THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 4 of this circular have, where appropriate, been used on this cover page.

If you are in any doubt as to the action you should take, please consult your broker, CSDP, banker, legal advisor, accountant or other professional advisor immediately.

Action required

If you have disposed of all of your shares, then this circular, together with the attached forms of proxy and the revised listing particulars, should be handed to the purchaser of such shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

Beneficial shareholders who hold dematerialised shares through a CSDP or broker but who have not elected "**own name**" registration who wish to attend the general meeting must request their CSDP or broker to provide them with the necessary letter of representation to attend the general meeting or must instruct their CSDP or broker to vote on their behalf in terms of their respective agreements with their CSDP or broker.

Shareholders are referred to page 2 of this circular, which sets out the detailed action required of them in respect of the transaction set out in this circular.

Hospitality does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of any holder of dematerialised shares to notify such shareholder of the action required of them in respect of the transaction set out in this circular.

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**")

CIRCULAR TO HOSPITALITY SHAREHOLDERS

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relating to:

- **the proposed acquisition by Hospitality through its wholly-owned subsidiary Merway of the entire issued share capital of each of Cassava and Listed Investments which own the casino precincts;**

and enclosing:

- **a notice of general meeting of Hospitality shareholders;**
- **a form of proxy to attend and vote at the general meeting of Hospitality shareholders for use by certificated shareholders and dematerialised shareholders who have elected "own name" registration only; and**
- **revised listing particulars.**

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 reporting accountants and auditors to Hospitality**	**Independent property valuer to Hospitality**
Independent expert to Hospitality	**Independent property valuer to Hospitality**	**Legal and tax advisor to Hospitality**

Date of issue: Friday, 21 September 2018

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

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

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)

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)

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)

Independent property valuer to Hospitality
Jones Lang LaSalle Proprietary Limited
(Registration number 1995/000505/07)
Office 303, The Firs
Cnr Cradock and 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)

Legal and tax advisor to Hospitality
ENSafrica
150 West Street
Sandton
Johannesburg
2196

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)

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

Date and place of incorporation of Cassava
Incorporated in the Republic of South Africa on
28 November 1997

Date and place of incorporation of Listed Investments
Incorporated in the Republic of South Africa on 3 March 1997

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ACTION REQUIRED BY HOSPITALITY SHAREHOLDERS

The definitions and interpretations commencing on page 4 of this circular apply to this section.

THE GENERAL MEETING

The implementation of the transaction is subject, *inter alia*, to Hospitality shareholders passing the requisite resolutions at the general meeting.

A notice convening 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 is attached to and forms part of this circular, for the purpose of considering and, if deemed fit, passing with or without modification, the resolutions necessary to approve and implement the transaction.

FORM OF PROXY

Certificated shareholders and dematerialised shareholders who have elected "**own name**" registration in the sub-register of Hospitality and who are unable to attend the general meeting but who wish to be represented thereat are requested to complete and return the relevant attached form of proxy in accordance with the instructions contained therein. It is recommended that duly completed forms of proxy are received by the transfer secretaries, Computershare, by no later than 14:00 on Friday, 19 October 2018.

If shareholders who have not dematerialised their shares or who have dematerialised their shares with 'own name' registration, and who are entitled to attend, participate in and vote at the general meeting, do not deliver forms of proxy to the transfer secretaries by the relevant time, such shareholders will nevertheless be entitled to lodge the form of proxy in respect of the general meeting immediately prior to the exercising of the shareholders' rights at the general meeting, in accordance with the instructions therein, with the chairman of the general meeting. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, participate in and vote in person at the general meeting should the shareholder decide to do so.

Dematerialised shareholders who have not elected "**own name**" registration in the sub-register of Hospitality and who wish to attend the general meeting, must instruct their CSDP or broker timeously in order that such CSDP or broker may issue them with the necessary letter of representation.

Dematerialised shareholders who have not elected "**own name**" registration in the sub-register of Hospitality and who do not wish to attend the general meeting but wish to vote thereat, must provide their CSDP or broker with their instruction for voting at the general meeting in the manner stipulated in the agreement between the shareholders concerned and the CSDP or broker governing the relationship between such shareholders and his/her CSDP or broker. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker for instructions of this nature.

Hospitality does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised shareholder to notify such shareholder of the general meeting or any business to be conducted thereat.

ELECTRONIC PARTICIPATION

The company has made provision for Hospitality shareholders or their proxies to participate electronically in the general meeting by way of telephone conferencing. Should shareholders wish to participate in the general meeting by telephone conference call as aforesaid, they, or their proxies, will be required to advise the company thereof by no later than 14:00 on Friday, 19 October 2018, by submitting by e-mail to the company secretary at **rosao@hpf.co.za**, relevant contact details, including an e-mail address, cellular number and landline number as well as full details of the Hospitality shareholder's title to securities issued by the company and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated shares) and (in the case of dematerialised Hospitality shares) written confirmation from the Hospitality shareholder's CSDP confirming the Hospitality shareholder's title to the dematerialised shares. Upon receipt of the required information, the Hospitality shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the general meeting. Hospitality shareholders must note that access to the electronic communication will be at the expense of the Hospitality shareholders who wish to utilise the facility.

Hospitality shareholders and their appointed proxies attending by telephone conference call will not be able to cast their votes at the general meeting of shareholders through this medium. Accordingly, shareholders making use of the electronic participation facility are requested to submit their forms of proxy to the company or provide instruction for voting to their CSDP or broker, as directed above.

VOTING PROCEDURE AND QUORUM FOR THE GENERAL MEETINGS

The quorum for the general meeting is at least three shareholders entitled to attend and vote and who are present in person or able to participate in the meeting by electronic communication, or represented by a proxy who is present in person or able to participate in the meeting by electronic communication and persons holding at least 25% of all voting rights that are entitled to be exercised on each resolution proposed to be passed at the general meeting by shareholders (but not less than three shareholders) present in person or represented by proxy at the general meeting.

Every shareholder present in person or represented by proxy and entitled to vote shall, in his/her capacity as shareholder, on a show of hands, have only one vote irrespective of the number of shares he holds or represents. On a poll, every shareholder present in person or represented by proxy and entitled to vote, shall be entitled to one vote per issued share held by such shareholder.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 4 of this circular apply *mutatis mutandis* to this salient dates and times section.

	2018
Record date to receive the circular, incorporating the notice of general meeting and the revised listing particulars	Friday, 14 September
Circular, incorporating the notice of general meeting and the revised listing particulars posted	Friday, 21 September
Announcement relating to the issue of the circular, incorporating the notice of general meeting and the revised listing particulars released on SENS	Friday, 21 September
Announcement relating to the issue of the circular, incorporating the notice of general meeting and the revised listing particulars published in the press	Tuesday, 25 September
Last day to trade in order to be eligible to participate in and vote at the general meeting	Tuesday, 9 October
Record date in order to vote at the general meeting	Friday, 12 October
Last day to lodge forms of proxy for the general meeting with the transfer secretaries, by no later than 14:00. Forms of proxy not lodged with the transfer secretaries in time may be handed to the chairman of the general meeting immediately before the commencement thereof	Friday, 19 October
The general meeting of Hospitality shareholders at 14:00	Tuesday, 23 October
Results of the general meeting released on SENS	Tuesday, 23 October
Results of the general meeting published in the press	Wednesday, 24 October

	2019
Declaration announcement in respect of the clean-out dividend released on SENS	Thursday, 31 January
Finalisation announcement in respect of the clean-out dividend released on SENS	Friday, 15 February
Last day to trade on the JSE in order to be eligible for the clean-out dividend	Tuesday, 26 February
Shares commence trading *ex* the clean-out dividend on the JSE on	Wednesday, 27 February
Conditions precedent expected to be fulfilled by	Friday, 1 March
Clean-out dividend record date	Friday, 1 March
Finalisation announcement in respect of the transaction released on SENS	Friday, 1 March
Clean-out dividend payment date	Monday, 4 March
Transaction implementation	Friday, 8 March

Notes:

1. All dates and times in this circular are local dates and times in South Africa and are subject to change. Any changes will be released on SENS and published in the press.
2. Hospitality shareholders are referred to page 2 of this circular for information on the action required to be taken by them.
3. Shares may not be dematerialised or rematerialised between Wednesday, 27 February 2019 and Friday, 1 March 2019, both days inclusive.
4. The above dates and times are subject to change. Any changes will be released on SENS.

DEFINITIONS AND INTERPRETATIONS

In this circular and the annexures hereto, 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:

"Aggregate EBITDAR rental"	an amount equal to 70% of the aggregate casino portfolio EBITDAR for the previous year escalated at the escalation rate;
"Aggregate escalated base rental"	the initial aggregate base rental escalated annually at the escalation rate on the 1st day of April of each year, irrespective of and disregarding any rental reset which has occurred during the period of the head lease;
"Aggregate casino portfolio EBITDAR"	earnings before interest, income tax, depreciation, amortisation, property rentals paid, long term incentives and exceptional items and after deducting management fees and licence fees charged by companies within the Tsogo group in respect of the casino precincts, provided that: • the aggregate casino portfolio EBITDAR will be as published by Tsogo for each of the casino precincts (but which in the case of The Gold Reef City casino precinct will exclude all businesses which operate on and from those properties on which the Gold Reef City Theme Park, the Gold Reef City Theme Park Hotel and the Apartheid Museum are located); • the said published aggregate casino portfolio EBITDAR, shall be prepared on the same bases and applying the same criteria as applied in years prior to the commencement date; and • the proportion that the aggregate management fees and licence fees charged by the companies within the Tsogo group bears to the aggregate EBITDAR of all the casino precincts will not be increased after the commencement date, without the prior written consent of the landlord;
"Akani-Egoli"	Akani-Egoli Proprietary Limited (Registration number 1996/006917/07), a private company incorporated and registered in South Africa and a wholly-owned subsidiary of Tsogo;
"All Property Index"	the FTSE/JSE All Property Index (J803);
"Blackrock head lease agreement"	the head lease agreement concluded between Cassava (as landlord) and Grabblebrook (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 page 11 of this circular;
"buildings"	all buildings or improvements of whatsoever nature situated on the casino precinct property in question, but specifically excluding the operating plant and the FF&E relating thereto, and for the sake of clarity, in the case of the Suncoast casino precinct property (further details of which are set out in paragraph 8 of this circular), will include the buildings and improvements comprising the Suncoast expansion;
"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 this 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 on the effective date, the specific details of which are set out in **Annexure 7** of this circular;
"Cassava"	Cassava Investments Proprietary Limited (Registration number 1997/020545/07), a private company incorporated and registered in South Africa and a wholly-owned subsidiary of Tsogo;

"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"	this document dated Friday, 21 September 2018 containing the circular and annexures thereto, the notice of general meeting and a form of proxy;
"clean-out dividend"	the dividend to be declared and paid by Hospitality, further details of which are set out in paragraph 3.3 of this circular;
"combined portfolio"	collectively, the existing portfolio and the casino precincts, 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;
"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 3.2 of this 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;
"cure rental"	the waiver by the tenant of any downwards rental reset as contemplated in paragraph 3.1.7.10 of the circular;
"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 shareholders"	Hospitality shareholders who hold dematerialised shares;
"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;
"distribution shares"	the 1 538 354 565 Hospitality shares (being Tsogo's entire holding of Hospitality shares as at the first distribution record date) to be distributed by Tsogo to its shareholders pursuant to the Tsogo unbundling;
"documents of title"	share certificates, certified transfer deeds, balance receipts and any other documents of title to shares;
"downwards rental reset"	the adjustment downwards of the rental referred to in paragraph 3.1.7.6.2 of the circular;
"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 is expected 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 Grabblebrook (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;
"exceptional items"	non-recurring items including profits and losses on disposal of property, plant and equipment, impairment of property, plant and equipment, pre-opening expenses and restructuring costs;
"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;
"FF&E"	all or any furniture, fixtures, fittings and/or equipment of whatsoever nature pertaining to the casino precinct property in question or any business/es conducted therefrom which do not accede to the buildings and can be removed, including gaming machines, gaming tables, surveillance cameras and the like and excludes any of the operating plant;
"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;
"first distribution"	the distribution of 918 069 783 Hospitality shares by Tsogo to Tsogo shareholders to be made in terms of paragraph 3.5.1.1 of this circular;
"first distribution completion date"	the date on which the first distribution will be completed and the first distribution shares are acquired by Tsogo's shareholders, registered as such on the first distribution record date;
"first distribution record date"	subject to the conditions precedent to the transaction being fulfilled (or where possible, waived), the date on which Tsogo's shareholders must be registered as such in Tsogo's share register in order to participate in the distribution of Hospitality shares by Tsogo referred to in paragraph 3.5.1.1 of this circular (which is anticipated to be 10 business days after the effective date);
"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, if deemed fit, approving with or without modification the resolutions required to implement the transaction;
"Gold Reef City head lease agreement"	the head lease agreement concluded between Listed Investments (as landlord) and Grabblebrook (as lessee) for the lease of the Gold Reef City casino precinct;
"Grabblebrook" or the **"tenant"**	Grabblebrook Proprietary Limited (Registration number 2013/088934/07), a private company incorporated and registered in South Africa and a wholly-owned subsidiary of Tsogo Sun Gaming;
"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 and "head lease agreement" will mean any one such agreement as the context may require;
"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" or the **"group"**	the company, its subsidiaries, associates, and The HPF Employee Incentive Trust;
"Hospitality group internal restructuring"	the internal restructuring to be undertaken by the Hospitality group, as further described in paragraph 3.4 of this circular;

"Hospitality shares" or **"shares"**	the issued ordinary shares of no par value in the share capital of Hospitality;
"Hospitality shareholders" or **"shareholders"**	the holders of Hospitality shares;
"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 (Master's 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 South Africa and a wholly-owned subsidiary of Hospitality;
"IAC"	the Hospitality independent acquisition committee (a subcommittee of the Hospitality board of directors) consisting of Gerald Nelson, Don Bowden, Zuko Kubukeli, Syd Halliday and Zola Malinga.
"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 registered and incorporated in accordance with the laws of South Africa;
"initial aggregate base rental"	the initial aggregate annual base rental amount of R1.9 billion (exclusive of VAT), payable annually by the tenant in respect of the casino precincts;
"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;
"landlord"	collectively, Cassava and Listed Investments;
"last practicable date"	Wednesday, 5 September 2018, being the last practicable date prior to the finalisation of this circular;
"Listed Investments"	Listed Investments Proprietary Limited (Registration number 1997/003059/07), a private company incorporated and registered in South Africa and a wholly-owned subsidiary of Tsogo;

"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 South Africa and a wholly-owned subsidiary of Hospitality;
"Montecasino head lease agreement"	the head lease agreement concluded between Listed Investments (as landlord) and Grabblebrook (as lessee) for the lease of the Montecasino precinct;
"NAV"	net asset value;
"operating plant"	the fixed operating plant of the casino precinct property in question which does not accede to the casino precincts nor the buildings and which is capable of being removed from the buildings, being the lifts, the escalators, the fire protection plant (fireproofing, fire detecting and sprinkler systems), the heating, ventilation and the air conditioning plant, the building management system plant, the generator plant, the chiller plant, the waste processing plant, the water treatment plant, the borehole plant and the lighting plant, it being recorded that any movable items not referred to in the above list will not be considered as operating plant but as FF&E;
""own name" dematerialised shareholders"	dematerialised shareholders who/which have elected "own name" registration;
"press"	the Business Day newspaper;
"purchase consideration"	the aggregate agreed purchase consideration payable by Hospitality to the vendors, being an amount of R23.0 billion;
"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 on 19 July 2018 in order to govern the rental, escalations, reviews and resets in respect of each head lease agreement;
"rental reset"	collectively, the downwards rental reset and/or the upwards rental reset;
"rental review date"	the date of the review and recalculation by the parties of the rental, the first such rental review and recalculation will occur on 1 April 2025 and thereafter on each successive fifth anniversary of that date in respect of the rental for the year commencing on such anniversary;
"revised listing particulars"	the revised listing particulars of Hospitality accompanying this circular and providing additional information in relation to Hospitality after the implementation of the transaction issued on Friday, 21 September 2018;
"SAPY"	the FTSE/JSE SA Listed Property Index (J253);
"second distribution record date"	subject to the conditions precedent being fulfilled (or where possible, waived), the date on which Tsogo's shareholders must be registered as such in Tsogo's share register in order to participate in the distribution of Hospitality shares by Tsogo referred to in paragraph 3.5.1.2 of this circular (which is anticipated to be 15 business days after the effective date);
"Silverstar head lease agreement"	the head lease agreement concluded between Cassava (as landlord) and Grabblebrook (as lessee) for the lease of the Silverstar casino precinct;
"SENS"	the Stock Exchange News Service of the JSE;
"South Africa"	the Republic of South Africa;

“Southern Sun Hotels”	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;
“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 expansion”	the expansion of the Suncoast casino precinct currently in progress as provided for in the eThekwini Municipality approved plans, a copy of which plans have been initialled by Tsogo and Hospitality for identification purposes;
“Suncoast head lease agreement”	the head lease agreement concluded between Listed Investments (as landlord) and Grabblebrook (as lessee) for the lease of the Suncoast casino precinct;
“The Ridge head lease agreement”	the head lease agreement concluded between Cassava (as landlord) and Grabblebrook (as lessee) for the lease of The Ridge 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 precincts) 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 dated Monday, 9 July 2018 entered into between Hospitality, Merway, the vendors and Tsogo;
“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;
“TRP”	the Takeover Regulation Panel established in terms of section 196 of the Companies Act;
“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 listed on the JSE;
“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;
“Tsogo Sun Casinos” or **“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 and a wholly-owned subsidiary of Tsogo Sun Gaming;
“Tsogo Sun Gaming”	Tsogo Sun Gaming Proprietary Limited (Registration number 2002/006402/07), a private company incorporated and registered in accordance with the laws of South Africa and a wholly-owned subsidiary of TSHG&E;

"Tsogo unbundling"	the proposed distribution by Tsogo of its entire holding of Hospitality shares to its shareholders, *pro rata* to their respective Tsogo shareholdings at such time, further details of which are set out in paragraph 3.5 of this circular;
"TSHG&E"	Tsogo Sun Hotels, Gaming and Entertainment Proprietary Limited (Registration number 2002/006556/07), a private company incorporated and registered in accordance with the laws of South Africa and a wholly-owned subsidiary of Tsogo;
"TSKZN"	Tsogo Sun KwaZulu-Natal Proprietary Limited (Registration number 1997/014551/07), a private company incorporated and registered in South Africa and a wholly-owned subsidiary of Tsogo;
"upwards rental reset"	the adjustment upwards of the rental as referred to in paragraph 3.1.7.7 of this circular;
"VAT"	value added tax as defined in the Value Added Tax Act, No. 89 of 1991;
"vendors"	collectively, Akani-Egoli, Silverstar, TSKZN, TSNEW and TSC;
"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*)

CIRCULAR TO HOSPITALITY SHAREHOLDERS

1. INTRODUCTION

1.1. As announced on SENS on Monday, 9 July 2018 and on Friday, 7 September 2018, Hospitality has entered into the transaction agreement in terms of which Hospitality, through its wholly-owned subsidiary Merway, will acquire, subject to the fulfilment or waiver (as the case may be) of the conditions precedent, the entire issued share capital of each of Cassava and Listed Investments (which own the casino precincts) from the vendors for the purchase consideration.

