TSOGO SUN
HOTELS

PRE-LISTING STATEMENT 2019

TSOGO SUN HOTELS LIMITED

(previously known as Southern Sun Hotels Proprietary Limited)
Incorporated in the Republic of South Africa
Registration number: 2002/006356/06
Share code: TGO ISIN: ZAE000272522

PRE-LISTING STATEMENT

This Pre-listing Statement is issued in compliance with the Listings Requirements.

The definitions contained in the "Definitions" section of this Pre-listing Statement commencing on page 10 of this Pre-listing Statement apply, *mutatis mutandis,* throughout this entire Pre-listing Statement.

This Pre-listing Statement (i) is not an invitation to subscribe for shares in THL but is issued in compliance with the Listings Requirements for the purpose of providing information to Tsogo Sun Shareholders with regard to the business and affairs of THL as at the time of the Listing, (ii) does not constitute an offer to the public or a prospectus as contemplated in the Companies Act, and (iii) has been prepared on the assumption that the Unbundling will become effective and be implemented.

The Directors, whose names are set out in the "Corporate information and advisers" section of this Pre-listing Statement, collectively and individually, accept full responsibility for the accuracy of the information provided in this Pre-listing Statement and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Pre-listing Statement false or misleading, and confirm that they have made all reasonable enquiries in this regard and confirm that this Pre-listing Statement contains all information required by the Listings Requirements.

The JSE has agreed to the listing of the entire issued share capital of THL in the "Hotels" sector on the main Board of the JSE under the share code "TGO" with effect from the commencement of business on Wednesday, 12 June 2019.

As at the date of this Pre-listing Statement, the authorised share capital of THL, is 2 000 000 000 ordinary no par value shares and the issued share capital of THL is 1 060 895 712 ordinary no par value shares. On Listing Date, both the authorised and issued share capital of THL will be the same as the aforementioned and THL will have a stated capital of R4.6 billion.

As at Listing Date, THL will not have any treasury shares. All the issued THL Shares rank *pari passu* in all respects, there being no conversion or exchange rights attaching thereto and have equal rights to participate in capital, dividend and profit distributions by THL.

The Financial adviser and sponsor, Independent reporting accountants and auditors, Corporate law advisers, Tax advisers, Independent Property Valuer and Transfer secretaries whose reports and/or names are included in this Pre-listing Statement, have given and have not withdrawn their consent to the inclusion of their names and/or reports in this Pre-listing Statement in the form and context in which they appear.

Financial adviser and sponsor

Corporate law advisers

Independent reporting accountants and auditors

Tax advisers

Independent property valuer

This Pre-listing Statement is available in English only. Copies may be obtained from Tsogo Sun, THL and the Financial adviser and sponsor, whose details are set out in the "Corporate information and advisers" section of this Pre-listing Statement as well as on the THL website: https://www.tsogosun.com/investors and the Tsogo Sun website: https://www.tsogosun.com/gaming/investors.

Date of issue: Thursday, 23 May 2019

DISCLAIMER

The release, publication or distribution of this Pre-listing Statement in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Pre-listing Statement is released, published or distributed should inform themselves about and observe such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. This Pre-listing Statement does not constitute an offer to sell or issue, or the solicitation of an offer to purchase or to subscribe for shares or other securities or a solicitation of any vote or approval in any jurisdiction in which such offer or solicitation would be unlawful.

The THL Shares to be distributed in terms of the Unbundling have not been, and will not be registered under the US Securities Act, or any United States state securities laws. The THL Shares may not be offered or sold in the United States absent registration or an exemption from the registration requirements of the US Securities Act. The THL Shares have not been approved or disapproved by the SEC or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Unbundling or the accuracy or adequacy of this Pre-listing Statement. Any representation to the contrary is a criminal offence in the United States.

Receipt and Trading of THL Shares

The THL Shares will only be traded in electronic form on the JSE and, accordingly, all THL Shareholders who hold THL Shares in Certificated form will have to Dematerialise their Certificated THL Shares should they wish to trade them on the JSE. The THL Shares to be distributed in terms of the Unbundling will be distributed in electronic form and Tsogo Sun Shareholders holding Tsogo Sun Shares in Certificated form should refer to paragraph 2.4 for further details on the receipt of THL Shares.

Foreign Shareholders

The Unbundling is governed by the laws of South Africa and is subject to applicable South African laws and regulations, including the Exchange Control Regulations. Any Tsogo Sun Shareholder who is in doubt as to his position with respect to the Unbundling in any jurisdiction, including, without limitation, his tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

The Unbundling and distribution of THL Shares is being conducted under the procedural requirements and disclosure standards of South Africa which may be different from those applicable in other jurisdictions.

The following summary (which is not and is not intended to be, exhaustive) describes the restrictions applicable to Tsogo Sun Shareholders in terms of the Unbundling who have registered addresses outside South Africa and/or who are nationals, citizens or residents of countries other than South Africa ("Foreign Shareholders") or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward the Pre-listing Statement to a jurisdiction outside South Africa, or who hold Tsogo Sun Shares for the account or benefit of any such Foreign Shareholder and will therefore hold THL Shares in a similar manner and hence may have an impact on Tsogo Sun Shareholders.

The Unbundling will be implemented as a *pro rata* distribution in specie for no consideration in the ratio of one THL Share for every Tsogo Sun Share held, to all Tsogo Sun Shareholders recorded as such in the Register of Tsogo Sun at the close of business on the record date for the Unbundling, being Friday, 14 June 2019.

No action has been taken by Tsogo Sun or THL to obtain any approval, authorisation or exemption to permit the distribution of the THL Shares or the possession or distribution of the Pre-listing Statement (or any other publicity material relating to the THL Shares) in any jurisdictions other than South Africa.

The distribution of THL Shares to Foreign Shareholders in terms of the Unbundling may be affected by the laws of such Foreign Shareholders' relevant jurisdiction. Foreign Shareholders should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other laws, requirements or formalities to receive or access this Pre-listing Statement and/or enable them to receive this Pre-listing Statement and/or take up their entitlements and/or have THL Shares transferred to them in terms of the Unbundling.

It is the responsibility of any Foreign Shareholder (including, without limitation, nominees, agents and trustees for such persons) wishing to receive this Pre-listing Statement and/or take up their entitlement to THL Shares and/or have THL Shares transferred to them in terms of the Unbundling to satisfy themselves as to the full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite laws, requirements or formalities and paying any issue, transfer or other taxes due in such territories.

Accordingly, persons (including, without limitation, nominees, agents and trustees) receiving this Pre-listing Statement should not distribute or send the same to any person in, or citizen or resident of, or otherwise into any jurisdiction where to do so would or might contravene applicable law or regulation including local securities laws or regulations. Any person who does distribute this Pre-listing Statement into any such territory (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph.

Tsogo Sun reserves the right, but shall not be obliged, to treat as invalid any distribution or transfer (or proposed distribution or transfer) of THL Shares in terms of the Unbundling, which appears to Tsogo Sun or its agents to have been executed, effected or dispatched in a manner which may involve a breach of the securities laws or regulations of any jurisdiction, or if Tsogo Sun believes (in its discretion) or its agents believe that the same may violate applicable legal or regulatory requirements, or if Tsogo Sun believes (in its discretion) that it is prohibited or unduly onerous or impractical to distribute or transfer the THL Shares to such Foreign Shareholder in terms of the Unbundling. If a Foreign Shareholder is of the view that the distribution or transfer of THL Shares in terms of the Unbundling to such Foreign Shareholder may involve a breach of the securities laws or regulations or violate applicable legal or regulatory requirements, such Foreign Shareholder must as soon as reasonably practicable notify Tsogo Sun of such fact or circumstance.

Tsogo Sun shall be entitled (in its discretion), including in either of the aforementioned instances, to do all things necessary or desirable to ensure compliance with applicable law and/or regulation including selling THL Shares that would otherwise have been transferred to the Foreign Shareholder under the Unbundling on their behalf and at their risk, with the net proceeds of such sale (after deduction of any applicable taxes, withholdings or costs) to be paid to the Foreign Shareholder. In this regard, the THL Shares may be aggregated and disposed of on the JSE in an orderly manner by Standard Bank Securities on behalf of and for the benefit of such Foreign Shareholders as soon as is reasonably practical after the implementation of the Unbundling at the best price that can reasonably be obtained at the time of sale.

Tax

The summary contained in Annexure 15 of this Pre-listing Statement is (i) a general guide and is not intended to constitute a complete analysis of the tax consequences of the Unbundling, and (ii) is not intended to be, nor should it be considered to be, legal or tax advice. THL Shareholders should, therefore, consult their own tax advisers on the tax consequences for them of the Unbundling in both South Africa and their jurisdiction of residence, for which none of Tsogo Sun, THL or their advisers will be held responsible.

Presentation of financial information

Unless otherwise indicated, the financial information in this Pre-listing Statement has been prepared in accordance with IFRS.

The report on the historical financial information of the THL Group as at and for the financial periods ended 31 March 2017, 2018 and 2019, is set out in Annexure 1 of this Pre-listing Statement.

References to defined terms, names and dates

Unless otherwise stated or the context clearly indicates otherwise, (i) terms used in this Pre-listing Statement shall have the glossary meanings stated in the "Definitions" section of this Pre-listing Statement, (ii) references to "THL" or "the Company" are to THL, (iii) references to "THL Group" or "the Group" are to THL and its Subsidiaries, and (iv) references to any "year" are to the financial year ended 31 March.

Unless the context clearly indicates otherwise, all information provided in this Pre-listing Statement is provided as at the Last Practicable Date.

CONTENTS

CORPORATE INFORMATION AND ADVISERS

Directors of THL

JA Copelyn# (Chairman)
MN von Aulock (CEO)
L McDonald (CFO)
MH Ahmed*# (Lead Independent Non-executive Director)
SC Gina*#
ML Molefi*#
JG Ngcobo*#
JR Nicolella#
* *Independent*
# *Non-executive*

Company Secretary and registered office

Southern Sun Secretarial Services Proprietary Limited
(Registration number: 1969/001208/07)
Palazzo Towers East
Montecasino Boulevard
Fourways
Johannesburg, 2055
(Private Bag X200, Bryanston, 2021)

Financial adviser and sponsor

The Standard Bank of South Africa Limited
(Registration number: 1962/000738/06)
30 Baker Street
Rosebank
Johannesburg, 2196
(PO Box 61344 Marshalltown, 2107)

Independent reporting accountants and auditors

PricewaterhouseCoopers Inc.
(Registration number: 1998/012055/21)
4 Lisbon Lane, Waterfall City
Jukskei View
Johannesburg, 2090
(Private Bag X36 Sunninghill, 2157)

Independent property valuer

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)

Place and date of incorporation of THL

Johannesburg, South Africa
18 March 2002

Transfer secretaries

Link Market Services South Africa Proprietary Limited
(Registration number: 2000/007239/07)
13th Floor
19 Ameshoff Street
Braamfontein
Johannesburg, 2001
(PO Box 4844 Johannesburg, 2000)

Corporate law advisers

Taback and Associates Proprietary Limited
(Registration number: 2000/010434/07)
13 Eton Road
Parktown
Johannesburg, 2193
(PO Box 3334 Houghton, 2041)

Tax advisers

PricewaterhouseCoopers Inc
(Registration number: 1998/012055/21)
4 Lisbon Lane, Waterfall City
Jukskei View
Johannesburg, 2090
(Private Bag X36 Sunninghill, 2157)

FORWARD LOOKING STATEMENTS

This Pre-listing Statement contains statements about THL that are or may be forward looking statements.

All statements, other than statements of historical fact, are, or may be deemed to be, forward looking statements, including, without limitation, those concerning: strategy; the economic outlook for the industry; cash costs; operating results; growth prospects and outlook for operations, individually or in the aggregate statements concerning THL's expected future regulatory environment; liquidity, capital resources and expenditure; and the outcome and consequences of any pending litigation proceedings. These forward looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward looking words or phrases such as “believe”, “am”, “expect”, anticipate”, intend”, foresee”, “forecast”, “likely”, should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, estimates of capital expenditures, acquisition strategy, or future capital expenditure levels, and other economic factors, such as, amongst other things, interest and exchange rates.

By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. THL cautions that forward looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which the THL Group operates may differ materially from those made in, or suggested by, the forward looking statements contained in this Pre-listing Statement.

All these forward looking statements are based on estimates and assumptions, all of which estimates and assumptions, although the Directors may believe them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Many factors (including factors not yet known to the Directors, or not currently considered materially), could cause the actual results or matters, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those estimates, statements or assumptions.

THL Shareholders and prospective investors should keep in mind that any forward looking statement made in this Pre-listing Statement or elsewhere is applicable only at the date on which such forward looking statement is made. New factors that could cause the business of the THL Group or other matters to which such forward looking statements relate, not to develop as expected, may emerge from time to time, and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results or matters to differ materially from those contained in any forward looking statement are not known. Neither THL nor the Directors have a duty, and do not intend, to update or revise the forward looking statements contained in this Pre-listing Statement after the date of this Pre-listing Statement, except as may be required by law.

Any forward looking statement in this Pre-listing Statement has not been reviewed nor reported on by THL's external auditors.

SALIENT FEATURES

This summary contains the salient features of Tsogo Sun, THL and the Listing and Unbundling set out in this Pre-listing Statement, which should be read in its entirety for a complete understanding thereof.

The definitions commencing on page 10 of this Pre-listing Statement apply, *mutatis mutandis*, to this "salient features" section.

(i) BACKGROUND TO TSOGO SUN HOLDINGS LIMITED

Southern Sun Hotels ("**Southern Sun**") was founded in 1969, through the combination of hotel assets owned by The South African Breweries and Sol Kerzner, including the Beverly Hills in Umhlanga. Southern Sun expanded through the acquisition and development of hotels in South Africa and neighbouring countries, throughout the 1970s and early 1980s.

In 1983 the casino interests of Southern Sun, including the newly built Sun City operations, were separated from its hotel business into what later became Sun International. Southern Sun retained the South African hotel operations, during a difficult time for the hotel industry in South Africa as international sanctions against the Apartheid government resulted in a severe contraction in demand.

The 1990s saw a rejuvenation for Southern Sun as the hotel business was transformed through the introduction of the successful "Jumbo Jet" strategy, which changed the portfolio to concentrate on mid-market and economy hotels rather than deluxe products. This, combined with the opening of the South African economy post the end of Apartheid, saw a dramatic increase in occupancy rates and profitability.

In 1996 Southern Sun formed a joint venture with a consortium of B-BBEE investors to form Tsogo Sun, to pursue casino licence opportunities afforded through the enactment of the National Gambling Act which regulated gambling activities and promoted uniform standards in relation to gambling in South Africa. Early success saw the Tsogo Sun Group allocated casino licences in Mpumalanga (Emnotweni casino in Nelspruit and The Ridge casino in Witbank) and most importantly the Montecasino licence in Fourways, Johannesburg. These were followed by the successful applications for the Suncoast casino in Durban and the Hemingways casino in East London.

The Tsogo Sun Group also expanded its hotel operations into the rest of Africa, opening hotels in Maputo in Mozambique and Dar es Salaam in Tanzania, in addition to existing operations in Lusaka, Nairobi and the Seychelles.

In 2003 the Tsogo Sun Group entered into a landmark empowerment deal, through which the hotel and casino businesses were housed under one entity, Tsogo Sun, owned 51% by an empowerment consortium and 49% by SABMiller plc. Through a series of transactions and acquisitions HCI acquired the various empowerment shareholders' interests in Tsogo Sun and remains the Tsogo Sun Group's controlling shareholder today.

In 2009 the Tsogo Sun Group acquired the Century Casinos' operations in Caledon and Newcastle and in 2011 it acquired the Gold Reef Resorts portfolio, consisting of seven casinos in South Africa, via a reverse listing. The Tsogo Sun Group then acquired the remaining 53% of the joint venture owning and operating the Formula 1 hotels in South Africa from Accor and rebranded these hotels as SUN1 properties. This period also saw the acquisition of eight hotels from Liberty Properties that were previously managed by the Tsogo Sun Group, as well as the Southern Sun Hyde Park and The Grace in Rosebank (relaunched as 54 on Bath) hotels from Hyprop.

In July 2014, SABMiller plc exited from its long-term 39.6% shareholding in Tsogo Sun through a fully marketed secondary placement.

2016 saw the acquisition of a controlling stake in HPF, through the injection of 10 hotel properties into HPF in an asset-for-share transaction. This stake was increased in 2017 through the addition of a further 29 hotel properties to HPF for a combination of shares and cash.

(ii) RATIONALE FOR THE LISTING AND UNBUNDLING OF THL

The hotels service a different customer base to the casinos and are subject to different demand and risk profiles, particularly in the regulatory sphere. The Tsogo Sun Board is of the view that the separate listing of hotels and the unbundling of the business to Tsogo Sun Shareholders should unlock value for Tsogo Sun Shareholders.

(iii) THL

(a) Overview

THL owns, leases and manages hotels in South Africa as well as several sub-Saharan countries, the Seychelles and Abu Dhabi. The Tsogo Sun Group's 59.2% interest in HPF held by THL will remain owned and consolidated by THL. THL will also hold the Tsogo Sun Group's minority investment in RBH and IHPL, based in the United Kingdom. The hotels that have been developed as part of the various casino complexes owned by the Tsogo Sun Group will remain with Tsogo Sun but will be operated under a management agreement by THL.

(b) Key investment highlights

THL's key investment highlights include:

- a fully integrated business model across the hotels and leisure industries;
- a leading position in South Africa and a selective international presence; and
- a defined growth trajectory through organic portfolio optimisation and innovation, as well as through well thought-out acquisitions in attractive geographies.

(c) Strategy

The largest potential growth driver for the hotel business is a recovery of economic growth in the economies in which the THL Group operates. This leads to additional demand for accommodation from business and leisure travellers and the opportunity to meaningfully increase room rates and consequently, EBITDAR performance.

In addition, the THL Group seeks to access new hotel opportunities through a variety of management contracts, new builds (on its own or via joint ventures), primarily within the markets that the THL Group already operates.

(d) High level financial performance for THL

SUMMARISED STATEMENT OF PROFIT OR LOSS

(ZAR'm)	Audited FY2019	Reviewed FY2018	Reviewed FY2017
Rooms revenue	**2 732**	2 687	2 604
Food and beverage revenue	**990**	969	898
Other revenue	**310**	292	328
Property rental income	**357**	416	313
Revenue	**4 389**	4 364	4 143
Property and equipment rentals	**(222)**	(203)	(183)
Amortisation and depreciation	**(306)**	(270)	(248)
Employee costs	**(1 145)**	(1 088)	(1 081)
Other operating expenses	**(1 878)**	(1 718)	(1 746)
Other gains	**–**	–	164
Fair value adjustment on investment properties	**(445)**	(187)	754
Operating profit	**392**	898	1 803
Finance income	**38**	55	54
Finance costs	**(455)**	(535)	(452)
Share of profit of associates and joint ventures	**15**	55	32
(Loss)/profit before income tax	**(10)**	472	1 437
Income tax expense	**(70)**	188	(21)
(Loss)/profit for the year	**(80)**	661	1 416
(Loss)/profit attributable to:			
Equity holders of the Company	**(98)**	495	890
Non-controlling interests	**18**	166	526
	(80)	661	1 416

** The information in this table has been extracted from the Historical Financial Information of THL which is set out in Annexure 1 of this Pre-listing Statement.*

SUPPLEMENTARY INFORMATION – RECONCILIATION OF HEADLINE EARNINGS AND ADJUSTED HEADLINE EARNINGS

(ZAR'm)	Audited FY2019	Reviewed FY2018	Reviewed FY2017
Reconciliation of earnings attributable to equity holders of the Company to headline earnings and adjusted headline earnings			
(Loss)/profit attributable to equity holders of the Company	**(98)**	495	890
Loss on disposal of property, plant and equipment	**3**	–	2
Impairment of property, plant and equipment	**94**	–	88
Gain on disposal of investment property	**–**	–	(36)
Fair value adjustment of investment properties	**445**	187	(754)
Gain on deemed disposal of financial asset classified as available-for-sale	**–**	–	(46)
Gain on bargain purchases	**–**	–	(82)
Share of associates' headline earnings adjustments	**10**	(14)	(19)
Total tax effects of adjustments	**(27)**	–	(25)
Total non-controlling interest effects of adjustments	**(182)**	(76)	372
Headline earnings	**245**	592	390
Transaction costs	**32**	13	22
Fair value adjustment on interest rate swaps	**(2)**	1	6
Restructuring costs	**8**	19	11
Pre-opening expenses	**1**	19	–
Gain on remeasurement of put liability	**–**	–	(35)
Deferred tax liability derecognised on plant, property and equipment on sale to the Group's REIT subsidiary	**–**	(307)	(56)
Deferred tax asset derecognised on foreign subsidiary assessed losses	**–**	–	19
Share of associates' exceptional items	**(1)**	(1)	11
Total tax effects of adjustments	**1**	(2)	(2)
Total non-controlling interest effects of adjustments	**(7)**	3	3
Adjusted headline earnings	**277**	337	369

** The information in this table has been extracted from the Historical Financial Information of THL which is set out in Annexure 1 of this Pre-listing Statement.*

SUPPLEMENTARY INFORMATION – RECONCILIATION OF EBITDAR PRE-EXCEPTIONAL ITEMS

(ZAR'm)	Audited FY2019	Reviewed FY2018	Reviewed FY2017
Reconciliation of operating profit to EBITDAR			
EBITDAR pre-exceptional items is made up as follows:			
Operating profit	**392**	898	1 803
Add/(less):			
Amortisation and depreciation	**306**	270	248
Property rentals	**208**	189	169
Long-term incentive expense/(credit)	**4**	(7)	34
	910	1 350	2 254
Add/(less): Exceptional losses/(gains)			
Loss on disposal of property, plant and equipment	**3**	–	2
Impairment of property, plant and equipment	**94**	–	88
Gain on disposal of investment property	**–**	–	(36)
Fair value adjustment of investment properties	**445**	187	(754)
Gain on deemed disposal of financial asset classified as available-for-sale	**–**	–	(46)
Gain on bargain purchases	**–**	–	(82)
Fair value adjustment on interest rate swaps	**(2)**	1	6
Pre-opening expenses	**1**	19	–
Restructuring costs	**8**	20	11
Transaction costs	**32**	13	22
	1 491	1 590	1 465

** The information in this table has been extracted from the Historical Financial Information of THL which is set out in Annexure 1 of this Pre-listing Statement.*

TRADING STATISTICS (SA AND OFFSHORE) FOR FY2019, FY2018 AND FY2017

FY2019	Owned portfolio	Group portfolio
Occupancy (%)	60.6	62.4
ARR (R)	1 064	1 161
RevPar (R)	645	725
Rooms Available ('000)	4 239	5 569
Rooms Sold ('000)	2 568	3 475
Rooms Revenue (Rm)	2 732	4 035

FY2018	Owned portfolio	Group portfolio
Occupancy (%)	62.5	63.9
ARR (R)	1 043	1 132
RevPar (R)	652	723
Rooms Available ('000)	4 123	5 392
Rooms Sold ('000)	2 576	3 444
Rooms Revenue (Rm)	2 687	3 898

FY2017	Owned portfolio	Group portfolio
Occupancy (%)	62.1	63.4
ARR (R)	1 064	1 155
RevPar (R)	661	732
Rooms Available ('000)	3 938	5 267
Rooms Sold ('000)	2 447	3 340
Rooms Revenue (Rm)	2 604	3 857

** The information in this table has been extracted from the hotel property management systems of the THL Group.*

SUMMARISED STATEMENT OF FINANCIAL POSITION

(ZAR'm)	Audited FY2019	Reviewed FY2018	Reviewed FY2017
Property, plant and equipment	**7 684**	7 462	7 621
Investment properties	**4 881**	5 101	4 843
Goodwill and intangible assets	**404**	396	393
Investment in associates and joint ventures	**608**	605	572
Other assets	**99**	150	175
Total assets	**13 676**	13 714	13 604
Net working capital	**295**	277	383
Net interest-bearing borrowings	**2 963**	2 684	3 665
Other non-current liabilities	**488**	3 343	3 590
Total shareholders' equity	**6 990**	4 202	3 407
Non-controlling interests	**2 939**	3 209	2 559
Total equity and liabilities	**13 676**	13 714	13 604

** The information in this table has been extracted from the Historical Financial Information of THL which is set out in Annexure 1 of this Pre-listing Statement.*

(iv) **SHARE INCENTIVE SCHEME**

THL has adopted a share incentive scheme, namely the THL Share Appreciation Rights Plan ("**THL SAR Plan**"), in which selected key senior employees of the THL Group are eligible to participate with the goal to incentivise, motivate and retain these high calibre employees and recognise their contributions to the THL Group.

The purpose of the THL SAR Plan is to provide awards of share appreciation rights ("**SARs**") to receive THL Shares equal to the increase in value of a certain number of THL Shares between the award date and the exercise date of the SARs. The exercise price will be adjusted to take account of dividends paid (this is explained in further detail in Annexure 17). The vesting of the SARs will take place after 3 years, will be subject to continued employment and may be subject to performance conditions. The

THL SAR Plan makes provision for two types of awards, namely new awards to assist in incentivising and retaining employees in the Group THL (awards) and replacement awards.

Replacement awards are provided for as a result of the election provided to employees of the THL Group on Unbundling to exchange their rights held under the Tsogo Sun Long Term Incentive Scheme for replacement awards under the THL SAR Plan. Going forward the replacement awards will be regulated by the THL SAR Plan. The salient features of the THL SAR Plan are set out in Annexure 17.

(v) DIVIDEND GUIDELINE

Any dividend proposed by the THL Board in respect of any financial period will be dependent on and influenced by, among other considerations, the THL Group's operating results, financial condition, investment strategy, capital requirements and strategic initiatives. The THL Group will seek to ensure that there is sufficient cash available and cash is generated by the business in order to fund its continued growth aspirations without resorting to excessive leveraging and ensure that THL maintains its strategic flexibility. The THL Board will determine the level of dividend distributions as and when appropriate. As discussed in paragraph 3.4.2, in order to substantially reduce the quantum of offshore debt, it is the Board's current intention not to declare and pay a dividend for FY2020.

(vi) RISK FACTORS

Annexure 14 entitled "Risk factors" describes certain risk factors that should be considered together with other information contained in this Pre-listing Statement.

SALIENT DATES AND TIMES

The definitions commencing on page 10 of this Pre-listing Statement apply, *mutatis mutandis,* to this "salient dates and times" section.

	2019
Abridged Pre-listing Statement published on SENS, on	Thursday, 23 May
Pre-listing Statement made available to Tsogo Sun Shareholders at https://www.tsogosun.com/investors, on	Thursday, 23 May
Pre-listing Statement posted to Tsogo Sun Shareholders, on	Monday, 27 May
Publication of finalisation information, on	Tuesday, 4 June
Last day for certificated Tsogo Sun Shareholders to appoint a CSDP in order to receive the THL Shares pursuant to the Unbundling on the Settlement Date	Monday, 10 June
Last day to trade for Tsogo Sun Shareholders to be entitled to participate in the Unbundling	Tuesday, 11 June
Listing of THL Shares on the JSE under the share code TGO and ISIN ZAE000272522 expected at commencement of trade, on	Wednesday, 12 June
Tsogo Sun Shares commence trading "ex" their entitlement to THL Shares, on	Wednesday, 12 June
Details of apportionment ratio released on SENS by 11h00, on	Thursday, 13 June
Record Date for the Unbundling and issue of share certificates to Certificated Shareholders	Friday, 14 June
Accounts at CSDPs/Brokers updated on (Settlement Date)	Tuesday, 18 June

Notes:

1. These dates and times are subject to change. Any material changes to the above dates will be released on SENS and published in the South African press.
2. All times shown in this Pre-listing Statement are South African times.
3. Tsogo Sun Shares may not be Dematerialised or rematerialised between Wednesday, 12 June 2019 and Friday, 14 June 2019, both days inclusive.
4. Tsogo Sun Shareholders who trade Tsogo Sun Shares from Wednesday, 12 June 2019, trade "ex" their entitlement to THL Shares.
5. All Certificated Shareholders must appoint a CSDP under the terms of the Financial Markets Act, directly or through a Broker, by no later than Monday, 10 June 2019 to receive THL Shares pursuant to the Unbundling on the Settlement Date.
6. Details of the Unbundling are set out in the Tsogo Sun SENS announcement, released on SENS on Thursday, 23 May 2019.

DEFINITIONS

In this Pre-listing Statement and the documents attached hereto, unless the context indicates otherwise the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and *vice versa*, words importing the masculine include the other two genders, and words incorporating persons include juristic persons and associations of persons.

"**Adjusted Earnings**"	Earnings attributable to equity holders after adjusting for exceptional non-recurring items including *inter alia*, impairments of property, plant and equipment, fair value adjustments of investment property, sale of assets, transaction and pre-opening costs. This is measure of THL's earnings based solely on operational activities;
"**AGM**"	annual general meeting;
"**Authorised Dealer**"	a financial institution or bank authorised to deal in foreign exchange;
"**B-BBEE**"	Broad-Based Black Economic Empowerment as per the B-BBEE Act;
"**B-BBEE Act**"	the South African Broad-Based Black Economic Empowerment Act, No. 53 of 2003, as amended;
"**B-BBEE Codes**"	the South African Codes of Good Practice on Broad-Based Black Economic Empowerment, issued under the BEE Act;
"**Broker**"	any person registered as a broking member in equities in terms of the rules of the JSE in accordance with the provisions of the Financial Markets Act;
"**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 Pre-listing Statement should fall on a day which is not a business day, the relevant date will be extended to the next succeeding business day;
"**CEO**"	Chief Executive Officer;
"**CFO**"	Chief Financial Officer;
"**Certificated Shareholders**"	holders of 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;
"**CGT**"	capital gains tax as levied in terms of the Eighth Schedule to the Income Tax Act;
"**CIPC**"	the South African Companies and Intellectual Property Commission, established in terms of the Companies Act;
"**CMA**"	the Common Monetary Area, which is a jurisdictional collective comprising South Africa, Namibia, Lesotho and Swaziland;
"**Companies Act**" or "**the Act**"	the South African Companies Act, No. 71 of 2008, as amended;
"**Company Secretary**"	the Company Secretary of THL, namely Southern Sun Secretarial Services Proprietary Limited (Registration number 1969/001208/07), a private company incorporated and registered in accordance with the laws of South Africa;
"**CSDP**"	a Central Securities Depository Participant as defined in section 1 of 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;
"**CTC**"	contributed tax capital;
"**Custody Agreement**"	a custody mandate agreement between a Dematerialised Shareholder and a CSDP or Broker regulating their relationship in respect of the Dematerialised Shares of such Dematerialised Shareholder held by the CSDP or Broker;

"**Dematerialised Shareholders**"	holders of Dematerialised Shares;
"**Dematerialised Shares**"	shares which have been Dematerialised;
"**Dematerialisation**" or "**Dematerialising**" or "**Dematerialise**"	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 for trading on the JSE;
"**Directors**"	the Directors of THL from time to time, being at the date of this Pre-listing Statement, those whose names appear in the "Corporate information and advisers" section of this Pre-listing Statement;
"**Distribution**"	the distribution in-specie by Tsogo Sun of the THL Shares to Tsogo Sun Shareholders in terms of the Unbundling;
"**Distribution Date**"	the date on which the Distribution shall be implemented;
"**Dividends**"	dividends, distributions or other amounts declared and payable in respect of any shares referred to in this Pre-listing Statement;
"**Dividends Tax**"	dividend withholding tax payable in respect of any Dividend in terms of Part VIII of the Income Tax Act;
"**Documents of Title**"	share certificates, certified transfer deeds, balance receipts and other documents of title to shares acceptable to Tsogo Sun;
"**EBIT**"	earnings before interest and taxation;
"**EBITDA**"	earnings before interest, taxation, depreciation, amortisation, long-term incentives and exceptional items;
"**EBITDAR**"	earnings before interest, taxation, depreciation, amortisation, property rentals paid, long-term incentives and exceptional items;
"**EPS**"	earnings per share;
"**Exchange Control Regulations**"	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the South African Currency and Exchanges Act, 9 of 1933, as amended;
"**Executive Directors**"	the Executive Directors of THL from time to time, being at the date of this Pre-listing Statement, those Directors specified as such in the "Corporate information and advisers" section of this Pre-listing Statement;
"**Financial adviser and sponsor**"	The Standard Bank of South Africa Limited (Registration number 1962/000738/06), a public company incorporated and registered in accordance with the laws of South Africa, acting through its corporate and investment banking division;
"**Financial Markets Act**"	the South African Financial Markets Act, No. 19 of 2012, as amended;
"**Financial Year**" or "**FY**"	the financial year of THL, for the time being ending on 31 March of each year;
"**GDP**"	Gross Domestic Product;
"**HEPS**"	headline earnings per share;
"**Historical Financial Information**"	the consolidated annual financial statements of THL Group for the years ended 31 March 2017, 31 March 2018 and 31 March 2019;
"**HCI**"	Hosken Consolidated Investments Limited (Registration number 1973/007111/06), a public company incorporated and registered in accordance with the laws of South Africa and listed on the JSE;
"**HPF**"	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;
"**HPF Group**"	HPF and its Subsidiaries from time to time;
"**HPF Revised Listing Particulars**"	the Revised Listing Particulars document published by HPF on 21 September 2018;

"**IFRS**"	International Financial Reporting Standards as issued by the International Accounting Standards Board from time to time;
"**Income Tax Act**"	the South African Income Tax Act, No. 58 of 1962, as amended;
"**Independent property valuer**"	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 and advisers section;
"**Independent reporting accountants**"	PricewaterhouseCoopers Incorporated (Registration number 1998/012055/21), a company incorporated and registered in accordance with the laws of South Africa;
"**Internal Restructure**"	the internal restructuring undertaken by Tsogo Sun in order to facilitate the Listing and Unbundling which includes, inter alia, the settlement of the Treasury Loan and the TSHGE Loan, the restructure of the Tsogo Sun Group's South African and offshore hotel interests under one holding company, being THL as more fully set out in paragraph 7.3 and the disposal of all the issued THL Shares by TSHGE to Tsogo Sun as more fully set out in paragraph 7.3.7;
"**IHPL**"	International Hotel Properties Limited (Registration number 1862176), a private company incorporated and registered in accordance with the laws of the British Virgin Islands;
"**JSE**"	the Johannesburg Stock Exchange, being the exchange operated by the JSE Limited, (Registration number 2005/022939/06), a public company incorporated and registered in accordance with the laws of South Africa, and licensed to operate an exchange under the Financial Markets Act;
"**King IV**"	the Code on Corporate Governance representing principles of good corporate governance as laid out in the King IV Report on Corporate Governance for South Africa, 2016, as amended from time to time;
"**Last Day to Trade**"	the last Business Day to trade in a Tsogo Sun Share in order to settle such trade by the Record Date so as to be able to qualify to participate in the Unbundling. All trades done from commencement of trade on Last Date to Trade until the Record Date will exclude the Unbundling Entitlements;
"**Last Practicable Date**"	the last practicable date prior to the finalisation of this Pre-listing Statement, being Friday, 17 May 2019;
"**List**"	the list maintained by the JSE of securities admitted to Listing;
"**Listing Date**"	the date on which the THL Shares will be listed on the JSE, which date is anticipated to be on or about Wednesday, 12 June 2019;
"**Listing**"	the proposed listing, by way of introduction, of the entire issued share capital of THL on the Main Board of the JSE, which listing is anticipated to commence with the commencement of trade on the Listing Date;
"**Listing and Unbundling**"	collectively, the Listing and the Unbundling of THL;
"**Listings Requirements**"	the Listings Requirements of the JSE, as amended from time to time;
"**Major Subsidiary**"	a Subsidiary of THL which is considered a "major subsidiary" for the purposes of the Listings Requirements, being SSHI and HPF;
"**MOI**"	the memorandum of incorporation of THL as at the date of this Pre-listing Statement;
"**NAV**"	net asset value;
"**Non-Resident**"	a person who is not considered a resident of South Africa for tax purposes;
"**Pre-listing Statement**"	this bound document dated Thursday, 23 May 2019, including all annexures and attachments hereto;
"***Pro forma* Financial Information**"	the *pro forma* consolidated income statement and balance sheet of the THL Group for the year ended 31 March 2019, after giving effect to the Listing and Unbundling;

