



ANALYSTS AND FUND MANAGERS PRESENTATION

May 2018

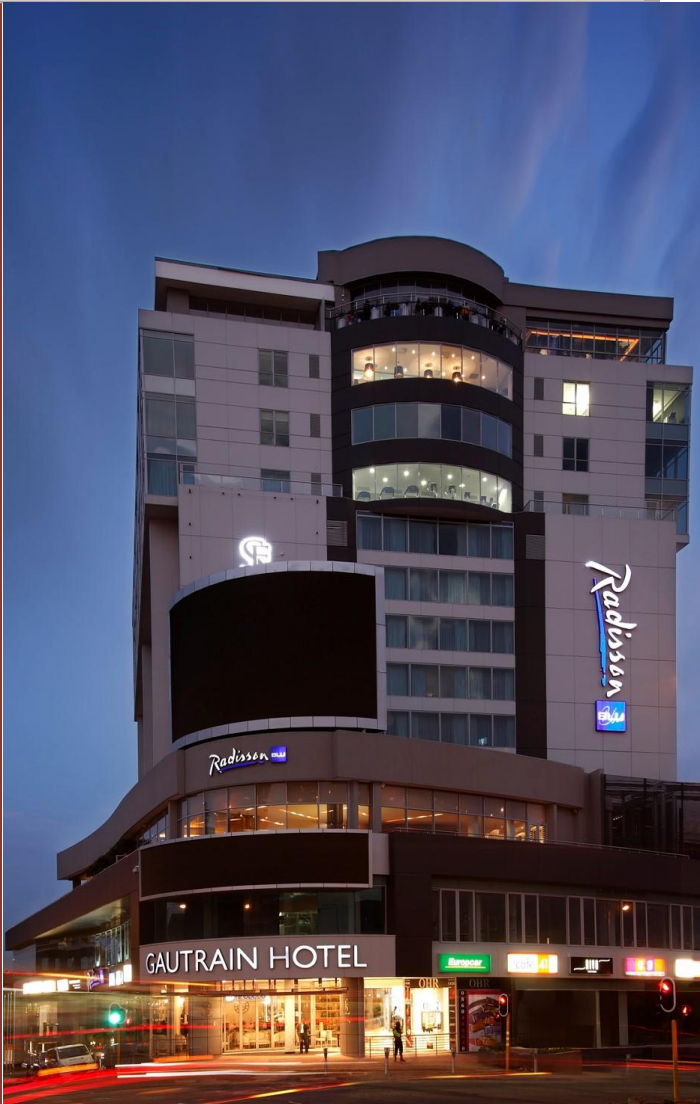
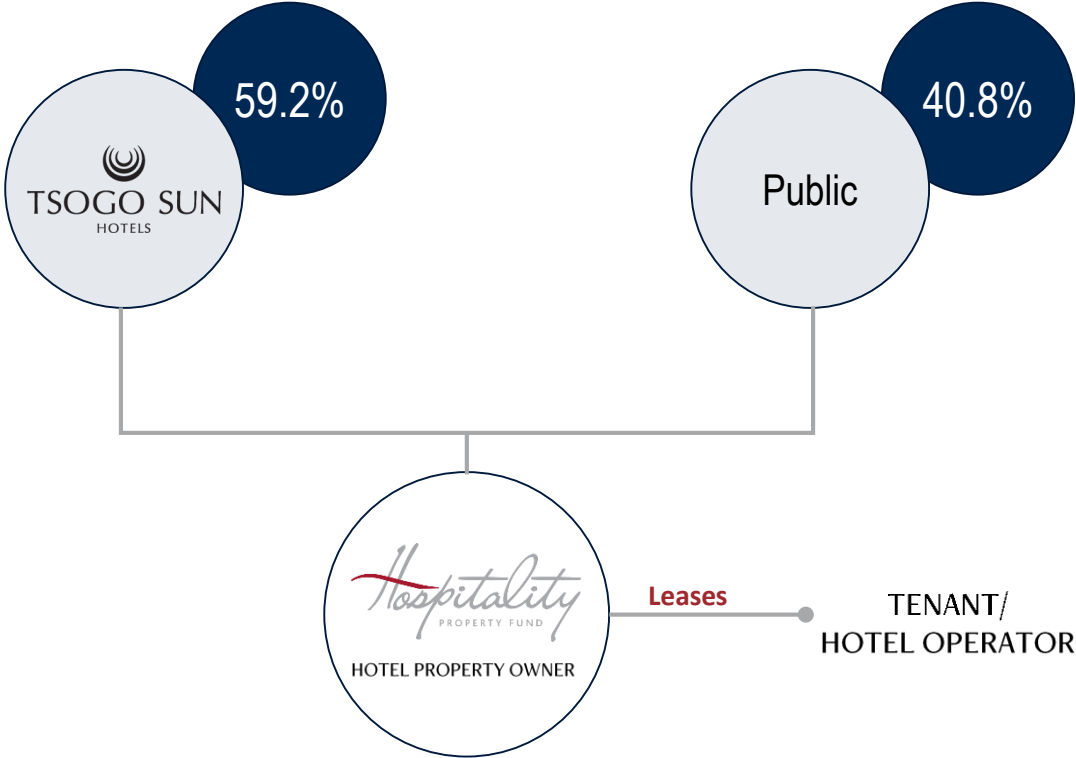
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Group Structure