1.2. The transaction constitutes a category one acquisition from a related party for Hospitality in terms of the Listings Requirements, requiring the approval of Hospitality shareholders by way of a resolution passed at a general meeting.

1.3. The purpose of this circular is to:

1.3.1. provide Hospitality shareholders with information relating to the transaction and the manner in which the transaction will be implemented, so as to enable shareholders to make an informed decision as to whether or not they should vote in favour of the transaction; and

1.3.2. give notice convening the general meeting at which the resolutions necessary to approve and implement the transaction will be considered and, if deemed fit, approve with or without modification, the resolutions necessary to approve and implement the transaction. The notice convening a general meeting of Hospitality shareholders is attached to and forms part of this circular.

1.4. The transaction, if implemented, will result in a reverse take-over of Hospitality in terms of the Listings Requirements and revised listing particulars have accordingly been posted to shareholders together with this circular.

2. RATIONALE FOR THE TRANSACTION

2.1. The transaction will provide Hospitality with scale through the acquisition of seven premium casino precincts (including an additional 1 335 hotel rooms), namely:

2.1.1. **Montecasino precinct:** Montecasino, The Palazzo Hotel, Southern Sun Montecasino Hotel, SunSquare Montecasino Hotel, Montecasino Theatre, Palazzo Towers East & West Offices and The Pivot Offices;

2.1.2. **Gold Reef City casino precinct:** Gold Reef City Casino and Southern Sun Gold Reef City Hotel;

2.1.3. **Silverstar casino precinct:** Silverstar Casino and Southern Sun Silverstar Hotel;

2.1.4. **Suncoast casino precinct:** Suncoast Casino, SunSquare Suncoast and Suncoast Towers Hotel;

2.1.5. **Blackrock casino precinct:** Blackrock Casino and Garden Court Blackrock Hotel;

2.1.6. **Emnotweni casino precinct:** Emnotweni Casino, Southern Sun Emnotweni Hotel and StayEasy Emnotweni Hotel; and

2.1.7. **The Ridge casino precinct:** The Ridge Casino, Southern Sun The Ridge Hotel and StayEasy Emalahleni Hotel.

2.2. The transaction is in line with Hospitality's strategy to acquire value enhancing properties and to broaden its earnings base. The casino precincts will be subject to an effective 20-year triple net lease, which management believes will provide a stable, escalating and predictable income stream and distribution for Hospitality shareholders.

2.3. The more predictable income base from the casino precincts will reduce the impact of the volatility of rental income from the existing portfolio on a combined basis. The increased scale of Hospitality, with a gross investment property value of c.R35.2 billion post implementation of the transaction, should result in a reduction in Hospitality's cost of funding.

2.4. It is Tsogo's ultimate intention to unbundle its entire shareholding in Hospitality to its shareholders subsequent to the implementation of the transaction. Tsogo has undertaken to effect the Tsogo Unbundling as soon as possible subsequent to the effective date and the implementation of the Hospitality group internal restructuring (further details of which are set out in paragraph 3.4 below), subject to:

2.4.1. obtaining of all regulatory and shareholder approvals required for the Tsogo unbundling; and

2.4.2. the limitation that appraisal rights are not exercised by dissenting Tsogo shareholders holding more than 1% of the entire issued share capital of Tsogo.

2.5. To the extent that the Tsogo unbundling is effectively implemented, Hospitality believes that it should result in a more diverse shareholder base, enhanced liquidity, improved shareholder spread and inclusion in the SAPY and All Property Indices.

2.6. Hospitality's loan-to-value of 28.1% post the transaction will still allow capacity for it to make further acquisitions.

3. TERMS OF THE TRANSACTION

3.1. Mechanics of the transaction

3.1.1. Cassava and Listed Investments own the casino precincts described in paragraph 2.1 above. In terms of the transaction agreement, Merway will acquire the entire issued share capital of Cassava and Listed Investments for an agreed aggregate purchase consideration of R23.0 billion. The transaction will be effective from the effective date.

3.1.2. The purchase consideration was determined using the fair value of the casino portfolio being R23.0 billion, based on an agreed forward yield of 8.45%.

3.1.3. The purchase consideration will be settled by Merway on the effective date as follows:

3.1.3.1. R3.2 billion will be discharged in cash to Silverstar, TSNEW and TSC *pro rata* to their holdings in Cassava; and

3.1.3.2. R19.8 billion will be discharged in cash to Akani-Egoli, TSKZN and TSC *pro rata* to their holdings in Listed Investments.

3.1.4. On the effective date, each of the vendors will use the proceeds of the purchase consideration:

3.1.4.1. to subscribe for the subscription shares (for an aggregate amount of R15.0 billion); and

3.1.4.2. to settle the debt of each of the vendors with the balance of the purchase consideration (being an amount of R8.1 billion).

3.1.5. Pursuant to paragraph 3.1.4 above, Hospitality will apply to the JSE for the additional listing of the subscription shares subsequent to the payment of the clean-out dividend.

3.1.6. Each of the casino precincts will be let by the landlord to the tenant in terms of a head lease agreement. The vendors, the tenant, Cassava and Listed Investments have also entered into the rental aggregation agreement which governs the rentals, escalations, reviews and resets in respect of each of the casino precincts.

3.1.7. The salient terms of each head lease agreement and the rental aggregation agreement are set out below:

3.1.7.1. the head lease agreement will permit the tenant to sub-let each of the casino precincts with the consent of the landlord;

3.1.7.2. the head lease agreement, which will be a triple net lease, will be concluded for an initial period enduring until 31 March 2023, whereafter each head lease agreement can be terminated by either party on 15 years' written notice;

3.1.7.3. the initial aggregate base rental payable by the tenant for the casino precincts will be R1.9 billion per annum, one twelfth of which amount will be payable monthly in advance on the 1st business day of each month;

3.1.7.4. 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 below;

3.1.7.5. on each rental review date, the aggregate annual rental payable by the tenant in respect of the casino precincts for the year commencing on such anniversary will be reviewed by the parties ("**head lease anniversary rental review**") and will be recalculated to be the lesser of:

3.1.7.5.1. the aggregate escalated base rental; and

3.1.7.5.2. the aggregate EBITDAR rental;

3.1.7.6. if the amount calculated in terms of clause 3.1.7.5 is less than the rental payable in the month immediately prior to the rental review date escalated at the escalation rate, and the difference between the two amounts is:

3.1.7.6.1. less than 2.5%, then the rental will not be reset downwards and instead the rental and the rental payable by the tenant for the ensuing relevant five-year period shall be equal to the rental payable in the previous year escalated at the escalation rate;

3.1.7.6.2. equal to or greater than 2.5%, then the rental will be reset downwards in accordance with the resulting calculation and the rental payable by the tenant for the ensuing relevant five-year period will be adjusted and reset downwards;

3.1.7.7. if on:

3.1.7.7.1. a rental review date; or

3.1.7.7.2. the first anniversary of any rental review date; or

3.1.7.7.3. the second anniversary of any rental review date,

(irrespective of whether or not the review on any rental review date resulted in a downwards rental reset, a head lease upwards rental reset or a cure rental as contemplated in paragraph 3.1.7.10 below), and if the then rental is less than the aggregate escalated base rental at such time, then the relevant parties will again review and recalculate the rental payable despite such review and recalculation procedure not coinciding with a review date ("**extraordinary rental review**"). The rental calculation amount resulting from the extraordinary rental review will only be implemented if it has the effect of increasing the rental upwards when compared with the rental payable in the last month immediately preceding the date of the extraordinary rental review, provided that:

3.1.7.7.4. the upwards rental review will not have the effect of resulting in a rental greater than the aggregate escalated base rental for the same period;

3.1.7.7.5. the extraordinary rental review will only be used to implement an upwards rental reset and cannot be used to implement a downwards rental reset;

3.1.7.7.6. an extraordinary rental review and resulting upwards rental reset can be used and implemented consecutively in each of the two years in order to achieve an upwards rental reset, provided that the maximum aggregate rental payable for those two years may not be greater than an amount equal to the aggregate escalated base rental for the same two-year period;

3.1.7.8. subject to paragraph 3.1.7.10 below, in the event of a downwards rental reset occurring on any two consecutive rental review dates, the landlord will be entitled, by giving five years written notice to the tenant, either to terminate:

3.1.7.8.1. all of the head leases in respect of all of the casino precincts; or

3.1.7.8.2. the particular head lease/s in respect of the particular casino precinct/s whose performance was the cause of the second relevant downwards rental reset;

in which case such notice of termination must be received by the tenant within a period of three months of the second of such rental review dates in order to constitute a valid notice of termination. For the sake of clarity, the earliest that the landlord will be entitled to give any such five years notice of termination will be on 1 April 2030;

3.1.7.9. if a head lease agreement relating to a particular casino precinct/s is terminated in accordance with paragraph 3.1.7.8 above, then:

3.1.7.9.1. no further rental will be due by the tenant in respect of such head lease agreement/s from the date of such termination;

3.1.7.9.2. all calculations made in terms of paragraphs 3.1.7.6.1, 3.1.7.6.2 and 3.1.7.7 will be adjusted to exclude that particular casino precinct/s and the particular head lease agreement as well as the rentals relating thereto, either future or retrospectively;

3.1.7.10. notwithstanding the provisions of clause 3.1.7.8, the tenant shall have the right to waive any downwards rental reset in respect of any head lease anniversary rental review of any head lease, thereby preventing an early termination as contemplated in clause 3.1.7.8 should it elect to make (and in fact makes), within a period of three weeks from date of the second of the relevant downwards rental resets, payment for the ensuing year, of an aggregate annual rental which is equal to the aggregate annual rental that was paid in respect of the casino precincts for the year terminating on the day preceding the day upon which the downwards rental reset would have been implemented, escalated at the escalation rate, instead of making payment of the downwards rental reset amount that would have been implemented for the ensuing year, continuing to escalate annually thereafter in terms of clause 3.1.7.4 until the occurrence of the next head lease anniversary rental review;

3.1.7.11. the tenant will be liable for all utility deposits and charges incurred or payable in respect of the casino precincts;

3.1.7.12. the tenant (or its nominee) may, at its own cost, make any alterations, renovations or additions to any of the developments on any of the casino precincts, and may install any fixtures, fittings and equipment without the landlord's consent;

3.1.7.13. where such alterations or additions to any of the casino precincts constitute material improvements, the tenant (or its nominee) shall be obliged to offer the landlord the opportunity to pay for that material improvement, together with an appropriate rental increase payable by the tenant to the landlord ("material improvement offer"). In the event that the landlord fails to accept or decline or elects not to accept the material improvement offer, then the tenant (or its nominee) shall be entitled to effect the material improvement at its own cost or to make such material improvement offer to a third party on terms no more favourable to those offered to the tenant. Any earnings from the improvement shall be included for the purpose of calculating the EBITDAR, whether or not such improvements were paid for by the tenant, the landlord or by a third party;

3.1.7.14. subject to the aforesaid, prior to the expiration or termination of a head lease agreement, the tenant shall have the election to either remove all material improvements and reinstate the relevant casino precincts property to substantially the same condition in which it was before the material improvement was effected, or all improvements will be forfeited to the landlord for no consideration. The tenant (or its nominee) will be entitled to remove all fixtures, fittings and equipment upon termination of a head lease agreement;

3.1.7.15. the tenant will be entitled to sublet the casino precincts and/or any portion/s thereof, or grant concessions for such premises (including any improvements, or part thereof) without the consent of the landlord;

3.1.7.16. ownership in and to the operating plant and the fixtures, fittings and equipment will at all times remain with Tsogo. Tsogo will not remove the operating plant from the casino precincts other than for the purposes of repairing it or replacing it. On termination of each head lease agreement for any reason whatsoever, Tsogo will transfer ownership of the operating plant by way of constructive or physical delivery to the landlord for no consideration. Tsogo warrants that it is the owner of the operating plant and that it will remain the owner of the operating plant throughout each lease and that the operating plant is and will at all times during the term of the lease remain unencumbered in any way and that

Tsogo will be able to give free and unencumbered ownership of the operating plant to the landlord on termination of the lease. On termination of a head lease agreement for any reason whatsoever, Tsogo will cede to the landlord all guarantees, warranties and/or undertakings which Tsogo may hold from time to time from any supplier or contractor in respect of the operating plant; and

3.1.7.17. the landlord will grant the tenant a right of first refusal to acquire each of the casino precincts of which the landlord wishes to dispose.

3.1.8. As announced by both Tsogo and Hospitality in their respective SENS announcements released on 2 March 2018, the initial aggregate base rental payable of R1.9 billion per annum is approximately 65% of the aggregate casino portfolio EBITDAR in the first year of the head lease.

3.2. **Conditions precedent**

The transaction agreement is subject to the fulfilment or waiver, as the case may be, of the following conditions precedent:

3.2.1. Tsogo concluding an internal group restructuring on substantially the same terms as those contained in the draft restructuring agreements initialled by Tsogo and Hospitality;

3.2.2. the registration and transfer of those casino precincts which are not already owned by Cassava and Listed Investments, into the name of Cassava or Listed Investments (as the case may be) being effected in the Deeds Registry;

3.2.3. Tsogo confirming in writing that both Cassava and Listed Investments have been unconditionally released from all obligations furnished by them under the Tsogo group security pool and that the casino precincts have been released from any guarantees, pledges and/or mortgage bonds furnished as security under the Tsogo group security pool by no later than 30 days after the effective date;

3.2.4. Hospitality confirming in writing to Tsogo that it has concluded the necessary funding agreements with its bankers for the advance to Merway of the funds required to settle the purchase consideration;

3.2.5. the requisite majorities of Tsogo shareholders and directors shall have passed the necessary resolution/s referred to in section 45(3)(a)(ii) and 45(3)(b) of the Companies Act, authorising Tsogo to provide financial assistance to Grabblebrook and the vendors in the form of the guarantee by Tsogo for the obligations of Grabblebrook in terms of all the head leases;

3.2.6. the requisite majorities of Tsogo shareholders passing all the resolutions (including those required by the Listings Requirements and the Companies Act) required to authorise and approve the transaction and its implementation;

3.2.7. the requisite majorities of Hospitality shareholders passing all the resolutions (including those required by the Listings Requirements and the Companies Act) required to authorise and approve the transaction and its implementation;

3.2.8. to the extent necessary, Tsogo obtaining the requisite approvals of the JSE for the implementation of the transaction;

3.2.9. to the extent necessary, Hospitality obtaining the requisite approvals of the JSE for the implementation of the transaction;

3.2.10. the Tsogo unbundling being authorised by the directors of Tsogo (acting through the independent board) in accordance with section 46(1)(a)(ii) of the Companies Act, and the Listings Requirements, noting that it reasonably appears that Tsogo will satisfy the solvency and liquidity test immediately after completing the proposed distribution as contemplated in section 46(1)(b) of the Companies Act;

3.2.11. the disposal of the greater part of Tsogo's assets by way of the Tsogo unbundling being approved by the requisite majority of Tsogo shareholders in terms of section 112 and 115 of the Companies Act;

3.2.12. the TRP issuing a compliance certificate in respect of the Tsogo unbundling; and

3.2.13. during the time period prescribed in section 164(7) of the Companies Act, appraisal rights in terms of section 164 of the Companies Act are not exercised by dissenting Tsogo shareholders holding more than 1% of the entire issued share capital of Tsogo at such time (or such higher percentage as the board of Tsogo may determine).

3.3. **Clean-out dividend**

3.3.1. Hospitality will declare a clean-out dividend on the later of the date after the general meeting (provided that Hospitality shareholders will have approved the transaction) and the date of fulfilment of all the conditions precedent.

3.3.2. The clean-out dividend will be paid to Hospitality shareholders on or before the effective date and prior to the issue of the subscription shares.

3.3.3. For the avoidance of any doubt, the subscription shares will not be entitled to participate in the clean-out dividend and will, to the extent possible, be issued and allotted *ex* any right or entitlement to any portion of the clean-out dividend, pursuant to which, Hospitality will procure that no portion of the clean-out dividend will be paid to holders of the subscription shares.

3.4. **Hospitality internal restructuring**

3.4.1. Subsequent to the effective date, but prior to the Tsogo unbundling, Hospitality will effect an internal restructuring whereby beneficial ownership of the casino portfolio and the existing hotel portfolio will be vested in HPF Properties.

3.4.2. The Hospitality internal restructuring shall include an amalgamation of Cassava and Listed Investments with HPF Properties in terms of section 44 of the Income Tax Act.

3.4.3. Hospitality has undertaken to Tsogo that it shall procure that the Hospitality internal restructuring be concluded and duly implemented as soon as possible, but in any event by no later than 45 days after the effective date.

3.5. **Tsogo unbundling**

3.5.1. The Tsogo unbundling will occur in two separate tranches as follows:

3.5.1.1. a distribution *in specie* of 918 069 783 Hospitality shares (the "**first distribution**"), in the ratio of 0.86316 distribution shares for every Tsogo share held on the first distribution record date, such that Tsogo's interest in Hospitality post this first distribution will be 35%, but subject to the retention by Tsogo of dividends withholding tax, where applicable; and

3.5.1.2. an unbundling in terms of section 46 of the Income Tax Act of the remaining 620 284 782 Hospitality shares held by Tsogo (the "**second distribution**"), in the ratio of 0.58318 distribution shares for every Tsogo share held on the second distribution record date held at such time.

3.5.2. The first distribution will be implemented on the first distribution completion date, which date is anticipated to be 1 May 2019.

3.5.3. Tsogo have undertaken to procure that the Tsogo unbundling be duly implemented as soon as practically possible, having regard to the Companies Act and the Listings Requirements.

3.6. **Authorisation in terms of section 41(3) of the Companies Act**

As the voting power of the subscription shares will exceed 30% of the voting power of all the shares of that class held by Hospitality shareholders immediately before the issue of the subscription shares pursuant to the transaction, the issue of the subscription shares is required to be approved by a special resolution of Hospitality shareholders in terms of section 41(3) of the Companies Act.

