate consideration of R450 000, via Elsitime.

1.1.3. Subsequent to 31 March 2018, Jacques Booyesen concluded the following dealings in Hospitality shares:

1.1.3.1. on 17 August 2018, he acquired 20 shares at an average price of R9.50 per share for an aggregate consideration of R190;

1.1.3.2. on 21 August 2018, he acquired 10 000 shares at an average price of R9.99 per share for an aggregate consideration of R99 900; and

1.1.3.3. on 27 August 2018, he acquired 2 000 shares at an average price of R9.50 per share for an aggregate consideration of R19 000.

1.1.4. Other than as disclosed in paragraph 1.1.2 and 1.1.3 above, there were no changes to the directors' holdings between the end of the preceding financial year, being 31 March 2018, and the date of issue of this circular.

- 1.2. Set out below are the anticipated total direct and indirect beneficial interests of the directors in the Hospitality group post the implementation of the transaction, excluding the effects of the proposed distribution by Tsogo of its Hospitality shares to its shareholders. This includes the interest of persons who are no longer directors, but resigned during the last 18 months. In addition, interests of associates of directors, where the director has no beneficial interest, are separately disclosed (this relates principally to the holdings of spouse and minor children):

Director	Direct beneficial	Indirect beneficial	Held by associates	Total shares held	% of total shares
Jacques Booyesen	145 977	–	–	145 977	0.008
Zuko Kubukeli	–	–	33 919	33 919	0.002
Laurelle McDonald	–	–	104 848	104 848	0.006
Marcel von Aulock ⁽¹⁾	–	–	434 899	434 899	0.025
Gerald Nelson	–	–	490 123	490 123	0.028
Total	145 977	–	1 063 789	1 209 766	0.069

Notes:

(1) Resigned 8 June 2017.

(2) Calculated as a percentage of the issued share capital, excluding the shares surrendered to the company in exercise of appraisal rights, as per paragraph 13.1 of these revised listing particulars.

2. DIRECTORS' INTERESTS IN TRANSACTIONS

Save as in relation to their holding of Hospitality shares as set out in paragraph 1 above and paragraph 14 of the circular, none of the directors of Hospitality, including a director who resigned during the last 18 months, has or had any material beneficial interest, direct or indirect, in any transactions that were effected by Hospitality during the current or immediately preceding financial year or during any earlier financial year and which remain in any respect outstanding or unperformed.

3. DIRECTORS EMOLUMENTS

3.1. The remuneration of the directors of Hospitality for the year ended 31 March 2018 was as follows:

Non-executive directors

	Directors fees R'000
John Copelyn	378
Gerald Nelson	296
Jacques Booyesen	134
Don Bowden	355
Zibusiso Kganyago	242
Zuko Kubukeli	307
Syd Halliday	338
Zola Malinga	352
Laurelle McDonald	242
Robert Nicolella	242
Marcel von Aulock ⁽¹⁾	127
Willy Ross ⁽²⁾	121
Linda de Beer ⁽³⁾	348
Mahomed Gani ⁽⁴⁾	–
Mohamed Ahmed ⁽⁵⁾	–
Total	3 482

Notes:

(1) Resigned 1 June 2017.

(2) Resigned 19 October 2017.

(3) Resigned 8 February 2017.

(4) Appointed 8 May 2018

(5) Appointed 14 August 2018

Executive directors

R'000	Salaries	Benefits	Bonus	Long-term incentive ⁽¹⁾	Total
Keith Randall (CEO)	2 479	291	449	687	3 906
Mara de Lima (Financial Director)	1 514	403	323	382	2 622
Total	3 993	694	772	1 069	6 528

Notes:

(1) Value as at exercise date.

3.2. Other than as set out in paragraph 3.1 above, the directors of Hospitality did not receive any emoluments for the last financial period, being the year ended 31 March 2018, in the form of:

- 3.2.1. fees for services as a director;
- 3.2.2. management, consulting, technical or other fees paid for such services rendered, directly or indirectly, including payments to management companies, a part of which is then paid to a director of the company;
- 3.2.3. basic salaries;
- 3.2.4. bonuses and performance-related payments;
- 3.2.5. sums paid by way of expense allowance;
- 3.2.6. any other material benefits received;
- 3.2.7. contributions paid under any pension scheme; or
- 3.2.8. any commission, gain or profit-sharing arrangements.

- 3.3. No share options or any other right has been given to a director of the Hospitality group in respect of providing a right to subscribe for shares in Hospitality.
- 3.4. The Hospitality Employee Incentive Trust (the “**Trust**”) was established in 2013. The Trust is a share-based payment “scheme” which is considered a share appreciation rights cash-settled scheme based on the appreciation of the B-share under the prior capital structure. The scheme is due to expire on 30 September 2018 and Hospitality is in the process of obtaining advice on the winding-up thereof.
- 3.4.1. During 2014, a loan of R10 million was advanced to the Trust by the company to facilitate the acquisition of 1 969 710 B-shares at an average price of R5.07 per share. Set out below are the terms of tranche 1 of the shares appreciation rights scheme:
- 3.4.1.1. Interest rate: Prime interest rate less 2.5%;
- 3.4.1.2. Loan amount: R10 million;
- 3.4.1.3. Vesting period: three years with settlement between 2016 to 2018 in three equal instalments;
- 3.4.1.4. Grant date: 29 November 2013; and
- 3.4.1.5. Grant date value: R5.50 per B-linked unit/share.
- 3.4.2. 1 969 710 B-shares were issued to directors and employees in terms of a share-based payment scheme. 943 493 B-shares were forfeited by the directors due to their employment ending before the relevant vesting date.
- 3.4.3. Following the capital restructure, the Trust owns 562 774 ordinary shares of no par value, of which 293 204 are issued to employees under a share-based payment scheme.
- 3.4.4. No appreciation occurred between grant date and 31 March 2018.
- 3.5. Hospitality has adopted a new share appreciation bonus scheme, based on Hospitality’s existing capital structure, the details of which follow below:
- 3.5.1. Notional shares will be allocated annually to eligible employees as agreed by the board. Each notional share shall confer the right on the holder to be paid a share appreciation bonus equal to the difference between the fair market value of the notional share on the date on which notice is given to surrender the notional share and the fair market value of the notional share on the date on which the offer was made to an eligible employee to participate in the scheme (the “**allocation date**”).
- 3.5.2. The notional shares will vest on the third anniversary of their allocation date and will lapse, and accordingly not be capable of surrender for payment of a share appreciation bonus upon the sixth anniversary of their allocation date.
- 3.5.3. On settlement, the value accruing to participants will be the full appreciation of Hospitality’s share price over the allocation price plus dividends declared and paid post the allocation date of the notional shares (net of corporate tax), which value will be settled in cash.
- 3.5.4. On 1 April 2018, 801 687 appreciation shares were granted to eligible employees under the new share appreciation bonus scheme at an allocation price of R11.85 per share. These appreciation shares vest on 31 March 2021 and will expire on 31 March 2024.
- 3.6. Prior to adopting the new Hospitality share appreciation bonus scheme, executives and management of Hospitality, according to their employee grade, participated in the Tsogo share appreciation bonus plan, which provides for notional Tsogo shares which vest on the third anniversary of their allocation date and which will lapse by the sixth anniversary of their allocation date.
- 3.6.1. On settlement, the value accruing to participants will be the full appreciation of Tsogo’s share price over the allocation price plus dividends declared and paid post the allocation date of the notional shares, which value will be settled in cash.
- 3.6.2. On 1 April 2017, 321 430 Tsogo notional appreciation shares were granted to employees at an allocation price of R28.00 per share. These notional appreciation shares will vest on 31 March 2020 and will expire on 31 March 2023.
- 3.6.3. On 1 October 2017, an exceptional allocation of 24 190 Tsogo notional shares was made to a member of Hospitality’s management at an allocation price of R20.64 per share. These notional appreciation shares will vest on 30 September 2020 and will expire on 30 September 2023.

3.7. The long-term incentive liabilities as referred to in paragraph 3.6 are set out in the table below, as at 31 March 2018:

Grant date	Appreciation shares granted and still outstanding ⁽²⁾		Strike price	Appreciation shares vested and still outstanding		Fair value of award on grant date ⁽¹⁾		Liability (R)	
	2018	2017		2018	2017	(R)	Expiry date	2018	2017
Keith Randall									
1 April 2013	122 150	122 150	24.56	122 150	122 150	360 824	31 March 2019	680 376	861 158
1 April 2014	97 201	97 201	25.72	97 201	97 201	327 723	31 March 2020	350 896	494 753
1 April 2015	94 198	94 198	26.54	–	–	329 426	31 March 2021	178 976	212 259
1 April 2016	109 553	109 553	22.82	–	–	399 215	31 March 2022	343 996	226 044
1 April 2017	160 715	–	28.00	–	–	686 733	31 March 2023	–	–
Total								1 554 244	1 794 214
Mara de Lima									
1 April 2013	20 358	20 358	24.56	20 358	20 358	60 136	31 March 2019	113 394	143 524
1 April 2014	29 160	29 160	25.72	29 160	29 160	98 316	31 March 2020	105 268	148 424
1 April 2015	28 260	28 260	26.54	–	–	98 830	31 March 2021	53 694	63 679
1 April 2016	43 821	43 821	22.82	–	–	159 685	31 March 2022	137 598	90 417
1 April 2017	89 286	–	28.00	–	–	381 518	31 March 2023	–	–
Total								409 954	446 045

Notes:

(1) Calculated using a Black-Scholes model at grant date as there are no performance conditions.

- 3.8. Other than as set out in paragraph 3.4, 3.5 and 3.6 above, no shares have been issued and allotted in terms of a linked unit purchase/option scheme, a share purchase/option scheme or any other similar right to subscribe for shares for employees.
- 3.9. The executive and non-executive directors are remunerated by Hospitality for services provided to Hospitality. Other than as disclosed in paragraphs 3.4, 3.5 and 3.6 above, the directors did not receive any remuneration or benefit in any form from any subsidiary, associate, joint venture or other third party management or advisory company.
- 3.10. There are no fees payable or accrued as payable by Hospitality to a third party *in lieu* of directors' fees.
- 3.11. Non-executive directors' remuneration for the financial year ending 31 March 2020 will be benchmarked for recommendation to shareholders for approval, against Hospitality's peers based on Hospitality's increased market capitalisation, as a consequence of the transaction. The remuneration received by the directors of Hospitality, will not be varied automatically, as a consequence of the transaction.
- 3.12. The business of Hospitality, or any part thereof, is not managed or proposed to be managed by any third party under contract or arrangement.
- 3.13. The group has not entered into any contracts relating to the directors' and managerial remuneration, secretarial and technical fees and restraint payments.

4. TERMS OF EMPLOYMENT OF DIRECTORS

- 4.1. The chief executive officer and the financial director are both full-time salaried employees of HPF Management Proprietary Limited, a wholly owned subsidiary of Hospitality. Their employment contracts are in accordance with the company's standard terms and conditions of employment and are subject to three months' notice periods, respectively. The chief executive officer and the financial director each earn a salary of R2.5 million and R1.5 million, respectively.
- 4.2. Non-executive directors are not subject to fixed terms of employment other than the conditions contained in the company's MOI and, as such, no service contracts have been entered into with the company. Non-executive directors' fees are approved in advance by shareholders by special resolution at the company's annual general meeting, at intervals of no longer than two years at a time. One-third of all executive and non-executive directors retire from office by rotation at the company's annual general meeting. In addition, any director that has been appointed by the board since the last annual general meeting or any director that has reached the age of 70 years, retires annually. If they are eligible, these directors may offer themselves for re-election and if appropriate, will be recommended by the board to shareholders for re-election.
- 4.3. No restraints of trade have been imposed on any of the executive or non-executive directors and no payments will be made in this regard.

5. BORROWING POWERS OF THE DIRECTORS

- 5.1. The borrowing powers of the directors are unlimited. Further information related to the borrowing powers of directors are set out in **Annexure 5**.
- 5.2. The directors' borrowing powers have never been exceeded during the previous three years. There are no exchange control or other restrictions on the borrowing powers of Hospitality.

6. INTERESTS OF DIRECTORS AND PROMOTERS

- 6.1. No amount has been paid, or is accrued as payable, within the preceding three years, or proposed to be paid to any promoter or to any partnership, syndicate or other association of which he is or was a member and no other benefit has been given or proposed to be given to such promoter, partnership, syndicate or other association within the said period.
- 6.2. None of the directors or promoters of Hospitality, have received any material beneficial interest, direct or indirect, in the promotion of the company and its properties as disclosed in **Annexure 7** of the revised listing particulars during the three years preceding this circular. This includes a partnership, company, syndicate or other association.
- 6.3. No amount has been paid, or agreed to be paid, within the three years preceding the date of this circular, to any director of Hospitality, or to any company in which he is beneficially interested, directly or indirectly, or of which he is a director (the "**associate company**") or to any partnership, syndicate or other association of which he is a member (the "**associate entity**"), in cash, securities or otherwise, by any person, either to induce him to become, or to qualify him as a director or otherwise for services rendered by him or by the associate company or the associate entity in connection with the promotion of Hospitality.

7. DIRECTORS DECLARATIONS

- 7.1. None of the directors have been involved in:
 - 7.1.1. any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person;
 - 7.1.2. any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s);
 - 7.1.3. any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s);
 - 7.1.4. receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event;
 - 7.1.5. any public criticisms of such person by statutory or regulatory authorities, including recognised professional bodies, and whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
 - 7.1.6. any offence involving dishonesty committed by such person;
 - 7.1.7. a removal from an office of trust, on the grounds of misconduct and involving dishonesty; or
 - 7.1.8. any court order declaring such person delinquent or placing him under probation in terms of section 162 of the Companies Act and/or section 47 of the Close Corporations Act, 1984 (Act No. 69 of 1984) or disqualifying him to act as a director in terms of Section 69 of the Companies Act;
- 7.2. Nor have any of the directors been:
 - 7.2.1. disqualified by a court from acting as a director of a company, or from acting in the management or conduct of the affairs of any company as described in section 7B of the Listings Requirements;
 - 7.2.2. put into liquidation or been placed under business rescue proceedings or had an administrator or other executor appointed during the period when he/she was (or within the preceding 12 months had been) one of its directors, or alternate directors or equivalent position;

- 7.2.3. adjudged bankrupt or sequestrated in any jurisdiction;
- 7.2.4. a party to a scheme of arrangement or made any other form of compromise with his/her creditors;
- 7.2.5. found guilty in disciplinary proceedings, by an employer or regulatory body, due to dishonest activities;
- 7.2.6. barred from entry into any profession or occupation; or
- 7.2.7. convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act.

CURRENT AND PAST DIRECTORSHIPS

The table below lists the companies and partnerships of which each director of Hospitality is currently a director or partner as well as the companies and partnerships of which each director of the company was a director or partner over the five years preceding the date of these revised listing particulars.

Director	Current directorships and partnerships	Past directorships and partnerships held in the last five years
Don Bowden	Foord Unit Trusts (RF) Proprietary Limited The Fruitways Group Proprietary Limited Fruitways Marketing Proprietary Limited Fruitways Farming Proprietary Limited Fruitways Packing Services Proprietary Limited Hospitality Property Fund Limited	Hospitality Property Fund Limited Chairman (Prior) Tier 1 Investor Relations Proprietary Limited Fruitways Properties Proprietary Limited
Gerald Nelson	Grapnel Property Investments Proprietary Limited Grapnel Property Asset Managers Proprietary Limited Grapnel Property Development Proprietary Limited Grapnel Property Managers Proprietary Limited Grapnel Property Services Proprietary Limited Hospitality Hotel Developments Proprietary Limited Hospitality Property Fund Limited Hospitality Property Fund Managers Proprietary Limited HPF Management Proprietary Limited HPF Properties Proprietary Limited Nobuntu Investments Proprietary Limited Nobuntu Investments II Proprietary Limited NIB 35 Share Block Proprietary Limited Arabella Country Estates Home Owners Association NPC Vantage Tyrwhitt	Arcadia 580 Limited Coronib E.S.A Proprietary Limited Gallic Courtyard (Arcadia) Share Block Proprietary Limited Gallic Courtyard (Bruma Lake) Share Block Proprietary Limited Gallic Courtyard (Rosebank) Share Block Limited Gallic Courtyard (Sandown) Share Block Limited Gallic Courtyard (Valkenberg) Proprietary Limited Extrabold Hotel Management Proprietary Limited Majormatic 194 Proprietary Limited Sycom Property Fund Managers Limited The Bayshore Inn Management Proprietary Limited The Richard's Hotel Proprietary Limited Vexicure Proprietary Limited WT McClatchey Associates Project Managers CC DV Developments CC Hosbrook Ventures Proprietary Limited Manappu Investments Ideal Infinity Services Kasle Properties Centre South Properties Linton Projects Fairy Glen Properties Sycom Properties Four Ways Crossing Retail Centre Backbone Investments Freestone Property Holdings Zelpy 2199 Proprietary Limited Nobuntu Investments Proprietary Limited Nobuntu Investments II Proprietary Limited

Director	Current directorships and partnerships	Past directorships and partnerships held in the last five years
Jacques Booyen	International Hotel Properties Limited Tsogo Sun Holdings Limited Southern Sun Secretarial Services Proprietary Limited Tsogo Sun Holdings Proprietary Limited Southern Sun Hotels Proprietary Limited Tsogo Sun Gaming Proprietary Limited Tsogo Sun Hotels Gaming and Entertainment Proprietary Limited Three Groups Cinemas Proprietary Limited Tsogo Sun Proprietary Limited Montecasino Property Owners Association Proprietary Limited Southern Sun Offshore Proprietary Limited Niveus Managerial Services Proprietary Limited Niveus Invest 19 Proprietary Limited Hospitality Property Fund Ltd Gold Reef City Theme Park Proprietary Limited Southern Sun Slot Routes Proprietary Limited Winox Investments Proprietary Limited Tsogo Sun Investments Proprietary Limited Cobalt Investments Proprietary Limited Tsogo Sun Western Cape Proprietary Limited Eglin Investments No 12 Proprietary Limited Richard Moloko Consortium Holdings Proprietary Limited Newshelf 786 Proprietary Limited Celebrations Accommodation and Food Service Management Proprietary Limited Gold Reef Resorts Training Institute Proprietary Limited Mogale Silverstar Holdings Proprietary Limited Tsogo Sun Limpopo Proprietary Limited Gold Reef City Milky Lane Proprietary Limited Gold Reef City Mugg and Bean Proprietary Limited Newshelf 872 Proprietary Limited	Gold Reef City Theme Park Proprietary Limited The Millennium Casino Proprietary Limited Monte Cinemas Proprietary Limited West Coast Leisure Proprietary Limited Tsogo Sun Casinos Proprietary Limited Two Rivers Investments Proprietary Limited Akani-Egoli Proprietary Limited Tsogo Sun Casino Management Company Proprietary Limited Akani Egoli Management Proprietary Limited Tsogo Sun Expansion No 2 Proprietary Limited Tsogo Sun Caledon Proprietary Limited Listed Investments Proprietary Limited Durban Add-Ventures Proprietary Limited Tsogo Sun KwaZulu-Natal Proprietary Limited Akani Msunduzi Proprietary Limited Goldfields Casino and Entertainment Centre Cassava Investments Proprietary Limited Garden Route Casino Proprietary Limited Tsogo Sun Newcastle Proprietary Limited Akani Msunduzi Management Proprietary Limited TMCTS Management Company Proprietary Limited Tsogo Sun Emonti Proprietary Limited Tsogo Sun One Monte Proprietary Limited Gold Reef City Theme Park Proprietary Limited Gold Reef Management Proprietary Limited Tsogo Sun Supply and Distribution Proprietary Limited Adventure World Management Proprietary Limited Jeddler Investments Proprietary Limited Ripple Effect 31 Proprietary Limited Aldiss Investments Proprietary Limited Pocatello Investments Proprietary Limited Whitehorse Investments Proprietary Limited Blue Crane Signature Golf Estate Proprietary Limited Lukhanji Leisure Proprietary Limited Blue Bells Country Club Proprietary Limited Akani Egoli Properties Proprietary Limited Tsogo Sun Expansion No 1 Proprietary Limited Lexshell 94 General Trading Proprietary Limited Silverstar Casino Proprietary Limited Richtrau No 292 Proprietary Limited Sofiline Proprietary Limited Grapplebrook Proprietary Limited

Director	Current directorships and partnerships	Past directorships and partnerships held in the last five years
Zuko Kubukeli	Abagold Limited, Afropulse 496 Proprietary Limited Automated Outsourcing Services Proprietary Limited Bigwindow Trading 35 Proprietary Limited Black Equity Proprietary Limited Black Equity Tracking Proprietary Limited Blue Falcon 134 Trading Proprietary Limited Bustque 279 Proprietary Limited Calasca Trading 115 Proprietary Limited Cross Colours Consultancy Proprietary Limited Dental Risk Company Proprietary Limited Distinct Global Capital Proprietary Limited Galaxy Net Proprietary Limited Gambare Proprietary Limited Gambare Ad Hoc Promotions Proprietary Limited Gambare Group Holdings Proprietary Limited Hospitality Property Fund Limited KMC Partners Proprietary Limited Makuphe Investments Proprietary Limited Manyano Empowerment Solutions Proprietary Limited Mediscor PBM Proprietary Limited Overview Closed Circuit Video Proprietary Limited Pan-African Automated Services Proprietary Limited Pan-African Capital Holdings Proprietary Limited Pan-African Commercial Properties Proprietary Limited Pan-African Environment Proprietary Limited Pan-African General Equity Properties Proprietary Limited Pan-African Health Services Proprietary Limited Pan-African Healthcare Consortium Proprietary Limited Pan-African Investment and Research Services Pan-African Logistical Services Proprietary Limited Pan-African Managed Care Proprietary Limited Pan-African Private Equity Fund 2012 Proprietary Limited Pan-African Waste Services Proprietary Limited Pape Fund Managers Proprietary Limited Ponting Holdings Limited RMB Ventures Investments Proprietary Limited RZT Zelpy 4712 Proprietary Limited Sovereign Seeker Investments 54 Proprietary Limited Taminco Diamond Proprietary Limited Vexicure Proprietary Limited Virtual Colour Cape Town Proprietary Limited Virtual Colour Display Gauteng Proprietary Limited Xlink Communications Proprietary Limited Jo Jo Tanks Proprietary Limited Tessara Proprietary Limited RUTF South Africa Proprietary Limited Wenza Capital Proprietary Limited Wattle Gate (RF) Proprietary Limited Stantraq (RF) Proprietary Limited Landsbourne Investments Proprietary Limited Safrika Enterprise Development Proprietary Limited Zukubu Proprietary Limited Tanabiz Proprietary Limited	Absolute SA Returns Proprietary Limited African Marble Mining and Export Company Proprietary Limited African Marble Trading Proprietary Limited Bond Alliance Proprietary Limited Civair Proprietary Limited Civair Airways Proprietary Limited Cross Point Trading 45 Proprietary Limited Evolution One General Partner (SA) Proprietary Limited Inspired Evolution Investment Management Proprietary Limited Intellicare Proprietary Limited Pan-African Agri-ventures Fund Proprietary Limited Siyathenga Property Fund Limited Stowe Holdings Proprietary Limited Wizuzza Promotions CC Pan-African Business Solutions Proprietary Limited GC Rieber Compact South Africa Proprietary Limited Nobuntu Investments II Proprietary Limited Pan-African Health Services Proprietary Limited Afropulse 496 Proprietary Limited Pan-African Waste Services Proprietary Limited Danny Mushrooms Proprietary Limited