"**RBH**"	RBH Hotels UK Limited (Registration number 07399345), a private company incorporated and registered in accordance with the laws of the United Kingdom;
"**Record Date**"	the last date on which a Tsogo Sun Shareholder must be recorded in the Tsogo Sun Register to participate in the Unbundling, expected to be Friday, 14 June 2019;
"**SARB**"	the financial surveillance department of the South African Reserve Bank, which is the central bank of South Africa;
"**SARS**"	the South African Revenue Service;
"**SEC**"	the United States Securities and Exchange Commission;
"**SENS**"	the Stock Exchange News Service of the JSE;
"**Settlement Date**"	the date on which Unbundling Entitlements will be settled and the accounts at the CSDP/Broker of Tsogo Sun Shareholders recorded in the Register on the Record Date will be updated, which is expected to be Tuesday, 18 June 2019;
"**Shared Services Agreement**"	the shared services agreement entered into between Tsogo Sun and THL in order to regulate certain matters between Tsogo Sun and THL and their respective Subsidiaries after the effective date of the Unbundling, as may be amended from time to time;
"**Solvency and Liquidity Test**"	solvency and liquidity test as set out in the Companies Act;
"**South Africa**"	the Republic of South Africa;
"**SSHI**"	Southern Sun Hotel Interests Proprietary Limited (Registration number 1969/001365/07), a private company incorporated and registered in accordance with the laws of South Africa and a wholly owned subsidiary of THL;
"**SSO**"	Southern Sun Offshore Proprietary Limited (Registration number 2006/003973/07), a private company incorporated and registered in accordance with the laws of South Africa and a wholly owned Subsidiary of THL;
"**Standard Bank**"	The Standard Bank of South Africa Limited (Registration number 1998/022242/06), a public company incorporated and registered in accordance with the laws of South Africa, acting herein through its corporate and investment banking division;
"**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 for transactions to be settled and transfer of ownership to be recorded electronically;
"**STT**"	securities transfer tax levied in terms of the South African Securities Transfer Tax Act, No. 25 of 2007, as amended;
"**Subsidiaries**"	shall have the meaning ascribed thereto in the Companies Act;
"**THL**" or "**the Company**"	Tsogo Sun Hotels Limited, (known previously as Southern Sun Hotels Proprietary Limited), incorporated as a private company and converted to a public company on 15 May 2019 in accordance with the laws of South Africa (Registration number 2002/006356/06), the entire issued share capital of which is held by Tsogo Sun, and which shares are to be listed on the JSE on the Listing Date;
"**THL Board**" or "**the Board**"	the Board of Directors of THL, as constituted from time to time comprising, as at the date of this Pre-listing Statement, the Directors reflected in the "Corporate information and advisers" section of this Pre-listing Statement;
"**THL Group**" or "**the Group**"	THL and its Subsidiaries from time to time;
"**THL SAR Plan**"	THL's Share Appreciation Rights Plan, being a share incentive scheme implemented by THL (which provides for the award of share appreciation rights in the form of awards and replacement awards) in which selected key senior employees of the THL Group will be eligible to participate, the salient features of which are set out in Annexure 17;
"**THL Shareholders**"	holders of THL Shares from time to time;

"**THL Shares**"	ordinary shares of no par value in the share capital of THL;
"**TNAV**"	tangible net asset value;
"**Transfer Secretaries**"	Link Market Services South Africa Proprietary Limited (Registration number 2000/007239/07), a private company incorporated and registered in accordance with the laws of South Africa and the transfer secretaries to Tsogo Sun and THL;
"**Treasury Loan**"	the interest-bearing treasury loan of R2.25 billion owing by SSHI to TS which was settled by SSHI by way of an issue of shares for cash, as described more fully in paragraphs 7.3.2.1 and 7.3.4;
"**TS**"	Tsogo Sun Proprietary Limited (Registration number 2002/026000/07), a private company incorporated and registered in accordance with the laws of South Africa and a wholly owned Subsidiary of Tsogo Sun, being the treasury company of Tsogo Sun Group;
"**TSCM**"	Tsogo Sun Casino Management Company Proprietary Limited, Registration number 1996/007718/07, a private company incorporated and registered in accordance with the laws of South Africa and a wholly owned Subsidiary of Tsogo Sun;
"**TSHGE**"	Tsogo Sun Hotels, Gaming and Entertainment Proprietary Limited (Registration number 2002/0065556/07), a private company incorporated and registered in accordance with the laws of South Africa and a wholly owned Subsidiary of Tsogo Sun;
"**TSHGE Loan**"	the non-bearing-interest loan of R400 million owing by THL to TSHGE, which was settled by way of an issue of shares by THL, as more fully described in paragraph 7.3.5;
"**Tsogo Sun**"	Tsogo Sun Holdings Limited (Registration number 1989/002108/06), a public company incorporated and registered in accordance with the laws of South Africa, the shares of which are listed on the JSE and the name of which is expected to be changed to "Tsogo Sun Gaming Limited";
"**Tsogo Sun Board**"	the Board of Directors of Tsogo Sun, as constituted from time to time;
"**Tsogo Sun Group**"	Tsogo Sun and its Subsidiaries from time to time;
"**Tsogo Sun Register**"	the securities register of Tsogo Sun Shareholders maintained by Tsogo Sun in terms of the Companies Act, including the register of Certificated Shareholders and the sub-registers of Dematerialised Shares maintained by the relevant CSDPs in accordance with the Companies Act;
"**Tsogo Sun Shareholders**"	holders of Tsogo Sun Shares from time to time;
"**Tsogo Sun Shares**"	ordinary par value shares of R0.02 each in the share capital of Tsogo Sun;
"**Unbundling**"	the proposed distribution by Tsogo Sun of all the THL Shares, comprising 100% of the issued share capital of THL, to Tsogo Sun Shareholders in the ratio of one THL Shares for every Tsogo Sun Share held, in terms of section 46 of the Income Tax Act, section 46 of the Companies Act and the Listings Requirements;
"**Unbundling Entitlement**"	the entitlement of Tsogo Sun Shareholders to receive THL Shares pursuant to the Unbundling;
"**United States**" or "**US**"	the United States of America including its territories and possessions, any state of the United States and the District of Columbia;
"**US Dollar**" or "**USD**" or "**$**"	United States Dollar, the lawful currency of the United States;
"**US GAAP**"	Generally Accepted Accounting Practice of the United States;
"**US Securities Act**"	the United States Securities Act, 1933, as amended;
"**US Securities Exchange Act**"	the United States Securities Exchange Act, 1934, as amended;
"**VAT**"	value-added tax levied in terms of the South African Value-Added Tax Act, No. 89 of 1991; and
"**ZAR**" or "**Rand**" or "**R**"	South African Rand, the lawful currency of South Africa.

TSOGO SUN HOTELS LIMITED

(previously known as Southern Sun Hotels Proprietary Limited)
Incorporated in the Republic of South Africa
Registration number: 2002/006356/06
Share code: TGO ISIN: ZAE000272522

Directors
JA Copelyn# (Chairman)
MN von Aulock (CEO)
L McDonald (CFO)
MH Ahmed*# (Lead Independent Non-executive Director)
SC Gina*#
ML Molefi*#
JG Ngcobo*#
JR Nicolella#

** Independent*
 # Non-executive

PRE-LISTING STATEMENT

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1. INTRODUCTION

1.1 With reference to the SENS announcement published on 15 March 2019, the Tsogo Sun Board has approved the separation of THL from Tsogo Sun so that THL will be an independent, publicly traded company. The separation will be achieved by way of Tsogo Sun unbundling its entire THL shareholding to Tsogo Sun Shareholders registered as such in the Tsogo Sun Register at the close of business on the Record Date, by way of a distribution in specie to Tsogo Sun Shareholders of one THL Share for every Tsogo Sun Share held, reflected as being held by that Tsogo Sun Shareholder on the Record Date. The Unbundling will be effected in terms of section 46 of the Companies Act and otherwise on the terms and conditions set out in the Tsogo Sun SENS announcement dated 23 May 2019, and this Pre-listing Statement. As of the Distribution Date, Tsogo Sun and THL will be independent public companies, the shares of which will be listed on the JSE and will have separate public ownership, Boards of Directors and management.

1.2 The purpose of this Pre-listing Statement is to provide Tsogo Sun Shareholders with information regarding the terms and conditions pertaining to the Listing and Unbundling and information regarding THL.

2. THE LISTING AND UNBUNDLING

2.1 Rationale for the Listing and Unbundling

The hotels service a different customer base to the casinos and are subject to different demand and risk profiles, particularly in the regulatory sphere. The Tsogo Sun Board is of the view that the separate listing of hotels and the unbundling of the business to Tsogo Sun Shareholders should unlock value for Tsogo Sun Shareholders.

2.2 Details of the Listing and Unbundling

The JSE has agreed to the Listing of the entire issued share capital of THL in the “Hotels” sector on the Main Board of the JSE with effect from the commencement of trade on Wednesday, 12 June 2019, subject to the declaration of the Distribution for the purposes of the Unbundling.

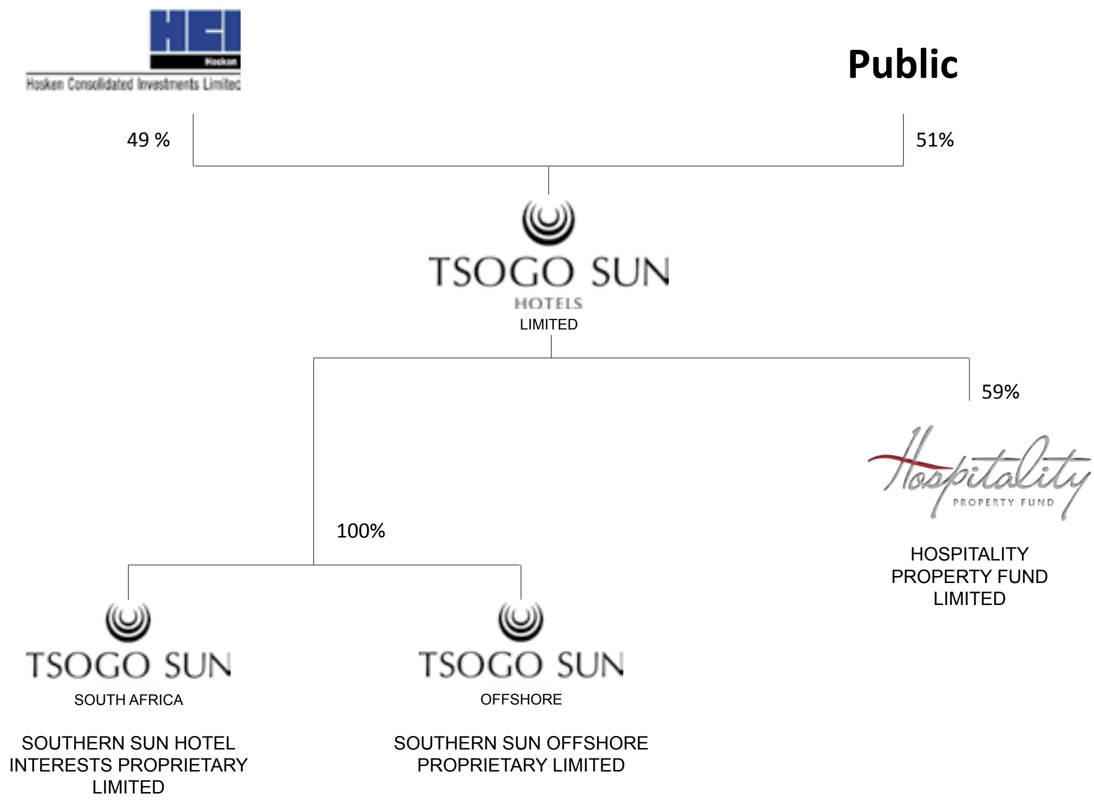
2.3 Background to the Unbundling

The Tsogo Sun Board gave its approval for the Unbundling on 14 March 2019 and on 15 March 2019, Tsogo Sun announced the Unbundling and its intention to list THL’s shares on the JSE. THL Shares are expected to list on the JSE on Wednesday, 12 June 2019.

The Unbundling will result in Tsogo Sun Shareholders recorded in the Tsogo Sun Register, as at the Record Date, holding two separate shares, a THL Share as well as a Tsogo Sun Share.

At the time of the Unbundling, all inter-company loan balances, which are not in the ordinary course of business, will be settled between Tsogo Sun and THL, including the Treasury Loan owing by THL to Tsogo Sun and the TSHGE Loan owing by THL to TSHGE. The remaining inter-company balances incurred in the ordinary course of business are not material.

Refer to Annexure 18 for the Tsogo Sun Group structure prior to the Listing and Unbundling. Set out below is the abridged THL Group structure after the Listing and Unbundling:



The Unbundling will be governed by and will be carried out in accordance with the Companies Act. Under section 46 of the Companies Act, a distribution must be approved by the Tsogo Sun Board and can be given effect to only if Tsogo Sun satisfies the Solvency and Liquidity Test such that it reasonably appears that:

- the assets of Tsogo Sun, as fairly valued, are equal to or exceed the liabilities of Tsogo Sun, also fairly valued; and
- Tsogo Sun will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months after the Distribution is implemented.

The Companies Act requires that the Tsogo Sun Board acknowledges, by resolution, that it is satisfied that the above requirements are fulfilled for the Distribution to proceed. The entire issued share capital of THL will be unbundled to existing Tsogo Sun Shareholders by way of a distribution *in-specie* in accordance with section 46 of the Companies Act, section 46 of the Income Tax Act and the Listings Requirements.

The share capital of THL will be such that the THL Shares are unbundled by way of a distribution of one THL Share for every Tsogo Sun Share held, as at the Record Date.

The SARB has granted the necessary regulatory approvals for the Distribution.

The Unbundling will be governed by the laws of South Africa.

2.4 Receipt of THL Shares

A Tsogo Sun Shareholder holding Certificated Shares should pay special attention to the provisions of the following paragraph.

For the purposes of the Unbundling, Tsogo Sun Shareholders will be issued their THL Shares pursuant to their respective Unbundling Entitlements in dematerialised form only. Accordingly, all Certificated Shareholders must appoint a CSDP under the terms of the Financial Markets Act, directly or through a Broker, to receive the dematerialised THL Shares on their behalf. Should a Certificated Shareholder not appoint a CSDP under the terms of the Financial

Markets Act, directly or through a Broker, to receive THL Shares on their behalf, they will be issued with a statement of allocation representing their THL Shares by the Transfer Secretaries. Such THL Shareholders can instruct the Transfer Secretaries to transfer their THL Shares represented by the statement of allocation to their appointed CSDP or can instruct the Transfer Secretaries to issue them with a share certificate at any time post Unbundling. There are risks associated with holding shares in Certificated form, including the risk of loss of or tainted scrip, which is no longer covered by the JSE Guarantee Fund.

All THL Shareholders who elect to convert their Dematerialised THL Shares into Certificated THL Shares will have to Dematerialise their Certificated THL Shares should they wish to trade them in accordance with the rules of Strate (see paragraph 2.5).

Documents of Title in respect of Tsogo Sun Certificated Shares held are not required to be surrendered to receive THL Shares in terms of the Unbundling.

Non-Resident Tsogo Sun Shareholders must satisfy themselves as to the full observance of the laws of their country or territory of residence in relation to all aspects of this Pre-listing Statement that may affect them, including the Unbundling, as well as consider the Exchange Control Regulations, summarised in paragraph 12.3 and Annexure 13.

If a Tsogo Sun Shareholder is in any doubt as to what action to take, such Tsogo Sun Shareholder should consult such Tsogo Sun Shareholder's Broker, CSDP, banker, attorney or other professional adviser.

2.5 Strate and trading shares on the JSE

Shares may only be traded on the JSE in electronic form (i.e. in the form of Dematerialised Shares) and THL Shares will be trading in Dematerialised form for electronic settlement via Strate immediately following the Listing.

Strate is a system of "paperless" transfer of securities. If Tsogo Sun Shareholders or investors have any doubt as to the mechanics of Strate they should consult their CSDP, Broker or other appropriate adviser, and they are referred to the Strate website at http://www.strate.co.za. The contents of this website are not incorporated by reference and do not form part of this Pre-listing Statement and should not be relied upon for the purposes of forming an investment decision. Some of the principal features of Strate are as follows:

- electronic records of ownership replace share certificates and physical delivery of certificates;
- trades executed on the JSE must be settled within three Business Days;
- all investors owning Dematerialised Shares or wishing to trade their securities on the JSE are required to appoint either a CSDP or Broker to act on their behalf and to handle their settlement requirements; and
- unless investors owning Dematerialised Shares specifically request their CSDP to register them as an "own name" shareholder (which entails a fee), their CSDP's or Broker's nominee company, holding shares on their behalf, will be the shareholder of the relevant company and not the investor. Subject to the agreement between the investor and the CSDP or Broker (or the CSDP's or Broker's nominee company), generally in terms of the rules of Strate, the investor is entitled to instruct the CSDP or Broker (or the CSDP's or Broker's nominee company) as to how it wishes to exercise the rights attaching to the shares and/or to attend and vote at shareholders' meetings.

2.6 Additional copies of this Pre-listing Statement

Additional copies of this Pre-listing Statement may be obtained during normal business hours from Friday, 24 May 2019 from Tsogo Sun's registered office and the offices of the Financial adviser and sponsor, the addresses of which are set out in the "Corporate information and advisers" section as well as on THL's website at https://www.tsogosun.com/investors and on Tsogo Sun's website at https://www.tsogosun.com/gaming/investors.

3. INFORMATION ON THL

3.1 Overview of operations

The THL Group today consists of a portfolio of 110 hotels of which 98 are internally managed and 12 properties owned by HPF are leased to and operated by third party operators outside of the THL Group, with a combined total of nearly 19,000 rooms. The portfolio by number of rooms, brand and region (excluding RBH and IHPL in the United Kingdom as THL holds a minority interest in these entities) can be presented as follows:

Internally managed	Brand	Land/building Freehold	Leases	HPF	Tsogo Sun[1]	Third-party owner	Total
Coastal segment (FY2019 EBITDAR R497m)							
Cape Region	Deluxe Portfolio	–	–	–	–	–	**–**
	Southern Sun	–	368	1 093	203	–	**1 664**
	SunSquare	–	202	136	–	–	**338**
	Garden Court	–	465	280	43	–	**788**
	StayEasy	–	302	175	–	–	**477**
		–	1 337	1 684	246	–	**3 267**
KwaZulu-Natal	Deluxe Portfolio	89	–	–	–	–	**89**
	Southern Sun	–	734	–	96	–	**830**
	SunSquare	–	–	–	165	–	**165**
	Garden Court	–	352	618	80	72	**1 122**
	StayEasy	–	–	127	–	–	**127**
		89	1 086	745	341	72	**2 333**
Inland segment (FY2019 EBITDAR R254m)							
Gauteng	Deluxe Portfolio	75	–	–	246	695	**1 016**
	Southern Sun	301	606	741	266	–	**1 914**
	SunSquare	–	–	–	179	–	**179**
	Garden Court	–	–	968	75	444	**1 487**
	StayEasy	136	–	135	–	–	**271**
		512	606	1 844	766	1 139	**4 867**
Other – South Africa	Deluxe Portfolio	–	–	–	–	–	**–**
	Southern Sun	–	–	147	149	–	**296**
	SunSquare	–	–	–	–	–	**–**
	Garden Court	–	117	315	–	–	**432**
	StayEasy	–	–	125	250	–	**375**
		–	117	587	399	–	**1 103**
Resorts and SUN1 (FY2019 EBITDAR R94m)	Resorts	138	–	–	–	854	**992**
	SUN1	–	233	1 508	–	–	**1 741**
		138	233	1 508	–	854	**2 733**
Other Africa, Seychelles and Middle East (FY2019 EBITDAR R144m)	Mozambique	–	394	–	–	133	**527**
	Zambia	154	–	–	–	260	**414**
	Tanzania	–	152	–	–	–	**152**
	Nigeria	181	–	–	–	–	**181**
	Kenya	–	171	–	–	–	**171**
	Seychelles	80	30	–	–	–	**110**
	UAE	–	–	–	–	353	**353**
		415	747	–	–	746	**1 908**
Third-party managed (FY2019 EBITDAR R347m)[2]							
Marriott		–	–	1 253	–	–	**1 253**
Radisson		–	–	397	–	–	**397**
Other		–	–	986	–	–	**986**
		–	–	2 636	–	–	**2 636**
Total Rooms		1 154	4 126	9 004	1 752	2 811	**18 847**

EBITDAR per segmental analysis	**FY2019**
EBITDAR – Manco	155
EBITDAR – South Africa	1 192
EBITDAR – Other Africa, Seychelles and Middle East	144
	1 491

[1] This column reflects the hotel properties owned by other companies within the Tsogo Sun Group and which form part of the casino property precincts.

[2] HPF leases 12 of its 53 hotel properties to various third-party operators outside of the THL Group. The lease expiry dates are set out in Annexure 5.

The internally managed hotel operations are performed via seven operational departments, five of which are regionally based and two are brand focused. The regional operations are Cape, KwaZulu-Natal, Central Northern, Eastern Northern and Offshore (Africa, Seychelles and Middle East), while the SUN1 operations and the Resorts (mostly Timeshare) have brand-based offices as a result of their unique product offering.

3.1.1 Within each region the THL Group operates hotels across a number of well-recognised brands, servicing a broad spectrum of traveller from deluxe to economy:

3.1.2 A summary of the brands operated by the THL Group is as follows:

3.1.2.1 **Deluxe Portfolio of Hotels** – each hotel within the deluxe portfolio is individually branded and operated according to its own personality, derived from its location, design and community environment. These luxury hotels are typically graded as 5-star hotels and are some of the most iconic properties in their area including the Sandton Sun at Sandton City, the Palazzo at Montecasino, the Beverly Hills in Umhlanga and 54 on Bath in Rosebank. Maia in the Seychelles is undoubtedly one of the best hotels on the Islands, if not the world, offering 30 villas on a private peninsula on the Island of Mahe, with unparalleled service and the hotel's unique "beyond all inclusive" offering. The THL Group also operates two Intercontinental branded hotels in Johannesburg under licence from the InterContinental Hotels Group plc ("**IHG**").

3.1.2.2 **Southern Sun Hotels and Southern Sun Resorts** – this is the THL Group's core, full-service brand and is typically graded as 4-star when applicable. The majority of these hotels are located in key urban nodes, servicing business and leisure travellers alike. The properties have substantial food and beverage operations as well as conference facilities. Resort properties are located in attractive tourist areas such as Umhlanga, Plettenberg Bay, the Drakensberg and Mpumalanga and includes a large Timeshare operation. In addition, the THL Group operates the beautiful Paradise Sun on the Island of Praslin in the Seychelles. The THL Group also operates the Crown Plaza in Rosebank and Holiday Inn Sandton properties that would fall within the Southern Sun category of branding.

3.1.2.3 **SunSquare** – is the THL Group's alternative and trendy offering to the mid-scale market. These hotels offer great locations, with properties opened at Montecasino, Suncoast, in the Cape Town City Bowl and in Gardens, as well as creative, well priced food and beverage operations through in-house concepts such as Jeera, Vigour & Verve and Zepi.

3.1.2.4 **Garden Court** – is a well-established and successful mid-market offering, spanning 20 hotels with some 3,700 rooms. This brand includes large well-known hotels such as the Garden Court Marine Parade and Garden Court Sandton City, which have both undergone a complete refurbishment in recent years through to smaller properties such as the Garden Court Newcastle, which has recently been expanded by a further 40 rooms. The Garden Court Kitwe in Zambia was opened in 2018 and represents the first Garden Court outside of South Africa.

3.1.2.5 **StayEasy** – catering to the economy or budget segment this brand has grown to 10 properties with some 1,500 rooms. Offering great value and tasteful rooms, these hotels have been developed in key business locations such as Century City and the City Bowl in Cape Town, Eastgate, Pietermaritzburg and Pretoria. The THL Group also has StayEasy products outside of South Africa with hotels in Lusaka, Zambia and Maputo, Mozambique. The Maputo hotel is the latest build, opening in 2018.

3.1.2.6 **SUN1** – consists of the portfolio of budget hotels acquired from Accor, and originally built as Formula 1 hotels in South Africa. This portfolio has undergone a substantial refurbishment in most of the properties post the acquisition and consists of 22 hotels situated country-wide. SUN1 offers well-appointed rooms sleeping up to three guests at a great price. The SUN1 Southgate was recently expanded and in now the largest in this portfolio at 138 rooms.

3.1.2.7 **Hi Hotels** – is the latest offering to be designed by the THL Group. These hotels, the first of which is under construction at Montecasino, consists of a modular design, with each room fully factory built. This hotel is expected to open in December 2019. The THL Group believes it can deliver an attractive physical product with unique bedroom and public space facilities at a capital cost that makes the hotels highly feasible.

3.1.3 The regional and brand management teams are supported by certain key centralised services which aim to ensure the hotels have access to the required expertise at the most efficient cost structure. These include:

3.1.3.1 Central accounting services both for the organisation as a whole, which operates under SAP and activities such as centralised payroll, debtors, creditors and cash book, procurement and management information systems.

3.1.3.2 Central reservations, channel management, web and marketing services are provided across the THL Group, ensuring that the hotels have access to the necessary booking channels, global distribution systems and sales channels at competitive costs.

3.1.3.3 A centralised sales team focuses on direct sales to existing key and potential new accounts. These include account management and product training for larger customers including Sports bodies, Government, state-owned entities, conference organisers and corporate clients. The long standing relationships we have developed with organisations such as the South African Rugby Union, stem from our ability to handle complex travel requirements countrywide, during normal season and extraordinary tournament periods.

3.1.3.4 Marketing including core promotions like the Sunbreaks campaign, the summer sale and promotion of the Rewards Programme. Up to 40% of the THL Group's rooms revenue are to rewards members illustrating the depth of the reach and the value offered by the THL Group's extensive portfolio in South Africa.

3.1.3.5 Information Technology services including sourcing and maintaining appropriate operating systems such as reservations, property management, sales and catering, the Human Resource management system (including payroll). These services also include procurement and support of hardware including physical and virtual PABX's, personal computer requirements, networking of hotel systems and Wi-Fi infrastructure.

3.1.3.6 Development services including facilities management, project management of major repairs and renovation projects and new property developments.

3.1.3.7 Human resource services including policies and procedures, payroll management, labour and employment equity compliance, pension and medical aid administration, industrial relations and the THL Group's B-BBEE monitoring, compliance and planning incorporating the flagship Tsogo Sun Entrepreneurs programme.

3.1.3.8 Tax compliance as well as Risk Management and Insurance services are procured from Tsogo Sun under the Shared Services Agreement.

This collectively makes up the management company ("**Manco**") activities, through which the THL Group operates its hotel portfolio.

3.2 Segmental analysis

3.2.1 **Manco:** Comprises the THL Group's management company division which manages the hotel properties in South Africa. The financial results of the Manco segment, which generated EBITDAR of R155 million in FY'2019, are arrived at after aggregating management fees earned from all THL Group-owned hotel properties (including HPF's hotel properties), hotel properties owned by Tsogo Sun (casino precinct hotels) and third-parties as well as Timeshare Resorts, and deducting unallocated central costs of the THL Manco and the HPF head office costs. Whilst the management fees earned from THL Group-owned hotel properties eliminate on consolidation for reporting purposes, they are disclosed separately in the Manco segment in order to reflect the Income and related EBITDAR generated from the hotel management services provided by the THL Group.

3.2.2 **Rental income – HPF:** This segment reflects the rental income earned by HPF from the 12 hotel properties leased to third-party operators.

3.2.3 **Internally managed:** Reflects the South African hotel operations owned by the THL Group and are managed and reported in the geographical area in which the hotel is situated. The EBITDAR generated by this segment is derived after deducting internal management fees (which are reflected as income in the Manco segment) as well as internal and external royalties.

3.2.4 **Offshore:** Comprises the THL Group's non-South African hotel division which owns, operates and manages hotel properties in other African countries, the Middle East and the Seychelles.

The segmental analysis for FY2019, FY2018 and FY 2017 is set out below:

	Income			EBITDAR[1]			EBITDAR margin (%)		
	2019	**2018**	**2017**	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
Manco	**289**	286	209	**155**	168	115	**53.8**	58.9	55.1
Rental income – HPF	**347**	402	299	**347**	402	299	**100.0**	100.0	100.0
Internally managed	**3 329**	3 295	3 084	**845**	900	944	**25.3**	27.3	30.6
Coastal	**1 907**	1 902	1 735	**497**	536	578	**26.0**	28.2	33.3
Inland	**1 150**	1 124	1 090	**254**	263	268	**22.0**	23.4	24.6
Other	**272**	269	259	**94**	101	98	**34.5**	37.5	38.0
Offshore	**605**	565	634	**144**	120	107	**23.9**	21.2	16.9
Elimination of internal management fees	**(181)**	(183)	(83)						
Total	**4 389**	4 364	4 143	**1 491**	1 590	1 465	**33.9**	36.4	35.3

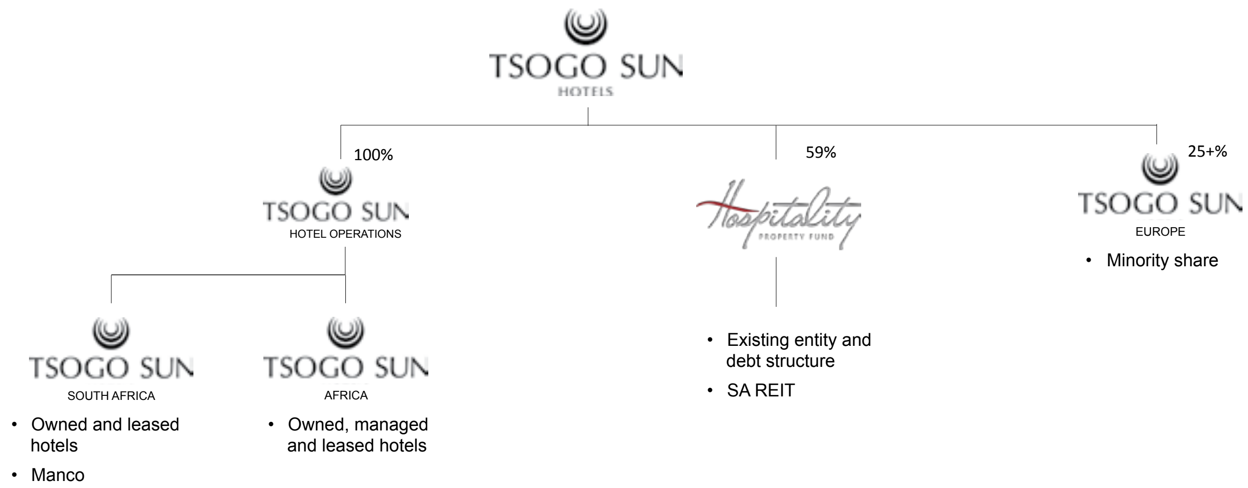
** The information in this table has been extracted from the Historical Financial Information of THL which is set out in Annexure 1 of this Pre-listing Statement.*

[1] *Pre long-term incentives.*

3.2.5 The THL Group owns hotel operations via a number of different structures. Some hotels are owned through freehold title, being the land and buildings. In certain instances, the hotel building is owned on leased land or alternatively, both the hotel building and the land are leased. Hotel properties within HPF are generally owned via freehold or sectional title and in some cases on long land leases. Some hotels have minority or joint venture shareholding. Refer Annexure 5 for details on principal properties.

3.3 THL Group operational structure

The THL Group operational structure is set out below and details the operational and geographical segments and will therefore, not align with the statutory entities. For details of the THL Group structure by statutory entity, refer to Annexure 18.



3.4 Business strategy and prospects

3.4.1 *Strategic overview*

The largest potential growth driver for the hotel business is a recovery of economic growth in the economies in which the THL Group operates. This leads to additional demand for accommodation from business and leisure travellers and the opportunity to meaningfully increase room rates and consequently, EBITDAR performance.

In addition, the THL Group seeks to access new hotel opportunities through a variety of management contracts, new builds (on its own or via joint ventures), primarily within the markets in which the THL Group already operates. The development of the new Hi hotel brand through the innovative modular construction methodology is a case in point and it is planned to develop a number of these hotels on the various casino precincts of the existing Tsogo Sun operations, under licence and management agreement as well as in good locations for the THL Group's own account.

The THL Group will also expand into non-direct hotel investments that are seen to be able to deliver good returns. The acquisition of the Riverside conference centre in Durban, whilst small, is an example of this type of expansion.

The properties operated by the THL Group in the balance of Africa are currently under-performing their potential, as a result of the tough economic conditions and in some cases political environment being experienced in those markets. Whilst the current performance is unsatisfactory, the THL Board believes the properties the THL Group owns, offer good potential and as a result of operating in these markets for a number of years and the THL Group is well placed to take advantage of any recovery in the local environment. An exception is the leased hotel that THL operates in Nairobi, Kenya, which is an older property in need of a comprehensive renovation.

THL owns a 26% share in RBH which is one of the largest private independent hotel management companies in the United Kingdom. RBH manages over 45 hotels under a variety of brands for third party owners, several of which are shareholders in RBH, including RDI Reit Plc. The THL Group also owns a 25% share in IHPL which owns 9 hotels in the United Kingdom and five of these hotels are managed by RBH and four are leased to a third party, with the 75% share held by RDI Reit Plc. The combined value of these two minority investments is estimated at some GBP23 million. There is potential to expand our investment in these operations, depending on the future strategic direction of the two entities. THL has Board and committee representation on these companies. THL equity accounts for its interests in both RBH and IHPL.

3.4.2 *Funding*

There are two key debt packages within the consolidated THL Group. Firstly, HPF has some R1.9 billion net debt at 31 March 2019, which remains in place within the HPF structure. For so long as HPF remains a REIT (Real Estate Investment Trust), it is obliged to distribute at least 75% of its distributable earnings to shareholders and has traditionally distributed 100% of earnings. Capex is funded through additional debt and may be supported through a retention of distributions in future depending on the level of capex and the debt covenants within HPF. There is currently a debt to EBITDA ratio of 2.5x within HPF and a loan to value ratio of 16%, both of which are considered comfortable.

The second debt package sits within the Offshore segment of THL and amounts to US$84.4 million at 31 March 2019. The debt is split between the THL Group's offshore holding company in Mauritius, Southern Sun Africa and in-country packages, primarily in Mozambique (Southern Sun (Mozambique) Lda) and Nigeria (Ikoyi Hotels Limited). This debt is guaranteed by the South African operations and is considered high relative to the cash being generated by the Offshore operations. In order to substantially reduce the quantum of Offshore debt, it is the THL Board's current intention not to declare and pay a dividend for FY2020, but rather to apply the cash towards the settlement of the central debt.

3.4.3 *Capital expenditure*

Capital expenditure consists mostly of maintenance and refurbishment capex, required to keep the hotels in optimal operating condition. The THL Group maintains a rolling five-year capex planning system to identify hotels requiring minor and major refurbishment as well as plant and infrastructure requirements.

The budgeted capital expenditure program on the hotel operations in the year ended 31 March 2020 amounts to some R517 million, although timing on projects and carry forward from the 2019 financial year can result in higher or lower spend in the period. This budget includes major refurbishment spend at the Westin Cape Town, Garden Court Morningside and Garden Court Hatfield and the Southern Sun Lusaka. In addition, the lifts and public area carpets at the Southern Sun Cape Sun are undergoing replacement. The balance of the program consists of ongoing refurbishments across hotels, annual unit-based capex (including operating equipment) and investment in IT hardware, primarily Wi-Fi related. Due to the size of the Westin and Southern Sun Lusaka refurbishments, the current capital expenditure programme is elevated and is expected to moderate in the coming years.

The THL Group has a long-term target of maintenance capex not exceeding 25% of EBITDA on a rolling basis. This excludes investments the THL Group may undertake to expand its operations.

3.4.4 *Portfolio risks*

Whilst hotels are free of the regulatory risks associated with gaming, there are a number of risks prevalent in the industry. See Annexure 14 for a comprehensive list. The three key risks over and above the economic environment are highlighted below:

3.4.4.1 Management contracts and leases introduce an element of security of tenure risk to the THL Group's portfolio. There is no guarantee that contracts will be renewed on similar terms and conditions if at all. Third-party owners may wish to try alternative operators and many of the international branded groups are seeking a representation in South Africa at almost any cost. The THL Group nonetheless seeks to defend and expand its operations in all relevant markets.

3.4.4.2 Administered costs have seen a sustained above inflation increase over the past number of years. These include property rates, and the cost of heat, light and power. Whilst the THL Group has undertaken numerous steps to reduce its electricity and water consumption through employing efficient operating methodologies, the price per unit of these utilities have increased dramatically and are worsened through the requirement to fund generating capacity (diesel generators) during load shedding. Municipalities have come under increasing pressure to raise independent funding and this has led to substantially higher property rates being imposed on the THL Group's portfolio.

3.4.4.3 There are low barriers to entry to the hotel market and a number of developers have built hotels that the THL Group believes are unviable. Nevertheless, they get built and this introduces an over-supply situation in various markets from time to time. Whilst these hotels inevitably experience financial distress, the room stock, once built, does not exit the market and it can take a substantial period of time for demand to catch up to supply.

The overall formal market has grown by some 50% over the past ten years. This does not include the proliferation of accommodation that does not participate in the STR Global surveys, a travel research resource which tracks supply and demand data for the global hotel industry. It can be assumed that nearly all smaller hotels and guest houses would not participate, and it further excludes the proliferation of Airbnb product in the market.

THL's share, including the exposure THL receives though third party operated hotels in HPF remains around a third of the formal market and a much smaller portion of the non-participating market.

Despite this large increase in available rooms stock, over a difficult time in the South African economy, the occupancies are higher today than they were in 2009. This reflects the long term growth of demand in the industry as the economy grows, albeit slowly. While the hotel industry is in a constant flux of over and under supply, over the long-term the overall demand for hotel accommodation has not waned.