3.7. **Related party considerations and fairness opinion**

3.7.1. As Southern Sun Hotels, a wholly-owned subsidiary of Tsogo, holds 59.5% of the total share capital of Hospitality as at the last practicable date, it is regarded as a material shareholder of Hospitality in terms of the JSE Listings Requirements. Consequently, the transaction constitutes a transaction with a related party in terms of section 10.1(b)(vii) of the Listings Requirements.

3.7.2. Accordingly, the transaction is subject to approval of Hospitality shareholders. Although Southern Sun Hotels and its associates will be taken into account in determining a quorum at the general meeting, the requirement is that the resolution must be approved by a majority of Hospitality shareholders, excluding the votes cast by Southern Sun Hotels and its associates.

3.7.3. The following associates of Southern Sun Hotels will be excluded from voting on the resolution relating to the approval of the transaction at the general meeting:

3.7.3.1. Tsogo (as it is the holding company of Southern Sun Hotels) and any of its associates holding shares in Hospitality; and

3.7.3.2 HCI Foundation (as it is an associate of Southern Sun Hotels) and any of its associates holding shares in Hospitality.

3.7.4. The board has appointed Mazars to provide an independent opinion on the fairness of the transaction. Mazars concluded that the terms of the transaction are fair to Hospitality shareholders and their report is set out in **Annexure 1** of the circular.

4. PROSPECTS

4.1. The addition of the seven casino precincts to Hospitality's portfolio will substantially increase both its gross asset base and its future income streams.

4.2. Investment properties expected to triple from R12.6 billion to c.R35.2 billion. With the additional debt of R8.1 billion the loan-to-value ratio will increase from 15.4% to 28.1%. Borrowing capacity remains for Hospitality to seek out attractive acquisition opportunities.

4.3. The fixed nature of the casino precinct leases, escalating at the escalation rate, will provide a stable base that will be approximately two thirds of Hospitality's rental revenue. This will reduce the year-on-year volatility of rental revenue and dividend per share.

4.4. Hospitality believes the strengthened asset base and improved quality of its assets will position it well in a recovering economy and to benefit from growth in tourism.

5. OPINION AND RECOMMENDATION

5.1. The IAC, being cognisant of actual and potential conflicts of interest that may exist in relation to the transaction due to its nature, has taken care to ensure that the transaction has been evaluated independently of any such conflicts. In particular, the IAC independently evaluated the transaction without the remaining members of the Hospitality board of directors being present. The IAC duly approved the transaction and concluded that the Hospitality board recommend the transaction to Hospitality shareholders.

5.2. The Hospitality board of directors, following due consideration of *inter alia* the recommendation of the IAC, the reports of the independent expert, is of the opinion that the transaction is fair to the shareholders of Hospitality and, accordingly, recommends that Hospitality shareholders vote in favour of the resolutions to be proposed at the general meeting.

5.3. Those directors that hold a beneficial interest in Hospitality shares, intend voting in favour of the transaction and all resolutions to be proposed at the general meeting.

6. FORECAST STATEMENT OF COMPREHENSIVE INCOME

6.1. The forecast statement of comprehensive income for the casino portfolio is set out in **Annexure 2** of this circular and has been prepared for the one month ending 31 March 2019 and the year ending 31 March 2020 (the "**forecast**").

6.2. The forecast has been prepared on the assumption that effective date of the transaction will be 1 March 2019.

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

6.4. The forecast must be read in conjunction with the independent reporting accountants' report on the forecast as contained in **Annexure 3** of this circular.

7. *PRO FORMA* CONSOLIDATED STATEMENT OF FINANCIAL POSITION

7.1. The *pro forma* consolidated statement of financial position of Hospitality, after the transaction, is set out in **Annexure 4** of this circular.

7.2. 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 directors of Hospitality.

7.3. The independent reporting accountants' assurance report on the *pro forma* consolidated statement of financial position of Hospitality is set out in **Annexure 5** of this circular.

7.4. 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 this circular.

8. THE CASINO PORTFOLIO

8.1. Overview of the casino precincts

The casino precincts, based on independent valuations performed as at 31 March 2018, are valued at R22.5 billion. Further details of the casino precincts are set out in **Annexure 8** of this circular.

8.2. Brief description of the casino precincts

Set out below is a brief description of each of the casino precincts to be acquired.

8.2.1. *The Montecasino Precinct*

The Montecasino Precinct is located in the suburb of Fourways and comprises Montecasino, The Palazzo Hotel (246 rooms), Southern Sun Montecasino Hotel (194 rooms), SunSquare Montecasino Hotel (179 rooms), Palazzo Towers East & West Offices and The Pivot Offices. This precinct has a total built-up area of 109 053m^2 of which 25 700m^2 represents office space and 31 519m^2 represents retail space. Additional entertainment includes food and beverage facilities, movies and two theatres. There are 1 700 casino slot machines and 82 casino tables as at 31 March 2018.

8.2.2. *Gold Reef City Casino Precinct*

The Gold Reef casino precinct is located in the suburb of Ormonde and comprises Gold Reef City Casino and Southern Sun Gold Reef City Hotel (38 rooms). This precinct has a total built-up area of 43 216m^2 of which 10 505m^2 represents retail space. Additional entertainment includes food and beverage facilities, movies and the Barnyard theatre. There are 51 casino tables and 1 600 casino slot machines as at 31 March 2018. The Gold Reef City casino precinct excludes the Gold Reef City theme park, the Gold Reef City theme park hotel and the Apartheid Museum.

8.2.3. *Silverstar Casino Precinct*

The Silverstar casino precinct is located in the suburb of Muldersdrift and comprises Silverstar Casino and Southern Sun Silverstar Hotel (34 rooms). This precinct has a total built-up area of 31 873m^2 of which 12 644m^2 represents retail space. Additional entertainment includes food and beverage facilities, movies and the Barnyard theatre. There are 30 casino tables and 900 casino slot machines as at 31 March 2018.

8.2.4. *Suncoast Casino Precinct*

The Suncoast Casino Precinct is located in the suburb of Stamford Hill and comprises Suncoast Casino, Suncoast Towers and SunSquare Suncoast Hotel (165 rooms). This precinct has a total built-up area of 40 967m^2 of which 11 350 m^2 represents retail space. Additional entertainment includes food and beverage facilities and movies. There are 57 casino tables and 1 622 casino slot machines as at 31 March 2018.

The Suncoast expansion is currently in progress. The purchase consideration and rental payable by Tsogo were determined with reference to the value of the Suncoast casino precinct post-completion of the Suncoast expansion, which is expected to be in December 2018. In terms of the transaction agreement, the Suncoast expansion will continue to be funded and managed by Tsogo for completion substantially in accordance with the eThekwini Municipality approved plans (which have been initialled by Tsogo and Hospitality for identification purposes) and Tsogo has undertaken that the Hospitality group will have no obligation in respect of the completion of the Suncoast expansion.

8.2.5. *Blackrock Casino Precinct*

The Blackrock casino precinct is located in the suburb of Equarand and comprises Blackrock Casino and Garden Court Blackrock Hotel (80 rooms). This precinct has a total built-up area of 9 649m^2 of which 733m^2 represents retail space. Additional entertainment includes food and beverage facilities. There are 10 casino tables and 300 casino slot machines as at 31 March 2018.

8.2.6. *Emnotweni Casino Precinct*

The Emnotweni casino precinct is located in the suburb of Riverside Park and comprises Emnotweni Casino, Southern Sun Emnotweni Hotel (109 rooms) and StayEasy Emnotweni Hotel (115 rooms). This precinct has a total built-up area of 17 545m^2 of which 40m^2 represents retail space. Additional entertainment includes food and beverage facilities and movies. There are 19 casino tables and 425 casino slot machines as at 31 March 2018.

8.2.7. *The Ridge Casino Precinct*

The Ridge casino precinct is located in the suburb of Del Judor and comprises The Ridge Casino, Southern Sun, The Ridge Hotel (40 rooms) and StayEasy Emalahleni Hotel (135 rooms). This precinct has a total built-up area of 18 764m^2 of which 3 310m^2 represents retail space. Additional entertainment includes food and beverage facilities and movies. There are 19 casino tables and 436 casino slot machines as at 31 March 2018.

8.3. **Analysis of the casino precincts**

An analysis of the casino precincts is set out below:

8.3.1. *Geographic profile*

	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**	**2**	**2, 3, 4**	**2**	**2, 4**	**2, 4**	**2, 4**	**2, 4**
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. As at 31 March 2018.
3. Gross built-up area as determined by the site architects.
4. The data for KwaZulu-Natal excludes the Suncoast expansion.

8.3.2. *Sectoral profile*

All properties have been classified as casino precincts.

8.3.3. *Tenant profile*

The casino precincts are leased to a single tenant being Grabblebrook, 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 Grabblebrook in terms of the respective head lease agreements and the rental aggregation agreement. Tsogo is a large listed company, and Grabblebrook is accordingly classified as an A-grade tenant.

8.3.4. *Vacancy profile*

There are no vacancies across the casino portfolio.

8.3.5. *Lease expiry profile*

The head lease agreements are each concluded for an initial period of five years and thereafter it may be terminated by either party on 15 years written notice to the other party, which notice may be given only after 31 March 2023. The salient terms of the head lease agreements are set out paragraph 3 of this circular.

8.3.6. *Weighted average rental*

The weighted average rental per month for the casino portfolio is R625/m^2 of gross built-up area. This is based on forecast rental income for the year ending 31 March 2020 and gross built-up area as at 31 March 2018.

8.3.7. *Weighted average rental escalation profile*

The head lease agreement and the rental aggregation agreement, the salient terms of which are set out in paragraph 3 of this 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.

8.3.8. *Property yield*

The property yield for the casino portfolio is 9.0%. This is based on the fair value of investment properties, as set out in **Annexure 8** of this circular and the forecast operating profit for the year ending 31 March 2020, as set out in **Annexure 2**.

9. VALUATION REPORTS

9.1. The casino precincts were valued by Ashton Candrick Eckler of JLL, who is an independent external registered professional valuer in terms of the Property Valuers Profession Act, 47 of 2000, as amended.

9.2. Detailed valuation reports have been prepared in respect of each of the casino precincts and are available for inspection in terms of paragraph 29 of the revised listing particulars. A summary of the detailed valuation reports in respect of the casino precincts has been included in **Annexure 8** of this circular.

10. VENDORS

10.1. The salient details relating to the vendors, are set out in **Annexure 8** of the revised listing particulars.

10.2. The vendors 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. The purchase consideration for the transaction will be settled in cash. The value of the assets and liabilities acquired are assumed to be R23.0 billion, comprising entirely of investment properties.

10.6. Other than the directors' interests as set out in **Annexure 3** of the revised listing particulars and paragraph 14 of this circular, no director of Hospitality (or any partnership, syndicate or other association in which a director had an interest) has any direct or indirect beneficial interest in the transaction.

10.7. No promoters are involved or interested in the transaction nor in any transactions in the three years preceding this circular.

10.8. The entire issued share capital of Cassava and Listed Investments to be acquired in terms of the transaction will be transferred into the name of Merway as part of the transaction and the casino precincts have not, to the knowledge of Hospitality, been ceded or pledged to any party, save as security for debt as set out in paragraph 10 of the revised listing particulars.

11. GENERAL MEETING

11.1. A general meeting of Hospitality shareholders will be held at 14:00 on Tuesday, 23 October 2018 at Palazzo Towers East, Ground Floor, Montecasino Boulevard, Fourways, South Africa for shareholders to consider and, if deemed fit, pass with or without modification the resolutions set out in the notice of general meeting of shareholders attached to this circular.

11.2. Details of the actions required by Hospitality shareholders are set out on page 2 of this circular.

12. DETAILS OF DIRECTORS

Annexure 3 of the revised listing particulars contains details of the directors' emoluments and interests in Hospitality shares and transactions.

13. MAJOR AND CONTROLLING SHAREHOLDERS

13.1. Set out below are the names of Hospitality shareholders, other than directors, that, directly or indirectly, are beneficially interested in 5.0% or more of the issued shares, with reference to the information available as at the last practicable date.

Shareholder	Number of shares	% of total shares[2]
Tsogo [1]	341 992 565	59.5
Coronation Fund Managers	63 900 114	11.1
HCI Foundation	42 857 144	7.5
Total	**448 749 823**	**78.0**

Notes:
1. Held indirectly through Southern Sun Hotels
2. Net shares in issue (575 214 177)

13.2. Set out below are the names of Hospitality shareholders, other than directors, that, directly or indirectly, are expected to be beneficially interested in 5.0% or more of the issued shares of Hospitality post the implementation of the transaction.

Shareholder	Number of shares	% of total shares[2]
Tsogo [1]	1 538 354 565	86.8
Total	**1 538 354 565**	**86.8**

Notes:
1. Held indirectly through Southern Sun Hotels
2. Net shares in issue (1 771 576 177)

13.3. As at the last practicable date, Tsogo, through its wholly-owned subsidiary Southern Sun Hotels, is the controlling shareholder in Hospitality. Tsogo, through its wholly-owned subsidiary Southern Sun Hotels, will remain the controlling shareholder in Hospitality post the implementation of the transaction.

13.4. It is Tsogo's intention to unbundle its entire shareholding in Hospitality subsequent to the implementation of the transaction and the Hospitality group internal restructuring, further details of which are set out in paragraph 2.4 above.

14. RELATIONSHIP INFORMATION

14.1. Vexicure is an 80% subsidiary of Pan-African Capital Holdings Proprietary Limited, of which Mr Zuko Kubukeli, an independent non-executive director of Hospitality, is a director and an 8% shareholder. HPF Properties owns a 5% shareholding in Vexicure. Vexicure leases the Westin Cape Town hotel from the group. Vexicure is accounted for by Hospitality as an associate entity.

14.2. Other than paragraph 14.1 above, the directors have no beneficial interests, direct or indirect, in relation to any property held or property to be acquired by the Hospitality group nor are they contracted to become a tenant of any part of the property of the Hospitality group.

14.3. As at the last practicable date, the following directors of Hospitality serve on the board of directors of Tsogo:

14.3.1. John Copelyn (*Non-executive chairman*);

14.3.2. Jacques Booysen (*Chief executive officer*); and

14.3.3. Mahomed Gani (*Independent non-executive director*).

14.4. As at the last practicable date, the following directors of Hospitality hold a beneficial interest in Tsogo shares:

14.4.1. John Copelyn

14.4.2. Jacques Booysen;

14.4.3. Laurelle McDonald;

14.4.4. Zibusiso Kganyago; and

14.4.5. Robert Nicolella.

14.5. Save as disclosed in paragraph 14.3 and 14.4 above, there is no relationship between any parties mentioned in paragraph 3 of the revised listing particulars and another person that may conflict with a duty to the Hospitality group.

14.6. Other than as set out in paragraph 3 of this circular, the vendors of material properties acquired by the Hospitality group did not have any beneficial interest, direct or indirect, in any securities or participatory interests issued or to be issued by the Hospitality group in order to finance the acquisition of any material properties in the combined portfolio.

14.7. The directors have no material beneficial interest, whether directly or indirectly, in the acquisition or disposal of any properties of the Hospitality group during the two years preceding the date of the valuation.

14.8. No promoters are involved or interested in the transaction nor in any transactions in the three years preceding this circular.

15. MATERIAL BORROWINGS AND LOANS RECEIVABLE

15.1. Details of material borrowings advanced to the Hospitality group as at the last practicable date are set out in paragraph 16 and **Annexure 13** of the revised listing particulars.

15.2. Details of material loans receivable by the Hospitality group as at the last practicable date are set out in paragraph 16 and **Annexure 13** of the revised listing particulars.

16. MATERIAL CONTRACTS

Save for as set out in paragraph 3 above, material contracts which have been entered into either verbally or in writing by the Hospitality group, being restrictive funding arrangements and/or contracts 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, are set out in paragraph 18 and **Annexure 14** of the revised listing particulars.

17. MATERIAL CHANGES

Save for the capital restructuring as announced on SENS on 1 July 2015 and the category 1 related party acquisition announced on 18 May 2017:

17.1. there have been no material changes in the financial or trading position of the Hospitality group since Hospitality published its results for the year ended 31 March 2018 and the date of this circular; and

17.2. there has been no change in the business or trading objects of Hospitality during the past five years.

18. ADEQUACY OF CAPITAL

The directors have considered the effects of the transaction and are of the opinion that the working capital available to the Hospitality group is sufficient for the group's present requirements, that is, for at least the next 12 months from the date of issue of this circular.

19. LITIGATION STATEMENT

19.1. The directors have ascertained that there are no legal or arbitration proceedings which may have, or have during the 12 months preceding the date of this circular, had a material effect on the financial positions of each of Cassava and Listed Investments. The directors have also ascertained that each of Cassava and Listed Investments are not aware of any other proceedings that would have a material effect on the financial positions of each of Cassava and Listed Investments or which are pending or threatened against each of Cassava and Listed Investments.

19.2. Save for the pending legal proceedings relating to dissenting shareholders' appraisal rights as disclosed in paragraph 13 of the revised listing particulars, there are no legal or arbitration proceedings which may have, or have during the 12 months preceding the date of this circular, had a material effect on the financial position of the Hospitality group. Hospitality is not aware of any other proceedings that would have a material effect on the financial position of the Hospitality group or which are pending or threatened against the Hospitality group.

20. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are set out in page 11 of this circular, 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 the omission of which would make any statement false or misleading and that they have made all reasonable enquiries to ascertain such facts and that this circular contains all information required by law and the Listings Requirements.

21. CONSENTS

21.1. Each of Hospitality's advisors being the company secretary, the sponsor, the corporate advisor, the independent reporting accountants, the independent property valuer, the independent expert, the legal and tax advisor and the transfer secretaries have consented in writing to act in the capacities stated and to their names appearing in this circular and have not withdrawn their consent prior to the publication of this circular.

21.2. The independent reporting accountants, the independent property valuer and the independent expert have consented to the inclusion of their reports in the form and context in which they are included in the circular, which consents have not been withdrawn prior to the publication of this circular.

22. ISSUE EXPENSES

The company has not incurred any preliminary expenses in respect of the transaction in the preceding three years. The issue expenses (excluding VAT) relating to the transaction which have been incurred by Hospitality or that are expected to be incurred are presented in the table below.

	Recipient	**R'000**
Corporate advisor and sponsor	Java Capital	8 500
Independent reporting accountants	PwC	1 630
Tax advisory	ENS	250
Independent expert	Mazars	300
Technical accounting advisory	Deloitte	120
Legal advisor	ENS	2 626
Senior counsel	Adv. P Solomon	240
Independent property valuation	JLL	1 500
Transfer secretaries	Computershare	200
JSE listing and documentation	JSE	1 350
Printing and other costs	Bastion Graphics	250
Contingency		290
Total		**17 220**

23. CONFLICTS OF INTEREST

Java Capital is acting in the capacities of corporate advisor and sponsor. As required in terms of the Listings Requirements, it is confirmed that in order to manage any potential or perceived conflicts of interest that might arise as a result of Java Capital acting in these roles, Java Capital has in place appropriate checks and balances and divisions of responsibility amongst the persons involved in fulfilling these various functions.

