



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 SUBMISSION OF PROPOSED RESOLUTIONS TO THE SHAREHOLDERS OF HOSPITALITY TO BE ADOPTED IN TERMS OF SECTION 60 OF THE COMPANIES ACT, NO 71 OF 2008 (THE "COMPANIES ACT")

Dear shareholder

- Shareholders are notified that the board of directors of the Company (the "Board") has resolved to propose that the shareholders of the Company consider and approve the special resolutions set out in **Annexure 1** to this notice by written consent in terms of section 60 of the Companies Act.
- As announced on SENS on 10 February 2017, shareholders are advised that Hospitality has entered into negotiations with Tsogo Sun Holdings Limited and/or its subsidiaries ("Tsogo Sun") in relation to the potential acquisition, directly or indirectly, from Tsogo Sun and/or any of its subsidiaries of a circa R3.3 billion portfolio of hotel assets ("the proposed transaction"). The proposed transaction will be funded by Hospitality through a combination of debt and equity. Subject to the conclusion of the proposed transaction, an announcement will be released on SENS and in the press at the appropriate times detailing the salient terms of the proposed transaction and the approvals required. A circular will also be sent to Hospitality shareholders containing details of the proposed transaction and a notice to convene a meeting to consider and, if appropriate, pass the requisite resolutions to authorise the proposed transaction.
- Hospitality further intends undertaking an underwritten rights offer to raise approximately R1.8 billion at offer pricing based on the then prevailing market price of the Company's shares (the "rights offer"). Announcements, which will be released on SENS and published in the press in due course will provide the terms of the rights offer, the amount of the rights offer, the rights offer price, the number of ordinary shares to be offered and the ratio entitlement. A rights offer circular will also be sent to Hospitality shareholders containing full details of the rights offer.
- Hospitality requires to increase its authorised share capital so as to create additional share capital capacity to enable the Company to implement the proposed transaction and the rights offer and also to create sufficient additional share capital capacity for future transactions.
- Accordingly, Hospitality proposes the amendment of the Company's Memorandum of Incorporation ("MOI") by adopting special resolution number 1 to increase the authorised share capital of the Company from 600 000 000 ordinary shares of no par value to 2 000 000 000 ordinary shares of no par value.
- Further, if the voting power of the ordinary shares that are issuable as a result of the rights offer will be equal to or exceed 30% of the voting power of all Hospitality shares in issue immediately before the implementation thereof, section 41(3) of the Companies Act requires the approval of Hospitality shareholders by special resolution. Until the terms of the proposed transaction are finalised it is not certain if the number of Hospitality shares to be issued in terms of the proposed transaction and the rights offer requires such a special resolution. To cater for the eventuality that the number of shares to be issued will at least equal the 30% regulated threshold, special resolution number 2 is being proposed. Such authority will include the authority, to the extent required, to allot and issue any ordinary shares of the Company to any underwriter(s) of the rights offer, whether or not such underwriter is a related party to the Company (as defined for the purposes of the JSE Limited ("JSE") Listings Requirements).
- Each of the special resolutions will only be adopted if it is supported by more than 75% of the voting rights exercisable by shareholders.
- In terms of section 60 of the Companies Act, a resolution that could be voted on at a shareholders' meeting may instead be submitted for consideration to the shareholders entitled to exercise voting rights in relation to the resolution and be voted on in writing by shareholders entitled to exercise voting rights in relation to the resolution, within 20 (twenty) business days after the resolution was submitted to them.
- Section 60(2) of the Companies Act further provides that a resolution contemplated in section 60(1) of the Companies Act will have been adopted if it is supported by persons entitled to exercise sufficient voting rights for it to have been adopted as an ordinary or special resolution, as the case may be, at a properly constituted shareholders' meeting, and, if adopted, such resolution will have the same effect as if it had been approved by voting at a meeting.
- Section 65(2) of the Companies Act provides that the Board may propose any resolution to be considered by shareholders, and may determine whether that resolution will be considered at a meeting, or by vote or written consent in terms of section 60 of the Companies Act. The Board has resolved that the special resolutions be considered by the shareholders of the Company by written consent in terms of section 60 of the Companies Act. The written consent is attached as **Annexure 1** to this notice (the "written consent").
- In terms of paragraph 10.11(h) of Schedule 10 of the JSE Listings Requirements, a company may, subject to the provisions of its Memorandum of Incorporation and the Companies Act, propose that certain shareholder resolutions, including an increase in authorised capital, be passed in accordance with section 60 of the Companies Act.
- Shareholders who have dematerialised their shares (other than own-name dematerialised shareholders) in terms of the Financial Markets Act, 19 of 2012, should advise their Central Securities Depository Participant ("CSDP") or broker as to what action they wish to take. This must be done in terms of the agreement entered into between them and their CSDP or broker. Shareholders who have dematerialised their shares (other than own-name dematerialised shareholders) must not return the written consent to the transfer secretaries. Their instruction must be sent to the CSDP or broker for action.
- Certificated shareholders and own-name dematerialised shareholders may indicate, by insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided on the written consent how they cast their votes in relation to the special resolutions. Please return a copy of the completed and signed written consent to Computershare Investor Services Proprietary Limited (the transfer secretaries of the Company) within 20 business days of the date of receipt hereof at the following address:
 - Physical address: 15 Biermann Avenue, Rosebank Towers, Rosebank, 2196;
 - Postal address: P.O. Box 61051, Marshalltown, 2107;
 - Fax: +27 11 688 5238; and/or
 - Email: proxy@computershare.co.za.
- Where a shareholder has received this letter with the attached special resolutions by means of fax, such shareholder is deemed to have received these documents on the date and at the time recorded by the fax receiver, unless there is conclusive evidence that it was delivered on a different date or at a different time.
- Where a shareholder has received this letter with the attached special resolutions by means of electronic mail, such shareholder is deemed to have received these documents on the date and at the time recorded by the computer used by the sender, unless there is conclusive evidence that it was delivered on a different date or at a different time.
- Where a shareholder has received this letter with the attached special resolutions by means of registered post, such shareholder is deemed to have received these documents on the 7th (seventh) day following the day on which the notice or document was posted as recorded by a post office, unless there is conclusive evidence that it was delivered on a different day.
- Where a shareholder has received this letter with the attached special resolutions by hand, in the case of a natural person or in the case of a Company or body corporate, by hand to a responsible employee, at its registered office or its principal place of business within the Republic of South Africa, then such shareholder is deemed to have received these documents on the date and at the time recorded on the receipt for delivery, unless there is conclusive evidence that it was delivered on a different date or at a different time.
- The Board has resolved that the record date for determining which shareholders are entitled to vote on the special resolutions in terms of the written consent shall be Friday, 3 March 2017.

