



TSOGO SUN HOLDINGS  
ANALYSTS & FUND  
MANAGERS  
PRESENTATION

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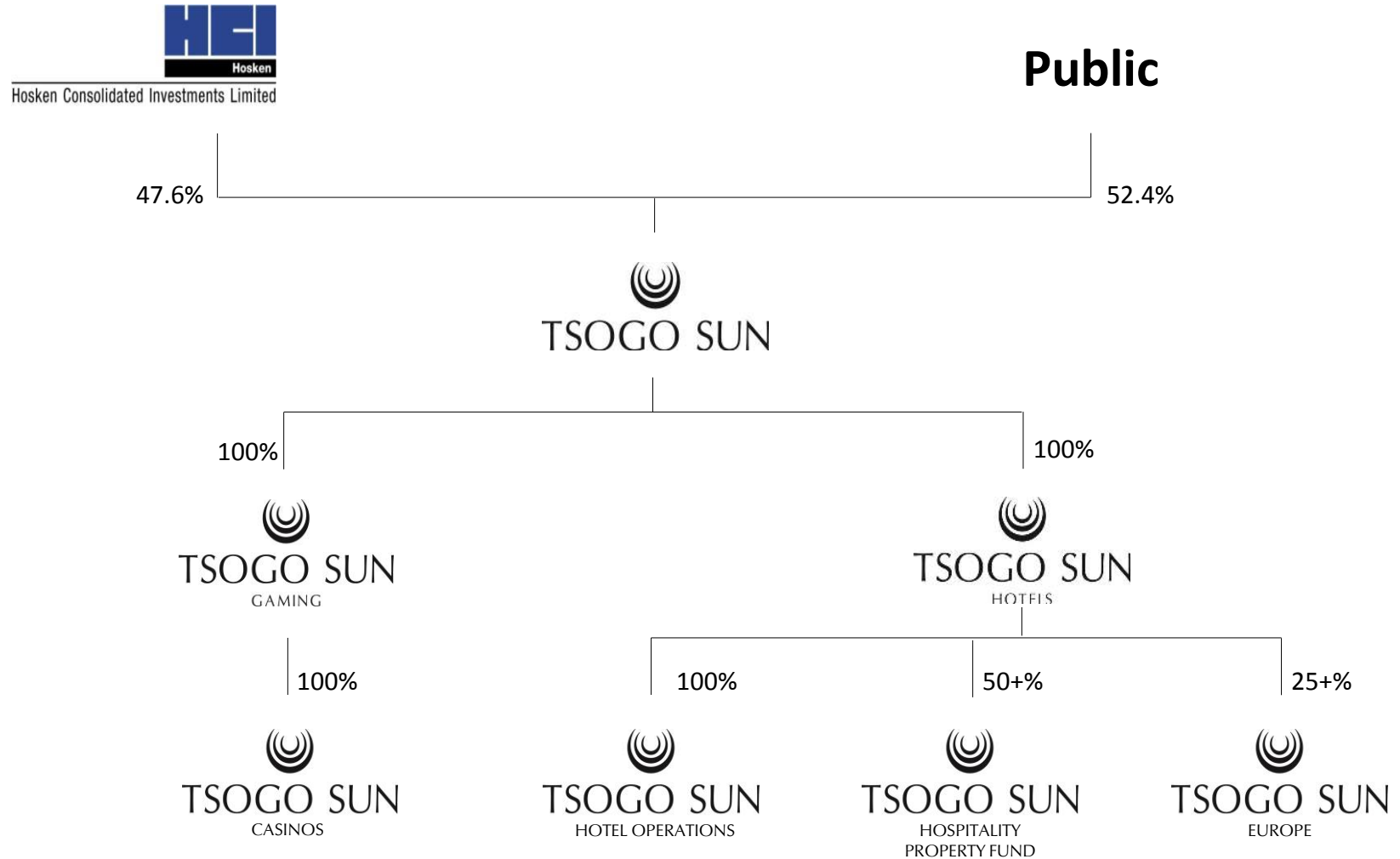
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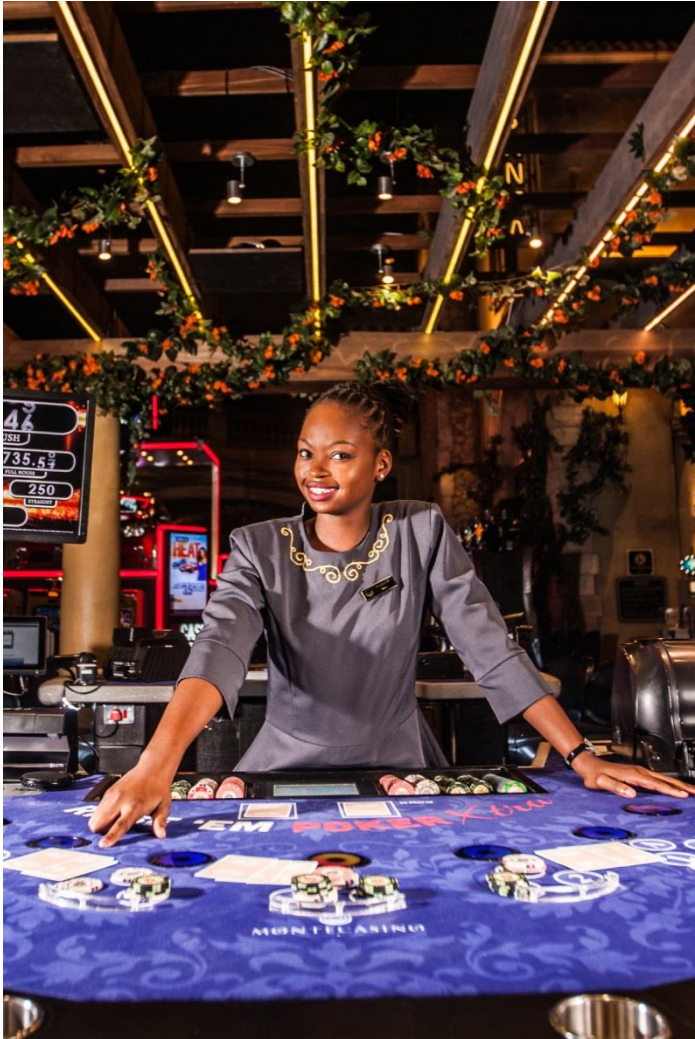
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# GROUP STRUCTURE



# MANAGEMENT AND BOARD

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## ■ TSH Board of Directors

### ● Executive Directors

- Marcel von Aulock – Group CEO
- Rob Huddy – Group CFO

### ● Non-Executive Directors

- Johnny Copelyn – Chairman
- Marcel Golding
- Mac Gani – Audit & Risk and Social & Ethics Chairman
- Busi Mabuza – Lead Independent
- Elias Mphande
- Jabu Ngcobo
- Yunis Shaik – RemCo Chairman

# MANAGEMENT AND BOARD

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## ▪ **Group Executive Committee**

### • **Corporate**

- Marcel von Aulock – Group CEO
- Rob Huddy – Group CFO
- Noeleen Bruton – Marketing Director
- Vusi Dlamini – Group HR Director
- Laurelle McDonald – Corporate Finance and Treasury Manager
- Zibusiso Kganyago – Group Development Director
- Kevin Page – Innovation Director
- Henry Parrymore – Chief Information Officer
- Graham Tyrrell – Group Legal Director and Company Secretary

### • **Gaming**

- Jacques Booysen – MD Gaming
- Greg Lunga – FD Gaming

### • **Hotels**

- Ravi Nadasen – COO
- Richard Weilers
- Jaco Boshoff – FD Hotels



# FINANCIAL OVERVIEW

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# FINANCIAL OVERVIEW – SEGMENTAL (Rm)

	Income			Ebitdar <sup>(1)</sup>			Ebitdar Margin %	
	F'17	F'16	% Change	F'17	F'16	% Change	F'17	F'16
Montecasino	2 694	2 674	1	1 196	1 194	-	44.4	44.7
Suncoast	1 732	1 701	2	810	791	2	46.8	46.5
Gold Reef City	1 450	1 380	5	549	525	5	37.9	38.1
Silverstar	735	735	-	248	254	(2)	33.7	34.6
Golden Horse	392	369	6	176	163	8	44.8	44.2
Emnotweni	383	384	-	145	152	(5)	37.9	39.5
The Ridge	382	391	(2)	147	160	(8)	38.6	40.9
Hemingways	306	318	(4)	95	113	(16)	31.2	35.4
Garden Route	225	218	3	96	92	4	42.8	42.3
The Caledon	175	163	7	54	43	26	30.6	26.2
Blackrock	170	168	1	65	63	3	37.9	37.7
Mykonos	162	156	4	72	68	6	44.5	44.0
Goldfields	133	134	(1)	41	44	(7)	31.0	32.4
Other gaming operations	195	109	79	(154)	(233)	34	*	*
Total gaming operations	9 134	8 900	3	3 540	3 429	3	38.8	38.5
South African hotels division <sup>(2)</sup>	3 509	2 744	28	1 359	920	48	38.7	33.5
Offshore hotels division	635	691	(8)	108	169	(36)	17.0	24.5
<i>Pre-foreign exchange</i>				146	192	(24)	23.0	27.8
<i>Foreign exchange losses</i>				(38)	(23)	(65)	*	*
Corporate <sup>(2)</sup>	(56)	(52)	8	42	25	*	*	*
<b>Group</b>	<b>13 222</b>	<b>12 283</b>	<b>8</b>	<b>5 049</b>	<b>4 543</b>	<b>11</b>	<b>38.2</b>	<b>37.0</b>

**Note:** <sup>(1)</sup> All casino units are reported pre-internal gaming management fees

<sup>(2)</sup> Includes R55 million (F'16: R53million) intergroup management fees. SA Hotels division also includes HPF w.e.f. 1 September 2016