Director	Current directorships and partnerships	Past directorships and partnerships held in the last five years
	<p>Clyrobuzz Proprietary Limited Equity Express Securities Exchange Proprietary Limited Pape Fund 3 General Partner Proprietary Limited Westwood Trading Proprietary Limited Pan-African Private Equity Fund 2015 Proprietary Limited Pape 2 Fund Managers Proprietary Limited Pape Group Fund Proprietary Limited Pape Group Properties Proprietary Limited Pape Asset Management Proprietary Limited Escalon Proprietary Limited Pape 1 FM OPCO Proprietary Limited Vapour Products Association NPC HPF Properties Proprietary Limited Pan-African Private Equity Fund 1 (RF) Proprietary Limited Pape1 Fund Managers Proprietary Limited Excellerate Property Services Proprietary Limited Pape Group Proprietary Limited INCA Portfolio Managers Proprietary Limited Rosebank Wealth Group Proprietary Limited Excess Energy Africa Proprietary Limited Infrastructure Specialist Group Proprietary Limited R and S Consulting Proprietary Limited</p>	
Syd Halliday	<p>Dipula Income Fund Limited Bahafas Investments CC Hospitality Property Fund Limited</p>	<p>Pretoria Abattoir and Meatpackers Proprietary Limited</p>
Zola Malinga	<p>Jade Capital Partners Proprietary Limited Jade Property Investments Proprietary Limited Texton Broadbased Empowerment Proprietary Limited Jade Equity Partners Proprietary Limited Jade Industrial Holdings Proprietary Limited Jade Precast Proprietary Limited Tenja Real Estate Proprietary Limited K2016218833 (South Africa) Proprietary Limited Black Industrialists Group Property Management Company Proprietary Limited Jade MNC Proprietary Limited JCP Distributors Proprietary Limited K2017089687 (South Africa) Proprietary Limited Grindrod Limited Four Seina-Morningside Proprietary Limited Ntlantsi Holdings Proprietary Limited Amilia Investment Holdings Proprietary Limited Aperture Lephoi Proprietary Limited Lephoi Investment Holdings Proprietary Limited Pacific Heights Investment 2 107 Proprietary Limited Sasol Inzalo Public Proprietary Limited Sasol Inzalo Public Funding Proprietary Limited Hospitality Property Fund Limited</p>	<p>TPI Leasing Proprietary Limited Riverport Trading 61 Proprietary Limited Integrated Document Access Solutions Proprietary Limited Mintiro Investments 2 Proprietary Limited Zambli 273 NPC</p>
Mahomed Gani	<p>Project Four INV Proprietary Limited Tsogo Sun Holdings Proprietary Limited Independent Regulatory Board of Auditors Basil Read Holdings Proprietary Limited Council of Higher Education Hoskens Consolidated Investments Limited Wits Health Consortium Proprietary Limited Dischem Pharmacies Limited Hospitality Property Fund Limited MG and B Consulting Services Proprietary Limited Lamb's Investment Proprietary Limited</p>	<p>Saboor Gani & Co MSGM Masuku Jeena Inc PricewaterhouseCoopers Inc Dual Intake Investments 24 Proprietary Limited Georgia Avenue Investments 20 Proprietary Limited South African National Blood Services Proprietary Limited Sefako Makgatho Health Sciences University Born Free Inv 661 Proprietary Limited</p>
Mara de Lima	<p>Ash Brook Investments 72 Proprietary Limited Fezisource Proprietary Limited HPF Management Proprietary Limited HPF Properties Proprietary Limited Hospitality Property Fund Limited Hospitality Property Fund Managers Proprietary Limited Hosbrook Ventures Proprietary Limited NIB 35 Share Block Proprietary Limited Prima Vista Homeowners Association NPC Vexicure Proprietary Limited</p>	<p>None</p>

Director	Current directorships and partnerships	Past directorships and partnerships held in the last five years
Keith Randall	Fezsource Proprietary Limited Hospitality Property Fund Limited HPF Properties Proprietary Limited HPF Management Proprietary Limited Merway Fifth Investment Proprietary Limited The Cullinan Hotel Proprietary Limited Vexicure Proprietary Limited Ash Brook Investments 72 Proprietary Limited	Sun 1 Hotels Proprietary Limited Property Investment Company No1 Proprietary Limited Property Investment Company No2 Proprietary Limited Property Investment Company No3 Proprietary Limited Property Investment Company No4 Proprietary Limited Property Investment Company No5 Proprietary Limited Property Investment Company No6 Proprietary Limited Property Investment Company No7 Proprietary Limited Property Investment Company No8 Proprietary Limited Property Investment Company No9 Proprietary Limited Property Investment Company No10 Proprietary Limited Remainder of ERF 7723 Parow Proprietary Limited ERF 151 Roggebaai Cape Town Proprietary Limited Vidual Investments Proprietary Limited Affirmed Investments Proprietary Limited Propalux 179 Proprietary Limited Sheerprops 116 Proprietary Limited Sheerprops 194 Proprietary Limited Sheerprops 193 Proprietary Limited A Safer Parkview NPC

Director	Current directorships and partnerships	Past directorships and partnerships held in the last five years
Laurelle McDonald	<p>Fezisource Proprietary Limited Elsivert Proprietary Limited Elsitime Proprietary Limited Holiday Inns Limited Umhlanga Rocks Hotel Share Block Proprietary Limited South African Hotels Share Block Proprietary Limited Cape Hotels Properties (EP) Limited Poplars Private Hotel Share Block Proprietary Limited Isando Commercial Share Block Proprietary Limited PLI Developments Share Block Proprietary Limited Hotel Seaside Share Block Proprietary Limited Sunnyside Park Hotel Share Block Proprietary Limited North Coast Hotels Share Block Proprietary Limited Strandburg Developments Share Block Proprietary Limited Sunnyside Park Proprietary Limited Umhlanga Beach Investments Share Block Proprietary Limited IKW Development Company Share Block Proprietary Limited Holiday Inns Hotel Corporation Proprietary Limited Hotel President Seepunt Proprietary Limited Hofman Property Development Company Share Block Proprietary Limited Southern Sun Hotel Interest Proprietary Limited Transito Hotels Proprietary Limited The Millennium Casino Limited Riverside Holiday Inn Share Block Proprietary Limited Cape Hotels (Bloemfontein) Proprietary Limited Southern Sun's Airport Inn Proprietary Limited Down Inn Proprietary Limited Senath Proprietary Limited Mzamba Properties Proprietary Limited Drakensberg Sun Hotel Proprietary Limited West Coast Leisure Proprietary Limited Silverstar Casino Proprietary Limited Tsogo Sun Casinos Proprietary Limited Acquisitive Investments Proprietary Limited Akani-Egoli Proprietary Limited Volnay Investments Proprietary Limited Tsogo Sun Caledon Proprietary Limited Novaya Investments Proprietary Limited Durban Add-Ventures Limited Tsogo Sun KwaZulu-Natal Proprietary Limited Akani Msunduzi Proprietary Limited Goldfields Casino and Entertainment Centre Proprietary Limited Garden Route Casino Proprietary Limited Tsogo Sun Newcastle Proprietary Limited Tsogo Sun Emonti Proprietary Limited Bedrose Investments Proprietary Limited Adventure World Management Proprietary Limited Jeddler Investments Proprietary Limited Reshub Proprietary Limited Southern Sun Hotels Proprietary Limited Tsogo Sun Gaming Proprietary Limited Hospitality Property Fund Limited Majormatic 194 Proprietary Limited Southern Sun Offshore Proprietary Limited</p>	

Director	Current directorships and partnerships	Past directorships and partnerships held in the last five years
Rob Nicolella	Regal Holding Proprietary Limited Permasolve Investments Proprietary Limited Mironetix Proprietary Limited HCI Invest1 Holdco Proprietary Limited HCI Invest5 Holdco Proprietary Limited HCI Invest8 Holdco Proprietary Limited HCI Invest9 Holdco Proprietary Limited Olympus Village Proprietary Limited K2013204008 Proprietary Limited Mironetix 2 Proprietary Limited HCI-Propco1 Proprietary Limited HCI-Propco2 Proprietary Limited HCI-Propco5 Proprietary Limited HCI-Shell House Proprietary Limited HCI-Propco3 Proprietary Limited HCI-Propco06 Proprietary Limited HCI-Whale Coast Village Proprietary Limited HCI-The Palms Proprietary Limited HCI-Propco09 Proprietary Limited HCI-Propco10 Proprietary Limited HCI-Propco11 Proprietary Limited HCI-Propco12 Proprietary Limited HCI-Propco13 Proprietary Limited HCI-Properties Proprietary Limited Johnnic Properties Proprietary Limited Clare Developments Proprietary Limited Gallagher Estate Holdings Limited Euphorbia Proprietary Limited G E Property and Marketing Proprietary Limited HCI Property Investments Proprietary Limited Business Systems Group (Africa) Proprietary Limited Skyprops 111 Proprietary Limited Skyprops 114 Proprietary Limited NIB 16 Share Block Proprietary Limited Highland Night Investment 93 Proprietary Limited Syntell Proprietary Limited Rowmoor Investments 526 Proprietary Limited Hospitality Property Fund Limited Kalahari Village Mall Proprietary Limited Gallagher Convention Centre Proprietary Limited Lynnridge Shopping Centre Proprietary Limited Curagen Investments Proprietary Limited Curagen Investments Proprietary Limited	Tomaha Properties CC HCI Invest10 Holdco Proprietary Limited Virgin Active Property Company Proprietary Limited Mars Holdings Proprietary Limited Mandela Bay Precinct Development Company Proprietary Limited

Director	Current directorships and partnerships	Past directorships and partnerships held in the last five years
John Copelyn	Permasolve Investments Proprietary Limited Mironetix Proprietary Limited TIH Prefco (RF) Proprietary Limited HCI Invest5 Holdco Proprietary Limited HCI Invest6 Holdco Proprietary Limited HCI Invest7 Holdco Proprietary Limited TIHC Investments (RF) HCI Invest5 Holdco Proprietary Limited Deneb Investments Limited Mironetix 2 Proprietary Limited HCI-Propco1 Proprietary Limited HCI Sun Energy Two Proprietary Limited HCI Sun Energy Three Proprietary Limited HCI Invest14 Holdco Proprietary Limited HCI Invest15 Holdco Proprietary Limited HCI-The Palms Proprietary Limited HCI Renewable Energy Investments Proprietary Limited HCI Sun Energy One Proprietary Limited HCI Invest19 Holdco Proprietary Limited HCI Invest20 Holdco Proprietary Limited HCI Invest17 Holdco Proprietary Limited HCI Invest18 Holdco Proprietary Limited Glendal Trading Proprietary Limited HCI Invest23 Holdco Proprietary Limited HCI Invest24 Holdco Proprietary Limited HCI Invest25 Holdco Proprietary Limited HCI Invest22 Holdco Proprietary Limited HCI Invest21 Holdco Proprietary Limited Ronaldgate Proprietary Limited Johnnic Holdings Proprietary Limited Johnnic Property Investments Limited IGI Investment Company Limited Johnnies Strategic Investment Holdings Proprietary Limited Johnnic Property Holdings Proprietary Limited Lennings Limited Main Place Holdings Limited E Media Holdings Limited Johnnic Casino Holdings Proprietary Limited Hosken Consolidated Investments Limited Zenzeleni Clothing Proprietary Limited Tsogo Sun Holdings Limited Tsogo Investment Holding Company Proprietary Limited Rivetprops 47 Proprietary Limited FI Developments Proprietary Limited Braylon Investments Proprietary Limited SA Amalgamated Union Fishing Proprietary Limited 2 Toman Close Hydepark Proprietary Limited Niveus Investments Limited HCI Property Investments 2 Proprietary Limited HCI Managerial Services Proprietary Limited SACTWU Mining Investments (SPV) Proprietary Limited SACTWU Mining Investments Proprietary Limited Pearl Beach Investments Proprietary Limited HCI – Treasury Proprietary Limited Cheersley Investments Proprietary Limited	Vectofon Proprietary Limited HCI Invest1 Holdco Proprietary Limited VPOS Integrated Business Solutions Proprietary Limited HCI Invest8 Holdco Proprietary Limited HCI Invest9 Holdco Proprietary Limited HCI Invest10 Holdco Proprietary Limited Anytime Power Proprietary Limited Griffin Oil and Gas Proprietary Limited Yired Proprietary Limited Vukani Gaming Mpumalanga Proprietary Limited Vukani Gaming KwaZulu-Natal Proprietary Limited Vukani Gaming Western Cape Proprietary Limited Vukani Gaming Gauteng Proprietary Limited Vukani Gaming Equipment Proprietary Limited Vukani Gaming Limpopo Proprietary Limited Vukani Gaming North West Proprietary Limited Vukani Gaming Free State Proprietary Limited Vukani Gaming Northern Cape Proprietary Limited Vukani Gaming Eastern Cape Proprietary Limited Durban Add-Ventures Limited Tsogo Sun KwaZulu-Natal Proprietary Limited Tsogo Sun Hotels Gaming and Entertainment Proprietary Limited Silver Vanity Investments Proprietary Limited

Director	Current directorships and partnerships	Past directorships and partnerships held in the last five years
	Merilyn Investments Proprietary Limited Unit 1501 Twin Towers South Proprietary Limited House 22 Ronald Avenue Proprietary Limited Radius Trading Proprietary Limited Mirino Investments Proprietary Limited Leopont 255 Properties Proprietary Limited Leopont 261 Properties Proprietary Limited Tylon Holdings Proprietary Limited Limitless Angel Fund Proprietary Limited Nexrealm Technologies Proprietary Limited 21 Impala Road Properties Proprietary Limited Highland Night Investments 93 Proprietary Limited Circumference Investments Proprietary Limited HCI Central Investments Proprietary Limited FI Equity Group Proprietary Limited Move-on-up 104 Proprietary Limited Hollyberry Props 12 Proprietary Limited Hospitality Property Fund Limited HCI Coal Proprietary Limited Kalahari Village Mall Proprietary Limited Main Street 614 Proprietary Limited Blue Beacon Investments 240 Proprietary Limited Fulela Trade and Invest 96 Proprietary Limited Foothills Trading and Investment 8 Proprietary Limited LA Concorde Holdings Limited Lynnridge Shopping Centre Proprietary Limited Curagen Investments Proprietary Limited Montauk Holdings Limited	
Zibusiso Kganyago	Tarologix Proprietary Limited Phindu Trading and Projects Proprietary Limited Liciawize Proprietary Limited Reya Siya Proprietary Limited Foundation for Human Rights in South Africa (RF) NPC Tsogo Sun Casinos Proprietary Limited The South African National Roads Agency SOC Quantum Leap Investments 223 Proprietary Limited Tsogo Sun Gaming Proprietary Limited Hospitality Property Fund Limited Mmabodiba Investments Proprietary Limited Reyakopele Trading 1 Proprietary Limited Archtograph Investments Proprietary Limited	PPC Limited Victoria and Alfred Waterfront Proprietary Limited City of Joburg Property Company Proprietary Limited Thlolo Proprietary Limited
Mohamed Ahmed	Deneb Investments Limited Brevity Trade 50 Proprietary Limited First Ready Development 213 NPC Go 4 Tiles Proprietary Limited Go 4 Tiles (Durban) Proprietary Limited Greenwood Park Distributors Proprietary Limited Montauk Holdings Limited Hollyberry Props 63 Proprietary Limited Kelston Investments Proprietary Limited Ritzshelf 25 Proprietary Limited Ritz Tiles Proprietary Limited Rose Tree Investments Proprietary Limited Clicking Investments Proprietary Limited Rivetprops 2 Proprietary Limited	None.

EXTRACTS OF THE MEMORANDUM OF INCORPORATION OF HOSPITALITY

The salient features of the MOI are set out below. The details below are a direct extract from the new MOI.

“5. POWERS OF THE COMPANY

Save for those restrictions, limitations and/or qualifications as contemplated in the JSE Listings Requirements (including as regards Real Estate Investment Trusts), the Company has all of the legal powers and capacity contemplated in the Act, and no provision contained in this Memorandum of Incorporation should be interpreted or construed as negating, limiting, or restricting those powers in any way whatsoever.”

“8. ISSUE OF EQUITY SECURITIES AND VARIATION OF RIGHTS

- 8.1. Securities in each class for which listing is applied shall rank *pari passu* in all respects.
- 8.2. The Company is authorised to issue the Shares as set out in clause 9.
- 8.3. Equity Securities of a particular class in the Company which are authorised but unissued and which are intended to be issued shall be offered to the existing Shareholders of that class of Equity Securities pro rata to their shareholding in the Company immediately before the offer was made with a reasonable time allowed to subscribe, unless –
 - 8.3.1. otherwise empowered by a general meeting of Shareholders, subject to the Companies Act and the JSE Listings Requirements (where necessary); or
 - 8.3.2. a capitalisation issue, as contemplated in clause 15, an issue for the acquisition of assets (including another company) or an issue for the purposes of an amalgamation or merger, is to be undertaken; or
 - 8.3.3. the Equity Securities are to be issued in terms of an option to subscribe for unissued Equity Securities or conversion rights pursuant to clause 8.4.7.

After the expiration of the time within which an offer may be accepted, or on the receipt of an intimation from the Person to whom the offer is made that he/she/it declines to accept the Equity Securities offered, the Directors may, subject to the foregoing provisions, issue such Equity Securities in such manner as they think most beneficial to the Company.

- 8.4. Subject to the provisions of the Act and the JSE Listings Requirements, save for –
 - 8.4.1. correcting errors substantiated as such from objective evidence or which are self-evident errors (including, but without limitation *eiusdem generis*, spelling, punctuation, reference, grammar or similar defects) in the Memorandum of Incorporation and for complying with any applicable requirements of the Act when debentures and other debt instruments are created and/or issued, which the Board is empowered to do; and
 - 8.4.2. amendments of the Memorandum of Incorporation effected in compliance with a court order in the manner contemplated in section 16(1)(a), read with section 16(4) of the Companies Act,
 all other amendments to this Memorandum of Incorporation, including but not limited to –
 - 8.4.3. an increase or decrease in the number of authorised Equity Securities of any class;
 - 8.4.4. the classification of any unclassified Shares that have been authorised but not issued;
 - 8.4.5. the variation of the preferences, rights, limitations or other terms of any issued Shares other than in accordance with the remaining provisions of this Memorandum of Incorporation and the JSE Listings Requirements, if applicable;
 - 8.4.6. the creation of any class of Shares;
 - 8.4.7. the conversion of any Shares in the capital of the Company to shares of a different class, whether issued or not, and in particular (but without derogating from the generality of the foregoing) convert Ordinary Shares or preference shares to redeemable preference shares;
 - 8.4.8. the consolidation and/or sub-division of its Equity Securities;
 - 8.4.9. the change of the name of the company,

must be approved by special resolution of Ordinary Shareholders, save where such an amendment is ordered by a court in terms of section 16(1)(a) and 16(4), subject to the requirements of the Act.

- 8.5. All or any of the preferences, rights, limitations and other terms associated with or for the time being attached to any class of Shares may (unless otherwise provided by the terms of issue of the Shares of that class) whether or not the Company is being wound up, be varied in any manner with the sanction of a special resolution of the Company at a separate general meeting of the holders of the Shares of that class. The provisions of this Memorandum of Incorporation relating to a general meeting shall *mutatis mutandis* apply to any such separate general meeting except that –
- 8.5.1. the necessary quorum shall be Shareholders of the class present at a meeting and holding at least 51% (fifty one per cent) of the issued shares of that class;
 - 8.5.2. if at any adjourned meeting of such holders a quorum, as contemplated in clause 8.5.1, is not present, those holders who are present shall be a quorum; and
 - 8.5.3. any holder of Shares of the class present at a meeting may demand a poll and, on a poll, shall have 1 (one) vote for each Share of the class of which he is the holder.
- 8.6. Alterations of share capital, authorised shares and rights attaching to a class/es of Shares, all issues of Shares for cash and all issues of options and convertible securities granted or issued for cash must, in addition to the foregoing provisions, be in accordance with the JSE Listings Requirements.
- 8.7. No Shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of Shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7) of the Act.
- 8.8. The Company may only issue Shares which are fully paid up and freely transferable and only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation.
- 8.9. Subject to section 40(5) to (7) of the Act, when the Company has received the consideration approved by the Board for the issuance of any Shares –
- 8.9.1. those Shares are fully paid up; and
 - 8.9.2. the Company must issue those Shares and cause the name of the holder to be entered onto the Company's Securities Register in accordance with sections 49 to 56 of the Act.
- 8.10. Notwithstanding anything to the contrary in this Memorandum of Incorporation, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, in accordance with the provisions of section 41(3) of the Act, require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% (thirty per cent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.
- 8.11. Notwithstanding anything to the contrary in this Memorandum of Incorporation, any issue of Shares, Securities convertible into Shares, or a grant of options contemplated in section 42 of the Companies Act, or a grant of rights exercisable for Shares to a –
- 8.11.1. Director, future Director, prescribed officer or future prescribed officer of the Company; or
 - 8.11.2. person related or inter-related to the Company, or to a Director or prescribed officer of the Company,
- or nominees of such person, shall require the approval of Ordinary Shareholders by special resolution, unless section 41(2) of the Act applies.
- 8.12. Except to the extent that any such right is specifically included as one of the rights, preferences or other terms upon which any class of Shares is issued or as may otherwise be provided in this Memorandum of Incorporation, no Shareholder shall have any pre-emptive or other similar preferential right to be offered or to subscribe for any additional Shares issued by the Company.
- 8.13. The granting of special privileges to holders of debt instruments, as defined in section 43(1)(a) of the Companies Act, such as attending and voting at general meetings and the appointment of Directors, as detailed in section 43(3)(b) of the Companies Act, is prohibited.”

“9. AUTHORISED SHARES

The Company is authorised to issue **2 000 000 000 (two billion)** Ordinary Shares, each of which ranks *pari passu* with the other Ordinary Shares and each of which entitles the Ordinary Shareholder –

- 9.1. on a vote by poll, to 1 (one) vote per issued Ordinary Share on any resolution to be determined by the Shareholders in accordance with this Memorandum of Incorporation, in person or by proxy; and
- 9.2. to participate proportionally with every other Ordinary Shareholder in distributions (except for the payment in lieu of a capitalisation Share as contemplated in section 47(1)(c) of the Act and any consideration payable by the Company for any of its own Shares or for any shares of another company within the same group as contemplated in paragraph (a)(iii)(aa) and (a)(iii)(bb) of the definition of “distribution” in the Act), made by the Company;
- 9.3. upon a winding up of the Company, to participate in the proceeds of the winding up proportionately with every other Shareholder.”