MANAGEMENT AND BOARD

Board of Directors

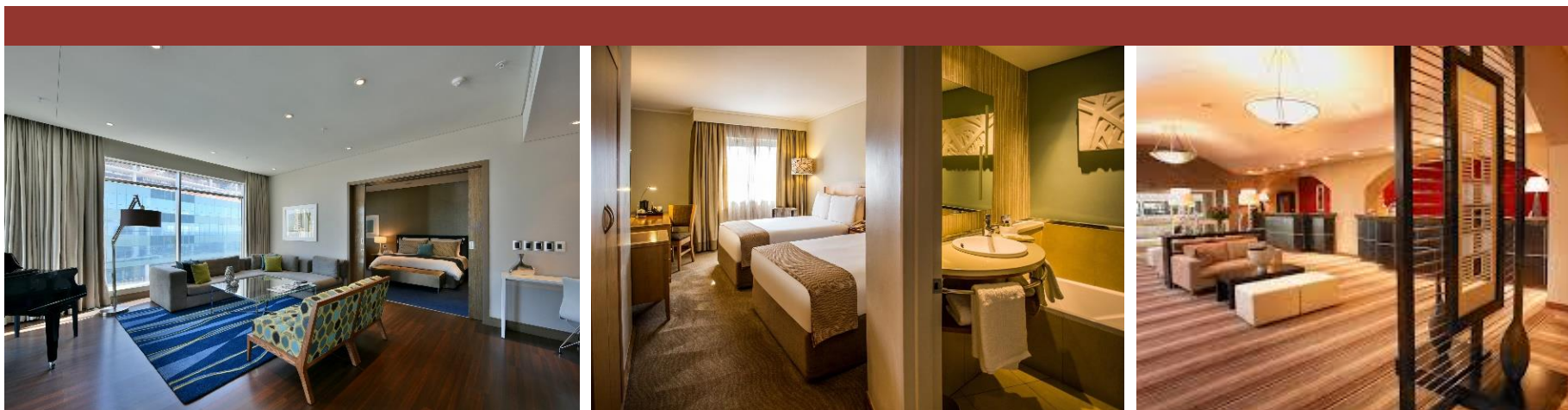
- **Executive Directors**
 - Keith Randall – CEO
 - Mara de Lima – FD
- **Non-Executive Directors**
 - John Copelyn – Chairman
 - Gerald Nelson – Lead Independent
 - Mac Gani – Audit and Risk Chairman
 - Don Bowden – RemCo Chairman
 - Zuko Kubukeli – Social and Ethics Chairman
 - Syd Halliday
 - Zola Malinga
 - Rob Nicolella
 - Jacques Booysen
 - Laurelle McDonald
 - Zibusiso Kganyago



MANAGEMENT AND BOARD

Executive Committee

- Keith Randall – CEO
- Mara de Lima – FD
- Rosa van Onselen – Company Secretary
- Natalie Moodley – Financial Manager
- Mario Monica – Group Development & Facilities Manager
- Charlene Haripersad – HR & Training Manager
- James Nathan – Investment & Asset Manager