3.5 Subsidiaries of THL

The Subsidiaries of THL are set out in Annexure 7.

3.6 THL SAR Plan

THL has adopted a new share incentive plan, namely the THL SAR Plan, to incentivise, motivate and retain the right calibre of executives and senior management, and to recognise contributions made by selected employees.

Selected key senior employees of the THL Group are eligible for participation in the THL SAR Plan.

The THL SAR Plan provides participants with the opportunity to be awarded rights to receive THL Shares equal to the increase in the value of a certain number of THL Shares between the award date and the exercise date ("**SARs**"). The exercise price will be adjusted with dividends declared over the vesting period until the exercise date. This is explained in further detail in Annexure 17.

Vesting of SARs will be three years after the date of grant and will further be subject to the continued employment of the participants for the employment period and may be subject to performance conditions. SARs can be exercised for a further three years post the vesting date. SARs not exercised within this period will lapse.

Instruments under the THL SAR Plan will allow employees to share in the success of the THL Group and be placed in a similar position to that of THL Shareholders. The THL SAR Plan provides for two instruments, namely new awards and replacement awards issued to replace previous awards under the Tsogo Sun Long Term Incentive Scheme on Unbundling.

Through the delivery of THL Shares under the THL SAR Plan, participants will become Shareholders in THL from the date of settlement, following the exercise date.

The salient features of the THL SAR Plan are set out in Annexure 17.

4. REGULATORY ENVIRONMENT

THL is compliant with various regulatory statutes. Please refer to Annexure 13 for more details.

5. DIRECTORS OF THL

5.1 The full names, ages, business address, capacities and nationalities of the Directors are provided below:

Name	Age	Position	Business address	Nationality
John Anthony Copelyn	68	Non-executive Chairman	Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005	South African
Marcel Nikolaus von Aulock	45	Chief Executive Officer	Palazzo Towers West, Montecasino Boulevard, Fourways, Gauteng, 2055	South African
Laurelle McDonald	36	Chief Financial Officer	Palazzo Towers West, Montecasino Boulevard, Fourways, Gauteng, 2055	South African
Mohamed Haroun Ahmed	55	Lead Independent Non-executive Director	Palazzo Towers West, Montecasino Boulevard, Fourways, Gauteng, 2055	South African
Sipho Christopher Gina	60	Independent Non-executive Director	Palazzo Towers West, Montecasino Boulevard, Fourways, Gauteng, 2055	South African
Moretlo Lynette Molefi	50	Independent Non-executive Director	Palazzo Towers West, Montecasino Boulevard, Fourways, Gauteng, 2055	South African

Name	Age	Position	Business address	Nationality
Jabulani Geffrey Ngcobo	67	Independent Non-executive Director	Palazzo Towers West, Montecasino Boulevard, Fourways, Gauteng, 2055	South African
James Robert Nicolella	50	Non-executive Director	Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005	South African

5.2 The following changes occurred to the THL Board over the past 12 months:

Name	Nationality	Position	Appointed	Resigned
Richard Weilers	South African	Executive Director	13/08/2013	30/09/2018
Ravi Nadasen	South African	Executive Director	01/10 2018	10/05/2019*
Robert Brian Huddy	South African	Executive Director	01/01/2009	10/05/2019**
Fidelis Vusi Dlamini	South African	Executive Director	01/10/2011	10/05/2019*
Petrus Jacobus Boshoff	South African	Executive Director	31/08/2013	10/05/2019*
Jacques Booysen	South African	Executive Director	01/06/2017	10/05/2019**
Marcel Nikolaus von Aulock	South African	Chief Executive Officer	10/05/2019*	
John Anthony Copelyn	South African	Non-executive Chairman	10/05/2019*	
Mohamed Haroun Ahmed	South African	Lead Independent Non-executive Director	10/05/2019*	
Sipho Christopher Gina	South African	Independent Non-executive Director	10/05/2019*	
Moretlo Lynette Molefi	South African	Independent Non-executive Director	10/05/2019*	
Jabulani Geffrey Ngcobo	South African	Independent Non-executive Director	10/05/2019*	
James Robert Nicolella	South African	Non-executive Director	10/05/2019*	

* *These Executive Directors have resigned from the THL Board but remain employed in senior management positions in the THL Group and remain Directors of SSHI.*

** *RB Huddy and J Booysen are Directors of Tsogo Sun.*

5.3 Profiles of the Directors, detailing their experience appear in Annexure 9.

5.4 Additional information

5.4.1 None of the Directors and none of the Directors of the Major Subsidiaries of THL:

5.4.1.1 have been declared bankrupt, insolvent or have entered into any individual voluntary compromise arrangements;

5.4.1.2 have been Directors with an executive function of any company put under, or proposed to be put under, any business rescue plans, or that is or was the subject of an application for business rescue, any notices in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangements with creditors generally or any class of creditors, at the time of such event or within the 12 months preceding any such event;

5.4.1.3 have been partners in a partnership that was the subject of any compulsory liquidation, administration or partnership voluntary arrangement, at the time of such event or within the 12 months preceding any such event;

5.4.1.4 have entered into any receiverships of any asset(s) or of a partnership where such Directors are or were partners during the preceding 12 months;

5.4.1.5 have been publicly criticised by a statutory or regulatory authority, including recognised professional bodies, or been disqualified by a court from acting as a Director of a company or from acting in the management or conduct of the affairs of any company;

5.4.1.6 have been involved in any offence of dishonesty;

5.4.1.7 have been removed from an office of trust, on the grounds of misconduct, involving dishonesty; or

5.4.1.8 have been the subject of any court order declaring him delinquent or placing him under probation in terms of section 162 of the Companies Act and/or section 47 of the Close Corporations Act, No 69 of 1984 or been disqualified by a court to act as a Director in terms of section 219 of the Companies Act.

5.5 Chief Financial Officer

Laurelle McDonald is the CFO of THL, and the THL audit and risk committee has considered and satisfied itself of the appropriateness of her expertise and experience in that regard.

5.6 General

5.6.1 *Extracts from the MOI relating to:*

- borrowing powers of Directors;
- appointment of Directors;
- termination of office of Directors;
- interests of Directors;
- rotation of Directors;
- Executive Directors;
- proceedings of Directors;
- Board committees;
- alternate Directors; and
- powers of Directors,

are contained in Annexure 10.

5.6.2 The borrowing powers of the Directors are unlimited and, accordingly, have not been exceeded by the Directors in the previous three years. Any amendment to the unlimited borrowing powers of the Directors will require an amendment to the MOI by way of a special resolution of THL Shareholders.

5.6.3 Directors are not required to hold shares in THL.

5.6.4 The MOI does not provide for a mandatory retirement age for Directors.

5.6.5 In South Africa, the common law and the Companies Act impose on Directors, duties to, among other things, act with care, skill and diligence and to conduct the affairs of the Company of which they are a Director, honestly and in the best interests of the Company.

5.7 Remuneration of Directors

THL's remuneration philosophy will mirror that of the Tsogo Sun Group with the objective of the remuneration policy being to ensure that THL Group attracts and retains employees of the right calibre and skills and motivates them to achieve exceptional performance aligned with the THL Group's strategic priorities.

5.7.1 *Non-executive Directors' fees*

Remuneration of Non-executive Directors will from time to time be determined in accordance with the provisions of section 66 of the Companies Act, as read with the MOI.

Non-executive Directors receive fees for services on THL Board and THL Board committees. Non-executive Directors do not receive short-term incentives and do not participate in any long-term incentive scheme. Proposed increases will be presented to THL Shareholders for approval at THL's AGM and will reflect the market dynamics and the increasingly heavy demands being made on the individuals. Proposed Non-executive Directors' fees for the 2019/2020 year, appear in the table below:

	Chairman Rand	**Member Rand**
Fees for the period 10 May 2019 to 31 March 2020		
Board per (annum)	410 000	275 000
Lead Independent Director [1]	–	325 000
Audit and risk committee (per annum)	170 000	109 000
Remuneration and nomination committee (per meeting, assuming two per annum)	17 500	15 000
Social and ethics committee (per annum)	14 500	11 500

[1] *The Lead Independent Directors' fees comprises normal directors' fees and a fee in excess of normal directors' fees, due to increased responsibilities, which includes the responsibility to manage any potential or real conflicts of interest.*

Non-executive Directors are not subject to any other fixed terms of employment other than the conditions contained in the Company's MOI and, as such, no service contracts have been entered into with the Company. THL's remuneration for Non-executive Directors consists of:

- a basic annual fee for Board, audit and risk committee and social and ethics committee membership; and
- a per meeting attendance fee for members of the remuneration and nomination committee.

5.7.2 *Remuneration of Executive Directors*

Total rewards are set at levels that are competitive within the hospitality sectors and the THL Group will utilise market surveys to ensure that the components of the remuneration structure are appropriate.

The THL Remuneration and Nomination Committee will consider each element of remuneration relative to the market and take into account the performance of the THL Group and the individual executive in determining both quantum and design. The Remuneration and Nomination Committee will also consider the total remuneration (fixed pay plus short-term and long-term incentives) that may be earned at various levels of performance.

The terms of the Executive Directors' employment will remain unchanged post-Unbundling.

Under the employment contracts, the employment of an Executive Director will continue until terminated upon (i) three months' notice for the CEO and CFO, or (ii) retirement of such Director, whichever is the earlier.

THL can also terminate the Executive Director's employment summarily for any reason recognised by law as justifying summary termination.

The value of the gross remuneration package payable in terms of the employment contracts is to be allocated among the following benefits (i) Basic remuneration (ii) retirement and/or medical benefits and (iii) other benefits.

5.7.3 *Other Remuneration of Executive Directors*

In addition to the gross guaranteed remuneration payable, each Executive Director is entitled, among other things, to the following benefits under their terms of service (i) consideration for an annual (financial year) incentive bonus based upon the fulfilment of certain targets set by the THL Board (short-term incentive); and (ii) participation in the THL SAR Plan (long-term incentive).

Short-term incentives reflect a balance between annual financial performance and other specific strategic priorities over which the participant has influence in order to ensure that achievements of short-term financial performance is not at the expense of future opportunities. Performance is measured at EBITDAR and Adjusted Earnings against budget to ensure that both trading and profit post the financing cost of capital allocation decisions are considered.

The short-term incentive for the Executive Directors for the financial year ended 31 March 2019 is expected to be based on the incentives set for the Tsogo Sun Group.

Long-term incentives will be equity-settled in terms of the THL SAR Plan, reducing income statement volatility but resulting in a dilutionary impact for THL Shareholders. THL Shareholders are referred to Annexure 17 for further details on the implications of the conversion from the Tsogo Sun Long Term Incentive Scheme to the THL SAR Plan.

Executive Directors' remuneration for the year ended 31 March 2019

	Basic remuneration R'000	Benefits R'000	Short-term incentives R'000	Long-term incentives R'000	Total R'000
Paid by SSHI					
Marcel von Aulock[1]	5 191	435	–	–	5 626
Laurelle McDonald	1 627	324	469	350	2 770
	6 818	**759**	**469**	**350**	**8 396**

[1] *Marcel von Aulock joined the THL Group as CEO with effect from 1 June 2018 and the table reflects his remuneration from this date to 31 March 2019.*

No fees have been paid to any third party in lieu of Directors' fees.

With the exception of Laurelle McDonald, who has been promoted to the position of CFO, there will be no variation in the remuneration receivable by any of the Executive Directors as a consequence of the Listing, who will continue earning the same remuneration as they were earning prior to the Listing and Unbundling.

Neither THL nor any of its Subsidiaries have, in the three years preceding the date of this Pre-listing Statement, paid (or agreed to pay) any amounts (whether in cash or in securities or otherwise) or given any benefits to any Director or to any company in which he is beneficially interested, directly or indirectly, or of which he is a Director ("**Associate Company**") or to any partnership, syndicate or other association of which he is a member ("**Associate Entity**"), to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the Associate Company or the Associate Entity in connection with the promotion or formation of THL or any of its Subsidiaries.

Other than as set out above, no other remuneration is payable to the Directors.

5.8 Directors' interests

Prior to the Unbundling, all THL Shares are held by Tsogo Sun. Therefore, no THL Shares are held by Tsogo Sun's Directors.

The table below sets out, to the knowledge of the THL Directors, the total amount of Tsogo Sun Shares directly or indirectly owned by the THL Directors as at the Last Practicable Date.

Save as set out below, no THL Director (and his associates) (including any person who may have resigned as a Director within the last 18 months) has any material beneficial interest, directly or indirectly, in any transactions that were effected by THL (i) during the current or immediately preceding financial year, or (ii) during an earlier financial year which remain in any respect outstanding or unperformed.

No THL Director has had any material beneficial interest, either direct or indirect, in the Listing and no promoter or THL Director is or was a member of a partnership, syndicate or other association of persons that has or had such an interest.

	Direct beneficial	Indirect beneficial[1]	Associates	% of Tsogo Sun issued shares net of treasury shares
Executive Directors				
Marcel von Aulock	–	235 495	–	0.02
Laurelle McDonald[2]	46 377	–	–	*
Non-executive Directors				
John Anthony Copelyn	–	1 973 836	–	0.19
Total	**46 377**	**2 209 331**	**–**	**0.21**

** Percentage less than 0.01%.*

The above Directors will be entitled, pursuant to the Unbundling, to THL Shares in the anticipated ratio of one THL Share for every Tsogo Sun Share held on the Record Date.

[1] *Certain of the Directors are nominees of HCI and they (or their associates) may have an indirect interest in Tsogo Sun as a result of those interests held in HCI.*

[2] *These shares were acquired in terms of the Gold Reef Share Scheme Trust ("**Trust**"), an equity-settled share-based compensation plan established in September 1999. Shares acquired through the share scheme were settled by the participants at the subscription prices as determined in the option contracts by way of loans granted by the Trust to the participants. Any dividends paid on those shares are utilised to reduce the balance owing by participants. Loans to participants incur fringe benefit tax as the loans are interest free. As at 31 March 2019, Laurelle McDonald's loan balance owing to the Trust was R687 165.*

5.8.1 Trades by THL Directors in Tsogo Sun Shares in the last twelve months are set out below:

	Acquisition date	Number of shares acquired	Acquisition price per share (R)	Total excluding charges (R)
Executive Directors				
Marcel von Aulock	12-09-18	50 000	19.97	999 428
Marcel von Aulock	11-09-18	7 650	20.00	153 000
Marcel von Aulock	10-09-18	45 566	20.00	911 320
Marcel von Aulock	07-09-18	32 279	19.95	643 966
Marcel von Aulock	06-09-18	100 000	19.97	1 996 954
Total		**235 495**		**4 704 668**

5.9 Service agreements of THL Directors

5.9.1 The Executive Directors have existing employment agreements in place with THL. These employment agreements include standard termination and other provisions for contracts of this nature.

5.9.2 No restraint of trade payments have been paid or are payable to any of the THL Directors.

6. DIRECTORS OF MAJOR SUBSIDIARIES

6.1 Directors of HPF

The full names, ages, business address, capacities and nationalities of HPF Directors, as at the Last Practicable Date, are provided below:

Name	Age	Position	Business address	Nationality
Mohamed Haroun Ahmed	55	Independent Non-executive Director (appointed Lead independent Non-executive Director with effect from 1 June 2019)	Palazzo Towers West, Montecasino Boulevard, Fourways, Gauteng, 2055	South African
Marcel Nikolaus von Aulock	45	Non-executive Director	Palazzo Towers West, Montecasino Boulevard, Fourways, Gauteng, 2055	South African
Mahomed Gani[1]	65	Independent Non-executive Director	The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196	South African
Sydney Arnold Halliday[1]	71	Independent Non-executive Director	The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196	South African
Zibusiso Janice Kganyago[1]	51	Non-executive Director	Palazzo Towers East, Montecasino Boulevard, Fourways, Gauteng, 2055	South African
Mara de Lima	41	Financial Director (appointed as CEO with effect from 1 June 2019)	The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196	South African
Laurelle McDonald	36	Non-executive Director	Palazzo Towers West, Montecasino Boulevard, Fourways, Gauteng, 2055	South African

Name	Age	Position	Business address	Nationality
Gerald Alan Nelson[1]	63	Lead Independent Non-executive Director	The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196	South African
James Robert Nicolella	50	Non-executive Director	Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005	South African

[1] *As a consequence of the cancellation of the proposed transaction to acquire a number of casino property assets from Tsogo Sun, HPF will now remain focused on the hospitality industry for the foreseeable future and will be the principal property-owning subsidiary of THL. Accordingly, these Directors will resign from the Board of HPF with effect from 31 May 2019 and will be replaced on 1 June 2019 by:*

Name	Age	Position	Business address	Nationality
Riaan Erasmus	35	CFO	Palazzo Towers West, Montecasino Boulevard, Fourways, Gauteng, 2055	South African
Sipho Christopher Gina	60	Independent Non-executive Director	Palazzo Towers West, Montecasino Boulevard, Fourways, Gauteng, 2055	South African
Moretlo Lynette Molefi	50	Independent Non-executive Director	Palazzo Towers West, Montecasino Boulevard, Fourways, Gauteng, 2055	South African
Jabulani Geffrey Ngcobo	67	Independent Non-executive Director	Palazzo Towers West, Montecasino Boulevard, Fourways, Gauteng, 2055	South African

6.2 Directors of SSHI

The full names, ages, business address, capacities and nationalities of SSHI Directors as at the Last Practicable Date are provided below:

Name	Age	Position	Business address	Nationality
Fidelis Vusi Dlamini	53	Director	Palazzo Towers West, Montecasino Boulevard, Fourways, Gauteng, 2055	South African
Ravi Nadasen	44	Director	Palazzo Towers West, Montecasino Boulevard, Fourways, Gauteng, 2055	South African
Petrus Jacobus Boshoff	46	Director	Palazzo Towers East, Montecasino Boulevard, Fourways, Gauteng, 2055	South African
Laurelle McDonald	36	Director	Palazzo Towers West, Montecasino Boulevard, Fourways, Gauteng, 2055	South African

7. SHARE CAPITAL AND STATED CAPITAL OF THL

7.1 Share capital of THL

7.1.1 As at the Last Practicable Date, the number of authorised and issued THL Shares is as follows:

THL Share Capital as at the Last Practicable Date	
Authorised THL Shares	
Number of THL Shares*	2 000 000 000
Issued THL Shares	
Number of THL Shares	1 060 895 712
Stated Capital (R)	4 642 049 670

** On 19 March 2019, the Company's authorised share capital was increased from 1 200 000 000 ordinary shares of no par value to 2 000 000 000 ordinary shares of no par value by creating 800 000 000 new ordinary shares of no par value.*

7.1.2 As at the Listing Date, the numbers of authorised and issued THL Shares will be unchanged as follows:

THL Share Capital as at the Listing Date	
Authorised THL Shares	
Number of THL Shares	2 000 000 000
Issued THL Shares	
Number of THL Shares	1 060 895 712
Stated Capital (R)	4 642 049 670

Notes:

None of the THL Shares will be held as treasury shares as at the Listing Date.

On the Listing Date all issued THL Shares are ordinary no par value shares, will be fully paid up and be freely transferable, and shall rank pari passu *with every other issued THL Share in all respects, including in respect of voting rights and dividends.*

No debentures will have been created or issued by THL.

In terms of the Companies Act, the authorised but unissued THL Shares are under the control of the Directors, and the Directors are accordingly able to issue THL Shares subject only to the limitations contained in the Companies Act, the MOI and the Listings Requirements.

7.2 Major and controlling shareholders

As at the Last Practicable Date, the entire issued share capital of THL is held by Tsogo Sun.

On and with effect from the Distribution Date, the Tsogo Sun Shareholders as at the Record Date will become the THL Shareholders.

To the knowledge of the Directors (i) Tsogo Sun is not directly or indirectly owned or controlled by any foreign government; and (ii) there are no arrangements the operation of which may, at a subsequent date, result in a change in control of Tsogo Sun.

Aside from the transactions detailed below, there has been no history of any material change in the controlling shareholder, and trading objects of THL and any of its Major Subsidiaries during the past five years:

7.2.1 The acquisition by Tsogo Sun of 100% of the issued shares of THL from TSHGE, a Tsogo Sun Group company effective 20 May 2019 was undertaken as part of the Internal Restructure in order that the THL Shares can be unbundled to Tsogo Sun Shareholders.

7.2.2 The acquisition by THL of 100% of the issued share capital of SSO from TSHGE, a Tsogo Sun Group company. This transaction, effective from 25 March 2019, was undertaken as part of the Internal Restructure with the objective being to house both the South African and the offshore hotel interests under one holding company, being THL. THL Shareholders are referred to paragraph 7.3 for further details relating to this transaction;

7.2.3 The acquisition of a 50.6% controlling stake in HPF through conversion of the 78 million HPF B-linked units to a single class of share and the injection of 10 THL-owned hotels on an asset-for-share basis. This transaction became effective on 1 September 2016 and for further details relating to this transaction, THL Shareholders are referred to the HPF Circular dated 8 March 2016 which is available on HPF's website at www.hpf.co.za.

7.2.4 The exit of SABMiller plc from its long-term 39.6% shareholding in Tsogo Sun in July 2014. For further information on this fully marketed secondary placement, THL Shareholders are referred to the Placing Circular dated 7 July 2014 which is available on Tsogo Sun website at http://www.tsogosun-transaction.co.za.

As at the Last Practicable Date, 50.9% of Tsogo Sun's issued share capital was held by public shareholders.

A list of the individuals and organisations beneficially holding, to the knowledge of the THL Directors, directly or indirectly, 3% or more of its issued share capital (net of treasury shares) of Tsogo Sun as at the Last Practicable Date is set out below:

Shareholder	Number of Tsogo Sun ordinary shares	% of Tsogo Sun issued shares net of treasury shares
TIHC Investments (RF) Proprietary Limited*	415 182 027	39.2
HCI	102 727 643	9.7
	517 909 670	48.9

** TIHC Investments (RF) Proprietary Limited is a 100% held indirect subsidiary of HCI.*

To the knowledge of the THL Directors, none of the above Tsogo Sun Shareholders hold voting rights which are different from those held by other Tsogo Sun Shareholders.

None of the advisers of THL had an interest in the issued share capital of THL at the Last Practicable Date.

7.3 Alterations to share capital of THL and Internal Restructure

In order to facilitate the Listing and Unbundling, Tsogo Sun resolved to restructure the Tsogo Sun Group's South African and offshore hotel interests under one holding company, being THL. As part of this restructure and in order to ensure that the THL Group has an appropriate capital structure, all non-operational intra-group loans between THL and Tsogo Sun Group companies have been settled. The Internal Restructure involved the following steps and consequential alterations to the share capital of THL:

7.3.1 Prior to the Internal Restructure, the Tsogo Sun Group's offshore hotel interests were housed in SSO which was a wholly owned Subsidiary of TSHGE. In order to ensure that these interests are housed within THL on the Listing Date, with effect from 25 March 2019 THL acquired 100% of the issued share capital in SSO from TSHGE in exchange for the issue of 1 405 712 THL Shares in terms of an "asset-for-share transaction" as contemplated in Section 42 of the Income Tax Act.

7.3.2 In order to ensure that on the Listing Date, the THL Group's external interest-bearing debt only comprised of balances owing to third party lenders (as more fully detailed in Annexure 16), the following balances owing by THL and its Subsidiaries to Tsogo Sun Group companies were settled:

7.3.2.1 On 12 December 2018, TSHGE subscribed for 80 000 ordinary shares of R0.01 each in THL at a subscription price of R1.5 billion. THL subsequently subscribed for 80 ordinary shares of no par value in SSHI at a subscription price of R1.5 billion. SSHI applied these proceeds towards part-settlement of the Treasury Loan with TS.

7.3.2.2 With effect from 13 December 2018 THL restructured its share capital as follows:

7.3.2.2.1 converted the ordinary par value shares of R0.01 each in the authorised and issued share capital into ordinary shares of no par value;

7.3.2.2.2 cancelled the redeemable cumulative par value preference shares of R0.01 each in the authorised but unissued share capital; and

7.3.2.2.3 increased the authorised ordinary shares of no par value from 99 860 ordinary shares of no par value to 1 200 000 000 ordinary shares of no par value by creating 1 199 900 140 new ordinary shares of no par value.

7.3.3 Also, with effect from 13 December 2018 SSHI restructured its share capital as follows:

7.3.3.1 increased the authorised ordinary shares of no par value from 5 000 000 ordinary shares of no par value to 10 000 000 ordinary shares of no par value; and

7.3.3.2 cancelled the 145 000 000 variable rate redeemable cumulative par value preference shares of R0.01 each in the authorised but unissued share capital of the Company.

7.3.4 On 25 March 2019 TSHGE subscribed for 1 059 000 000 ordinary shares of no par value in THL at a subscription price of R725 million. THL subsequently subscribed for 1 059 000 ordinary shares of no par value in SSHI at a subscription price of R725 million. SSHI applied these proceeds towards final settlement of the Treasury Loan with TS.

7.3.5 On 25 March 2019 TSHGE subscribed for 400 000 ordinary shares of no par value in THL at a subscription price of R400 million. The subscription price was discharged by way of set-off against the TSHGE Loan owing by THL to TSHGE, thereby capitalising the TSHGE Loan.

7.3.6 With effect from 19 March 2019 THL increased its authorised ordinary shares of no par value from 1 200 000 000 ordinary shares of no par value to 2 000 000 000 ordinary shares of no par value by creating 800 000 000 new ordinary shares of no par value.

7.3.7 As part of the Internal Restructure and with effect from 20 May 2019, TSHGE disposed of 1 060 895 712 issued THL Shares, comprising 100% of the issued capital of THL, to Tsogo Sun in terms of an "intra-group transaction" as contemplated in sections 45 of the Income Tax Act, in order to facilitate the Unbundling.

Subsequent to the Internal Restructure, the authorised share capital of THL, is 2 000 000 000 ordinary shares of no par value and the issued share capital of THL is 1 060 895 712 ordinary shares of no par value, all of which will be held by Tsogo Sun.

7.4 Consolidations of share capital during the years ended 31 March 2017, 2018 and 2019

There have not been any share capital consolidations or sub-divisions during the years ended 31 March 2017, 2018 and 2019.

7.5 Shares issued by THL and its Major Subsidiaries to third parties, during the 3 years preceding the Last Practicable Date

7.5.1 In anticipation of the Listing, the share capital of THL and SSHI have been restructured as set out in paragraph 7.3. Aside from these alterations to share capital, there have been no shares issued by THL and its Major Subsidiaries, or by any subsidiary where the issue was deemed to be material, to third parties during the 3 years preceding the Last Practicable Date.

7.5.2 On 21 July 2017, HPF launched a fully committed rights offer to raise R1.0 billion through the issue of 71 428 571 new HPF shares at an issue price of R14.00 each in the ratio of 21.76820 new HPF shares for every 100 HPF shares held. Shareholders are referred to the HPF website at www.hpf.co.za for the Circular dated 18 July 2017 relating to the rights offer as well the related finalisation and results SENS announcements published on 13 July 2017 and 4 August 2017 respectively.

7.5.3 On 31 August 2017 HPF issued 2 150 856 shares at an issue price of R14.02 as part settlement of the purchase consideration for the acquisition of certain sections, exclusive use areas and development rights in Sandton Eye Sectional Title Scheme, which Scheme comprises the Radisson Blu Gautrain Hotel. THL Shareholders are referred to the HPF website at www.hpf.co.za for the SENS announcements published on 11 April 2017 and 20 April 2017 respectively.

7.5.4 On Listing, the stated capital account of THL will be R4.6 billion, well in excess of the minimum share capital requirement prescribed by the JSE of R25 000 000.

7.6 Listings on any exchange other than JSE

As at the Listing Date, THL Shares will be listed only on the JSE.

7.7 Extracts of the MOI relating to issues of shares and other securities and the variation of rights

The numbering of the extracts below corresponds to the numbering of the relevant Articles in the MOI:

9.1 Subject to any relevant provisions of the Companies Act, this Memorandum and the Listings Requirements, and without prejudice to any rights previously conferred on the holders of any existing issued shares or class of issued shares, the Board, with the prior approval of an ordinary resolution (or, if so required by the Companies Act, with the prior approval of a Special Resolution) adopted at a General Meeting, may resolve to issue any authorised shares in the Company or other Securities or grant options to subscribe for unissued Securities, with such preferred, deferred or other preferences, rights, limitations or other terms, whether in regard to Distributions, voting, return of capital or otherwise and for such consideration, whether payable in cash or otherwise, as the resolution adopted at the General Meeting may from time to time determine. Without limiting the generality of the aforegoing, Preference Shares may be issued, and existing shares may be converted into Preference Shares, on the basis that they are, or at the option of the Company or the Shareholder are, liable to be redeemed on such terms and in such manner as shall be prescribed in this Memorandum.

As at the Last Practicable Date, there are no options issued over the securities in THL and there are no preferential rights in respect of these securities.

9.2 Notwithstanding the provisions of Article 9.1, no shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of shares may be varied in response to any objectively ascertainable external fact or facts, as provided for in sections 37(6) and 37(7) of the Companies Act.

9.3 Ordinary shares which the Company wishes to issue shall first be offered for subscription to the existing Ordinary Shareholders *pro rata* to their holdings of Ordinary Shares, unless:

9.3.1 otherwise determined by a General Meeting; or

9.3.2 they are issued for the acquisition of assets.

9.4 All or any rights, preferences, limitations and other terms for the time being attached to any class of shares of the Company may (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, be varied in any manner by:

9.4.1 a Special Resolution on which the holders of the class of shares concerned shall be entitled to vote; and

9.4.2 either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction or ratification of a resolution passed in the same manner as a Special Resolution at a separate meeting of the holders of the shares of that class.

The provisions of this Memorandum relating to a General Meeting shall, *mutatis mutandis,* apply to any such separate meeting except that:

9.4.3 the necessary quorum shall be a holder or holders of the class present in person or represented by proxy and holding at least 25% (twenty-five percent) of the issued shares of that class;

9.4.4 if, at any adjourned meeting of such class of holders, a quorum as above defined is not present, those holders who are present shall constitute a quorum; and

9.4.5 any holder of shares of the class present in person or represented by proxy may demand a poll and, on a poll, shall have 1 (one) vote for each share of the class of which such Person is the holder.

9.5 The Company may only issue shares which are:

9.5.1 fully paid up;

9.5.2 freely transferable; and

9.5.3 within the classes that have been authorised by or in terms of this Memorandum.

9.6 All shares for which a listing on the JSE is sought and all shares of the same class as shares which are listed on the JSE must, notwithstanding the provisions of section 40(5) of the Companies Act, only be issued after the Company has received the consideration approved by the Board for the issuance of such shares.

9.7 No person shall be recognised by the Company as holding any share upon any trust, and no notice of any trust, expressed, implied or constructive, shall be entered in the Securities Register or be accepted by the Company. The Company shall not, except as otherwise provided by this Memorandum or by the Statutes or by any order of a Court of competent jurisdiction, be bound by or compelled in any way to recognise any equitable, contingent, future, partial or representative interest in any share or any right in or in respect of any share other than an absolute right to the entirety thereof in the registered holder and such other rights in case of transmission thereof as are hereinafter mentioned.

9.8 The Company may not create or issue any debt instruments which confer on the holder thereof any special privileges, such as attending and voting at a General Meeting and the appointment of any Directors.

9.9 Notwithstanding any provision of this Memorandum to the contrary, the Board may not authorise any financial assistance by the Company in connection with the subscription for or purchase of any of its Securities or those of a related or inter-related company without first complying with section 44(3) of the Companies Act.

9.10 Securities shall not be subject to any lien in favour of the Company.

7.8 Commissions and royalties

There have been no commissions, discounts, brokerages or other special terms granted during the three years preceding the Last Practicable Date in connection with the issue or sale of any securities, stock or debentures in the capital of THL, where this has not been disclosed in any audited annual financial statements.

As a hotel owner, manager and operator, THL and its Subsidiaries incur licence fees for the use of international hotel brands in relation to the following owned properties: the Holiday Inn Sandton and the Crowne Plaza Johannesburg-the Rosebank. These franchise agreements are in the ordinary course of THL's business and entered into on market-related terms consistent with agreements of this nature. Other than these licence fees, there are no material royalties or items of a similar nature payable in respect of THL and any of its Subsidiaries.

8. FINANCIAL INFORMATION

8.1 Historical Financial Information

The historical financial information of THL Group as at and for the years ended 31 March 2017, 2018 and 2019 is set out in Annexure 1.

8.2 Independent reporting accountants' reports on the Historical Financial Information

The independent reporting accountants' report on the financial information of the THL Group for the year ended 31 March 2019 is set out in Annexure 2a. The independent reporting accountants' review report on the financial information of the THL Group for the years ended 31 March 2017 and 2018 is set out in Annexure 2b.

8.3 *Pro Forma* Financial Information

The *Pro Forma* Financial Information presented below has been prepared for illustrative purposes only and because of its nature may not fairly present the THL Group's consolidated financial position and consolidated results of operations.

The *Pro forma* Financial Information is based on the audited historical consolidated financial information of the THL Group prior to the Listing and Unbundling as at and for the year ended 31 March 2019, included as Annexure 1 to the Pre-listing Statement.

The *Pro forma* Financial Information has been prepared on the assumption that the Listing and Unbundling occurred on 1 April 2018 for *pro forma* income statement purposes and on 31 March 2019 for *pro forma* balance sheet purposes.

The *Pro forma* Financial Information has been prepared using the accounting policies of THL Group which comply with IFRS and are consistent with those applied in the Historical Financial Information, set out in Annexure 1.

The *Pro forma* Financial Information is the responsibility of the THL Board. Their responsibility includes determining that the *Pro Forma* Financial Information of THL Group has been properly compiled on the basis stated, and that the *pro forma* adjustments are appropriate for purposes of the *Pro Forma* Financial Information of THL Group disclosed pursuant to the Listings Requirements.

Per THL share	**Before**	***Pro Forma* After the Listing and Unbundling**	**% Change**
EPS (cents)	(450.4)	2.6	100.6
Diluted EPS (cents)	(450.4)	2.6	100.6
HEPS (cents)	1 126.1	34.8	(96.9)
Diluted HEPS (cents)	1 126.1	34.8	(96.9)
Adjusted HEPS (cents)	1 273.1	37.9	(97.0)
NAV (cents)	658.9	662.0	0.5
TNAV (cents)	635.9	639.0	0.5
Number of THL Shares in issue (m)	1 060.9	1 060.9	
Weighted number of THL Shares in issue (m)	21.8	1 060.9	
Diluted weighted number of THL Shares in issue (m)	21.8	1 064.3	

Notes to the *pro forma* financial effects:

8.3.1 The "Before" column sets out the EPS, diluted EPS, adjusted HEPS, HEPS, diluted HEPS, NAV and TNAV per THL Group share as extracted from the Historical Financial Information of the THL Group for the year ended 31 March 2019.

8.3.2 The "After the Listing and Unbundling" column sets out the EPS, diluted EPS, HEPS, adjusted HEPS, diluted HEPS, NAV and TNAV per THL Group share assuming that the Listing and Unbundling took place with effect from 1 April 2018 for *pro forma* consolidated income statement purposes and 31 March 2019 for *pro forma* consolidated balance sheet purposes.

8.3.3 Detailed notes to the *pro forma* financial effects are included with the *pro forma* income statement and balance sheet presented in Annexure 3.

8.4 Dividends and dividend policy

THL may make distributions from time to time, provided that any such distribution is pursuant to an existing legal obligation of THL or a court order or has been authorised by resolution of the THL Board and (save in the case of a *pro rata* distribution to all THL Shareholders (except one which results in shareholders holding shares in an unlisted entity which requires the sanction of an ordinary resolution), cash Dividends paid out of retained income, capitalisation issues or scrip Dividends incorporating an election to receive either capitalisation shares or cash) has been sanctioned by ordinary resolution, and provided further that:

8.4.1 Dividends be paid to THL Shareholders registered as at a date subsequent to the date of declaration or date of confirmation of the Dividend, whichever is the later;

8.4.2 it reasonably appears that THL will satisfy the Solvency & Liquidity Test immediately after completing the proposed distribution; and

8.4.3 no obligation is imposed, if it is a distribution of capital, that THL is entitled to require it to be subscribed for again.

THL must complete any such distribution fully within 120 Business Days after the THL Board acknowledges that the Solvency and Liquidity Test has been applied as aforesaid, failing which it must again comply with the aforementioned.

All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed, provided that dividends unclaimed for a period of three years from the date they were declared may be forfeited for the benefit of the Company. There is no arrangement under which future Dividends are waived or agreed to be waived.

Under South African law, THL will be entitled to pay a Dividend or similar payment to the THL Shareholders only if the Solvency and Liquidity Test is met and is permitted to do so in terms of its MOI.

The Directors will determine the level of dividend distributions as and when appropriate. As discussed in paragraph 3.4.2, in order to substantially reduce the quantum of offshore debt, it is the Board's current intention not to declare and pay a dividend for FY2020.