24. DOCUMENTS AND CONSENTS TO BE AVAILABLE FOR INSPECTION

The list of the documents that will be available for inspection at the company's registered office are set out in paragraph 29 of the revised listing particulars.

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

FAIRNESS OPINION ISSUED IN TERMS OF THE LISTINGS REQUIREMENTS

11 September 2018

The Directors

Hospitality Property Fund Limited
The Zone, Phase 2
2nd Floor, Loft Offices East Wing
Corner Oxford Road and Tyrwhitt Avenue
Rosebank
2196

Dear Sirs,

INDEPENDENT FAIRNESS OPINION IN RESPECT OF THE ACQUISITION BY MERWAY FIFTH INVESTMENTS PROPRIETARY LIMITED ("MERWAY"), A WHOLLY-OWNED SUBSIDIARY OF HOSPITALITY PROPERTY FUND LIMITED ("HOSPITALITY") BY WAY OF A SALE OF SHARES AND SUBSCRIPTION AGREEMENT (THE "SUBSCRIPTION AGREEMENT") WITH TSOGO SUN HOLDINGS LIMITED ("TSOGO"), LISTED INVESTMENTS PROPRIETARY LIMITED ("LISTED INVESTMENTS"), CASSAVA INVESTMENTS PROPRIETARY LIMITED ("CASSAVA"), AKANI EGOLI PROPRIETARY LIMITED ("AKANI-EGOLI"), SILVERSTAR CASINO PROPRIETARY LIMITED ("SILVERSTAR"), TSOGO SUN CASINOS PROPRIETARY LIMITED ("TSC"), TSOGO SUN KWAZULU NATAL PROPRIETARY LIMITED ("TSKZN") AND TSOGO SUN NEWCASTLE PROPRIETARY LIMITED ("TSNEW") (ALL OF WHICH ARE WHOLLY-OWNED SUBSIDIARIES OF TSOGO) FOR THE ACQUISITION OF A PORTFOLIO OF SEVEN MIXED-USE CASINO PRECINCT PROPERTIES (THE "CASINO PRECINCT PROPERTIES").

INTRODUCTION

We have been appointed by the Board of Directors ("**Board**") to advise the shareholders of Hospitality whether, in our opinion, the transaction, in terms of which Merway will acquire the entire issued share capital of Cassava and Listed Investments (related parties in terms of section 10.4(f) of the Listings Requirements) in exchange for the purchase consideration payable by Hospitality of R23.0 billion (the "**Transaction**") is fair.

Cassava and Listed Investments collectively own the following seven mixed-use casino precinct properties:

- Montecasino Precinct: Montecasino, The Palazzo Hotel, Southern Sun Montecasino Hotel, SunSquare Montecasino Hotel, Palazzo Towers East & West Offices and The Pivot Offices;
- Gold Reef City Casino Precinct: Gold Reef City Casino and Southern Sun Gold Reef City Hotel;
- Silverstar Casino Precinct: Silverstar Casino and Southern Sun Silverstar Hotel;
- Suncoast Casino Precinct: Suncoast Casino, Suncoast Towers and SunSquare Suncoast Hotel;
- Blackrock Casino Precinct: Blackrock Casino and Garden Court Blackrock Hotel;
- Emnotweni Casino Precinct: Emnotweni Casino, Southern Sun Emnotweni Hotel and StayEasy Emnotweni Hotel; and
- The Ridge Casino Precinct: The Ridge Casino, Southern Sun The Ridge Hotel and StayEasy Emalahleni Hotel.

The purchase consideration will be discharged by Hospitality in the following manner:

1. The purchase consideration will be settled by Merway on the effective date as follows:
   1.1. R3.2 billion will be discharged in cash to Silverstar, TSNEW and TSC *pro rata* to their holdings in Cassava; and
   1.2. R19.8 billion will be discharged in cash to Akani-Egoli, TSKZN and TSC *pro rata* to their holdings in Listed Investments.
2. On the effective date, each of Akani-Egoli, Silverstar, TSKZN, TSNEW and TSC (collectively, the "**vendors**") will use the proceeds of the purchase consideration of R23.0 billion:
   2.1. To subscribe for 1 196 362 000 Hospitality ordinary shares at a subscription price of R12.50 per share (R15.0 billion) (the "**subscription shares**"), which shares, when issued, will constitute not less than 67.4% of the entire issued share capital of Hospitality at the time; and
   2.2. Settle the debt of each of the vendors with the balance of the purchase consideration (being an amount of R8.1 billion).

The Transaction qualifies as a Category 1 transaction for Hospitality in terms of section 9 of the Listings Requirements. As Southern Sun Hotels Proprietary Limited ("**SSH**"), a wholly-owned subsidiary of Tsogo, holds 59.5% of the total share capital of Hospitality, it is regarded as a material shareholder of Hospitality in terms of the Listings Requirements.

Consequently, the transaction between Hospitality and Tsogo, an associate of SSH constitutes a transaction with a related party in terms of section 10.4(f) of the Listings Requirements and requires the Board to obtain a fairness opinion from an independent expert, prepared in accordance with Schedule 5 of the Listings Requirements.

EXPLANATION OF THE TERM 'FAIR'

The term 'fair' is defined in Schedule 5 of the Listings Requirements as being based on quantitative issues. Therefore, the Transaction would be considered fair if the fair value of the Casino Precinct Properties is greater than or equal to the purchase consideration.

ASSUMPTIONS

We arrived at our opinion based on the following assumptions:

- Current economic, regulatory and market conditions will not change materially. This included an analysis of publicly available information relating to the forecast market outlook;
- That reliance can be placed on the illustrative financial statements of Hospitality for the twelve months ended 31 March 2017;
- That reliance can be placed on the audited annual financial statements of Hospitality for the twelve months ended 31 March 2018;
- That reliance can be placed on the forecast information of Hospitality for the years ending 31 March 2019 and 31 March 2020, as prepared by the management of Hospitality; and
- That reliance can be placed on the independent property valuation reports in respect of the fair market value of the Casino Precinct Properties as prepared by JLL Hotels & Hospitality Group Sub-Saharan Africa ("**JLL**"). A review of the qualifications of the valuer, the methodology utilised and the reasonableness of the assumptions utilised in the independent property valuations has been performed. We confirm that we are satisfied with the methodology and assumptions utilised in the valuation of the Casino Precinct Properties.

Where relevant, representations made by management and/or directors were corroborated to source documents prepared by third parties, independent analytical procedures performed by us and by examining and analysing external factors that influence the business. This included an analysis of the forecast financial information against that of the audited annual financial statements for reasonability.

SOURCES OF INFORMATION

In the course of our analysis, we relied upon financial and other information, including financial information obtained from management together with industry related and other information available in the public domain. Our conclusion is dependent on such information being accurate in all material respects.

The principal sources of information used in formulating our opinion regarding the Transaction include:

- Illustrative financial statements of Hospitality for the illustrative 12 months ended 31 March 2017;
- Audited annual financial statements of Hospitality for the 12 months ended 31 March 2018;
- The forecast information of Hospitality for the years ending 31 March 2019 to 31 March 2020, as prepared by the management of Hospitality;
- The independent property valuation reports in respect of the fair market value of the Casino Precinct Properties as prepared by JLL. These valuations take into account the prevailing economic conditions in the real estate investment trusts ("**REIT**") industry. The reports comply with the Listings Requirements;
- A review of the qualifications of the independent valuer, JLL, which has performed valuations of the Casino Precinct Properties. We confirm that we are satisfied with the basis of the property valuations as well as the market value approach and have relied on these valuations for the purpose of performing the valuation of the Casino Precinct Properties;
- Information and assumptions made available by and from discussions held with executive directors of Hospitality in terms of the rationale for the Transaction;
- The circular to Hospitality shareholders relating to the Transaction (the "**Circular**"); and
- Publicly available information relating to Hospitality and other competitors in the REIT industry that we deemed to be relevant, including company announcements.

We obtained the information through:

- Conducting interviews with management, directors and senior staff members;
- Obtaining corroborating evidence from third parties; and
- Extracting information from the internet and the press.

We satisfied ourselves as to the appropriateness and reasonableness of the information with reference to:

- Illustrative financial statements of Hospitality for the illustrative 12 months ended 31 March 2017
- Audited annual financial statements of Hospitality for the 12 months ended 31 March 2018;
- The forecast information of Hospitality for the years ending 31 March 2019 to 31 March 2020, as prepared by the management of Hospitality;
- Conducting analytical reviews on the financial statements, management accounts and forecast financial information;
- The independent property valuation reports in respect of the fair market value of the Casino Precinct Properties;
- Understanding the industry in which Hospitality and the Casino Precinct Properties operate; and
- Assessing whether replies from management on certain issues were corroborated by third parties and documentary evidence.

LIMITING CONDITIONS AND RELATED PARTY RELATIONSHIPS

We have relied upon the accuracy of information provided to us or otherwise reviewed by us, for the purposes of this opinion, whether in writing or obtained through discussion with the management of Hospitality. We express no opinion on this information.

There were no limiting conditions, or any restrictions of scope imposed by the client whilst this opinion was being prepared.

Our opinion is based on current economic, regulatory, market as well as other conditions. Subsequent developments may affect this opinion, which we are under no obligation to update, review or re-affirm.

This letter and opinion is provided solely for the benefit of the shareholders of Hospitality in connection with and for the purposes of their consideration of the Transaction.

There is no relationship between Mazars Corporate Finance (Pty) Ltd ("**MCF**") and any other parties involved in this Transaction. MCF has no shares in Hospitality or any other party involved in the Transaction. MCF's fees in respect of this opinion is not payable in Hospitality shares and is not contingent or related to the outcome of the Transaction.

Each shareholder's individual decision may be influenced by such shareholder's particular circumstances and accordingly each shareholder should consult an independent advisor if in any doubt as to the merits or otherwise of the Transaction.

PROCEDURES

In order to assess the fairness of the terms and conditions relating to the Transaction, we have performed, amongst others, the following procedures:

- Reviewed the terms and conditions of the Transaction;
- Considered information made available by and from discussions held with the independent non-executive directors, the non-executive directors, executive directors and management of Hospitality;
- Considered the rationale for the Transaction;
- Reviewed the illustrative financial statements of Hospitality for the illustrative 12 months ended 31 March 2017;
- Reviewed the audited annual financial statements of Hospitality for the 12 months ended 31 March 2018;
- Reviewed the forecast information of Hospitality for the years ending 31 March 2019 to 31 March 2020, as prepared by the management of Hospitality;
- Reviewed the independent valuation reports in respect of the fair market value of the Casino Precinct Properties;
- Reviewed the methodologies available for performing valuations of businesses operating in the REIT industry;
- Performed an indicative valuation of Hospitality (pre-transaction) using the discounted cash flow ("**DCF methodology**") considering the fair values of the assets and liabilities as at 31 March 2018;

- Performed an indicative valuation of Hospitality (post-transaction) using the DCF methodology considering the fair values of the assets and liabilities as at 31 March 2018 as well as the new issue of shares;
- Compared the fair value of the Casino Precinct Properties to the purchase consideration of R23.0 billion taking into account the settlement of the R8.1 billion debt of each of the vendors. This included an analysis of the issue of 1 196 362 000 shares by Hospitality at R12.50 per share, to the post transaction value of Hospitality to confirm whether there is dilution / accretion to the Hospitality shareholders;
- Reviewed general economic, market and related conditions in which Hospitality and the Casino Precinct Properties operate; and
- Conducted appropriate sensitivity analyses given a reasonable range of key assumptions on the valuation above.

We believe the above procedures commercially justify the conclusion outlined below.

CONFIRMATION OF PERFORMANCE OF VALUATION AND VALUATION METHODOLOGY

We confirm that we have performed valuations of Hospitality, utilising the DCF methodology as a primary basis.

The valuations were performed taking cognisance of Hospitality's current and planned operations as well as other market factors affecting these operations. Using the values derived from the above valuation, a comparison was made to the purchase consideration.

Based on discussions with management, along with research into the sector, the following key value drivers were assessed for the DCF valuation:

Internal:

- Revenue growth rates;
- Profit margins to be achieved through the forecast period;
- The discount rate applicable to Hospitality;
- Forecast working capital assumptions;
- Forecast free cash flows; and
- Forecast capital expenditure requirements.

External:

- Stability of the economy and other macroeconomic factors. This included an analysis of publicly available information in respect of macroeconomic outlook; and
- Performed sensitivity analyses on the inflation rate and assessed the impact thereof on the valuation.

The following analyses were performed on the key value drivers:

- An analysis and review of the forecast revenue growth rates of the hotel operating entities. This included sensitivity analyses performed on the forecast revenue by increasing and decreasing revenue by 10% and assessed the impact thereof on the valuations; and
- An analysis and review of the forecast profit margins. This included a sensitivity analysis performed on the forecast earnings before interest, taxation, depreciation and amortisation ("**EBITDA**") margins of the hotel operating entities by increasing and decreasing the EBITDA margins by 1% and 2% respectively and assessed the impact thereof on the valuations.

We compared the pre-transaction value per share of Hospitality to the post-transaction value per share of Hospitality and given that there is value accretion to the Hospitality shareholders post transaction, the Transaction is considered fair to the shareholders of Hospitality.

Our procedures and enquiries did not constitute an audit in terms of International Standards on Auditing. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion.

OPINION

Our opinion is based upon the market, regulatory and trading conditions as they currently exist and can only be evaluated at the date of this letter. It should be understood that subsequent developments may affect our opinion, which we are under no obligation to update, revise or re-affirm.

We have considered the terms and conditions of the Transaction, and subject to the aforegoing, we are of the opinion that the Transaction is fair to the shareholders of Hospitality in terms of the Listings Requirements.

CONSENT

We hereby consent to the inclusion of this letter and references thereto, in the form and context in which they appear in any required regulatory announcement or document.

Yours faithfully

Anoop Ninan
Director
Mazars Corporate Finance (Pty) Ltd

54 Glenhove Road
Melrose Estate, 2196

FORECAST STATEMENT OF COMPREHENSIVE INCOME OF THE CASINO PORTFOLIO

Set out below is the forecast statement of comprehensive income of the casino portfolio for the one month ending 31 March 2019 and year ending 31 March 2020 (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' report thereon, presented in **Annexure 3**.

The forecast has been prepared in accordance with Hospitality's accounting policies, which are in compliance with IFRS and the Listings Requirements. The forecast has been prepared on the assumption that the effective date of the transaction is 1 March 2019.

R'000	Forecast for the 1 month ending 31 March 2019	Forecast for the year ending 31 March 2020
Revenue	**162 007**	**2 031 572**
Rental income	162 007	2 031 572
Straight-line lease income adjustments	–	–
Operating costs	–	–
Operating profit	162 007	2 031 572
Finance costs	(58 780)	(697 483)
Transaction costs	(17 220)	-
Profit before tax	86 007	1 334 089
Taxation	–	–
Profit after tax	86 007	1 334 089
Profit attributable to:		
Equity holders of Hospitality	86 007	1 334 089
Non-controlling interests	–	–

Reconciliation between earnings and distributable earnings:

R'000	Forecast for the 1 month ending 31 March 2019	Forecast for the year ending 31 March 2020
Profit attributable to Hospitality equity holders	86 007	1 334 089
Adjustments:		
Transaction costs	17 220	–
Distributable earnings	**103 227**	**1 334 089**

An analysis of rental income is set out below:

%	Forecast for the 1 month ending 31 March 2019	Forecast for the year ending 31 March 2020
Contracted	100.0	100.0
Near contracted	–	–
Uncontracted	–	–
Total	**100.0**	**100.0**

Notes and assumptions:

The forecast has been prepared on an aggregated basis for the casino portfolio and is based on information derived from the transaction agreement, head lease agreements, rental aggregation agreement, debt facility agreements, and the independent property valuations of the casino portfolio.

All rental income is contracted. In addition, 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 Grabblebrook 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.

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

1. Rental income has been forecast based on the initial aggregate base 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. Since the head lease agreements are all triple-net leases, the operational cost structure of Hospitality is not anticipated to change as a result of the acquisition of the casino portfolio.
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 this circular.
4. Finance costs comprises interest incurred on the R8.1 billion of new debt facilities, 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 on the new facilities is assumed to be 8.54%. A detailed breakdown of the new debt facilities is set out in **Annexure 13** of the revised listing particulars.
5. No fair value adjustments have been assumed over the forecast period.
6. No properties will be under development during the forecast period. The Suncoast expansion is due to be completed during December 2018. An explanation of the Suncoast expansion is set out in paragraph 8 of this circular.
7. Lease agreements are valid and do not expire during the forecast period.

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) Grabblebrook's ability to meet its commitments in terms of the head lease agreements and rental aggregation agreement; and (2) Tsogo's ability to meet its potential commitments in terms of the guarantee above.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE FORECAST STATEMENT OF COMPREHENSIVE INCOME OF THE CASINO PORTFOLIO

Board of Directors
Hospitality Property Fund Limited
2nd Floor, The Zone II
Loft Offices East Wing
Cnr Oxford Road and Tyrwhitt Avenue
Rosebank
2196

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE CASINO 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 casino portfolio acquired from Tsogo Sun Holdings Limited ("**Tsogo**") by Hospitality Property Fund Limited ("**Hospitality**") for the one month ending 31 March 2019 and the year ending 31 March 2020 presented in **Annexure 2** of the circular to Hospitality shareholders dated Friday, 21 September 2018 (the "Circular"), comprising the forecast statement of comprehensive income and any specific property portfolio disclosure as per Section 13 of JSE Listings Requirements of casino portfolio (the "**Forecast Information**"), as required by paragraph 13.15 of the JSE Limited Listings Requirements (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 presented in **Annexure 2** to the Circular, 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 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 one month ending 31 March 2019 and the year ending 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 directors' 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. 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 2** to the Circular 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 on month ending 31 March 2019 and the year ending 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

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF HOSPITALITY

Set out below is the *pro forma* consolidated statement of financial position of Hospitality based on the audited consolidated statement of financial position of Hospitality as at 31 March 2018. The *pro forma* consolidated statement of financial position has been prepared to reflect the financial position of Hospitality after the *pro forma* adjustments for the transaction, on the assumption that the transaction took place on 31 March 2018 and on the basis set out in the notes to the *pro forma* consolidated statement of financial position below.

The *pro forma* consolidated statement of financial position is the responsibility of the directors of Hospitality and has been provided for illustrative purposes to reflect the effects of the transaction on the financial position of Hospitality. Due to its nature, the *pro forma* consolidated statement of financial position for Hospitality may not fairly represent Hospitality's financial position after the transaction.