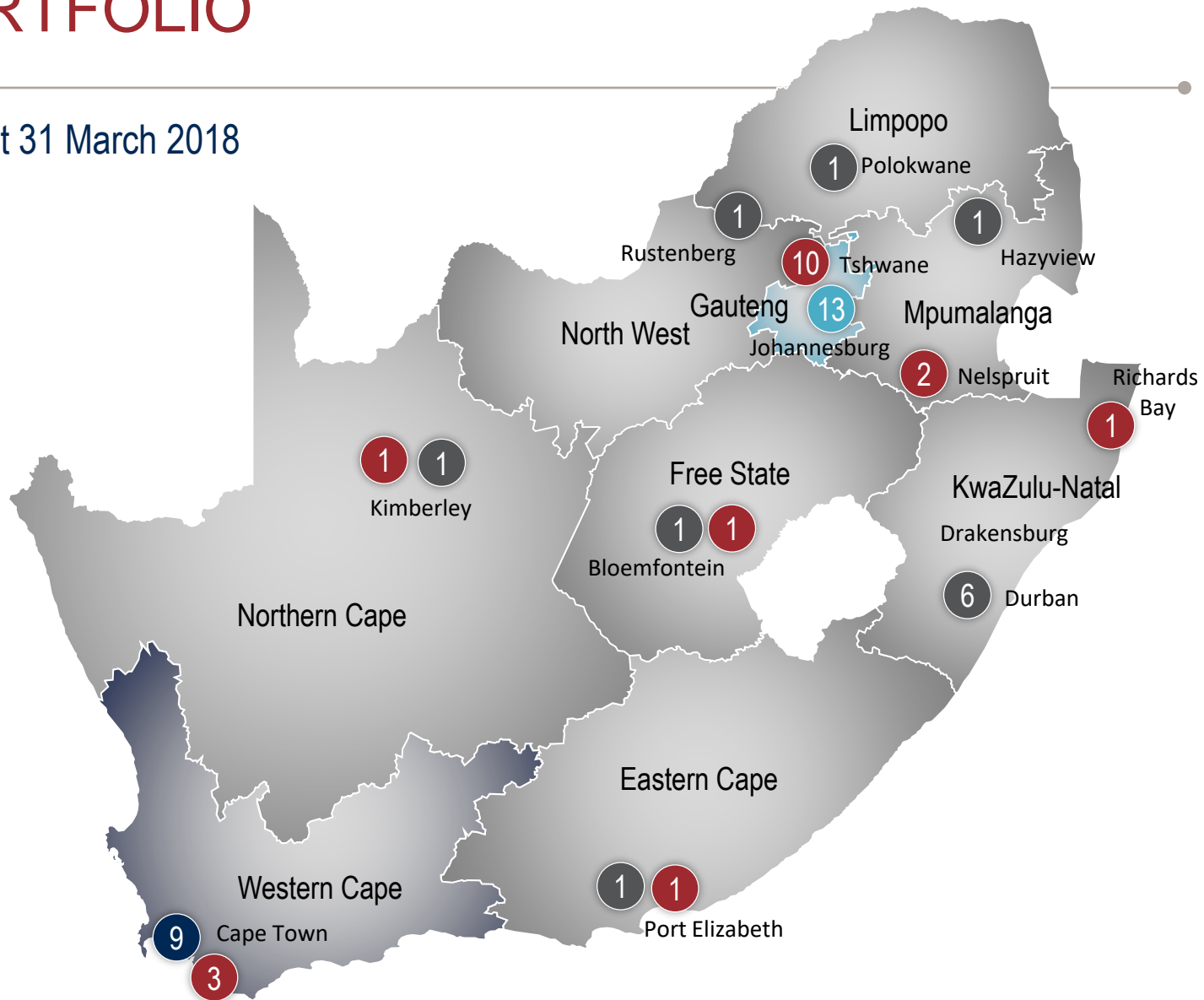
HOTEL BRAND PORTFOLIO

Luxury	Upscale	Midscale	Economy
  ARABELLA HOTEL & SPA  AFRICAN PRIDE HOTELS	   CROWNE PLAZA®  	  BIRCHWOOD HOTEL & OR TAMBO CONFERENCE CENTRE  PROTEA HOTELS® MARRIOTT   	

HOTEL PORTFOLIO

Geographic locations at 31 March 2018

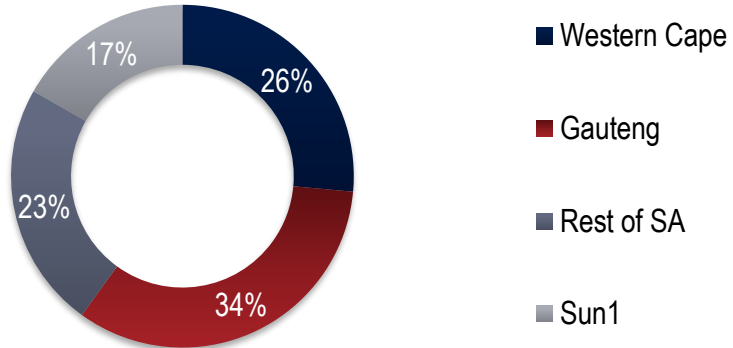
- 9 Western Cape
- 13 Gauteng
- 12 Rest of South Africa
- 19 Sun1 Hotels