“12. TRANSFER OF SECURITIES

- 12.1. The instrument of transfer of any Certificated Securities shall be signed by both the transferor and the transferee and the transferor shall be deemed to remain the holder of such Certificated Securities until the name of the transferee is entered in the Securities Register. The Directors may, however, in their discretion in such cases as they deem fit, dispense with requiring the signature of the transferee on the instrument of transfer.
- 12.2. Subject to such restrictions as may be applicable (whether by virtue of the preferences, rights, limitations or other terms associated with the Securities in question) but in no way derogating from the provisions of clauses 8.8 and 14 regarding Shares and Securities being freely transferable, any Shareholder or holder of other Securities may transfer all or any of its Certificated Securities by instrument in writing in any usual or common form or any other form which the Directors may approve.
- 12.3. Every instrument of transfer shall be delivered to the principal place of business of the Company, alternatively the offices of the Company’s transfer secretaries, as appointed from time to time, accompanied by –
 - 12.3.1. the certificate issued in respect of the Certificated Securities to be transferred; and/or
 - 12.3.2. such other evidence as the Company may require to prove the title of the transferor, or his or her right to transfer the Certificated Securities.
- 12.4. All authorities to sign transfer deeds or other instruments of transfer granted by holders of Securities for the purpose of transferring Certificated Securities which may be lodged, produced or exhibited with or to the Company at its registered office shall, as between the Company and the grantor of such authorities, be taken and deemed to continue and remain in full force and effect, and the Company may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at such of the Company’s offices at which the authority was first lodged, produced or exhibited. Even after the giving and lodging of such notice, the Company shall be entitled to give effect to any instruments signed under the authority to sign and certified by any officer of the Company as being in order before the giving and lodging of such notice.
- 12.5. All instruments of transfer, when registered, shall either be retained by the Company or disposed of in such manner as the Directors shall from time to time decide. Any instrument of transfer which the Directors may decline to register shall (unless the Directors shall resolve otherwise) be returned on demand to the person who lodged it.
- 12.6. The transfer of Uncertificated Securities may be effected only –
 - 12.6.1. by a Participant or Central Securities Depository;
 - 12.6.2. on receipt of an instruction to transfer sent and properly authenticated in terms of the rules of a Central Securities Depository or an order of a Court; and
 - 12.6.3. in accordance with section 53 of the Act and the rules of the Central Securities Depository.
- 12.7. Transfer of ownership in any Uncertificated Securities must be effected by debiting the account in the Uncertificated Securities Register from which the transfer is effected and crediting the account in the Uncertificated Securities Register to which the transfer is effected, in accordance with the rules of the Central Securities Depository.
- 12.8. Securities transfer tax and other legal costs payable in respect of any transfer of Securities pursuant to this Memorandum of Incorporation will be paid by the Company to the extent that the Company is liable therefore in law, but shall, to that extent, be recoverable from the person acquiring such Securities.”

“15. CAPITALISATION SHARES

- 15.1. Provided such transaction(s) has/have been approved by the JSE, if so required under the JSE Listings Requirements, (and the JSE Listings Requirements have been complied with), the Board shall, in accordance with section 47 of the Act, have the power or authority to –
- 15.1.1. approve the issue of any authorised Shares, as capitalisation Shares, on a *pro rata* basis to the Shareholders of one or more classes of Shares; or
 - 15.1.2. issue Shares of one class as capitalisation Shares in respect of Shares of another class; or
 - 15.1.3. resolve to permit Shareholders, that are entitled, to elect to receive a cash payment *in lieu* of a capitalisation Share or a Scrip Dividend (as defined in the JSE Listings Requirements), at a value determined by the Board,
- and accordingly, this Memorandum of Incorporation does not limit, restrict or qualify the authority of the Board to do so.
- 15.2. Without derogating from the restrictions in clause 15.1, the Board may not resolve to offer a cash payment in lieu of awarding a capitalisation Share, as contemplated in clause 15.1.3, unless the Board –
- 15.2.1. has considered the Solvency and Liquidity Test as required by section 46, on the assumption that every such Shareholder would elect to receive cash; and
 - 15.2.2. is satisfied that the Company would satisfy the Solvency and Liquidity Test immediately upon the completion of the distribution.”

“17. FINANCIAL ASSISTANCE

The Board may authorise the Company to provide financial assistance by way of loan, guarantee, the provision of security or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any Securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any such Securities, as set out in section 44 of the Act, and the authority of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.”

“22. VOTES OF SHAREHOLDERS

- 22.1. Subject to any special rights or restrictions as to voting attached to any Shares by or in accordance with this Memorandum of Incorporation, at a meeting of the Company –
- 22.1.1. every person present and entitled to exercise voting rights shall be entitled to one vote on a show of hands, irrespective of the number of voting rights that person would otherwise be entitled to exercise;
 - 22.1.2. on a poll any person who is present at the meeting, whether as a Shareholder or as proxy for a Shareholder, has the number of votes determined in accordance with the voting rights associated with the Securities held by that Shareholder; and
 - 22.1.3. the holders of Shares other than Ordinary Shares shall not be entitled to vote on any resolution at a meeting of Shareholders, except as provided in clause 22.2.
- 22.2. If any resolution is proposed as contemplated in clause 8.5 in respect of securities other than Ordinary Shares and any special shares created for the purposes of black economic empowerment in terms of the BEE Act and the BEE Codes, as contemplated in the JSE Listings Requirements, (such securities being referred to herein as “**Affected Shares**”), the holders of such Affected Shares (“**Affected Shareholders**”) may be entitled to vote at the meeting of Ordinary Shareholders as contemplated in clause 22.1 (only if expressly included as a term of issue of the Affected Shares), provided that the total voting rights of the Affected Shareholders in respect of the Affected Shares shall not be more than 24,99% (twenty four comma nine nine per cent) of the total votes (including the votes of the remaining Ordinary Shareholders) exercisable at that meeting (with any cumulative fraction of a vote in respect of any Affected Shares held by an Affected Shareholder rounded down to the nearest whole number).
- 22.3. Voting shall be conducted by means of a polled vote in respect of any matter to be voted on at a meeting of Shareholders if a demand is made for such a vote by –
- 22.3.1. at least five persons having the right to vote on that matter, either as Shareholders or as proxies representing Shareholders, as set out in section 63(7)(a) of the Act; or
 - 22.3.2. a Shareholder who is, or Shareholders who together are, entitled, as Shareholders or proxies representing Shareholders, to exercise at least 10% (ten per cent) of the voting rights entitled to be voted on that matter, as set out in section 63(7)(b) of the Act; or
 - 22.3.3. the chairperson of the meeting.

- 22.4. The demand for a poll may be withdrawn. If a poll is duly demanded, it shall be taken in such manner as the chairperson directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. In computing the majority on the poll, regard shall be had to the number of votes to which each Shareholder is entitled.
- 22.5. In the case of an equality of votes, whether on a poll or on a show of hands, the chairperson of the meeting at which the poll or show of hands takes place, shall not be entitled to a second or casting vote.
- 22.6. A poll demanded on the election of a chairperson (as contemplated in clause 20.20) or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairperson of the meeting directs. The demand for a poll shall not prevent the continuation of a meeting for the transaction of any business other than the question upon which the poll has been demanded.
- 22.7. Where there are joint registered holders of any Security, any one of such persons may exercise all of the voting rights attached to that Security at any meeting, either personally or by proxy, as if he or she were solely entitled thereto. If more than 1 (one) of such joint holders is present at any meeting, personally or by proxy, the person so present whose name stands first in the Securities Register in respect of such Security shall alone be entitled to vote in respect thereof.
- 22.8. The board of any company or the controlling body of any other entity or person that holds any Securities of the Company may authorise any person to act as its representative at any meeting of Shareholders of the Company, in which event the following provisions will apply –
- 22.8.1. the person so authorised may exercise the same powers of the authorising company, entity or person as it could have exercised if it were an individual holder of Securities; and
- 22.8.2. the authorising company, entity or person shall lodge a resolution of the directors of such company or controlling body of such other entity or person confirming the granting of such authority, and certified under the hand of the chairperson or secretary thereof, with the Company before the commencement of any Shareholders' meeting at which such person intends to exercise any rights of such Shareholder, unless excused from doing so by the chairperson of such meeting.”

“27. COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS

- 27.1. Until otherwise determined by Shareholders in general meeting, the Board must comprise at least 5 (five) Directors (which shall include the minimum number of directors that the Company must have to satisfy any requirement in terms of the Act, to appoint an audit committee and a social and ethics committee), and no more than 15 (fifteen) Directors to be elected by the Shareholders as contemplated in section 68 of the Act.
- 27.2. This Memorandum of Incorporation does not provide for any Shareholder appointed or *ex officio* directors of the Company, as contemplated in section 66(4) of the Act.
- 27.3. Subject to clause 27.13, all Directors shall be elected by an ordinary resolution of the Shareholders at a general or annual general meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of section 60 of the Act shall be competent.
- 27.4. In any election of Directors –
- 27.4.1. the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy or to confirm an additional appointment, with the series of votes continuing until all vacancies on the Board have been filled or all additional appointments have been confirmed; and
- 27.4.2. in each vote to fill a vacancy or confirm an additional appointment –
- 27.4.2.1. each vote entitled to be exercised may be exercised once; and
- 27.4.2.2. the vacancy is filled or the additional appointment confirmed only if a majority of the votes exercised support the candidate.
- 27.5. A Director shall cease to hold office as such if –
- 27.5.1. he becomes insolvent, or assigns his estate for the benefit of his creditors, or suspends payment or files a petition for the liquidation of his affairs, or compounds generally with his creditors;
- 27.5.2. he becomes of unsound mind;
- 27.5.3. he is prohibited from being, is removed as or is disqualified from acting as a director of a company in terms of the Act;
- 27.5.4. he is required to do so in terms of the JSE Listings Requirements;

- 27.5.5. he absents himself from meetings of the Board for 6 (six) consecutive months without the leave of the other Directors and is not represented at such meetings during such 6 (six) months by an alternate Director, and the Directors resolve that his office shall be vacated, provided that the Directors shall have the power to grant any Director leave of absence for an indefinite period; or
 - 27.5.6. he has given notice in writing of his intention to resign, in which instance such Director shall cease to hold office with immediate effect, unless a notice period that has been agreed with the Company applies.
 - 27.5.7. he is removed under clause 27.6;
 - 27.5.8. he has been given notice, signed by Shareholders holding in aggregate more than 50% (fifty per cent) of the total voting rights of all Shareholders entitled to vote at a general meeting, of the termination of his appointment; or
 - 27.5.9. the Board resolved to remove him in accordance with section 71(3) of the Act.
- 27.6. The Company may by ordinary resolution in accordance with clause 27.5.8 remove any Director before the expiration of his period of office and by an ordinary resolution elect another person in his stead.
- 27.7. No Director shall be appointed for life or for an indefinite period and all of the Directors shall rotate in accordance with the following provisions –
- 27.7.1. at each annual general meeting referred to in clause 20.4-
 - 27.7.1.1. 1/3 (one third) of the Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office; and
 - 27.7.1.2. any Director who is 70 (seventy) years or older, shall (in addition to the Directors retiring from office in terms of clause 27.7.1.1) retire from office at such Meeting (notwithstanding that he may have retired from office at the previous Annual General Meeting either in terms of clause 27.7.1.1 or 27.7.1.2);
 - 27.7.2. the Directors to retire in terms of clause 27.7.1.1 shall be those who have been longest in office since their last election provided that:
 - 27.7.2.1. if more than one of them were elected as Directors on the same day, those to retire shall be determined by lot unless those Directors agree otherwise between themselves;
 - 27.7.2.2. if at any annual general meeting any Director will have held office for 3 (three) years since his or her election, he or she shall also retire at such annual general meeting;
 - 27.7.2.3. the length of time a director has been in office shall, subject to the provisions of clause 27.7.2.2, be reckoned from the date of his or her last election as a Director;
 - 27.7.3. a retiring Director may be re-elected, provided he is eligible for election. If elected or re-elected he shall be deemed not to have vacated his office;
 - 27.7.4. a retiring Director shall act as a Director throughout the annual general meeting at which he retires;
 - 27.7.5. the Company, at the annual general meeting at which a Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, provided that the Company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with the provisions of section 60 of the Act as set out in clause 25;
 - 27.7.6. if at any meeting at which an election of Directors ought to take place the offices of the retiring Directors are not filled, unless it is expressly resolved not to fill such vacancies, the meeting shall stand adjourned and the further provisions of this Memorandum of Incorporation, including clauses 20.13 to 20.16 (inclusive) will apply mutatis mutandis to such adjournment, and if at such adjourned meeting the vacancies are not filled, the retiring Directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected at such adjourned meeting, subject to their recommendation by the Board, in accordance with clause 27.8.
- 27.8. The Board shall, through its nomination committee (if so constituted in terms of clause 33), provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contribution. Any Shareholder shall have the right to nominate Directors, provided that such nomination shall –

- 27.8.1. be made in writing;
- 27.8.2. be accompanied by a written confirmation of the person's willingness to be elected, signed by the person proposed, and by the curriculum vitae of such person; and
- 27.8.3. be delivered to the company secretary at least 60 (sixty) days before the day appointed for such shareholders meeting or annual general meeting, so as to allow the Board sufficient time to comply with the foregoing requirements of this clause, failing which the Board does not have to take account the nomination for purposes of the shareholders meeting or annual general meeting in question.
- 27.9. The Board has the power to exercise all of the powers and perform any of the functions of the Company, as set out in section 66(1) of the Act, and the powers of the Board in this regard are only limited and restricted as contemplated in this clause 27.
- 27.10. The Directors may at any time and from time to time by power of attorney appoint any person or persons to be the attorney or attorneys and agent(s) of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors in terms of this Memorandum of Incorporation) and for such period and subject to such conditions as the Directors may from time to time think fit. Any such appointment may, if the Directors think fit, be made in favour of any company, the shareholders, directors, nominees or managers of any company or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Directors. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys and agents as the Directors think fit. Any such attorneys or agents as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.
- 27.11. Save as otherwise expressly provided herein, all cheques, promissory notes, bills of exchange and other negotiable or transferable instruments, and all documents to be executed by the Company, shall be signed, drawn, accepted, endorsed or executed, as the case may be, in such manner as the Directors shall from time to time determine.
- 27.12. All acts performed by the Directors or by a committee of Directors or by any person acting as a Director or a member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Directors or persons acting as aforesaid, or that any of them were disqualified from or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.
- 27.13. The Board may appoint any person who satisfies the requirements for election as a Director to fill any vacancy and serve as a Director on a temporary basis until the vacancy is filled by election in accordance with section 68(1) of the Act.
- 27.14. Subject to the requirements of the Act, the Board shall be entitled to appoint any person who satisfies the requirements for election as a Directors as an addition to the Board, and to serve as a Director in terms of section 66(4)(a)(i) of the Act, provided that such appointment must be approved by the Shareholders at the next Shareholders' meeting or annual general meeting.
- 27.15. If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than 3 (three) months from the date that the number falls below such minimum, fill the vacancy/ies, provided that such Director/s are elected by the Shareholders at the next annual general meeting or call a general meeting for the purpose of filling the vacancy/ies.
- 27.16. The failure by the Company to have the minimum number of Directors, during a 3 (three) month period from the date that the number of directors falls below the minimum number of directors required in terms of this Memorandum of Incorporation, does not limit or negate the authority of the board of Directors or invalidate anything done by the board of Directors while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation.
- 27.17. The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of 3 (three) months, their number remains below the minimum number fixed in accordance with this Memorandum of Incorporation, they may, for as long as their number is reduced below such minimum, act only for the purpose of –
- 27.17.1. filling vacancies in their body in terms of section 68(3) of the Act; or
- 27.17.2. summoning general meetings of the Company for that purpose, provided that if there is no Director able or willing to act, then any Shareholder may convene a general meeting for that purpose
- but not for any other purpose.
- 27.18. A Director may hold any other office or place of profit under the Company (except that of auditor) or any subsidiary of the Company in conjunction with the office of Director, for such period and on such terms as to remuneration (in addition to the remuneration to which he may be entitled as a Director) and otherwise as a disinterested quorum of the Directors may determine.

- 27.19. A Director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, provided that the appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors.
- 27.20. Each Director and each alternate Director, Prescribed Officer and member of any committee of the Board (whether or not such latter persons are also members of the Board) shall, subject to the exemptions contained in section 75(2) of the Act and the qualifications contained in section 75(3) of the Act, comply with all of the provisions of section 75 of the Act in the event that they (or any person who is a related person to them) have a personal financial interest in any matter to be considered by the Board.
- 27.21. A Director may not vote on any resolution pertaining to any matter in which he has a personal financial interest as contemplated in section 75 of the Act. However, notwithstanding his interest in any matter, such Director may be counted for the purposes of determining a quorum for a Board meeting.”

“28. ALTERNATE DIRECTORS

- 28.1. Any Director shall have the power to nominate another person approved by the Board to act as alternate Director in his place during his absence or inability to act as such Director, provided 50% (fifty per cent) of all alternate directors shall be elected by an ordinary resolution of the Shareholders at a general or annual general meeting of the Company in accordance with section 66(4)(b) of the Companies Act. Upon being elected or appointed as an alternate Director, the alternate Director shall, in all respects, be subject to the terms and conditions existing with reference to the other Directors of the Company. A person may be elected or appointed as alternate to more than one Director. Where a person is alternate to more than one Director or where an alternate Director is a Director, he shall have a separate vote, on behalf of each Director he is representing in addition to his own vote, if any.
- 28.2. The alternate Directors, whilst acting in the place of the Directors whom they represent, shall exercise and discharge all the duties and functions of the Directors they represent.
- 28.3. The appointment of an alternate Director shall cease on the happening of any event which, if he was a Director, would cause him to cease to hold office in terms of this Memorandum of Incorporation or if the Director whom he represents ceases to be a Director, or gives notice to the secretary of the Company that the alternate Director representing him shall have ceased to do so. An alternate Director shall look to the Director whom he represents for his remuneration.”

“30. DIRECTORS’ COMPENSATION AND FINANCIAL ASSISTANCE

- 30.1. The Company may pay remuneration to the Directors for their services as Directors in accordance with a special resolution approved by the Shareholders within the previous 2 (two) years, as set out in sections 66(8) and (9) of the Act, and the power of the Company in this regard is not limited or restricted by this Memorandum of Incorporation.
- 30.2. In addition remuneration paid to the Directors for their services as Directors, as contemplated in clause 30.1 above, any Director who –
- 30.2.1. serves on any executive or other committee; or
 - 30.2.2. devotes special attention to the business of the Company; or
 - 30.2.3. goes or resides outside the Republic for the purpose of the Company; or
 - 30.2.4. otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director,
- may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine.
- 30.3. The Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with –
- 30.3.1. the business of the Company; and
 - 30.3.2. attending meetings of the Directors or of committees of the Directors of the Company.
- 30.4. The Board may, as contemplated in and subject to the requirements of section 45 of the Act, authorise the Company to provide financial assistance to a Director, prescribed officer or other person referred to in section 45(2) of the Act, and the power of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.”

“31. CHIEF EXECUTIVE OFFICER

- 31.1. The Directors may from time to time appoint one or more of their body to be Chief Executive Officer of the Company or to be the holder of any other executive office of the Company, for such term as they may think fit (subject only to the requirements of sections 66(8) and (9) of the Act), and may revoke such appointment subject to the terms of any agreement entered into in any particular case.
- 31.2. Notwithstanding the provisions of any contract between himself and the Company, a Chief Executive Officer shall be subject to the same provisions as to disqualification and removal as the other Directors of the Company.
- 31.3. The Directors may from time to time entrust to and confer upon a Chief Executive Officer for the time being such of the powers exercisable in terms of this Memorandum of Incorporation by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions, as they think expedient; and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.
- 31.4. A Director appointed in terms of the provisions of clause 31.1 to the office of Chief Executive Officer of the Company, or to any other executive office in the Company, may be paid, in addition to the remuneration payable in terms of clause 30.1, such remuneration – not exceeding a reasonable maximum in each year – in respect of such office as may be determined by a disinterested quorum of the directors.”

“33. STATUTORY AND BOARD COMMITTEES

- 33.1. The Board may –
 - 33.1.1. appoint committees and delegate to any such committee any of the authority of the Board as contemplated in section 72(1) of the Act; and/or
 - 33.1.2. include in any such committee persons who are not Directors, as contemplated in section 72(2)(a) of the Act, and the power of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.
- 33.2. The authority of a committee appointed by the Board as contemplated in sections 72(2)(b) and (c) of the Act is not limited or restricted by this Memorandum of Incorporation.
- 33.3. If and for as long as it is required to do so in terms of the Act or the Regulations and unless the Company is exempted from doing so by the Tribunal in terms of section 72(5) of the Act, the Board must appoint a social and ethics committee having the powers and functions prescribed in terms of section 72 of the Act and the Regulations.
- 33.4. If and for as long as any of the Company’s Securities are listed on the JSE, the Board shall appoint such Board committees as are required by the JSE Listings Requirements, having such functions and powers as are prescribed by or in terms of the JSE Listings Requirements.
- 33.5. The Company must further appoint an audit committee in the manner and for the purposes set out in Part D of Chapter 3 of the Act.”

“37. DISTRIBUTIONS

- 37.1. Subject to the provisions of the Act, and particularly section 46, the Company may make a proposed distribution if such distribution –
 - 37.1.1. is pursuant to an existing legal obligation of the Company, or a court order; or
 - 37.1.2. is authorised by resolution of the Board,and in compliance with the JSE Listings Requirements.
- 37.2. No distribution shall bear interest against the Company, except as otherwise provided under the conditions of issue of the Shares in respect of which such distribution is payable.
- 37.3. Subject to the provisions of the Income Tax Act, No 58 of 1962, distributions may be declared either free of or subject to the deduction of income tax and any other tax or duty in respect of which the Company may be chargeable.
- 37.4. All unclaimed monies due to Shareholders will be held in trust by or on behalf of the Company for the benefit of the Shareholder concerned until claimed, provided that, subject to the provisions of the Prescription Act, No 68 of 1969, as amended from time to time and any other applicable laws of prescription, monies unclaimed for a period of 3 (three) years from the date on which they were declared (or such longer period as may be required under the laws of

prescription) may be declared forfeited by the Board for the benefit of the Company. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit.

37.5. Without in any way limiting the company's entitlement to make any payment to a shareholder payable in cash by way of electronic funds transfer, should such an account for receipt of same have been furnished by the Shareholder to the Company at any time, any distribution or other sum payable in cash to the holder of a Share may be paid by cheque or warrant sent by post and addressed to –

37.5.1. the holder at his registered address; or

37.5.2. in the case of joint holders, the holder whose name appears first in the Securities Register in respect of the share, at his registered address; or

37.5.3. such person and at such address as the holder or joint holders may in writing direct.