The independent reporting accountants' assurance report on the *pro forma* consolidated statement of financial position is set out in **Annexure 5** of this circular. The independent reporting accountants' review report on the value and existence of the assets and liabilities acquired by Hospitality is set out in **Annexure 6** of this circular.

The *pro forma* consolidated financial information has been prepared in terms of IFRS, *The Guide on Pro Forma Financial Information* issued by SAICA, the Listings Requirements and the accounting policies of the company.

R'000	Hospitality at 31 March 2018	Acquisition of Listed Investments and Cassava	Listed Investments at 31 March 2018	Cassava at 31 March 2018	Adjustments and consolidation entries	Transaction costs settled	Pro forma after the transaction
	audited	*pro forma*	*audited*	*audited*	*pro forma*	*pro forma*	*pro forma*
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7
Assets							
Non-current assets	**12 534 884**	**23 006 962**	**13 940**	**11 028**	**(24 968)**	**–**	**35 541 846**
Investment properties	12 533 970	–	13 940	11 028	22 981 994	–	35 540 932
Property, plant and equipment	163	–	–	–	–	–	163
Investment in subsidiaries	–	23 006 962	–	–	(23 006 962)	–	–
Investment in associates	751	–	–	–	–	–	751
Current assets	**590 106**	**–**	**–**	**–**	**–**	**(17 220)**	**572 886**
Trade and other receivables	133 915	–	–	–	–	–	133 915
Non-current assets held for sale	65 600	–	–	–	–	–	65 600
Cash and cash equivalents	390 591	–	–	–	–	(17 220)	373 371
Total assets	**13 124 990**	**23 006 962**	**13 940**	**11 028**	**(24 968)**	**(17 220)**	**36 114 732**
Equity and liabilities							
Equity	**11 104 603**	**14 954 525**	**–**	**(211)**	**211**	**(17 220)**	**26 041 908**
Stated capital	9 027 065	14 954 525	–	–	–	–	23 981 590
Fair value reserve	2 739 443	–	–	–	–	–	2 739 443
Common control reserve	(1 106 013)	–	–	–		–	(1 106 013)
Retained income (loss)	444 108	–	–	(211)	211	(17 220)	426 888
Non-current liabilities	**1 941 596**	**8 052 437**	**–**	**–**	**–**	**–**	**9 994 033**
Interest-bearing borrowings	1 936 071	8 052 437	–	–	–	–	9 988 508
Long-term incentive	1 483	–	–	–	–	–	1 483
Derivative liability	4 042	–	–	–	–	–	4 042
Current liabilities	**78 791**	**–**	**13 940**	**11 239**	**(25 179)**	**–**	**78 791**
Trade and other payables	40 229	–	–	–	–	–	40 229
Interest-bearing borrowings	11 690	–	–	–	–	–	11 690
Loans from group company	–	–	13 940	11 239	(25 179)	–	–
Derivative liability	2 241	–	–	–	–	–	2 241
Shareholder redemption	24 129	–	–	–	–	–	24 129
Long-term incentive	502	–	–	–	–	–	502
Total equity and liabilities	**13 124 990**	**23 006 962**	**13 940**	**11 028**	**(24 968)**	**(17 220)**	**36 114 732**
Net shares in issue (000)	575 214	1 196 362	–	–	–	–	1 771 576
NAV per share (R)	19.31						14.70
Tangible NAV per share (R)	19.31						14.70
Loan-to-value (%)	15.4%						28.1%
Loan-to-value, net of cash (%)	12.4%						27.0%

Notes and assumptions:

1. Extracted, without adjustment, from the audited consolidated annual financial statements of Hospitality for the year ended 31 March 2018. The financial information of Hospitality for the year ended 31 March 2018 was audited by PwC who issued an unqualified audit opinion.
2. Represents (1) the acquisition of Listed Investments and Cassava for R23.0 billion; (2) the issue of 1.2 billion shares to Tsogo at the subscription price of R12.50 per share, raising a total of R15.0 billion; and (3) the drawdown of R8.1 billion from new debt facilities. A detailed breakdown of the new debt facilities is set out in **Annexure 13** of the revised listing particulars.
3. Extracted, without adjustment, from the audited financial statements of Listed Investments for the year ended 31 March 2018. The financial information of Listed Investments as at 31 March 2018 was audited by PwC who issued an unqualified audit opinion. These financial statements are available for inspection at the company's offices.
4. Extracted, without adjustment, from the audited financial statements of Cassava for the year ended 31 March 2018. The financial information of Cassava as at 31 March 2018 was audited by PwC who issued an unqualified audit opinion. These financial statements are available for inspection at the company's offices.
5. Represents (1) the acquisition by Listed Investments and Cassava of the casino precinct properties; (2) the write-back to retained income of intercompany loans granted by TSC to Listed Investments and Cassava (TSC is waiving its rights to these loan claims); and (3) the consolidation entries required to consolidate Listed Investments and Cassava.
6. Represents the settlement of transaction costs, which relates to the acquisition of the casino portfolio. A detailed breakdown of the transaction costs is set out in paragraph 22 of the circular.
7. Represents the *pro forma* consolidated financial position of Hospitality after the transaction.
8. No fair value adjustments have been made.
9. Save for the adjustments set out above, there are no other material events requiring adjustment to the *pro forma* consolidated statement of financial position.

Measurement of fair value

Existing portfolio

The existing hotel portfolio was independently valued at 31 March 2018 by Bryan Nyagah, Professional Associate Valuer, from JHI. The valuations are done on an annual basis on the entire portfolio of investment properties.

The fair value of the existing hotel portfolio has been categorised as a level 3 fair value based on the unobservable inputs to the valuation technique used as detailed below.

As at 31 March 2018 the significant unobservable inputs were as follows:

- A weighted average rental growth rate of 5.0% – 5.25% (2017: 5.5%)
- A terminal capitalisation rate of between 7.2% – 8.5% (2017: 7.26%)
- A risk-adjusted discount rate of between 12.2% – 13.75% (2017: 12.76%)

Hospitality measures investment properties at fair value. The fair value is determined by using the discounted cash flow method by discounting the rental income (based on expected net cash flows of the underlying hotels) after considering the capital expenditure requirements. The expected cash flows are discounted using an appropriate discount rate. The core discount rate is calculated using the R186 (long bond) at the time of valuation, to which is added premiums for market risk and equity and debts costs. The discount rate takes into account a risk premium associated with the local economy as well as that specific to the local property market and the hotel industry.

The table below indicates the sensitivities of the aggregate existing hotel property portfolio by increasing or decreasing value inputs as follows:

	31 March 2018		31 March 2017	
R'000	**Increase**	**Decrease**	**Increase**	**Decrease**
5% change in the net cash flows	623	(623)	402	(402)
25bps change in the terminal capitalisation rate	(292)	312	(199)	162
50bps change in the discount rate	(811)	927	(301)	279

Casino portfolio

The casino portfolio was independently valued at 31 March 2018. The valuation of each of the casino precincts has been carried out by the nominated property valuer, JLL, and the valuation process has been overseen by Ashton Eckler, Registered Professional Valuer (No. 6022/8), together with Joshua Askew (FRICS), Director: Valuation Sub Saharan Africa.

The fair value of the casino portfolio has been categorised as a level 3 fair value based on the unobservable inputs to the valuation technique used as detailed below.

As at 31 March 2018 the significant unobservable inputs were as follows:

- A weighted average rental growth rate of 5.25%
- A terminal capitalisation rate of 8.5%
- A risk-adjusted discount rate of 13.75%

Hospitality measures investment properties at fair value. The fair value is determined by using the discounted cash flow method by discounting the rental income (based on expected net cash flows of the underlying hotels) after considering the capital expenditure requirements. The expected cash flows are discounted using an appropriate discount rate. The core discount rate is calculated using the R186 (long bond) at the time of valuation, to which is added premiums for market risk and equity and debts costs. The discount rate takes into account a risk premium associated with the local economy as well as that specific to the local property market and the hotel industry.

The table below indicates the sensitivities of the aggregate casino portfolio by increasing or decreasing value inputs as follows:

R'000	Increase	Decrease
5% change in the net cash flows	1 126	(1 126)
25bps change in the terminal capitalisation rate	(195)	207
50bps change in the discount rate	(877)	929

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE *PRO FORMA* CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF HOSPITALITY

Board of Directors
Hospitality Property Fund Limited
2nd Floor, The Zone II
Loft Offices East Wing
Cnr Oxford Road and Tyrwhitt Avenue
Rosebank
2196

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION OF HOSPITALITY PROPERTY FUND LIMITED

Introduction

Hospitality Property Fund Limited ("**Hospitality**") is issuing a circular to its shareholders (the "**Circular**") regarding the acquisition of a casino portfolio from Tsogo Sun Holdings Limited (the "**Transaction**").

At your request and for the purposes of the Circular to be dated on Friday, 21 September 2018, we present our assurance report on the compilation of the *pro forma* financial information of Company by the directors. The *pro forma* financial information, presented in **Annexure 4** to the Circular, consists of the *pro forma* consolidated statement of financial position as at 31 March 2018 and the *pro forma* financial effects (the "*Pro Forma* Financial Information"). The ***Pro Forma*** **Financial Information** has been compiled on the basis of the applicable criteria specified in the JSE Limited Listings Requirements (the "**Listings Requirements**") and described in the notes to the *Pro Forma* Financial Information presented in **Annexure 4** of the Circular.

The *Pro Forma* Financial Information has been compiled by the directors to illustrate the impact of the Transaction on Hospitality's reported financial position as at 31 March 2018, as if the Transaction had taken place at 31 March 2018. As part of this process, information about Hospitality's financial position has been extracted by the directors from Hospitality's financial statements for the year ended 31 March 2018, on which an audit report has been published.

Directors' responsibility

The directors of Hospitality are responsible for the compilation, contents and presentation of the *Pro Forma* Financial Information on the basis of the applicable criteria specified in the Listings Requirements and described in the note to the *Pro Forma* Financial Information presented in **Annexure 4** to the Circular. The directors of Hospitality are also responsible for the financial information from which it has been prepared.

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.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the directors on the basis specified in the Listings Requirements and described in the notes to the *Pro Forma* Information presented in **Annexure 4** to the Circular based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements ("**ISAE**") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis specified in the Listings Requirements and described in the notes to the *Pro Forma* Information presented in **Annexure 4** to the Circular.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *Pro Forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro Forma* Financial Information.

The purpose of *Pro Forma* Financial Information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of Hospitality as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *Pro Forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related *Pro Forma* Adjustments give appropriate effect to those criteria; and
- the *Pro Forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of Hospitality, the event or transaction in respect of which the *Pro Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

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

Opinion

In our opinion, the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the Listings Requirements and described in the notes to the *Pro Forma* Information presented in **Annexure 4** to the Circular.

PricewaterhouseCoopers Inc.
Director: Andrew Taylor
Registered Auditor

4 Lisbon Lane, Waterfall City, Jukskei View, 2090
11 September 2018

INDEPENDENT REPORTING ACCOUNTANTS' REVIEW REPORT ON THE ADJUSTMENT COLUMN IN THE *PRO FORMA* CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF HOSPITALITY

Board of Directors
Hospitality Property Fund Limited
2nd Floor, The Zone II
Loft Offices East Wing
Cnr Oxford Road and Tyrwhitt Avenue
Rosebank
2196

INDEPENDENT REPORTING ACCOUNTANT'S REVIEW REPORT ON THE ADJUSTMENT COLUMN IN THE *PRO FORMA* CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF HOSPITALITY PROPERTY FUND LIMITED

To the directors of Hospitality Property Fund Limited

We have reviewed the assets and/or liabilities to be acquired by Hospitality Property Fund Limited from Tsogo Sun Holdings Limited as reflected in the adjustment column (the "**Adjustment Column**") of the *pro forma* consolidated statement of financial position as at 31 March 2018 included in **Annexure 4** to the circular to be issued on 21 September 2018 (the "**Circular**") (the "***Pro Forma Statement of Financial Position***") of the Circular as required by paragraph 13.16 (e) of the JSE Limited Listings Requirements (the "**Listings Requirements**").

Directors' responsibility for the *Pro Forma* Statement of Financial Position

The directors are responsible for the preparation and presentation of the *Pro Forma* Statement of Financial Position, including the Adjustment Column, in accordance with paragraph 13.16 (a) – (d) of the Listings Requirements (the "**JSE Limited Listings Requirements for the Adjustment Column of the *pro forma* statement of financial position**"), as set out in **Annexure 4** to the Circular, and for such internal control as the directors determine is necessary to enable the preparation of the financial information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express a conclusion on the Adjustment Column. We conducted our review in accordance with the International Standard on Review Engagements ("**ISRE**") 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Adjustment Column, taken as a whole, is not prepared in all material respects in accordance with the Listings Requirements for the Adjustment Column of the *pro forma* statement of financial position. This Standard also requires us to comply with relevant ethical requirements.

A review of financial information in accordance with ISRE 2410 is a limited assurance engagement. The reporting accountant performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the Adjustment Column.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Adjustment Column is not prepared, in all material respects, in accordance with the Listings Requirements for the Adjustment Column of the *pro forma* statement of financial position, as set out in **Annexure 4** to the Circular.

Purpose of report

This report has been prepared for the purpose of satisfying the requirement of paragraph 13.16(e) of the Listings Requirements, and for no other purpose.

PricewaterhouseCoopers Inc.
Director: Andrew Taylor
Registered Auditor

4 Lisbon Lane, Waterfall City, Jukskei View
11 September 2018

DETAILS OF THE CASINO PRECINCTS

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)
Notes				**1, 2**	**2**	**2**	**2**	**2**	**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	–	856
Total				**271 067**	**1 335**	**268**	**6 983**	**70 101**	**25 700**	**21 968**

Notes:
1. Gross built-up area as determined by the site architects.
2. As at 31 March 2018.
3. 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.
4. 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.
5. The anticipated effective date of the acquisitions is 1 March 2019.
6. 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).
7. 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.
8. The data for the Suncoast Casino Precinct excludes the Suncoast expansion.

INDEPENDENT PROPERTY VALUER'S SUMMARY VALUATION REPORT ON THE CASINO PRECINCTS

The Directors
Hospitality Property Fund
The Zone II, Loft Offices
East Wing, 2nd Floor
Cnr Oxford Road & Tyrwhitt Avenue
Rosebank, 2196

11 September 2018

Dear Sirs,

INDEPENDENT PROPERTY VALUER'S SUMMARY VALUATION REPORT ON THE CASINO PORTFOLIO

1. Introduction

This summary valuation report has been prepared in accordance with section 13.22 of the Listings Requirements for an acquisition, in terms of an asset for share transaction in accordance with Section 42 of the Income Tax Act, 1962 for seven casino precinct properties (the "**Properties**"), currently owned by the Tsogo group of companies (the "**Tsogo Group**"), in consideration for the issue of new shares in Hospitality Property Fund Limited ("**Hospitality**") (the "**Proposed Transaction**").

A detailed valuation report has been compiled and has been issued to the nominated representatives of Hospitality and is available for inspection at the registered office of Hospitality.

In accordance with your instructions dated 27 March 2018, we confirm that we have visited and inspected the Properties during April 2018 and have received all necessary details required to perform an independent valuation in order to provide you with our opinion of the market value of the Properties as at 31 March 2018.

Since the effective date of the valuation of the Properties, being 31 March 2018, we confirm that there have been no material changes in circumstances which affect the valuation of the Properties.

Property	**Montecasino**					
Address	**Corner William Nicol Drive and Witkoppen Road, Fourways, Johannesburg**					
Co-ordinates	**-26.025649/28.011542**					
Erf/Section No. Farm Portion	**Township/Farm**	**Tenure**	**Owner / % Share**	**Title Deed Number**	**Local Authority**	**Extent m²**
Erf 474	Magaliessig Ext 37	Freehold	Tsogo Sun Casinos (Pty) Ltd	T48793/2007	City of Johannesburg	6 242
Remainder Erf 475	Magaliessig Ext 37	Freehold	Tsogo Sun Casinos (Pty) Ltd	T48792/2007	City of Johannesburg	234 808
Section 1 (Storeroom)	SS One Monte, Magaliessig Ext 37	Sectional Title	Tsogo Sun One Monte (Pty) Ltd	ST2626/2012	City of Johannesburg	6
Section 2 (Storeroom)	SS One Monte, Magaliessig Ext 37	Sectional Title	Tsogo Sun One Monte (Pty) Ltd	ST2626/2012	City of Johannesburg	4
Section 3	SS One Monte, Magaliessig Ext 37	Sectional Title	Tsogo Sun Casinos (Pty) Ltd	ST31-3/2012	City of Johannesburg	25 044
Section 4	SS One Monte, Magaliessig Ext 37	Sectional Title	Tsogo Sun Casinos (Pty) Ltd	ST21-4/2012	City of Johannesburg	11 856
Section 5	SS One Monte, Magaliessig Ext 37	Sectional Title	Tsogo Sun One Monte (Pty) Ltd	ST21-5/2012 ST35126/2014 ST35127/2014	City of Johannesburg	19 694

Property	Gold Reef City					
Address	Northern Parkway, Ormonde, Johannesburg					
Co-ordinates	-26.238215 / 28.010815					
Erf/Section No. Farm Portion	Township/Farm	Tenure	Owner / % Share	Title Deed Number	Local Authority	Extent m²
Erf 1211	Ormonde Ext 34	Freehold	Akani Egoli (Pty) Ltd	T86072/1998	City of Johannesburg	29 691
Erf 1212	Ormonde Ext 34	Freehold	Akani Egoli (Pty) Ltd	T86072/1998	City of Johannesburg	19 895
Erf 412	Ormonde Ext 13	Freehold	Akani Egoli (Pty) Ltd	T86077/1998	City of Johannesburg	36 003

Property	Suncoast					
Address	Battery Beach Road, Durban					
Co-ordinates	-29.836432 / 31.033209					
Erf/Section No. Farm Portion	Township/Farm	Tenure	Owner / % Share	Title Deed Number	Local Authority	Extent m²
Stand 12519	Durban	Freehold	Tsogo Sun KwaZulu-Natal Pty Ltd	T67815/2002	eThekwini Municipality	218 872

Property	Silverstar					
Address	R28, Muldersdrift, Mogale City					
Co-ordinates	-26.066255 / 27.828062					
Erf/Section No. Farm Portion	Township/Farm	Tenure	Owner / % Share	Title Deed Number	Local Authority	Extent m²
Erf 642	Homes Haven	Freehold	Silver Star Development Ltd	T69044/2007	Mogale City	97 083
Erf 643	Homes Haven	Freehold	Silver Star Development Ltd	T69044/2007	Mogale City	56 957
Erf 644	Homes Haven	Freehold	Silver Star Development Ltd	T69044/2007	Mogale City	86 514
Erf 645	Homes Haven	Freehold	Silver Star Development Ltd	T69044/2007	Mogale City	152 633
RE Ptn 39	Farm Roodekrans 183 IQ	Freehold	Silver Star Development Ltd	T155558/2007	Mogale City	28 163