# FINANCIAL OVERVIEW – INCOME STATEMENT (Rm)

	F'17	F'16 <sup>(1)</sup>	% Change
<b>Income</b>	<b>13 222</b>	<b>12 283</b>	<b>8</b>
Net gaming win	7 483	7 361	2
Revenue			
Rooms	3 078	2 784	11
F&B	1 434	1 353	6
Rental income	445	133	*
Other	782	652	20
<b>Ebitdar</b>	<b>5 049</b>	<b>4 543</b>	<b>11</b>
LTI expense	(49)	(46)	(7)
Property rentals	(242)	(219)	(11)
Amortisation & depreciation	(846)	(812)	(4)
Exceptional items	787	(41)	*
Net finance costs	(1 023)	(857)	(19)
Associates and JVs	38	29	31
Taxation	(665)	(777)	14
Non-controlling interests	(542)	(18)	*
<b>Attributable earnings</b>	<b>2 507</b>	<b>1 802</b>	<b>39</b>
Adjustments	(520)	79	*
<b>Adjusted earnings</b>	<b>1 987</b>	<b>1 881</b>	<b>6</b>

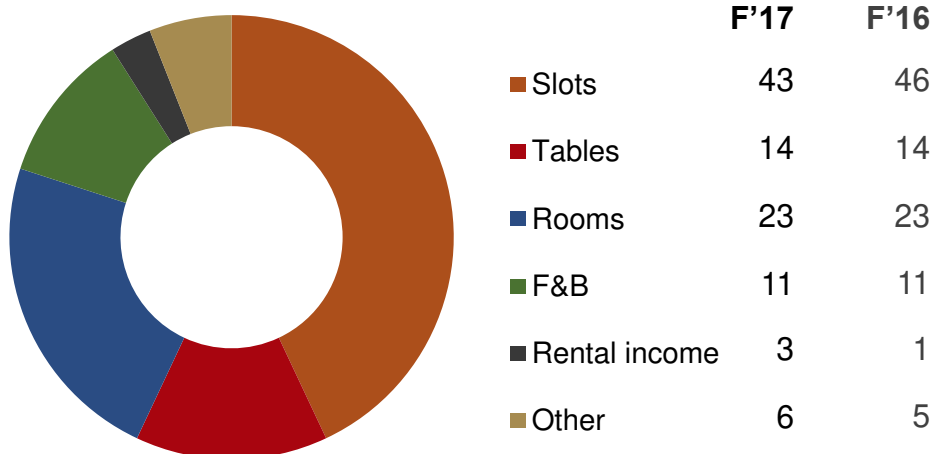
<sup>(1)</sup> Restated for change in accounting policy. Increases Attributable earnings by R14million with no impact on Adjusted earnings

# FINANCIAL OVERVIEW – EX HPF (Rm)

	F'17	7 Months HPF	F'17 ex HPF	F'16	% Change
<b>Income</b>	<b>13 222</b>	<b>299</b>	<b>12 923</b>	<b>12 283</b>	<b>5</b>
Net gaming win	7 483		7 483	7 361	2
Revenue					
Rooms	3 078		3 078	2 784	11
F&B	1 434		1 434	1 353	6
Rental income	445	299	146	133	10
Other	782		782	652	20
<b>Ebitdar</b>	<b>5 049</b>	<b>277</b>	<b>4 772</b>	<b>4 543</b>	<b>5</b>
LTI expense	(49)	-	(49)	(46)	(7)
Property rentals	(242)	29	(271)	(219)	(24)
Amortisation & depreciation	(846)	-	(846)	(812)	(4)
Exceptional items	787	829	(42)	(41)	(2)
Net finance costs	(1 023)	(88)	(935)	(857)	(9)
Associates and JVs	38	-	38	29	31
Taxation	(665)	38	(703)	(777)	10
Non-controlling interests	(542)	(544)	2	(18)	*
<b>Attributable earnings</b>	<b>2 507</b>	<b>541</b>	<b>1 966</b>	<b>1 802</b>	<b>9</b>
Adjustments	(520)	(504)	(16)	79	*
<b>Adjusted earnings</b>	<b>1 987</b>	<b>37</b>	<b>1 950</b>	<b>1 881</b>	<b>4</b>

# FINANCIAL OVERVIEW – SUPPLEMENTARY INFO

## Group Income by Nature %



## Total Hotel Ebitdar (Rm)

	F'17	F'16
Hotels SA	1 359	920
Core business	1 022	915
Majormatic	60	5
HPF	277 <sup>(1)</sup>	-
Hotels Gaming	190	191
Hotels Offshore <sup>(2)</sup>	146	192
<b>Ebitdar</b>	<b>1 695</b>	<b>1 303</b>
<b>% of Group Ebitdar</b>	<b>34%</b>	<b>29%</b>

Notes:

(1) Includes 7 months of HPF 3<sup>rd</sup> party operated hotels

(2) Pre-forex

# FINANCIAL OVERVIEW – ADJUSTED HEPS (Rm)

	F'17		F'16		%
	Gross	Net	Gross <sup>(1)</sup>	Net <sup>(1)</sup>	change
<b>Attributable earnings</b>		<b>2 507</b>		<b>1 802</b>	<b>39</b>
PP&E disposal losses	12	9	5	4	
Impairment of PP&E and intangibles	78	46	17	15	
Fair value of HPF shares on acquisition	(46)	(46)	-	-	
Gain on bargain purchase price	(82)	(82)	-	-	
Profit on sale of investment property	(36)	(18)	-	-	
Fair value gain on investment property	(757)	(385)	(25)	(21)	
Associate headline adjustment (net)		2		-	-
<b>Headline earnings</b>		<b>2 033</b>		<b>1 800</b>	<b>13</b>
Pre-opening expenses	-	-	12	9	
Impairment of loans, net of recovery	4	4	4	4	
Restructure costs	7	4	2	1	
Transaction costs	27	26	26	26	
Cullinan option fair value adjustment	(35)	(35)	7	5	
Interest rate swap fair value adjustment	6	3	-	-	
At acquisition PPE CGT inclusion rate change	-	-	54	36	
Derecognition of deferred tax	(37)	(37)		-	
Associate exceptional items (net)		(11)		-	
<b>Adjusted headline earnings</b>		<b>1 987</b>		<b>1 881</b>	<b>6</b>
Weighted number of shares in issue (m)		957		957	
Headline EPS (cents)		212.4		188.1	
<b>Adjusted HEPS (cents)</b>		<b>207.6</b>		<b>196.5</b>	

<sup>(1)</sup> Restated for change in accounting policy. Increases EPS by 1.5c but does not impact HEPS or Adjusted HEPS

# FINANCIAL OVERVIEW – GROUP CASH FLOW (Rm)

	F'17	F'16
<b>Ebitdar (post LTI) per income statement</b>	<b>5 000</b>	<b>4 497</b>
Property rentals	(242)	(219)
<b>Ebitda</b>	<b>4 758</b>	<b>4 278</b>
Working capital adjusted for non-cash and exceptional items	102	111
Dividend income from associates	50	35
<b>Cash generated from operations</b>	<b>4 910</b>	<b>4 424</b>
Interest paid (net)	(1 076)	(801)
Taxation paid	(627)	(657)
Operating equipment purchased	(65)	(68)
Maintenance capex	(925)	(945)
<b>Free cash flow</b>	<b>2 217</b>	<b>1 953</b>
Ordinary dividends paid	(975)	(878)
Non-controlling interests' dividends	(246)	-
Disposal proceeds	145	28
Investment activities	(2 590)	(962)
Share scheme loans	6	9
<b>Net cash deficit</b>	<b>(1 443)</b>	<b>150</b>
Currency	(5)	19
<b>Move in Net IBD</b>	<b>(1 448)</b>	<b>169</b>
Opening net IBD	(9 248)	(9 211)
Acquired with acquisitions	(1 536)	3
Accrued interest, prepaid borrowing costs and IBD currency	119	(209)
<b>Closing net IBD</b>	<b>(12 113)</b>	<b>(9 248)</b>

# FINANCIAL OVERVIEW – INVESTMENT ACTIVITIES (Rm)

	F'17	F'16	F'15
<b>Investment activities</b>	<b>2 590</b>	<b>962</b>	<b>2 045</b>
SunWest and Worcester	1 272	-	-
Gold Reef City redevelopment	34	256	142
Silverstar redevelopment	3	28	321
Suncoast expansion	112	47	141
Emnotweni expansion	-	2	18
Monte Circle and Monte Place	16	27	6
Acquisition of Mykonos minorities	190	-	-
Acquisition of Blackrock minorities	5	-	-
Acquisition of Cullinan minorities	459	-	-
Acquisition of Liberty hotels	310	-	762
SunSquare and SE Cape Town FF&E	53	-	-
Cape Town land	79	-	-
Sun 1 expansions	25	20	16
GC Polokwane land and buildings	-	-	80
Majormatic/Extrabold acquisition	-	15	-
Hospitality Property Fund B-linked units	-	252	-
SS Maputo expansion	1	15	207
Acquisition of International Hotel Properties	-	315	-
Acquisition of Redefine BDL	-	-	145
Acquisition of Garden Route minorities	-	-	51
Acquisition of One Monte minorities	-	-	144
Other	31	(15)	12
<b>Maintenance capex</b>	<b>925</b>	<b>945</b>	<b>749</b>
Gaming system changes	-	49	97
Gaming equipment	281	302	173
Hotel major refurbishments	114	255	212
Casino major refurbishments	81	56	-
Other maintenance capex	449	283	267
<b>Total investment spend</b>	<b>3 515</b>	<b>1 907</b>	<b>2 794</b>

# FINANCIAL OVERVIEW – INTEREST BEARING DEBT (Rm)

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	F'17	F'16
External debt (US\$ based)	986	1 100
External debt (Rand based)	10 160	8 664
External debt HPF (Rand based)	1 725	-
Bank overdrafts	1 699	2 013
Prepaid borrowing costs	(33)	(37)
<b>Gross IBD</b>	<b>14 537</b>	<b>11 740</b>
Cash on hand	(2 424)	(2 492)
<b>Net IBD</b>	<b>12 113</b>	<b>9 248</b>
Cost of net debt — pre tax	9.4%	9.1%
— post tax	6.8%	6.6%