37.6. Should the Directors determine that any payments to Shareholders, either all or any of them, is to be made by cheque or warrant, then the Directors shall be entitled to suppress the issue of cheques or warrants with a value lower than R100.00 (one hundred rand) to any 1 (one) Shareholder. The unpaid distribution will be retained in the Company's unclaimed distribution account and once the accumulated amount exceeds R100.00 (one hundred rand), such payment may be claimed by the Shareholder by submitting a written claim.

37.7. Every such cheque or warrant shall –

37.7.1. be made payable to the order of the person to whom it is addressed; and

37.7.2. be sent at the risk of the holder or joint holders.

37.8. When such cheque or warrant is paid, it shall discharge the Company of any further liability in respect of the amount concerned.

37.9. A distribution may also be paid in any other way determined by the Directors, including without limitation by means of electronic funds transfer, and if the directives of the Directors in that regard are complied with, the Company shall not be liable for any loss or damage which a Shareholder may suffer as a result thereof.

37.10. Without detracting from the ability of the Company to issue capitalisation Shares, any distribution may be paid wholly or in part

37.10.1. by the distribution of specific assets; or

37.10.2. by the issue of Shares, debentures or securities of the Company or of any other company; or

37.10.3. in cash; or

37.10.4. in any other way which the Directors or the Company in general meeting may at the time of declaring the distribution determine.

37.11. Where any difficulty arises in regard to such distribution, the Directors may settle that difficulty as they think expedient, and in particular may fix the value which shall be placed on such specific assets on distribution.

37.12. The Directors may –

37.12.1. determine that cash payments shall be made to any Shareholder on the basis of the value so fixed in order to secure equality of distribution; and

37.12.2. vest any such assets in trustees upon such trusts for the benefit of the persons entitled to the distribution as the Directors deem expedient.

37.13. Any distribution must be made payable to Shareholders registered as at a date subsequent to the date of declaration thereof or the date of confirmation thereof, whichever is the later date.

37.14. All payments to Shareholders must be provided for in accordance with the JSE Listings Requirements and must not provide that capital shall be repaid upon the basis that it may be called up again."

HOTEL MANAGEMENT COMPANIES OF THE EXISTING PORTFOLIO

The property asset management function is performed by Hospitality whilst the hotel operators operate the hotel businesses on behalf of Hospitality's tenants. Details of the hotel operators are set out below:

1. AFRICAN HOTELS & ADVENTURES ("AHA") – www.aha.co.za

AHA Hotels & Lodges is the property management company of Tourvest's Accommodation and Activities division. AHA manages and operates 42 hotels and lodges in South Africa, Botswana, Zimbabwe, Zambia and Zanzibar. AHA drives business into its hotels and lodges through its dedicated sales, marketing and reservations team. Tourvest also owns a number of inbound operators and travel services companies, which are incentivised to drive business into AHA owned lodges and hotels. AHA is the tenant and hotel management company at Kopanong Hotel and Conference Centre.

2. BIRCHWOOD HOTEL MANAGEMENT COMPANY – www.birchwoodhotel.co.za

The Birchwood property is managed and leased by The Birchwood Hotel and OR Tambo Conference Centre (Pty) Ltd. The key role-players in the executive team have managed the property since its inception and have continued operations through its nine expansion phases. The exclusive focus of the management company is the management of the Birchwood.

3. CHAMPAGNE SPORTS RESORT – www.champagnesportsresort.com

The tenant and management company of Champagne Sports Resort has been involved with the development and operations of the resort since inception. The management company also manages the timeshare component of the resort on behalf of the Champagne Shareblock company.

4. MARRIOTT – www.marriott.com

Marriott International is a leading global lodging company with more than 6 500 properties across 127 countries and territories, reporting revenues of more than USD22 billion in the 2017 fiscal year. Founded by J. Willard and Alice Marriott and guided by family leadership for 90 years, the company is headquartered outside of Washington, D.C. in Bethesda, Maryland.

Marriott comprises of a range of different brands positioned at different grading levels. Protea Hotels was bought by Marriott International in April 2014 and forms part of Marriott's global brand portfolio. Protea Hotels by Marriott is the largest hospitality brand in Africa with over 100 hotels across eight countries and growing. The portfolio comprises two brands, namely the Protea Hotels by Marriott brand including the lifestyle brand Protea Hotel Fire & Ice by Marriott and the luxury African Pride Hotels brand.

Marriott manages Protea Hotel Hazyview, Protea Hotel Marine, Protea Hotel Victoria Junction, Protea Hotel Edward, Arabella Hotel & Spa, Mount Grace Country Hotel & Spa, and The Westin, Cape Town.

5. RADISSON HOTEL GROUP – www.radissonhotelgroup.com

Radisson Hotel Group is one of the world's largest and most dynamic hotel groups with eight distinctive hotel brands with more than 1 400 hotels and 220 000 rooms in destinations around the world. Its hotel brands offer award-winning and exceptional hotel experiences, originating from its strong Scandinavian heritage of design and innovation. Its portfolio of hotel brands includes: Radisson Collection™, Radisson Blu®, Radisson®, Radisson RED®, Park Plaza®, Park Inn® by Radisson, Country Inn & Suites® by Radisson and prizeotel. Radisson Hotel Group is the management company at Radisson Blu Gautrain and Radisson Blu Waterfront.

6. TSOGO SUN – www.tsogosun.com

Tsogo Sun is Southern Africa's premier gaming, hotel and entertainment group. Tsogo Sun's portfolio proudly comprises over 90 hotels with more than 14 600 hotel rooms across all sectors of the market, from luxury to budget in South Africa, Kenya, Tanzania, Zambia, Mozambique, the UAE and the Seychelles; 14 premier gaming and entertainment destinations in six provinces of South Africa; theatres, cinemas, restaurants and bars; and over 280 conference and banqueting facilities, including the Sandton Convention Centre.

Tsogo Sun is the lessee of both the Crowne Plaza Rosebank and the Holiday Inn Sandton. These two properties are effectively managed and leased by Tsogo Sun with a retention of the franchise agreements for the Holiday Inn and Crowne Plaza brands. In addition to the above mentioned properties Tsogo Sun also manage 19 Sun 1 Hotels, Southern Sun Waterfront, Southern Sun Cullinan, Southern Sun Katherine Street, Southern Sun Bloemfontein, Southern Sun Newlands, Sun Square Cape Town Gardens, Garden Court Eastgate, Garden Court Hatfield, Garden Court Kings Beach, Garden Court Morningside, Garden Court Umhlanga, Garden Court Kimberly, Garden Court Milpark, Garden Court OR Tambo, Garden Court Polokwane, Garden Court South Beach, Stay Easy Pietermaritzburg, Stay Easy Eastgate, Stay Easy Rustenburg and Stay Easy Century City.

DETAILS OF THE COMBINED PORTFOLIO

The table below sets out the details of the existing portfolio.

No	Property name	Address	Sector	Lease type	Class of hotel	No. of rooms	Conferecing facilities	Property holding company	Effective date of acquisition	Purchase price R'000	Capitalised cost post acquisition R'000	Total cost R'000	Surplus (deficit) on valuation to total cost R'000	Valuation R'000
1.	Birchwood Hotel and OR Tambo Conference Centre	14 View Point Road, Boksburg, Gauteng, 1672	Hotel	F & V	Midscale	665	Yes	HPF Properties	Feb-06	460 859	77 860	538 719	247 870	786 589
2.	Radisson Blu Waterfront	Beach Road, Granger Bay, Waterfront, Cape Town, Western Cape, 8001	Hotel	F & V	Upscale	177	Yes	HPF Properties	Feb-06	232 963	73 170	306 133	170 737	476 870
3.	Arabella Hotel & Spa	Arabella Country Estate, R44, Kleinmond, Hermanus, 7195	Hotel	F & V	Luxury	145	Yes	HPF Properties	May-11	106 011	37 272	143 283	46 777	190 060
4.	Crowne Plaza Rosebank	Corner Tyrwhitt and Sturdee Avenues, Rosebank, Johannesburg, Gauteng, 2196	Hotel	F & V	Upscale	318	Yes	HPF Properties	Feb-06	70 000	339 013	409 013	(43 879)	365 134
5.	Holiday Inn	123 Rivonia Road, Sandton, Johannesburg, Gauteng, 2196	Hotel	F & V	Upscale	301	Yes	HPF Properties	Sep-08	409 247	36 755	446 002	(89 722)	356 281
6.	Mount Grace Country House & Spa	Old Rustenburg Road, Magaliesburg, Gauteng, 1791	Hotel	F & V	Luxury	121	Yes	HPF Properties	Feb-06	131 562	191 595	323 157	(175 657)	147 500
7.	Protea Hotel Edward	149 O.R. Tambo Parade, Durban, KwaZulu Natal, 4000	Hotel	F & V	Midscale	101	Yes	HPF Properties	Jun-10	110 400	48 399	158 799	12 651	171 450
8.	Protea Hotel Marine	Marine Drive, Port Elizabeth, Eastern Cape, 6001	Hotel	F & V	Midscale	114	Yes	HPF Properties	Feb-06	73 000	50 583	123 583	(28 533)	95 050
9.	Protea Hotel Victoria Junction	Corner Somerset and Abenezer Roads, Cape Town, Western Cape, 8001	Hotel	F & V	Midscale	172	Yes	HPF Properties	Feb-07	122 839	56 072	178 911	47 473	226 384
10.	Radisson Blu Gautrain	Corner of Rivonia Road and West Street, Sandton, Johannesburg, Gauteng, 2196	Hotel	F & V	Upscale	220	Yes	HPF Properties	Apr-13	458 878	19 319	478 197	138 603	616 800

No	Property name	Address	Sector	Lease type	Class of hotel	No. of rooms	Conferencing facilities	Property holding company	Effective date of acquisition	Purchase price R'000	Capitalised cost post acquisition R'000	Total cost R'000	Surplus (deficit) on valuation to total cost R'000	Valuation R'000
11.	Westin Cape Town	Convention Square, No. 1 Lower Long Street, Cape Town, Western Cape, 8001	Hotel	F & V	Luxury	483	Yes	HPF Properties	May-11	648 895	100 379	749 274	1 071 604	1 820 878
12.	Champagne Sports Resort	R600, Central Berg, KwaZulu Natal	Hotel	F & V	Upscale	152	Yes	HPF Properties	Feb-06	148 792	72 661	221 453	82 037	303 490
13.	Garden Court Kimberley	120 Du Toitspan Road, Kimberley	Hotel	F & V	Midscale	135	Yes	Fezsource	Sep-16	196 326	1 734	198 060	(70 360)	127 700
14.	Garden Court Milpark	Cnr. Owl & Empire Roads, Auckland Park, Johannesburg, Gauteng	Hotel	F & V	Midscale	252	Yes	Fezsource	Sep-16	374 652	2 344	376 996	(97 626)	279 370
15.	Garden Court O.R. Tambo	2 Hulley Road, Isando Ext. 3, Kempton Park, Johannesburg, Gauteng	Hotel	F & V	Midscale	253	Yes	Fezsource	Sep-16	422 122	3 416	425 538	(96 998)	328 540
16.	Garden Court Polokwane	Cnr. Thabo Mbeki & Paul Kruger Streets, Polokwane	Hotel	F & V	Midscale	180	Yes	Fezsource	Sep-16	292 050	1 263	293 313	(16 573)	276 740
17.	Garden Court South Beach	73 O.R. Tambo Parade, Durban, KwaZulu Natal	Hotel	F & V	Midscale	414	Yes	Fezsource	Sep-16	592 637	9 234	601 871	10 579	612 450
18.	StayEasy Century City Hotel	Century Boulevard, Century City, Milnerton, Western Cape	Hotel	F & V	Midscale	175	No	Fezsource	Sep-16	252 288	2 808	255 096	10 384	265 480
19.	StayEasy Rustenburg	Cnr. R24 & N4 highway (opp. Waterfall Mall), Rustenburg	Hotel	F & V	Midscale	125	No	Fezsource	Sep-16	118 490	2 471	120 961	(861)	120 100
20.	SunSquare Cape Town Gardens	Mill Street, Gardens, Western Cape	Hotel	F & V	Midscale	136	Yes	Fezsource	Sep-16	99 489	1 718	101 207	593	101 800
21.	Southern Sun Bloemfontein	Cnr. Nelson Mandela & Melville Drive, Free State	Hotel	F & V	Upscale	147	No	Fezsource	Sep-16	148 676	887	149 563	(52 313)	97 250
22.	Southern Sun Newlands	Main Road, Newlands, Western Cape	Hotel	F & V	Upscale	162	Yes	Fezsource	Sep-16	160 985	3 911	164 896	(11 586)	153 310
23.	Southern Sun The Cullinan	Cullinan Street, Waterfront, Cape Town, Western Cape	Hotel	F&V	Upscale	394	Yes	Cullinan	Note 7	1 114 108	12 178	1 126 286	(171 013)	955 273
24.	Southern Sun Katherine Street	115 Katherine Street, Sandton, Sandton, Gauteng	Hotel	F&V	Upscale	122	No	Cullinan	Note 7	86 175	1 236	87 411	9 089	96 500

No	Property name	Address	Sector	Lease type	Class of hotel	No. of rooms	Conferencing facilities	Property holding company	Effective date of acquisition	Purchase price R'000	Capitalised cost post acquisition R'000	Total cost R'000	Surplus (deficit) on valuation to total cost R'000	Valuation R'000
25.	Southern Sun Waterfront	1 Lower Buitengracht Street, Cape Town, Western Cape	Hotel	F&V	Upscale	537	No	Cullinan	Note 7	1 186 176	10 505	1 196 681	(166 244)	1 030 437
26.	Garden Court Eastgate	Ernest Oppenheimer Avenue, Bruma, Gauteng	Hotel	F&V	Midscale	157	No	Cullinan	Note 7	151 389	1 918	153 307	(56 047)	97 260
27.	Garden Court Hatfield	Cnr Pretorius and End Streets, Hatfield, Gauteng	Hotel	F&V	Midscale	157	No	Cullinan	Note 7	170 266	449	170 715	35 175	205 890
28.	Garden Court King's Beach	La Roche Drive, Humewood, Port Elizabeth, Eastern Cape	Hotel	F&V	Midscale	280	Yes	Cullinan	Note 7	190 305	5 594	195 899	18 201	214 100
29.	Garden Court Morningside	Cnr Rivonia Road and Katherine Street, Cullinan Close, Morningside, Gauteng	Hotel	F&V	Midscale	150	No	Cullinan	Note 7	171 334	1 165	172 499	(38 009)	134 490
30.	StayEasy Eastgate	8 South Boulevard, Bruma, Gauteng	Hotel	F&V	Midscale	135	No	Cullinan	Note 7	86 423	3 313	89 736	(30 146)	59 590
31.	StayEasy Pietermaritzburg	50 Sanctuary Road, Chase Valley, Pietermaritzburg, KwaZulu-Natal	Hotel	F&V	Midscale	127	No	Cullinan	Note 7	137 199	2 147	139 346	4 054	143 400
32.	Garden Court Umhlanga	Cnr Aurora Drive & Centenary Boulevard, Umhlanga Ridge, KwaZulu-Natal	Hotel	F&V	Midscale	204	Yes	Cullinan	Note 7	298 942	4 310	303 252	(65 462)	237 790
33.	Sun1, Alberton	St Austell Street, Alberton, Gauteng	Hotel	F&V	Economy	76	No	Merway	Note 7	69 410	78	69 488	(3 573)	65 915
34.	Sun1, Benoni	Cnr Bunyan & Mowbray Avenue, Benoni, Gauteng	Hotel	F&V	Economy	58	No	Merway	Note 7	24 334	91	24 425	1 122	25 547
35.	Sun1, Berea	1 Mitchell Street, Berea, KwaZulu-Natal	Hotel	F&V	Economy	69	No	Merway	Note 7	32 132	38	32 170	1 065	33 235
36.	Sun1, Bloemfontein	Cnr Krige and Nelson Mandela Drive, Bloemfontein, Free State	Hotel	F&V	Economy	64	No	Merway	Note 7	35 230	34	35 264	2 635	37 899

No	Property name	Address	Sector	Lease type	Class of hotel	No. of rooms	Conferencing facilities	Property holding company	Effective date of acquisition	Purchase price R'000	Capitalised cost post acquisition R'000	Total cost R'000	Surplus (deficit) on valuation to total cost R'000	Valuation R'000
37.	Sun1, Cape Town	Jan Smuts & Martin Hammerschlag Foreshore, Cape Town, Western Cape	Hotel	F&V	Economy	64	No	Merway	Note 7	60 005	119	60 124	265	60 389
38.	Sun1, Edenvale	130 Boeing Road East, Edenvale, Gauteng	Hotel	F&V	Economy	76	No	Merway	Note 7	11 786	26	11 812	92	11 904
39.	Sun1, Kimberley	Cnr Memorial & Welgevonden Avenue, Royalglen, Kimberley, Northern Cape	Hotel	F&V	Economy	64	No	Merway	Note 7	21 841	331	22 172	6 544	28 716
40.	Sun1, Midrand	Cnr Old Pretoria Road & K101 Street, Midrand, Gauteng	Hotel	F&V	Economy	94	No	Merway	Note 7	88 022	421	88 443	(8 602)	79 841
41.	Sun1, Milnerfontein	Cnr Koeberg Road & Freedom Way, Milnerfontein, Western Cape	Hotel	F&V	Economy	70	No	Merway	Note 7	67 516	267	67 783	1 546	69 329
42.	Sun1, Nelspruit	Cnr Kaapsehoop & N4 Streets, Nelspruit, Mpumalanga	Hotel	F&V	Economy	76	No	Merway	Note 7	52 042	347	52 389	1 333	53 722
43.	Sun1, O.R. Tambo	Cnr Herman & Kruis Streets, Germiston, Gauteng	Hotel	F&V	Economy	78	No	Merway	Note 7	33 244	471	33 715	307	34 022
44.	Sun1, Parow	Cnr Arnold Wilhelm & Jean Simonis Streets, Parow, Western Cape	Hotel	F&V	Economy	76	No	Merway	Note 7	64 796	1 131	65 927	(7 050)	58 877
45.	Sun1, Port Elizabeth	Cnr La Roche Drive & Beach Road, Port Elizabeth, Eastern Cape	Hotel	F&V	Economy	88	No	Merway	Note 7	69 922	135	70 057	562	70 619
46.	Sun1, Pretoria	81 Pretorius Street, Pretoria, Gauteng	Hotel	F&V	Economy	135	No	Merway	Note 7	135 612	571	136 183	(20 555)	115 628
47.	Sun1, Richards Bay	6 White Pear Road, Richards Bay, KwaZulu Natal	Hotel	F&V	Economy	64	No	Merway	Note 7	27 774	383	28 157	(7 199)	20 958
48.	Sun1, Southgate	Cnr Columbine Avenue & Rifle Range Road, Southgate, Gauteng	Hotel	F&V	Economy	58	No	Merway	Note 7	91 231	1 090	92 321	(3 855)	88 466

No	Property name	Address	Sector	Lease type	Class of hotel	No. of rooms	Conferencing facilities	Property holding company	Effective date of acquisition	Purchase price R'000	Capitalised cost post acquisition R'000	Total cost R'000	Surplus (deficit) on valuation to total cost R'000	Valuation R'000
49.	Sun1, Vereeniging	Cnr Beethoven & Voortrekker Streets, Vereeniging, Gauteng	Hotel	F&V	Economy	41	No	Merway	Note 7	16 462	28	16 490	(2 089)	14 401
50.	Sun1, Witbank	3 Pioneer Avenue, Witbank, Mpumalanga	Hotel	F&V	Economy	90	No	Merway	Note 7	29 881	28	29 909	(4 931)	24 978
51.	Sun1, Wynberg	1 Maree Street, Bramley Park, Johannesburg, Gauteng	Hotel	F&V	Economy	87	No	Merway	Note 7	30 229	290	30 519	8 865	39 384
52.	Kopanong Hotel & Conference Centre	243 Glen Gory Road, Norton Estates, Benoni, Gauteng, 1501	Hotel	F & V	Midscale	166	Yes	HPF Properties	Feb-06	78 130	8 468	86 598	(8 428)	78 170
53.	Protea Hotel Hazyview	R40, 1242 Hazyview, Mpumalanga, 1242	Hotel	F & V	Midscale	87	Yes	HPF Properties	Apr-07	41 508	16 166	57 674	17 236	74 910

Notes:

- There are no vacancies across the existing hotel portfolio.
- The difference between the initial cost and the value attributed by the valuer has arisen primarily as a result of different capitalisation rates and assumptions being applied by the company and the valuer in arriving at their respective valuations. Further to this the value attributed by the valuer is an open market value while the initial cost is a negotiated value.
- The number of rooms as indicated by the table above are the total number of rooms of the respective hotel buildings, notwithstanding the fact that in certain instances Hospitality own less than 100% of the hotel.
- The independent valuations of the existing portfolio, which were undertaken by Bryan Nyagah of JHI, have an effective date of 30 June 2018. Bryan Nyagah is an independent external valuer registered in terms of the Property Valuers Association Act, (Act 47 of 2000).
- The capitalised costs relate to capital expenditure incurred (such as refurbishment costs) subsequent to or in connection with the acquisition of the properties in order to upgrade the properties.
- Properties numbered 13 to 22 were acquired by Hospitality through its acquisition of 100% of the issued shares in Fezisource.
- Properties numbered 23 to 51 were acquired by Hospitality through its acquisition of 100% of the issued shares in Cullinan and Merway.
- Subject to note 9 below, the property specific details in respect of the combined portfolio are provided as at 31 March 2018.
- All properties are valued as at 31 March 2018, as indicated in **Annexure 8** of these revised listing particulars.
- The existence of conferencing facilities is indicated where available conferencing space exceeds 150m².

The table below sets out the details of the casino portfolio.

No.	Property name	Location	Sector	Gross built-up area (m ²)		Number of rooms	Casino tables	Casino slot machines	Retail GLA (m ²)	Office GLA (m ²)	Independent valuation R million
				1, 2	2						
1.	Montecasino	Gauteng	Casino precinct	109 053	619	82	1 700	31 519	25 700	8 330	
2.	Gold Reef City	Gauteng	Casino precinct	43 216	38	51	1 600	10 505	–	3 526	
3.	Silverstar	Gauteng	Casino precinct	31 873	34	30	900	12 644	–	1 592	
4.	Suncoast	KwaZulu-Natal	Casino precinct	40 967	165	57	1 622	11 350	–	6 511	
5.	Blackrock	KwaZulu-Natal	Casino precinct	9 649	80	10	300	733	–	276	
6.	Emnotweni	Mpumalanga	Casino precinct	17 545	224	19	425	40	–	877	
7.	The Ridge	Mpumalanga	Casino precinct	18 764	175	19	436	3 310	–	859	
Total				271 067	1 335	268	6 983	70 101	25 700	21 971	

Notes:

- Gross built-up area as determined by the site architects.
- As at 31 March 2018.
- JLL has valued the properties on a portfolio basis at R22.5 billion which represents a 2.5% premium to the sum of each of the individual valuations.
- The weighted average rental per square metre of gross built-up area per month is R625. This is based on forecast rental income for the year ending 31 March 2020 and gross built up area as at 31 March 2018.
- The anticipated effective date of the transaction is 1 March 2019.
- The independent valuations of the casino portfolio, which were undertaken by Ashton Candrick Eckler of JLL, have an effective date of 31 March 2018. Ashton Candrick Eckler is an independent external valuer registered in terms of the Property Valuers Association Act, (Act 47 of 2000).
- Properties numbered 1 to 7 are being acquired by Hospitality through Merway's acquisition of 100% of the issued shares in Listed Investments and Cassava for a purchase consideration of R23.0 billion, therefore no purchase price per property has been ascribed. The difference between the valuation amount and purchase consideration for the casino portfolio is due to the fact that the values attributed by the independent property valuer are open market values, while the purchase consideration for the casino portfolio is a negotiated value.
- The data for the Suncoast casino precinct excludes the Suncoast expansion.