HOTEL PORTFOLIO

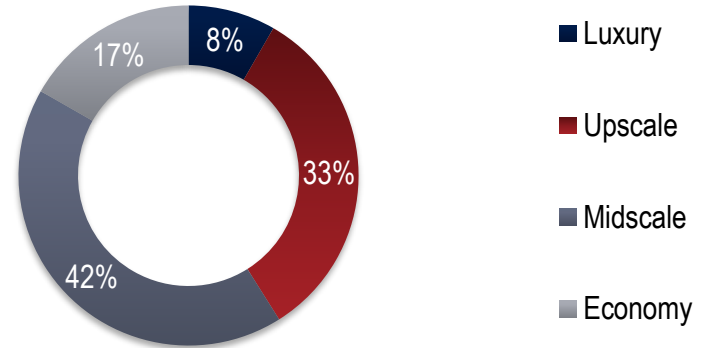
GEOGRAPHIC LOCATION BY ROOMS

31 March 2018



HOTEL GRADE BY ROOMS

31 March 2018



TRADING | RENTAL INCOME BY REGION

Rm

	F2018 H1	F2018 H2	F2018 12 Months	F2017 9 Months
Western Cape	92	276	368	238
Gauteng	118	132	250	150
Rest of South Africa	83	104	187	111
SUN 1	19	33	52	-
Sub Total	312	545	857	499
Radisson Gautrain Retail	2	8	10	-
Lease straight lining	-	1	1	-
Total Rental income	314	553	867	499

F2018 includes Cullinan and Merway from 1 July 2017

F2018 includes Radisson Gautrain from 22 August 2017

INCOME STATEMENT (Rm)

Rm

	12 Months to March 2018	9 Months to March 2017
Rental Income	867	499
Net operating Costs	(47)	(39)
EBITDAR	820	460
Net finance costs	(164)	(116)
Profit before tax & adjustments	656	344
Fair value on interest rate swaps	(5)	(5)
Fair value increase/(decrease) on investment property	(538)	184
Profit on sale of investment properties	-	37
Goodwill impairment	-	(16)
Adjusted Earnings	113	544
Less adjustments noted above	538	(200)
Distributable Earnings	651	344
No. of shares (excluding appraisal right shares)	576	328
Dividend per share (cents)	120.29	105.10

CASH FLOW STATEMENT (Rm)

Rm

	12 Months to March 2018	9 Months to March 2017
EBITDAR per income statement	820	460
Working capital adjusted for non-cash and exceptional items	(94)	(131)
Cash generated from operations	726	329
Net finance costs	(164)	(116)
Maintenance capex	(146)	(73)
Free cash flow	416	140
Distributions to shareholders	(351)	(335)
Disposal Proceeds	1	147
Investment activities (net of transaction costs)	(1 306)	63
Rights issue	1 000	-
Move in net IBD	(240)	15
Opening net IBD	(1 508)	(1 523)
Acquired with acquisitions	203	-
Closing net IBD	(1 545)	(1 508)

INTEREST BEARING DEBT (Rm)

Rm

	As at March 2018	As at March 2017
Bank Facilities	1 046	748
Corporate Bonds (notes)	890	970
Gross Interest bearing debt	1 936	1 718
Cash on hand	(391)	(210)
Net Interest bearing debt	1 545	1 508
Loan to Value	15.4%	21.1%
Weighted average cost of debt*	10.3%	10.4%

* Including debt settlement fees



HOTELS PORTFOLIO AND STATISTICS

31 March 2017

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

31 March 2018

	Hotels	Rooms
Luxury	3	749
Upscale	12	3 227
Midscale	19	3 519
Economy	19	1 508
Total	53	9 003



HOTELS PORTFOLIO AND STATISTICS

Including Sun 1 :

Statistics	12 Months Mar 2018	12 Months Mar 2017	Change %
Occupancy (%)	63.0%	63.6%	(0.9%)
Average room rate (R)	1 087	1 088	(0.1%)
RevPar (R)	685	692	(1.1%)

Excluding Sun 1 :

Statistics	12 Months Mar 2018	12 Months Mar 2017	Change %
Occupancy (%)	64.4%	64.6%	(0.4%)
Average room rate (R)	1 197	1 202	(0.4%)
RevPar (R)	770	777	(0.9%)