Dividend of R299m (31c per share) declared November 2015, paid December 2015

Dividend of R647m (67c per share) declared May 2016, paid June 2016

Dividend of R328m (34c per share) declared November 2016, paid December 2016

Dividend of R676m (70c per share) declared May 2017, to be paid June 2017




TSOGO SUN  
GAMING

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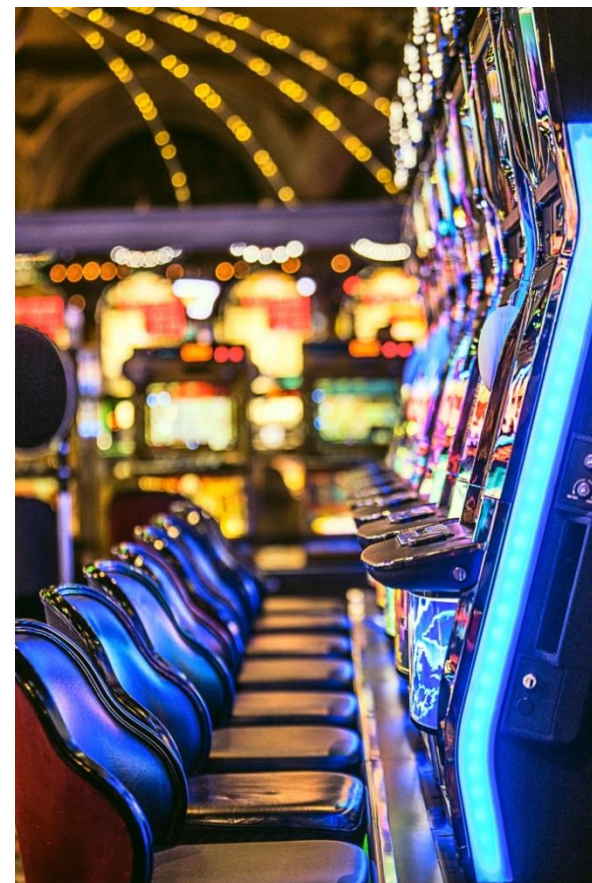
# GAMING PORTFOLIO

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Gauteng	KZN	Western Cape	Mpumalanga	Eastern Cape	Free State
100%	100%	100%	100%	65%	100%
					
100%	100%	100%	100%	25%	
					
100%	100%	100%			
					

# GAMING WIN (Rm)

	F'17	F'16	% Change
Gaming win	7 483	7 361	2
Tables	1 891	1 750	8
Slots	5 592	5 611	-
Drop/hold % – tables	21.8	21.5	0.3pp
Handle/win % – slots	5.0	5.0	-
	F'17	F'16	% Change
Gauteng	3 985	3 903	2
KwaZulu-Natal	2 068	2 014	3
Mpumalanga	573	591	(3)
Western Cape	504	481	5
Other	353	372	(5)
	<b>7 483</b>	<b>7 361</b>	<b>2</b>



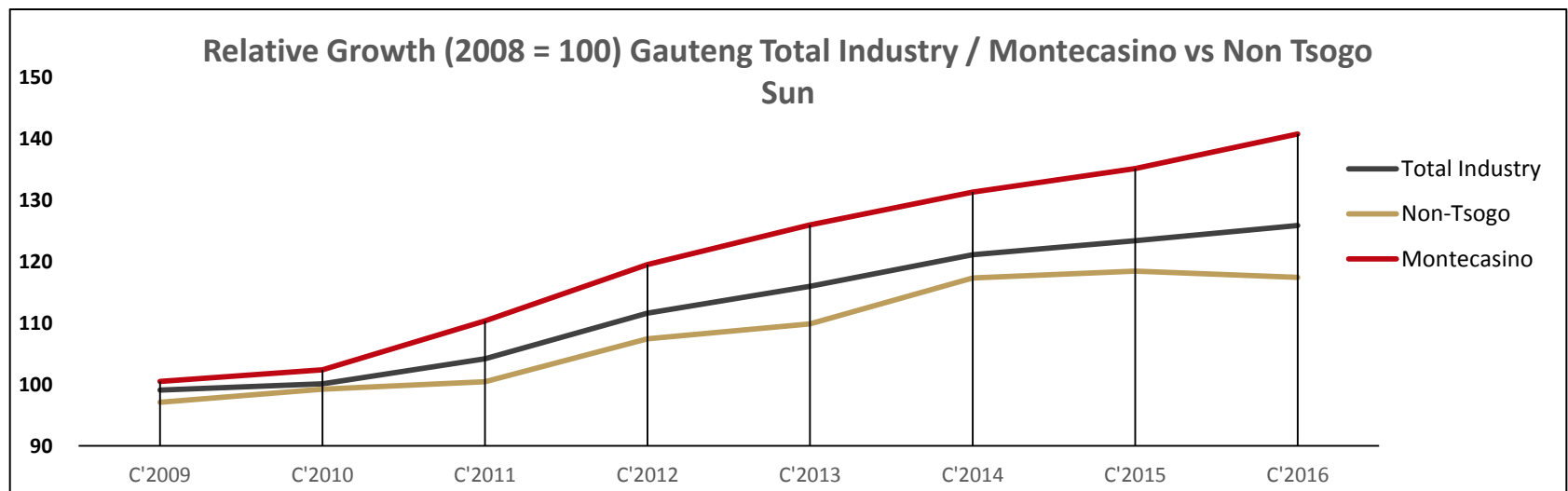
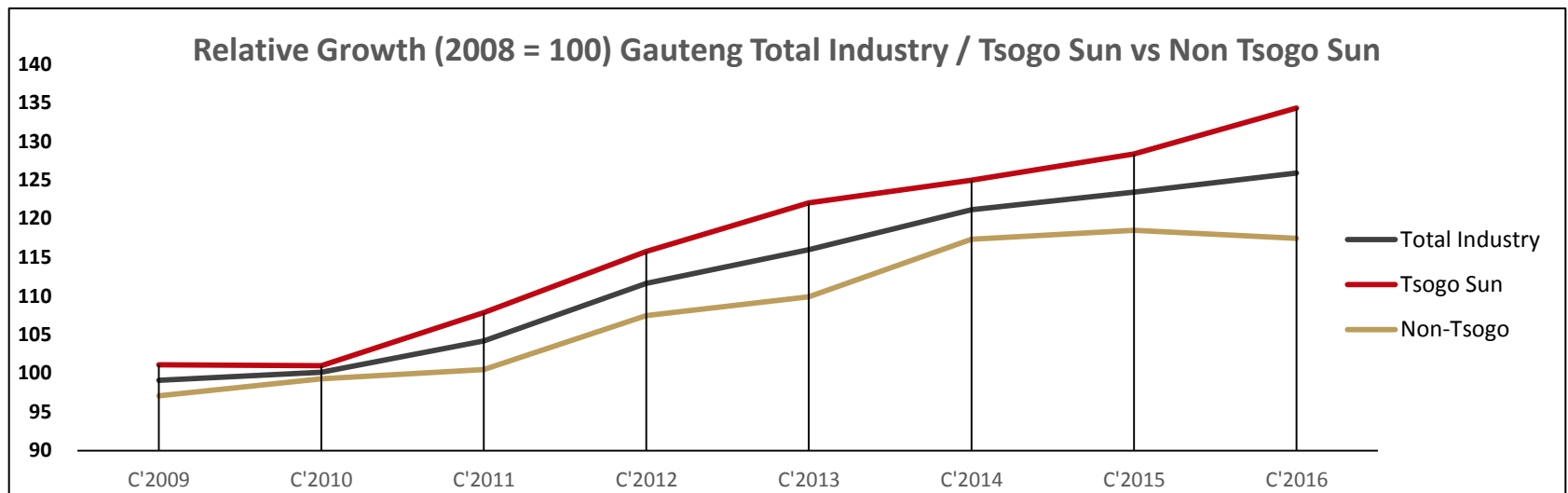
# GAUTENG GAMING TAX REVENUES

Growth in Gaming Win (%)