8.5 Material commitments, lease payments and contingent liabilities

As at the Last Practicable Date, aside from the lease payments set out in Annexure 5, THL has no further material commitments, lease payments or contingent liabilities.

8.6 Borrowings

Details of material borrowings as at the Last Practicable Date are set out in Annexure 16.

8.7 Loans receivable

As at the Last Practicable Date, there are no material loan receivables outstanding.

8.8 Loans payable

As at the Last Practicable Date, there is no material loan capital outstanding.

8.9 Loan to Directors

As at the Last Practicable Date, there are no material loans to Directors of THL (or of any associate of any such Director).

9. GROUP ACTIVITIES

9.1 Principal immovable properties

The situation and tenure, including, in the case of leasehold property, the material rental and unexpired term of the leases, of the principal immovable properties occupied by the THL Group are detailed in Annexure 5.

9.2 Inter-company financial and other transactions

As at the Last Practicable Date, there are no material inter-company financial and other transactions.

9.3 Material acquisitions and disposals

Other than the acquisition of a controlling interest in HPF (of which full details were released on SENS on 15 December 2015), the THL Group has not undertaken any material acquisitions or disposals within the last three years and is not currently contemplating any potential material acquisitions or disposals.

9.4 Material changes

Save as a consequence of the Internal Restructure, there has been no material changes in the financial or trading position of the THL or its Subsidiaries between 31 March 2019 being the end of the last financial period for which audited annual financial statements have been published, and the Last Practicable Date.

9.5 Adequacy of working capital

The Directors are of the opinion that the working capital available to the THL Group is adequate for the present requirements of THL and the THL Group, that is, for a period of 12 months from the date of this Pre-listing Statement.

9.6 HPF property portfolio

The HPF property portfolio, which is deemed to be substantial property assets in relation to THL, has been valued by Bryan Kinyua Kanandu Nyagah and Carlo Geldenhuys of the Independent property valuer, who is an independent external registered professional valuer in terms of the Property Valuers Profession Act, No 47 of 2000.

Detailed valuation reports have been prepared in respect of each of the properties and are available for inspection as set out in paragraph 16. The summary valuation report in respect of the existing properties has been included in Annexure 6.

10. KING IV AND CORPORATE GOVERNANCE

THL Shareholders are referred to Annexure 11, which concerns the application of King IV and other corporate governance principles to THL.

11. LISTING ON THE JSE

The JSE has granted THL a Listing by way of introduction of all the THL Shares on the JSE Main Board under the abbreviated name "THL", share code "TGO" and ISIN ZAE000272522 with effect from the commencement of trade on Wednesday, 12 June 2019. THL will be listed in the "Hotels" sector of the Main Board of the JSE.

12. ADDITIONAL INFORMATION

12.1 Promoters' and other interests

No amounts have been paid or have accrued as payable and no benefit was given or proposed to be given within the last three years to any promoter or to any partnership, syndicate or other association of which he is or was a member.

No Director or promoter has any material beneficial interest, direct or indirect, in the promotion of THL.

No commissions were paid, or accrued as payable, by THL within the three years preceding the date of this Pre-listing Statement in respect of any underwriting.

No commissions, discounts, brokerages or other special terms have been granted by THL within the three years preceding the date of this Pre-listing Statement in connection with the issue or sale of any securities, stock or debentures in the capital of THL.

12.2 Government protection and investment encouragement law

There is no Government protection or investment encouragement law affecting THL or its Subsidiaries.

12.3 Exchange control

12.3.1 This Pre-listing Statement is not an invitation to the public to subscribe for shares in THL and does not amount to a prospectus. Should THL in future issue shares to THL Shareholders, THL Shareholders should ensure that they comply with the Exchange Control Regulations, to the extent that those regulations may be applicable to them. In this regard, the Exchange Control Regulations currently provide that:

12.3.1.1 a former resident of the CMA who has emigrated, may use emigrant blocked funds to subscribe for Shares;

12.3.1.2 all payments in respect of subscriptions for shares by an emigrant, using emigrant blocked funds, must be made through the Authorised Dealer in foreign exchange controlling the blocked assets;

12.3.1.3 any shares issued pursuant to the use of emigrant blocked funds, will be credited to their blocked share accounts at the CSDP controlling their blocked portfolios;

12.3.1.4 any shares subsequently re-materialised and issued in certificated form, will be endorsed "Non-Resident" and will be sent to the Authorised Dealer in foreign exchange through whom the payment was made; and

12.3.1.5 if applicable, refund monies payable in respect of unsuccessful applications or partly successful applications, as the case may be, for shares in terms of a prospectus, emanating from emigrant blocked accounts, will be returned to the Authorised Dealer in foreign exchange through whom the payments were made, for credit to such applicants' blocked accounts.

12.3.2 Shareholders resident outside the CMA should note that, where THL Shares or any future shares issued by THL are subsequently re-materialised and issued in certificated form, such share certificates will be endorsed "Non-Resident" in terms of the Exchange Control Regulations.

12.4 Litigation

There are no material legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which THL is aware, which may have, or have during the 12 months preceding the Last Practicable Date had, a material effect on the financial position of the THL Group.

12.5 Material contracts

Apart from the contracts detailed in Annexure 8, no material contracts have been entered into by the THL Group, being restrictive funding arrangement and/or contracts entered into other than in the ordinary course of business and (i) within the two years prior to the date of this Pre-listing Statement or, (ii) at any other time where such agreement contains an obligation or settlement that is material to THL as at the date of this Pre-listing Statement.

12.6 Experts' consents

The Independent reporting accountants and auditors, Financial adviser and sponsor, Tax advisers, Corporate law advisers, Independent property valuer and Transfer secretaries, whose names appear in the "Corporate information and advisers" section of this Pre-listing Statement, have given and have not, prior to the formal approval of this Pre-listing Statement by the JSE, withdrawn their written consents to the inclusion of their names and capacities stated, and where applicable, to their reports, being included in this Pre-listing Statement.

13. TRANSACTION COSTS

The estimated current costs of the Listing and Unbundling, including the fees payable to professional advisers, are approximately R11.5 million and will be borne by THL. Transaction costs of R11.5 million have been accrued for in the Historical Financial Information for the year ended 31 March 2019. Full details of the transaction costs (exclusive of VAT) are set out below.

Name of expense	Payable to	Estimated amount (Rand '000)
Financial adviser and sponsor	Standard Bank	5 000
Corporate law adviser to THL	Tabacks	2 500
Independent reporting accountants and auditors	PricewaterhouseCoopers	2 500
Transfer secretaries	Link Market Services	30
Independent property valuer	JHI	480
JSE listing fees	JSE	545
Documentation inspection fees	JSE	145
Printing, publication and distribution costs	Bastion	300
Total estimated expenses and fees		**11 500**

14. DISCLOSURE OF CONFLICT

Standard Bank acts as financial adviser and sponsor to THL in relation to the Listing. In its capacity as sponsor, Standard Bank does not believe that there is any matter that would impact on its ability to exercise reasonable care and judgement to achieve and maintain independence and objectivity in professional dealings in relation to THL and that would impact on its ability to act within the Code of Conduct as set out in the Listings Requirements.

It has various internal procedures in place to ensure that its ability to act independently as sponsor is not compromised.

Pursuant to these internal procedures, Standard Bank has a compliance control room that identifies and manages conflicts risks and ensures that strict "Chinese walls" are maintained to ensure that as JSE sponsor, it is able to act independently from other divisions within the bank. Standard Bank also enforces and implements physical and logical access restrictions to information, which is limited to deal teams for whom the information is relevant, for the purpose of fulfilling the client mandate.

Investec Bank Limited will be appointed as ongoing JSE sponsor to the Company on Listing Date.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The THL Directors, whose names are set out in the "Corporate information and advisers" section of this Pre-listing Statement, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by law and the Listings Requirements.

The THL Directors have further considered the contents of the summary valuation report by the Independent property valuer on the HPF Property Portfolio as set out in Annexure 6 to the Pre-listing Statement as well as the full valuation reports on which the summary valuation report is based and are comfortable with the accuracy and the content thereof. The THL Directors furthermore accept responsibility for full valuation reports as well as the information set out in Annexure 6 to the Pre-listing Statement.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered offices of THL and the Financial adviser and sponsor set out in the "Corporate information and advisers" section of the Pre-listing Statement during normal business hours (Saturdays, Sundays and official South African public holidays excepted) from the date of issue of this Pre-listing Statement:

16.1 the MOIs of THL and its Major Subsidiaries;

16.2 the audited consolidated financial statements of THL for the year ended 31 March 2019, as set out in Annexure 1;

16.3 the reviewed consolidated financial statements of THL for the years ended 31 March 2018 and 2017, as set out in Annexure 1;

16.4 the Independent reporting accountants' report on the Historical Financial Information of the THL Group as reproduced in Annexures 2a and 2b;

16.5 the Independent reporting accountants' report on the *Pro Forma* Financial Information of the THL Group as reproduced in Annexure 4;

16.6 the summary valuation report by the Independent property valuer on the HPF Property Portfolio as set out in Annexure 6 and the detailed valuation reports thereto;

16.7 the Executive Directors' employment contracts;

16.8 the written consent letters by experts and advisers, as referred to in paragraph 12.6;

16.9 the rules of the THL SAR Plan;

16.10 a signed copy of this Pre-listing Statement; and

16.11 the material contracts as set out in Annexure 8.

Signed at Johannesburg on 23 May 2019 by Marcel von Aulock and Laurelle McDonald on behalf of all of the Directors of THL in terms of Powers of Attorney signed by such Directors.

HISTORICAL FINANCIAL INFORMATION OF THE THL GROUP FOR THE THREE YEARS ENDED 31 MARCH 2019

INTRODUCTION

The definitions in the Definitions section commencing on page 10 of the Pre-listing Statement have been used throughout this Annexure 1.

As detailed in the Pre-listing Statement, Tsogo Sun intends to separate the THL Group from Tsogo Sun on the Listing Date.

The Directors of THL are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements for THL and related information. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and its interpretations adopted by the International Accounting Standards Board in issue and effective for THL at 31 March 2019 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the JSE Listings Requirements as well as the Companies Act.

The Historical Financial Information is prepared by and is the responsibility of the THL Board.

COMMENTARY

2019 OVERVIEW

Trading for the year ended 31 March 2019 was impacted by the continued pressure on the consumer due to the macro-economic environment. The improved sentiment arising from the positive political developments has not translated into a significant improvement in trading and no change is expected before there is more certainty following the elections earlier in the month. Trading has remained volatile and, while remaining weak on the prior year, reflected good growth during the period post the winter months. In the low-revenue growth environment cost control remained a priority during the year.

In terms of the Group's continued growth strategy R445 million was spent during the year, including:

- the completion of a US$16 million 125 room StayEasy in Maputo, Mozambique, which opened during April 2018. R52 million was spent during the year;
- the Group invested R411 million on replacement capex, including major hotel refurbishments, ensuring our assets remain best in class.

Total revenue for the year of R4.4 billion ended 1% above the prior year with a 2% growth in both rooms revenue and food and beverage revenue, and assisted by a 9% growth in management fees, offset by a 14% reduction in property rental income on the third party managed hotels in Hospitality Property Fund Limited.

EBITDAR at R1.5 billion for the year was 6% down on the prior year. The EBITDAR margin of 34.0% is 2.4 pp down on the prior year due to the impact of the weak revenue growth net of cost savings.

Overall hotel industry occupancies in South Africa have reduced to 62.4% (2018: 64.2%) for the year. Occupancies in Cape Town have remained weak as a result of the impact of the water shortage and additional supply.

Trading for the South African hotels for the year recorded system-wide revenue per available room ("**RevPar**") 1pp up on the prior year due to a 2% increase in average room rates to R1 092, offset by a reduction in occupancy on the prior year to 63.5% (2018: 64.7%).

Overall revenue for the South African hotels division was flat on the prior year at R3.8 billion assisted by the inclusion of the opening of the SunSquare and StayEasy City Bowl hotels on 1 September 2017. EBITDAR decreased by 8% on the prior year to R1.3 billion at a margin of 35.6% (2018: 38.7%).

The Offshore division of hotels achieved total revenue of R605 million which increased 7% on the prior year, impacted by 4% due to the opening of the StayEasy Maputo hotel during April 2018. This was further favourably impacted by the weakening of the Rand against the US Dollar. EBITDAR (pre-foreign exchange gains/losses) increased by 16% to R138 million. Foreign exchange gains of R6 million (2018: R1 million) were incurred on the translation of offshore monetary items, principally between local country currencies and the US Dollar.

Combined South African and offshore hotel trading statistics, reflecting the Tsogo Sun hotels as managed hotels and excluding hotels managed on behalf of third parties and those in HPF managed by third parties, are as follows:

For the year ended 31 March	2019	2018
Occupancy (%)	**60.6**	62.5
Average room rate (R)	**1 064**	1 043
RevPar (R)	**645**	652
Rooms available ('000)	**4 239**	4 123
Rooms sold ('000)	**2 568**	2 576
Rooms revenue (Rm)	**2 732**	2 687

Operating expenses including employee costs, but excluding exceptional items and long-term incentives, increased by 4% on the prior year due to non-organic growth in the business as a result of acquisitions and expansions, offset by savings initiatives. Non-organic represents all new business operations commencing during the current and prior year.

Property rentals at R208 million are 10% up on the prior year mainly due to the opening of the SunSquare and StayEasy Cape Town City Bowl hotels on 1 September 2017.

Amortisation and depreciation at R306 million is 14% up on the prior year due mainly to the capital spend during the current and prior years, including the StayEasy in Maputo, Mozambique, which opened during April 2018.

The long-term incentive charge on the cash-settled incentive scheme of R3 million values the liability (including dividend adjustments) by reference to the Company's share price which is adjusted for management's best estimate of the appreciation units expected to vest and future performance of the Group. A share price of R23.50 was used to value the liability at 31 March 2019.

Exceptional losses for the year of R581 million relate to fair value losses on the revaluation of investment properties of R445 million, mainly related to the non-Tsogo leased hotels in HPF, plant and equipment disposals and impairments of R96 million, mainly related to Southern Sun Ikoyi and Garden Court Nelson Mandela Boulevard, transaction costs of R32 million, restructure costs of R8 million and preopening costs of R1 million, offset by interest rate swap fair value adjustments of R2 million.

Net finance costs of R417 million are 13% below the prior year due to the decrease in debt resulting from the transfer during the year of R2.2 billion debt from the hotel division to the gaming division.

The share of profit of associates and joint ventures of R15 million decreased by R40 million on the prior year mainly due to the Group's share of the reversal of the deferred tax asset on an assessed loss which expired during the year at Maia of R25 million and losses on the revaluation of investment property in the current year compared to gains in the prior year in International Hotel Properties Limited of R10 million, offset by termination fees received in RBH Hotel Group Limited on cancelled contracts.

The effective tax rate, which excludes the Group's share of profit of associates and joint ventures, for the year of 278% is impacted by pre-tax profits attributable to the HPF non-controlling interests due to its real estate investment trust ("**REIT**") tax status, offset by the non-deductible fair value losses on investment property referred to above and non-deductible expenditure.

The loss after tax is R80 million compared to a prior year profit of R660 million.

2018 OVERVIEW

Trading for the year ended 31 March 2018 was impacted by the continued pressure on the consumer due to the macro-economic environment, extremely weak sentiment and political uncertainty. The trading results were assisted by the acquisition of two hotel businesses from the Liberty Group ("**Liberty**") and Hospitality Property Fund Limited ("**HPF**") in the prior year. The potential impact of the positive political developments have resulted in improved sentiment which has not yet translated into a significant improvement in trading, although trading in the second half was better than in the first half of the year. In the low-revenue growth environment cost control remained a significant focus during the year.

In terms of the Group's continued growth strategy R728 million was spent during the year, including:

- the acquisition by HPF of various sections and exclusive use areas of the Sandton Eye sectional title scheme from Savana Property Proprietary Limited and an existing real right of extension in the scheme from Sandton Isle Investments Proprietary Limited for R302 million;
- the development of a US$16 million 125 room StayEasy in Maputo, Mozambique, which opened during April 2018. R145 million was spent during the year;
- the opening of a new 504 room SunSquare and StayEasy branded leased hotel in the Cape Town City Bowl during August 2017. The spend on furniture and fittings was R34 million during the year; and
- the Group invested R434 million on replacement capex group-wide, including major hotel refurbishments, ensuring our assets remain best in class.

Total revenue for the year of R4.4 billion ended 5% above the prior year with a 3% growth in rooms revenue and a 8% increase in food and beverage revenue, and strong growth in property rental income partially offset by a decline in management fees.

EBITDAR at R1.6 billion for the year was 8% up on the prior year. The EBITDAR margin of 36.4% is 1.0 pp up on the prior year.

Overall hotel industry occupancies in South Africa have reduced to 64.2% (2017: 65.2%) for the year. Occupancies in Cape Town have weakened, particularly during the last quarter of the 2018 financial year as a result of the impact of the water crisis.

Trading for the Group's South African hotels for the year recorded system-wide RevPar flat on the prior year due to flat average room rates at R1 066, with occupancies slightly up on the prior year at 64.7% (2017: 64.3%).

Overall revenue for the South African hotels division increased 8% on the prior year to R3.8 billion assisted by the inclusion of the Garden Court Umhlanga and the StayEasy Pietermaritzburg from October 2016, the consolidation of HPF from September 2016 and the opening of the SunSquare and StayEasy City Bowl hotels on 1 September 2017. EBITDAR increased by 8% on the prior year to R1.5 billion at a margin of 38.7% (2017: 38.7%).

The Offshore division of hotels achieved total revenue of R565 million which was 11% down on the prior year impacted by tough local economic environments due mainly to the reduction in commodity prices impacting the local economies negatively. This was further adversely impacted by the strengthening of the Rand against the US Dollar. EBITDAR (pre-foreign exchange gains/losses) decreased by 18% to R119 million. Foreign exchange gains of R1 million (2017: R38 million loss) were incurred on the translation of offshore monetary items, principally between local country currencies and the US Dollar.

Combined South African and offshore hotel trading statistics, reflecting the Tsogo Sun hotels as managed hotels and excluding hotels managed on behalf of third parties and those in HPF managed by third parties, are as follows:

For the year ended 31 March	2018	2017
Occupancy (%)	62.5	62.1
Average room rate (R)	1 043	1 064
RevPar (R)	652	661
Rooms available ('000)	4 123	3 938
Rooms sold ('000)	2 576	2 447
Rooms revenue (Rm)	2 687	2 604

Operating expenses including employee costs, but excluding exceptional items and long-term incentives, increased by 4% on the prior year due to non-organic growth in the business as a result of acquisitions and expansions, offset by savings initiatives. Non-organic represents all new business operations commencing during the current and prior year.

Property rentals at R189 million are 12% up on the prior year mainly due to the opening of the SunSquare and StayEasy Cape Town City Bowl hotels on 1 September 2017, offset by the renegotiation of the Southern Sun Nairobi lease.

Amortisation and depreciation at R270 million is 9% up on the prior year due mainly to the capital spend during the current and prior years.

The long-term incentive credit on the cash-settled incentive scheme of R7 million values the liability (including dividend adjustments) by reference to the holding Company's share price which is adjusted for management's best estimate of the appreciation units expected to vest and future performance of the overall Tsogo Sun Group. A share price of R25.50 was used to value the liability at 31 March 2018.

Exceptional losses for the year of R240 million relate to fair value losses on the revaluation of investment properties of R187 million, mainly related to the non-Tsogo leased hotels in HPF, preopening costs of R20 million, transaction costs of R13 million, restructure costs of R19 million and interest rate swap fair value adjustments of R1 million.

Net finance costs of R480 million are 20% above the prior year due to the increase in debt to fund the growth strategy.

The share of profit of associates and joint ventures of R55 million improved by R23 million on the prior year mainly due to earnings, including the Group's share of exceptional gains of R15 million, from International Hotel Properties Limited and RBH Hotel Group Limited, the Group's European hotel investments.

The effective tax rate, which excludes the Group's share of profit of associates and joint ventures, for the year of 45% is impacted by the release of deferred tax liabilities of R307 million on the disposal of assets to HPF, tax exempt dividend income, pre-tax profits attributable to the HPF non-controlling interests due to its REIT tax status, offset by the non-deductible fair value losses on investment property referred to above and non-deductible expenditure.

The profit after tax is R661 million compared to a prior year profit of R1.4 billion.

2017 OVERVIEW

Trading for the year ended 31 March 2017 was impacted by various expansionary projects, including the acquisition of two hotel businesses from the Liberty Group ("**Liberty**") and through the acquisition of HPF, offset to some extent by a weak trading performance in Africa, particularly in Nigeria.

In terms of our growth strategy the Group has continued to invest significant resources during the year, including:

- the acquisition of two previously managed hotels from Liberty by The Cullinan Hotel Proprietary Limited ("**Cullinan**"), being the Garden Court Umhlanga and the StayEasy Pietermaritzburg for R310 million effective 1 October 2016, bringing the number of hotels and rooms in Cullinan to 10 and 2 263 respectively. This was followed by the acquisition of the 40% shareholding Liberty had in Cullinan, including all shareholders' loans owing to Liberty for R1.0 billion effective 1 December 2016;

- the acquisition of a 50.6% controlling stake in HPF through conversion of the 78 million HPF B-linked units to a single class of share and the injection of 10 owned hotels on an asset for share basis; and

- the Group invested R582 million on replacement capex group-wide, including major hotel refurbishments, ensuring our assets remain best in class.

Total revenue for the year of R4.1 billion ended 21% above the prior year mainly as a result of the inclusion of HPF.

EBITDAR at R1.5 billion for the year was 35% up on the prior year. The EBITDAR margin of 35.3% is 3.7 pp up on the prior year.

The hotel industry in South Africa continues to experience a recovery from the dual impact of depressed demand and oversupply. Overall industry occupancies have improved to 65.2% (2016: 63.8%) for the year. Trading for the Group's South African hotels for the year recorded a system-wide RevPar growth of 6% on the prior year due mainly to an increase in average room rates by 5% to R1 067, with occupancies above the prior period at 64.3% (2016: 63.5%).

Overall revenue for the South African hotels division was assisted by the inclusion of the Holiday Inn Sandton and Crowne Plaza Rosebank hotel businesses from March 2016, the Garden Court Umhlanga and the StayEasy Pietermaritzburg from October 2016, the consolidation of HPF from September 2016 and the closure of the Riverside Sun and Sabi River Sun hotels for refurbishment during the prior year.

The Offshore division of hotels achieved total revenue of R634 million which was 8% down on the prior year, impacted by tough local economic environments due mainly to the reduction in commodity prices impacting the local economies negatively. This was further adversely impacted by the strengthening of the Rand against both the US Dollar and the Euro. EBITDAR (pre-foreign exchange losses) decreased by 24% to R146 million. Foreign exchange losses of R38 million (2016: R23 million) were incurred on the translation of offshore monetary items, principally between local country currencies and the US Dollar.

Combined South African and offshore hotel trading statistics, reflecting the Tsogo Sun hotels as managed hotels and excluding hotels managed on behalf of third parties and those in HPF managed by third parties, are as follows:

For the year ended 31 March	2017	2016
Occupancy (%)	62.1	61.1
Average room rate (R)	1 064	1 036
RevPar (R)	661	633
Rooms available ('000)	3 938	3 666
Rooms sold ('000)	2 447	2 238
Rooms revenue (Rm)	2 604	2 319

Operating expenses including employee costs, but excluding exceptional items and long-term incentives, increased by 14% on the prior year due to non-organic growth in the business as a result of acquisitions and expansions. Non-organic represents all new business operations commencing during the current and prior year.

Property rentals at R169 million are 14% up on the prior year mainly due to due to the acquisition of the Holiday Inn Sandton and Crowne Plaza Rosebank hotel businesses in March 2016, with this rental eliminating on consolidation of HPF from 1 September 2016.

Amortisation and depreciation at R248 million is 2% up on the prior year due mainly to the capital spend during the current and prior years.

The long-term incentive charge on the cash-settled incentive scheme of R34 million values the liability (including dividend adjustments) by reference to the holding company's share price which is adjusted for management's best estimate of the appreciation units expected to vest and future performance of the overall Tsogo Sun Group.

Exceptional gains for the year of R788 million relate to fair value gains on the revaluation of investment properties of R754 million, mainly related to the non-Tsogo leased hotels in HPF, the release of a fair value reserve for the available-for-sale HPF investment of

R46 million, profit on sale of investment properties of R36 million related to the Inn on the Square disposed of by HPF, gains on bargain purchases of R82 million, partially offset by transaction costs of R22 million, restructure costs of R11 million, property, plant and equipment disposals and impairments and loan impairments of R91 million, including an impairment of the Southern Sun Ikoyi of R75 million due to tough local economic environments as mentioned above and interest rate swap fair value adjustments of R6 million.

Net finance costs of R398 million are 26% above the prior year due to the increase in debt to fund the growth strategy.

The share of profit of associates and joint ventures of R32 million improved by R10 million on the prior year mainly due to earnings, including the Group's share of exceptional gains of R9 million, from International Hotel Properties Limited and Redefine BDL, the Group's European hotel investments.

The effective tax rate, which excludes the Group's share of profit of associates and joint ventures, for the year of 1% is impacted the non-taxable fair value gains on investment property and the gains on a bargain purchases referred to above, tax exempt dividend income, pre-tax profits attributable to the HPF non-controlling interests due to its REIT tax status, deductible foreign exchange losses on local country currency movements in the African operations that reverse on consolidation and offshore tax rate differentials.

The profit after tax is R1.4 billion compared to a prior year profit of R257 million.

CONSOLIDATED INCOME STATEMENT OF TSOGO SUN HOTELS LIMITED

For the three years ended 31 March 2019

(ZAR'm)	Notes	2019	2018	2017
Rooms revenue	7	**2 732**	2 687	2 604
Food and beverage revenue	7	**990**	969	898
Other revenue	7	**310**	292	328
Property rental income		**357**	416	313
Revenue		**4 389**	4 364	4 143
Property and equipment rentals	8	**(222)**	(203)	(183)
Amortisation and depreciation	9	**(306)**	(270)	(248)
Employee costs	10	**(1 145)**	(1 088)	(1 081)
Other operating expenses	11.1	**(1 878)**	(1 718)	(1 746)
Other gains	11.2	**–**	–	164
Fair value adjustment of investment properties	16	**(445)**	(187)	754
Operating profit		**392**	898	1 803
Finance income	12	**38**	55	54
Finance costs	13	**(455)**	(535)	(452)
Share of profit of associates and joint ventures	19, 20	**15**	55	32
(Loss)/profit before income tax		**(10)**	472	1 437
Income tax expense	14	**(70)**	188	(21)
(Loss)/profit for the year		**(80)**	661	1 416
(Loss)/profit attributable to:				
Equity holders of the Company		**(98)**	495	890
Non-controlling interests		**18**	166	526
(Loss)/profit for the year		**(80)**	661	1 416
Earnings per share and diluted earnings per share (cents)		**(450.43)**	34 963.70	62 870.75

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF TSOGO SUN HOTELS LIMITED

For the years ended 31 March

(ZAR'm)	Notes	2019	2018	2017
(Loss)/profit for the year		**(80)**	661	1 416
Other comprehensive income for the year, net of tax				
Items that may be reclassified subsequently to profit or loss		**173**	(89)	(96)
Cash flow hedges		**4**	(4)	–
Currency translation adjustments		**170**	(86)	(96)
Income tax relating to items that may subsequently be reclassified to profit or loss		**(1)**	1	–
Items that may not be reclassified subsequently to profit or loss		**2**	3	2
Remeasurements of post-employment defined benefit liability		**3**	4	3
Income tax relating to items that may not subsequently be reclassified to profit or loss		**(1)**	(1)	(1)
Total other comprehensive income		**175**	(86)	(94)
Total comprehensive income for the year		**96**	574	1 322
Total comprehensive income attributable to:				
Equity holders of the Company		**75**	410	796
Non-controlling interests		**21**	164	526
		96	574	1 322

CONSOLIDATED BALANCE SHEET OF TSOGO SUN HOTELS LIMITED

at 31 March

(ZAR'm)	Notes	2019	2018	2017
ASSETS				
Non-current assets				
Property, plant and equipment	15	**7 684**	7 462	7 621
Investment properties	16	**4 881**	5 101	4 843
Goodwill	17	**354**	354	354
Other intangible assets	18	**50**	42	39
Investments in associates	19	**488**	477	446
Investments in joint ventures	20	**120**	128	126
Non-current receivables	21	**6**	38	46
Derivative financial instruments	30	**–**	–	2
Post-employment benefit liability	31	**1**	–	–
Deferred income tax assets	22	**52**	47	61
Total non-current assets		**13 636**	13 649	13 538
Current assets				
Inventories	23	**46**	43	42
Trade and other receivables	24	**458**	367	436
Cash and cash equivalents	25	**407**	357	455
Other current assets	39	**39**	–	–
		950	767	933
Non-current assets held for sale	26	**–**	66	66
Total current assets		**950**	833	999
Total assets		**14 586**	14 482	14 537
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Ordinary share capital and premium	27	**4 642**	1 923	1 923
Other reserves	28	**289**	118	(179)
Retained earnings		**2 059**	2 161	1 663
Total shareholders' equity		**6 990**	4 202	3 407
Non-controlling interests		**2 939**	3 209	2 559
Total equity		**9 929**	7 411	5 966
LIABILITIES				
Non-current liabilities				
Interest-bearing borrowings	29	**2 885**	2 909	3 913
Derivative financial instruments	30	**–**	4	2
Deferred income tax liabilities	22	**212**	264	589
Post-employment benefit liability	31	**–**	1	4
Deferred revenue	32	**34**	31	29
Long-term incentive liabilities	33	**5**	11	7
Provisions	34	**51**	47	43
Other non-current liabilities	35	**186**	149	123
		3 373	3 416	4 710
Current liabilities				
Interest-bearing borrowings	29	**485**	132	208
Trade and other payables	36	**631**	556	763
Deferred revenue	32	**70**	64	58
Current income tax liabilities		**98**	68	39
Other current liabilities	39	**–**	2 835	2 793
Total current liabilities		**1 284**	3 655	3 861
Total liabilities		**4 657**	7 071	8 571
Total equity and liabilities		**14 586**	14 482	14 537
Net asset value per share (cents)		**658.92**	296 767.98	240 630.99
Tangible net asset value per share (cents)		**635.90**	284 107.39	250 165.44

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF TSOGO SUN HOTELS LIMITED
For the three years ended 31 March 2019
Attributable to equity holders of the Company

(ZAR'm)	Ordinary share capital and premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 April 2016	1 923	(547)	993	2 369	498	2 867
Common control acquisition	–	(997)	–	(997)	–	(997)
Total comprehensive income	–	(96)	892	796	526	1 322
Profit for the year	–	–	890	890	526	1 416
Currency translation adjustments	–	(96)	–	(96)	(414)	(96)
Remeasurements of post-employment defined benefit liability net of tax	–	–	2	2	–	2
Settlement of Cullinan put liability with non-controlling interests	–	493	(187)	306	(306)	–
Consideration to HPF non-controlling interests in hotels assets	–	968	–	968	353	1 321
Acquisition of non-controlling interests from HPF	–	–	–	–	1 592	1 592
Ordinary dividends	–	–	(35)	(35)	(104)	(139)
Balance at 31 March 2017	1 923	(179)	1 663	3 407	2 559	5 966
Total comprehensive income	–	(87)	498	411	164	575
Profit for the year	–	–	495	495	166	661
Cash flow hedges net of tax	–	(1)	–	(1)	(2)	(3)
Currency translation adjustments	–	(86)	–	(86)	–	(86)
Remeasurements of post-employment defined benefit liability net of tax	–	–	3	3	–	3
Consideration to HPF non-controlling interests in hotels assets	–	(37)	–	(37)	1 067	1 030
Acquisition of non-controlling interests from HPF	–	436	–	436	(436)	–
Consideration to HPF non-controlling interests	–	(15)	–	(15)	15	–
Ordinary dividends	–	–	–	–	(160)	(160)
Balance at 31 March 2018	1 923	118	2 161	4 202	3 209	7 411
Total comprehensive income	–	171	(96)	75	21	96
(Loss)/profit for the year	–	–	(98)	(98)	18	(80)
Cash flow hedges, net of tax	–	2	–	2	1	3
Currency translation adjustments	–	169	–	169	2	171
Remeasurements of post-employment defined benefit liability net of tax	–	–	2	2	–	2
Issue of shares	2 719	–	–	2 719	–	2 719
Ordinary dividends	–	–	(5)	(5)	(291)	(296)
Balance at 31 March 2019	**4 642**	**289**	**2 059**	**6 990**	**2 939**	**9 929**

CONSOLIDATED CASH FLOW STATEMENT OF TSOGO SUN HOTELS LIMITED

For the three years ended 31 March

(ZAR'm)	Notes	2019	2018	2017
Cash flows from operating activities				
Cash generated from operations	37	**1 311**	1 277	1 164
Interest received		**37**	55	53
Finance costs paid		**(459)**	(533)	(504)
Income tax paid	38	**(79)**	(103)	(101)
Dividends paid to shareholders		**(5)**	–	(35)
Dividends paid to non-controlling interests		**(291)**	(160)	(104)
Dividends received		**11**	22	61
Net cash generated from operating activities		**525**	558	534
Cash flows from investment activities				
Purchase of property, plant and equipment – expansionary		**(53)**	–	–
Purchase of property, plant and equipment – replacement		**(251)**	(313)	(505)
Proceeds from disposals of property, plant and equipment		**36**	1	1
Acquisition and development of investment properties		**(160)**	(415)	(77)
Proceeds from disposal of investment property		**–**	–	144
Purchase of intangible assets		**(16)**	(9)	(7)
Proceeds from disposal of non-current assets held for sale		**–**	1	–
Acquisition and development of non-current assets held for sale		**–**	(2)	–
Acquisition of HPF, net of cash acquired		**–**	–	189
Acquisition of Umhlanga and Pietermaritzburg businesses		**–**	–	(310)
Net cash utilised for investment activities		**(444)**	(737)	(565)
Cash flows from financing activities				
Borrowings raised		**174**	1 196	245
Borrowings repaid		**(145)**	(2 069)	(572)
Cash proceeds from rights issue to HPF non-controlling interests, net of share issue costs		**–**	995	–
Proceeds from share issue		**2 225**	–	–
Acquisition of non-controlling interests		**–**	–	(458)
Other current liabilities (repaid)/raised		**(2 366)**	42	974
Net cash (utilised for)/generated from financing activities		**(112)**	164	189
Net (decrease)/increase in cash and cash equivalents		**(31)**	(15)	158
Cash and cash equivalents at beginning of the year, net of bank overdrafts		**225**	248	95
Foreign currency translation		**18**	(8)	(5)
Cash and cash equivalents at end of the year, net of bank overdrafts	25	**212**	225	248

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the consolidated annual financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

(a) Basis of preparation

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and Interpretations as issued by the IFRS Interpretations Committee, and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council ("**FRSC**"), the Listings Requirements of the JSE and have been prepared under the historical cost convention, as modified by the revaluation to fair value of certain financial instruments and investment property as described in the accounting policies below.

(b) New and amended standards adopted by the Group

The Group has adopted all the new, revised or amended accounting standards as issued by the IASB which were effective for the Group from 1 April 2018, the significant accounting standards being:

- IFRS 9 *Financial Instruments*; and
- IFRS 15 *Revenue from Contracts with Customers*.

The adoption of IFRS 9 and IFRS 15 was applied retrospectively without restating comparative figures. There was no material impact identified on the Group's financial statements and therefore the Group's opening retained income has not been adjusted. The impact of these new standards is discussed below. No other standards had any material impact on the Group.

(i) IFRS 9 *Financial Instruments*

The adoption of IFRS 9 with effect from 1 April 2018 resulted in changes in accounting policies and had no material impact on the Group's financial statements.

Classification and measurement

The majority of financial assets held by the Group include debt instruments being trade and other receivables which continue to qualify for measurement at amortised cost under IFRS 9 because they are held to collect contractual cash flows comprising principal and interest, therefore there is no change to the classification and measurement for these assets, together with deposits and cash and cash equivalents. In addition, the Group holds derivatives which continue to be classified at fair value through profit or loss..

Hedge accounting

The new hedge accounting rules align the accounting for hedging instruments more closely with the Group's risk management practices and the Group's interest rate swaps in place at 31 March 2018 continue to qualify as cash flow hedges upon the adoption of IFRS 9, having no impact on the Group's previously reported financial statements.

Impairment of financial assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with an expected credit loss model. The Group has elected to apply the IFRS 9 simplified approach to measuring expected credit losses ("**ECL**") which uses a lifetime expected loss allowance for trade receivables measured at amortised cost. The balance of the Group's financial assets measured at amortised cost are loan receivables and cash and cash equivalents to which the general model is applied. The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets and no material impact was identified.

(ii) IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. The Group adopted IFRS 15 from 1 April 2018 which resulted in changes in accounting policies. Under IAS 18, revenue was recognised as services were rendered given the nature of the services provided or as goods were transferred. Under IFRS 15 revenue will continue to be recognised as control in relation to goods or services is transferred either at a point in time or over time depending on the nature of the goods or services, therefore the adoption of IFRS 15 does not have a material effect on the Group's revenue recognition and no change has been made to the Group's opening retained income.