Property	Blackrock					
Address	100 Allen Road, Newcastle					
Co-ordinates	-27.780412 / 29.946848					
Erf/Section No. Farm Portion	Township/Farm	Tenure	Owner / % Share	Title Deed Number	Local Authority	Extent m²
Erf 15450	Newcastle	Freehold	Tsogo Sun Newcastle (Pty) Ltd	T45498/2006	Newcastle Municipality	110 000

Property	Emnotweni					
Address	R40 (Nelspruit to White River), Cnr Government Boulevard, Mbombela					
Co-ordinates	-25.439754 / 30.966392					
Erf/Section No. Farm Portion	Township/Farm	Tenure	Owner / % Share	Title Deed Number	Local Authority	Extent m²
Ptn 1 Erf 2	Riverside Mall	Freehold	Listed Inv (Pty) Ltd	T87385/1998	City of Mbombela	10 151
Erf 4	Riverside Park Ext 1	Freehold	Listed Inv (Pty) Ltd	T132475/1998	City of Mbombela	8 956
Ptn 54 (Erf 3)	Farm Boschrand 283 JT	Freehold	Listed Inv (Pty) Ltd	N/A	City of Mbombela	7 555
Ptn 53 (Erf 5)	Farm Boschrand 283 JT	Freehold	Listed Inv (Pty) Ltd	N/A	City of Mbombela	19 344

Property	The Ridge					
Address	Mandela Drive, Emalahleni (Witbank)					
Co-ordinates	-25.887382 / 29.267930					
Erf/Section No. Farm Portion	Township/Farm	Tenure	Owner / % Share	Title Deed Number	Local Authority	Extent m²
Erf 1713	Del Judor Ext 26	Freehold	Cassava Inv (Pty) Ltd	T23985/1998	Emalahleni Local Municipality	6 009
Erf 1714	Del Judor Ext 26	Freehold	Cassava Inv (Pty) Ltd	T23985/1998	Emalahleni Local Municipality	70 436
Ptn 2 Erf 1716	Del Judor Ext 27	Freehold	Cassava Inv (Pty) Ltd	T9940/2016	Emalahleni Local Municipality	919
Ptn 3 Erf 1716	Del Judor Ext 27	Freehold	Cassava Inv (Pty) Ltd	T9940/2016	Emalahleni Local Municipality	1 777

The valuation of the Properties has been carried out by the nominated property valuer, Jones Lang LaSalle ("**JLL**"), and the valuation process has been overseen by Ashton Eckler, Registered Professional Valuer (No. 6022/8) together with Joshua Askew (FRICS), Director: Valuation Sub Saharan Africa.

Employees of JLL, who have the relevant valuation qualifications, have inspected the Properties and careful consideration has been given to all matters pertaining to the requirements of section 13 of the Listing Requirements for the purposes of this valuation.

Our detailed valuation report includes commentary on the nature of the Properties, locality, tenancy, risk profile, forward rent projections, earning capability and exposure to future expenses and property risk.

Our detailed valuation report has further addressed the estimated income capability and expenditure for the Properties taking into account contractual income at the date of valuation, annual escalations in contractual income and also expenditure estimates based on current recorded information and considered projections as to future increases in running and operating costs.

The value of the Properties indicates our opinion of the market value thereof at the date of valuation.

The Properties were inspected specifically for this valuation. All significant parts of the Properties were inspected.

No.	Property	Inspection date	Inspected by
1	Montecasino	06 April 2018	Ashton Eckler
2	Gold Reef City	04 April 2018	Ashton Eckler
3	Silverstar	05 April 2018	Ashton Eckler
4	Suncoast	09 April 2018	Ashton Eckler
5	Blackrock	12 April 2018	Ashton Eckler
6	Emnotweni	11 April 2018	Ashton Eckler
7	The Ridge	10 April 2018	Ashton Eckler

2. Basis of valuation

The basis of valuation for the Properties is market value.

Market value is defined by the Royal Institution of Chartered Surveyors, The South African Institute of Valuers and the International Valuations Standards Committee as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had acted knowledgeably, prudently and without compulsion."

3. Valuation methodology

We have used the traditional and internationally recognised discounted cash flow ("**DCF**") method of valuation to reach our opinion of value as outlined in this report.

This approach is generally considered a suitable valuation technique for income-producing properties, where sufficient market data exists to supply the necessary inputs and parameters for this approach.

Hotel and casino investments are generally purchased on the basis of future income potential. Past performance provides some guidance as to the future performance of the hotel and casino, but often new macro-economic factors or local supply issues mean that a fresh view of the hotel and casino's performance potential needs to be taken.

To arrive at an estimate of value, we prepared an income and expenditure forecast for each of the Properties to confirm what the likely rental scenario would be, and the consequential rental using a DCF model. This forecast represents what we believe a potential purchaser would adopt as being realistic estimates of the future income potential of the Properties. This is not necessarily the same as Tsogo may project, or what the Properties would generate if the head leases contemplated in the Proposed Transaction were not in place, but represents what a prospective purchaser might believe was reasonable as a basis for acquisition under the covenants of a head lease.

The DCF method takes into account the time value of money between the valuation date and the date when the income stream theoretically reverts to market levels and is described as follows:

The property is valued by discounting the expected future net income for a specific period at an appropriate discount rate (or total rate of return) to give the present value of the expected net income cash flow. To this figure an applicable final discounted residual or reversionary value is added.

Based on the information provided, we understand that there are no time delays expected with regard to the completion of refurbishment for new and/or existing tenants. Although the Suncoast renovations were originally delayed, we understand that the project is still expected to be completed in December 2018.

The reversionary value is calculated by the following method:

The net market related income prevailing at the end of the cash flow projection period is capitalised at the appropriate rate and discounted to the present value by the discount rate.

4. Valuation assumptions

Terms of the Proposed Transaction

We were informed by yourselves that the structure of the transaction will be as described below, and we have been instructed to value the Properties on this basis. Should the transaction structure change materially, the values reported herein will need to be revised.

Prior to the implementation of the Proposed Transaction, the Tsogo Group will undertake an internal restructuring that will result in the Properties being housed in two separate wholly-owned subsidiaries of Tsogo Sun Holdings Limited ("**Tsogo**") (together the"**Propcos**" or the "**Landlords**"). The Properties will be let to another indirect wholly-owned subsidiary of Tsogo ("**Leaseco**" or the "**Tenant**") under head lease agreements ("**Head Leases**").

The transaction will result in Tsogo's total shareholding in Hospitality being approximately 1.5 billion Hospitality shares (approximately 87% of Hospitality's total issued share capital, net of treasury shares), which shareholding Tsogo intends to distribute to its shareholders in terms of an unbundling in accordance with Section 46 of the Income Tax Act.

The R23.0 billion purchase consideration is based on the initial aggregate base rental payable by the Tenant for the Properties of R1.9 billion per annum and a forward yield of 8.45%. The R1.9 billion initial aggregate base rental is approximately 65% of the aggregate casino portfolio EBITDAR (earnings before interest, tax, depreciation amortisation and rent), post-management and license fees, for the year ended 31 March 2018. One-twelfth of the aggregate annual rental amount will be payable monthly.

- The Head Leases will permit the Tenant to sub-let the Properties in terms of separate sub-lease agreements, to various Tsogo Group operating companies. We reviewed a draft copy of a sample sub-lease agreement and have valued the Properties on the assumption that the sub-lease structure will be retained for the Proposed Transaction. The Head Leases will be triple net leases, which will be concluded for an initial five-year period ending on 31 March 2023, thereafter the Head Leases can be terminated by either party on 15 years' written notice.

- The initial aggregate base rental will escalate annually on the 1st day of April of each year by the Consumer Price Index ("**CPI**"), subject to the terms of an Anniversary Rental Review (as defined below). We have relied on a forecast of CPI from Oxford Economics, which we have compared with several shorter-term forecasts from South African banks to ensure that they are aligned. On the 7th anniversary of 1 April 2018 (i.e. 1 April 2025) and thereafter on each fifth anniversary of this date, the aggregate annual rental payable by the Tenant in respect of the Properties for the year commencing will be reviewed ("**Anniversary Rental Review**") and be recalculated to reflect the lesser of:

  – an amount equal to the initial aggregate annual rental escalated at the rate of CPI (the "**Base Case**");

  – an amount equal to 70% of the casino precincts' EBITDAR in respect of the previous year, escalated at the rate of CPI (the "**Reset Case**").

- A downward reset will not be applied where the difference between the Base Case and Reset Case is less than 2.5% of the Base Case.

- The annual rental payable in the two subsequent years after an Anniversary Rental Review where a downward reset has been applied will also be reviewed by the conditions of the Anniversary Rental Review. The Anniversary Rental reviews in the two subsequent years cannot result in a further downward reset.

- In the event of a downward reset occurring in any two consecutive Anniversary Rental Review cycles, the Landlord will be entitled, to either:

  – give five years' written notice of termination of the head lease, effective from the end of the second consecutive Anniversary Rental Review; or

  – give five years' written notice of termination of the Head Lease in respect only of the Property which performance was the cause of the second Downward Reset, effective from the end of the second of such Anniversary Rental Review cycle.

- The Tenant will have the right to cure any downward reset, thereby preventing an early termination of the Head Lease, with a payment which is equal to the aggregate annual rental that was paid for the year preceding the downward reset, escalated at the rate of CPI, instead of making payment of the downward reset amount that would have otherwise been implemented for the year.

- The Tenant may, at its own cost, make any alterations, renovations or additions to the Properties, and may install any fixtures, fittings and equipment without the Landlords' consent. Where such alterations or additions to any of the Properties constitute material improvements, the Tenant may elect to offer the sale of that development opportunity to the Landlords and its lease-back. If the Landlords do not acquire the development opportunity and the sale and lease-back, then the Tenant will be free to erect the improvements at its cost. The Tenant will then have to restore the Property to its original condition at the end of the Head Lease. All improvements will be forfeited to the Landlords for no consideration on termination of the Head Leases. The Tenant (or its nominee) will be entitled to remove all fixtures, fittings and equipment upon termination of the Head Leases;

- The Tenant will be entitled to sublet the Properties and any portion/s thereof, or grant concessions for such premises without the consent of the Landlords, and the Landlords will grant the Tenant a right of first refusal to acquire the Properties which the Landlords wish to dispose of.

Our base case scenario presents the aggregated results of the Properties based on the forecast that was detailed in each of the individual property valuation reports (the "**Base Case Scenario**"). This case is the basis for the market valuation of the portfolio, and alternative cases do not constitute the basis for the valuation, only an indication of the extent to which external factors could impact the scenario.

The profit and loss statement of the casino precincts for the first eight years is presented below:

Aurora Portfolio								
Summary Income Statement								
R'000								
Year ending March	**FY19 Year 1**	**FY20 Year 2**	**FY21 Year 3**	**FY22 Year 4**	**FY23 Year 5**	**FY24 Year 6**	**FY25 Year 7**	**FY26 Year 8**
Gaming revenue	6 709 646	7 073 886	7 495 507	7 951 525	8 451 571	8 997 594	9 590 017	10 217 088
Rooms revenue	410 886	429 134	449 732	459 180	482 370	506 644	532 139	558 918
Food and beverage	452 440	475 547	501 169	529 343	560 579	596 338	632 702	671 125
Other revenue	278 470	292 672	306 321	321 081	337 327	354 641	373 165	392 692
Total revenue	**7 851 443**	**8 271 238**	**8 752 729**	**9 261 128**	**9 831 846**	**10 455 217**	**11 128 023**	**11 839 823**
Net operating costs	1 685 660	1 775 360	1 872 280	1 974 457	2 084 974	2 199 655	2 321 401	2 431 736
Payroll	1 467 452	1 545 807	1 629 923	1 719 259	1 813 576	1 909 923	2 011 628	2 098 096
Gaming levies and VAT	1 483 993	1 564 553	1 657 804	1 758 663	1 869 260	1 990 025	2 121 053	2 259 744
External management fees	27 684	29 134	30 644	32 161	33 856	35 576	37 379	39 268
Internal management fees	346 040	364 715	386 479	409 943	435 646	463 689	494 103	526 291
Total expenses	**5 010 828**	**5 279 569**	**5 577 130**	**5 894 483**	**6 237 310**	**6 598 869**	**6 985 564**	**7 355 135**
EBITDAR	**2 840 614**	**2 991 670**	**3 175 599**	**3 366 645**	**3 594 536**	**3 856 348**	**4 142 459**	**4 484 688**
Capex	235 543	248 137	262 582	277 834	294 955	313 657	333 841	355 195
Net income	**2 605 071**	**2 743 533**	**2 913 017**	**3 088 811**	**3 299 580**	**3 542 691**	**3 808 618**	**4 129 493**

Source: JLL, 2018

As the Head Leases are triple net leases, the EBITDAR line will be the basis for aggregating the income to determine which rental scenario is applicable. We have included a capital expenditure ("Capex") allocation in line with historical levels to assess the rent cover levels at different points in the lease period. We have allowed for a Capex deduction of 3% of total revenue, in line with historical levels and expected Capex for the casino precincts. Capex will not directly impact the amount of rental that is paid to the Landlords. However, it needs to be considered in assessing the level of rent coverage that the Tenant will have.

The table below presents the outcome of our Head Leases test on a combined asset level. We have assessed the rental test at the first and the second Anniversary Rental Reviews, as well as during the two years after each Anniversary Rental Review, whereby a downward reset may still be reset upwards. As there was no downward reset at the Anniversary Rental Review dates, a subsequent upward reset is not applicable.

		Anniversary 1	*Anniversary 2*	*Anniversary 3*	*Anniversary 4*	*Anniversary 5*	*Anniversary 6*	*Anniversary 7*	*Anniversary 1*	*Anniversary 2*	*Anniversary 3*	*Anniversary 4*	*Anniversary 5*			
Rental assessment																
Year ending March	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034
ZAR'millions	Base year	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16
Notional base rental	1,944	2,048	2,158	2,274	2,393	2,514	2,640	2,772	2,910	3,056	3,209	3,369	3,537	3,714	3,900	4,095
Growth		5.34%	5.4%	5.4%	5.2%	5.1%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Re-set scenario tests								3,111	2,911	3,056			4,259	3,714	3,900	
Variance								12.2%	0.0%	0.0%			20.4%	0.0%	0.0%	
Net rental paid period 1	2,158	2,274	2,393	2,514	2,640	2,772	2,158	2,274								
Scenario outcome								Base case scenario								
Net rental paid period 2									2,910	3,056	3,209	3,369				
Scenario outcome									Base case scenario	Base case scenario			3,537	3,714	3,900	4,095
Net rental paid period 3													Base case scenario	Base case scenario	Base case scenario	
Scenario outcome																
Net rental received	1,944	2,048	2,158	2,274	2,393	2,514	2,640	2,772	2,910	3,056	3,209	3,369	3,537	3,714	3,900	4,095

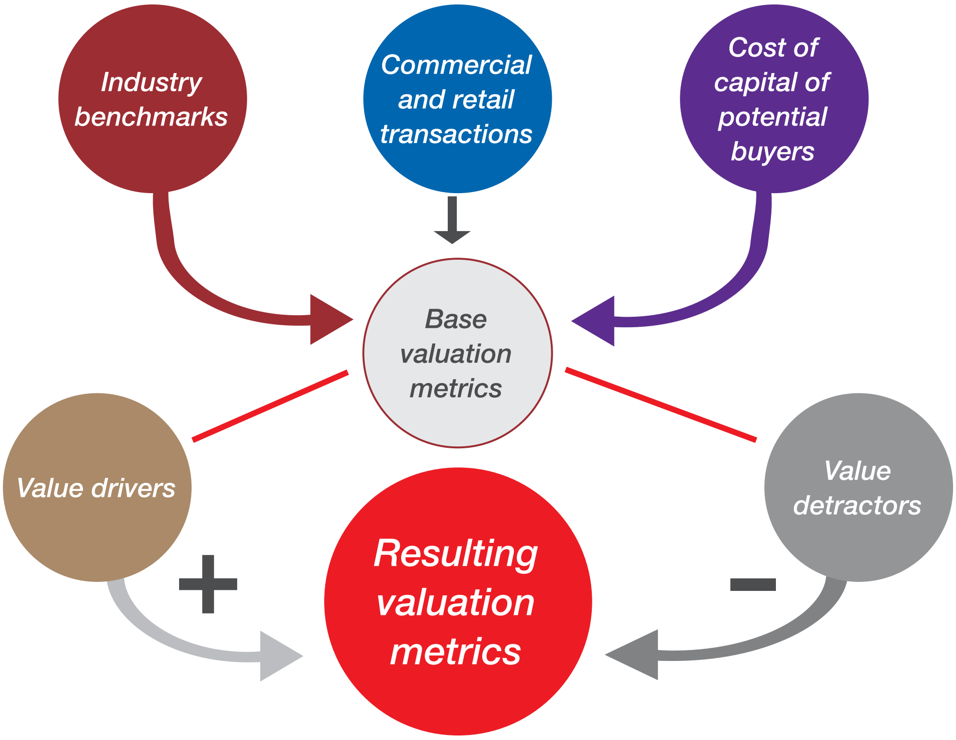
The above table highlights that based on our Base Case Scenario, there is a 12.2% variance between the reset scenario test in the first Anniversary Rental Review period and a 20.4% variance in the second period. When compared to the historical scenario, the variance in FY13 and FY14 was 20.9% and 19.7% respectively, and thus this is in line with historical levels. In a scenario in which average disposable income growth exceeds inflation, it would be unlikely that a downward reset would occur.

The discount rate is the annual return that a prudent, rational investor requires as a return in order to invest in property in a competitive market as opposed to alternative asset classes. It is widely expected that a premium would be required to induce investors to hold property at the appropriate risk-free rate because of the characteristics of property as an investment class. The total target discount rate required can be arrived at using various methods.

In the case of the Properties, we have considered the covenants of the proposed Head Leases and the fundamentals of the Properties themselves. The following are factors that we have considered in quantifying these:

- Casinos are a highly illiquid asset class locally and globally which results in few comparable transactions. Globally specialised asset classes tend to have higher capitalisation rates due to lower liquidity, and higher specialisation. Valuation metrics are hence set based on specific transactions, with cognisance of similar investments;
- Global casino valuation metrics are dependent on factors such as regulatory framework, industry risks, operating structure, tenant strength, volatility of earnings, sustainability of lease, and alternative uses.