All trading is shown for the full portfolio on a like-for-like 12 month basis



HOTELS PORTFOLIO AND STATISTICS

HPF: 12 months- April to March

	Occupancy (%)				Average Room Rate (R)				RevPAR (R)			
	F2018	% change on F2017	Growth Index	Relative GI	F2018	% change on F2017	Growth Index	Relative GI	F2018	% change on F2017	Growth Index	Relative GI
Western Cape	67.0%	(2.6%)	97.4	100.2	1 647	(0.6%)	99.4	95.7	1 104	(3.1%)	96.9	95.8
Gauteng	59.3%	(1.5%)	98.5	100.2	1 014	2.1%	102.1	100.5	602	0.6%	100.6	100.8
Rest of South Africa	68.9%	3.8%	103.8	103.5	906	(1.7%)	98.3	96.2	624	2.0%	102.0	99.5
Sub-Total (Excluding Sun1)	64.4%	(0.4%)	99.6	100.9	1 197	(0.4%)	99.6	97.2	770	(0.9%)	99.1	98.1
Sun 1 Hotels	56.6%	(3.3%)	96.7		476	4.8%	104.8		269	1.3%	101.3	
Total	63.0%	(0.9%)	99.1	100.4	1 087	(0.1%)	99.9	97.5	685	(1.1%)	98.9	97.9

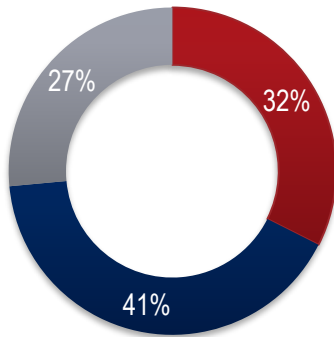
STR: 12 months – April to March

	Occupancy (%)			Average Room Rate (R)			RevPAR (R)		
	F2018	% change on F2017	Growth Index	F2018	% change on F2017	Growth Index	F2018	% change on F2017	Growth Index
Western Cape	67.6%	(2.7%)	97.3	1 612	4.0%	104.0	1 089	1.1%	101.1
Gauteng	62.2%	(1.7%)	98.3	1 109	1.6%	101.6	689	(0.1%)	99.9
Rest of South Africa	64.1%	0.3%	100.3	1 050	2.2%	102.2	673	2.5%	102.5
South Africa	64.2%	(1.3%)	98.7	1 228	2.4%	102.4	789	1.1%	101.1

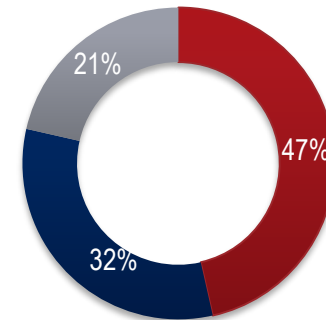
HOTELS PORTFOLIO AND STATISTICS

HPF

Room Nights Available

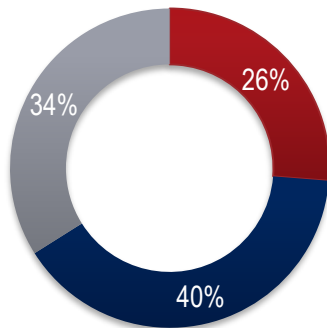


Rooms Revenue

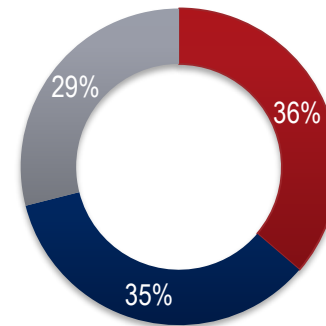


SA MARKET (STR)

Room Nights Available



Rooms Revenue



Western Cape Gauteng Rest of South Africa

F'18 PORTFOLIO AND COMPARATIVE TRADING

	Rooms	Occ %	ARR	RevPAR	Rent (Rm)
Western Cape Region	2 381	67.0%	1 647	1 104	391
Gauteng Region	3 018	59.3%	1 014	602	258
Rest of South Africa	2 096	68.9%	906	624	195
Subtotal	7 495	64.4%	1 197	770	844
Sun 1	1 508	56.6%	476	269	67
Sandton Eye Retail	-				10
Total	9 003	63.0%	1 087	685	921

Note: Trading as per the current portfolio for the 12 month period ended 31 March 2018

F'18 PORTFOLIO AND COMPARATIVE TRADING

	Rooms	Occ %	ARR	RevPAR	Rent (Rm)
Western Cape Region	2 381	67.0%	1 647	1 104	391
Southern Sun Waterfront	537				79
Westin Cape Town	483				132
Southern Sun The Cullinan	394				67
Radisson Blu Waterfront	177				35
StayEasy Century City	175				20
Protea Hotel Victoria Junction	172				23
Southern Sun Newlands	162				12
Arabella Hotel & Spa	145				12
Sun Square Cape Town Gardens	136				11

Note: Trading as per the current portfolio for the 12 month period ended 31 March 2018.