(c) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The CODM has been identified as the Group's CEO and the Group senior management. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the reports reviewed by the CODM which are used to make strategic decisions.

(d) Basis of consolidation and business combinations

The consolidated financial statements include the financial information of subsidiary, associate and joint venture entities owned by the Group.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the financial statements from the date control commences until the date control ceases. Increases in fair value of assets that occur on the Group obtaining control, for nil consideration, of an entity previously accounted for as an associate or joint venture is transferred to a reserve called "Surplus arising on change in control".

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Control exists where the Group has the ability to direct or dominate decision-making in an entity, regardless of whether this power is actually exercised.

Goodwill arising on consolidation represents the excess of the costs of acquisition over the Group's interest in the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities of the acquired entity at the date of acquisition. Where the fair value of the Group's share of separable net assets acquired exceeds the fair value of the consideration, the difference is recognised immediately in profit or loss.

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(ii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests (i.e. transactions with non-controlling interests where there is no change in control) as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests and direct costs incurred in respect of transactions with non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence or joint control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Associates and joint ventures

Associates are entities over which the Group has directly or indirectly significant influence but not control, generally accompanying a shareholding of 20% to 50%, where significant influence is the ability to influence the financial and operating policies of the entity. A joint venture is an entity over which the Group contractually shares control with one or more partners.

Investments in associates and joint ventures are accounted for using the equity method of accounting.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The net investment in an associate or joint venture is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated.

(iv) Goodwill

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis. Any impairment identified is recognised immediately in profit or loss and is not reversed.

Goodwill is allocated to cash-generating units ("**CGUs**") for the purpose of impairment testing. Each of those CGUs is identified in accordance with the basis on which the businesses are managed from both a business type and geographical basis.

(v) Common control acquisitions

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and such control is not transitory.

A transaction deemed to be a transaction under common control consequently falls outside the scope of IFRS 3 *Business Combinations*. The Group's accounting policy is to apply predecessor accounting to common control transactions. Common control accounting is applied and, under the predecessor accounting method, assets and liabilities acquired, including goodwill acquired, are recognised at the predecessor values with the difference between the acquisition value and the aggregate purchase consideration recognised as a separate reserve in equity, a "common control" reserve. The common control reserve is determined on the date of legal transfer. The Group's policy is to restate the comparatives of the acquiror as though the acquiree had always formed part of the acquiring entity from the date of original control being obtained by the Group.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in SA Rand which is the Group's presentation currency.

(ii) Transactions and balances

The financial statements for each Group company have been prepared on the basis that transactions in foreign currencies are recorded in their functional currency at the rate of exchange ruling at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date with the resultant translation differences being credited or charged against income in the income statement. Translation differences on non-monetary assets such as equity investments classified as FVOCI assets are included in other comprehensive income.

(iii) Foreign subsidiaries, associates and joint ventures – translation

Significant once-off items in the income and cash flow statements of foreign subsidiaries, associates and joint ventures expressed in currencies other than the SA Rand are translated to SA Rand at the rates of exchange prevailing on the day of the transaction. All other items are translated at weighted average rates of exchange for the relevant reporting period. Assets and liabilities of these undertakings are translated at closing rates of exchange at each balance sheet date. Specific transactions in equity are translated at rates of exchange ruling at the transaction dates. All translation exchange differences arising on the retranslation of opening net assets together with differences between income statements translated at average and closing rates are recognised as a separate component of other comprehensive income. For these purposes net assets include loans between Group companies that form part of the net investment, for which settlement is neither planned nor likely to occur in the foreseeable future and is either denominated in the functional currency of the parent or the foreign entity. When a foreign operation is disposed of, any related exchange differences in other comprehensive income are reclassified in profit or loss as part of the gain or loss on disposal.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the Group and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Assets' residual values and useful lives are reviewed by management and adjusted, if appropriate, at each balance sheet date and triennially independent valuations are completed by external valuators in respect of land and buildings. Land and buildings comprise mainly hotels.

(i) Assets in the course of construction

Assets in the course of construction are carried at cost less any impairment loss. Cost includes professional fees and for qualifying assets certain borrowing costs as determined below. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(ii) Depreciation

No depreciation is provided on freehold land or assets in the course of construction. In respect of all other property, plant and equipment, depreciation is provided on a straight-line basis at rates calculated to write off the cost less the estimated residual value, of each asset over its expected useful life as follows:

Freehold properties	20 – 50 years
Leasehold building improvements Shorter of the lease term or 50 years	
Computer equipment and software	2 – 10 years*
Furniture, fittings and other equipment	3 – 15 years*
Vehicles	5 years*
Operating equipment	2 – 3 years

* *These categories have been grouped together under "Plant and equipment" in Note 15 Property, Plant and Equipment.*

Operating equipment that meets the definition of property, plant and equipment (which includes kitchen utensils, crockery, cutlery, linen and uniforms) is recognised as an expense based on usage. The period of usage depends on the nature of the operating equipment and varies between two and three years.

(iii) Profit or loss on disposal

The profit or loss on the disposal of an asset is the difference between the disposal proceeds and the net book amount of the asset.

(iv) Capitalisation of borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. The Group considers a period of greater than 12 months to be substantial. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(g) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and where companies in the Group occupy no or an insignificant portion, is classified as investment property. Investment property also includes property that is being constructed or developed for future use. The nature of these properties is mostly hotels and includes furniture, fixtures and equipment and the underlying letting enterprise.

Investment property is stated at fair value. Gains or losses arising on changes in the fair value are recognised immediately in profit or loss.

Fair value measurement

Properties are initially recognised at cost on acquisition, which comprises the purchase price and includes expenditure that is directly attributable to the acquisition of the property. Subsequent costs are included in the property's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the Group and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its carrying value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an owner-occupied property becomes an investment property, it is reclassified as investment property. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes. The property is revalued through OCI to fair value before being transferred.

(h) Intangible assets (other than goodwill)

Intangible assets are stated at cost less accumulated amortisation which is determined on a straight-line basis (if applicable) and impairment losses. Cost is usually determined as the amount paid by the Group, unless the asset has been acquired as part of a business combination. Intangible assets acquired as part of a business combination are recognised at fair value at the acquisition date. Amortisation is included together with depreciation in the income statement.

Intangible assets with indefinite lives are not amortised but are subject to annual reviews for impairment.

Intangible assets with finite lives are amortised over their estimated useful economic lives, and only tested for impairment where there is a triggering event. The Directors' assessment of the useful life of intangible assets is based on the nature of the asset acquired, the durability of the products to which the asset attaches and the expected future impact of competition on the business.

Intangible assets acquired as part of a business combination are recognised separately when they are identifiable, reliably measurable and it is probable that economic benefits will flow to the Group.

(i) Computer software

Where computer software is not an integral part of a related item of property, plant and equipment, the software is capitalised separately as an intangible asset.

Computer software, licence and development costs are amortised over their estimated useful economic lives of two to 10 years which are reassessed on an annual basis.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

(ii) Intellectual property

Intellectual property is recognised on business combinations at fair value at acquisition date and amortised over estimated useful economic lives of 10 years.

(iii) Other

Other comprises management contracts recognised in business combinations at fair value at acquisition date and trademarks.

(i) Investments and other financial assets

(i) The following applies to the Group's adoption of IFRS 9 Financial Instruments with effect from 1 April 2018, with effect from that date:

Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured at fair value through profit or loss; and
- Those to be measured at amortised cost (debt instruments).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Recognition and derecognition

Financial assets are recognised when the Group becomes a party to the contractual provisions of the respective instrument. Financial assets are derecognised when the right to receive cash flows from the asset has expired or has been transferred and the Group has transferred substantially all risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

- Debt instruments

  These are the assets held to collect contractual cash flows where those cash flows represent solely payments of principal and interest and are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss included in other operating expenses. Interest income is recognised using the effective interest method.

Impairment

The Group assesses, on a forward looking basis, the expected credit losses associated with its debt instruments carried at amortised cost.

The Group applies the simplified approach to measuring expected credit losses ("**ECL**") which uses lifetime expected losses to be recognised from initial recognition of trade receivables. The balance of the Group's financial assets measured at amortised cost comprise loan receivables and cash and cash equivalents to which the general model is applied.

Impairment losses are presented in other operating expenses.

(ii) Accounting policy applied until 31 March 2018

Classification

The Group classified its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The Group determined the classification of its financial assets at initial recognition.

Subsequent measurement

Subsequent to the initial recognition, loans and receivables were carried at amortised cost using the effective interest method and available-for-sale investments fair value movements were accounted for in other comprehensive income (unless impaired) and dividends were accounted for in profit and loss. The measurement at initial recognition did not change on adoption of IFRS 9.

Impairment

The Group assessed at each balance sheet date whether there is objective evidence that a financial asset is impaired.

For loans and receivables, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss recognised in profit or loss. If in a subsequent period, the amount of the impairment loss decreases and the decrease could be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss was recognised in profit or loss.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered as an indicator that the securities were impaired. If any such evidence existed for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) was removed from other comprehensive income and recognised in the income statement. Impairment losses recognised in profit or loss on equity instruments were not reversed through profit or loss.

(j) Derivative instruments and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and the nature of the item being hedged. The Group designates its derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities (cash flow hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The Group does not hold or issue derivative financial instruments for speculative purposes.

Cash flow hedges that qualify for hedge accounting

Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage interest rate risk to which the cash flows of certain liabilities are exposed.

The effective portion of gains and losses on derivatives used to manage cash flow interest rate risk are recognised in other comprehensive income and accumulated in the cash flow hedge reserve. However, if the Group closes out its position early, the cumulative gains and losses recognised in other comprehensive income are frozen and reclassified from the cash flow hedge reserve to profit or loss using the effective interest method. The ineffective portion of gains and losses on derivatives used to manage cash flow interest rate risk are recognised in profit or loss within other operating expenses.

Cash flow hedge accounting is discontinued when a hedging instrument expires or is sold, terminated or when a hedge no longer meets the criteria for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss existing in equity remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss within other operating expenses.

(k) Fair value measurement

Financial instruments carried at fair value, by valuation method, are defined as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); or
- Level 3 – inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(l) Offsetting financial instruments

Where a legally enforceable right exists to set off recognised amounts of financial assets and liabilities and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously, which are in determinable monetary amounts, the relevant financial assets and liabilities are offset. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the respective company or counterparty.

(m) Inventories

Inventories are valued at the lower of cost or net realisable value. Operating equipment utilised within 12 months is recognised as an expense based on usage. Provision is made for slow-moving goods and obsolete materials are written off. Cost is determined on the following basis:

- Consumable stores are valued at invoice cost on a first in, first out ("**FIFO**") basis.
- Food and beverage inventories and operating equipment are valued at weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

(n) Non-current assets held for sale

Non-current assets held for sale are those non-current assets of which the carrying amount will be recovered principally through sale rather than use. These non-current assets are available for immediate sale in their present condition, subject only to terms that are usual for the sale of such assets, and the sale is probable within a year as management is committed to a plan to dispose of the non-current assets, actively market them, and expect that these assets will be sold within a year.

(o) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(p) Impairment of non-financial assets

At each balance sheet date the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("**CGUs**"). If the recoverable amount of a CGU is estimated to be less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

(q) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are shown in equity as a deduction, net of tax, from the proceeds and are included in the share premium account.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to the Company's equity holders until the shares are cancelled, re-issued or disposed of. Where such shares are subsequently sold or re-issued, any consideration received is included in equity attributable to the Company's equity holders.

(r) Borrowings and finance costs

Borrowings are recognised initially at fair value and are subsequently stated at amortised cost and include accrued interest and prepaid facility transaction costs.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognised in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Finance costs include all borrowing costs incurred on borrowing instruments together with related costs of debt facilities management. Such costs include facility commitment fees which are expensed in borrowing costs as incurred and facility raising fees which are amortised through borrowing costs over the life of the related facilities. Borrowing costs, other than borrowing costs capitalised (refer Note f(iv)), are recognised in the income statement in the period in which they are incurred.

(s) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

(t) Provisions

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision is made for wide area progressives and is based on the meter readings.

The Group also recognises a provision for bonus plans and long-service awards.

(u) Income

Income comprises revenue from contracts with customers and other income:

(i) Revenue from contracts with customers

The Group is in the business of providing hotel rooms, food and beverage, management fees, banqueting and venue hire, parking revenues and hotel sundry revenues. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Rooms revenue is recognised over time due to the nature of accommodation being consumed by customers over a period of time. The customer simultaneously receives and consumes the benefits provided as provision of a room is made to the customer. Food and beverage revenue is recognised at a point in time. Management fees, banqueting, venue hire, and parking revenues are recognised over time as the customer receives and consumes the economic benefits. No element of financing is deemed present as the sales are made generally by cash or negotiated credit terms of 30 days. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The Group does not have significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers as the revenues mentioned above are all based on stand-alone selling prices and pre-determined settlement dates. The Group considers whether there are other promises in the contract that are separable performance obligations to which a portion of the transaction price needs to be allocated (customer loyalty programmes).

Customers purchasing the Group's facilities may enter the Group's customer reward programmes and earn rewards that are redeemable against future purchases of the Group's hotel rooms. The Group allocates a portion of the consideration received to these reward programmes based on stand-alone selling prices. The amount allocated to the reward programme is deferred and is recognised as revenue when rewards are redeemed. When estimating stand-alone selling price of the rewards, the Group considers the likelihood that the customer will redeem the points based on historical usage and forfeiture rates and any adjustments to the contract liability are allocated to revenue.

Management fees, banqueting and venue hire, parking fees and hotel sundry revenues have been included as "other revenue" as these do not represent material revenue streams to the Group.

(ii) Other income

Property rental income

Property rentals received are recognised on a straight-line basis over the term of the lease. Contingent (variable) rentals are included in revenue when the amounts can be reliably measured. Recoveries of costs from lessees, where the Group merely acts as agent and makes payment of these costs on behalf of lessees, are offset against the relevant costs.

(v) Leases

(i) The Group is the lessee

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged or credited to the income statement on a straight-line basis over the period of the lease.

(ii) The Group is the lessor

Assets leased to third parties under operating leases are included in property, plant and equipment (refer Note f) and investment property (refer Note g) in the balance sheet.

(w) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a pension or provident plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(ii) Other post-employment obligations

The Group operates a defined benefit plan for a portion of the medical aid members. This fund is now closed to new entrants. The assets of the scheme are held separately from those of the Group and are administered by trustees.

The liability recognised in the balance sheet in respect of the plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using reference to current market yields on South African government bonds.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in full as they arise outside the income statement and are charged or credited to equity in other comprehensive income in the period in which they arise.

All other costs are recognised immediately in profit or loss.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value in a similar manner to all long-term employee benefits.

(iv) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments and the performance of the respective employees. The criteria are only finalised after the Group's year end. The Group recognises the liability where an estimate can be made of the amount to be paid and it is contractually obliged to do so or there is a past practice that has created a constructive obligation and the Directors are of the opinion that it is probable that such bonuses will be paid. This liability is included in "Provisions" in the balance sheet.

(v) Share-based payments – cash-settled schemes

The Group operates cash-settled, share-based compensation plans.

The fair value of the amount payable to employees in respect of cash-settled share-based payments is recognised as an expense with a corresponding increase in liabilities, over the period during which the employee became unconditionally entitled to payment. Any changes in the liability are recognised in profit or loss.

(vi) Goods or services settled in cash

Goods or services, including employee services received in exchange for cash-settled, share-based payments, are recognised at the fair value of the liability incurred and are expensed when consumed. The liability is remeasured at each balance sheet date to its fair value, with all changes recognised immediately in profit or loss.

The fair value of the long-term incentive plan liability is determined at each balance sheet date by reference to the Company's share price. This is adjusted for management's best estimates of the appreciation units expected to vest.

(vii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability to the employees for annual leave up to the balance sheet date. This liability is included in "Trade and other payables" in the balance sheet.

(viii) Long-service awards

The Group recognises a liability and an expense for long-service awards where cash is paid to employees at certain milestone dates in their careers with the Group. The method of accounting and frequency of valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually. This liability is included in "Provisions" in the balance sheet.

(x) Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

The current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. The Group's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full using the liability method, in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements, except where the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither accounting nor taxable profit or loss.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that future taxable profit will be available against which the temporary differences (including carried forward tax losses) can be utilised.

In respect of real estate investment trust ("**REIT**") assets and liabilities (investment properties) the measurement of deferred tax is based on a rebuttable presumption that the amount of the investment property will be recovered entirely through sale. Capital gains and losses from property sold by a REIT are non-taxable and the rate relevant to recoupments is 28%. Investment properties are held as long-term income-generating assets. Therefore, should any property no longer meet the Group's investment criteria and be sold, any profits or losses will be capital in nature and will be taxed at rates applicable to capital gains (currently nil). Allowances previously claimed will be recouped on sale. Where an accumulated loss is available to shield this recoupment, a deferred tax asset is raised.

Deferred tax is measured at the tax rates expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes relate to income taxes levied by the same taxation authority on either the taxable entity, or different taxable entities where there is an intention to settle the balances on a net basis.

(y) Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's Board of Directors.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Principles of critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(b) Investment property

Investment property represents a large proportion of the Group's asset base. Therefore, the judgements made in determining their classification and fair values affect the Group's financial position and performance.

In determining the classification of the properties as investment properties, the Group considered its exposure to the risks of running a hotel business and its associated exposure to the variability of the cash flows of the underlying operations. The Group took the following factors into account:

- Intention to hold land and buildings for rental income and capital appreciation and its role as a passive investor;
- The duration of the lease agreements;
- Control over the decision-making powers of the relevant hotel operations;
- The present value of the minimum lease payments in relation to the fair value of the investment properties; and
- Various financial ratios to determine its exposure to the variability in cash flows of the hotel operations.

Based on the above, the Group concluded that the properties meet the definition of investment property.

Use is made of independent professionally qualified valuers. Valuations are currently performed on an annual basis on the entire portfolio of investment properties but will move to a three-year rotation from the next financial year, and will be fair valued by internal management for the intervening years.

(c) Estimated impairment of goodwill and indefinite lived intangible assets

The Group tests annually whether goodwill and indefinite lived intangible assets have suffered any impairment in accordance with the accounting policy stated in Notes 1(d) and 1(h). The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates as noted in Notes 17 and 18 of the consolidated annual financial statements.

(d) Fair value of financial instruments that are not traded in an active market

The fair value of financial instruments that are not traded in an active market (for example, unlisted investments) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

(a) Standards and amendments to existing standards

The following standards and amendments to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 April 2019 or later periods, which the Group has not early adopted. The Group is at an advanced stage of concluding on the impact of these new standards, interpretations and amendments that will be applied from the annual period beginning 1 April 2019. The Group has commenced its considerations of the impact of the new standards, interpretations and amendments that will be applied from the annual period beginning on or after 1 April 2020.

IFRS 3 (Amendment) *Business Combinations*

The amendments give clarity on the definition of a business:

- confirmed that a business must include inputs and a process, and clarified that:
  - the process must be substantive; and
  - the inputs and process must together significantly contribute to creating outputs;
- narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

  IFRS 3 amended must be applied for financial years commencing on or after 1 January 2021. The Group will apply the new standard from 1 April 2021.

  IFRS 16 *Leases*

  The standard will affect the way the Group accounts for its operating leases being mostly hotel property leases and to a lesser extent, certain other plant and equipment, where the Group is the lessee. At 31 March 2019, the Group's outstanding commitments under non-cancellable operating lease agreements amounted to R1 951 million, on an undiscounted basis (refer Note 40). Of these commitments, approximately R18 million relate to short-term leases and R4 million to low value leases which will both be recognised on a straight-line basis as operating leases in profit or loss from the adoption date onwards.

For the remaining lease commitments, on 1 April 2019 the Group expects to recognise right-of-use assets of approximately R708 million, lease liabilities of R950 million (after adjustments for prepayments and accrued lease payments recognised as at 31 March 2019) and deferred tax assets of R69 million. Overall net assets will be approximately R174 million lower, and net current assets will be R52 million lower due to the presentation of a portion of the liability as a current liability.

The Group expects profit after tax will increase by approximately R1 million for the year end 31 March 2020 as a result of adopting the new rules.

Operating cash flows will increase and financing cash flows decrease by approximately R144 million as payment of the principal lease portion of the lease liabilities will be classified as cash flows from financing activities.

The Group intends to apply the simplified transition approach and will not restate comparative amounts for the first year of adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). Units to confirm what has been used The Group will apply the practical expedient per IFRS 16 C3 in that the IFRS 16 definition of a lease would only be applied to assess whether contracts entered into after the date of initial application (1 April 2019) are, or contain leases. All contracts previously assessed not to contain leases will not be reassessed. The Group will also apply the recognition exemptions for short-term leases (a lease that, at the commencement date, has a lease term of 12 months or less) and leases of low-value items (mainly small items of office equipment and furniture).

The Group's activities as a lessor will entail some additional disclosures from next year. No other material impacts are expected.

IFRS 16 must be applied for financial years commencing on or after 1 January 2019. The Group will apply the new standard from 1 April 2019.

IFRS 17 *Insurance Contracts*

The Group is in the process of assessing the possible impact on the Group's insurance cell captive arrangements of the application of IFRS 17 which has been issued but is not effective at year end.

IFRS 17 must be applied for financial years commencing on or after 1 January 2021. The Group will apply the new standard from 1 April 2021.

IAS 1 (Amendment) *Presentation of Financial Statements*

The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS.

IAS 1 amended must be applied for financial years commencing on or after 1 January 2020. The Group will apply the new standard from 1 April 2020.

IAS 8 (Amendment) *Accounting Policies, Changes in Accounting Estimates and Errors*

The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS.

IAS 8 amended must be applied for financial years commencing on or after 1 January 2020. The Group will apply the new standard from 1 April 2020.

(b) Annual improvements

The following annual improvements amending standards from the 2015 – 2017 reporting cycle have been published that are mandatory for the Group's accounting periods beginning 1 April 2019, which the Group has not early adopted and which are not expected to have a material effect on the consolidated results of operations or the financial position of the Group:

IFRS 3 *Business Combinations*

The amendment clarifies that when an entity obtains control of a business that is a joint operation, it is required to remeasure previously held interests in that business.

IFRS 11 *Joint Arrangements*

The amendment clarifies that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

IAS 12 *Income Taxes*

The amendment clarifies that all income tax consequences of dividends should be recognised in profit or loss, regardless how the tax arises.

IAS 23 *Borrowing Costs*

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The Group will apply the abovementioned annual improvements from the 2015 to 2017 reporting cycle from 1 April 2019.

(c) Interpretation

The following interpretation has been published that is mandatory for the Group's accounting periods beginning on or after 1 April 2019 or later, which the Group has not early adopted.

IFRIC 23 *Uncertainty over Income Tax Treatments*

This interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 *Income Taxes* when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this interpretation. The Group is still in the process of assessing the impact of IFRIC 23 but initial indications are that it will not materially affect the Group.

The effective date of IFRIC 23 is for years beginning on or after 1 January 2019 and the Group will apply IFRIC 23 from the annual period beginning 1 April 2019.

	2019 Rm	2018 Rm	2017 Rm
4. RECONCILIATION OF EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY TO HEADLINE EARNINGS AND ADJUSTED HEADLINE EARNINGS			
(Loss)/profit attributable to equity holders of the Company	**(98)**	495	890
Loss on disposal of property, plant and equipment	**3**	–	2
Impairment of property, plant and equipment	**94**	–	88
Gain on disposal of investment property	**–**	–	(36)
Fair value adjustment of investment properties	**445**	187	(754)
Gain on deemed disposal of financial asset classified as available-for-sale	**–**	–	(46)
Gain on bargain purchases	**–**	–	(82)
Share of associates' headline earnings adjustments	**10**	(14)	(19)
Total tax effects of adjustments	**(27)**	–	(25)
Total non-controlling interest effects of adjustments	**(182)**	(76)	372
Headline earnings	**245**	592	390
Transaction costs	**32**	13	22
Fair value adjustment on interest rate swaps	**(2)**	1	6
Restructuring costs	**8**	19	11
Pre-opening expenses	**1**	19	–
Gain on remeasurement of put liability	**–**	–	(35)
Deferred tax liability derecognised on plant, property and equipment on sale to the Group's REIT subsidiary	**–**	(307)	(56)
Deferred tax asset derecognised on foreign subsidiary assessed losses	**–**	–	19
Share of associates' exceptional items (net)	**(1)**	(1)	11
Total tax effects of adjustments	**1**	(2)	(2)
Total non-controlling interest effects of adjustments	**(7)**	3	3
Adjusted headline earnings[1]	**277**	337	369
Number of shares in issue (million)	**1 061**	1	1
Weighted average number of shares in issue (million)	**22**	1	1
Basic and diluted headline earnings per share (cents)	**1 126.1**	41 833	27 565
Basic and diluted adjusted headline earnings per share (cents)	**1 273.1**	23 841	26 078
Dividend per share (cents)	**22.98**	–	24 771

[1] *Net of tax and non-controlling interests.*

	2019 Rm	2018 Rm	2017 Rm
5. RECONCILIATION OF OPERATING PROFIT TO EBITDAR[(1)]			
EBITDAR pre-exceptional items is made up as follows:			
Operating profit	**392**	898	1 803
Add/(less):			
Amortisation and depreciation	**306**	270	248
Property rentals	**208**	189	169
Long-term incentive expense/(credit)	**4**	(7)	34
	910	1 350	2 254
Add/(less): Exceptional losses/(gains)			
Loss on disposal of property, plant and equipment	**3**	–	2
Impairment of property, plant and equipment	**94**	–	88
Gain on disposal of investment property	**–**	–	(36)
Fair value adjustment of investment properties	**445**	187	(754)
Gain on deemed disposal of financial asset classified as available-for-sale	**–**	–	(46)
Gain on bargain purchases	**–**	–	(82)
Fair value adjustment on interest rate swaps	**(2)**	1	6
Pre-opening expenses	**1**	19	–
Restructuring costs	**8**	20	11
Transaction costs	**32**	13	22
	1 491	1 590	1 465

[(1)] Refer to Note 6 for segmental analysis.

6. SEGMENTAL ANALYSIS

The CODM considers the business from both a business type and geographical basis. The following are the four segments identified and monitored by the CODM:

- Manco consists of the Group's management company division which manages the hotels in South Africa.
- Rental income – HPF consists of the rentals received in Hospitality Property Fund Limited. These rentals received are from the non-Tsogo Sun hotels;
- Internally managed consists of the South African hotel operations which are owned within the Group and are managed and reported in the geographical area the hotel resides.
- Offshore consists of the Group's non-South African hotels division which owns, operates and manages hotels in other African countries, the Middle East and the Seychelles.

The CODM assesses the performance of the operating segments based on EBITDAR. The measure excludes the effects of long-term incentives and the effects of non-recurring expenditure. The measure also excludes all headline earnings adjustments, impairments and fair value adjustments on non-current and current assets and liabilities and other exceptional items. Interest income and finance costs are not included in the result for each operating segment as this is driven by the Group treasury function which manages the cash and debt position of the Group. No measure of total assets and liabilities for the reportable segments has been provided as such amounts are not regularly provided to the CODM.

All revenue and income from the hotel operations shown below is derived from external customers. No one customer contributes more than 10% to the Group's total revenue.

	Revenue			EBITDAR[(1)]			EBITDAR margin		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Manco	**289**	286	209	**155**	168	115	**53.8%**	58.9%	55.1%
Rental income – HPF	**347**	402	299	**347**	402	299	**100.0%**	100.0%	100.0%
Internally managed	**3 329**	3 295	3 084	**845**	900	944	**25.3%**	27.3%	30.6%
Coastal	**1 907**	1 902	1 735	**497**	536	578	**26.0%**	28.2%	33.3%
Inland	**1 150**	1 124	1 090	**254**	263	268	**22.0%**	23.4%	24.6%
Other	**272**	269	258	**94**	101	98	**34.5%**	37.5%	38.0%
Offshore	**605**	565	634	**144**	120	107	**23.9%**	21.2%	16.9%
Internal management fees[(2)]	**(181)**	(183)	(83)	**–**	–	–	**–**	–	–
Total	**4 389**	4 364	4 143	**1 491**	1 590	1 465	**33.9%**	36.4%	35.3%

[(1)] Refer to note 5.

[(2)] Included in Manco.

7. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group has adopted IFRS 15 *Revenue from Contracts with Customers* with effect from 1 April 2018 using the cumulative effect method. Under this method the comparative information is not restated – refer Notes 1b New and amended standards adopted by the Group and 1(u)(i) *Revenue from Contracts with Customers*.

The Group derives revenue over time, together with its hotel customer reward programme which are recognised as they are redeemed or expire. The accounting policy is detailed in Note 1(u) and the deferred revenue (contract liabilities) are disclosed in Note 33. The Group has no contract assets. Disaggregation of revenue from contracts with customers for the year under review:

The table below presents revenue by segment which excludes other income which are included in the segmental analysis in Note 6:

Revenue from contracts with customers	Rooms revenue	Food and beverage	Other revenue	Revenue from contracts with customers
Internally managed	2 346	814	165	3 325
Coastal	1 356	476	75	1 907
Inland	788	296	66	1 150
Other	202	42	24	268
Manco[1]	–	–	108	108
Offshore	386	176	37	599
	2 732	990	310	4 032
Timing of revenue recognition:				
At a point in time	–	990	–	990
Over time	2 732	–	310	3 042
	2 732	990	310	4 032
Reconciliation to segmental analysis in Note 6:				
Revenue from contracts with customers per above				4 032
Other rental income				10
Rental income – HPF				347
Total revenue per segmental analysis				4 389

[1] *Net of internal management fees*

(ZAR'm)	2019	2018	2017
Other revenue:			
Management fees revenue	**122**	112	133
Parking revenue	**15**	12	13
Venue hire revenue	**52**	45	45
Dividends received	**–**	–	14
Other sundry revenue	**121**	123	123
Total other revenue	**310**	292	328

8. PROPERTY AND EQUIPMENT RENTALS

	2019	2018	2017
Property and equipment rentals:			
Properties	**208**	189	169
Plant, vehicles and equipment	**14**	14	14
Total property and equipment rentals	**222**	203	183

9. AMORTISATION AND DEPRECIATION

	2019	2018	2017
Amortisation and depreciation:			
Amortisation of intangible assets	**8**	7	6
Depreciation of property, plant and equipment	**298**	263	242
Total amortisation and depreciation	**306**	270	248

10. EMPLOYEE COSTS

	2019	2018	2017
Employee costs (including Executive Directors' remuneration):			
Salaries and wages	**1 072**	1 030	980
Termination benefits	**–**	–	8
Pension – defined contribution plans	**69**	64	58
Other post-retirement benefits – medical aid (Note 31)		1	1
Long-term incentive (credit)/expense – cash-settled (Note 33)	**4**	(7)	34
Total employee costs	**1 145**	1 088	1 081

(ZAR'm)	2019	2018	2017
11. OTHER OPERATING EXPENSES			
11.1 Other operating expenses			
Auditors' remuneration	**25**	20	19
Audit fees – current year	**22**	18	16
– prior year	**–**	–	–
Tax services	**2**	1	2
Other services and expenses	**1**	1	1
Administration fees	**122**	117	122
Advertising, marketing and promotional costs	**208**	194	166
External consultants	**26**	25	23
Food and beverage costs and operating equipment usage	**365**	360	343
Impairment charge for bad and doubtful debts, net of reversals (Note 24)	**3**	3	9
Information technology-related costs	**92**	83	81
Net foreign exchange (gains)/losses	**(7)**	(2)	37
Property costs – rates, water and electricity	**312**	283	264
Repairs and maintenance expenditure on property, plant and equipment	**125**	121	118
Rooms departmental expenses	**364**	329	299
Guest supplies	**45**	44	41
Guest entertainment	**28**	28	24
Laundry	**51**	47	42
Housekeeping	**69**	58	50
Cleaning	**22**	19	17
Other	**149**	133	125
Security and surveillance costs	**57**	52	48
Other operating expenses	**34**	78	81
Loss on disposal of property, plant and equipment	**3**	–	2
Impairment of property, plant and equipment (Note 15)	**94**	–	88
Fair value adjustment on interest rate swaps (Note 30)	**(2)**	1	6
Fair value adjustment on non-current assets held for sale (Note 26)	**–**	1	–
Pre-opening expenses	**1**	19	–
Restructuring costs	**8**	3	–
Transaction costs	**32**	13	22
Impairment operating equipment	**–**	–	1
Insurance	**10**	11	10
Commission	**6**	7	7
Total other operating expenses	**1 878**	1 718	1 746
11.2 Other gains			
Gain on bargain purchases	**–**	–	(82)
Gain on deemed disposal of financial asset classified as available-for-sale	**–**	–	(46)
Gain on disposal of investment property	**–**	–	(36)
Total other gains	**–**	–	164
12. INTEREST INCOME			
Interest income:			
Interest received from banks	**36**	52	33
Interest income – other	**2**	3	21
Total interest income	**38**	55	54
13. FINANCE COSTS			
Finance costs:			
Finance costs in respect of interest-bearing debt	**456**	544	487
Finance cost in respect of (gain)/loss on remeasurement of put liability	**–**	–	(35)
Change in cash flow	**–**	–	(36)
Change in interest rate	**–**	–	1
Less: Interest capitalised at an average capitalisation rate[1] of 10.4% (2017: nil)	**(1)**	(9)	–
Total finance costs	**455**	535	452

[1] *In respect of local and foreign borrowings.*

(ZAR'm)	2019	2018	2017
14. INCOME TAX EXPENSE			
Current tax – current year charge	**87**	131	113
Current tax – under provision prior year	**15**	1	1
Deferred tax – current year (credit)/charge[(1)]	**(36)**	(332)	(103)
Deferred tax – (over)/under provision prior year	**(2)**	7	4
Withholding taxes	**6**	5	6
Total income tax expense	**70**	(188)	21
Other comprehensive income			
Tax charge relating to components of other comprehensive income on items that may not be reclassified subsequently to profit or loss:			
Remeasurements of post-employment defined benefit liability	**1**	(1)	(1)
Total other comprehensive income	**1**	(1)	(1)

	2019 R'000	%	2018 R'000	%	2017 R'000	%
Income tax reconciliation						
(Loss)/profit before income tax and share of profit of associates and joint venture	**(25)**		417		1 405	
Income tax thereon at 28% (2018 and 2017: 28%)	**(7)**	**(28)**	117	28	393	28
Exempt income/credits:						
Fair value gain on investment property revaluations[(2)]	**–**	**–**	–	–	(211)	(15)
Profits attributable to the HPF non-controlling interests[(2)]	**(70)**	**(280)**	(77)	(18)	(47)	(3)
Profits earned by Group entities before being sold to HPF[(2)]	**–**	**–**	(14)	(3)	–	–
Gain on bargain purchases	**–**	**–**	–	–	(23)	(2)
Gain on deemed disposal of financial asset classified as available-for-sale	**–**	**–**	–	–	(13)	(1)
Gain on disposal of investment property[(2)]	**–**	**–**	–	–	(10)	(1)
Gain on remeasurement of put liability	**–**	**–**	–	–	(10)	(1)
Expenses/debits not deductible for tax purposes:						
Fair value loss on investment property revaluations[(2)]	**125**	**500**	52	13	–	–
Amortisation and depreciation	**–**	**–**	1	–	4	–
Transaction costs	**9**	**36**	3	1	7	–
Deferred tax liability derecognised on plant, property and equipment on sale to the Group's REIT subsidiary[(1)]	**–**	**–**	(307)	(73)	(56)	(4)
Deferred tax asset derecognised on foreign subsidiary assessed losses[(1)]			–	–	19	1
Other non-deductible items	**16**	**64**	33	8	1	–
Prior year charges/(credits) (net)	**13**	**52**	8	2	5	–
Withholding taxes	**(6)**	**(24)**	5	1	6	–
Foreign tax rate differential	**(10)**	**(40)**	(9)	(2)	(44)	(3)
	70	**280**	(188)	45	21	1

[(1)] *Includes R307 million credit (2017: R56 million credit) deferred tax liability derecognised on property, plant and equipment on sale to the Group's REIT subsidiary and 2017 included an offset of deferred tax asset derecognised on foreign subsidiary assessed losses of R19 million.*
[(2)] *Non-taxable due to HPF's REIT tax status.*

15. PROPERTY, PLANT AND EQUIPMENT

(ZAR'm)	Land and buildings	Leased land and buildings	Properties under construction	Plant and equipment	Operating equipment	Total
Year ended 31 March 2019						
Opening net carrying amount	**5 781**	**467**	**152**	**891**	**172**	**7 463**
Additions	**70**	**–**	**51**	**147**	**34**	**302**
Capitalisation of borrowing costs	**–**	**–**	**1**	**–**	**–**	**1**
Disposals and operating equipment usage	**(36)**	**–**	**–**	**(2)**	**(21)**	**(59)**
Depreciation charge	**(123)**	**(28)**	**–**	**(147)**	**–**	**(298)**
Impairments	**(74)**	**(13)**	**–**	**(7)**	**–**	**(94)**
Other transfers	**152**	**–**	**(245)**	**93**	**–**	**–**
Currency translation	**272**	**–**	**41**	**48**	**8**	**369**
Closing net carrying amount	**6 042**	**426**	**–**	**1 023**	**193**	**7 684**
At 31 March 2019						
Cost	**6 674**	**666**	**–**	**2 549**	**193**	**10 082**
Accumulated depreciation	**(632)**	**(240)**	**–**	**(1 526)**	**–**	**(2 398)**
	6 042	**426**	**–**	**1 023**	**193**	**7 684**
Year ended 31 March 2018						
Opening net carrying amount	5 926	486	56	995	159	7 622
Additions	36	–	140	89	38	303
Capitalisation of borrowing costs	–	–	9	–	–	9
Disposals and operating equipment usage	(3)	–	–	(2)	(21)	(26)
Depreciation charge	(35)	(19)	–	(209)	–	(263)
Transfers	9	–	(53)	44	–	(0)
Currency translation	(153)	–	–	(26)	(4)	(183)
Closing net carrying amount	5 780	467	152	891	172	7 462
At 31 March 2018						
Cost	6 290	679	152	2 270	172	9 563
Accumulated depreciation	(509)	(212)	–	(1 379)	–	(2 101)
Net carrying amount	5 780	467	152	891	172	7 462
Year ended 31 March 2017						
Opening net carrying amount	4 916	458	3	997	160	6 534
Additions	193	47	53	175	42	509
Acquisition of subsidiary	742	–	–	–	–	742
Acquisition of businesses	379	–	–	–	–	379
Disposals and operating equipment usage	–	–	–	(2)	(26)	(28)
Depreciation charge	(75)	(19)	–	(148)	–	(242)
Impairments	(75)	–	–	(1)	(13)	(90)
Currency translation	(153)	–	–	(26)	(4)	(183)
Closing net carrying amount	5 926	486	56	995	159	7 621
At 31 March 2017						
Cost	6 413	679	56	2 198	159	9 505
Accumulated depreciation	(487)	(193)	–	(1 203)	–	(1 883)
Net carrying amount	5 926	486	56	995	159	7 621
At 31 March 2016						
Cost	5 347	633	3	2 101	160	8 243
Accumulated depreciation	(431)	(175)	–	(1 103)	–	(1 709)
Net carrying amount	4 916	458	3	997	160	6 534

The Group reassessed the useful lives of property, plant and equipment during the year. Changes in useful lives and residual values are not considered significant estimates and judgements as any changes in useful lives and residual values have historically been gradual and any adjustments made, where necessary, have not been significant. The impact on depreciation for the year was a debit of R15 million (2018: Rnil). The Group also reviewed the residual values during the year and the impact on depreciation was Rnil (2018: Rnil).