INDEPENDENT PROPERTY VALUER'S SUMMARY VALUATION REPORT IN RESPECT OF THE EXISTING PROPERTIES

31 July 2018

The Directors,
Hospitality Property Fund Limited,
The Zone II, Lofts Offices East Wing,
2nd floor, Cnr Oxford Road & Tyrwhitt Avenue,
Rosebank, 2196
Johannesburg

Dear Sirs

RE: INDEPENDENT PROPERTY VALUERS' REPORT OF PROPERTIES HELD BY HOSPITALITY PROPERTY FUND LIMITED AS DETAILED IN THE SUMMARY SCHEDULE ATTACHED AND FOR WHICH THERE ARE DETAILED VALUATION REPORTS HELD BY HOSPITALITY PROPERTY FUND LIMITED

In accordance with your instructions of 1 March 2018, I confirm that I have visited and inspected the 53 properties listed in the attached schedule (the "**properties**") during the month of March 2018 and have received all necessary details required to perform valuations in order to provide you with my opinion of the properties' current market values as at 31 March 2018. Since the effective date of the valuation of the properties, being 31 March 2018, there have been material changes in circumstances which affects the valuations of six properties. These properties are noted in point 10, with the relevant explanations for the changes in the valuations.

1. INTRODUCTION

The valuation of the properties has been carried out by the valuer who has carefully considered all aspects of all the properties. These properties each have a detailed valuation report which has been given to the management of Hospitality Property Fund Limited. The detailed reports include commentary on the current economy, nature of the properties, locality, risk profile, earning capability and exposure to future expenses and property risk. All these aspects have been considered in the individual valuation reports of the properties. The detailed reports have further addressed the revenue capability and expenditure for each property. Historic expenditure profile as well as future expenditure increases have been considered. The value thus indicates the fair market value for each property which is detailed in the detailed report and which has been summarised on a summary schedule, attached hereto, for each property. There are 53 properties, and the important aspects of the detailed valuation reports including the property market value for all of the properties have been summarised in the attached schedule.

2. BASIS OF VALUATION

The valuation is based on market value.

Market value means the best price, at which the sale of an interest in a property may reasonably be expected to have been completed, unconditionally for a cash consideration on the date of valuation, assuming:

- 2.1. a willing seller and a willing buyer in a market;
- 2.2. that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the property, for the agreement of price and terms and for the completion of the sale; and
- 2.3. that the state of the market, level of values and other circumstances are, on any earlier assumed date of exchange of contracts, the same as on the date of the valuation.

3. VALUE CALCULATION

The calculation of the market value of these properties has been based on the Discounted Cash Flow Method. The discounted cash-flow approach is based on the principle that the value of a property is indicated by its net return, or what is known as the "present worth of future benefits". The future benefits of income-producing properties, such as hotels, are the net income estimated by a forecast of income and expense along with the anticipated proceeds from a future sale. These benefits can be converted into an indication of market value through a capitalization process and discounted cash flow analysis.

The forecast of income and expense is expressed in nominal terms in this case for a period of five years for each property. The projected income and expenses are intended to reflect the anticipated operating results of the property over its remaining economic life. Thus, projected income and expense estimates exclude from consideration any abnormal relationship between supply and demand, as well as any non-recurring conditions that may result in unusual revenues or expenses.

In concluding our market valuations, we have taken the following into consideration:

- 3.1. Whether the hotel has a stabilised trading base/history.
- 3.2. Whether the property has recently undergone a comprehensive refurbishment to improve product quality which should result in increased performance.
- 3.3. Proposed or planned capital expenditure in the property to enhance performance of the hotel.
- 3.4. A change in supply dynamics in the local area; either in the closing and or opening of new hotels in the area.
- 3.5. A change in demand dynamics in the area; like new companies opening in the area and changes in road networks and transport links and
- 3.6. Any envisaged changes in the cost structure to improve operational efficiencies; for example, need to employ new staff or a change in kitchen equipment leading to operational savings.
- 3.7. The income stream from each hotel will be derived from either a fixed lease, a variable lease, or a combination of both. Our valuation takes into account the contractual rental income for the initial term and it is assumed in each case that the leases will be renewed.
- 3.8. Projected revenue to Hospitality Property Fund Limited will be in the form of a fixed rental with agreed escalations; and an additional variable rental based on EBITDAR (earnings before interest, taxation, depreciation, amortisation and rental paid) less the fixed rental amount.
- 3.9. The current occupancy as a percentage of the hotel portfolio is approximately 67.4%. Occupancy levels used in the valuations are property specific and have been deduced from historic trading data. The occupancy levels are market related. The occupancy provisions used in the valuations are therefore adequate.
- 3.10. There is no loss of rental due to renovations or refurbishments currently being carried out on the buildings. There are however budgeted capital expenses within the projected next five years. There is no loss of rental as result of these activities.
- 3.11. Generally, the rentals are market related. The rental rates have been checked against rentals charged against similar properties. There are no properties that are over-rented or that cannot be re-rented at the same rental. The variable portion of the rental is based on the projected EBITDAR, less the base rental. We have assumed a general inflation-based growth rate for EBITDAR and no major economic fluctuations which may upset the economy.

4. BRIEF DESCRIPTION

These are 53 hotel properties located in various urban centres in South Africa. Most of the properties are multi-storey. All the properties are located within South Africa.

The properties have been very well constructed; have good architectural merit, aesthetic appeal and sufficient parking facilities. They generally provide luxury, upscale, midscale and economy classes of hotel accommodation offerings of well-known trusted market leaders in the full service through to select service and budget segments, including Southern Sun, Garden Court, Stay Easy and Sun1Hotels. The subject portfolio offers well established hotel brands.

5. VALUATION QUALIFICATIONS

Qualifications are usually detailed as a consequence of leases under negotiation that have not yet been formalised; leases of a large nature where the premises are difficult to re-let; specialised properties; large exposure to a single tenant; potential tenant failure due to over-rent; expenses required for major repairs; maintenance or other exposure to maintain the lettable of the building; contingent expropriations or servitudes that may be enforced; and poor lease records whereby the lease may be disputed or rendered invalid.

I have, to the best of my knowledge, considered all of these aspects in the valuation of all the properties. There are no properties that are prejudiced in value by the influence of the above factors.

The valuer is however not responsible for the competent daily management of these properties that will ensure that this status is maintained, or for the change of any laws, services by local authority or economic circumstances that may adversely impact on the integrity of the buildings or the tenant profile.

6. OPTIONS OR BENEFIT / DETRIMENT OF CONTRACTUAL ARRANGEMENTS

To my knowledge there are no contractual arrangements on the properties other than the leases as detailed in the report that have a major benefit or are detrimental to the fundamental value base of the properties.

To the best of my knowledge, there are no options in favour of any parties for any purchase of any of the properties.

7. CURRENT STATE OF DEVELOPMENT

There are no properties which are currently being developed.

8. EXTERNAL PROPERTY

None of the properties are situated outside the Republic of South Africa.

9. RENTALS USED IN VALUATIONS

Sections of some of the hotels have been leased out. The annual rental incomes from these leased sections have been outlined in the detailed valuation reports. The annual rental income of these leased sections forms part of the EBITDAR.

10. SUBSEQUENT MATERIAL CHANGES TO VALUATIONS AT 31 MARCH 2018

The material changes in the valuations of six properties noted above include The Westin, Southern Sun Cullinan, Southern Sun Waterfront, and the Protea Hotel Victoria Junction hotels. The material change in the rental income has been largely due to the change in sentiment towards Cape Town stemming from the drought and the impact this had on the summer season in Cape Town as well as, the lower domestic corporate business travelling into 2018. Whilst the trading is expected to recover in 2019 the return to previous levels, the operating margins at these hotels is expected to lag previous levels.

The material change in the valuation of the Birchwood Hotel and Conference Centre has been as a result of a restructuring of the business that has led to an improvement of the operating margin and is further supported by product improvements to the food & beverage offering as well as a refurbishment of bedrooms.

The material change in the valuation of the Holiday Inn Sandton is an improvement in trading off a low base, in both contracted and conference business, due to the construction at the adjacent development reaching completion.

The changes in the six properties from 31 March 2018 to 31 July 2018, are noted below.

R'000	Previously projected rent to 31 March 2019	Previous market value as at 31 March 2018	Current projected rent to 31 March 2019	Current market value as at 31 July 2018
The Westin Cape Town	152 063	1 945 230	128 876	1 820 878
Southern Sun Waterfront	88 688	1 252 720	65 576	1 030 437
Southern Sun Cullinan	82 661	1 150 410	64 144	955 273
Protea Hotel Victoria Junction	28 972	324 800	17 078	226 384
Birchwood Hotel & Conference Centre	67 511	682 930	73 880	786 590
Holiday Inn Sandton	18 774	250 610	24 806	356 281

11. INTRA-GROUP OR RELATED PARTY LEASES

Having inspected all the tenant schedules and leases it is noted that there are no intra-group or related party leases.

12. OTHER GENERAL MATTERS AND VALUATION SUMMARY

A full valuation report is available on a property by property basis detailing tenancy, town planning, valuer's commentary, expenditure and other details. This has been given to the directors of Hospitality Property Fund Limited and will be made available for inspection.

13. ALTERNATIVE USE FOR A PROPERTY

The properties have been valued in accordance with their existing use which represents their market value. No alternative uses for the properties have been considered in determining their value.

14. OTHER COMMENTS

Our valuation excludes any amounts of value-added tax, transfer duty, or securities transfer duty.

15. CAVEATS

15.1. Source of information and verification

Information on the properties regarding rental income, recoveries, turnovers and other income detail has been provided to me by the current owners and their managing agents.

I have further compared certain expenditures given to me, to the market norms of similar properties. This has also been compared to historic expenditure levels of the properties themselves. Historical contractual expenditures and municipal utility services were compared to the past performance of the properties in order to assess potential expenditure going forward.

15.2. **Full disclosure**

This valuation has been prepared on the basis that full disclosures of all information and factors that may affect the valuation have been made to me.

I have to the best of my ability researched the market as well as taken the steps detailed in paragraph 15.3 below.

15.3. **Leases**

Our valuation has reviewed actual tenant leases and other pertinent details of the current tenancies within the hotels. We are of the opinion that the terms and conditions of the current tenancies are within market norms and the transactions were arm's length in nature. Rental income from the current tenancies is incorporated in the EBITDAR for each property.

15.4. **Client diversification risk**

In arriving at our valuation, cognizance has been taken of the of the location and client base of each hotel and the subsequent associated revenue sustainability risks thereof.

15.5. **Mortgage bonds, loans, etc.**

The properties have been valued as if wholly-owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans and other charges. No deductions have been made in our valuation for costs of acquisition.

The valuation is detailed in a completed state and no deductions have been made for retention or any other set-off or deduction for any purposes which may be made at the discretion of the purchaser when purchasing the properties.

15.6. **Calculation of areas**

All areas quoted within the detailed valuation reports are those stated in the information furnished and verified where plans were available. To the extent that plans were not available, reliance was placed on the information submitted by the hotel managers.

Updated plans were not available for all the properties. The properties generally appear to have the stated square meterage which could only be more accurately determined if re-measured by a professional. The reported square meterage is therefore considered as correct as possible without a re-measurement exercise being undertaken.

15.7. **Structural condition**

The properties have been valued in their existing state. I have not carried out any structural surveys, nor inspected those areas that are unexposed or inaccessible, neither have I arranged for the testing of any electrical or other services.

15.8. **Contamination**

The valuation assumes that a formal environmental assessment is not required and further that none of the properties are environmentally impaired or contaminated, unless otherwise stated in our report.

15.9. **Town planning**

Full town planning details and title deeds where available have been supplied in the detailed valuation reports including conditions and restrictions and the properties have been checked against such conditions. This is to ensure that they comply with town planning regulations and title deeds. There do not appear to be any infringements of local authority regulations or deeds by any of the property.

The valuation has further assumed that the improvements have been erected in accordance with the relevant building and town planning regulations and on inspection it would appear that the improvements are in accordance with the relevant town planning regulations for these properties.

There is no contravention of any statutory regulation or town planning local authority regulation or contravention of title deed relating to any of the properties which infringement could decrease the value of the properties as stated.

16. MARKET VALUE

I am of the opinion that the aggregate market value of the properties as at 31 March 2018 was R12 611 724 000 (excluding VAT) and subsequently as at 31 July 2018 is R12 180 865 000 (excluding VAT). A summary of the individual valuations and details of each of the properties is attached.

Other than the six properties noted above in point 10 and to the best of my knowledge, I believe there have been no material changes in circumstances between the date of the valuation and the date of the valuation report which would affect the valuation.

I have more than 15 years' experience in the valuation of all nature of property and I am qualified to express an opinion on the fair market value of the properties.

I trust that I have carried out all instructions to your satisfaction and thank you for the opportunity of undertaking this valuation on your behalf.

Yours faithfully,

for Cushman and Wakefield Excellerate

BRYAN NYAGAH

Registered Professional Valuer (Reg. No 6091/4)

Registered without restrictions in terms of the Property Valuers Professional Act, No. 47 of 2000

3A Summit Road, Dunkeld West

Hyde Park, 2196

Johannesburg

Freehold Properties

Property Name	Address	Registered Description	Extent	Tenure	Estimated Approximate age of Building (Yrs)	Keys	Existing Use and Description	Projected Rental – March 2019	Market Value – March 2018
Southern Sun Waterfront*	1 Lower Buitengracht Cape Town	Erf 151882 Cape Town	7 812	Freehold	41	537	Hotel	R65 575 644	R1 030 437 364
Southern Sun Cullinan*	Cullinan Street Cape Town Waterfront	Erf 155451 Cape Town	4 530	Freehold	41	394	Hotel	R64 143 918	R955 273 351
Birchwood Hotel and ORT Conference Centre*	14 View Point Road. Boksburg	Erf 676, 1113, 1114, 1115, 1116, 1139 and 1140	13.8024 ha	Freehold	36	665	Hotel	R73 879 430	R786 589 128
GC South Beach	73 Marine Parade. Durban	Remaining Extent of Erf 10162 Durban	2 392	Freehold	41	414	Hotel	R48 670 000	R612 450 000
Champagne Sports Resort	Cathkin Park. Central Drakensburg. Winterton	The Farm Meadowstreams 17250 and The Farm Mirador 17579. Registration Division Fs	75.7965 ha	Freehold	41	152	Hotel	R28 120 000	R303 490 000
Crowne Plaza Johannesburg-Rosebank	Cnr Tynwhitt & Sturdee Avenue. Rosebank.	Erf 190, Re of Erf 104, Re of Erf 82 and Ptn 1 of Erf 104, Rosebank	13 161	Freehold	11	318	Hotel	R29 459 000	R365 134 000
GC Airport	2 Hulley Road. Isando. Kempton Park	Erf 554 of Isando Ext 3	19 937	Freehold	36	253	Hotel	R26 775 000	R328 540 000
SE Century City	Century City Boulevard. Milnerton. Cape Town	Erf 5287 Montague Gardens	8 527	Freehold	21	175	Hotel	R21 764 000	R265 480 000
GC Milpark	Cnr Owl & Empire Roads. Auckland Park	Portion 4 of Erf 51. Braamfontein Werf	6 858	Freehold	41	251	Hotel	R20 430 000	R279 370 000
Arabella Hotel and Spa	Arabella Country Estate. R44 Kleinmond. Hermanus.	Portion 273 of the farm Hermanus River 542	27 367	Freehold	36	145	Hotel	R17 167 000	R190 060 000
GC Polokwane	Cnr Thabo Mbeki & Paul Kruger Streets. Polokwane	Remainder of 56 & Erf 1967 Pletersburg	14 832	Freehold	36	180	Hotel	R20 137 000	R276 740 000
Holiday Inn Sandton	123 Rivonia Road. Sandton	Erf 11 of Portion 3. Sandown. Sandton	6 436	Freehold	26	301	Hotel	R24 806 311	R356 280 866
Garden Court Kings Beach	La Roche Drive, Humewood, Port Elizabeth, 6013	Remainder of Erf 532 Humewood, Port Elizabeth	1.0350 ha	Freehold	36	280	Hotel	R19 485 000	R214 100 000
PH Edward	149 O.R Tambo Parade. Durban.	Remaining Extent of Portion 1 of Stand 11 268. Durban.	1 884	Freehold	41	131	Hotel	R16 388 000	R171 450 000
Garden Court Hatfield	Cnr Pretorius and End Streets Hatfield	Erf 713 Hatfield Township	1.0207 ha	Freehold	36	157	Hotel	R15 434 000	R205 890 000
Mount Grace Country House and Spa	Old Rustenburg Road. Magaliesburg	Portion 30 (a portion of portion 27); Portion 49 (a portion of portion 27); Portion 78 (a portion of portion 75); Portion 63 (a portion of portion 59); Portion 105 (consolidated from portion 59 & portion 103) of the farm Kruitfontein 511JQ, MAGALIESBURG	155.6953 ha	Freehold	41	121	Hotel	R15 992 000	R147 500 000

Property Name	Address	Registered Description	Extent	Tenure	Estimated Approximate age of Building (Yrs)	Keys	Existing Use and Description	Projected Rental – March 2019	Market Value – March 2018
SS Newlands	7 Main Road, Newlands	Remainder of Erf 96583, Cape Town	8 538	Freehold	31	162	Hotel	R11 821 000	R153 310 000
Sun Square Cape Town	Mill Street, Gardens, Cape Town	Remaining Extents of Erven 394, 376, 402 & 2835, Oranjezicht	7 005	Freehold	36	136	Hotel	R9 872 000	R101 800 000
GC Kimberley	120 Du Toitspan Road, Kimberley	Erf 12194 Kimberley	6 051	Freehold	31	135	Hotel	R10 846 000	R127 700 000
Garden Court Morningside	Cnr Rivonia Road & Katherine Street, Cullinan Close Morningside	Portion 1 of Erf 1391 Morningside Ext 158	1.4176 ha	Freehold	31	150	Hotel	R11 589 000	R134 490 000
SE Rustenburg	Cnr N4 & R24, Rustenburg	Erf 211 of Waterval East Extension 26	6 335	Freehold	36	125	Hotel	R10 030 000	R120 100 000
Kopanong Hotel and Conference Centre	243 Glen Gory Road, Norton Estate, Benoni	Sectional Title Units 1-3, 5-9, 12, 15, 16-25, 27-31, 33, 34, 36-43, 45, 47-53, 55, 56, 58-64, 67-70, 73, 75, 77 and 85 at Kopanong Country Estate, Portion 243 of the Farm Vlakfontein 30, Under Sectional Title Plan ss45/1988, Benoni	6.1088 ha	Freehold	31	168	Hotel	R8 370 000	R78 170 000
SS Bloemfontein	Cnr Nelson Mandela & Melville Drive, Bloemfontein	Erf 24867 Bloemfontein	1.7408 ha	Freehold	36	147	Hotel	R9 997 000	R97 250 000
Garden Court Eastgate	Ernest Oppenheimer Avenue Bruma	Portion 20 of Erf 146 and Erf 210 Bruma	1.7273 ha	Freehold	21	157	Hotel	R7 926 000	R97 260 000
Southern Sun Katherine Street	115 Katherine Street Sandown	Erf 591 Sandown Township	1.2012 ha	Freehold	36	122	Hotel	R8 485 000	R96 500 000
PH Marine	Cnr 5th Avenue and Marine Drive, Summerstrand, Port Elizabeth.	Erf 69, Summerstrand, Port Elizabeth	5 096	Freehold	31	114	Hotel	R8 912 000	R95 050 000
PH Hazzyview	R40 Road, 38 km after White River, Hazzyview, Mpumalanga	The Farm Sarana Hall No. 17	6.7563 ha	Freehold	36	87	Hotel	R6 849 000	R74 910 000
Stay Easy Eastgate	8 South Boulevard Bruma	Portion 9 of erf 146 Bruma Township	4 783	Freehold	21	135	Hotel	R4 990 000	R69 590 000
Sun 1 Alberton	St Austell Street	Portion 505 (a portion of portion 190) of the Farm Elanfontein 108	1 250	Freehold	26	76	Hotel	R5 188 000	R65 915 000
Sun1 Benoni	Cnr Bunyan & Mowbray	Erf 8404 Benoni Township	2 379	Freehold	31	58	Hotel	R1 891 000	R25 547 000
Sun 1 Berea	1 Mitchell Street	Lots 967, 968, 969 and 970 Berea Township	2 774	Freehold	31	69	Hotel	R2 460 000	R33 235 000
Sun 1 Bloemfontein	Cnr Krige and Nelson Bloemfontein Mandela Drive	Subdivision 1 of Erf 13073, Bloemfontein Ext 77	2 710	Freehold	26	64	Hotel	R2 867 000	R37 899 000