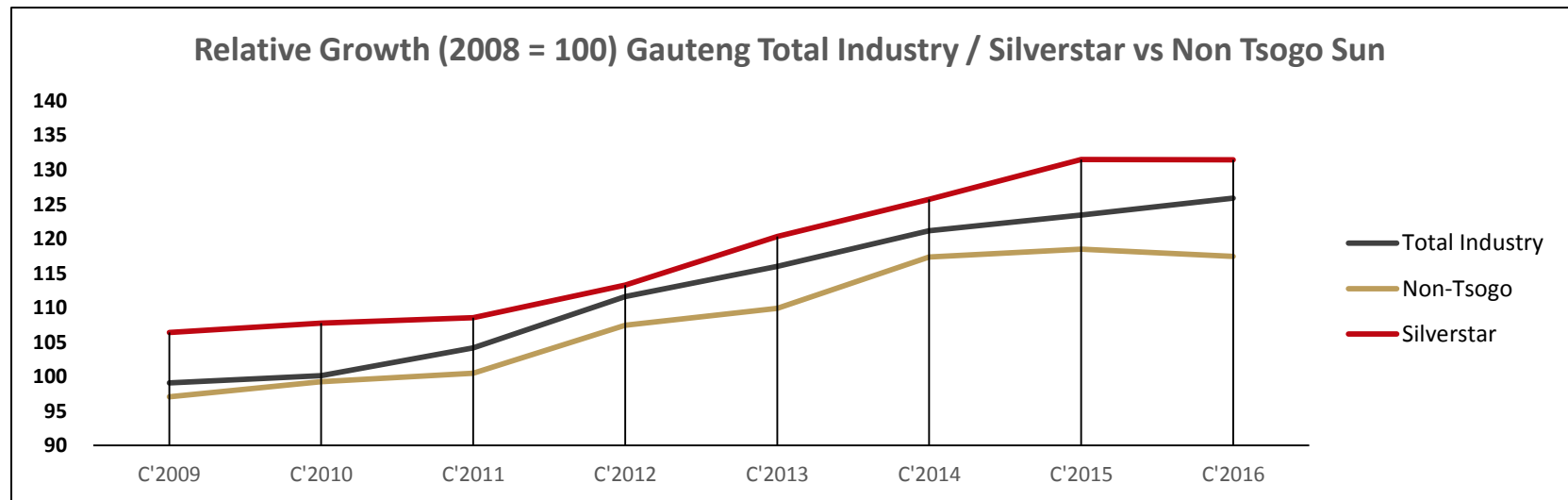
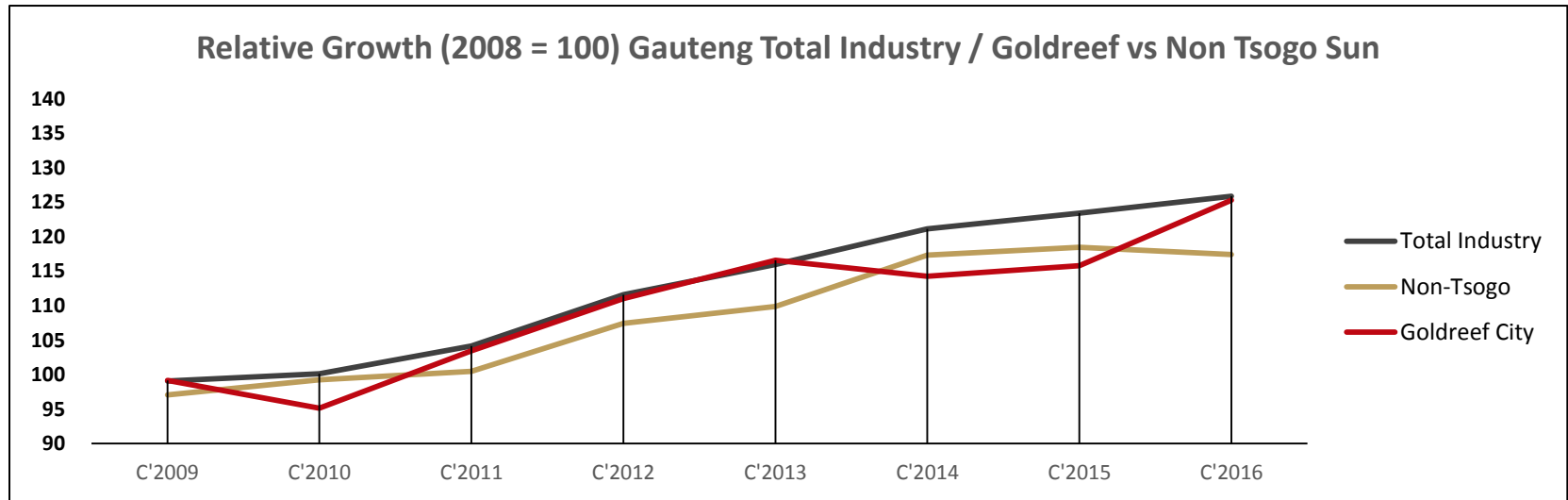
	Gauteng	Montecasino	Gold Reef City	Silverstar
<b>Calendar years</b>				
2000	25.0	(4.9)		
2001	5.8	20.9		
2002	13.9	16.5		
2003	11.0	9.6		
2004	18.9	15.5		
2005	11.1	13.2		
2006	14.9	14.5		
2007	13.1	12.6		
2008	7.8	(6.8)	(1.0)	*
2009	(0.9)	0.5	(1.3)	7.4
2010	1.1	2.0	(3.6)	0.6
2011	4.1	7.8	8.8	0.5
2012	7.2	8.0	7.5	4.2
2013	3.9	5.6	4.7	6.5
2014	4.5	4.6	(1.7)	4.2
2015	2.0	2.5	1.1	5.3
2016	1.6	4.2	8.4	(0.9)
<b>6 month to September 2016</b>	<b>3.8</b>	<b>3.9</b>	<b>12.0</b>	<b>(1.9)</b>
<b>6 months to March 2017</b>	<b>(4.9)</b>	<b>(0.9)</b>	<b>1.4</b>	<b>1.6</b>
<b>12 months to March 2017</b>	<b>(0.7)</b>	<b>1.5</b>	<b>6.4</b>	<b>(0.1)</b>

Note: Gaming stats differ to accounting due to timing and IFRS

# GAUTENG GAMING TAX REVENUES



# GAUTENG GAMING TAX REVENUES



# KZN GAMING TAX REVENUES

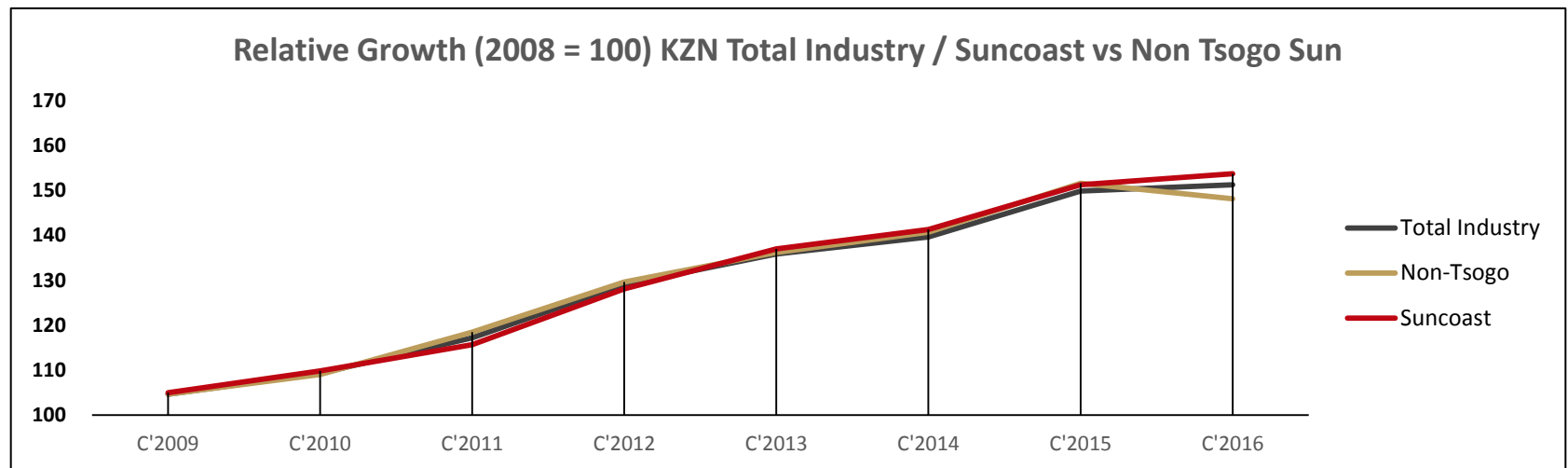
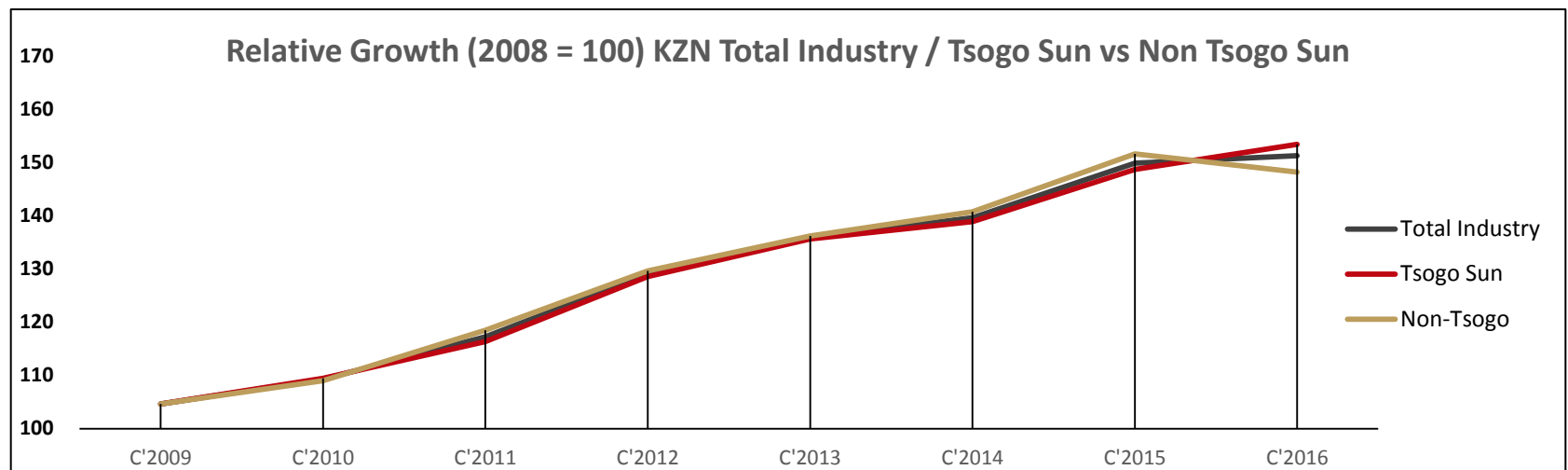
Growth in Gaming Win (%)

	KwaZulu-Natal	Suncoast	Golden Horse	Blackrock
<b>Calendar years</b>				
2004	24.5	37.3		
2005	24.7	22.5		
2006	16.2	15.1		
2007	19.6	15.6		
2008	6.9	8.3		
2009	4.6	5.0	1.4	5.5
2010	4.4	4.6	4.1	10.1
2011	7.3	5.3	9.2	10.8
2012	10.0	10.8	8.9	11.6
2013	5.3	6.9	(1.6)	7.3
2014	2.8	3.2	(1.6)	2.7
2015	7.9	6.9	6.8	8.3
2016	0.9	1.6	10.4	3.9
<b>6 months to September 2016</b>	<b>0.3</b>	<b>0.9</b>	<b>11.8</b>	<b>0.9</b>
<b>6 months to March 2017</b>	<b>0.1</b>	<b>2.8</b>	<b>1.0</b>	<b>(1.6)</b>
<b>12 months to March 2017</b>	<b>0.2</b>	<b>1.8</b>	<b>6.0</b>	<b>(0.4)</b>