Land and buildings and plant & equipment with a book value of R94 million (2018: Rnil and 2017: R75 million) were impaired during the year. R19 million relates to the GC Nelson Mandela Boulevard and R75 million relates to the land and buildings for SS Ikoyi for both the 2019 and 2017 financial years. Lease negotiations for GC Nelson Mandela Boulevard were finalised in the 2019 financial year. The lease will not extend past the next financial year.

The impairments in SS Ikoyi for 2017 and 2019 are due to the revised medium-term trading expectations with regards to occupancies, due to tough local economic environments in Nigeria mainly due to the negative impact of the reduction in commodity prices. Impairments are included under other operating costs (refer Note 11.1).

16. INVESTMENT PROPERTIES

(ZAR'm)	2019	2018	2017
Opening net carrying amount	**5 101**	4 843	–
Acquisition and development of investment properties	**159**	445	77
Acquisition of subsidiary	**–**	–	4 185
Disposals	**–**	–	(106)
Transfers from/(to) non-current assets held for sale	**66**	–	(67)
Fair value adjustments recognised in profit or loss	**(445)**	(187)	754
Closing net carrying amount	**4 881**	5 101	4 843
Amounts recognised in profit or loss for investment properties:			
Rental income	**351**	406	304
Direct operating expenses from property that generated rental income	**10**	8	5
Direct operating expenses from property that did not generated rental income	**–**	–	–

The Group's investment properties have been categorised as level 3 fair values based on the inputs to the valuation technique used – refer Note 44 Fair value estimation. The Group has elected to measure 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 premiums are added for market risk and equity and debt 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. At 31 March 2019, the Group's investment properties were independently valued by professionally qualified valuers having recent experience in the location and category of the Group's investment property being valued. The valuation is currently performed on an annual basis on the entire portfolio of investment properties by an independent valuator but will move to a three year rotation from the next financial year, and will be fair valued by internal management for the intervening years.

As at 31 March 2019 the significant unobservable inputs were as follows with the main reason for the decrease relating to subdued occupancy rates in the medium term:

- A weighted average rental growth rate of 5.25% (2018: 5.0% and 2017: 5.5%).
- A terminal capitalisation rate of 7.25% – 7.75% (2018: 7.23% – 8.07% and 2017: 7.26%).
- A risk-adjusted discount rate of 12.50% – 13.00% (2018: 12.23% – 13.07% and 2017: 12.76%).

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

	2019		2018		2017	
(ZAR'm)	Increase	Decrease	Increase	Decrease	Increase	Decrease
5% change in the net cash flows	**274**	**(247)**	302	(302)	241	(241)
25bps change in the terminal capitalisation rate	**(114)**	**123**	(158)	169	(116)	118
50bps change in the discount rate	**(91)**	**94**	(133)	3 136	(203)	189

17. GOODWILL

(ZAR'm)	2019	2018	2017
At 1 April	**354**	354	354
At 31 March	**354**	354	354
Impairment test for goodwill			
Goodwill is allocated and monitored based on the Group's CGUs identified according to business segments as referred to in the segment analysis in Note 6. An operating segment-level summary of the goodwill allocation is as follows:			
Internally managed	**347**	347	347
SUN1 Proprietary Limited (included as part of "other" segment)	**254**	254	254
Cullinan Hotels Proprietary Limited (included as part of "coastal" segment)	**11**	11	11
Southern Sun Hotel Interests Proprietary Limited (included as part of "coastal", 'inland' and "other" segments)	**82**	82	82
Offshore	**7**	7	7
At 31 March	**354**	354	354

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets and five year forecasts approved by the Board of Directors.

The key assumptions used for value-in-use calculations are as follows:

- EBITDAR margin – management determined budgeted gross EBITDAR margin based on past performance and its expectations of market development.
- Long-term growth rate – cash flows beyond the first five-year period are extrapolated using estimated long-term growth rates in order to calculate the terminal recoverable amount.
- Discount rate – the discount rate is calculated by using a weighted average cost of capital ("**WACC**") of the respective segments. WACC is calculated using a bond risk free rate and an equity premium adjusted for specific risks relating to the relevant operating segments.

The following assumptions have been used for the analysis of the CGUs within the operating segments:

	Internally managed %	Offshore %
2019		
EBITDAR margin	**22.0 – 34.5**	**23.9**
Long-term growth rate	**5.3**	**1.6 – 2.4**
Discount rate pre tax	**12.5**	**9.7 – 15**
2018		
EBITDAR margin	23.4 – 37.5	21.2
Long-term growth rate	5.1	2.1 – 2.5
Discount rate pre tax	12.0	8.3 – 14.9
2017		
EBITDAR margin	24.6 – 38.0	16.9
Long-term growth rate	5.7	1.2 – 2
Discount rate pre tax	12.4	8.4 – 16.2

The Group's impairment reviews are sensitive to changes in the key assumptions described above. Based on the Group's sensitivity analysis, a reasonable possible change in a single assumption will not cause an impairment loss in any of the Group's CGUs, as the Group's CGUs have significant headroom available between the calculated values in use and the goodwill allocated to each CGU shown above.

18. OTHER INTANGIBLE ASSETS

(ZAR'm)	Computer software	Other	Total
Year ended 31 March 2019			
Opening net carrying amount	**19**	**23**	**42**
Additions	**6**	**10**	**16**
Transfers	**(1)**	**–**	**(1)**
Amortisation charge	**(7)**	**–**	**(7)**
Closing net carrying amount	**17**	**33**	**50**
At 31 March 2019			
Cost	**53**	**43**	**96**
Accumulated amortisation	**(36)**	**(10)**	**(46)**
	17	**33**	**50**
Year ended 31 March 2018			
Opening net carrying amount	16	23	39
Additions	10	–	10
Amortisation charge	(7)	–	(7)
Closing net carrying amount	19	23	42
At 31 March 2018			
Cost	48	33	81
Accumulated amortisation	(29)	(10)	(39)
Net carrying amount	19	23	42
Year ended 31 March 2017			
Opening net carrying amount	15	24	39
Additions	2	4	6
Amortisation charge	(1)	(5)	(6)
Closing net carrying amount	16	23	39
At 31 March 2017			
Cost	39	33	72
Accumulated amortisation	(23)	(10)	(33)
Net carrying amount	16	23	39
At 31 March 2016			
Cost	36	28	64
Accumulated amortisation	(21)	(4)	(25)
Net carrying amount	15	24	39

Other intangible assets include management contracts with a book value of R27 million (2018: R17 million and 2017: R17 million) and trademarks with a book value of R6 million (2018: R6 million and 2017: R6 million). There were no significant changes made to useful lives or residual values of other intangible assets during the current year or in the prior years.

19. INVESTMENTS IN ASSOCIATES

The Group has the following interests in its material associates:

Unlisted

- 25.9% in International Hotel Properties Limited ("**IHPL**"), incorporated in the British Virgin Islands. IHPL will pursue hotel opportunities in the United Kingdom and Europe, the hotels to be managed by RBH Hotel Group (refer below). The shares were delisted as the listing has not provided the anticipated liquidity or access to equity capital markets to facilitate the growth of the Company.
- 25% in RBH Hotel Group Limited ("**RBH Hotel Group**"), a leading independent hotel management company incorporated in the United Kingdom. This associate provides the Group with access to additional management expertise, exposure to new markets and the potential for opportunities to deploy capital in attractive investments in the European hotel market in the future.
- Other investments in various associate entities which are not material to the Group and therefore no further information has been presented.

(ZAR'm)	2019	2018	2017
At 1 April	**477**	446	458
Share of profit after tax	**23**	53	35
Dividends received	**(12)**	(22)	(47)
At 31 March	**488**	477	446
Made up as follows:			
Listed	**–**	–	304
Unlisted	**488**	477	142
At 31 March	**488**	477	446

19. INVESTMENTS IN ASSOCIATES continued

Summarised financial information for associates, which in the opinion of the Directors are material to the Group, on a 100% basis after adjustments to comply with the Group's accounting policies, is as follows:

	RBH Hotel Group			International Hotel Properties		
(ZAR'm)	2019	2018	2017	2019	2018	2017
Summarised balance sheets						
Total non-current assets	**58**	79	126	**2 223**	1 950	1 788
Total current assets	**190**	128	96	**74**	84	89
Total assets	**248**	207	222	**2 297**	2 034	1 877
Total non-current liabilities	**–**	–	–	**890**	886	929
Total current liabilities	**209**	136	150	**139**	66	60
Total liabilities	**209**	136	150	**1 029**	952	989
Net assets	**39**	71	72	**1 268**	1 082	888
Summarised statements of comprehensive income/(loss)						
Revenue	**1 362**	973	1 032	**156**	296	305
Profit from operations	**66**	49	126	**22**	156	14
Profit for the year and total comprehensive income	**66**	49	126	**22**	156	14
A reconciliation of the summarised financial information to the carrying amount of the Group's interests in its associates is as follows:						
Opening net assets attributable to owners	**71**	72	36	**1 082**	888	1 012
Profit for the year	**66**	49	126	**22**	156	14
Other comprehensive income – foreign currency translation	**(87)**	(26)	38	**166**	98	(79)
Total comprehensive income	**50**	95	200	**1 268**	1 142	947
Dividends paid	**(11)**	(24)	(127)	**–**	(61)	(60)
Closing net assets attributable to owners	**39**	71	72	**1 268**	1 082	888
Interest in associates (%)	**25**	25	25	**26**	26	26
Interest in associates	**10**	18	18	**329**	281	230
Intangible asset	**89**	89	89	**–**	–	–
Goodwill	**30**	30	30	**41**	41	41
Translation	**25**	12	5	**(36)**	7	33
Carrying value of investments in associates	**154**	149	142	**334**	329	304

The Group associates' have no contingent liabilities or capital commitments.

20. INVESTMENTS IN JOINT VENTURES

The Group has the following interests in joint ventures:

Unlisted

• 50% interest in United Resorts and Hotels Limited, a hotel company established in the Seychelles.

(ZAR'm)	2019	2018	2017
At 1 April	**128**	126	129
Share of profit/(loss) after tax	**(8)**	2	(3)
At 31 March	**120**	128	126

Although United Resorts and Hotels Limited has been in a loss-making position in the past, the entity's trading has improved over the past two financial years and is generating positive cash flows.

The Group joint ventures' have no contingent liabilities or capital commitments.

The following total assets and liabilities of United Resorts and Hotels Limited are not included in the Group's financial statements as the Group accounts for its investments in joint ventures on an equity basis:
Summarised financial information:

(ZAR'm)	2019	2018	2017
Summarised balance sheet			
Assets			
Non-current assets	**495**	400	403
Inventory	**5**	4	5
Trade and other receivables	**15**	17	10
Cash and cash equivalents	**43**	23	2
Total assets	**558**	444	420
Liabilities			
Current financial liabilities (excluding trade payables)	**(29)**	(21)	(19)
Other current liabilities	**(5)**	(3)	(7)
Total liabilities	**(34)**	(24)	(26)
Net assets	**524**	420	394
Summarised income statement			
Income	**126**	122	117
Depreciation and amortisation	**(6)**	(6)	(6)
Profit/(loss) before income tax	**7**	7	(8)
Income tax (charge)/credit	**(23)**	(3)	2
(Loss)/profit for the year	**(16)**	4	(6)
Reconciliation of summarised financial information:			
A reconciliation of the summarised financial information to the carrying amount of the Group's interest in United Resorts and Hotels Limited is as follows:			
Opening net assets	**468**	463	487
(Loss)/profit for the year	**(16)**	4	(6)
Other comprehensive income/(loss) – foreign currency translation	**139**	2	(18)
Closing net assets attributable to owners	**591**	469	463
Interest in joint venture (%)	**50**	50	50
Interest in joint venture	**296**	234	231
Translation	**(176)**	(106)	(105)
Carrying value of investment in joint venture	**120**	128	126

21. NON-CURRENT RECEIVABLES

The Group adopted IFRS 9 *Financial Instruments* with effect from 1 April 2018 (refer 1b New and amended standards adopted by the Group).

(ZAR'm)	2019	2018	2017
Financial instruments			
Prepayments – lease deposits	**4**	35	43
Other	**2**	2	1
	6	37	44
Non-financial instruments			
Prepayments	**–**	1	2
	6	38	46
Non-current receivables are denominated in the following currencies			
SA Rand	**2**	3	3
US Dollar	**4**	35	43
	6	38	46

Other non-current receivables and deposits do not contain significant credit risk and there are no significant receivables past due, not impaired or impaired. The probability of default is considered to be low. The Group does not consider non-current receivables material and no further disclosure is provided in this regard.

22. DEFERRED INCOME TAX

(ZAR'm)	2019	2018	2017
The gross movements on the deferred tax account are as follows:			
Net deferred tax liability at 1 April	**217**	528	593
Income statement expense/(credit)	**(38)**	(324)	(99)
Currency translation	**(13)**	13	34
Transfer	**(6)**	–	–
Net deferred tax liability at 31 March	**160**	217	528

The movement in deferred tax assets and liabilities during the year, without taking into account the offsetting of balances of entities within the Group, is as follows:

(ZAR'm)	Accelerated tax allowances	Other assets[1]	Provisions and accruals[2]	Deferred revenue	Tax losses	Total
Deferred tax liabilities						
Balance at 1 April 2016	727	1	(1)	(3)	(8)	715
Income statement expense/(credit)	36	5	(110)	(5)	(86)	(160)
Currency translation	34	–	–	–	–	34
Balance at 31 March 2017	797	6	(111)	(8)	(94)	589
Income statement expense/(credit)	(318)	(4)	(62)	1	46	(338)
Currency translation	13	–	–	–	–	13
Balance at 31 March 2018	491	2	(173)	(7)	(48)	264
Income statement expense/(credit)	(3)	(17)	(11)	1	(4)	(34)
Transfer	–	–	(6)	–	–	(6)
Currency translation	(12)	–	–	–	–	(12)
Deferred tax liability at 31 March 2019	475	(15)	(190)	(6)	(52)	212
Deferred tax assets[3]						
Balance at 1 April 2016	74	(3)	(168)	(4)	(21)	(122)
Income statement expense/(credit)	(57)	3	138	–	(22)	61
Balance at 31 March 2017	17	–	(30)	(4)	(43)	(61)
Income statement credit/(expense)	(6)	–	14	(1)	6	13
Balance at 31 March 2018	11	–	(16)	(5)	(37)	(47)
Income statement credit/(expense)	–	–	(1)	(1)	(3)	(5)
Deferred tax asset at 31 March 2019	11	–	(17)	(6)	(40)	(52)
Total net deferred tax liability/(asset)	486	(15)	(207)	(12)	(92)	160

[1] *Includes investment property and prepaid expenditure.*
[2] *Includes remeasurements of post-employment defined benefit liability.*
[3] *Sufficient taxable profits will be made in future in order to realise the deferred tax assets.*

23. INVENTORIES

(ZAR'm)	2019	2018	2017
Food and beverage	**19**	21	19
Operating equipment	**4**	3	3
Consumable stores	**23**	19	20
	46	43	42
The cost of food and beverage and consumable stores recognised as an expense and included in other operating expenses	**344**	339	317

There was no write-off of inventories during the year under review (2018 and 2017: Rnil).

24. TRADE AND OTHER RECEIVABLES

(ZAR'm)	2019	2018	2017
Financial instruments			
Financial assets measured at amortised cost			
Trade receivables – net	**322**	274	320
Trade receivables – gross	**351**	302	350
Trade receivables – loss allowance	**(29)**	(28)	(30)
Deposits	**42**	40	35
Other receivables	**6**	4	39
Trade and other receivables – net	**370**	318	394
Non-financial instruments			
Prepayments	**80**	38	42
VAT receivable	**8**	12	–
	88	50	42
Total trade and other receivables	**458**	368	436

Trade receivables

Trade receivables comprise a large, widespread customer base mostly in respect of the hotel, banqueting and conferencing provided in the ordinary course of business. Credit sales mostly have negotiated credit terms of 30 days and are therefore all classified as current. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable as shown above. The Group does not hold any collateral as security. The carrying value less impairment provision of trade and other receivables is assumed to approximate their fair values due to the short-term nature of trade and other receivables.

Credit risk

Trade receivables

The Group performs ongoing credit evaluations of the financial condition of its customers for both new credit applications and existing customers having credit facilities. These reviews include evaluating previous relations the customer has had with the Group, taking into account the length of time and amount of business. New customers are given credit only after meeting strict minimum requirements. The utilisation of credit limits are regularly monitored by reviewing the aging analysis of these debtors on an ongoing basis. The trade receivables are of a strong credit standing.

Credit limits exceeded during the year under review were closely monitored, and management expects limited losses from non-performance by these counterparties that have not been provided for.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 March 2019 and the corresponding historical credit losses experienced within this period. The 12 period used to assessed the payment profiles is mainly due to the volatility of current economic environment prone to more significant changes over short term. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The customer accounts separately identified and risk weighted differently to the general customer listing are those that the Group has determined are affected by the following factors:

- Vulnerability of state-owned enterprises at present in South Africa.
- Ongoing Energy Crisis facing South Africa.
- GDP in South Africa.
- Large Travel Management Companies ("**TMCs**") operating against the backdrop of the above factors along with their burgeoning cost base, driven by increasing salary costs along with cash flow issues emanating from the slow payments from Government departments and Parastatals. This combined with their low levels of commission earned leaves them as highly risky, yet they comprise the largest proportion of our business. These entities, typically when reaching business failure have a very small/no asset base to try and recoup losses from.

On this basis, the loss allowance as at 31 March 2019 (on adoption of IFRS 9) was determined as follows for trade receivables:

	Current Rm	**30 to 60 days Rm**	**60 to 90 days Rm**	**More than 90 days Rm**	**Total Rm**
Large South African TMCs:					
Expected loss rate (%)	1.3	2.5	13.1	24.9	2.0
Gross carrying amount	46	13	*	1	60
Loss allowance	*	*	*	*	1

** Less than R1 million.*

Other remaining South African debtors (excluding large TMCs and specifically identified debtors):

	Current Rm	**30 to 60 days Rm**	**60 to 90 days Rm**	**More than 90 days Rm**	**Total Rm**
Expected loss rate (%)	0.94	2.67	20.54	21.18	1
Gross carrying amount	172	17	1	*	191
Loss allowance	1	*	*	*	2

Specific South African debtors:

Specific debtors are debtors that are long outstanding and generally have slower payment terms. These are considered to have a higher risk profile due to their customer base. These are credit impaired (stage 3).

	Total Rm
Gross carrying amount	38
Loss allowance	17

The loss allowance has been established as follows:

- specific debtors provided for completely amounted to R4 million.
- other specific debtors were provided for at a range between 30% to 40% of the carrying value.

Hospitality Property Fund debtors have a carrying value of R71.8m and are considered to be lower risk as they are related to rental income which are all current. Rentals are due in advance and are current, 30 days or less. Based on past history, there are immaterial write-offs. Customers comprise lessees paying rentals for the hotel buildings.

Offshore debtors:

	Current Rm	**30 to 60 days Rm**	**60 to 90 days Rm**	**More than 90 days Rm**	**Total Rm**
Expected loss rate (%)	2.91	3.57	11.86	48.61	15.03
Gross carrying amount	38	5	3	16	62
Loss allowance	1	*	*	8	9

At 31 March 2018, trade receivables of R70 million (2017: R220 million) were past due but not impaired. These relate mainly to a number of customers for whom there is no recent history of default. The past due but not impaired trade receivables is as follows:

	2018	**2017**
30 to 60 days	46	175
60 to 90 days	7	5
More than 90 days	17	40
	70	220

The closing loss allowances for trade receivables as at 31 March reconciled to the opening loss allowances as follows:

(ZAR'm)	2019	2018	2017
At 1 April	**28**	30	23
Provision for receivables impairment	**(1)**	2	9
Written off as uncollectable	**4**	1	–
Unused amounts reversed	**(3)**	(3)	(1)
Currency translation	**1**	(2)	(1)
At 31 March	**29**	28	30

Other receivables and deposits

Other receivables and deposits do not contain significant credit risk have a low probability of default and there are no significant receivables past due, not impaired or impaired. No further disclosure is provided in this regard.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

(ZAR'm)	2019	2018	2017
SA Rand	**367**	309	360
Nigerian Naira	**22**	10	21
US Dollar	**21**	6	13
Mozambican Metical	**17**	12	10
Tanzanian Shilling	**7**	9	15
Other	**9**	9	6
Seychelles Rupee	**6**	5	8
Zambian Kwacha	**2**	2	1
United Arab Emirates Dirham	**7**	6	2
	458	368	436

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents measured at amortised cost			
Current accounts	**387**	346	450
Call and fixed deposit accounts	**15**	8	1
Cash	**5**	3	4
Gross cash and cash equivalents	**407**	357	455
Less: Bank overdrafts	**(195)**	(132)	(208)
Net cash and cash equivalents per cash flow statement	**212**	225	248
Gross cash and cash equivalents are denominated in the following currencies:			
SA Rand	**304**	302	378
US Dollar	**62**	18	24
Nigerian Naira	**20**	18	21
Euro	**10**	1	11
Mozambican Metical	**3**	10	13
Other	**–**	1	2
United Arab Emirates Dirham	**2**	2	2
Zambian Kwacha	**2**	–	–
Kenyan Shilling	**–**	3	1
Seychelles Rupee	**3**	–	1
Tanzanian Shilling	**1**	–	1
British Pound	**–**	–	–
Swiss Franc	**–**	–	–
	407	357	455

26. NON-CURRENT ASSETS HELD FOR SALE

(ZAR'm)	2019	2018	2017
Opening net carrying amount	**66**	66	–
Capitalised expenditure	**–**	2	–
Fair value adjustment recognised in profit or loss	**–**	(1)	–
Transfers	**(66)**	–	67
Disposals	**–**	(1)	(1)
Closing net carrying amount	**–**	66	66

Investment property

Non-current assets held for sale consisted of the Kopanong Hotel and Conference Centre property which consists of a country estate with 57 chalets and conference facilities. Due to management's change in intention to dispose of the property as a whole rather than through the sale of individual units, there is uncertainty around whether a suitable buyer may be found, and the property disposed of, within the next 12 months. As such, the asset has been reclassified to investment property during the year under review.

27. ORDINARY SHARE CAPITAL AND PREMIUM

(ZAR'm)	Number of ordinary shares	Net number of shares	Ordinary share capital R'000	Total R'000
Balance at 31 March 2017	1 416	1 416	1 923	1 923
Balance at 31 March 2018	1 416	1 416	1 923	1 923
Issue of shares	1 059 480	1 059 480	2 719	2 719
Balance at 31 March 2019	**1 060 896**	**1 060 896**	**4 642**	**4 642**

28. OTHER RESERVES

(ZAR'm)	Transactions with non-controlling interests	Cash flow hedge reserve	Foreign currency translation reserve	Common control reserve	Share capital reserve	Total
Balance at 1 April 2016	(548)	–	–	–	–	(548)
Common control acquisition	–	–	–	(921)	(76)	(997)
Currency translation adjustments	–	–	(96)	–		(96)
Settlement of Cullinan put liability with non-controlling interests	493	–	–	–		493
Consideration to HPF non-controlling interests in hotels assets	968	–	–	–		968
Balance at 31 March 2017	913	–	(96)	(921)	(76)	(179)
Cash flow hedges	–	(2)	–	–		(2)
Fair value losses during the year	–	(2)	–	–		(2)
Deferred tax on fair value losses	–	1	–	–		1
Currency translation adjustments	–	–	(86)	–		(86)
Consideration to HPF non-controlling interests in hotels assets	(37)	–	–	–		(37)
Acquisition of non-controlling interests from HPF	436	–	–	–		436
Consideration to HPF non-controlling interests – Sandton Isle	(15)	–	–	–		(15)
Balance at 31 March 2018	1 298	(2)	(182)	(921)	(76)	118
Cash flow hedges		2				2
Fair value losses during the year		2				2
Deferred tax on fair value losses		–				–
Currency translation adjustments	–	–	169			169
Balance at 31 March 2019	**1 298**	**–**	**(11)**	**(921)**	**(76)**	**289**

29. INTEREST-BEARING BORROWINGS

(ZAR'm)	2019	2018	2017
Bank borrowings	**2 293**	2 019	2 948
Corporate bonds (Domestic Medium-term Note Programme)	**890**	902	982
Bank overdrafts	**195**	132	208
	3 378	3 053	4 138
Less: Facility raising fees	**(8)**	(12)	(17)
	3 370	3 041	4 121
Analysed as:			
Non-current portion	**2 885**	2 909	3 913
Current portion	**485**	132	208
	3 370	3 041	4 121
Secured	**3 298**	3 053	4 138
Unsecured	**80**	–	–
	3 378	3 053	4 138
The following represents the carrying amount of the security for these borrowings:			
Property, plant and equipment (Note 15)	**1 216**	1 062	1 154
Investment properties (Note 16)[(1)]	**4 881**	5 101	4 843
Intangible assets (Note 18)	**50**	42	39
Inventories (Note 23)	**46**	43	42
Pledge of cash in bank accounts (Note 25)	**212**	225	248
Non-current investment property held for sale (Note 26)	**–**	66	66
	6 405	6 539	6 392
The carrying amounts of the Group's borrowings are denominated in the following currencies:			
SA Rand	**2 148**	2 075	3 139
US Dollar	**1 222**	966	982
	3 370	3 041	4 121
The Group has the following committed direct facilities (from banks and corporate bonds):			
Expiring within 1 year	**274**	–	230
Expiring beyond 1 year	**3 490**	1 940	1 488
	3 764	1 940	1 718
Undrawn facility of committed direct bank borrowings	**580**	(980)	(2 211)
Weighted average effective interest rates (including cash held in call accounts) (%)	**8.5**	8.9	7.8

[(1)] Investment properties represents the value of the properties in HPF over which mortgage bonds have been registered in favour of the debt funding providers to HPF included in borrowings. On consolidation, these properties leased and managed by Southern Sun Hotel Interests Proprietary Limited are however accounted for as part of the carrying amount of the property, plant and equipment (both companies being subsidiary companies of the Group).

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments and is within level 3 of the fair value hierarchy. The fair values of long and medium-term borrowings are based on cash flows discounted using commensurate variable rates chargeable by both US Dollar and SA Rand lenders of the above loans ranging between 4.90% and 8.85% (2018: 4.36% and 8.97% and 2017: 3.13% and 9.84%). The fair values of the current portion of borrowings equals their carrying amount, as the impact of discounting is not significant. All borrowings bear interest at floating rates.

The carrying amounts and fair values of the abovementioned non-current borrowings are as follows:

	Carrying amount			Fair value		
(ZAR'm)	2019	2018	2017	2019	2018	2017
Bank borrowings	**2 293**	2 019	2 948	**2 306**	2 038	2 967
Corporate bonds (Domestic Medium-term Note Programme)	**882**	890	965	**897**	897	975
	3 175	2 909	3 913	**3 203**	2 935	3 942

30. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments measured at fair value are made up as follows:

30.1 Interest rate swaps – cash flow hedges:

(ZAR'm)	2019	2018	2017
HPF	–	6	1
Net liabilities/(assets)	–	6	1
Less: Current portion liability (net)	–	(2)	(1)
Non-current portion liability (net)	–	4	–
Non-current portion made up as follows:			
Asset	–	–	(2)
Liability	–	4	2
	–	4	–

For effective hedges, gains and losses are recognised in the hedging reserve directly in other comprehensive income (after tax). The ineffective portion recognised in the income statement from cash flow hedges for the year amounted to R1.3 million (2018: R6.1 million and 2017: R6 million) and is included in other operating expenses (Note 11).

The notional amounts of the outstanding ineffective interest rate swap contracts at 31 March were:

	2019	2018	2017
HPF			
With a fixed rate of 7.88% maturing 14 February 2019	–	250	250

31. POST-EMPLOYMENT BENEFITS

Pension funds

The Group operates two pension funds: the Tsogo Sun Group Pension Fund and the Southern Sun Group Retirement Fund. Both are defined contribution funds, governed by the Pension Funds Act, 1956, which provide retirement and death benefits for all permanent, full time employees who are not members of any other approved pension or provident fund.

Provident funds

The Group also operates the Alexander Forbes Retirement Fund which is a defined contribution fund, governed by the Pension Funds Act, 1956, which provides retirement and death benefits for all permanent, full time employees who are not members of any other approved pension or provident fund.

Medical aid

The Group operates a closed fund defined benefit plan for a portion of the medical aid members. The assets of the funded plans are held independently of the Group's assets. This fund is valued by independent actuaries every year using the projected unit credit method.

The movement in the defined benefit obligation is as follows:

(ZAR'm)	Present value of obligation	Fair value of plan assets	Total
Year ended 31 March 2019			
At 1 April 2018	**32**	**(31)**	**1**
Other post-retirement benefits – medical aid	**–**	**–**	**–**
Expected return on plan assets	**–**	**(3)**	**(3)**
Expected benefit payments from plan assets	**(3)**	**3**	**–**
Interest expense/(income)	**3**	**–**	**3**
Remeasurements through OCI:	**(1)**	**(1)**	**(2)**
Gain from change in financial assumptions	**(1)**	**–**	**(1)**
Return on plan assets	**–**	**(1)**	**(1)**
At 31 March 2019	**31**	**(32)**	**(1)**

(ZAR'm)	Present value of obligation	Fair value of plan assets	Total
Year ended 31 March 2018			
At 1 April 2017	35	(31)	4
Other post-retirement benefits – medical aid	–	–	–
Expected return on plan assets	–	(3)	(3)
Expected benefit payments from plan assets	(3)	3	–
Interest expense/(income)	3	–	3
Remeasurements through OCI:	(3)	–	(3)
Gain from change in financial assumptions	(2)	–	(2)
Return on plan assets	(1)	–	(1)
At 31 March 2018	32	(31)	1
Year ended 31 March 2017			
At 1 April 2016	36	(30)	6
Other post-retirement benefits – medical aid	–	–	–
Expected return on plan assets	–	(3)	(3)
Expected benefit payments from plan assets	(3)	3	–
Interest expense/(income)	3	–	3
Remeasurements through OCI:	(1)	(1)	(2)
Gain from change in financial assumptions	–	–	–
Return on plan assets	(1)	(1)	(2)
At 31 March 2017	35	(31)	4

The present value of the obligation is R31 million (2018: R32 million and 2017: R35 million) and the present value of the plan assets is R32 million (2018: R31 million and 2017: R31 million).

The principal actuarial assumptions used for the valuation were:

(ZAR'm)	2019	2018	2017
Discount rate	**9.70%**	9.00%	9.50%
Healthcare cost inflation	**7.90%**	7.80%	9.00%
Expected return on plan assets	**9.70%**	9.00%	9.50%
Remuneration inflation	**7.40%**	7.30%	8.50%

The fund is actively managed and returns are based on both the expected performance of the asset class and the performance of the fund managers. The assets of the medical aid scheme comprise cash for 2019, 2018 and 2017.

The expected long-term rate of return on medical aid assets of 9.70% (2018: 9.00% and 2017: 9.50%) is determined by using a standard 0% margin on the assumed rate of discount as per the revised IAS 19 *Employee Benefits*. The discount rate of 9.70% (2018: 9.00% and 2017: 9.50%) per annum is based on current bond yields of appropriate term gross of tax as required by IAS 19. South Africa does not have a deep market in high quality corporate bonds. The discount rate is therefore determined by reference to current market yields on government bonds.

No contributions are expected to be paid into the Group's defined benefit scheme during the annual period after 31 March 2019 (2018: Rnil and 2017: Rnil).

32. DEFERRED REVENUE

The Group's contract liabilities consist of the customer reward programmes and are shown as deferred revenue. The Group accounts for its hotel customer reward programmes in terms of IFRS 15 *Revenue from Contracts with Customers* with the liability on the balance sheet allocated to deferred revenue. Deferred revenue is made up as follows:

Non-financial instruments

Deferred revenue – rooms and food and beverage revenue

(ZAR'm)	2019	2018	2017
At 1 April	**95**	87	74
Created during the year	**142**	132	118
Forfeitures during the year	**(34)**	(31)	(27)
Utilised during the year	**(100)**	(93)	(78)
At 31 March	**104**	95	87
Less: Current portion	**(70)**	(64)	(58)
Non-current portion	**34**	31	29

The expected timing of the recognition of the deferred revenue is within three years (2018 and 2017: three years).

	2020	2021	Total
Revenue expected to be recognised in respect of deferred revenue as of 31 March 2019	70	34	104
Revenue recognised that was included in the contract liability balance at the beginning of the period	67	62	53

33. LONG-TERM INCENTIVE CASH PLANS

Cash-settled – Tsogo Sun Share Appreciation Bonus Plan

The Tsogo Sun Share Appreciation Bonus Plan is a bonus scheme whereby participants receive cash bonuses, the amounts of which are determined with reference to the growth in the holding Company's listed share price. Participants under this bonus appreciation plan are not entitled to take up shares or options whatsoever. Allocations vest in full three years after date of allocation.

The fair value is expensed over the period as services are rendered by the employees. In terms of the rules, the fair values of the payments are determined using the seven-day volume weighted average trading price of the Company's share prior to the determination of the fair value of the long-term incentive bonus. The following is pertinent to this bonus plan:

(ZAR'm)	2019	2018	2017
Average share price utilised to value the liability	**R23.50**	R25.50	R28.00
Number of appreciation units granted and outstanding ('000)	**17 959**	33 320	31 488
Number of appreciation units vested and outstanding ('000)	**12 642**	17 203	15 824

The Group recognised a debit of R3.5 million (2018: R7 million credit and 2017: R33.9 million debit) related to this bonus appreciation plan during the year.

(ZAR'm)	2019	2018	2017
Cash-settled, share-based long-term incentive plan	**34**	30	44
	34	30	44
Less: Current portion	**(29)**	(19)	(37)
Non-current portion	**5**	11	7

34. PROVISIONS

(ZAR'm)	2019	2018	2017
At 1 April			
Long-service awards	**53**	48	44
Short-term incentives	**61**	62	65
	114	110	109
Created during the year			
Long-service awards	**7**	11	8
Short-term incentives	**57**	54	61
Inter-group transfers	**12**	–	–
	76	65	69
Utilised during the year			
Long-service awards	**(7)**	(6)	(4)
Short-term incentives	**(58)**	(55)	(64)
	(65)	(61)	(68)
At 31 March			
Long-service awards	**58**	54	48
Short-term incentives	**67**	60	62
Total provisions	**125**	114	110
Less: Current portion	**(74)**	(67)	(67)
Non-current portion	**51**	47	43

Long-service awards

The Group pays its employees a long-service benefit. The benefit is paid when employees reach predetermined years of service. The method of accounting and frequency of valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually by independent actuaries using the projected unit credit method.