Yours faithfully

LR van Onselen
Company Secretary

9 March 2017



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RESOLUTIONS OF THE SHAREHOLDERS OF HOSPITALITY TO BE ADOPTED IN TERMS OF SECTION 60(1) OF THE COMPANIES ACT, NO 71 OF 2008, AS AMENDED (THE "COMPANIES ACT")

SPECIAL RESOLUTION NUMBER 1: APPROVAL TO INCREASE THE AUTHORISED SHARE CAPITAL

"RESOLVED THAT, in accordance with section 36(2) of the Companies Act and the Company's existing Memorandum of Incorporation ("MOI"), the authorised share capital of the Company comprising 600 000 000 ordinary shares of no par value, be and is hereby increased by the creation of a further 1 400 000 000 ordinary shares of no par value so that after the increase the authorised share capital shall comprise 2 000 000 000 ordinary shares of no par value, with effect from the date of filing the notice of amendment with the Companies and Intellectual Property Commission, on the understanding that clause 9 of the Company's MOI be and is hereby amended accordingly to reflect the increase in the Company's authorised share capital.

The Company Secretary or any member of the Board of Directors of the Company be and is hereby authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of this resolution."

Voting requirements

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

Reason and effect of the special resolution

The reason for the special resolution is to increase the Company's authorised share capital from 600 000 000 ordinary shares of no par value to 2 000 000 000 ordinary shares of no par value. The effect of the resolution will be to increase the authorised share capital by a further 1 400 000 000 ordinary shares of no par value from 600 000 000 ordinary shares of no par value to 2 000 000 000 ordinary shares of no par value.

This granting of this special resolution by shareholders, will allow the Company to implement the proposed transaction and rights offer as well as to create sufficient capacity for future transactions.