Our approach to establishing a base was to look at industry benchmarks, large commercial and retail transactions, the cost of capital for potential buyers, and secondary local and global data points. Once a suitable base was set we analysed the value drivers and value detractors for the Properties.



The graphic below presents four data points that we have considered in building up our capitalisation rate and discount rate. We have focused our build-up in establishing the discount rate for the Proposed Transaction as opposed to the terminal capitalisation rate as most recorded yields assume above inflationary growth, and thus this impact is negated in comparison to discount rates.

1. The average discount rate for prime offices and super regional shopping centres is 13.62% as reported by the South African Property Owners Association ("**SAPOA**") in its latest bi-annual survey (November 2017). The same report notes that income growth for this segment has been 5.75%, thus resulting in a capitalisation rate or initial yield of 8.05%.
2. We assessed the largest 20 transactions that have occurred in South Africa, where yield evidence was present and found that the average yield was 8.02%. We then applied the average growth expectation from the larger REITs in South Africa to determine an implied discount rate of 13.80%. This is an important reference due to the size of the transactions being the most comparable to the Proposed Transaction.
3. The next reference point is to look at the largest three REITs in South Africa, who we consider to be the most relevant alternative buyer for the Properties under the proposed Head Leases. We have reviewed the annual reports of Growthpoint, Redefine and Fortress and determined that their average target entry yield is 8.07% and that growth tends to be more than inflation, resulting in a discount rate of 13.85%.
4. The last reference was to assess the weighted average cost of capital ("**WACC**") of the largest three REITs (i.e. the most suitable alternative buyers), to assess what the minimum return would be. Their weighted debt costs amount to 9.13% and their trading yield (i.e. equity yield) is currently 15.27%. Thus, resulting in a WACC of 13.10% based on the reported loan-to-value ratio.

With these four data points in mind, it is our view that a blended base case of 13.75% most appropriately represents the market-related discount rate for large properties from South Africa's largest REITs. However, most of this data was reported towards the end of 2017, and during 2018 South Africa has seen compression of its longer bond yields, which has a strong correlation to property yields. Therefore, we have reduced our discount rate by a further 50 basis points to reflect this yield compression in the long bond, which would have likely compressed the above four metrics to this extent if these references were recorded in March 2018. Thus, the resulting discount rate is 13.25% (i.e. 13.75% less 0.50%).

SAPOA (prime)[1] discount rate 13.62%	Top 20 transactions[2] discount rate 13.80%	GRT + RDF +FFA[3] discount rate 13.85%	WAC GRT + RDF[4] +FFA:13.10%
Cap rate 8.05% Growth 5.57%	Cap rate 8.02% Growth 5.79%	Cap rate 8.07% Growth 5.79%	Debt 9.13% Equity 5.27%

Assumed base discount rate = 13.75% (2017)

Adjustment for long bond change 2017/2018: -0.50%

Revised 31 March 2018 sector discount rate = 13.25%

[1] *Based on retail (super regional and regional) and office (non-CBD prime and secondary), November 2017*
[2] *Based on RCA commercial and retail transactions only (R11 billion), 2015 to 2017*
[3] *Based on GRT + RDF (commercial + retail) and FFA (all assets), June to September 2017*
[4] *Based on reported LTV, weighted interest rate, and trading yield, June to September 2017*

The above discount rate build-up does not consider any of the property specific aspects of the Properties. Our next step is to quantify the various elements which investors would consider to either add or reduce risk when comparing the Properties against our base case discount rate. We have presented these at an asset level, which reflects the physical characteristics of the Properties and at an external environment level which reflects the casino nature of these properties relative to non-alternatives such as retail and office properties.

- Sustainable lease, investment grade tenant, strong covenants
- Log term and (relatively) predictable rental income stream, triple net lease, with CapEx responsibility to tenant
- Fully let with no vacancies during the lease period
- Limited ability for tenant to replace properties
- Stress testing of rent indicates limited reset potential
- Capacity for expansion of casinos under current licenses
- Capacity for further development of precincts
- Long trading history of the assets under same operator
- (Effective) evergreen nature of casinos licenses
- Limited large size portfolios available for acquisition

- Casino licenses are restricted and are held by the tenant
- Rental growth limited at CPI, below industry growth rates
- Very few practical alternative uses of properties to casinos
- High exposure to a single tenant in the portfolio
- Geographic concentration in Gauteng and KZN (90%)
- Revenue concentration in gaming (85%)
- Limited buyer pool due to large size of the portfolio
- Reduced buyer pool due to sin-industry nature

- High barriers to entry due to limited casino licenses
- High barriers to entry due to high investment requirements
- Market outlook is positive following recession period

- Potential changes to casino legislation
- Potential introduction of smoking ban
- Potential increase in online gaming
- Potential increase in gaming taxes
- Potential increase in unlicensed gaming
- Continued pressure on household income

Transaction discount rate 13.75%	SAPOA (prime) discount rate 13.12%	Big 3 REITs discount rate 13.35%
Cap rate 8.50% Growth 5.25%	Cap rate 7.55% Growth 5.57%	Debt 7.77% Equity 5.79%
	+63bps	*+40bps*

Based on the above factors, we believe that the Proposed Transaction should carry a discount rate of 13.75%, which is 63 basis points above the SAPOA prime average for retail and prime offices and 40 basis points below the implied discount rate of the largest three REITs.

Given that the Head Leases are set to increase by inflation in our Base Case Scenario, the resultant capitalisation rate will be offset by the 5.25% inflation growth expected in South Africa over the period. Resulting in a capitalisation rate of 8.50%. We do not believe that there is any additional risk that should be factored in from a terminal risk rate perspective.

5. Inspections, areas and dimensions

The Properties were inspected in April 2018. No measured surveys have been carried out by us and we have relied on the floor and/or lettable areas provided to us by the nominated representatives of the Tsogo Group. We have assumed that these areas are correct unless otherwise stated.

Aurora Portfolio			
Precinct	**Description / Current Use**	**Approximate Age (Years)**	**Building Area (m^2)**
Montecasino	Mixed-Use Casino Precinct (Buildings)	17	109 053
Gold Reef City	Mixed-Use Casino Precinct (Buildings)	18	43 216
Suncoast	Mixed-Use Casino Precinct (Buildings)	16	40 957
Silverstar	Mixed-Use Casino Precinct (Buildings)	10	31 873
Blackrock	Mixed-Use Casino Precinct (Buildings)	12	9 649
Emnotweni	Mixed-Use Casino Precinct (Buildings)	21	17 545
The Ridge	Mixed-Use Casino Precinct (Buildings)	16	18 764
Total			**271 067**

Source: TSL, 2018

6. Sources of information

- We have reported within the extent of our expertise, on the understanding that you will seek further specialist advice where necessary. Where we have reasons for concern, we have raised these in this valuation report and caveated them accordingly.
- We have not verified the information provided to us. Hospitality has certified, for and on behalf of all parties providing information to us, that any and all information and documentation provided to us is accurate and complete in all material respects. Should this prove not to be the case, we reserve the right to amend our valuation accordingly as any change to the information relied upon may materially affect the value of the Properties.
- We have inspected the Properties and carried out all the necessary enquiries with regard to prevailing market conditions, investment value and investment considerations. We have been instructed by yourselves not to carry out a building survey or environmental risk assessment.
- We have not undertaken a measured survey of the Properties. You instructed us to rely upon the site and leasable areas provided. We were advised that these were prepared in accordance with South African measuring and building standards, which is not in accordance with the RICS IPMS/Code of Measuring Practice (6th Edition). We recommend that specialists be instructed to verify the areas provided to us.
- We were supplied with and relied upon, a draft report on title compiled by ENSafrica.

- You have, unless stated otherwise, provided us with the information listed below relating to the Properties on which we have fully relied upon:
  - Deed of Transfers;
  - Zoning Certificates;
  - Tenancy Schedules (May 2018 Summary);
  - Drawings of Record (Site and Floor Layout);
  - Marsh Insurance Reports (COPE);
  - Municipal Rates Accounts;
  - Schedule of Transferring Properties;
  - FY16-18 Management Accounts by Property;
  - PwC Rental Calculation for the proposed transaction;
  - Draft Head Lease;
  - Draft Sub-Lease;
  - Rental Aggregation Agreement; and
  - Municipal Valuations.

a) Full disclosure

Our valuation has been prepared on the basis that full disclosure of all information and factors that may affect the valuation has been made to us. Furthermore, we have to the best of our ability researched the market for comparable rental information.

b) Lessee's credibility

In arriving at our valuations, cognisance has been taken of Tsogo's security and rating. In some cases, this has influenced the capitalisation rate by way of a risk consideration.

c) 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 any costs of acquisition. The Properties have been valued 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 Hospitality when purchasing the Properties.

d) Calculation of areas

All areas quoted within our detailed valuation report 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 Tsogo Group.

e) Title deeds

Copies of the title deeds of the Properties have been provided to us and we have taken account of the conditions contained therein in the preparation of our valuations.

The valuation of the Properties has further been based on information obtained from the local authorities, from a physical inspection.

Where appropriate, we have satisfied ourselves that the information on which we have based our valuation is accurate.

7. Material contravention of statutory requirements

We are not aware of any material contravention of any statutory requirement relating to the Properties, unless specifically stated.

8. Properties held for development

The Suncoast casino is in the process of being redeveloped / refurbished and includes the upgrading of the prive area as well as the construction of additional restaurants and parking areas. The project is due to be completed in December 2018 and we understand that no delays are expected (as at the date of valuation). As the internal finishes are completed, the renovated areas are to be opened incrementally. None of the remaining Properties are classified as vacant and/or being held for development.

9. Visual Inspection

From visual inspection only, the improvements and facilities appear to be well built from quality, robust traditional construction materials and finishes and are more fully described in our detailed valuation report. The Properties are held on a freehold basis.

10. 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 lettability of the building; contingent expropriations or servitudes that may be enforced; poorly drafted lease terms whereby the lease may be disputed or rendered invalid.

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

JLL is, however, not responsible for the competent daily management of the 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.

11. Options or benefit / detriment of contractual arrangements

To our knowledge there are no contractual arrangements relating to the Properties other than the Head Leases that have a major benefit or are detrimental to the fundamental value of the Properties.

We reserve the right to amend our valuation should any findings alter or bring the validity of any or all the Head Leases into question.

To the best of our knowledge there are no options in favour of any parties for any purchase of the Properties.

12. Current state of development

None of the Properties are classified as land held for future development. The Suncoast casino is currently being redeveloped and extended:.

Nature, and a brief description of the proposed development	Has planning permission been applied for	Has the planning permission application been granted or refused and the date of such grant or refusal	Expected development commencement date	Expected development duration	Expected total cost of development	Expected completion date	Market value in current state	Market value on completion of renovations
Suncoast Casino Redevelopment / refurbishment of Casino Prive area and development of additional restaurants and parking areas.	Yes	As per the General Manager of the property, all planning permissions have been granted.	Commenced 2016 then halted in January 2017. Project then continued in June / July 2017	2 years	R1.6 billion, excluding finance charges and VAT	December 2018	Anticipated value of asset in existing state as at date of valuation: R6.2 billion	Anticipated value as at completion if sold individually with the same covenants of the Head Lease would be R6.5 billion

Suncoast casino is not being developed in phases and there are no elements that are intended to be sold on completion.

13. External property

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

14. Alternative use for a property

We have valued the Properties in accordance with their existing use which represents their market value. Thus, alternative use values have not been reported for any of the Properties.

15. Future rentals & Rental Reset Scenarios

Save for considered assumptions being made with regard to the future income potential of the properties, we confirm that the proposed rental income is sustainable based our forecast for future income. Rentals used in our DCF valuations are based on the terms and conditions contracted in the Head Leases. We have tested various scenarios, and our Base Case Scenario does not result in any downward reset, albeit that some of the other scenarios in our detailed valuation report do.

16. Other comments

Our valuation excludes any amounts of VAT, transfer duty, or securities transfer tax.

17. General principles of valuations and reports

We list below the general caveats and principles upon which valuations and reports undertaken by JLL in South Africa are normally prepared and confirm that such principles shall apply in respect of the Properties forming part of the Proposed Transaction, unless specifically mentioned otherwise:

The Valuer

This valuation report has been prepared by the Valuation Division of JLL with support from JLL's Hotels & Hospitality Group.

Full Disclosure

This valuation has been prepared on the basis that full disclosure of all information and factors which may affect the valuation have been made to ourselves and we cannot accept any liability or responsibility whatsoever for the valuation, unless such full disclosure has been made.

Standards

We confirm that our detailed valuation report has been completed in accordance with both international and local standards, namely:

- The Royal Institution of Chartered Surveyors, RICS Valuation and Appraisal Standards (the Red Book, as amended);
- International Accounting Standards;
- International Valuation Standards Committee (IVSC, White Book); and
- The rules and guidelines laid down by the South African Council for the Property Valuers Profession in accordance with the Valuers Act 2000.

Mortgage Bonds, Loans or Other Charges

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 or other charges.

Calculation of Areas

Where areas quoted within our detailed valuation report have been provided by yourselves, we have assumed that they have been arrived at using SAPOA's standard method of measurement.

Plans

Any plans supplied are for the purpose of identification only and are not necessarily to scale.

Individual Properties

The table below presents the valuation of the Properties if they were to be sold on the open market individually as at the date of valuation whilst still retaining the commercial terms stipulated in the Head Leases. The sum of the individual parts of the portfolio (the "**Combined Value**") is less than the portfolio value due to the enhanced appeal of a portfolio transaction (the "**Portfolio Value**"), as was discussed in the discount rate build-up.

Property	R'000
Montecasino	8 330 000
Suncoast	6 511 000
The Ridge	856 000
Emnotweni	877 000
Blackrock	276 000
Gold Reef City	3 526 000
Silverstar	1 592 000
Total	**21 968 000**

The variance between the Portfolio Value and the Combined Value is to be expected and is the result of the portfolio premium that was applied to the terminal capitalisation rate and discount rate.

Independent Valuer's Clause

Neither the nominated property valuer, nor JLL, has any present or contemplated interest in this or any other properties or any other interests, which would affect the statements or values contained in this valuation report. The valuation was therefore undertaken on a completely independent basis.

Publication

This valuation report (or part thereof) or reference to our valuation report may only be included or quoted in any pre-offering announcement, roadshow materials, admission document, offering circular prepared in connection with the Proposed Transaction, with our prior written consent (such consent not to be unreasonably withheld or delayed) and the detailed wording to be included must first be reviewed by us and we must be given the opportunity to update or amend the report (or part thereof – as the case may be) if necessary. We will only allow limited use of this valuation report in promotional material.

Third Party

This valuation report is provided for the stated purpose and for the sole use of Hospitality and its shareholders. It is confidential to these parties and their professional advisors and consultants, and we accept no responsibility whatsoever to any other person or third party.

Certificate of Compliance

We have assumed that the Tsogo Group will, at its own expense, provide an appropriate certificate of compliance issued by an accredited person certifying that the electrical installation of the premises is reasonably safe. The Properties are valued assuming they are in full compliance with all applicable state acts and local regulations and laws unless otherwise stated. These include (but not limited to): the National Building Regulation and Building Standards Act (103 of 1977 as amended); SANS 10-400 National Building Regulation; Municipal Property Rates Act (6 of 2004); OHSACT (85 of 1993); and the Consumer Protection Act (68 of 2008).

Title Deeds

We have inspected when available, the relevant title deeds. Where, as a result of our inspection, some points have caused us concern, we have referred specifically to them in our valuation report. Where a title deed has not been made available or where we are not instructed to inspect a title deed, we have assumed that good title can be shown and that the Property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings.

The Property boundaries, as indicated to JLL by the instructing client or his appointed agent, or the boundaries as indicated by plans supplied by the client, are assumed to be the legal extent of the property. Any variation of these boundaries by extension or omission, and the resultant inclusion or omission of any improvements as a result of this or these variations cannot, therefore, be regarded as the responsibility of JLL.

Town Planning

Town planning details and title deed information have been supplied and are listed in the detailed valuation reports, including conditions and restrictions. There do not appear to be any infringements of local authority regulations or deeds by any of the Properties.

The valuations have further assumed that the improvements at the Properties have been erected in accordance with the relevant building and town planning regulations.

The legal due diligence report, which was prepared by ENSafrica, and that we have relied upon, has not identified any material issues relating to town planning compliance.

Sources of Information

Unless otherwise stated, we have relied on information provided to us by yourselves and your consultants for all the information given concerning details of tenure, tenancies, planning consents, planning proposals, contravention of any statutory requirements, outstanding statutory notices and building and site areas etc.

Unless already available, we recommended you seek confirmation in writing from the appropriate parties concerning information not supplied to us on the above matters.

Improvements

Unless advised to the contrary, we have assumed that all fixed and immovable improvements to the Properties will form part of the interest to be valued.

Plant and Machinery

Our valuation takes account of those items of plant and machinery normally associated with the valuation of land and buildings, such as standard air-conditioning plant, boilers, heating, sprinklers, ventilation systems and the like.

Casino Licences

Our valuation takes into account that the casino licenses will remain with Tsogo and are not transferable to a new tenant.

Tax

No allowance is made in our valuation for liability to taxation, which may arise on acquisition or on disposal, whether actual or notional, e.g. VAT and capital gains tax.

All rental and valuation calculations and figures reported are exclusive of VAT.

Transactional Costs

Seller's and purchaser's costs (such as agent's commission, legal fees, transfer fees etc.) will differ from party to party depending on the specific circumstances of the seller and/or purchaser.

No allowance has therefore been made in our valuation to reflect any seller and purchaser's costs relating to the sale or realisation of the Properties.

Structural Condition

The Properties have been valued in their existing states. In the event of ownership or use changing in such a manner that the local authority requires the upgrading of a premises to comply with fire protection and other regulations, it may be necessary to reduce the valuations by the amount covering the cost of such compliance.

We have not been instructed to carry out a structural survey of the Properties.

For the purpose of this valuation report, we have not inspected those parts of the Properties, which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of uninspected parts, and this report should not be taken as making any implied representation or statement about such parts.

We have not arranged for an investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the Properties, or has since been incorporated, and we are therefore unable to report that the Properties are free from risk in this respect.

For the purpose of this valuation we have assumed that should such investigation disclose the presence of any such material to any significant extent then appropriate removal and remediation will be carried out by yourself prior to disposal of the interest.

Contamination

In the absence of instructions to the contrary, we have assumed that no contaminative or potentially contaminative uses have ever been carried out in or on the Properties.

We have not carried out an investigation into past or present uses, either on the Properties or any immediately neighbouring land, to establish whether there is any contamination or potential for contamination to the subject properties from these uses or sites, and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists on the Properties or on the immediately neighbouring land, or that the Properties have been or are being put to a contaminative use, this might reduce the values now reported.