(ZAR'm)	2019	2018	2017
Movement in unfunded obligation			
Benefit obligation at 1 April	**53**	48	44
Interest cost	**5**	4	4
Service cost	**5**	5	5
Actuarial loss/(gain)	**(4)**	2	(3)
Benefits paid	**(6)**	(5)	(4)
Transfers	**5**	–	2
Obligation at 31 March	**58**	54	48
The amounts recognised in the income statement are as follows:			
Interest cost	**5**	4	4
Current service cost	**5**	5	5
Actuarial loss/(gain)	**(4)**	2	(3)
	6	11	6
The principal actuarial assumptions used for accounting purposes are:			
Discount rate	**9.20%**	8.40%	8.90%
Inflation rate	**5.40%**	5.40%	6.30%
Salary increase rate	**5.90%**	5.90%	6.80%
Pre-retirement mortality rate	SA 85 – 90 (Light table)		
The present value of the long-service award obligations for the current and prior years are as follows:			
Present value of unfunded obligations	**58**	54	48
Experience adjustment on plan obligations	**–**	–	–

There are no plan assets in respect of the long-service award liability.

35. OTHER NON-CURRENT LIABILITIES

(ZAR'm)	2019	2018	2017
Straight-lining of operating leases	**187**	157	126
Less: Current portion	**(1)**	(8)	(3)
Non-current portion	**186**	149	123

The straight-lining of operating leases relates to the Cape Town City Bowl hotels and various leases of other properties within the Group's portfolio of hotels.

36. TRADE AND OTHER PAYABLES

(ZAR'm)	2019	2018	2017
Financial instruments			
Trade and other payables	**409**	370	549
Trade payables	**120**	102	141
Accrued expenses	**159**	139	115
Advance deposits	**61**	57	54
Tenants deposits	**–**	2	19
Unallocated deposits	**32**	37	36
Amounts payable to hotel operators	**15**	15	28
Capital expenditure payables	**–**	–	5
Derivative financial instruments current portion (Note 30)	**–**	2	–
Accrued interest	**–**	12	19
Other payables	**22**	4	132
Non-financial instruments	**222**	185	214
VAT payable	**35**	13	32
Leave pay liability	**55**	46	44
Payroll related payables	**28**	32	31
Long-term incentive liabilities current portion (Note 33)	**29**	19	37
Provisions current portion (Note 34)	**74**	67	67
Straight-lining of operating leases current portion (Note 35)	**1**	8	3
	631	556	763

The carrying values of trade and other payables are assumed to approximate their fair values due to the short-term nature of trade and other payables. Other payables include capital expenditure creditors, unallocated deposits received and other sundry payables.

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

(ZAR'm)	2019	2018	2017
SA Rand	**500**	443	633
US Dollar	**35**	17	37
Zambian Kwacha	**7**	11	14
Nigerian Naira	**22**	8	22
Seychelles Rupee	**13**	12	12
Kenyan Shilling	**22**	4	10
Tanzanian Shilling	**10**	51	17
Mozambican Metical	**21**	9	15
United Arab Emirates Dirham	**1**	1	2
	631	556	763

37. CASH GENERATED FROM OPERATIONS

(ZAR'm)	2019	2018	2017
(Loss)/profit before tax	**(10)**	472	1 437
Adjusted for finance income and costs, share of profit of equity accounted entities, dividends received and non-cash movements:			
Finance income	**(38)**	(55)	(54)
Finance costs	**455**	535	452
Share of profit of associates and joint ventures	**(15)**	(55)	(32)
Amortisation and depreciation	**306**	270	248
Impairment charge for bad and doubtful debts, net of reversals	**3**	3	9
Operating equipment usage	**21**	21	26
Straight-lining of operating leases and other lease adjustments	**27**	32	19
Movement in provisions	**83**	80	91
Long-term incentive expense/(credit)	**4**	(7)	34
Loss on disposal of property, plant and equipment	**3**	–	2
Impairment of property, plant and equipment	**94**	–	88
Gain on disposal of investment property	**–**	–	(36)
Impairment	**–**	–	1
Fair value adjustment on investment properties	**445**	187	(800)
Fair value adjustment on assets held for sale	**–**	1	–
Gain on bargain purchase	**–**	–	(82)
Fair value adjustment on interest rate swaps	**(2)**	1	6
Dividends received from available-for-sale financial assets	**–**	–	(14)
Other non-cash moves and adjustments	**(4)**	(7)	22
Cash generated from operations before working capital movements	**1 372**	1 480	1 418
Working capital movements			
Increase in inventories	**(1)**	(4)	(2)
Decrease in trade and other receivables	**23**	72	85
Decrease in payables and provisions	**(84)**	(271)	(337)
Cash generated from operations	**1 311**	1 277	1 164

38. INCOME TAX PAID

Tax liability at 1 April	**(68)**	(38)	(21)
Current tax provided	**(102)**	(132)	(114)
Withholding tax	**(6)**	(5)	(6)
Currency translation	**(1)**	4	2
Tax liability at 31 March	**98**	68	38
	(79)	(103)	(101)

38.2 Changes in interest-bearing borrowings arising from financial activities

(ZAR'm)	Long-term borrowings	Short-term borrowings	Other current liabilities
Balance as at 1 April 2016	2 653	–	1 819
Borrowings raised	245	–	974
Borrowings repaid	(572)	–	–
Currency translation	(101)	–	–
Acquisition of subsidiary[(1)]	1 725	–	–
Other	(37)	–	–
Balance as at 31 March 2017	3 913	–	2 793
Borrowings raised	1 196	–	42
Borrowings repaid	(2 069)	–	–
Currency translation	(129)	–	–
Other	(2)	–	–
Balance as at 31 March 2018	2 909	–	2 835
Borrowings raised	174	–	–
Borrowings repaid	(145)	–	(2 366)
Currency translation	229	–	–
Transfer to short-term borrowings	(290)	290	–
Other	8	–	(469)
Balance as at 31 March 2019	**2 885**	**290**	**–**

(1) *In 2017, HPF was acquired and the debt was consolidated into the hotels group.*

39. RELATED PARTIES

As detailed below, the Group has concluded certain material transactions with related parties. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

39.1 Transactions and balances with related parties

(ZAR'm)	2019	2018	2017
Management fees received from Tsogo Sun Gaming	**44**	41	55
Royalties received from Tsogo Sun Gaming	**9**	9	–
Operating expenses recovered from Tsogo Sun Gaming	**19**	19	18
Operating expenses charged from Tsogo Sun	**(122)**	(117)	(122)
Interest paid to Tsogo Sun	**(188)**	(269)	(229)
	(239)	(317)	(278)
Loans with related parties:			
Amounts payable to Tsogo Sun Proprietary Limited	**–**	(2 338)	(2 296)
Amounts payable to Tsogo Sun Gaming Investments Proprietary Limited	**–**	(3)	(3)
Amounts payable to Tsogo Sun Hotels, Gaming and Entertainment Proprietary Limited	**–**	(494)	(494)
Amounts receivable from Tsogo Sun Proprietary Limited	**39**	–	–
	39	(2 835)	(2 793)

These loans have been disclosed as other current assets in 2019 and other current liabilities in 2018 and 2017.

The loans bear interest at market-related rates and are repayable on demand. At 31 March 2017, R1.8 billion of the loan payable to Tsogo Sun Proprietary Limited by Southern Sun Hotel Interests Proprietary Limited ("**SSHI**"), a subsidiary of the Group, was subordinated together with any future interest that accrues on this balance until such time that the total assets of SSHI, fairly valued, exceeded its total liabilities. At 31 March 2018, R2.8 billion of the loan payable to Tsogo Sun Proprietary Limited by SSHI was subordinated together with any future interest that accrues on this balance until such time that the total assets of SSHI, fairly valued, exceeded its total liabilities. The full amount of the loan was repaid in 2019.

39.2 Common control acquisition

The common control reserve was recognised retrospectively, from the earliest period presented as a result of the acquisition of the Southern Sun Offshore businesses from Tsogo Sun Gaming & Entertainment Proprietary Limited in March 2019. The assets and liabilities acquired at predecessor values are:

	R'm
Property, plant and equipment	2 317
Goodwill	7
Other intangible assets	1
Investments in associates	487
Investments in joint ventures	120
Non-current receivables	5
Deferred income tax assets	136
Inventories	12
Trade and other receivables	99
Cash and cash equivalents	103
Other non-current liabilities	(1 356)
Other current liabilities	(723)
Income tax liabilities	(27)
Total identifiable net assets assumed	1 181
NCI	(151)
Less: Purchase consideration	1 923)
Common control reserve arising on transaction	(893)

39.3 Key management compensation

Key management includes members of the Group Executive Committee. The compensation paid to key management for employee services is shown below:

(ZAR'm)	2019	2018	2017
Salaries and other short-term employee benefits	**16**	26	15
Post-employment benefits	**1**	1	–
Other long-term benefits	**2**	4	11
	19	31	26

There are no loans to Directors, key management or their families of the Group.

39.4 Contingencies, commitments and guarantees

There are no contingencies, commitments or guarantees of the Group's related parties, other than as mentioned in Note 40 to these consolidated annual financial statements.

40. OPERATING LEASE COMMITMENTS

Operating lease arrangements where the Group is a lessee:

The operating lease commitments relate mainly to the Cape Town City Bowl hotels lease which commenced in September 2017 and leases of other properties within the Group's portfolio of hotels. The Group's main lease, the aforementioned Cape Town City Bowl hotels lease, has a lease term of 15 years escalating at 7% per annum with an option to renew for a further period of 10 years.

At the balance sheet date the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

(ZAR'm)	2019	2018	2017
Not later than 1 year	**130**	143	98
Later than 1 year and not later than 5 years	**476**	479	355
Later than 5 years	**1 345**	1 476	706
	1 951	2 099	1 158

Operating lease arrangements where the Group is a lessor:

The Group's main leases are contracts with tenants in respect of its investment properties held in HPF. The Group also rents out retail and commercial office space in its gaming and hotels properties. Rental income is based on fixed, fixed and variable and variable lease agreements concluded with tenants. The majority of the leases are fixed and variable with the fixed rental amounts resetting after a number of years. In the long-term fixed rentals should always exceed variable rental income received. Property rentals (including investment property rentals – refer Note 18 Investment properties) earned during the year was R406 million (2018: R304 million).

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods. The rentals below relate only to fixed rentals and do not include any variable rentals or escalations based on CPI:

(ZAR'm)	2019	2018	2017
Not later than 1 year	**5**	1	3
Later than 1 year and not later than 5 years	**1**	2	3
Later than 5 years	**–**	–	1
	6	3	7

41. FUTURE CAPITAL EXPENDITURES

	2019	2018	2017
Authorised by Directors but not yet contracted for:			
Property, plant and equipment	**415**	1 052	2 653
Investment property	**231**	210	122
	646	1 262	2 775
Authorised by Directors and contracted for:			
Property, plant and equipment	**108**	50	216
Investment property	**19**	13	30
Intangible assets: software	**–**	26	6
	127	89	252

42. FINANCIAL RISK MANAGEMENT

42.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management process

The Tsogo Sun Hotel's Board recognises that the management of business risk is crucial to the Group's continued growth and success and this can only be achieved if all three elements of risk – namely threat, uncertainty and opportunity – are recognised and managed in an integrated fashion. The audit and risk committee is mandated by the Board to establish, coordinate and drive the risk process throughout the Group. It has overseen the establishment of a comprehensive risk management system to identify and manage significant risks in the operational divisions, business units and subsidiaries. Internal financial and other controls ensure a focus on critical risk areas, are closely monitored and are subject to management oversight and internal audit reviews.

The systems of internal control are designed to manage rather than eliminate risk, and provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements, the compliance with statutory laws and regulations and to safeguard and maintain accountability of the Group's assets. The Board and Executive management acknowledge that an integrated approach to the total process of assurance improves the assurance coverage and quality in addition to being more cost-effective.

The risk profiles, with the risk responses, are reviewed by the audit and risk committee at least once every six months. In addition to the Group risk assessment, risk matrices are prepared and presented to the audit and risk committee for each operational division.

Financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments and investing excess liquidity.

Credit risk is managed at an entity level for trade receivables.

(a) Market risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(i) Currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is not exposed to significant foreign exchange risk as the Group seeks to mitigate this exposure, where cost-effective, by securing its debt denominated in US Dollar and/or Euro in the offshore entities with assets and cash flows of those offshore operations where the functional currency of those entities is US Dollar and/or Euro, with no recourse to the South African operations. As a result, no forward cover contracts are required in respect of this debt. The Group does not hedge currency exposures from the translation of profits earned in foreign currency subsidiaries, associates and joint ventures.

Foreign exchange risk also arises from exposure in the foreign operations due to trading transactions denominated in currencies other than the functional currency.

The following significant exchange rates against the SA Rand applied during the year:

	Average Rate			Reporting date closing rate		
(ZAR)	**2019**	**2018**	**2017**	**2019**	**2018**	**2017**
1 US Dollar is equivalent to	13.66	12.96	14.04	14.51	11.81	13.40
1 Euro is equivalent to	15.83	15.16	15.37	16.29	14.55	14.32

A 10% strengthening of the functional currency against the following currencies at 31 March would have increased/(decreased) profit or loss by the amounts shown below due to foreign exchange gains or losses on foreign denominated trade receivables, cash and cash equivalents and trade payables recorded in the local currency of the foreign operations. This analysis assumes no hedging and that all other variables, in particular interest rates, remain constant. This analysis was performed on the same basis for 2018 and 2017.

R'm	**2019**	**2018**	**2017**
Euro	*	*	*
Mozambican Metical	*	*	*
Nigerian Naira	(1)	(1)	(1)
US Dollar	*	*	*
Zambian Kwacha	*	*	*
Other	*	*	*

** Below R1 million.*

A 10% weakening of the functional currency against the above currencies at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(ii) Interest rate risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Hedge accounting is applied to the Group's interest rate swaps. The Group's primary interest rate risk arises from long-term borrowings (excluding bank overdrafts). Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group's policy is to borrow in floating rates, having due regard that floating rates are generally lower than fixed rates in the medium term.

Group policy requires that approximately 50% of its net borrowings are to be in fixed rate instruments over a 12-month rolling period.

The Group manages its interest rate risk by using floating-to-fixed interest rate swaps. Interest rate swaps have the economic effect of converting floating rate borrowings to fixed rates. Where the Group raises long-term borrowings at floating rates, it swaps them into fixed rates in terms of Group policy. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to an agreed reference interest rate calculated on agreed notional principal amounts. The settlement dates coincide with the dates on which interest is payable on the underlying debt and settlement occurs on a net basis.

Fixed interest rate swaps ranged from 7.16% to 7.42% as at 31 March 2019 referenced against the three-month JIBAR of 7.15% (2018: Fixed interest rate swaps ranged from 7.16% to 7.88% as at 31 March 2018 referenced against the three-month JIBAR of 6.867%). 2017: Fixed interest rate swaps ranged from 7.05% to 7.88% as at 31 March 2017 referenced against the three-month JIBAR of 7.325%).

At 31 March floating rate borrowings are linked/referenced to various rates the carrying amounts of which are as follows:

(ZAR'm)	2019	2018	2017
Linked to three-month JIBAR	**1 959**	1 952	2 944
Linked to three-month USD LIBOR	**1 178**	947	986
Linked to Central Bank prime rate in Mozambique	**46**	22	–
	3 183	2 921	3 930

At 31 March the interest rate profile of the Group's interest-bearing financial instruments, excluding the effect of interest rate swaps and bank overdrafts, was:

	Carrying amount		
(ZAR'm)	2019	2018	2017
Variable rate instruments			
Financial liabilities	**3 183**	2 920	3 930
	3 183	2 920	3 930

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates would have increased/decreased pre-tax profit or loss by R32 million (2018: R29 million and 2017: R39 million), including the effects of the interest rate swaps. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2018.

(iii) Other price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

(b) **Credit risk**

The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group has no significant concentrations of credit risk. Overall credit risk is managed on a group basis with exposure to trade receivables managed at entity level. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions and lessors, as well as credit exposures to the Group's customer base, including outstanding receivables and committed transactions.

For banks and financial institutions, only Group Audit and Risk Committee approved parties are accepted (on behalf of the Board). The Group has policies that limit the amount of credit exposure to any bank and financial institution. The Group limits its exposure to banks and financial institutions by setting credit limits based on their credit ratings and generally only with counterparties with a minimum credit rating of BBB by Standard & Poor's and Baa3 from Moody's. For banks with a lower credit rating, or with no international credit rating, limits are set by the Audit and Risk Committee on behalf of the Board. The utilisation of credit limits is regularly monitored. To reduce credit exposure, the Group has International Swaps and Derivatives Association Master Agreements with most of its counterparties for financial derivatives which permit net settlement of assets and liabilities in certain circumstances.

(c) **Liquidity risk**

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available. Although current liabilities exceed current assets at 31 March 2019, the Group generates sufficient cash flows during the period to meet all current liability obligations.

Management monitors rolling forecasts of the Group's liquidity headroom on the basis of expected cash flow and the resultant borrowing position compared to available credit facilities. This process is performed during each financial year for five years into the future in terms of the Group's long-term planning process.

The Group's policy is to ensure that it has, at all times, in excess of 15% of surplus, undrawn committed borrowing facilities. At 31 March 2019, the Group had 15% (2018: 17%) surplus facilities. Bank overdrafts are not considered to be long-term debt but rather working capital arrangements as part of cash management as set up with the banking institutions.

(ZAR'm)	2019	2018	2017
Debt at 1 April	**(2 920)**	(3 930)	(4 025)
Net (increase)/decrease in debt during the year	**(263)**	1 010	95
Less: Capitalised interest	**19**	11	21
Debt excluding capital interest at 31 March	**(3 165)**	(2 909)	(3 909)
Credit facilities[(1)]	**3 784**	3 537	4 257
Headroom available	**619**	628	348

[(1)] *Excludes indirect facilities (letters of guarantees, forward exchange contracts and letters of credit) and bank overdrafts.*

The Group sources its funding from a syndicate of three large South African banks, together with the debt capital markets through the HPF Domestic Medium-term Note Programme, thereby reducing liquidity concentration risk. The facilities comprise a mix of short, medium and long-term tenure, with utilisations and available facilities as follows:

	2019 facility			2018 facility			2017 facility		
(ZAR'm)	Total	Utilisation	Available	Total	Utilisation	Available	Total	Utilisation	Available
Demand facilities (overdrafts)	**20**	**–**	**20**	20	–	20	20	–	20
364-day notice facilities	**–**	**–**		–	–	–	–	–	–
Term facilities maturing 1 February 2018	**–**	**–**	**–**	–	–	–	750	750	–
Term facilities maturing 1 August 2018	**–**	**–**	**–**	–	–	–	230	95	135
Term facilities maturing 1 September 2018	**–**	**–**	**–**	–	–	–	67	35	32
Term facilities maturing 1 November 2018	**–**	**–**	**–**	–	–	–	30	30	–
Term facilities maturing 1 April 2019	**–**	**–**	**–**	–	–	–	100	2	98
Term facilities maturing 15 April 2019	**230**	**230**	**–**	230	230	–	230	230	–
Term facilities maturing 30 June 2019	**–**	**–**	**–**	–	–	–	176	176	–
Term facilities maturing 1 November 2019	**–**	**–**	**–**	–	–	–	400	346	54
Term facilities maturing 20 February 2020	**104**	**60**	**44**	95	69	26	100	91	9
Term facilities maturing 31 July 2020	**1 050**	**550**	**500**	1 050	550	500	–	–	–
Term facilities maturing 31 March 2021	**218**	**218**	**–**	177	177	–	201	201	–
Term facilities maturing 30 June 2021	**–**		**–**	–	–	–	1 200	1 200	–
Term facilities maturing 31 December 2021	**210**	**210**	**–**	171	171	–	194	194	–
Term facilities maturing 31 March 2022	**852**	**797**	**55**	694	612	82	559	559	–
Term facilities maturing 31 July 2022	**500**	**500**	**–**	500	500	–	–	–	–
Term facilities maturing 31 March 2023	**600**	**600**	**–**	600	600	–	–	–	–
	3 784	**3 165**	**619**	3 537	2 909	628	4 257	3 909	348

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, inclusive of capital and interest:

(ZAR'm)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31 March 2019				
Bank borrowings	**172**	**901**	**1 625**	**–**
Corporate bonds	**370**	**55**	**709**	**–**
Bank overdrafts	**195**			
Derivative financial instruments	**–**	**–**	**2**	**–**
Trade and other payables	**409**	**–**	**–**	**–**
	1 146	**956**	**2 336**	**–**
At 31 March 2018				
Bank borrowings	97	106	2 130	–
Corporate bonds	81	349	759	–
Bank overdrafts	132			
Derivative financial instruments	–	2	4	
Other current liabilities	2 835			
Trade and other payables	370	–	–	–
	3 515	457	2 893	–
At 31 March 2017				
Bank borrowings	389	296	3 124	–
Corporate bonds	769	29	269	–
Bank overdrafts	208			–
Derivative financial instruments	(2)	(1)	–	–
Other current liabilities	2 793			
Trade and other payables	549	–	–	–
	4 706	325	3 393	–

Gross cash inflows and outflows in respect of the Group's derivative financial instruments are not material and therefore no further information has been presented.

42.2 Financial instruments by category

The table below reconciles the Group's accounting categorisation of financial assets and financial liabilities (based on initial recognition) to the classes of assets:

(ZAR'm)	Loans and receivables (IAS 39)[(1)]	Amortised cost (IFRS 9)[(1)]	Derivatives used for hedging	Other financial liabilities at amortised cost	Not categorised as a financial instrument	Total	Non-current	Current
At 31 March 2019								
Financial assets								
Non-current receivables	**–**	**6**	**–**	**–**	**–**	**6**	**6**	
Derivative financial instruments								
Trade and other receivables	**–**	**370**	**–**	**–**	**88**	**458**	**–**	**458**
Cash and cash equivalents	**–**	**407**	**–**	**–**	**–**	**407**	**–**	**407**
Financial liabilities								
Interest-bearing borrowings	**–**	**–**	**–**	**3 370**	**–**	**3 370**	**2 885**	**485**
Trade and other payables	**–**	**–**	**–**	**409**	**292**	**701**	**–**	**701**
At 31 March 2018								
Financial assets								
Non-current receivables	37	–	–	–	1	38	38	–
Trade and other receivables	318	–	–	–	50	368	–	368
Cash and cash equivalents	357	–	–	–	–	357	–	357
Financial liabilities								
Interest-bearing borrowings	–	–	–	3 041	–	3 041	2 909	132
Derivative financial instruments	–	–	4	–	–	4	4	–
Trade and other payables	–	–	–	370	185	556	–	556
At 31 March 2017								
Financial assets								
Non-current receivables	44	–	–	–	2	46	46	–
Derivative financial instruments	–	–	2	–	–	2	2	–
Trade and other receivables	394	–	–	–	42	436	–	436
Cash and cash equivalents	455	–	–	–	–	455	–	455
Financial liabilities								
Interest-bearing borrowings	–	–	–	4 120	–	4 120	3 913	208
Derivative financial instruments	–	–	3	–	–	3	2	1
Trade and other payables	–	–	–	549	213	763	–	797

** Prior year available-for-sale financial assets.*

(1) On adoption of IFRS 9, the financial instruments included in trade and other receivables were reclassified from loans and receivables to amortised cost. There were no other changes in classification upon adoption of IFRS 9.

43. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and provide optimal returns for shareholders through maintaining an optimal capital structure.

The Group defines capital as equity funding provided by shareholders and debt funding from external parties. Shareholder funding comprises permanent paid-up capital, share premium, revenue reserves and other reserves as disclosed in the balance sheet. Debt funding comprises loans from shareholders, banking institutions and corporate bonds and net debt represents gross debt net of all cash reserves.

The Board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Board of Directors monitors the cost of capital, which the Group defines as the weighted average cost of capital, taking into account the Group's internally calculated cost of equity (shareholder funding) and long-term cost of debt assumptions.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound equity position. The Group's debt capacity and optimal gearing levels are determined by the cash flow profile of the Group and are measured through applicable ratios such as net debt to EBITDAR and interest cover which ratios were complied with throughout the year. These ratios provide a framework within which the Group's capital base is managed. The Group's current utilisation of debt facilities is shown in Note 42.1(c).

In order to maintain or adjust the capital structure, in the absence of significant investment opportunities, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Under the terms of the borrowing facilities, the Group is required to comply with the following financial covenants:

- EBITDA covers net interest by at least 3.0 times.
- Net debt: EBITDA required to be less than 3.0 times.

EBITDA is defined as earnings before interest, taxation, depreciation, amortisation, long-term incentives and exceptional items.

No debt covenants in respect of external borrowings were breached during the year under review or during prior years presented. The covenants are monitored and reported to the Board and chief operating decision maker on a quarterly basis. Apart from the external debt borrowing covenants, the Group is not subject to externally imposed capital requirements, with the exception of HPF. HPF, being a REIT status entity, is subject to it's total liabilities being limited by the Listings Requirements of the JSE for REIT's to 60% of total assets. Furthermore, HPF's borrowings are limited in terms of the Listings Requirements of the JSE to 60% of the Directors' *bona fide* valuation of the consolidated property portfolio of HPF. These requirements were not breached during the year under review.

During 2019, the Group's internal covenants strategy was to ensure that net debt was no more than 3.0 times (2018 and 2017: 3.0 times) EBITDAR. EBITDAR, being the driver of profitability and equity contributor, is the critical measurement criteria used to manage debt and capital levels.

(ZAR'm)	**2019**	**2018**	**2017**
Total borrowings (Note 29)	**3 370**	3 041	4 121
Less: Cash and cash equivalents (Note 25)	**(212)**	(225)	(248)
Net debt	**3 158**	2 816	3 873
EBITDAR	**1 491**	1 590	1 465
Net debt/EBITDAR (times)	**2.1**	1.8	2.6

44. FAIR VALUE ESTIMATION

Specific valuation techniques used to value financial instruments include:

Financial instruments in level 1

The Group has no level 1 financial instruments

Financial instruments in level 2

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

The Group has the following level 2 financial instruments (Note 30):

(ZAR'm)	2019	2018	2017
Derivative financial instruments – interest rate swaps liability (net)	**–**	(6)	(1)

Financial instruments in level 3

The level 3 basis of fair value is "market value" which is defined as an opinion of the best price at which the sale of a financial instrument, taking into account existing conditions, would have been completed unconditionally for a cash consideration on the date of valuation assuming:

- A willing seller.
- That the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as at the date of valuation.
- That no account is taken of any additional bid by a prospective purchaser with a special interest.
- That both parties to the transaction had acted knowledgeably, prudently and without compulsion.

The Group has the following level 3 financial instruments:

(ZAR'm)	2019	2018	2017
Investment properties (Note 16)	**4 881**	5 101	4 843

** Prior year available-for-sale investments.*

There were no transfers between levels 1, 2 and 3 during the year under review or in the prior year. The Group has no other financial assets or liabilities measured at fair value.

45. OFFSETTING

The Group has the following financial instruments which are subject to enforceable master netting arrangements which are not offset as at 31 March 2019:

(ZAR'm)	2019	2018	2017
Interest rate swap derivatives			
Gross interest rate swap – asset	**2**	–	2
Gross interest rate swap – liability	**(2)**	(6)	(3)
Net asset/(liability) if offset	**–**	(6)	(1)

46. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

46.1 ANNOUNCEMENT IN RELATION TO THE LISTING AND UNBUNDLING OF TSOGO SUN HOTELS LIMITED

On the 15 March 2019 the Board of Directors of Tsogo Sun has resolved to restructure the Tsogo Sun Group's hotel interests under one holding company, being Tsogo Sun Hotels ("**THL**"), and to proceed with the separation of Tsogo Sun and THL, culminating in the listing and unbundling of THL.

The Pre-listing Statement for THL is expected to be released on or about 23 May 2019 with the Listing of THL expected to occur on or about 12 June 2019. Shareholders will be kept informed in this regard.

46.2 THE FOLLOWING MOVEMENTS IN DEBT INSTRUMENTS OCCURRED AFTER THE BALANCE SHEET DATE

HPF settled corporate bond notes HPF 08 and HPF 09, which matured on 15 April 2019, of R80 million and R150 million respectively. A new corporate bond note for R300 million was issued (HPF 12) and will mature in March 2024.

46.3 ADDITIONAL SHARES IN RBH HOTEL GROUP LIMITED

Tsogo Sun Hotels acquired an additional 177 shares in RBH Hotel Group Limited for the consideration of £413,000. This results in an increase shareholding from 25% to of 26.4% on 18 April 2019.

Other then what is referred to above, the Directors are not aware of any matter or circumstance arising since the balance sheet date and the date of these annual financial statements, not otherwise dealt with within the financial statements, that would affect the operations or results of the Group significantly.

46.4 NEW SHARE INCENTIVE PLAN

THL has adopted a new share incentive plan after year end, namely the THL SAR Plan, to incentivise, motivate and retain the right calibre of executives and senior management, and to recognise contributions made by selected employees.

Selected key senior employees of the THL Group are eligible for participation in the THL SAR Plan.

47. SUBSIDIARIES HAVING MATERIAL NON-CONTROLLING INTERESTS

The total non-controlling interests' share of profit for the year and accumulated non-controlling interests are allocated as follows:

	Ownership as at 31 March			Share of profit for the year 31 March			Accumulated non-controlling interests as at 31 March		
(ZAR'm)	2019	2018	2017	2019	2018	2017	2019	2018	2017
HPF	**41%**	41%	49%	**22**	165	543	**2 767**	3 036	2 384
Ikoyi Hotels Limited	**24%**	24%	24%	**2**	(4)	(14)	**161**	159	163
Other non-material non-controlling interests:				**(6)**	5	(3)	**11**	14	12
				18	166	526	**2 939**	3 209	2 559

47. SUBSIDIARIES HAVING MATERIAL NON-CONTROLLING INTERESTS CONTINUED

Summarised financial information, before inter-group eliminations, for subsidiaries having material non-controlling interests is as follows:

	HPF			Ikoyi Hotels Limited		
(ZAR'm)	**2019**	**2018**	**2017[(1)]**	**2019**	**2018**	**2017**
Summarised balance sheets as at 31 March						
Non-current assets	**12 025**	12 535	8 064	**806**	644	732
Current assets	**176**	590	391	**94**	80	85
Total assets	**12 201**	13 125	8 455	**900**	724	817
Non-current liabilities	**1 674**	1 942	1 491	**185**	151	171
Current liabilities	**305**	79	367	**49**	40	38
Total liabilities	**1 979**	2 021	1 858	**234**	191	209
Net assets	**10 222**	11 104	6 597	**666**	533	608
Summarised income statements for the year ended 31 March						
Revenue	**830**	867	451	**111**	96	110
Profit/(loss) before income tax	**(194)**	113	535	**14**	(6)	(29)
Income tax credit/(expense)	**–**	–	–	**(4)**	4	43
Profit/(loss) for the year	**(194)**	113	535	**9**	(2)	14
Other comprehensive income	**–**	2 389	–	**–**	–	–
Foreign currency translation	**–**	–	–	**–**	(16)	(72)
Total comprehensive income	**(194)**	2 502	535	**9**	(18)	(58)
Dividends paid to non-controlling interests	**279**	159	104	**–**	–	–
Summarised cash flows for the year ended 31 March						
Cash generated from operations	**762**	725	308	**27**	16	17
Interest received	**17**	28	15	**1**	1	–
Finance costs paid	**(184)**	(192)	(86)	**(10)**	(8)	(6)
Income tax paid	**10**	–	(27)	**–**	–	–
Dividends paid	**(688)**	(351)	(335)	**–**	–	–
Net cash generated from operations	**(83)**	210	125)	**18**	9	11
Net cash generated by/(utilised for) investment activities	**(212)**	(1 243)	335	**(21)**	(6)	(8)
Net cash (utilised in)/generated from financing activities	**(308)**	1 214	(189)	**–**	–	9
Net increase/(decrease) in cash and cash equivalents	**12**	181	21	**(3)**	3	12
Cash and cash equivalents at beginning of the year	**391**	210	–	**22**	22	12
Cash balances acquired with HPF	**–**	–	189	**–**	–	–
Foreign currency translation	**–**	–	–	**6**	(3)	(2)
Cash and cash equivalents at end of the year	**403**	391	210	**25**	22	22

(1) HPF was acquired with effect from 1 September 2016 and hence the information is from date of acquisition.

48. SUBSIDIARY COMPANIES

The following information relates to the Company's financial interest in its principal subsidiaries:

	Issued share capital			Effective holding			Shares at cost		
(ZAR'm)	2019	2018	2017	2019	2018	2017	2019	2018	2017
Direct shareholding:									
Southern Sun Hotel Interests Proprietary Limited	**1 061**	2	2	**100%**	100%	100%	**2 713**	488	488
Hospitality Property Fund Limited	**578**	578	331	**59%**	59%	51%	**5 224**	5 224	2 674
Majormatic 194 Proprietary Limited	*****	*	*	**100%**	100%	100%	**15**	15	15
Elsivert Proprietary Limited	*****	*	*	**100%**	100%	100%	**75**	75	75
Southern Sun Offshore Proprietary Limited	*****	*	*	**100%**	100%	100%	**1 923**	*	*
Indirect shareholding:									
Southern Sun Middle East Investment Holdings Proprietary Limited	*****	*	*	**100%**	100%	100%	*****	*	*
Ikoyi Hotels Limited	**3**	3	3	**76%**	76%	76%	*****	*	*
Southern Sun Africa Limited	*****	*	*	**100%**	100%	100%	**397**	397	397
Lavado Holding BV	*****	*	*	**100%**	100%	100%	**2**	2	2
Reshub Proprietary Limited	*****	*	*	**100%**	100%	100%	*****	*	*
							10 349	6 202	3 651

**Amount less than R1 million.*

The Group comprises a large number of companies. The list above only includes those subsidiary undertakings which materially affect the profit or net assets of the Group, or a business segment, together with the principal intermediate holding companies of the Group. In addition to the abovementioned subsidiaries, the Company has interests in other indirectly held subsidiaries. A register detailing such information in respect of all subsidiaries of the Company is available for inspection at the registered office of the Company, which may be inspected by members or their duly authorised agents.

All of the above subsidiaries are unlisted with the exception of Hospitality Property Fund Limited which is listed on the JSE. All of the subsidiaries are incorporated in South Africa except for Ikoyi Hotels Limited, Southern Sun Africa Limited and Lavado Holdings BV which are incorporated in Nigeria, Mauritius and the Netherlands respectively.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE FINANCIAL INFORMATION OF THE THL GROUP FOR THE YEAR ENDED 31 MARCH 2019

Independent reporting accountant's audit report on the consolidated historical financial information

To the Directors of Tsogo Sun Hotels Limited

Our opinion

Tsogo Sun Hotels Limited is issuing a Pre-listing Statement to its shareholders (the "**Pre-listing Statement**") regarding its listing on the JSE Limited Main Board (the "Listing").

In our opinion, the consolidated historical financial information as set out in Annexure 1 of the Pre-listing Statement (the "**consolidated historical financial information**") presents fairly, in all material respects, the consolidated financial position of Tsogo Sun Hotels Limited (the "Company") and its subsidiaries (together the "Group" or the "THL Group") as at 31 March 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements.

What we have audited

At your request and solely for the purpose of the Pre-listing Statement to be dated on or about 23 May 2019, we have audited Tsogo Sun Hotels Limited's consolidated historical financial information, which comprises:

- the consolidated balance sheet as at 31 March 2019;
- the consolidated income statement for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated historical financial information, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Reporting accountant's responsibilities for the audit of the consolidated historical financial information* section of our report.