SPECIAL RESOLUTION NUMBER 2 – AUTHORISATION TO ISSUE 30% OR MORE OF THE COMPANY'S ORDINARY SHARES

"RESOLVED THAT the Board of Directors of the Company be and are hereby authorised, to the extent required in terms of section 41(3) of the Companies Act, to allot and issue such number of ordinary shares in the authorised and unissued share capital of the Company as are required for the purpose of implementing (i) the rights offer and (ii) subject to shareholders approving the conclusion of the proposed transaction by way of a separate resolution to be proposed by the Company to shareholders in due course (as required in terms of the JSE Listings Requirements), the proposed transaction (as such terms are defined in the notice accompanying this special resolution), even if such number of ordinary shares have voting power equal to or in excess of 30% of the voting rights of all ordinary shares in issue immediately prior to such issue. Such authority shall include, to the extent required, the authority to allot and issue ordinary shares in the authorised but unissued share capital of the Company to any underwriter(s) of the rights offer (whether or not such underwriter is a related party to the Company (as defined in the JSE Listings Requirements)).

The Company Secretary or any member of the Board of Directors of the Company be and is hereby authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of this resolution."

Voting requirements

In order for this special resolution to be adopted, the support of more than 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 authorise the issue of ordinary shares which have voting rights equal to or in excess of 30% of the voting rights of all ordinary shares in issue immediately before the issue (including any issue of shares to any underwriter of the rights offer, whether or not such underwriter is a related party to the Company (as defined in the JSE Listings Requirements)).

The effect of this special resolution is to authorise the directors of the Company, in terms of section 41(3) of the Companies Act, to allot and issue ordinary shares which have voting rights equal to or in excess of 30% of the voting rights of all ordinary shares in issue.

Notice and written consent

By its signature hereto to the form of written consent set out in **Annexure 2**, each shareholder hereby confirms that:

- the special resolutions contained herein were submitted to it on or after 9 March 2017 and is signed by it at the date and place stated opposite such shareholder's name in **Annexure 2**; and
- it votes such number of the ordinary shares held by it in the issued share capital of the Company on the special resolution relevant contained herein, as is set out in the written consent.



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FORM OF WRITTEN CONSENT IN TERMS OF SECTION 60 OF THE COMPANIES ACT, NO 71 OF 2008, AS AMENDED

FOR USE BY CERTIFICATED SHAREHOLDERS AND OWN NAME DEMATERIALIZED SHAREHOLDERS IN TERMS OF SECTION 60 OF THE COMPANIES ACT

Shareholders who have dematerialised their shares, other than own name dematerialised shareholders, should advise their Central Securities Depository Participant ("CSDP") or broker as to what action they wish to take. This must be done in terms of the agreement entered into between them and their CSDP or broker. Shareholders, other than own-name dematerialised shareholders who have dematerialised their shares must not return this form of written consent to the transfer secretaries of the Company, Computershare Investor Services Proprietary Limited. Their instructions must be sent to their CSDP or broker for action.

I/We (FULL NAME IN BLOCK LETTERS)

of (ADDRESS)

being the holder/s of shares in the issued share capital of the Company hereby vote as follows:

	For	Against	Abstain
Special resolution number 1 – Approval to increase the authorised share capital			
Special resolution number 2 – Authorisation to issue 30% or more of the Company's ordinary shares			

Signed this _____ day of _____ 2017.

Signature of shareholder (s)

Assisted by me (where applicable)

Please indicate how you wish your votes to be cast in the appropriate box provided.

Notes:

1. A person signing this written consent in a representative capacity must attach the documentary evidence establishing such authority to this form of written consent, unless previously recorded by the transfer secretaries of the Company.
2. The completed and signed written consent and authority (if any) under which it is signed must be either delivered, posted, faxed, and/or emailed to Computershare Investor Services Proprietary Limited (the transfer secretaries of the Company) within 20 business days of the date of receipt hereof, at the following addresses:
 - Physical address: 15 Biermann Avenue, Rosebank Towers, Rosebank, 2196;
 - Postal address: P.O. Box 61763, Marshalltown, 2107;
 - Fax: +27 11 688 5238; and/or
 - Email: proxy@computershare.co.za.

A certified or own-name dematerialised shareholder's instructions on the form of written consent must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. A certified or own-name dematerialised shareholder is not obliged to use all the votes exercisable by the shareholder but the total number of votes cast and in respect of which an abstention is recorded may not exceed the total number of votes exercisable by the certified or own-name dematerialised shareholder.