Soil Condition

We have not carried out any soil or substratum tests on the Properties, and we have assumed that the Properties are fit for purpose without having to provide excessive reinforcement to any structure built thereon.

Statutory Enquiries

We have assumed for the purpose of this exercise and unless we are specifically advised to the contrary, that the Properties comply with all relevant, applicable and prevailing statute, laws, regulations and bylaws, and that its use is not unlawful.

18. Valuers for this JSE section 13 listing project

The valuation of each of the Properties has been carried out by JLL" and the valuation process has been overseen by Ashton Eckler (MRICS), Registered Professional Valuer No 6022/8 as well as Joshua Askew (FRICS), Director: Valuation Sub-Saharan Africa.

Employees of JLL, who have the relevant qualifications have inspected the Properties, and careful consideration has been given to all matters pertaining to the requirements for the purposes of the valuation.

19. Aggregate market value of the Properties

Assuming the Properties are free of encumbrances, restrictions or other impediments of an onerous nature affecting value, we are of the independent professional opinion that the market value of the Propcos as at 31 March 2018, is:

Propcos	**R22 519 444 000**
Combined value in words	Twenty-two billion, five hundred and nineteen million, four hundred and forty-four thousand.

The table below would present the valuation of the Properties if they were to be sold on the open market individually as at the date of valuation whilst still retaining the commercial terms stipulated in the Head Leases. The Combined Value is less than the Portfolio Value due to the enhanced appeal of a portfolio transaction, as was discussed in the discount rate build-up.

Property	**R'000**
Montecasino	8 330 000
Suncoast	6 511 000
The Ridge	856 000
Emnotweni	877 000
Blackrock	276 000
Gold Reef City	3 526 000
Silverstar	1 592 000
Total	**21 968 000**

The variance between the Portfolio Value and the Combined Value is to be expected and is the result of the portfolio premium that was applied to the terminal capitalisation rate and discount rate.

The market value of the proposed underlying Head Leases to the Propcos has been considered. The principles of a 'Trade-related property' (TRP) is defined in the Royal Institution of Chartered Surveyors (RICS) Guidance Note 2 (GN2) as "any type of real property designed for a specific type of business where the property value reflects the trading potential for that business". Examples include hotels, public houses, restaurants, nightclubs, casinos, cinemas, theatres, care homes and petrol filling stations, have still been applied. As the proposed Head Leases make provision for the rental to be reset, the need to understand the likely trading potential of the Properties in isolation and collectively has arisen.

Our valuation is net of purchaser's costs but makes no allowance for expenses of sale, which may be considerable, or liabilities to taxation (including VAT), which might arise on disposal. No allowance is made for transfer costs in disposing of the Properties (whether payable by the vendor or purchaser) as these often depend on the manner in which the sale is conducted, nor for any interest, which might accrue prior to disposal.

We further confirm the following:

- The statements of fact presented in the report are correct to the best of our knowledge;
- The analysis and conclusions are limited only by the reported assumptions and conditions;
- JLL and its valuation consultants have no interest in the Properties;
- JLL's fee is not contingent upon any aspect of the report;
- The valuation was performed in accordance with an ethical code and performance standards as set by the RICS;
- JLL has satisfied professional education requirements;
- JLL has experience in the location and category of the property being valued;
- JLL has made a personal inspection of the Properties.

We trust that we have carried out the valuation in accordance with your instruction and should there be any points that require clarification, please contact the undersigned.

This valuation report (or part thereof) or reference to this valuation report may only be included or quoted in connection with the Proposed Transaction, with our prior written consent (such consent not to be unreasonably withheld or delayed) and the detailed wording to be included must first be reviewed by us and we must be given the opportunity to update or amend the report (or part thereof) (as the case may be) if necessary. We will only allow limited use of this valuation report in promotional material.

Yours faithfully,

for and on behalf of Jones Lang LaSalle (Pty) Ltd

Ashton Eckler
Associate Director
BCom (Hons) MRICS
Chartered Valuation Surveyor (6557332)
Professional Valuer (6022/8)
(Registered without restriction in terms of the Property Valuers Profession Act No. 47 of 2000)

Office 303, 3rd Floor, The Firs
Cnr Cradock and Biermann Ave
Rosebank, 2196

Joshua Askew (FRICS)
Director: Valuation Sub-Saharan Africa
RICS Registered Valuer

Office 303, 3rd Floor, The Firs
Cnr Cradock and Biermann Ave
Rosebank, 2196

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")

NOTICE OF GENERAL MEETING OF SHAREHOLDERS

Where appropriate and applicable the terms defined in the circular to which this notice of general meeting of shareholders is attached bear the same meaning in this notice of general meeting of shareholders, and in particular, in the resolutions set out below.

Notice is hereby given that a general meeting of shareholders of Hospitality will be held at Palazzo Towers East, Ground Floor, Montecasino Boulevard, Fourways, South Africa at 14:00 on Tuesday, 23 October 2018, for the purpose of considering and, if deemed fit, passing with or without modification, the resolutions set out below.

In terms of section 62(3)(e) of the Companies Act:

- a shareholder who is entitled to attend and vote at the general meeting is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the general meeting in the place of the shareholder;
- a proxy need not be a shareholder of the company; and
- shareholders recorded in the registers of the company on the voting record date (including shareholders and their proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the general meeting. In this regard, all shareholders recorded in the registers of the company on the voting record date will be required to provide identification satisfactory to the chairman of the general meeting. Forms of identification include valid identity documents, drivers' licences and passports.

Important dates to note

	2018
Record date for receipt of notice of the general meeting of shareholders	Friday, 14 September
Last day to trade in order to be eligible to participate in and vote at the general meeting of shareholders	Tuesday, 9 October
Record date for participation and voting at the general meeting of shareholders	Friday, 12 October
Last day to lodge forms of proxy for the general meeting of shareholders with the transfer secretaries by 14:00	Friday, 19 October
General meeting of shareholders at 14:00	Tuesday, 23 October
Results of general meeting of shareholders released on SENS	Tuesday, 23 October
Results of general meeting of shareholders published in the press	Wednesday, 24 October

Notes:

1. All dates and times in this circular are local dates and times in South Africa and are subject to change. Any changes will be released on SENS and published in the press.
2. Hospitality shareholders are referred to page 2 of this circular for information on the action required to be taken by them.

SPECIAL RESOLUTION: AUTHORISATION TO ISSUE 30% OR MORE OF THE COMPANY'S ORDINARY SHARES

"Resolved that, in accordance with the memorandum of incorporation of the company and section 41(3) of the Companies Act and subject to the approval of ordinary resolution 1, the issue of that number of ordinary shares to be issued by the company in terms of the transaction agreement to the vendors, as more fully set out in the circular to which this notice of general meeting is attached, is approved."

In order for this special resolution to be adopted, the support of at least 75% of the total votes exercisable by shareholders is required to pass this resolution.

Reason for and effect of the special resolution

The reason for this special resolution is to permit Hospitality to issue the subscription shares to the vendors in terms of the transaction agreement, being 1 196 362 000 ordinary shares adjusted as may be required and as further detailed in paragraph 3.1.4 of the circular to which this notice of general meeting is attached.

This special resolution is required in accordance with the provisions of section 41(3) of the Companies Act, as the voting power of the shares to be issued to the vendors exceeds 30% if the voting power of all shares held by shareholders immediately before the issue of the subscription shares.

ORDINARY RESOLUTION 1: THE TRANSACTION

"Resolved that, in terms of section 9.20 and section 10.4(e) of the Listings Requirements and subject to the conditions precedent to the transaction as set out in paragraph 3.2 of the circular being fulfilled or waived (save for any condition precedent therein relating to the shareholder approval of ordinary resolution 2), Hospitality is authorised to implement the transaction agreement, pursuant to which, *inter alia*, Merway, a wholly-owned subsidiary of Hospitality, will acquire 100% of the ordinary shares of no par value in the entire issued share capital of each of Cassava and Listed Investments from the vendors, in consideration for the purchase consideration and each of the vendors will subsequently use the proceeds of the purchase consideration to subscribe for the subscription shares."

In order for ordinary resolution 1 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by Hospitality shareholders, present in person or by proxy, but excluding those voting rights exercisable by Southern Sun Hotels and its associates (being Tsogo and HCI Foundation), is required.

ORDINARY RESOLUTION 2: GENERAL AUTHORITY

"Resolved that any director or the company secretary of Hospitality be and is hereby authorised to do all such things and sign all such documents required to give effect to the resolutions proposed above and passed at the general meeting of shareholders at which this ordinary resolution is proposed."

In order for ordinary resolution 2 to be adopted, the support of more than 50% of the voting rights exercised on the resolution by Hospitality shareholders, present in person or by proxy, is required.

VOTING AND QUORUM

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

The record date on which Hospitality shareholders must be recorded as such in the registers maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited, for the purposes of being entitled to attend, participate in and vote at the general meeting is Friday, 12 October 2018.

The quorum for a meeting of shareholders to begin or for a matter to be considered, shall be at least three shareholders entitled to attend and vote and who are present in person or able to participate in the meeting by electronic communication, or represented by a proxy who is present in person or able to participate in the meeting by electronic communication. In addition –

- a meeting of shareholders may not begin until sufficient persons are present at the meeting to exercise, in aggregate, at least 25% of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting; and
- a matter to be decided at a meeting of shareholders may not begin to be considered unless sufficient persons are present at the meeting to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.

Given that the transaction is a related party transaction in terms of section 10.4(f) of the Listings Requirements, the shares held or controlled by the related party, Southern Sun Hotels and its associates (being Tsogo and HCI Foundation), may be taken into account for the purposes of determining a quorum at the general meeting however the votes of the related party, Southern Sun Hotels and its associates (being Tsogo and HCI Foundation), must be excluded for the purposes of determining the results of the voting in respect of ordinary resolution 1 and ordinary resolution 2 at the general meeting.

SHAREHOLDERS

General instructions

Shareholders who are entitled to attend, speak and vote at the general meeting are encouraged to do so.

Electronic participation

The company has made provision for Hospitality shareholders or their proxies to participate electronically in the general meeting by way of telephone conferencing. Should shareholders wish to participate in the general meeting by telephone conference call as aforesaid, they, or their proxies, will be required to advise the company thereof by no later than 14:00 on Friday, 19 October 2018, by submitting by e-mail to the company secretary at **rosao@hpf.co.za**, relevant contact details, including an e-mail address, cellular number and landline number as well as full details of the Hospitality shareholder's title to securities issued by the company and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated shares) and (in the case of dematerialised Hospitality shares) written confirmation from the Hospitality shareholder's CSDP confirming the Hospitality shareholder's title to the dematerialised shares. Upon receipt of the required information, the Hospitality shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the general meeting. Hospitality shareholders must note that access to the electronic communication will be at the expense of the Hospitality shareholders who wish to utilise the facility.

Hospitality shareholders and their appointed proxies attending by conference call will not be able to cast their votes at the general meeting of shareholders through this medium. Accordingly, shareholders making use of the electronic participation facility are requested to submit their forms of proxy to the company or provide instruction for voting to their CSDP or broker, as directed above.

Proxies and authority for representatives to act

The attached form of proxy is only to be completed by:

- certificated shareholders; or
- dematerialised shareholders recorded on the company's sub-registers with "own name" registration,

who cannot attend the general meeting but wish to be represented thereat.

All other beneficial owners who have dematerialised their shares through a Central Securities Depository Participant ("**CSDP**") or broker without "own name" registration and who wish to attend the general meeting of shareholders, must instruct their CSDP or broker to provide them with the necessary letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These shareholders must not use a form of proxy.

Forms of proxy are requested to be deposited at the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, posted to PO Box 61051, Marshalltown, 2107, faxed to +27 11 370 5238 or emailed to **proxy@computershare.co.za** so as to arrive no later than 14:00 on Friday, 19 October 2018. Forms of proxy not lodged with the transfer secretaries in time may be handed to the chairman of the general meeting immediately before the commencement of the general meeting. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the general meeting of shareholders should the shareholder decide to do so.

A company that is a Hospitality shareholder, wishing to attend and participate at the general meeting of shareholders should ensure that a resolution authorising a representative to so attend and participate at the general meeting of shareholders on its behalf is passed by its directors.

Hospitality does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised shareholder to notify such shareholder of the general meeting of shareholders or any business to be conducted thereat.

GENERAL NOTES

1. A shareholder may appoint one or more proxies to participate in, and speak and vote at, the general meeting on behalf of that shareholder. A proxy need not be a shareholder of the company.
2. Shareholders who are companies or other bodies corporate may, by resolution of its directors or other governing body, authorise any person to act as its representative at the general meeting.
3. The chairperson of the general meeting will communicate that all resolutions put to the vote shall be decided by way of a poll.

By order of the board

Hospitality Property Fund Limited

Friday, 21 September 2018

Registered office
The Zone 11, Loft Offices
East Wing, 2nd Floor
Corner Oxford Road and Tyrwhitt Avenue
Rosebank
2196

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")

FORM OF PROXY

Where appropriate and applicable the terms defined in the circular to which this form of proxy is attached bear the same meanings in this form of proxy.

THIS FORM OF PROXY IS ONLY FOR USE BY:

- certificated shareholders; and
- dematerialised shareholders whose shares are registered in their own names in the company's sub-registers.

For completion by the aforesaid registered shareholders of Hospitality who are unable to attend the general meeting of shareholders of the company to be held at Palazzo Towers East, Ground Floor, Montecasino Boulevard, Fourways, South Africa at 14:00 on Tuesday, 23 October 2018.

If you are a dematerialised shareholder, other than with "own name" registration, do not use this form. Dematerialised shareholders, other than with "own name" registration, should provide instructions to their appointed CSDP or broker in the form as stipulated in the agreement entered into between the shareholder and the CSDP or broker.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE)

of (address)

Telephone number:

Cell phone number:

e-mail address:

being the holder(s) of ordinary shares hereby appoint:

1. or failing him/her
2. of failing him/her
3. the chairman of the general meeting

as my/our proxy to attend and speak and to vote for me/us and on my/our behalf at the general meeting and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the general meeting, and to vote on the resolutions in respect of the Hospitality shares registered in my/our name(s):

Please indicate with an "X" in the appropriate spaces below how you wish your votes to be cast. Unless this is done the proxy will vote as he/she thinks fit.

	Number of votes		
	*In favour of	*Against	*Abstain
Special resolution: Authorisation to issue 30% or more of the company's ordinary shares			
Ordinary resolution 1: The transaction			
Ordinary resolution 2: General authority			

One vote per share held by Hospitality shareholders, recorded in the registers on the voting record date

Unless otherwise instructed my proxy may vote or abstain from voting as he/she thinks fit.

Signed this day of 2018

Signature

Assisted by me (where applicable)

(State capacity and full name)

A shareholder entitled to attend and vote at the general meeting is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy need not be a member of the company. Each shareholder is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in place of that shareholder at the general meeting.

Forms of proxy are requested to be deposited at the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 posted to PO Box 61051, Marshalltown, 2107, faxed to +27 11 370 5238 or emailed to proxy@computershare.co.za so as to arrive no later than 14:00 on Friday, 19 October 2018. Forms of proxy not lodged with the transfer secretaries in time may be handed to the chairman of the general meeting immediately before the commencement of the general meeting. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the general meeting of shareholders should the shareholder decide to do so.

Please read notes on the reverse side hereof

NOTES TO THE FORM OF PROXY

1. Only shareholders who are registered in the registers of the company under their own name on the date on which shareholders must be recorded as such in the registers maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited, in order to attend and vote at the general meeting being Friday, 12 October 2018 (the "**voting record date**"), may complete a form of proxy or attend the general meeting. This includes certificated shareholders or dematerialised shareholders with "own name" registration. A proxy need not be a shareholder of the company.
2. Certificated shareholders wishing to attend the general meeting have to ensure beforehand with the transfer secretaries of the company (being Computershare Investor Services Proprietary Limited) that their shares are registered in their own name.
3. Beneficial shareholders whose shares are not registered in their "own name", but in the name of another, for example, a nominee, may not complete a proxy form, unless a form of proxy is issued to them by a registered shareholder and they should contact the registered shareholder for assistance in issuing instructions on voting their shares, or obtaining a proxy to attend, speak and, on a poll, vote at the general meeting.
4. Dematerialised shareholders who have not elected "own name" registration in the register of the company through a CSDP and who wish to attend the general meeting, must instruct the CSDP or broker to provide them with the necessary letter of representation to attend.
5. Dematerialised shareholders who have not elected "own name" registration in the register of the company through a CSDP and who are unable to attend, but wish to vote at the general meeting, must timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker.
6. A shareholder may insert the name of a proxy or the names of two or more alternative proxies of the shareholder's choice in the space, with or without deleting "the chairman of the general meeting". The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
7. The completion and lodging of this form will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed, should such shareholder wish to do so. In addition to the aforegoing, a shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the company.
8. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date:
   - 8.1. stated in the revocation instrument, if any; or
   - 8.2. upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act, 71 of 2008, as amended (the "**Companies Act**").
9. Should the instrument appointing a proxy or proxies have been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to:
   - 9.1. the shareholder; or
   - 9.2. the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
10. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation of the company or the instrument appointing the proxy provide otherwise.
11. If the company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument appointing a proxy:
   - 11.1. such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
   - 11.2. the company must not require that the proxy appointment be made irrevocable; and
   - 11.3. the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.
12. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialled.
13. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the transfer secretaries of the company or waived by the chairman of the general meeting.
14. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
15. A company holding shares in the company that wishes to attend and participate at the general meeting should ensure that a resolution authorising a representative to act is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the company's transfer secretaries prior to the general meeting.
16. Where there are joint holders of shares any one of such persons may vote at any meeting in respect of such shares as if he/she were solely entitled thereto; but if more than one of such joint holders wishes to be present or represented at the meeting, that one of the said persons whose name appears first in the register of shareholders of such shares or his proxy, as the case may be, shall alone be entitled to vote in respect thereof.
17. The chairman of the general meeting may reject or accept any proxy which is completed and/or received other than in accordance with the instructions, provided that he shall not accept a proxy unless he is satisfied as to the matter in which a shareholder wishes to vote.
18. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.
19. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairperson of the annual general meeting, if the chairperson is the authorised proxy, to vote in favour of the resolutions at the general meeting or other proxy to vote or to abstain from voting at the general meeting as he/she deems fit, in respect of the shares concerned. A shareholder or the proxy is not obliged to use all of the votes exercisable by the shareholder or the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
20. It is requested that this form of proxy be lodged or posted or faxed to the transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) to be received by no later than 14:00 on Friday, 19 October 2018.
21. This form of proxy may be used at any adjournment or postponement of the general meeting, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
22. The aforegoing notes include a summary of the relevant provisions of section 58 of the Companies Act, as required in terms of that section.

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