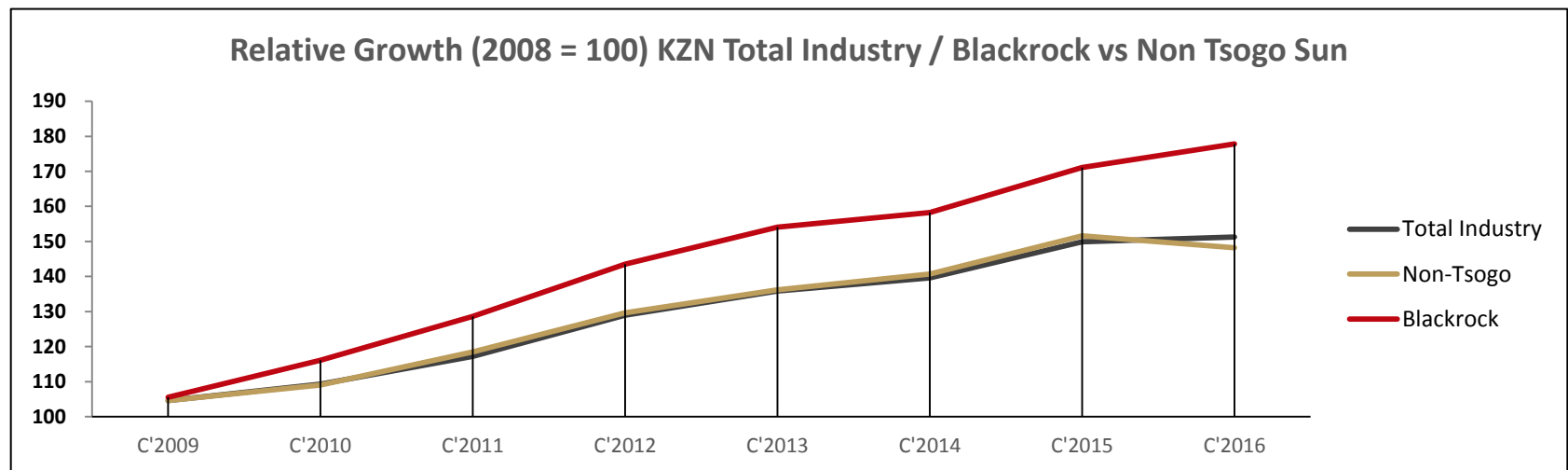
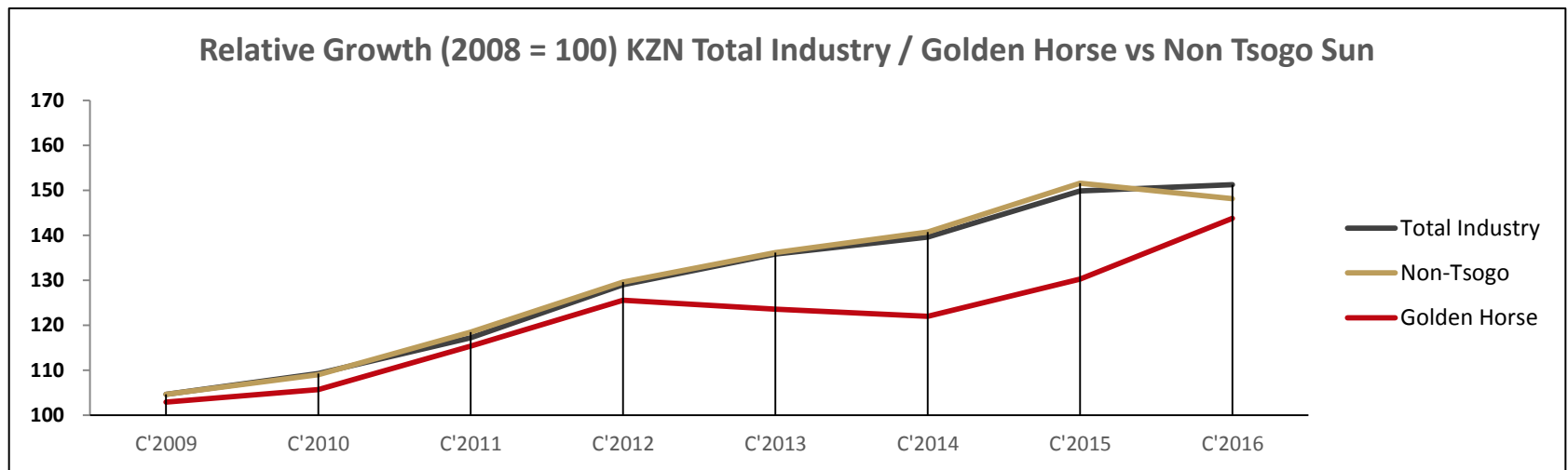
Note: Gaming stats differ to accounting due to timing and IFRS

Note: Market statistics post December are not yet available from the board and estimated based on Suncoast trading

# KZN GAMING TAX REVENUES



# KZN GAMING TAX REVENUES



# OTHER GAMING TAX REVENUES

Growth in Gaming Win (%)

	Province	Unit	Unit	Unit
	Mpumalanga	Ridge	Emnotweni	
<b>6 months to September 2016</b>	2.6	(1.6)	4.0	
<b>6 months to March 2017</b>	(5.3)	(4.1)	(9.0)	
<b>12 months to March 2017</b>	(1.5)	(2.8)	(2.8)	
	Western Cape	Caledon	Mykonos	Garden Route
<b>6 months to September 2016</b>	0.8	3.3	5.9	6.0
<b>6 months to March 2017</b>	(1.0)	13.9	4.9	(0.3)
<b>12 months to March 2017</b>	(0.1)	8.7	5.4	2.5
	Eastern Cape	Hemingways	Queens	
<b>6 months to September 2016</b>	(0.5)	(7.3)	(14.4)	
<b>6 months to March 2017</b>	(4.8)	(7.4)	(20.5)	
<b>12 months to March 2017</b>	(2.7)	(7.4)	(17.4)	
	Free State	Goldfields		
<b>6 months to September 2016</b>	-	(4.0)		
<b>6 months to March 2017</b>	(3.3)	0.2		
<b>12 months to March 2017</b>	(1.7)	(2.0)		

Note: Gaming stats differ to accounting due to timing and IFRS

# GAMING – REGULATORY MATTERS

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- B-BBEE condition of licence
- National gambling policy
- Regulation regarding the maximum number of casino licences nationally
- Gauteng gaming taxes

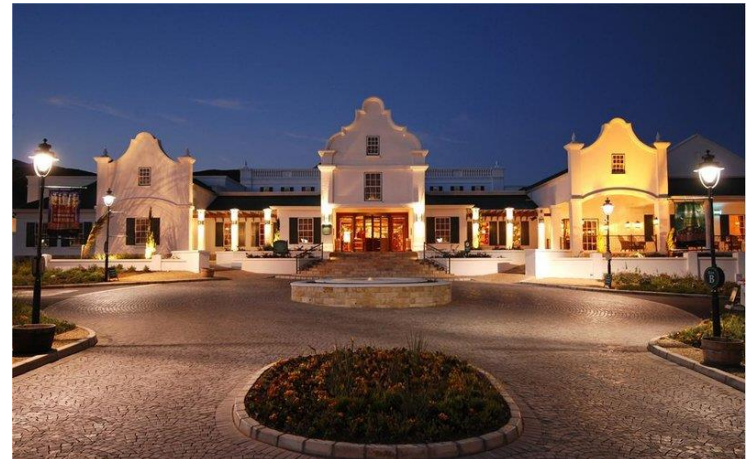


# GAMING – COMPLETED PROJECTS

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## ■ SunWest and Worcester Casinos

- Conditional approval of the acquisition of the 20% interest by the WCGRB received in November 2016
- Balance owing to Sun International at 30 September 2016 of R413m settled at a discounted amount of R393m during October 2016
- Balance owing to GPI at 30 November 2016 of R375m was settled at a discounted amount of R360m during December 2016



# GAMING – COMPLETED PROJECTS

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## ■ **Mykonos Casino**

- Acquired West Coast Leisure minority interests (29.6%) for R190m in the form of a share buy-back
- Exercised option to acquire the land adjacent to the casino for R30m



## ■ **Blackrock Minorities**

- Acquired the Tsogo Sun Newcastle Employee Share Trust (1.92%) shares for R5m



# GAMING – COMPLETED PROJECTS

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- **Casino refurbishments during the past 5 years**

• Hemingways	R400m
• Emnotweni	R210m
• Silverstar	R560m
• Gold Reef City	R483m
• Golden Horse	R44m
• Mykonos	R16m
• Montecasino	R84m

- **Gaming equipment continually refreshed with slot machine average age of 5 years**
- **All Casino Management Systems are up to date**

# GAMING – FUTURE OPPORTUNITIES

## ■ Suncoast expansion

- Additional casino space including new Privé
- Work commenced during November 2016 but ceased due to external labour disruption
- Expansion has been redesigned on a smaller scale at a cost estimated at R1.6bn (R300m spent to date including R100m CSI)
- Construction scheduled to recommence during June 2017 with 18 months to completion



# GAMING – FUTURE OPPORTUNITIES

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## ▪ **Vukani and Galaxy acquisitions**

- TSH to propose to acquire HCI's stake in GameCo for shares
- Total purchase price 160 million shares for 100% of GameCo with 10 million shares subject to clawback
- Extend same offer to GameCo minorities with a cash alternative at R9.74 per share, with a cash limit of R1.2bn (TSH can increase)
- Due diligence in progress
- Fair and reasonable to be completed
- Circular and roadshow to minority shareholders
- Strategically a good deal as should be fast growing business with good operational management

# GAMING – FUTURE OPPORTUNITIES

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## ■ Western Cape Metropole

- Sun International launched court action to set aside the decision of the Western Cape Government to allow relocation of an outlying casino to the metropole
- The group launched court action to compel the Western Cape Government to allow the relocation
- Settlement negotiations are ongoing and legal proceedings have been stayed until intended legislation is published