F'18 PORTFOLIO AND COMPARATIVE TRADING

	Rooms	Occ %	ARR	RevPAR	Rent (Rm)
Gauteng Region	3 018	59.3%	1 014	602	258
Birchwood Hotel & Conference Centre	665				72
Crowne Plaza Rosebank	318				27
Holiday Inn Sandton	301				17
Garden Court OR Tambo	253				25
Garden Court Milpark	251				20
Radisson Blue Gautrain	220				33
Kopanong Hotel & Conference Centre	168				8
Garden Court Eastgate	157				8
Garden Court Hatfield	157				14
Garden Court Morningside	150				9
StayEasy Eastgate	135				5
Southern Sun Katherine Street	122				7
Mount Grace Country Hotel & Spa	121				12

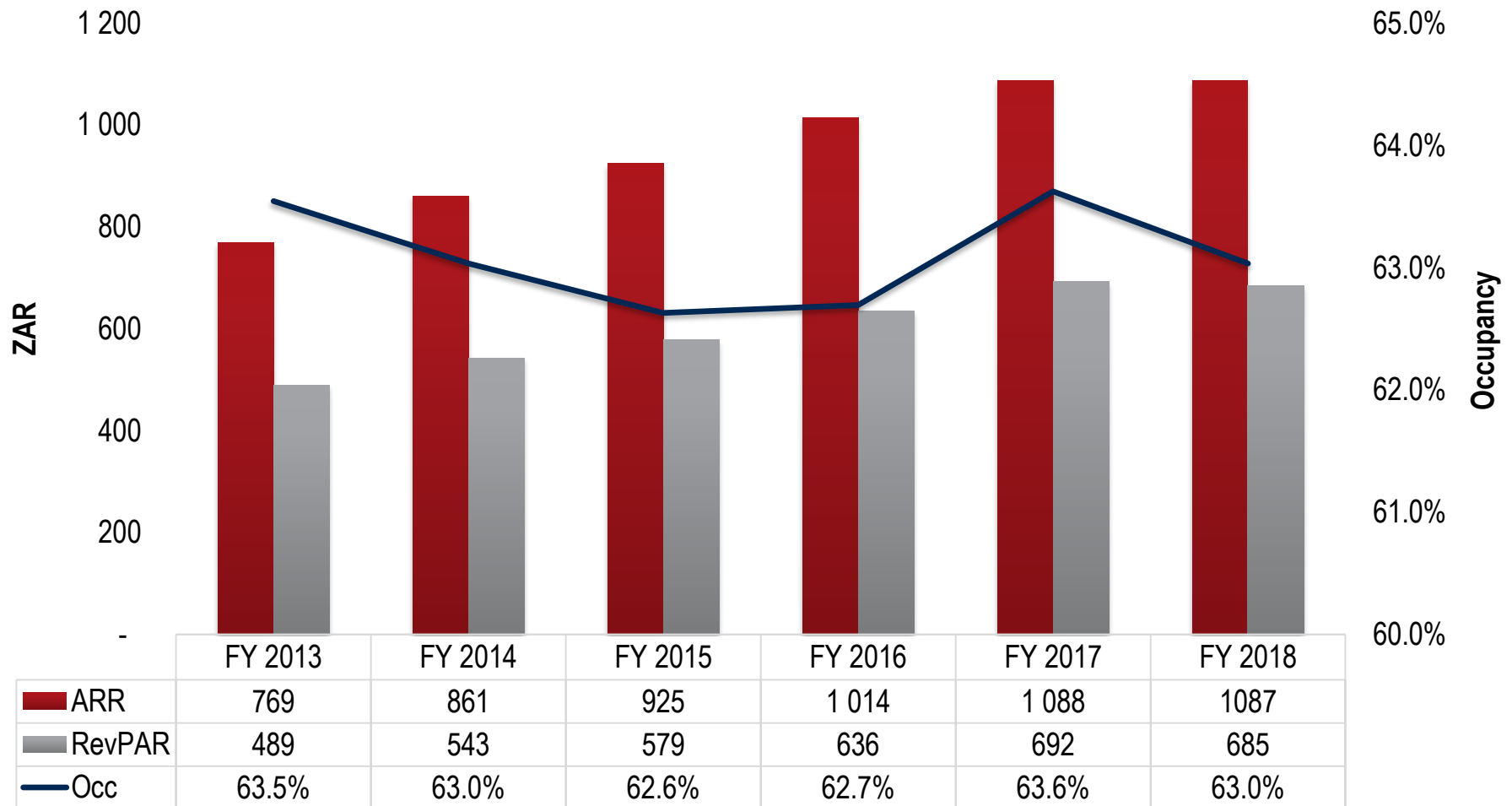
Note: Trading as per the current portfolio for the 12 month period ended 31 March 2018.