Property Name	Address	Registered Description	Extent	Tenure	Estimated Approximate age of Building (Yrs)	Keys	Existing Use and Description	Projected Rental – March 2019	Market Value – March 2018
Sun 1 Cape Town	Jan Smuts & Martin Hammerschlag Way Foreshore Cape Town	Erf 151 Roggebaai, Cape Town	1 719	Freehold	26	64	Hotel	R5 117 000	R60 389 000
Sun 1 Edenvale	130 Boering Road East Edenvale	Erf 2065 Bedfordview Ext 423	6 162	Freehold	31	76	Hotel	R1 137 000	R11 904 000
Sun 1 Kimberley	Cnr Memorial & Welgevonden Avenue	Erf 31613, Portion of Erf 30522, Kimberley	3 211	Freehold	31	64	Hotel	R2 112 000	R28 716 000
Sun 1 Midrand	Cnr Old Pretoria Road & K101 Street, Midrand	Erf 373 Randjespark Ext 119 Township	3 763	Freehold	26	94	Hotel	R6 087 000	R79 841 000
Sun 1 Milnerton	Cnr Koeberg Road & Freedom Way Milnerton	Erf 25639 (Portion of Erf 25638) Milnerton Blaauwberg	2 506	Freehold	31	70	Hotel	R5 854 000	R69 329 000
Sun 1 Nelspruit	Cnr Kaapsehoop & N4 Streets Nelspruit	Portion 115 (a portion of Portion 47) of the Farm Besters Last 311	5 101	Freehold	26	76	Hotel	R4 067 000	R53 722 000
Sun 1 O R Tambo	Cnr Herman & Kruis Streets Germiston	Portion 4 (a Portion of Portion 2) of Erf 305 Harmelia Ext 2	3 499	Freehold	31	78	Hotel	R2 555 000	R34 022 000
Sun 1 Parow	Cnr Arnold Wilhelm & Jean Simonis Streets Parow	Remainder of Erf 7723 Parow	2 368	Freehold	26	76	Hotel	R4 989 000	R58 877 000
Sun 1 Port Elizabeth	Cnr La Roche Drive & Beach Road Port Elizabeth	Erf 1199 (a Portion of Erf 532) Humewood	2 908	Freehold	26	88	Hotel	R5 337 000	R70 619 000
Sun 1 Pretoria	81 Pretorius Street Pretoria	Erf 2957 Pretoria	3 897	Freehold	31	135	Hotel	R9 221 000	R115 628 000
Sun 1 Richards Bay	6 White Pear Road	Erf 14951 Richards Bay Ext 11	1 280	Freehold	26	64	Hotel	R1 560 000	R20 958 000
Sun 1 Southgate	Cnr Columbine Ave & Rifle Range Road Rifle Range Road	Undivided Share in and to Erf 726 Meredale Ext 12 Township	7 387	Freehold	31	138	Hotel	R6 737 000	R88 466 000
Sun 1 Vereeniging	Cnr Beethoven & Voortrekker Streets Vereeniging	Portion 10 (a Portion of Portion 9) of the Farm Duncanville 598	6 891	Freehold	26	41	Hotel	R1 069 000	R14 401 000
Sun 1 Witbank	3 Pioneer Avenue Witbank	Portion 1 of Erf 3384 Witbank Ext 16	5 001	Freehold	31	90	Hotel	R1 870 000	R24 978 000
Sun 1 Wynberg Sandton	1 Maree Street Bramley Park Johannesburg	Erf 1 Bramley Park Township Portion 381 (a portion of Portion 153) of the Farm Syferfontein 51	1 986	Freehold	31	87	Hotel	R2 918 000	R39 384 000
Total								R690 949 303	R8 658 744 709

*Revised value as at 31 July 2018

Non- Freehold Properties

Property Name	Address	Registered Description	Extent	Tenure	Estimated Approximate age of Building (Yrs)	Keys	Existing Use and Description	Projected Rental – March 2019	Market Value – March 2018
Westin Cape Town*	Convention Square, Lower Long Street, Cape Town	A portion of lease area over The New Proposed Stand 263 Roggebaai, Cape Town.	3.5435 ha	Leasehold	16	483	Hotel	R128 875 761	R1 820 878 438
Radisson Blu Waterfront	Beach Road, Green Point, Cape Town	Stand 1976 Green Point Western Cape	5 520	Sectional Title	31	177	Hotel	R69 912 000	R476 870 000
Radisson Blu Gautrain*	Rivonia Road & West Street, Sandton	Erf 13 of Portion 1. Sandown. Sandton	19 535	Sectional Title	11	220	Hotel	R63 407 681	R616 800 456
PH Victoria Junction*	Cnr Somerset Road & Ebenezer Road, Green Point. Cape Town	Stand 158 146 Cape Town.	9 642	Sectional Title	36	172	Hotel	R17 077 601	R226 383 890
Garden Court Umhlanga	Cnr. Aurora Drive & Centenary Boulevard uMhlanga Ridge	A servitude area depicted on diagrams attached to an Agreement of Usufruct for a property undergoing sectionalising comprising Erf 2429, Umhlanga Rocks	N/A	Usufruct	8	204	Hotel	R20 389 000	R237 790 000
Stay Easy Pietermaritzburg	50 Sanctuary Road Chase Valley Pietermaritzburg	Approx. 8264 sq/m portion of Erf 10143 Pietermaritzburg	N/A	Usufruct	8	127	Hotel	R12 028 000	R143 400 000
Total								R291 690 042	R3 522 122 784
*Revised value as at 31 March 2018									
Portfolio Total								R982 639 346	R12 180 867 493

DETAILS OF ACQUISITIONS AND VENDORS

The material subsidiaries acquired and to be acquired by Hospitality during the three years preceding the date of these revised listing particulars are detailed in the table below together with the names and addresses of the vendors and the consideration paid or payable to the vendors.

Name of vendors:	Silverstar, TSNEW and TSC		
Address of vendor:	Palazzo Towers East, Montecasino Boulevard, Fourways, 2055		
Name and nature of asset acquired:	Cassava Investments Proprietary Limited – property holding company		
Consideration paid detailing the portion(s) settled by the issue of securities or the payment of cash:	R3.2 billion payable in cash		
Valuation:	See Annexure 7 of the revised listing particulars (properties numbered 56, 58 and 60)		
Loans incurred to finance the acquisition:	None		
Date of acquisition:	1 March 2019		
Goodwill paid and manner in which it was accounted for:	N/A		
Price paid by vendor and date of acquisition by vendor if purchased within preceding three years:	Property	Cost	Date acquired
	N/A	N/A	N/A
Amount paid for goodwill by the vendor:	None		
Name of vendors' shareholder(s):	TSH		
Address of vendor's shareholder:	Palazzo Towers East, Montecasino Boulevard, Fourways, 2055		
Name of vendors:	Akani-Egoli, TSKZN and TSC		
Address of vendor:	Palazzo Towers East, Montecasino Boulevard, Fourways, 2055		
Name and nature of asset acquired:	Listed Investments Proprietary Limited – property holding company		
Consideration paid detailing the portion(s) settled by the issue of securities or the payment of cash:	R19.8 billion payable in cash		
Valuation:	See Annexure 7 of these revised listing particulars (properties numbered 54, 55, 57 and 59)		
Loans incurred to finance the acquisition:	None		
Date of acquisition:	1 March 2019		
Goodwill paid and manner in which it was accounted for:	N/A		
Price paid by vendor and date of acquisition by vendor if purchased within preceding three years:	Property	Cost	Date acquired
	N/A	N/A	N/A
Amount paid for goodwill by the vendor:	None		
Name of vendors' shareholder(s):	TSH		
Address of vendor's shareholder:	Palazzo Towers East, Montecasino Boulevard, Fourways, 2055		

Name of vendor:	Southern Sun Hotels		
Address of vendor:	Palazzo Towers East, Montecasino Boulevard, Fourways, 2055		
Name and nature of asset acquired:	Fezisource Proprietary Limited – property holding company		
Consideration paid detailing the portion(s) settled by the issue of securities or the payment of cash:	145 000 000 consideration shares at the issue price of R13.02 per share		
Valuation:	See Annexure 7 of these revised listing particulars (properties numbered 15 to 22)		
Loans incurred to finance the acquisition:	None		
Date of acquisition:	1 September 2016		
Goodwill paid and manner in which it was accounted for:	N/A		
Price paid by vendor and date of acquisition by vendor if purchased within preceding three years:	Property	Cost	Date acquired
	N/A	N/A	N/A
Amount paid for goodwill by the vendor:	None		
Name of vendor's shareholder:	TSHG&E		
Address of vendor's shareholder:	Palazzo Towers East, Montecasino Boulevard, Fourways, 2055		
Name of vendor:	Southern Sun Hotels		
Address of vendor:	Palazzo Towers East, Montecasino Boulevard, Fourways, 2055		
Name and nature of asset acquired:	The Cullinan Hotel Proprietary Limited – property holding company		
	Merway Fifth Investments Proprietary Limited – property holding company		
Valuation:	See Annexure 7 of the circular		
Consideration paid detailing the portion(s) settled by the issue of securities or the payment of cash:	The purchase consideration of R3.5 billion was discharged by Hospitality by: <ul style="list-style-type: none"> • making a cash payment to Southern Sun Hotels of R1.0 billion on the 1 July 2017; and • the issue to Southern Sun Hotels of 174 064 861 Hospitality ordinary shares of no par value, in respect of the balance of the purchase consideration on 11 July 2017. 		
Loans incurred to finance the acquisition:	None		
Date of acquisition:	1 July 2017		
Goodwill paid and manner in which it was accounted for:	N/A		
Price paid by vendor and date of acquisition by vendor if purchased within preceding three years:	Property	Cost	Date acquired
	Garden Court Umhlanga	R220 million	October 2016
	StayEasy Pietermaritzburg	R90 million	October 2016
Amount paid for goodwill by the vendor:	None		
Name of vendor's shareholder:	TSHG&E		
Address of vendor's shareholder:	Palazzo Towers East, Montecasino Boulevard, Fourways, 2055		

FORECAST STATEMENT OF COMPREHENSIVE INCOME OF THE HOSPITALITY GROUP

Set out below is the forecast statement of comprehensive income of the Hospitality group for the years ending 31 March 2019 and 31 March 2020. The forecast incorporates the casino portfolio from the assumed effective date of the transaction, being 1 March 2019 (the “forecast”).

The forecast, including the assumptions on which it is based and the financial information from which it is prepared, is the responsibility of the directors of Hospitality. The forecast must be read in conjunction with the independent reporting accountants' assurance report on the forecast as contained in **Annexure 11** of these revised listing particulars.

The forecast has been prepared in accordance with Hospitality's accounting policies, which are in compliance with IFRS, and the Listings Requirements.

R'000	Forecast for the 11 months ending 28 Feb 2019	Forecast for the 1 month ending 31 Mar 2019	Forecast for the year ending 31 Mar 2019	Forecast for the year ending 31 Mar 2020
Revenue	805 558	261 071	1 066 629	2 999 281
Rental income	805 386	261 056	1 066 422	2 999 475
Straight-line lease income adjustments	172	15	187	(194)
Operating costs	(51 069)	(5 265)	(56 334)	(62 953)
Operating profit	754 489	255 806	1 010 295	2 936 328
Finance income	42 515	2 739	45 254	91 826
Finance costs	(171 494)	(75 383)	(246 877)	(906 233)
Transaction costs	–	(17 220)	(17 220)	–
Profit before tax	625 510	165 942	791 452	2 121 921
Taxation	–	–	–	–
Earnings from associates	455	21	476	500
Profit after tax	625 965	165 963	791 928	2 122 421
Profit attributable to:				
Equity holders of Hospitality	625 965	165 963	791 928	2 122 421
Non-controlling interests	–	–	–	–

Reconciliation between earnings, headline earnings and distributable earnings

R'000	Forecast for the 11 months ending 28 Feb 2019	Forecast for the 1 month ending 31 Mar 2019	Forecast for the year ending 31 Mar 2019	Forecast for the year ending 31 Mar 2020
Profit attributable to Hospitality equity holders	625 965	165 963	791 928	2 122 421
Adjustments:				
Transaction costs	–	17 220	17 220	–
Headline earnings	625 965	183 183	809 148	2 122 421
Straight-line lease income adjustments	(172)	(15)	(187)	194
Earnings from associates	(455)	(21)	(476)	(500)
Dividends received from associates	–	–	–	–
Distributable earnings	625 338	183 147	808 485	2 122 115

Reconciliation between earnings, headline earnings and distributable earnings (continued)

	Forecast for the 11 months ending 28 Feb 2019	Forecast for the 1 month ending 31 Mar 2019	Forecast for the year ending 31 Mar 2019	Forecast for the year ending 31 Mar 2020
R'000				
Shares in issue (000)	575 777	1 772 139	1 772 139	1 772 139
Less: treasury shares (000)	(563)	(563)	(563)	(563)
Net shares in issue (000)	575 214	1 771 576	1 771 576	1 771 576
Weighted average number of net shares in issue (000)			674 911	1 771 576
Basic and diluted earnings per share (cents)			117	120
Headline and diluted headline earnings per share (cents)			120	120
Distributable income per share (cents)	109	10	119	120

An analysis of rental income is set out below:

	Forecast for the 11 months ending 28 Feb 2019	Forecast for the 1 month ending 31 Mar 2019	Forecast for the year ending 31 Mar 2019	Forecast for the year ending 31 Mar 2020
%				
Contracted	99.8	99.9	99.8	99.0
Near contracted	0.2	0.1	0.2	1.0
Uncontracted	–	–	–	–
Total	100.0	100.0	100.0	100.0

Notes and assumptions

All of Hospitality's rental income is long-term in nature, being under contract for a period of 12 months or more, and comprises the following categories:

- **Contracted rental income** comprises income from legally binding lease agreements.
- **Near contracted rental income** comprises income from lease agreements that expire during the forecast period and are reasonably expected to be renewed. Once expired, the forecast lease income from these leases is classified as near-contracted. Renewals have been forecast on a lease-by-lease basis based on existing lease terms.

Tsogo has provided a guarantee to and in favour of Listed Investments and Cassava in respect of each casino precinct for all the obligations due by Grapplebrook in terms of the head lease agreements (save for any obligations specifically relating to the operating plant and FF&E) and the rental aggregation agreement;

Champagne Sports Resort Proprietary Limited, which is the lessee of the Champagne Sports Resort, has provided Hospitality with a guarantee equal to four times the basic monthly rental charged to it by Hospitality. This guarantee is only revocable 90 days after the termination or cancellation of the lease, and only after all amounts due to Hospitality have been settled.

The forecast incorporates the following material assumptions that can be influenced by the directors:

1. Rental income has been forecast as follows:
 - **Existing portfolio:** based on each hotel's rental agreement and latest available budgets.
 - **Casino portfolio:** based on the agreed initial rental per the rental aggregation agreement and escalated on 1 April 2019 at 4.50%, which is an assumption of the escalation rate for March 2019.
2. Operating costs have been forecast on a line-by-line basis. This has been determined by a review of historical costs.
3. Transaction costs relate to the acquisition of the casino portfolio (and are expensed in accordance with IFRS 3 Business Combinations). A detailed breakdown of the transaction costs is set out in paragraph 22 of the circular.
4. With the exception of the casino portfolio, no properties will be purchased or disposed of by Hospitality in the forecast period.

5. With the exception of the Suncoast expansion, no properties will be under development during the forecast period. The Suncoast expansion is expected to be completed in December 2018. An explanation of the Suncoast expansion is set out in paragraph 8 of the circular.
6. No fair value adjustments to investment properties have been provided for in the forecast period.
7. No dividends are received from associates.
8. Finance income comprises interest earned on cash balances. Interest has been calculated at 7.50%, which is the current rate that Hospitality earns on its cash balances. Assuming the transaction was not implemented and Hospitality did not pay a clean-out dividend, forecast finance income for the year ending 31 March 2019 would be R48 million. For the year ending 31 March 2020, R61 million of the forecast finance income is attributable to the existing Hospitality operations, with the balance being attributable to a larger cash balance as a result of the transaction.
9. The leases for the Radisson Waterfront and Kopanong Hotel and Conference Centre expire during the forecast period and are assumed to be renewed. The directors are confident that leases will be renewed on substantially the same terms as the existing leases.
10. Lease agreements are valid.
11. Although the Kopanong Hotel & Conference Centre ("**Kopanong**") is classified as an asset held for sale, the forecast includes rental income for the 166 sectional title units that comprises Kopanong for the forecast period.
12. Material items of expenditure within the operating costs line include:
 - a. R22.8 million in staff costs and R8.1 million in body-corporate levies in respect of the year ending 31 March 2019; and
 - b. R25.4 million in staff costs and R9.1 million in body-corporate levies in respect of the year ending 31 March 2020.
13. Capital expenditure related to the existing hotel portfolio for the years ending 31 March 2019 and 31 March 2020 is forecast to be R240 million and R250 million respectively. It has been assumed that this expenditure will be funded from existing and new debt facilities at an interest rate of 3m JIBAR + 2.0%

The forecast incorporates the following material assumptions that cannot be influenced by the directors:

1. The effective date of the transaction is 1 March 2019.
2. There will be no unforeseen economic factors that will affect (1) any tenant's ability to meet its commitments in terms of the existing lease agreements; (2) Grapplebrook's ability to meet its commitments in terms of the head lease agreements and rental aggregation agreement; and (3) Tsogo's ability to meet its potential commitments in terms of the guarantee above.
3. There are no material operating cost line items that are expected to increase by 15% or more in either of the forecast years from the respective prior year.
4. Finance costs comprises the interest expense on bank borrowings and notes issued, and the amortisation of upfront debt raising fees. Interest has been calculated using the rates applicable to each facility/note issue. The weighted average interest rate subsequent to the transaction is assumed to be 8.62%. Further details of the R8.1 billion new borrowings are set out in **Annexure 13** of these revised listing particulars.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE FORECAST STATEMENT OF COMPREHENSIVE INCOME OF THE HOSPITALITY GROUP

Board of Directors
Hospitality Property Fund Limited
2nd Floor, The Zone II
Loft Offices East Wing
Cnr Oxford Road and Tyrwhitt Avenue
Rosebank
Johannesburg

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE COMBINED PORTFOLIO FORECAST INFORMATION OF HOSPITALITY PROPERTY FUND LIMITED

Report on the identified property Forecast Information

We have undertaken a reasonable assurance engagement in respect of the accompanying property forecast of the combined portfolio of Hospitality Property Fund Limited ("**Hospitality**") for the years ending 31 March 2019 and 31 March 2020 presented in **Annexure 10** to the Hospitality revised listing particulars to be dated on or about 21 September 2018 (the "**RLP**"), comprising the forecast statement of comprehensive income and any specific property portfolio disclosure as per Section 13 of JSE Listing Requirements (the "**Listings Requirements**") of the combined portfolio (the "**Forecast Information**"), as required by paragraph 13.15 of the Listings Requirements.

We have also undertaken a limited assurance engagement in respect of the directors' assumptions used to prepare and present the Forecast Information, disclosed in the notes to the Forecast Information in **Annexure 10** to the RLP, as required by paragraph 13.15 of the Listings Requirements.

Directors' responsibility for the Forecast Information and for the assumptions used to prepare the Forecast Information

The directors are responsible for the preparation and presentation of the Forecast Information and for the reasonableness of the assumptions used to prepare the Forecast Information as set out in the notes to the Forecast Information within **Annexure 10** to the RLP in accordance with paragraphs 13.12 - 13.14 of the Listings Requirements (the "**Listings Requirements for forecast information**"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Forecast Information on the basis of those assumptions that is free from material misstatement, whether due to fraud or error.

Inherent Limitations

Actual results are likely to be different from the Forecast Information since anticipated events frequently do not occur as expected and the variation may be material. Consequently, readers are cautioned that this forecast may not be appropriate for purposes other than described in the purpose of the report paragraph below.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (the "**IRBA Code**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Limited assurance engagement on the reasonableness of the directors' assumptions

Reporting accountant's responsibility

Our responsibility is to express a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the assumptions do not provide a reasonable basis for the preparation and presentation of the Forecast Information in accordance with the Listings Requirements for forecast information, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements ("**ISAE**") 3400, *The Examination of Prospective Financial Information*, issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the directors' assumptions provide a reasonable basis for the preparation and presentation of the Forecast Information.

A limited assurance engagement undertaken in accordance with ISAE 3400 involves assessing the source and reliability of the evidence supporting the directors' assumptions. Sufficient appropriate evidence supporting such assumptions would be obtained from internal and external sources including consideration of the assumptions in the light of historical information and an evaluation of whether they are based on plans that are within the entity's capacity. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observations of processes performed, inspection of documents, analytical procedures, evaluating the reasonableness of best-estimate assumptions and agreeing or reconciling with underlying records.

Our procedures included evaluating the directors' best-estimate assumptions on which the Forecast Information is based for reasonableness.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the directors' assumptions provide a reasonable basis for the preparation and presentation of the Forecast Information.

Limited assurance conclusion on the reasonableness of the directors' assumptions

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that the directors' assumptions do not provide a reasonable basis for the preparation and presentation of the Forecast Information for the years ending 31 March 2019 and 31 March 2020.

Reasonable assurance engagement on the Forecast Information

Reporting accountant's responsibility

Our responsibility is to express an opinion based on the evidence we have obtained about whether the Forecast Information is properly prepared and presented on the basis of the director's assumptions disclosed in the notes to the Forecast Information (the "**assumptions**") and in accordance with the Listings Requirements for forecast information. We conducted our reasonable assurance engagement in accordance with ISAE 3400, issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether such Forecast Information is properly prepared and presented on the basis of the directors' assumptions disclosed in the notes to the Forecast Information within **Annexure 10** to the RLP and in accordance with the Listings Requirements for forecast information.

A reasonable assurance engagement in accordance with ISAE 3400 involves performing procedures to obtain evidence that the Forecast Information is properly prepared and presented on the basis of the assumptions and in accordance with the Listings Requirements for forecast information. The nature, timing and extent of procedures selected depend on the reporting accountant's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, of the Forecast Information. In making those risk assessments, we considered internal control relevant to Hospitality's preparation and presentation of the Forecast Information.

Our procedures included:

- Inspecting whether the Forecast Information is properly prepared on the basis of the assumptions; Inspecting whether the Forecast Information is properly presented and all material assumptions are adequately disclosed, including a clear indication as to whether they are best-estimate assumptions; and
- Inspecting whether the forecast statement of profit or loss and other comprehensive income is prepared on a consistent basis with the historical financial statements, using appropriate accounting policies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion on the Forecast Information

In our opinion, the Forecast Information is properly prepared and presented on the basis of the assumptions and in accordance with the Listings Requirements for forecast information for the years ending 31 March 2019 and 31 March 2020.

Purpose of the report

This report has been prepared for the purpose of satisfying the requirements of paragraph 13.15 of the Listings Requirements and for no other purpose.

Report on other legal and regulatory requirements

In accordance with our responsibilities set out in the Listings Requirements, paragraph 13.15(b), we have performed the procedures set out therein. If, based on the procedures performed, we detect any exceptions, we are required to report those exceptions. We have nothing to report in this regard.

PricewaterhouseCoopers Inc.

Director: Andrew Taylor

Registered Auditor

4 Lisbon Lane, Waterfall City, Jukskei View, 2090

11 September 2018

CAPITAL STRUCTURE

1. ALTERATIONS TO AUTHORISED SHARE CAPITAL

- 1.1. As at 30 June 2012, the authorised linked unit capital of the company consisted of:
- 1.1.1. 200 000 000 A-linked units comprising 200 000 000 A-shares. Each A-share has a par value of R0.0001, which is indivisibly linked to an unsecured variable rate A-debenture with a nominal value of R9.40; and
- 1.1.2. 200 000 000 B-linked units comprising 200 000 000 B-shares. Each B-share has a par value of R0.0001, which is indivisibly linked to an unsecured variable rate B-debenture with a nominal value of R9.40;
- 1.2. On 28 September 2015, the authorised linked unit capital of the company was converted from:
- 1.2.1. 200 000 000 A-linked units to 200 000 000 A-shares of no par value; and
- 1.2.2. 200 000 000 B-linked units to 200 000 000 B-shares of no par value.
- 1.3. On 10 October 2016, the company's dual-class share capital structure was restructured to a single-class share capital structure and the company increased its authorised share capital to 600 000 000 ordinary shares of no par value.
- 1.4. On 8 May 2017, the company increased its authorised share capital from 600 000 000 ordinary shares of no par value to 2 000 000 000 ordinary shares of no par value.
- 1.5. There have been no other sub-divisions or consolidations of shares during the preceding three years.
- 1.6. Other than as provided in this paragraph, there have been no other alterations to the authorised share capital of the company in the three years preceding the last practicable date.