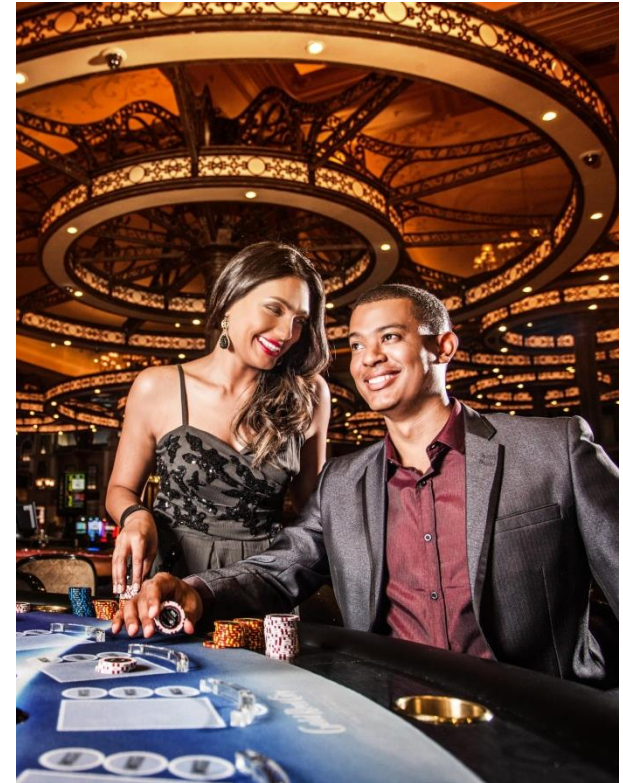


# GAMING – FUTURE OPPORTUNITIES

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## ▪ Gaming positions licenced but not currently displayed

	Slots	Tables
• Montecasino	400	6
• Gold Reef City	170	4
• Suncoast	750	13
• Silverstar	75	-
• The Ridge	64	2
• Golden Horse	-	1
• Hemingways	43	-
• Emnotweni	75	2
• Mykonos	-	3
• Caledon	52	-
	<b>1 629</b>	<b>31</b>

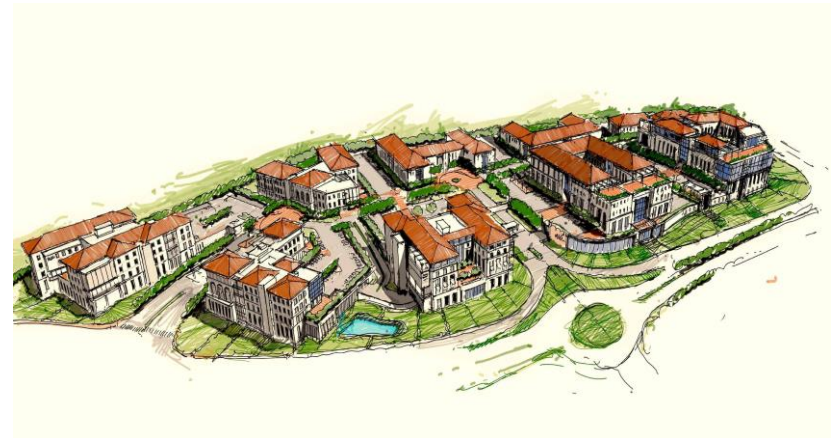


# GAMING – FUTURE OPPORTUNITIES

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## ■ Monte Circle and Monte Place

- Building A completed in November 2015 (Tsogo Sun commitment R27m)
- Building B completed March 2017 (Tsogo Sun commitment R21m)
- Construction of Building C commenced in February 2017 (Tsogo Sun commitment of R44m)
- Additional phases will be rolled out as tenanting proceeds



A woman with long brown hair, wearing a long, flowing blue and white dress, stands in the foreground on the right side of the image. She is looking back over her shoulder towards the camera. Behind her is the grand entrance of a hotel, featuring a portico with several large, light-colored columns. The entrance is illuminated from within, and a domed glass entrance is visible in the background. The sky is dark with some clouds, and the overall scene is lit with warm, ambient light from the building and some decorative lights on trees to the left.

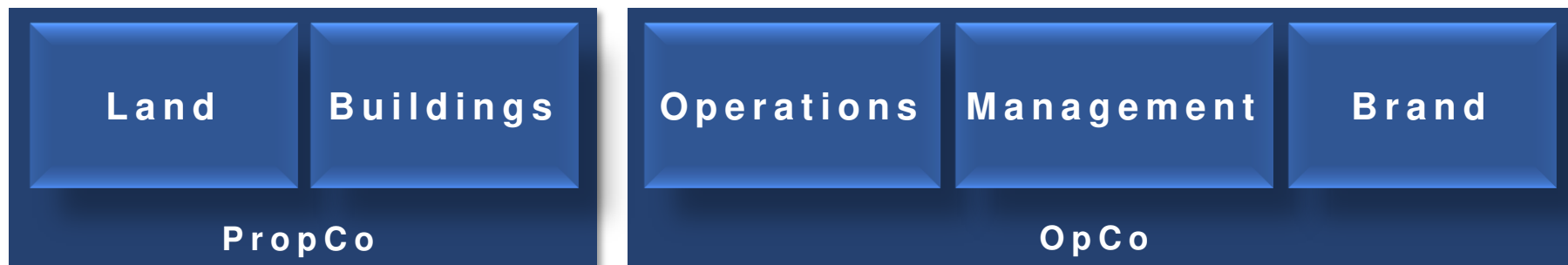
TSOGO SUN  
HOTELS

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# HOTELS – PORTFOLIO PHILOSOPHY

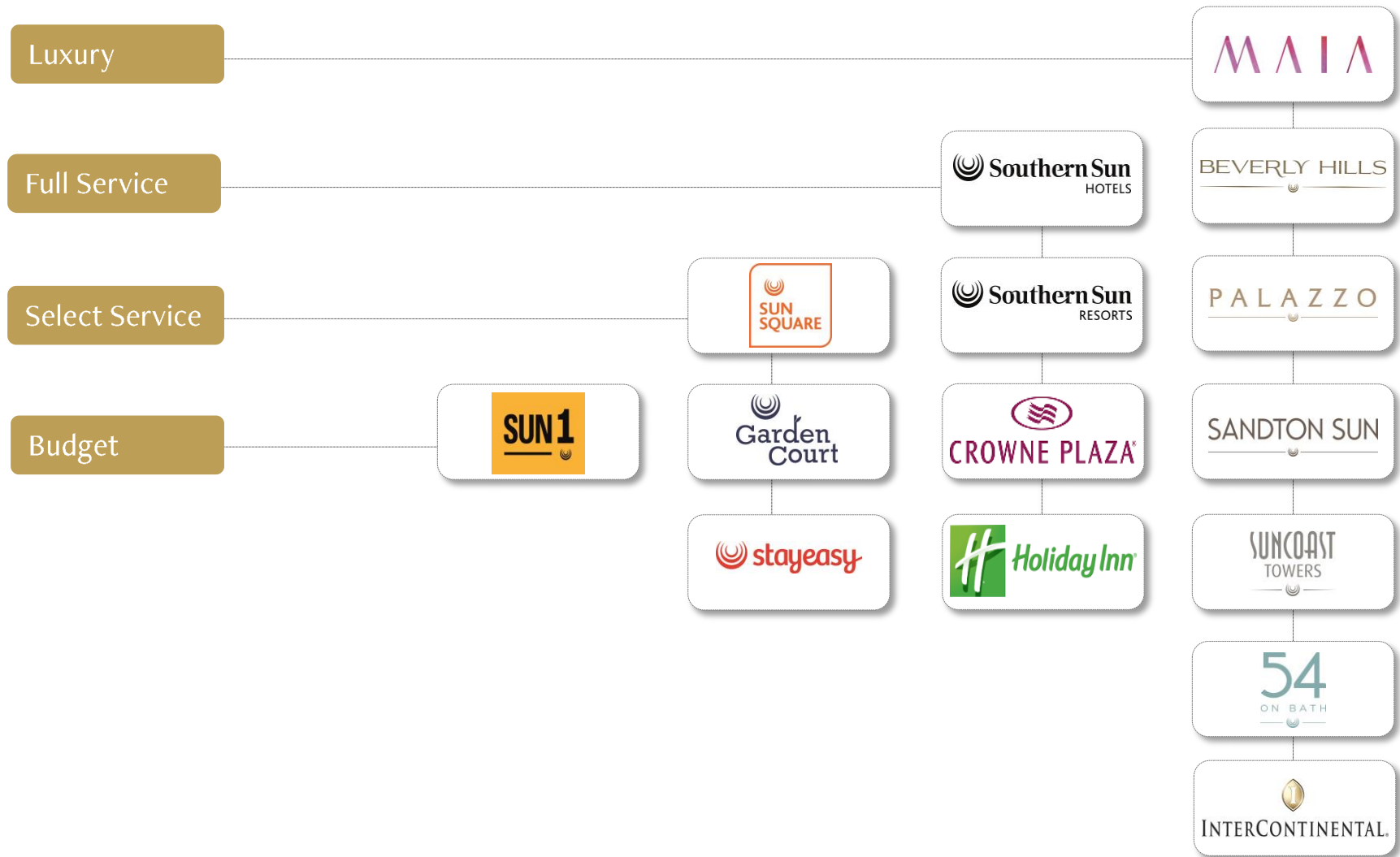
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- Ideally own all components
  - Strategic advantage in scale in South Africa
  - More capital intensive but allows substantially higher return on effort
  - Retains control of the assets providing extended tenure and resilience
  - Splitting business into OpCo and PropCo through a REIT structure but will retain control of the REIT with variable leases between REIT and OpCo
- Lease building on long term basis if Tsogo Sun can't own – but lose growth of property value
- In SA only manage if strategically important and no option to own or lease
- Management contracts are a low risk option to enter new offshore markets
- Not a franchisor of our own brands but will operate hotels as franchisee where necessary



# GROUP OPERATED HOTEL PORTFOLIO



# GROUP OPERATED HOTELS PORTFOLIO AND STATISTICS

	Hotels	Rooms	Owned	Managed
Luxury	6	1 105	410	695
Full Service	24	5 184	5 184	-
Select Service	26	4 777	4 134	643
Budget	22	1 741	1 741	-
Timeshare & Resorts	6	992	138	854
<b>South Africa</b>	<b>84</b>	<b>13 799</b>	<b>11 607</b>	<b>2 192</b>
Offshore	9	1 535	1 052	483
<b>Total</b>	<b>93</b>	<b>15 334</b>	<b>12 659</b>	<b>2 675</b>