F'18 PORTFOLIO AND COMPARATIVE TRADING

	Rooms	Occ %	ARR	RevPAR	Rent (Rm)
Rest of South Africa	2 096	68.9%	906	624	195
Garden Court South Beach	414				40
Garden Court PE King's Beach	280				17
Garden Court Umhlanga	204				18
Garden Court Polokwane	180				18
Southern Sun Bloemfontein	147				9
Garden Court Kimberley	135				10
Protea Hotel Edward	131				15
StayEasy Pietemartitzburg	127				11
StayEasy Rustenburg	125				9
Protea Hotel Marine	114				10
Protea Hazyview	87				6
Champagne Sports	152				33

Note: Trading as per the current portfolio for the 12 month period ended 31 March 2018.

HPF HISTORICAL TRADING PERFORMANCE



52 Fund Hotels (Excludes Champagne Sports Resort)

COMPLETED PROJECTS

2nd Tsogo Sun Transaction

- HPF acquired 29 hotels (3 771 rooms) from TSH effective 1 July 2017
- Purchase consideration of R3.6bn was settled R2.6bn in shares and R1.0bn in cash

Rights Issue

- Rights Issue of R1.0bn undertaken in July / August at market price of R14.00
- Underwritten by TSH
 - TSH sold rights to R510m equity to HCI Foundation and Foundation underwrote an additional R90m
 - TSH took up R7m equity in the underwrite

COMPLETED PROJECTS

Sandton Eye

- Acquired 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 : R271m in cash and R31m in shares paid on 31 August 2017

Cape Town Water Resilience

- Allocated R8m of F2018 capital budget to Water Resilience Projects in Cape Town

Champagne Sports Resort

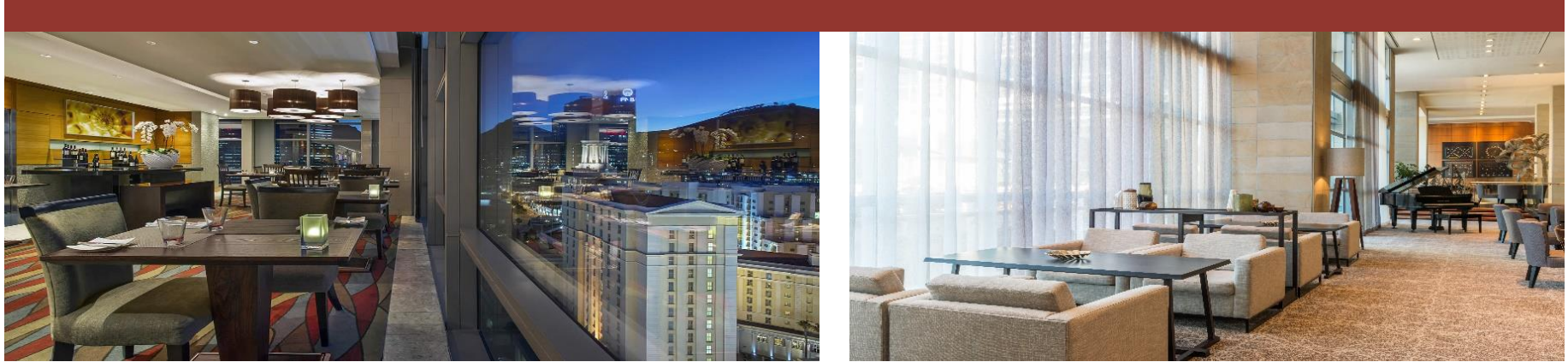
- Signed fixed and variable rent agreement effective 1 April 2018

Reduced funding costs

- Existing funding was refinanced effective October 2017 which will result in a reduced funding cost

FUTURE PROSPECTS

- Well diversified rental income from tenants, both geographically and in terms of product offering across brand segments
- Committed to ongoing capital expenditure programme
 - Five year planning horizon
 - Low gearing provides headroom to pursue opportunities aligned with HPF's investment strategy
 - Investment in existing properties for both maintenance and revenue opportunities
 - Refurbishment of The Westin bedrooms over the next two years



FUTURE PROSPECTS

- **Sustainable Distributions**

- Distribution of 100% of earnings not sustainable in the long term
- Gearing low and can borrow for maintenance capital expenditure in the short term
- Maintenance capital expenditure approximately 20% of hotel rental income annually