2. OPTIONS AND PREFERENTIAL RIGHTS IN RESPECT OF SHARES

- 2.1. There are no contracts or arrangements, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any shares in the company.
- 2.2. There are no preferential conversion and/or exchange rights in respect of any of the shares.

3. ISSUES AND REPURCHASES OF SHARES

- 3.1. There have been no repurchases of linked units/shares in the three years preceding the last practicable date.
- 3.2. Other than as set out in the table below there have been no other issues or offers of A-linked units/shares and B-linked units/shares of the company in the three years preceding these revised listing particulars.

Date of issue	Party/ies to whom linked units/shares were issued	Equal number of linked units/shares issued	Price at which linked units/shares were issued	Reason for the issue
11 October 2016	Southern Sun Hotels	145 000 000	R13.02 per share	Acquisition of a portfolio of properties as announced on SENS on 15 December 2015
4 August 2017	Existing shareholders	71 428 571	R14.00 per share	Shares issued pursuant to a renounceable rights offer as announced on SENS on 7 August 2017.
24 July 2017	Southern Sun	174 064 861	R14.00 per share	Acquisition of a portfolio of properties as announced on SENS on 18 May 2017.
31 August 2017	Savana Property Proprietary Limited	2 150 856	R14.02 per share	As part payment for the acquisition of certain sections, exclusive use areas and development rights in Sandton Eye Sectional Title Scheme as announced on SENS on 11 and 20 April 2017.

Date of issue	Party/ies to whom linked units/shares were issued	Equal number of linked units/shares issued	Price at which linked units/shares were issued	Reason for the issue
1 March 2019	Tsogo	1 196 362 000	R12.50	Shares issued to Tsogo pursuant to the purchase of the entire issued share capital of Listed and Cassava.

3.3. All linked units/shares which have been issued were issued at a negotiated price which the board considered to represent the fair value of the linked units/shares.

3.4. Save as disclosed in the table above, there were no assets acquired or to be acquired out of the proceeds of any issues in the last three years.

4. STATEMENT AS TO LISTING ON STOCK EXCHANGE

Hospitality shares are not listed on any other stock exchange other than the JSE.

5. AUTHORISATIONS

As at the year ended 31 March 2018, pursuant to approvals passed by shareholders in general meetings, 10% of the unissued shares are under the control of the directors of the company subject to the provisions of the Companies Act, 2008 and the requirements of the JSE.

MATERIAL BORROWINGS AND LOANS RECEIVABLE

1. MATERIAL BORROWINGS OF THE HOSPITALITY GROUP

Set out below are the material loans that were made to the Hospitality group as at the last practicable date.

Lender	Use of funds	Facility amount R'000	Interest rate	Amount, terms and conditions of repayment or renewal	Repayment date
Standard Bank Limited	Refinance and restructure HPF's bank debt	550 000	3 month JIBAR + 1.78%	Payable on maturity	June 2020
Standard Bank Limited	Refinance and restructure HPF's bank debt	500 000	3 month JIBAR + 1.98%	Payable on maturity	June 2022
Standard Bank Limited	Available, but not used	500 000	3 month JIBAR + 1.60%	Commitment fees paid	June 2020
Sub-total		1 550 000			
Corporate bonds					
Secured – HPF 06	The proceeds were utilised to repay the R40 million unsecured note that matured in April 2015 and to fund the capital expenditure programme for 2016	60 000	3 month JIBAR + 2.80%	Payable on maturity	February 2020
Unsecured – HPF 08	Refinance of expired notes – originally issued to settle Absa Bank Limited facilities	80 000	3 month JIBAR + 3.00%	Payable on maturity	April 2019
Secured – HPF 09	Refinance of expired notes – originally issued to settle Absa Bank Limited facilities	150 000	3 month JIBAR + 2.25%	Payable on maturity	April 2019
HPF 11	Refinance of expired notes – originally issued to settle Absa Bank Limited facilities and acquisition of properties	600 000	3 month JIBAR + 1.95%	Payable on maturity	March 2023
Sub-total		890 000			
Total		2 440 000			

Notes:

- a) Historically, security provided to lenders, note holders and hedge providers was based on a specific property or properties. During the financial year ended 31 March 2018, Hospitality restructured its debt to establish a special purpose vehicle, in order to secure all finance providers, ranking pari passu amongst each other. A security sharing agreement was signed between Hospitality, the debt guarantor, noteholders, hedge providers and lenders. Hospitality issues corporate bonds in the debt capital markets through its domestic medium-term note program of R5.0 billion (current issued notes amount to R890 million).
- b) Hospitality has term loans of R1.0 billion, as well as a revolving credit facility ("RCF") available of R500 million. The RCF is currently not being used.

2. TRANSACTION SPECIFIC BORROWINGS

- 2.1. Obtaining the requisite financing to settle the purchase consideration is a condition precedent to the transaction agreement. It is anticipated that this financing will consist of a combination of new bank debt facilities as well as further Hospitality corporate bond issues.
- 2.2. Hospitality is engaging various financial institutions regarding the terms and conditions of such debt financing. The indicative terms of the required debt financing are as follows:
 - 2.2.1. aggregate amount of borrowing facilities of c. R8.6 billion, providing Hospitality with R600 million worth of additional borrowing capacity in excess of the R8.1 billion required for the transaction;
 - 2.2.2. pricing will be based on 3 month JIBAR plus a margin of between 1.20 and 1.90%; and
 - 2.2.3. all borrowings will be payable at maturity, which maturities are anticipated to range from one to seven years.

3. MATERIAL LOANS RECEIVABLE BY HOSPITALITY

Save for inter-group loans, there are no material loans receivable by the Hospitality group.

MATERIAL CONTRACTS

In addition to the agreements referred to in paragraph 18 of the revised listing particulars, the following are details of material contracts, being: (i) contracts entered into otherwise than in the ordinary course of business, within the two years prior to the date of these revised listing particulars or at any time containing an obligation or settlement that is or may be material to the company or its subsidiaries at the last practicable date and (ii) contracts that are otherwise considered material by the company.

1. CULLINAN LEASE AGREEMENT

1.1. Commencement and termination

- 1.1.1. Cullinan (the “**lessor**”) and Reshub (the “**lessee**”) concluded a lease agreement on 1 March 2017, in terms of which the lessee will lease the hotel properties from the lessor. The lessee intends appointing SSHI to manage the hotels on its behalf under and in terms of the management agreement and subject to the terms and conditions contained in the licence agreement, with effect from 1 March 2017 (the “**commencement date**”).
- 1.1.2. As security for its obligations in terms of the lease agreement, the lessee will procure the provision to the lessor of a corporate guarantee issued by Tsogo securing the due compliance by the lessee with all its obligations in terms of the lease agreement.
- 1.1.3. The lease agreement will commence from 1 March 2017 and will continue until 31 March 2037 (the “**initial period**”). The lessee will have the option to renew the lease for a further period of 10 years commencing on the date of termination of the initial period (the “**option period**”). The terms applicable to the option period will be the same as are applicable to the initial period. The lessor will be granted the option to renew the lease at the end of the option period for a further period of 10 years commencing on the date of termination of the option period, on the basis that the terms and conditions applicable to any such further option periods will at all times be the same terms and conditions as are applicable to the option period.
- 1.1.4. The lease agreement is subject to performance conditions which provide the lessor with the right to terminate the lease if:
- 1.1.4.1. the EBITDAR actually earned by the relevant Tsogo property is less than 80% of the EBITDAR budgeted for in the applicable annual budget in respect of any two consecutive financial years; and
- 1.1.4.2. the room revenue per available room (“**REVPAR**”) of a hotel per Tsogo property in respect of the same two consecutive financial years will:
- 1.1.4.2.1. have grown less than 80% of the average growth in the REVPAR of other hotel properties in the relevant nodal group in circumstances where there is an average growth in the REVPAR; and
- 1.1.4.2.2. have declined by more than 120% of the average decline in the REVPAR of other hotel properties in the relevant nodal group in circumstances where there is an average decline in the REVPAR.

1.2. Rentals payable

- 1.2.1. The monthly rentals payable to the lessor comprises a basic rental and a turnover rental (if any), together with VAT.
- 1.2.2. Basic rental
- 1.2.2.1. The basic rental payable during the financial year commencing 1 April 2017 will be an amount equal to 50% of the budgeted EBITDAR for the financial year concerned divided by the number of months falling within the financial year commencing 1 April 2017 divided by 12 (being the number of months falling within the financial year commencing 1 April 2017).
- 1.2.2.2. The basic rental payable during each financial year occurring thereafter will escalate annually by a rate equal to the average monthly percentage change in the CPI which is applicable over the prior period of 12 months preceding 1 April in the respective year.
- 1.2.2.3. The amount of the basic rentals payable during the lease period will reset to a base level at the beginning of every second financial year, with effect from 1 April 2019, so that the basic rentals will be calculated as per paragraph 1.2.2.1 above.
- 1.2.2.4. The basic rental is payable monthly in advance. The amount of the basic rentals payable within any financial year will not be adjusted to any revision and will always be payable, as stipulated, even when

the budgeted EBITDAR in an annual budget is not actually achieved, in which case the lessee shall be liable for the shortfall.

1.2.3. Turnover rental

1.2.3.1. The turnover rental payable is an amount equal to $98\% \times$ [(actual EBITDAR earned during the financial year concerned) less (the aggregate amount of basic rental paid by the lessee in respect of the financial year concerned)].

1.2.3.2. The lessee will make payment of the estimated monthly portion of the turnover rental as being payable for the previous month.

1.2.3.3. The lessee may deduct from the turnover rental amounts payable by the lessor in respect of the management fees, the management incentive fees and the corporate marketing and license fees payable by the lessee to SSHI in terms of the management agreement and the license agreement.

1.2.3.4. To the extent that there has been an underpayment or overpayment of the estimated turnover rental that was paid for the financial year concerned, based on the actual annual EBITDAR earned and the actual annual basic rentals paid, such underpayment/overpayment will immediately become due and payable by the party responsible for payment together with interest at the prime rate.

1.2.4. Should the lease agreement terminate otherwise than on the last day of a month, then the portion of the rentals payable in respect of that interrupted month will be calculated on pro rata basis according to the number of days this hotel lease agreement is in force during that interrupted month.

1.3. Hotel name and reservations

1.3.1. During the period of the lease, the hotels will at all times be operated under the hotel name.

1.3.2. The lessee will use the existing Tsogo group reservation systems and any upgrades or replacement systems to provide the hotel and its guests with centralised reservation services.

2. MERWAY LEASE AGREEMENT

2.1. Commencement and termination

2.1.1. Merway (the “**lessor**”) and Reshub (the “**lessee**”) have concluded a lease agreement on 1 March 2017, in terms of which the lessee will lease the hotel properties from the lessor. The lessee intends appointing SSHI to manage the hotels on its behalf under and in terms of the management agreement and subject to the terms and conditions contained in the licence agreement, with effect from 1 March 2017 (the “**commencement date**”).

2.1.2. As security for its obligations in terms of the lease agreement, the lessee will procure the provision to the lessor of a corporate guarantee issued by Tsogo securing the due compliance by the lessee with all its obligations in terms of the lease agreement.

2.1.3. The lease agreement will commence from 1 March 2017 and will continue until 31 March 2037 (the “**initial period**”). The lessee will have the option to renew the lease for a further period of 10 years commencing on the date of termination of the initial period (the “**the option period**”). The terms applicable to the option period will be the same as are applicable to the initial period. The lessor will be granted the option to renew the lease at the end of the option period for a further period of 10 years commencing on the date of termination of the option period, on the basis that the terms and conditions applicable to any such further option periods will at all times be the same terms and conditions as are applicable to the option period.

2.1.4. The lease agreement is subject to performance conditions which provide the lessor with the right to terminate the lease if:

2.1.4.1. the EBITDAR actually earned by the relevant Tsogo property is less than 80% of the EBITDAR budgeted for in the applicable annual budget in respect of any two consecutive financial years; and

2.1.4.2. the room revenue per available room (“**REVPAR**”) of a hotel per Tsogo property in respect of the same two consecutive financial years will:

2.1.4.2.1. have grown less than 80% of the average growth in the REVPAR of other hotel properties in the relevant nodal group in circumstances where there is an average growth in the REVPAR; and

2.1.4.2.2. have declined by more than 120% of the average decline in the REVPAR of other hotel properties in the relevant nodal group in circumstances where there is an average decline in the REVPAR.

2.2. Rentals payable

2.2.1. The monthly rentals payable to the lessor comprises a basic rental and a turnover rental (if any), together with VAT.

2.2.2. Basic rental

2.2.2.1. The basic rental payable during the financial year commencing 1 April 2017 will be an amount equal to 50% of the budgeted EBITDAR for the financial year concerned divided by the number of months falling within the financial year commencing 1 April 2017 divided by 12 (being the number of months falling within the financial year commencing 1 April 2017).

2.2.2.2. The basic rental payable during each financial year occurring thereafter will escalate annually by a rate equal to the average monthly percentage change in the CPI which is applicable over the prior period of 12 months preceding 1 April in the respective year.

2.2.2.3. The amount of the basic rentals payable during the lease period will reset to a base level at the beginning of every second financial year, with effect from 1 April 2019, so that the basic rentals will be calculated as per paragraph 2.2.2.1 above.

2.2.2.4. The basic rental is payable monthly in advance. The amount of the basic rentals payable within any financial year will not be adjusted to any revision and will always be payable, as stipulated, even when the budgeted EBITDAR in an annual budget is not actually achieved, in which case the lessee shall be liable for the shortfall.

2.2.3. Turnover rental

2.2.3.1. The turnover rental payable is an amount equal to $98\% \times$ [(actual EBITDAR earned during the financial year concerned) less (the aggregate amount of basic rental paid by the lessee in respect of the financial year concerned)].

2.2.3.2. The lessee will make payment of the estimated monthly portion of the turnover rental as being payable for the previous month.

2.2.3.3. The lessee may deduct from the turnover rental amounts payable by the lessor in respect of the management fees, the management incentive fees and the corporate marketing and license fees payable by the lessee to SSHI in terms of the management agreement and the license agreement.

2.2.3.4. To the extent that there has been an underpayment or overpayment of the estimated turnover rental that was paid for the financial year concerned, based on the actual annual EBITDAR earned and the actual annual basic rentals paid, such underpayment/overpayment will immediately become due and payable by the party responsible for payment together with interest at the prime rate.

2.2.4. Should the lease agreement terminate otherwise than on the last day of a month, then the portion of the rentals payable in respect of that interrupted month will be calculated on pro rata basis according to the number of days this hotel lease agreement is in force during that interrupted month.

2.3. Hotel name and reservations

2.3.1. During the period of the lease, the hotels will at all times be operated under the hotel name.

2.3.2. The lessee will use the existing Tsogo group reservation systems and any upgrades or replacement systems to provide the hotel and its guests with centralised reservation services.

3. ARABELLA TRADEMARK LICENCE AGREEMENT

3.1. Commencement and term

3.1.1. On 26 August 2010, Hospitality and Arabella Hospitality Group GmbH & Co. KG ("**Arabella**") concluded a trademark licence agreement whereby Arabella granted Hospitality the non-exclusive and non-transferable right to the use of the "*Arabella*" and "*Arabella Golf*" international trademarks (the "**trademarks**") for the purpose of operating certain hotels or providing services directly related thereto.

3.1.2. The agreement has a limited term of 10 years.

3.2. Consideration

3.2.1. Hospitality is entitled to the use of the trademarks at no cost for the first five years.

3.2.2. After five years, Hospitality will pay Arabella an annual license fee of R500 000 for the use of the trademarks.

TRADING HISTORY OF HOSPITALITY SHARES

SHARE PRICE HISTORY ON JSE

Period	High (cents)	Low (cents)	Close (cents)	Volume	Value
Monthly					
2017					
September	1 450	1 395	1 395	3 217 848	45 244 656
October	1 399	1 353	1 365	7 807 531	107 090 912
November	1 365	1 230	1 230	4 082 150	54 397 605
December	1 230	1 050	1 151	1 084 760	12 265 421
2018					
January	1 200	1 125	1 151	1 747 826	20 729 359
February	1 299	1 075	1 150	15 085 323	174 956 250
March	1 250	1 100	1 175	3 375 230	40 268 318
April	1 200	1 083	1 144	1 338 386	15 343 491
May	1 180	1 000	1 020	1 461 406	15 909 974
June	1 080	1 000	1 040	2 112 750	22 052 710
July	1 249	900	952	2 474 508	24 441 935
August	1 000	925	980	768 575	7 309 162
Daily					
2018					
30 July	960	955	960	154 920	1 486 117
31 July	985	920	952	230 687	2 194 656
01 August	953	825	953	63 608	601 487
02 August	950	854	950	2 169	19 246
03 August	–	–	950	–	–
06 August	1 050	925	950	103 497	982 870
07 August	950	950	950	344 560	3 273 320
08 August	925	925	925	7	64
10 August	925	925	925	265	2 451
13 August	950	940	950	151 931	1 428 226
14 August	1 000	941	951	5 958	56 757
15 August	1 000	970	1 000	20 098	195 480
16 August	995	990	990	4 335	43 080
17 August	980	950	951	3 068	29 755
20 August	1 000	952	999	3 458	33 571
21 August	999	999	999	10 066	100 559
22 August	999	960	960	24 816	242 536
23 August	1 000	999	999	244	2 439
24 August	–	–	999	380	3 796
27 August	985	950	985	22 508	220 042
28 August	1 000	955	999	7 098	68 489
29 August	1 000	979	1 000	497	4 877
30 August	–	–	1 000	–	–
31 August	980	980	980	12	117
03 September	1 000	961	999	45 575	441 804
04 September	1 000	950	998	6 868	65 357
05 September	994	955	989	2 797	26 901
06 September	1 000	994	994	3 115	31 114
07 September	980	950	980	2 127	20 460
10 September	975	974	974	315	3 070

CORPORATE GOVERNANCE STATEMENT

Hospitality's board of directors (the "**board**") sets and oversees the governance framework for the group and is satisfied that the group has substantially adopted the principles of King IV.

The directors recognise that, through good governance, the company will realise an ethical culture, good performance, effective control and legitimacy. The directors in particular recognise the need to manage the group with integrity and to provide effective leadership based on an ethical foundation. This includes timely, relevant and meaningful reporting to shareholders and other stakeholders, that provide a proper and objective overview on the company and its activities, directing the strategy and operations of the group with the intention of building a sustainable business, and considering the short and long-term impact of this strategy on the economy, society and the environment. The board will ensure that the group is a responsible corporate citizen through the corporate governance policies detailed below.

BOARD OF DIRECTORS

Hospitality has a unitary board, which comprises six independent non-executive directors, five non-independent non-executive directors and two executive directors. The roles of chairman ("**Chair**") and chief executive officer are clearly defined to ensure a balance of power. The Chair is a non-independent non-executive director. The board appointed a lead independent director to assist with the management of any actual or perceived conflicts of interest that may arise. The board's main functions include:

- exercising control of the Hospitality group and providing leadership;
- adopting strategic plans and delegating and monitoring their implementation by management;
- considering risks and opportunities in-line with the company's agreed risk parameters and approving major issues, including the company's investment policies; acquisitions; disposals and reporting; and monitoring operational performance,
- monitoring the company's performance; and
- acting in the best interest of the company and being accountable to shareholders.

The directors' varied backgrounds and experience provide an appropriate mix of knowledge and expertise that is necessary to manage the business effectively. A clear division of responsibilities at the board level ensures a balance of power and authority, so that no individual can take unilateral decisions. The board meets formally at least quarterly. Policies and procedures to ensure good governance and effective internal controls have been adopted by the company and its subsidiaries.

The board is confident that the Hospitality group has established an effective framework and processes for compliance with laws, codes, rules and standards.

The board has constituted the following committees:

1. Remuneration committee

Members: Don Bowden (Chair), Jacques Booysen, John Copelyn, Zuko Kubukeli, and Zola Malinga

The remuneration committee oversees the setting of the remuneration and implementation policies for the Hospitality group and ensures that these are tabled every year to shareholders at the company's annual general meeting for separate non-binding advisory votes. The remuneration committee recommends to the board the remuneration and incentivisation of the company's directors; evaluates the performance of the executive directors and sets their annual key performance indicators. The remuneration committee meets at least twice during a financial year. *Ad hoc* meetings are held to consider special business, as required. The chief executive officer and financial director attend meetings of the remuneration committee, or part thereof, if needed to contribute pertinent insights and information.

2. Audit and risk committee

Members: Mohamed Gani (Chair), Don Bowden, Syd Halliday, and Zola Malinga

The audit and risk committee, comprising four independent non-executive directors, meets at least four times a year and is primarily responsible for:

- providing independent oversight of among others, of the effectiveness of the company's assurance functions and services, with particular focus on any combined assurance arrangements, external assurance service providers, internal audit and the finance function, as well as the integrity of the annual financial statements and external reports issued by the company. The audit and risk committee's aim is to optimise assurance services and functions so that, taken as a whole, an effective control environment is achieved, the integrity of information used for internal decision-making by management, the board and its committees is supported, and the integrity of external reports is supported. The audit and risk committee further

oversees that appropriate assurance is implemented so as to effectively cover the company's significant risks and material matters, whilst driving efficiency and obtaining the appropriate levels of comfort; and

- developing a risk management policy and monitoring its implementation. The Hospitality group's risk management policy identifies and analyses group risks, set appropriate limits and controls and monitor risks and adherence to limits. The directors have overall responsibility for the Hospitality group's internal control and for reviewing its effectiveness. The controls identify and manage group risks rather than completely eliminating failure. Therefore, internal controls provide reasonable, but not absolute, assurance against material misstatement or loss. The implementation and operation of these systems is the responsibility of management and processes are communicated regularly to employees informing them of their responsibilities. Systems include strategic planning, appropriate levels of authority, segregation of duties, appointing qualified staff, regular reporting and monitoring of performance and effective control over investments. The Hospitality group's internal financial control is appropriate for the size and activities of the group. Significant risks identified are communicated to the board, together with the recommended actions.

The financial director, the external auditor and the internal auditor attend all committee meetings by invitation. The audit and risk committee ensures that the Hospitality group's financial performance is properly reported on and monitored, including reviewing the annual and interim accounts, results announcements, internal control systems and procedures, and accounting policies. All members of the audit and risk committee have adequate financial literacy skills. The audit and risk committee further oversees the management of financial and other risks that could affect the integrity of external reports issued by the company and monitors whether the Hospitality group's assurance model is effective and sufficiently robust to ensure that the board is able to place reliance on the underlying statements that the board makes concerning the integrity of the Hospitality group's external reports. Internal financial controls are based on comprehensive and regular reporting. Detailed revenue, cash flow and capital forecasts are prepared and updated throughout the year, and approved by the board.

The audit and risk committee will appoint and assess the performance of the internal auditor. The audit and risk committee is satisfied that internal audit has the necessary skills and resources to address the complexity and volume of risk faced by the organisation, and will ensure that internal audit is supplemented as required. The audit and risk committee monitors on an ongoing basis that internal audit follows an approved risk-based internal audit plan, reviews the organisational risk profile and proposes adaptations to the internal audit plan accordingly.