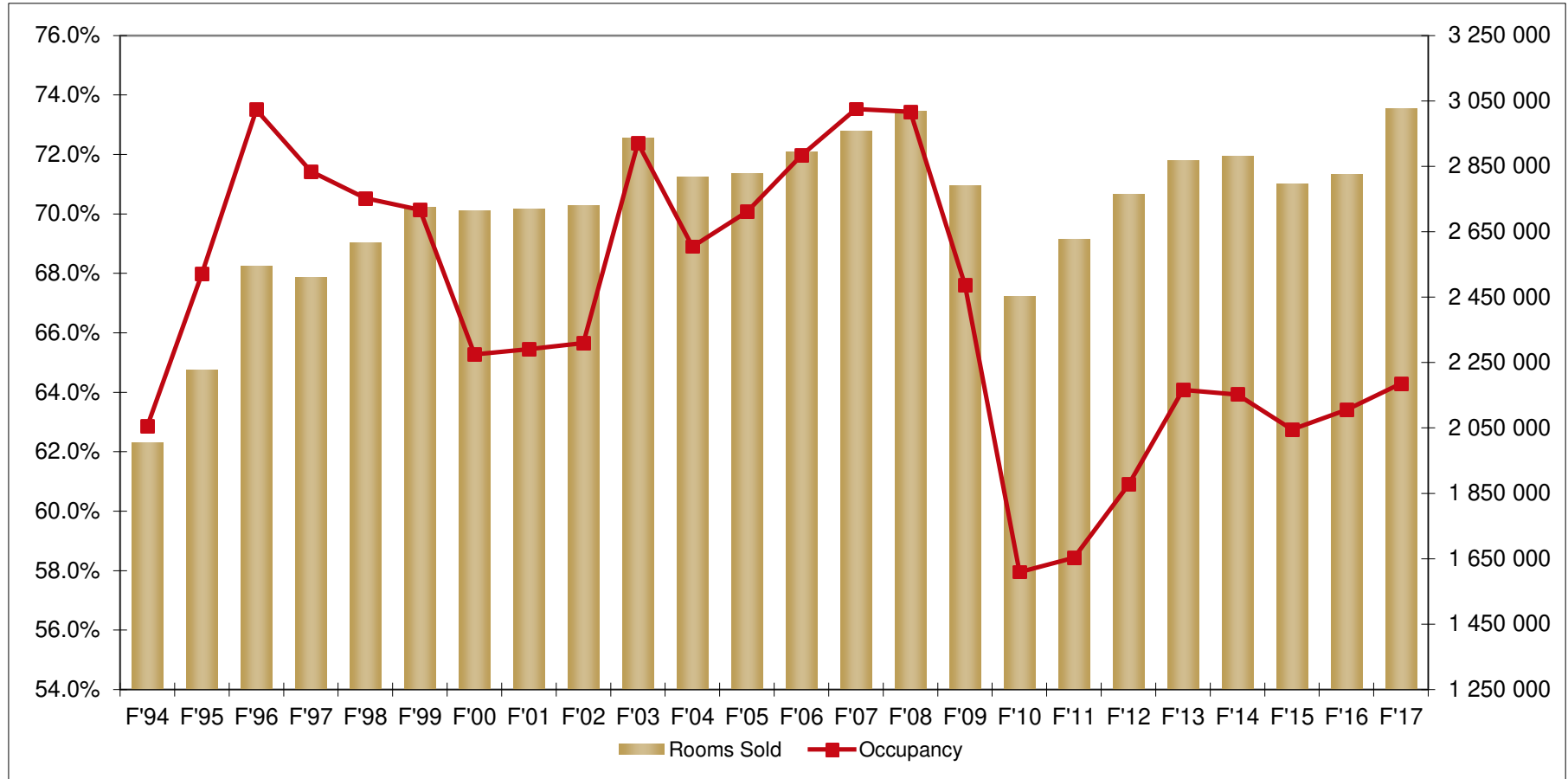
- Portfolio as at 31 March 2017
- Owned includes leased hotels and associates
- Excludes hotels managed by 3rd parties:
  - HPF 3<sup>rd</sup> party managed hotels
  - International Hotel Properties Limited

## Owned Stats – (SA and Offshore)

	F'17	F'16	% Change
Occupancy (%)	63.3	62.5	0.8pp
Average room rate (R)	1 063	1 035	3
RevPar (R)	672	646	4
Rooms available ('000)	4 578	4 307	6
Rooms sold ('000)	2 895	2 691	8
Rooms revenue (Rm)	3 078	2 784	11

# GROUP OPERATED HOTELS TRADING HISTORY

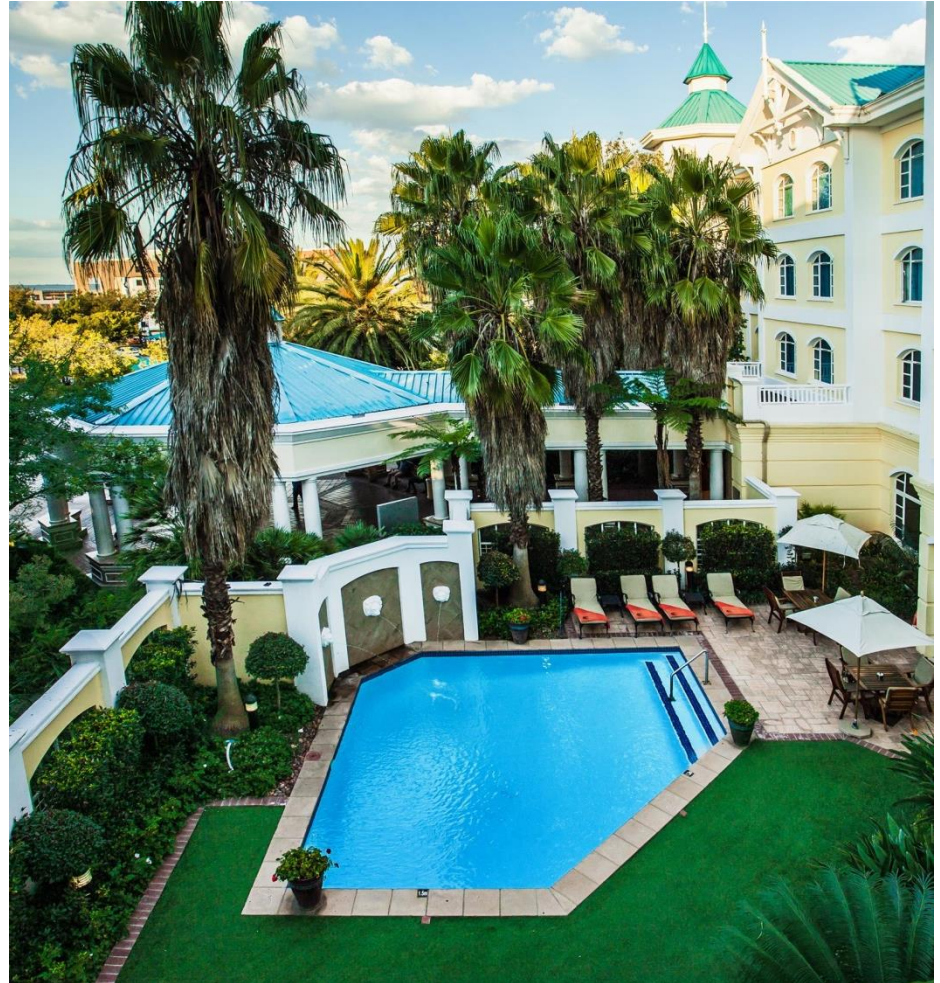
## SA System-Wide Rooms Sold



# SOUTH AFRICAN HOTELS TRADING

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- Occupancy increased 0.8pp to 64.3% on the prior year
- Average room rate growth of 5% on the prior year
- The majority of the portfolio has been refurbished and is in very good condition



# SOUTH AFRICAN HOTELS – COMPLETED PROJECTS

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- **Liberty Phase 2**

- Acquisition of the Garden Court Umhlanga and StayEasy Pietermaritzburg for R310m effective from 1 October 2016



- **Cullinan**

- Acquired Liberty's 40% shareholding in Cullinan and debt of R571m owing to Liberty for R1.03bn effective from 1 December 2016



# OFFSHORE HOTELS TRADING

- Offshore hotels trading remains under pressure with occupancies down 1.5pp on the prior year to 52.4%
  - Remains impacted by security concerns and weaker market attributable to the negative impact of commodity prices
- Forex loss for F'17 R38m (F'16 R23m) on cash and monetary items



# OFFSHORE HOTELS – FUTURE OPPORTUNITIES

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## ▪ StayEasy Maputo

- Capital cost of 125 key hotel US\$16.2m
- 50 year land lease on a shopping development at zero cost
- Construction commenced in April 2017 and expected opening in Q2 2018



## ▪ Expansion in the territories the group already operates in

- Management agreement for a 193 key hotel in Tete Mozambique. Trading commenced May 2017
- Management agreements for a 150 key Southern Sun in Accra, Ghana, and a 128 key Garden Court in Kitwe Zambia concluded