PROJECT AURORA

- The purchase of 7 casino precinct properties from the Tsogo Sun Group
 - Includes 11 hotels and supporting buildings
- Purchase consideration of R23 billion
 - Equity R15 billion
 - Debt R8 billion
 - 1.2 billion shares @ R12.50
- Forward yield 8.45%
- Tsogo Sun will unbundle the HPF stake to its shareholders
- Category 1 transaction
- Approval of required majority of HPF's shareholders



PROJECT AURORA

- Significant increase in scale
 - Investment properties increase from R12.6 billion to R35.6 billion
- Asset base broadened to include hospitality, gaming and entertainment properties
- Spare capacity for tenant to increase scale of operation
- Stable growing rental income stream to balance existing variable rentals
- Diversifying investor base, increased free float and share liquidity



PROJECT AURORA - INCOME STATEMENT

Rm

	F2018 12 Months	F2018 Illustrative ⁽¹⁾	F2018 Illustrative ⁽²⁾
Gross Revenue	867	922	2 764
Net Operating Costs	(47)	(47)	(47)
EDITDAR	820	875	2 718
Finance costs	(164)	(164)	(929)
Profit before tax & adjustments	656	711	1 789
Fair value on interest rate swaps	(5)	(5)	(5)
Fair value increase/(decrease) on investment property	(538)	(538)	(538)
Adjusted Earnings	113	168	1 246
Less adjustments noted above	538	538	538
Distributable Earnings	651	706	1 784
No. of shares (excluding appraisal right shares)	576	576	1 772
Dividend per share (cents)	120.29	122.57	100.66

(1) Including Cullinan & Merway hotels for 12 months

(2) Including casino precinct acquisition for 12 months

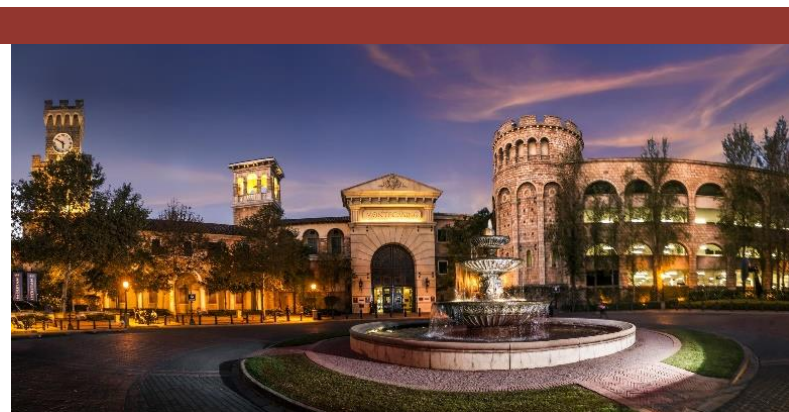
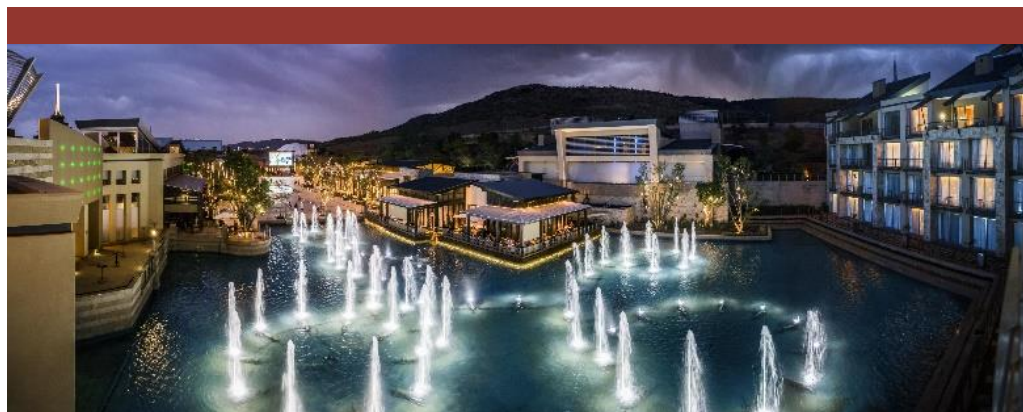
PROJECT AURORA - INTEREST BEARING DEBT

Rm

	Mar 2018	Illustrative ⁽¹⁾⁽²⁾ Mar 2018
Bank debt	1 046	1 046
Corporate bonds (notes)	890	890
Acquisition debt	-	8 152
Gross interest bearing debt	1 936	10 088
Cash on hand	(391)	(391)
Net interest bearing debt	1 545	9 697
Loan to Value	15.4%	28.7%

(1) Including Cullinan & Merway hotels for 12 months

(2) Including casino precinct acquisition for 12 months





Thank you