The audit and risk committee oversees and makes recommendations to the shareholders regarding the appointment or re-appointment of the independent external auditor. In evaluating and assessing the independence and suitability for appointment of its external auditor, the audit and risk committee has considered the Companies Act and the JSE Listings Requirements and have requested and considered:

- (i) the decision letter and findings report of the inspection performed by the professional/regulatory body for auditors in the relevant jurisdiction, on both the audit firm and the designated individual auditor;
- (ii) the findings report of the internal engagement monitoring inspection performed by the audit firm on their designated individual auditor; and
- (iii) the outcome and details of any legal or disciplinary proceedings instituted by any professional body of which they are a member or regulatory body to whom they are accountable.

The audit and risk committee is satisfied that the external auditor and designated audit partner is independent of the group. PricewaterhouseCoopers Inc. has been the auditor of the group for two years, with the rotation of the designated audit partner during 2017 for the 2018 financial year end. AG Taylor replaced V Muguto as designated audit partner on 19 February 2018, following Mr Muguto's voluntary removal from the JSE's list of accredited auditors.

The audit and risk committee annually approves the external auditor's terms of engagement, the external audit plan and timeline and determines the fees to be paid to the external auditor. The audit and risk committee ensures the scope of the external auditor's work is sufficient and reviews and reports on the quality and effectiveness of the external audit process.

The audit and risk committee approves the appointment of the external auditor for the provision of any non-audit services in accordance with a non-audit services policy. The audit and risk committee meets with the external auditor at least annually, without the executive directors present, to facilitate an exchange of views and concerns that may not be appropriate for discussion in an open forum.

The board has concluded that audit and risk committee members have the necessary financial literacy, skills and experience to execute their duties effectively and make worthwhile contributions to the committee's deliberations. The board recommends the members for re-appointment to shareholders annually.

The audit and risk committee has considered and found the expertise and experience of the financial director appropriate for the position.

In order to fulfil its responsibility of monitoring the integrity of financial reports issued to shareholders, the audit and risk committee will review the accounting principles, policies and practices adopted during the preparation of financial information

and examine documentation relating to any integrated annual reports, annual financial statements and interim financial statements of the company. The clarity of disclosures included in financial statements will also be reviewed by the audit and risk committee, as well as the basis for significant estimates and judgements.

The audit and risk committee meets at least quarterly. *Ad hoc* meetings are held to consider special business, as required. The chief executive officer, financial director, external auditor, internal auditor, Tsogo's chief financial officer and director of risk, attend all meetings of the audit and risk committee by invitation in order to contribute pertinent insights and information.

3. Social and Ethics Committee

Members: Zuko Kubukeli (Chair), Rob Huddy (Tsogo's chief financial officer), Gerald Nelson, and Keith Randall

The social and ethics committee oversees and reports on the group's organisational ethics, responsible corporate citizenship (including the promotion of equality, prevention of unfair discrimination, the environment, health and public safety, including the impact of the company's activities and of its products or services), sustainable development and stakeholder relationships. The social and ethics committee draws to the attention of the board matters within its mandate as occasion requires and reports to shareholders at the company's annual general meeting.

The social and ethics committee meets a minimum of two times per financial year. *Ad hoc* meetings are held to consider special business, as required.

4. Nomination Committee

Members: John Copelyn (Chair), Syd Halliday, Zuko Kubukeli, and Gerald Nelson

The nomination committee ensures that the board has the appropriate composition and balance of skills for it to execute its duties effectively. It ensures that the appointment of directors is transparent and made through a formal process and identifies and evaluate potential candidates for appointment to the board. The nomination committee considers and applies the company's the policy of gender and race diversity (the "**board diversity policy**") in the nomination and appointment of directors.

The board diversity policy aims to ensure that Hospitality has in place objectives for achieving diversity at board level. This includes diversity in terms of gender, age, ethnicity and cultural background. The board diversity policy further acknowledges that in terms of King IV, the board should promote diversity in its membership across a variety of attributes relevant for promoting better decision-making and effective governance, including field of knowledge, skills and experience as well as age, culture, race and gender. Due to the size of the board, no voluntary targets for race and gender diversity have been set. However, to the extent that appointments are made to the board, race and gender are key criteria for consideration.

The committee is responsible for induction and ongoing training and development of directors and succession planning.

The nomination committee meets at least once a year. *Ad hoc* meetings are held to consider special business, as required.

5. Independent Acquisition Committee

Members: Gerald Nelson (Chair), Don Bowden, Syd Halliday, Zuko Kubukeli, and Zola Malinga

The independent acquisition committee was established to deal with related party transactions. The independent acquisition committee is chaired by the lead independent director. *Ad hoc* meetings are held to consider business, as required.

6. Appointment of directors

Directors are appointed by the board or at the company's annual general meeting ("**AGM**"). One-third of the directors retire annually at the AGM. In addition thereto, any director that has been appointed by the board since the last annual general meeting or any director that has reached the age of 70 years, retires annually. If they are eligible, these directors may offer themselves for re-election and if appropriate, will be recommended by the board to shareholders for re-election.

Board appointments are conducted in a formal and transparent manner by the entire board following recommendations made by the nomination committee.

7. Directors' dealings

Dealing in company securities by directors, their associates, and company officials is regulated and monitored in accordance with the JSE Listings Requirements and the company's share dealing policy. Hospitality maintains a closed period from the end of a financial period to the day of publication of its financial results.

8. Insider trading

The Hospitality group prohibits all directors and employees from using confidential information, not generally known or available to the public, for personal gain.

9. Employees

The Hospitality group's employees are essential to its success and the company is committed to treating them with dignity, trust and respect, and to build long-term relationships based on enforceable employment legislation and respect for human rights. Communication with employees is open and honest, without prejudice. An employee wellness programme is available to staff, free of any cost, for bereavement counselling, financial guidance, legal advice and mentoring, amongst other matters.

10. Tenants

Our tenants have management agreements in place with reputable hotel management companies. The interaction and liaison regarding operational performance and strategic direction of the hotels is predominately with the hotel management companies. As the property owner, we have a symbiotic relationship with our tenants and the hotel management companies, who are the representatives of the brands in our portfolio.

11. Government and regulatory authorities

The Hospitality group seeks to establish constructive and sound relationships with governmental and regulatory authorities on an arm's length basis. No attempts to improperly influence decisions by offering, paying, soliciting, or accepting bribes, in any shape or form are tolerated.

12. Social and environmental responsibility

The Hospitality group is an integral part of the community in which it operates and is committed to building sound relationships, based on trust, honesty, and fairness. Not only is environmental compliance legally obligatory, but it is also an important component of the group's commitment to the community and developing its good reputation. Hospitality is therefore dedicated to minimising the environmental impact of its activities by reducing waste, emissions and discharges, and using energy efficiently.

13. King IV

So as to allow shareholders to make an informed assessment of the quality of governance insofar as the application of each of the 17 principles of King IV is concerned, set out below is a narrative explanation of the company's application of each principle.

13.1. *The board of directors should lead ethically and effectively*

Hospitality is committed to ethical behaviour throughout its business, adopting the principles of integrity, competence, responsibility, accountability, fairness and transparency in order to offer effective leadership that achieves the group's strategic objectives and positive outcomes over time. The directors of the company are required to individually and collectively exhibit the following characteristics in their conduct.

13.1.1. *Integrity*

Individuals are responsible for their own ethical behaviour, and are expected to act, at all times and in all ways, in good faith and in the best interests of the company, and ethical behaviour beyond mere legal compliance is encouraged. A conflict of interest arises whenever there is a direct or indirect conflict, in fact or in appearance, between the interests of an individual and that of the company or where an individual's position or responsibilities present an opportunity for personal gain inconsistent with the Hospitality group's best interest. Conflicts of interest should be avoided. If and when a conflict of interest does arise, this must be disclosed immediately in line with the company's conflicts of interest policy, such that it can be proactively managed. A dedicated disclosure of interest register is regularly updated and submitted to the board for review and approval.

13.1.2. *Competence*

Directors are required to take steps to ensure that they have sufficient working knowledge of the company, its industry, the context of the economy, society and environment in which it operates, the capitals (financial, manufactured, intellectual, human, social and relationship) it uses and affects as well as of the key laws, rules, codes, and standards applicable to the Hospitality group. Directors must act with due care, skill and diligence, and take reasonably diligent steps to become informed about matters for decision. Directors are also required to continuously develop their competence to lead effectively.

13.1.3. *Responsibility*

Directors of the company assume collective responsibility for steering and setting the direction of the group; approving policy and planning; overseeing and monitoring of implementation and execution by management; and ensuring accountability for organisational performance. Directors are also responsible for anticipating, preventing and otherwise ameliorating the negative outcomes of the organisation's activities and outputs on the

context of the economy, society and environment in which it operates, and the capitals (financial, manufactured, intellectual, human, social and relationship) that it uses and affects.

Risks are taken and opportunities sought in a responsible manner and in the best interests of the company. Directors attend board meetings and board committee meetings and devote sufficient time and effort to prepare for those meetings.

13.1.4. *Accountability*

Directors are willing to answer for the execution of their responsibilities, even when these were delegated.

13.1.5. *Fairness*

Directors adopt a stakeholder-inclusive approach in the execution of their governance role and responsibilities, and the company is directed in a way that does not adversely affect the natural environment, society or future generations.

13.1.6. *Transparency*

Directors are transparent in the manner in which they exercise their governance role and responsibilities.

13.2. ***The board of directors should govern the ethics of the company in a way that supports the establishment of an ethical culture***

The directors of the company recognise that they are ultimately responsible for the governance of ethics within the Hospitality group, and for setting the direction for how ethics are approached and addressed, and that it is their role to set the tone for an ethical organisational culture where the above characteristics are cultivated across the business and adopted by all employees. For this purpose, the company has adopted a code of conduct and ethics policy to provide for arrangements that familiarise employees and other stakeholders with the company's ethical standards.

The Hospitality group maintains the highest ethical standard and complies with all applicable legislation, rules, and regulations. The Hospitality group's continued success depends on employing the most qualified people and establishing a working environment free from discrimination, harassment, intimidation or coercion based on race, religion, gender, age, nationality or disability.

The board has delegated the responsibility for implementation and execution of the codes of conduct and ethics policies to management, however exercises ongoing oversight of the management of ethics.

13.3. ***The board of directors should ensure that the company is and is seen to be a responsible corporate citizen***

The company's core purpose and values, strategy and conduct are consistent with it being a responsible corporate citizen in all markets in which it conducts business, and the strategy and operations of the group are intended to build a sustainable business that is considerate of the short and long-term impact on the economy, society and the environment.

It is recognised that the group is an integral part of the communities in which it operates and is committed to building sound relationships, based on trust, honesty, and fairness. Not only is environmental compliance legally obligatory, but it is also an important component of the group's commitment to the community and developing its good reputation. Hospitality is therefore dedicated to minimising the environmental impact of its activities by reducing waste and using water and energy efficiently.

The board is responsible for ensuring the company's corporate citizenship on an ongoing basis and sets the direction for how the achievement of this corporate citizenship is to be approached and addressed, ensuring that the company's efforts in this regard are in compliance with all applicable laws, leading standards and its own codes of conduct and policies. The oversight and monitoring of the company's corporate citizenship is performed by the company's social and ethics committee.

13.4. ***The board of directors should appreciate that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process***

Responsibility for the organisational performance of the company lies with the board, who steer and set the direction of the group for the realisation of its core purpose and values through its strategy. The formulation and development of the Hospitality group's short, medium and long-term strategy, including policies and operational plans to give effect to this strategy, has been delegated to management, for approval by the board. Actual implementation and execution of approved policies and operational plans has also been delegated to management, with ongoing oversight against agreed performance measures and targets.

13.5. ***The board of directors should ensure that reports issued by the company enable stakeholders to make informed assessments of the company's performance and its short, medium and long-term prospects***

The board approves management's determination of the Hospitality group's reporting frameworks and reporting standards to be used, taking into account legal requirements and the intended audience and purpose of each report. The board oversees the company's integrated annual report and annual financial statements and other information or reports that are issued, ensuring that they comply with legal requirements and meet the legitimate and reasonable information needs of material stakeholders.

The board accepts its accountability to shareholders for the group's performance and activities. Hospitality communicates with shareholders in person, through results presentations or face-to-face meetings, through its website, its integrated annual report and announcements. The annual general meeting and any other general meetings give the directors the opportunity to inform shareholders about current, and proposed operations and enables them to express their views on business activities.

The board also ensures the integrity of external reports.

13.6. ***The board of directors should serve as the focal point and custodian of corporate governance in the company***

The board exercises its leadership role by:

- 13.6.1. steering the organisation and setting its strategic direction;
- 13.6.2. approving policy and planning that gives effect to the direction provided;
- 13.6.3. overseeing and monitoring implementation and execution by management; and
- 13.6.4. ensuring accountability for organisational performance by means of, amongst others, reporting and disclosure.

The roles, responsibilities, membership requirements and procedural conduct of the board is documented in the board charter, which is regularly reviewed in order to guide its effective functioning.

The board aims to meet formally at least quarterly. There are no external advisors who will regularly attend, or are invited to attend, board meetings.

The board is confident that the Hospitality group has established an effective framework and processes for compliance with laws, codes, rules and standards.

13.7. ***The board of directors should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively***

The board comprises a majority of non-executive directors, the majority of which are independent. There are two executive directors, being the chief executive officer and the financial director, ensuring multiple points of direct interaction with management.

The board has appointed a lead independent non-executive director.

The board will at all times maintain an appropriate balance of power, skills and experience (including business, commercial and industry experience), diversity and independence to objectively and effectively discharge its governance role and responsibilities. In determining the make-up of the board, factors considered include the appropriate mix of executive, non-executive and independent non-executive directors, regulatory requirements, and diversity targets.

The board promotes diversity in its membership across a variety of attributes relevant for promoting better decision-making and effective governance. The Hospitality group supports the principles of race and gender diversity at board level and has a race and gender diversity policy in place. No voluntary target has been set and board diversity will be assessed and monitored annually. The board, has, however considered race and gender as a core measurement in the appointment of new members to the board, with race diversity at board level improving as a result of recent appointments.

13.7.1. ***Nomination, election and appointment of directors***

Directors are appointed by the board or at the company's AGM. One-third of the directors retire annually at the AGM. In addition thereto, any director that has been appointed by the board since the last annual general meeting or any director that has reached the age of 70 years, retires annually. If they are eligible, these directors may offer themselves for re-election and if appropriate, will be recommended by the board to shareholders for re-election.

Board appointments are conducted in a formal and transparent manner by the entire board following recommendations made by the nomination committee.

13.7.2. *Independence and conflicts*

Each director is required to submit to the board a declaration of all financial, economic and other interests held by that director and related parties at least annually, or whenever there are significant changes.

Directors are required to declare whether any of them has any conflict of interest in respect of any matter on the agenda of any meeting of the board or board committee. Conflicts of interest are managed as set out under Principle 1 above.

13.8. ***The board of directors should ensure that its arrangements for delegation within its own structures promote independent judgment, and assist with balance of power and the effective discharge of its duties***

The board has delegated particular roles and responsibilities to the committees set out above, each of which has the collective knowledge, skills, experience and capacity to execute its duties effectively. Such delegation is subject to formal terms of reference that are approved and renewed annually by the board. The delegation by the board of its responsibilities to any committee does not by or of itself constitute a discharge of the board's accountability, and the board will continue to apply its collective mind to the information, opinions, recommendations, reports and statements presented by any committee or director.

Executive directors and senior management will be invited to attend committee meetings on an ad hoc basis to provide pertinent information and insights in their areas of responsibility. Every director is entitled to attend any committee meeting as an observer.

13.9. ***The board of directors should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness***

The board is responsible for evaluating its own performance, that of its committees, chair and individual members, and determines how such evaluation is to be approached and conducted in terms of a formal process undertaken at least every two years where performance is considered, reflected on and discussed so as to ensure that performance and effectiveness is always improving.

The lead independent director will lead the evaluation of the chair's performance.

13.10. ***The board of directors should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibility***

The board has appointed Keith Randall as chief executive officer, to be responsible for leading the implementation and execution of the Hospitality group's approved strategy, policy and operational planning, and to serve as a link between management and the board. The chief executive officer is accountable and reports to the board.

The board has access to professional and independent guidance on corporate governance and its legal duties, as well as support to coordinate the functioning of the board and its committees. All directors have access to the advice of the company secretary, who provides professional corporate governance services and guidance to the board and to individual members regarding how to properly discharge their responsibilities. The board has considered and endorsed the company secretary's ability to perform her duties, including her qualifications, experience, competence, effectiveness, gravitas and objectivity, and will continue to do so on an annual basis. While the company secretary has unfettered access to the board, the directors have concluded that the relationship with the company secretary, who is not be a member of the board and who is not involved in the day to day management of the company, is at arm's length and that there is no conflict of interests. The board is also satisfied that the office of the company secretary is empowered and carries the necessary authority.

The company secretary reports to management on all duties performed and administrative matters.

The direction and parameters for the powers of the board, and those delegated to management via the chief executive officer, are set out in the delegation of authority framework that contributes to role clarity and the effective exercise of authority and responsibilities and the board charter. The board is responsible for ensuring that key management functions are headed by an individual with the necessary competence and authority and adequately resourced.

While there is currently no succession planning in place, succession planning for the chief executive officer position, executive management and other key positions is reviewed by the board periodically, providing for succession in emergency situations and continuity of leadership over the longer term. The performance of the chief executive officer and the financial director is formally evaluated against agreed performance measures and targets at least annually.

The chief executive officer does not have any other professional commitments or membership of governing bodies outside of the group.

The salient terms of the chief executive officer's executive service contract are set out in **Annexure 5** of the company's prospectus.

13.11. ***The board of directors should govern risk in a way that supports the company in setting and achieving its strategic objectives***

The company treats risk as integral to the way it makes decisions and executes its duties. The Hospitality group's risk governance encompasses both the opportunities and associated risks in developing strategy and the potential positive and negative effects of such risks on the achievement of its organisational objectives. While the board exercises ongoing oversight of risk management, the Hospitality group's risk governance function is delegated to the audit and risk committee on the terms of reference set out above, with the responsibility for implementing and executing effective risk management delegated to management.

13.12. ***The board of directors should govern technology and information in a way that supports the company setting and achieving its strategic objectives***

The board is responsible for the governance of and ongoing oversight of technology and information and the management thereof, and confirms that processes exist ensuring timely, relevant, accurate and accessible reporting, communication and data storage. Management is in turn responsible for implementing and executing effective technology and information management.

13.13. ***The board of directors should govern compliance with applicable law and adopted, non-binding rules, codes and standards in a way that supports the company being ethical and a good corporate citizen***

Compliance with applicable laws and adopted non-binding rules, codes and standards is the responsibility of the board. Management is in turn responsible for implementing and executing effective compliance management. Where the group incurs material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations, this will be disclosed to shareholders.

13.14. ***The board of directors should ensure that the company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objects and positive outcomes in the short, medium and long term***

The board has adopted and oversees the implementation and execution of a policy that articulates and gives effect to fair, responsible and transparent remuneration across the Hospitality group. Responsibility for the governance of remuneration has been delegated to the remuneration committee, on the terms of reference set out above. Remuneration policy is aligned with the Hospitality group's strategic objective of creating long-term sustainable value for shareholders. Non-executive directors receive a basic fee in the form of an annual retainer and a per meeting fee for actual attendance in the case of the nomination and remuneration committees. Non-executive directors' fees are approved in advance by shareholders by special resolution at the company's AGM. Basic salaries for executives and management are guaranteed and are structured on a cost-to-company basis. The salaries of executive directors are competitive and increases are determined by reference to individual performance, inflation and market-related factors. Executive directors participate in short term incentives, which are based on the achievement of financial targets and key performance objectives, which are pre-approved by the remuneration committee, annually. The company is in the process of restructuring its long-term incentive scheme.

The remuneration policy and implementation report is tabled annually for separate non-binding advisory notes by shareholders at the AGM. The remuneration policy will record the measures that the board commits to take in the event that either the remuneration policy or implementation report, or both, are voted against by shareholders exercising 25% or more of the votes exercised. In order to give effect to the minimum measures referred to in the King Code, in the event that either the remuneration policy or the implementation report, or both, are voted against by shareholders exercising 25% or more of voting rights exercised, Hospitality will in its voting results announcement pursuant to paragraph 3.91 of the JSE Listings Requirements provide for the following:

- an invitation to dissenting shareholders to engage with the company; and
- the manner and timing of such engagement.

13.15. ***The board of directors should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the company's external reports***

The board has delegated responsibility for overseeing that arrangements for assurance services and functions are effective in:

- (i) enabling an effective internal control environment;
- (ii) supporting the integrity of information used for internal decision-making by management, the board and its committee; and
- (iii) supporting the integrity of external reports

to the audit and risk committee, on the terms of reference set out above. The board and its committees will assess the output of the company's combined assurance with objectivity and professional scepticism, and by applying an enquiring mind, form their own opinion on the integrity of information and reports and the degree to which an effective control environment has been achieved.

13.15.1. *External audit*

The external auditor is required to confirm to the audit and risk committee its independence from the Hospitality group during each financial year. The committee considers the information pertaining to the external auditor's relationships with the Hospitality group that might reasonably have a bearing on the external auditor's independence and the audit engagement partner and employees' objectivity, as well as related safeguards and procedures, in order to conclude whether the external auditor's independence is impaired. The committee is also responsible for approving the external auditor's terms of engagement and scope of work and the performance of any non-audit services.

13.15.2. *Internal audit*

The Hospitality group's internal audit function will be performed by an independent, professional firm that will report directly to the financial director and the chair of the audit and risk committee. An internal audit manager optimises business processes as well as identifies and mitigates related operational risks. The internal auditor carries out risk-oriented audits of operational and functional activities, based on the guidance of the audit and risk committee. The audit and risk committee also examines and discusses with the internal auditor the appropriateness of internal controls and the utilisation of the internal auditor and made recommendations to the board. The audit and risk committee will continuously evaluate and review the Hospitality group's internal audit function.

13.16. ***In the execution of its governance role and responsibilities, the board of directors should adopt a stakeholder-inclusive approach that balances the needs, interests and expectation of material stakeholders in the best interests of the company over time***

The board exercises ongoing oversight of stakeholder relationship management, but responsibility for implementation and execution of effective stakeholder relationship management has been delegated by the board to management. The company's main stakeholders are considered to be shareholders, bond holders, employees, tenants, hotel management companies, suppliers, banks, regulatory authorities and fiscal administrations of the locations where the group carries out its activities. Hospitality communicates honestly and transparently to enable stakeholders to assess the Hospitality group's economic value and prospects.

The company encourages proactive engagement with shareholders, including at the company's bi-annual results presentations and AGMs, where all directors are available to respond to shareholders' queries on how the board has executed its governance duties.

The board is responsible for governance and ensures that a group governance framework is implemented across the group.

13.17. ***The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests***

Not applicable as the company is not an institutional investor.