# HPF – GROUP STRUCTURE

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**Public**

50.6%

49.4%

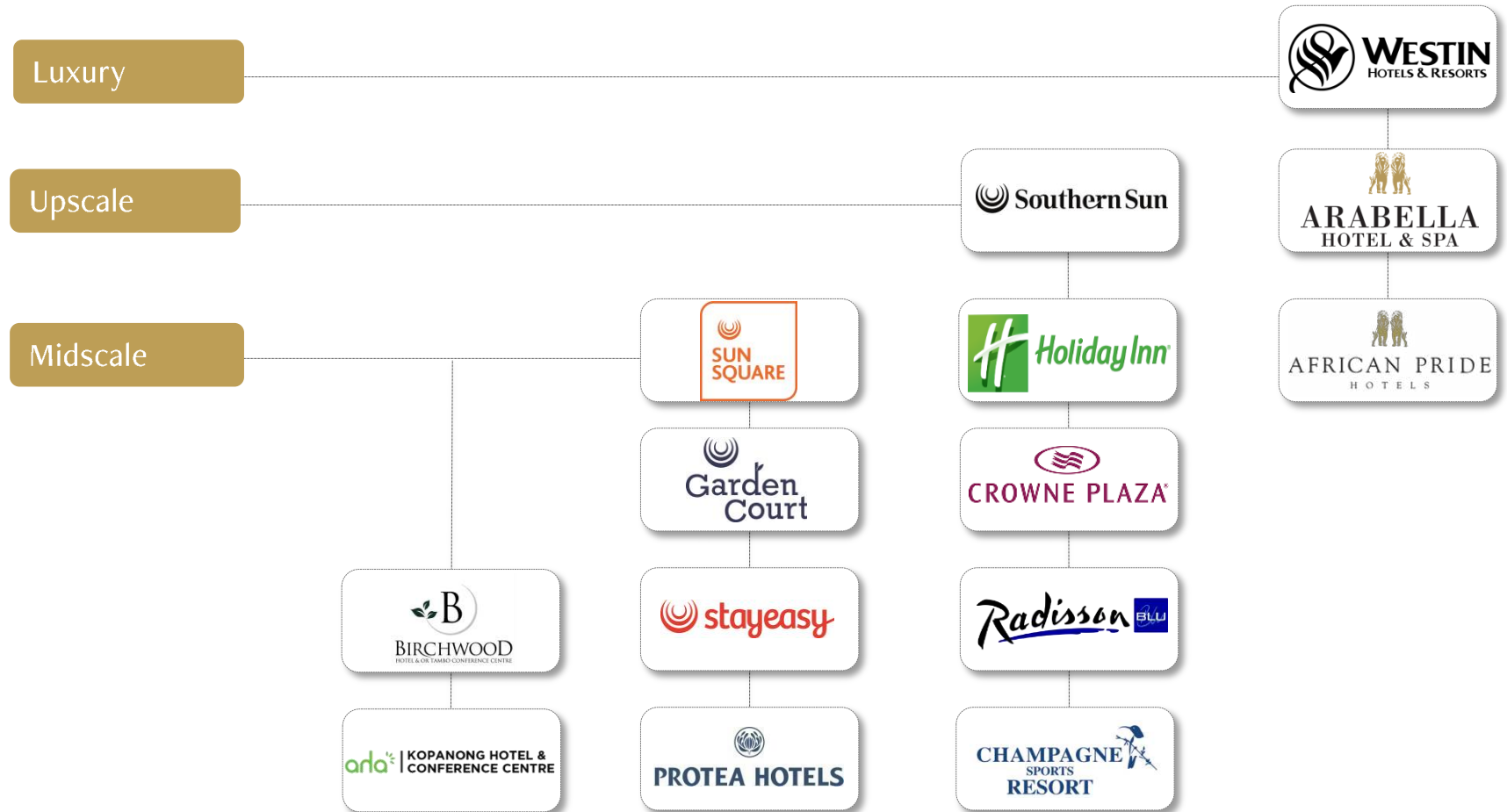


HOTEL PROPERTY OWNER

**Leases**

TENANT/  
HOTEL OPERATOR

# HPF – HOTEL PORTFOLIO



# HPF – HOTELS PORTFOLIO AND STATISTICS

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	Hotels	Rooms
Luxury	3	749
Upscale	10	1 894
Midscale	11	2 589
<b>Total</b>	<b>24</b>	<b>5 232</b>

- Based on the year end portfolio for the 12 month period ended 31 March 2017

## Statistics

	Year to March'17	Year to March'16	% Change
Occupancy (%)	65.5	64.0	1.5pp
Average room rate (R)	1 218	1 144	6
RevPar (R)	797	732	9

# HPF INDICATIVE CONSOLIDATION OF HPF INTO TSH

	HPF Statutory	Tsogo Sun Group
Rooms revenue	-	575
Food & beverage revenue	-	153
Other revenue	-	31
Rental income	653	421
3 <sup>rd</sup> party	415	415
Tsogo Sun	238	6
Overheads	(47)	(529)
Hotel trading related	-	(482)
HPF central	(47)	(47)
<b>Ebitdar</b>	<b>606</b>	<b>651</b>
Depreciation on owner occupied properties	-	(25)
Finance costs on HPF debt (estimate)	(150)	(150)
Taxation	-	(77)
Minorities	-	(213)
<b>Distributable/adjusted earnings</b>	<b>456</b>	<b>186</b>

Note: Indicative 12 month period ended March 2017 on like-for-like basis  
Excludes revaluation of investment property which is adjusted for distributable/adjusted earnings  
Ebitdar difference = Tsogo Sun management fees + 1% of Ebitdar

# HPF – COMPLETED PROJECTS

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## ▪ **Capital restructure**

- Dual share structure collapsed into single-class capital structure
- One ordinary A-share for every 3.5 B-shares owned
- Alignment of shareholder objectives

## ▪ **1<sup>st</sup> Tsogo Sun Transaction**

- Effective 1 September 2016
- Ungearing acquisition of 10 established hotels
- Improved spread of HPF's properties across hotel grading spectrum to broaden earnings base

## ▪ **Disposals**

- Inn on the Square sold for total a cash consideration of R157m (20 November 2016)
- Two units at Kapanong were sold for a total cash consideration of R2m

# HPF – FUTURE OPPORTUNITIES

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## ▪ 2<sup>nd</sup> Tsogo Sun transaction

- Acquisition of 29 established hotel properties
- Aggregate purchase consideration of R3.6bn : R1.0bn in cash and R2.6bn in shares
- Subject to shareholders' approval

## ▪ Rights offer

- Fully underwritten rights offer to raise R1.8bn
- Funds to be applied to reduce interest bearing debt and fund current and future acquisitions



# HPF – FUTURE OPPORTUNITIES

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## ▪ Sandton Eye

- Agreement to acquire various additional sections and exclusive use over Sectional Title Scheme (Radisson Blu Gautrain) in Sandton Eye, including real right of expansion by  $\pm 10\,000$  bulk square metres or additional 7 floors
- Aggregate purchase consideration of R302m : R272m in cash and R30m in shares

## ▪ Reduced funding costs

- Increased scale and reduced gearing has improved rating and potential to reducing funding cost on net debt





# EUROPE – REDEFINE BDL

- Private company
- TSH owns 25% plus board and committee representation
- Manages 42 hotels in the UK
- Manages under multi brands including Crowne Plaza, Holiday Inn, Holiday Inn Express, Best Western, Westin, Hilton, Marriott, Aloft



# EUROPE – INTERNATIONAL HOTEL PROPERTIES

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- TSH owns 25.9% plus board and committee representation
- Listed on JSE AltX and Luxembourg
- Currently has GBP106m (R1.8bn) in hotel assets
  - 4 Travel Lodges – leased to Travel Lodge
  - 4 Holiday Inn Express hotels (Dunstable, Southampton, Redditch, Edinburgh)
  - Hampton by Hilton Gatwick
- Hotels are managed by Redefine BDL
- Opportunities to expand the operations significantly
  - Will require capital





FUTURE  
PROSPECTS

# FUTURE PROSPECTS

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## ▪ Group

- Strong cash generation
- Growth opportunities still being pursued but debt levels higher
- Upside potential from any economic recovery is significant
- Focus on costs remains to protect margins
- REIT structure aims to enhance shareholder value

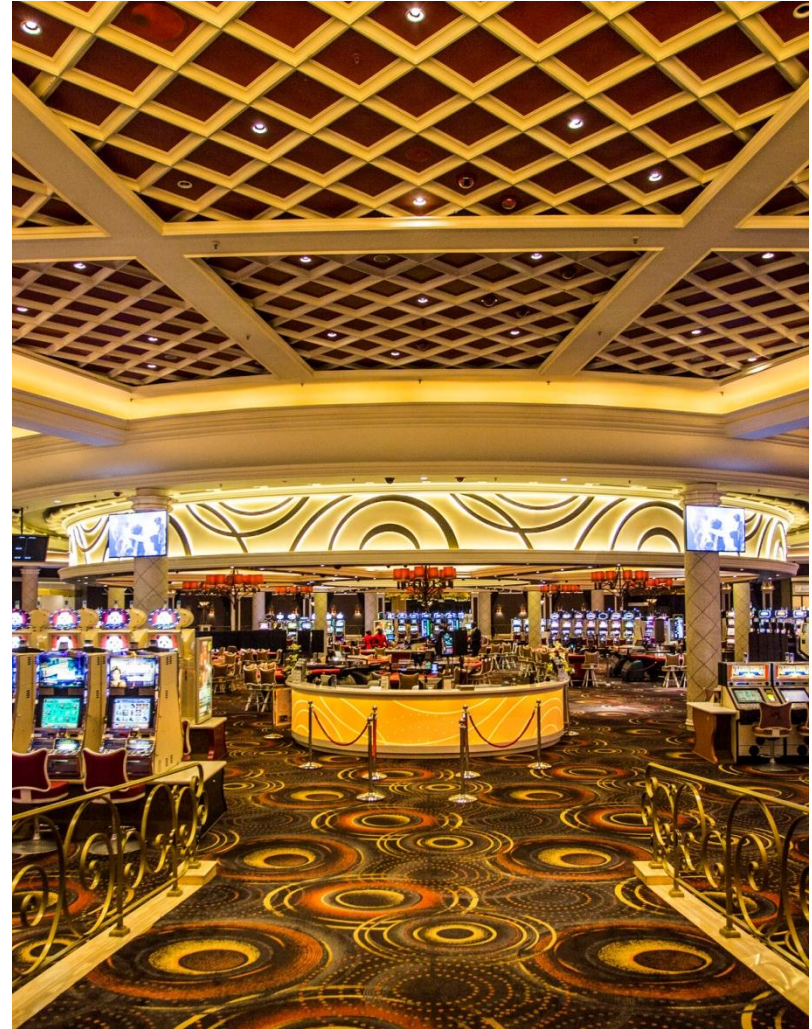


# FUTURE PROSPECTS

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## ■ Gaming

- Gaming win growth – medium term outlook uncertain
  - Need consumers to get wealthier and, more importantly, feel wealthier
  - Regulatory issues remain a threat
- Western Cape metropole
- Mpumalanga fourth casino licence
- Complete development activity
  - Suncoast is a key project



# FUTURE PROSPECTS

## ■ Hotels

- Occupancy and rate still under pressure until transient Corporate demand recovers
- Focus on customer satisfaction, brand awareness, distribution through channels and Web and enhancement of Best Available Rate yielding
- Opportunistic in SA – land bank, acquire leases, new builds and acquisitions
- Continued pursuit of offshore expansion
  - Focus on the territories the group already operates in – Africa and Middle East
  - Asset acquisition in UK and Europe through International Hotel Properties