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

Independence

We are independent of the Group in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors* ("IRBA Code") and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

Purpose of this report

This report has been prepared for the purpose of the Pre-listing Statement and for no other purpose.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated historical financial information for the year ended 31 March 2019. These matters were addressed in the context of our audit of the consolidated historical financial information for the year ended 31 March 2019 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties at year end of R4.9 billion The majority of the Group's investment properties comprise hotel properties. At 31 March 2019, the carrying value of the Group's total investment property portfolio was R4.9 billion representing a R220 million decrease compared to the prior year (refer to Note 16 of the consolidated historical financial information). This overall decrease comprises a decrease in the fair value of the hotel properties of R445 million offset by an increase of R159 million in capital expenditure capitalised and a R66 million increase due to the Kopanong property no longer being classified as held for sale and now included as part of investment property. No acquisitions were recorded in the 2019 financial year. The Group's accounting policy is to measure investment properties at fair value using the discounted cash flow approach. The value of investment properties is dependent on the operating results of the respective hotel operations and the inputs into the valuation model. Factors such as prevailing market conditions and country-specific risks directly impact fair values and are taken into account in calculation of the discount rate by use of a risk premium. Among others, the following assumptions are key in determining the fair value: • The discount rate applied by management; • Net cash flows for the first five years; and • The expected growth rate from year 5 onwards, which drives the exit capital rate. The valuation accounting policy applied during the year requires properties to be externally valued by a qualified real estate appraiser ('the appraiser'). In the current year R4.7 billion of the balance at year end was valued by external valuers which represents 95.9% of the total fair value of investment properties at year end. We considered the valuation of the investment properties to be a matter of most significance to our current year audit due to the following: • significant judgements made by management (through the use of their management expert) in determining the net cash flows, exit capitalisation and discount rates; and • the magnitude of the balance of the investment properties recorded in the consolidated balance sheet at 31 March 2019.	We tested capital expenditure incurred and capitalised on existing investment properties, by agreeing the consideration amounts capitalised to supporting documents, in order to determine whether the capitalisation criteria had appropriately been met. No exceptions were noted. We updated our understanding of and tested the relevant controls related to the budgeting process, which included controls in relation to the following: • the entering and amending of leases in support of contractual rental income; • the setting and approval of budgets by the Group; and • Board approval of the valuations obtained. In respect of the appraiser (management's expert), we: • considered his objectivity, independence and expertise by inspecting the external appraiser's valuation reports for a statement of independence and compliance with generally accepted valuation standards; and • confirmed the external appraiser's affiliation with the relevant professional body. No exceptions were noted in the above procedures performed. We performed the following procedures on a representative sample of the population: • we assessed the reasonableness of the cash flows relating to each selected hotel operation against prior year actual results; and • we assessed the cash flows for reasonability. For all of the externally valued properties, we independently tested the calculation of the fair values in the appraiser's valuation reports by performing the following procedures: • utilising our internal property valuation expertise, we assessed the appropriateness of the valuation methodology used; • we assessed the reasonableness of the growth, exit capitalisation and discount rates used in the valuations by independently calculating a range of rates which would be considered reasonable; • we independently recalculated the valuations for mathematical accuracy; and • we agreed the fair values in the final valuation reports to the fair values recorded in the Group's accounting records.

Key audit matter	How our audit addressed the key audit matter
	For purposes of presentation and disclosure, we have performed the following procedures: • Agreed the movement in investment properties balance to the results of the detailed testing performed as noted above; • Agreed the assumptions disclosed in Note 16 to the assumptions used in the detailed valuation workings; and • Reperformed the sensitivity analysis disclosed in the above note. No exceptions were noted in the above procedures performed.

Other Matter

The historical financial information of Tsogo Sun Hotels Limited as at 31 March 2018 and 31 March 2017, and for the years then ended were not audited but subject to review. A review engagement is substantially less in scope than an audit. The review report dated 20 May 2019 expressed an unqualified conclusion.

Responsibilities of the Directors for the consolidated historical financial information

The Directors of Tsogo Sun Hotels Limited are responsible for the preparation, contents and presentation of the Pre-listing Statement and are responsible for ensuring that Tsogo Sun Hotels Limited complies with the JSE Limited Listings Requirements.

The Directors of Tsogo Sun Hotels Limited are responsible for the preparation and fair presentation of the consolidated historical financial information in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated historical financial information that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated historical financial information, the Directors of Tsogo Sun Hotels Limited are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibilities for the audit of the consolidated historical financial information

Our objectives are to obtain reasonable assurance about whether the consolidated historical financial information as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this consolidated historical financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated historical financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of Tsogo Sun Hotels Limited.
- Conclude on the appropriateness of the Directors of Tsogo Sun Hotels Limited's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountant's report to the related disclosures in the consolidated historical financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountant's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated historical financial information, including the disclosures, and whether the consolidated historical financial information represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated historical financial information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.
- We communicate with the Directors of Tsogo Sun Hotels Limited regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors of Tsogo Sun Hotels Limited with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors of Tsogo Sun Hotels Limited, we determine those matters that were of most significance in the audit of the consolidated historical financial information for the year ended 31 March 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Inc.
Director: Pietro Calicchio
Registered Auditor
Johannesburg

20 May 2019

INDEPENDENT REPORTING ACCOUNTANTS' REVIEW REPORT ON THE FINANCIAL INFORMATION OF THE THL GROUP FOR THE YEARS ENDED 31 MARCH 2018 AND 31 MARCH 2017

Independent reporting accountant's review report on the Historical Financial Information of Tsogo Sun Hotels Limited for the years ended 31 March 2018 and 31 March 2017

To the Directors of Tsogo Sun Hotels Limited

Introduction

Tsogo Sun Hotels Limited is issuing a Pre-listing Statement to its shareholders (the "Pre-listing Statement") regarding its listing on the JSE Limited Main Board (the "Listing").

At your request and for the purpose of the Pre-listing Statement to be dated on or about 23 May 2019 we have reviewed the accompanying consolidated balance sheet of Tsogo Sun Hotels Limited as at 31 March 2018 and 31 March 2017 and the related consolidated income statements and consolidated statements of comprehensive income, changes in equity and cash flows for the twelve month periods then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information (the "consolidated historical financial information"), as presented in Annexure 1 to the Pre-listing Statement, in compliance with the requirements of the JSE Limited Listings Requirements.

Directors' responsibility

The Directors of Tsogo Sun Hotels Limited are responsible for the preparation, contents and presentation of the Pre-listing Statement and are responsible for ensuring that Tsogo Sun Hotels Limited complies with the requirements of the JSE Limited's Listings Requirements.

The Directors of Tsogo Sun Hotels Limited are responsible for the preparation and fair presentation of the consolidated historical financial information in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated historical financial information that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated historical financial information, the Directors of Tsogo Sun Hotels Limited are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibility

Our responsibility is to express a conclusion on the consolidated historical financial information. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity,* which applies to a review of historical 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 historical financial information is not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the consolidated historical financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated historical financial information of Tsogo Sun Hotels Limited, do not present fairly, in all material respects, the consolidated financial position of Tsogo Sun Hotels Limited as at 31 March 2018 and 31 March 2017 and its consolidated financial performance and its cash flows for the twelve months then ended in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements.

Purpose of the report

This report has been prepared for the purpose of the Pre-listing Statement and for no other purpose.

PricewaterhouseCoopers Inc.
Director: Pietro Calicchio
Registered Auditor
Johannesburg

20 May 2019

PRO FORMA FINANCIAL INFORMATION

The definitions in the Definitions section commencing on page 10 of the Pre-listing Statement are used throughout this Annexure 3.

The *Pro forma* Financial Information presented below, comprising the consolidated *pro forma* income statement for the year ended 31 March 2019 and the consolidated *pro forma* balance sheet as at such date, has been prepared for illustrative purposes only and because of its nature may not fairly present the THL Group's consolidated financial position and consolidated results of operations.

The *Pro forma* Financial Information is based on the audited historical consolidated financial information of the THL Group prior to the Listing and Unbundling as at and for the year ended 31 March 2019, included as Annexure 1 to the Pre-listing Statement.

The *Pro forma* Financial Information has been prepared on the assumption that the Listing and Unbundling occurred on 1 April 2018 for *pro forma* income statement purposes and on 31 March 2019 for *pro forma* balance sheet purposes.

The *Pro forma* Financial Information has been prepared using the accounting policies of THL Group which comply with IFRS and are consistent with those applied in the Historical Financial Information, set out in Annexure 1 to the Pre-listing Statement. Because of its nature the *Pro forma* Financial Information may not fairly present the THL Group's financial position, changes in equity, results of operations or cash flows.

The *Pro forma* Financial Information is the responsibility of the THL Board. Their responsibility includes determining that the *Pro forma* Financial Information of THL Group has been properly compiled on the basis stated, and that the *pro forma* adjustments are appropriate for purposes of the *Pro forma* Financial Information of THL Group disclosed pursuant to the Listings Requirements.

The independent reporting accountant's report on the *Pro forma* Financial Information is set out in Annexure 4 to the Pre-listing Statement. Such report is included solely to comply with the requirements of the Listings Requirements.

PRO FORMA CONSOLIDATED INCOME STATEMENT OF THE THL GROUP FOR THE YEAR ENDED 31 MARCH 2019

		Pro forma adjustments				
(ZAR'm)	Before[1]	Settlement of the Treasury Loan[2]	Corporate recharges[3]	THL SAR Plan[4]	Transaction costs[5]	*Pro forma* After the Listing and Unbundling
Rooms revenue	2 732	–	–	–	–	2 732
Food and beverage revenue	990	–	–	–	–	990
Other revenue	310	–	–	–	–	310
Property rental income	357	–	–	–	–	357
Revenue	4 389	–	–	–	–	4 389
Property and equipment rentals	(222)	–	–	–	–	(222)
Amortisation and depreciation	(306)	–	–	–	–	(306)
Employee costs	(1 145)	–	(66)	(9)	–	(1 220)
Other operating expenses	(1 878)	–	63	–	–	(1 815)
Fair value adjustment of investment properties	(445)	–	–	–	–	(445)
Operating profit	392	–	(3)	(9)	–	380
Finance income	38	–	–	–	–	38
Finance costs	(455)	186	–	–	–	(269)
Share of profit of associates and joint ventures	15	–	–	–	–	15
(Loss)/profit before income tax	(10)	186	(3)	(9)	–	164
Income tax expense	(70)	(52)	1	(3)	–	(118)
(Loss)/profit for the year	(80)	134	(2)	(6)	–	46

(ZAR'm)	Before[1]	Settlement of the Treasury Loan[2]	Corporate recharges[3]	THL SAR Plan[4]	Transaction costs[5]	*Pro forma* After the Listing and Unbundling
		Pro forma adjustments				
Profit attributable to:						
Equity holders of the Company	(98)	134	(2)	(6)	–	28
Non-controlling interests	18	–	–	–	–	18
	(80)	134	(2)	(6)	–	46
Reconciliation of earnings attributable to equity holders of the Company to headline earnings						
Profit attributable to equity holders of the Company	(98)	134	(2)	(6)	–	28
Gain/loss on disposal of property, plant and equipment	3	–	–	–	–	3
Impairment of property, plant and equipment	94	–	–	–	–	94
Gain on fair value adjustment of investment properties	445	–	–	–	–	445
Share of associates' headline earnings adjustments	10	–	–	–	–	10
Total tax effects of adjustments	(27)	–	–	–	–	(27)
Total non-controlling interest effects of adjustments	(182)	–	–	–	–	(182)
Headline earnings	245	134	(2)	(6)	–	371
Transaction costs	32	–	–	–	–	32
Fair value adjustment on interest rate swaps	(2)	–	–	–	–	(2)
Restructure costs	8	–	–	–	–	8
Pre-opening expenses	1	–	–	–	–	1
Share of associates' exceptional items	(1)	–	–	–	–	(1)
Total tax effects of adjustments	1	–	–	–	–	1
Total non-controlling interest effects of adjustments	(7)	–	–	–	–	(7)
Adjusted headline earnings	277	134	(2)	(6)	–	403
Weighted number of shares (actual)	21 757 085	1 039 138 627				1 060 895 712
Diluted weighted number of shares (actual)	21 757 085	1 039 138 627		3 405 110		1 064 300 822
Earnings per share ("EPS")(cents)	(450.4)					2.6
Headline earnings per share ("HEPS") (cents)	1 126.1					34.8
Adjusted HEPS (cents)	1 273.1					37.9
Diluted earnings per share ("DEPS") (cents)	(450.4)					2.6
Diluted headline earnings per share ("DHEPS") (cents)	1 126.1					34.8

Notes:

1. The "Before" column has been extracted from the audited Historical Financial Information of the THL Group for the year ended 31 March 2019 presented in Annexure 1 to this Pre-listing Statement.

2. Settlement of Treasury Loan

   As detailed in paragraph 7.3 to the Pre-listing Statement at the time of the Unbundling, all inter-group debt balances, which are not in the ordinary course of business, will be settled between Tsogo Sun and THL, including the Treasury Loan owing by THL to Tsogo Sun.

   In order to ensure on the List Date that THL Group's interest-bearing debt only comprised of balances owing to third party lenders (as more fully detailed in Annexure 16 to the Pre-listing Statement), the Treasury Loan balance owing by SSHI (part of the THL Group) to TS was settled as detailed in paragraph 7.3.

   Finance costs savings as a result of the settlement of the Treasury Loan of R2.225 billion at an interest rate of 9.55% for the 12-month period ending 31 March 2019 is R186 million, net of the tax impact at 28% of R52 million. The TSHGE loan as noted in paragraph 7.3.5 is non-interest-bearing.

   The settlement of the Treasury Loan has a non-recurring effect for the THL Group.

3. Corporate recharges

   The Shared Services Agreement, the salient terms of which are set out Annexure 8 to the Pre-listing Statement has been entered into between THL and Tsogo Sun to govern the continued availability of essential services currently provided by the Tsogo Sun Group and the allocation of costs relating to shared service departments in order to ensure that the separation of the gaming and hotel divisions does not result in the duplication of central cost structures. The differential between the recharge methodology applied for the 12-month period ended 31 March 2019 and the methodology set out in the Shared Services Agreement is set out below:

Corporate recharges	
Corporate expenses based on the existing recharge methodology (65:35)	R123m
Corporate expenses based on the recharge methodology in the Shared Services Agreement (50:50)	(R128m)
Corporate employees recharged based on the existing recharge methodology (65:35)	R68m
	R63m
Corporate restructure	
Employee costs expense following corporate restructure and transfer of employees to THL	(R66m)
Net impact on operating profit and profit before tax	(R3m)
Tax impact at 28%	R1m
Net impact after tax	(R2m)

   The corporate recharges set out in the Shared Services Agreement are recurring for the listed company THL.

4. Conversion to the THL SAR Plan

   As a consequence of the Listing and Unbundling, hotel employees who participated in the Tsogo Sun Long Term Incentive Scheme ("**Tsogo Sun LTIP**") will be given the option to: a) accelerate the vesting of their SARs held under the Tsogo Sun LTIP and receive settlement in cash or b) to elect to convert their rights held under the Tsogo Sun LTIP to SARs administered in terms of the THL SAR Plan. The conversion calculation will be done on a basis which ensures that participants receive SARs under the THL SAR Plan that equate to the same fair value of their rights they previously held under the Tsogo Sun LTIP on the conversion date (which is expected to be 7 Business Days after the Settlement Date). The conversion will ensure that hotel employees are incentivised based on the performance of the THL Share moving forward and will consequently align their interests more closely with those of THL shareholders.

The IFRS 2 *Share-based Payment* expense that would have been incurred had the conversion from the Tsogo Sun LTIP to the THL SAR plan taken place on 1 April 2018 is R12.6 million. The cash-settled IFRS 2 *Share-based Payment* charge on the Tsogo Sun LTIP was R3.4 million over the same period, resulting in a net impact of R9.2 million on the *pro forma* income statement. The net tax impact is R2.6 million at a tax rate of 28%. A Black-Scholes valuation model has been applied in determining the fair value of the SARs to be issued under the THL SAR Plan and the valuation assumptions and inputs to this model are set out below:

THL spot price on 1 April 2018	R5.793
THL dividend yield	4.7%
THL share price volatility	25 – 27%
Risk-free rate	9.21%

The THL spot price is based on an estimated percentage of the Tsogo Sun spot price at 1 April 2018 and the historical strike prices of the various awards have been adjusted accordingly in the valuation model. The dividend yield and share price volatility has been based on Tsogo Sun's dividend yield and share price volatility in the valuation model. It has been assumed that all participants will opt to convert their current awards under the Tsogo Sun LTIP to awards under the THL SAR plan. The additional IFRS 2 *Share-based Payments* charge of R9.2 million for the conversion of the Tsogo Sun LTIP to the THL SAR Plan is non recurring. It is expected that IFRS 2 charges relating to the THL SAR Plan will continue over the appropriate vesting period according to the terms of the THL SAR Plan.

5. Transaction costs

Transaction costs relating to the Listing and Unbundling, as detailed in paragraph 13 to the Pre-listing Statement, will be borne by THL and have been accrued for in full in the year ended 31 March 2019 and included in the Historical Financial Information for the year ended 31 March 2019 amounting to R11.5 million. As a result, no additional transaction costs are accrued for in the *pro forma* financial information. The transaction costs as set out in paragraph 13 of the Pre-listing Statement are non-recurring in nature.

PRO FORMA CONSOLIDATED BALANCE SHEET OF THE THL GROUP AS AT 31 MARCH 2019

		Pro forma adjustments				
(ZAR'm)	Before[1]	Settlement of the Treasury Loan[2]	Corporate recharges[3]	THL SAR Plan[4]	Transaction costs[5]	*Pro forma* After the Listing and Unbundling
ASSETS						
Non-current assets						
Property, plant and equipment	7 684	–	–	–	–	7 684
Investment properties	4 881	–	–	–	–	4 881
Goodwill	354	–	–	–	–	354
Other intangible assets	50	–	–	–	–	50
Investments in associates	488	–	–	–	–	488
Investments in joint ventures	120	–	–	–	–	120
Non-current receivables	6	–	–	–	–	6
Post-employment benefit liability	1	–	–	–	–	1
Deferred income tax assets	52	–	–	–	–	52
	13 636	–	–	–	–	13 636
Current assets						
Inventories	46	–	–	–	–	46
Trade and other receivables	458	–	–	–	–	458
Cash and cash equivalents	407	–	–	–	–	407
Other current assets	39	–	–	–	–	39
	950	–	–	–	–	950
Total assets	14 586	–	–	–	–	14 586
EQUITY						
Ordinary share capital and premium	4 642	–	–	–	–	4 642
Other reserves	289	–	–	24	–	313
Retained earnings	2 059	–	–	9	–	2 068
Total shareholders' equity	6 990	–	–	33	–	7 023
Non-controlling interests	2 939	–	–	–	–	2 939
Total equity	9 929	–	–	33	–	9 962
LIABILITIES						
Non-current liabilities						
Interest-bearing borrowings	2 885	–	–	–	–	2 885
Deferred income tax liabilities	212	–	–	–	–	212
Deferred revenue	34	–	–	–	–	34
Long-term incentive liabilities	5	–	–	(5)	–	–
Provisions	51	–	–	–	–	51
Other non-current liabilities	186	–	–	–	–	186
	3 373	–	–	(5)	–	3 368
Current liabilities						
Interest-bearing borrowings	485	–	–	–	–	485
Trade and other payables	631	–	–	(28)	–	603
Deferred revenue	70	–	–	–	–	70
Current income tax liabilities	98	–	–	–	–	98
	1 284	–	–	(28)	–	1 256
Total liabilities	4 657	–	–	(33)	–	4 624
Total equity and liabilities	14 586	–	–	–	–	14 586
Number of shares in issue (actual)	1 060 895 712					1 060 895 712
Net asset value ("NAV") (cents)	658.9					662.0
Tangible net asset value ("TNAV") (cents)	635.9					639.0

Notes:

1. The "Before" column has been extracted from the Historical Financial Information of the THL Group for the year ended 31 March 2019, presented in Annexure 1 to this Pre–listing Statement.

2. Settlement of Treasury Loan

   As detailed in paragraph 7.3 to the Pre-listing Statement at the time of the Unbundling, all inter-group debt balances, which are not in the ordinary course of business, will be settled between Tsogo Sun and THL, including the Treasury Loan owing by THL to Tsogo Sun.

   In order to ensure on the Listing Date that THL Group's interest-bearing debt only comprised of balances owing to third party lenders (as more fully detailed in Annexure 16 to the Pre-listing Statement), the Treasury Loan balance owing by SSHI (part of the THL Group) to TS was settled as detailed in paragraph 7.3 pre 31 March 2019. The TSHGE Loan is not interest bearing as set out in paragraph 7.3.5.

   As a consequence of the Treasury and TSHGE Loans being settled prior to 31 March 2019, these steps of the Internal Restructure are reflected within the "Before" balance sheet as at 31 March 2019 for the THL Group.

3. Corporate recharges

   As corporate recharges will be charged as incurred, there is no *pro forma* consolidated balance sheet impact on Unbundling and Listing date.

4. Conversion to the THL SAR Plan

   As a consequence of the Listing and Unbundling, hotel employees who participated in the Tsogo Sun LTIP will be given the option to: a) accelerate the vesting of their rights held under the Tsogo Sun LTIP and receive settlement in cash or b) to elect to convert their rights held under the Tsogo Sun SAR LTIP to SARs administered in terms of the THL SAR Plan. The conversion calculation will be done on a basis which ensures that participants receive SARs under the THL SAR plan that equate to the same fair value of the rights they previously held under the Tsogo Sun LTIP on the conversion date (which is expected to be 7 Business Days after the Settlement Date). The conversion will ensure that hotel employees are incentivised based on the performance of the THL Share moving forward and will consequently align their interests more closely with those of THL shareholders.

   On the assumption that the conversion from the Tsogo Sun LTIP to the THL SAR plan was implemented on 31 March 2019, a Share-based payment reserve of R24 million is recognised (within other reserves) and offset against the Long-term incentive liability of R33 million. A Black-Scholes valuation model has been applied in determining the fair value of the share options to be issued under the THL SAR plan and the valuation assumptions and inputs to this model are set out below:

THL spot price on 1 April 2018	R5 793
THL dividend yield	4.7%
THL share price volatility	25 – 27%
Risk-free rate	9.21%

   The THL spot price is based on an estimated percentage of the Tsogo Sun spot price at 1 April 2018 and the historical strike prices of the various awards have been adjusted accordingly in the valuation model. The dividend yield and share price volatility has been based on Tsogo Sun's dividend yield and share price volatility in the valuation model. It has been assumed that all participants will opt to convert their current awards under the Tsogo Sun LTIP to awards under the THL SAR plan.

5. Transaction costs

   Transaction costs relating to the Listing and Unbundling, as detailed in paragraph 13 of this Pre-listing Statement, will be borne by THL and have been accrued in full in the year ended 31 March 2019 financial statements.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

Report on the Assurance Engagement on the Compilation of *Pro Forma* Financial Information included in Pre-listing Statement

To the Directors of Tsogo Sun Hotels Limited

Introduction

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of Tsogo Sun Hotels Limited (the "Company") by the Directors to be presented in the Company's Pre-listing Statement (the "Pre-listing Statement") pursuant to its proposed listing on the main Board of the JSE Limited (the "JSE"). The *pro forma* financial information consists of the *pro forma* balance sheet, the *pro forma* income statement and related notes as set out in Annexure 3 to the Pre-listing Statement, and the *pro forma* financial effects set out in paragraph 8.3 to the Pre-listing Statement. The applicable criteria on the basis of which the Directors have compiled the *pro forma* financial information are specified in the JSE Limited ("JSE") Listings Requirements and described in the Pre-listing Statement.

The *pro forma* financial information has been compiled by the Directors to illustrate the impact of the listing of the Tsogo Sun Hotels Group (the "Group" or the "THL Group") on the main Board of the JSE (the "Listing"). As part of this process, information about the Company's financial position and financial performance has been extracted by the Directors from the Company's financial statements for the year ended 31 March 2019, on which an audit report has been published.

Directors' responsibility

The Directors of the Company are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 3 to the Pre-listing Statement.

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 (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 (Part 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 of the applicable criteria specified in the JSE Listings Requirements and described in Annexure 3 of the Pre-listing Statement 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 issued by the International Auditing and Assurance Standards Board. 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 JSE Listings Requirements.

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 the Company 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 provide 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 the Company, 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 JSE Listings Requirements and described in Annexure 3 to the Pre-listing Statement.

PricewaterhouseCoopers Inc.
Director: Pietro Calicchio
Registered Auditor
Johannesburg

20 May 2019

DETAILS OF PRINCIPAL PROPERTIES OCCUPIED BY THE THL GROUP

Definitions

ACSA: Airports Company of South Africa SOC Limited; (Registration number 1993/004149/30), a state-owned entity incorporated and registered in accordance with the laws of South Africa.

HPF Properties: HPF Properties Proprietary Limited (Registration number 2005/020743/07), a private company incorporated and registered in accordance with the laws of South Africa and an HPF Group company.

Fezisource: Fezisource Proprietary Limited (Registration number 2015/305572/07), a private company incorporated and registered in accordance with the laws of South Africa and an HPF Group company.

Merway: Merway Fifth Investments Proprietary Limited (Registration number 1991/006478/07), a private company incorporated and registered in accordance with the laws of South Africa and a HPF Group company.

Cullinan: Cullinan Hotels Proprietary Limited (Registration number 1988/004685/07), a private company incorporated and registered in accordance with the laws of South Africa and a HPF Group company.

Immovable properties leased by SSHI:

No	Property	Owner	Property type	Location	Expiration of lease	Number of rooms	Class of hotel	Conferencing facilities	Material annual lease payment (R)
1	Southern Sun Elangeni and Maharani	City of Durban	Land lease	Lease lots 11414, 11415, 11416, 11417, 11418 and 11419 Snell Parade Durban	31/12/2025	734	Upscale	Yes	No
2	SunSquare and SE Cape Town City Bowl	Green Willow Properties 9	Hotel	23 Buitengracht Street, Cape Town City Centre	30/06/2032	504	Midscale	Yes	50 520 000
3	Southern Sun O.R. Tambo Airport	ACSA	Hotel	O.R. Tambo International Airport, Kempton Park	28/02/2021	366	Upscale	Yes	No
4	GC Marine Parade	Green Willow Properties 9	Hotel	167 Marine Parade, Durban	30/06/2032	346	Midscale	Yes	No

Principal immovable properties owned or leased by HPF

The properties detailed below represent the substantial property assets of the THL Group

(a) Hotels properties owned or leased by HPF and leased to and operated by third parties

No	Property	Owner	Property type	Address	Effective date of acquisition	Number of rooms	Class of hotel	Conferencing facilities	Lease expiry date
1	Birchwood Hotel and OR Tambo Conference Centre	HPF Properties (75%)	Hotel	14 View Point Road, Boksburg, Gauteng, 1672	Feb-06	665	Midscale	Yes	07/07/2021
2	Radisson Blu Waterfront	HPF Properties (Sectional title)	Hotel	Beach Road, Granger Bay, Waterfront, Cape Town, Western Cape, 8001	Feb-06	177	Upscale	Yes	01/08/2039
3	Arabella Hotel and Spa	HPF Properties	Hotel	Arabella Country Estate, R44, Kleinmond, Hermanus, 7195	May-11	145	Luxury	Yes	13/05/2021
4	Mount Grace Country House and Spa	HPF Properties	Hotel	Old Rustenburg Road, Magaliesburg, Gauteng, 1791	Feb-06	121	Luxury	Yes	01/12/2033
5	Protea Hotel Edward	HPF Properties	Hotel	149 O.R. Tambo Parade, Durban, KwaZulu-Natal, 4000	Jun-10	131	Midscale	Yes	01/07/2020
6	Protea Hotel Marine	HPF Properties	Hotel	Marine Drive, Port Elizabeth, Eastern Cape, 6001	Feb-06	114	Midscale	Yes	01/02/2021
7	Protea Hotel Victoria Junction	HPF Properties (Sectional title)	Hotel	Corner Somerset and Abenezer Roads, Cape Town, Western Cape, 8001	Feb-07	172	Midscale	Yes	31/01/2027
8	Radisson Blu Gautrain	HPF Properties (Sectional title)	Hotel	Corner of Rivonia Road and West Street, Sandton, Johannesburg, Gauteng, 2196	Apr-13	220	Upscale	Yes	31/12/2035

No	Property	Owner	Property type	Address	Effective date of acquisition	Number of rooms	Class of hotel	Conferencing facilities	Lease expiry date
9.	Westin Cape Town	HPF Properties (Land lease)	Hotel	Convention Square, No. 1 Lower Long Street, Cape Town, Western Cape, 8001	May-11	483	Luxury	Yes	31/12/2037
10.	Kopanong Hotel and Conference Centre	HPF Properties (Sectional title)	Hotel	243 Glen Gory Road, Norton Estates, Benoni, Gauteng, 1501	Feb-06	169	Midscale	Yes	30/11/2023
11.	Protea Hotel Hazyview	HPF Properties	Hotel	R40, 1242 Hazyview, Mpumalanga, 1242	Apr-07	87	Midscale	Yes	30/06/2021
12.	Champagne Sports Resort	HPF Properties	Hotel	R600, Central Berg, KwaZulu-Natal	Feb-06	152	Upscale	Yes	31/03/2028
(b)	**Hotel properties owned or leased by HPF and leased to and operated by SSHI**								
13.	Garden Court Kimberley	Fezisource	Hotel	120 Du Toitspan Road, Kimberley	Sep-16	135	Midscale	Yes	31/03/2036
14.	Garden Court Milpark	Fezisource	Hotel	Cnr. Owl and Empire Roads, Auckland Park, Johannesburg, Gauteng	Sep-16	251	Midscale	Yes	31/03/2036
15.	Garden Court O.R. Tambo	Fezisource	Hotel	2 Hulley Road, Isando Ext. 3, Kempton Park, Johannesburg, Gauteng	Sep-16	253	Midscale	Yes	31/03/2036
16.	Garden Court Polokwane	Fezisource	Hotel	Cnr. Thabo Mbeki and Paul Kruger Streets, Polokwane	Sep-16	180	Midscale	Yes	31/03/2036
17.	Garden Court South Beach	Fezisource	Hotel	73 O.R. Tambo Parade, Durban, KwaZulu-Natal	Sep-16	414	Midscale	Yes	31/03/2036

No	Property	Owner	Property type	Address	Effective date of acquisition	Number of rooms	Class of hotel	Conferencing facilities	Lease expiry date
18.	StayEasy Century City Hotel	Fezisource	Hotel	Century Boulevard, Century City, Milnerton, Western Cape	Sep-16	175	Midscale	No	31/03/2036
19.	StayEasy Rustenburg	Fezisource	Hotel	Cnr. R24 and N4 highway (opp. Waterfall Mall), Rustenburg	Sep-16	125	Midscale	No	31/03/2036
20.	SunSquare Cape Town Gardens	Fezisource	Hotel	Mill Street, Gardens, Western Cape	Sep-16	136	Midscale	Yes	31/03/2036
21.	Southern Sun Bloemfontein	Fezisource	Hotel	Cnr. Nelson Mandela and Melville Drive, Free State	Sep-16	147	Upscale	No	31/03/2036
22.	Southern Sun Newlands	Fezisource	Hotel	Main Road, Newlands, Western Cape	Sep-16	162	Upscale	Yes	31/03/2036
23.	Southern Sun The Cullinan	Cullinan	Hotel	Cullinan Street, Waterfront, Cape Town, Western Cape	Apr-14	394	Upscale	Yes	31/03/2037
24.	Southern Sun Katherine Street	Cullinan	Hotel	115 Katherine Street, Sandown, Sandton, Gauteng	Apr-14	122	Upscale	No	31/03/2037
25.	Southern Sun Waterfront	Cullinan	Hotel	1 Lower Buitengracht Street, Cape Town, Western Cape	Apr-14	537	Upscale	No	31/03/2037
26.	Garden Court Eastgate	Cullinan	Hotel	Ernest Oppenheimer Avenue, Bruma, Gauteng	Apr-14	157	Midscale	No	31/03/2037
27.	Garden Court Hatfield	Cullinan	Hotel	Cnr Pretorius and End Streets, Hatfield, Gauteng	Apr-14	157	Midscale	No	31/03/2037
28.	Garden Court Kings Beach	Cullinan	Hotel	La Roche Drive, Humewood, Port Elizabeth, Eastern Cape	Apr-14	280	Midscale	Yes	31/03/2037

No	Property	Owner	Property type	Address	Effective date of acquisition	Number of rooms	Class of hotel	Conferencing facilities	Lease expiry date
29.	Garden Court Morningside	Cullinan	Hotel	Cnr Rivonia Road and Katherine Street, Cullinan Close, Morningside, Gauteng	Apr-14	150	Midscale	No	31/03/2037
30.	StayEasy Eastgate	Cullinan	Hotel	8 South Boulevard, Bruma, Gauteng	Apr-14	135	Midscale	No	31/03/2037
31.	StayEasy Pietermaritzburg	Cullinan	Hotel	50 Sanctuary Road, Chase Valley, Pietermaritzburg, KwaZulu-Natal	Oct-16	127	Midscale	No	31/03/2037
32.	Garden Court Umhlanga	Cullinan (Sectional title)	Hotel	Cnr Aurora Drive and Centenary Boulevard, Umhlanga Ridge, KwaZulu-Natal	Oct-16	204	Midscale	Yes	31/03/2037
33.	SUN1, Alberton	Merway	Hotel	St Austell Street, Alberton, Gauteng	Mar-12	76	Economy	No	31/03/2037
34.	SUN1, Benoni	Merway	Hotel	Cnr Bunyan and Mowbray Avenue, Benoni, Gauteng	Mar-12	58	Economy	No	31/03/2037
35.	SUN1, Berea	Merway	Hotel	1 Mitchell Street, Berea, KwaZulu-Natal	Mar-12	69	Economy	No	31/03/2037
36.	SUN1, Bloemfontein	Merway	Hotel	Cnr Krige and Nelson Mandela Drive, Bloemfontein, Free State	Mar-12	64	Economy	No	31/03/2037
37.	SUN1, Cape Town	Merway	Hotel	Jan Smuts and Martin Hammerschlag Foreshore, Cape Town, Western Cape	Mar-12	64	Economy	No	31/03/2037
38.	SUN1, Edenvale	Merway	Hotel	130 Boeing Road East, Edenvale, Gauteng	Mar-12	76	Economy	No	31/03/2037

No	Property	Owner	Property type	Address	Effective date of acquisition	Number of rooms	Class of hotel	Conferencing facilities	Lease expiry date
39.	SUN1, Kimberley	Merway	Hotel	Cnr Memorial and Welgevonden Avenue, Royalglen, Kimberley, Northern Cape	Mar-12	64	Economy	No	31/03/2037
40.	SUN1, Midrand	Merway	Hotel	Cnr Old Pretoria Road and K101 Street, Midrand, Gauteng	Mar-12	94	Economy	No	31/03/2037
41.	SUN1, Milnerton	Merway	Hotel	Cnr Koeberg Road and Freedom Way, Milnerton, Western Cape	Mar-12	70	Economy	No	31/03/2037
42.	SUN1, Nelspruit	Merway	Hotel	Cnr Kaapsehoop and N4 Streets, Nelspruit, Mpumalanga	Mar-12	76	Economy	No	31/03/2037
43.	SUN1, O.R. Tambo	Merway	Hotel	Cnr Herman and Kruis Streets, Germiston, Gauteng	Mar-12	78	Economy	No	31/03/2037
44.	SUN1, Parow	Merway	Hotel	Cnr Arnold Wilhelm and Jean Simonis Streets, Parow, Western Cape	Mar-12	76	Economy	No	31/03/2037
45.	SUN1, Port Elizabeth	Merway	Hotel	Cnr La Roche Drive and Beach Road, Port Elizabeth, Eastern Cape	Mar-12	88	Economy	No	31/03/2037
46.	SUN1, Pretoria	Merway	Hotel	81 Pretorius Street, Pretoria, Gauteng	Mar-12	135	Economy	No	31/03/2037
47.	SUN1, Richards Bay	Merway	Hotel	6 White Pear Road, Richards Bay, KwaZulu Natal	Mar-12	64	Economy	No	31/03/2037
48.	SUN1, Southgate	Merway	Hotel	Cnr Columbine Avenue and Rifle Range Road, Southgate, Gauteng	Mar-12	138	Economy	No	31/03/2037
49.	SUN1, Vereeniging	Merway	Hotel	Cnr Beethoven and Voortrekker Streets, Vereeniging, Gauteng	Mar-12	41	Economy	No	31/03/2037

No	Property	Owner	Property type	Address	Effective date of acquisition	Number of rooms	Class of hotel	Conferencing facilities	Lease expiry date
50.	SUN1, Witbank	Merway	Hotel	3 Pioneer Avenue, Witbank, Mpumalanga	Mar-12	90	Economy	No	31/03/2037
51.	SUN1, Wynberg	Merway	Hotel	1 Maree Street, Bramley Park, Johannesburg, Gauteng	Mar-12	87	Economy	No	31/03/2037
52	Crowne Plaza Rosebank	HPF Properties	Hotel	Corner Tyrwhitt and Sturdee Avenues, Rosebank, Johannesburg, Gauteng, 2196	Feb-06	318	Upscale	Yes	01/03/2021
53.	Holiday Inn Sandton	HPF Properties	Hotel	123 Rivonia Road, Sandton, Johannesburg, Gauteng, 2196	Sep-08	301	Upscale	Yes	01/03/2021

Notes:

1. The number of rooms as indicated by the table above are the total number of rooms of the respective hotel buildings, notwithstanding the fact that in certain instances HPF own less than 100% of the hotel.

2. HPF is currently restructuring its Subsidiaries and accordingly, with effect from 1 April 2019, the economic benefits of the properties owned by Fezisource, Merway and Cullinan will flow to HPF Properties. Title to the hotel properties are expected to transfer to HPF Properties in June 2019.

INDEPENDENT PROPERTY VALUER'S SUMMARY VALUATION REPORT IN RESPECT OF THE HPF PROPERTY PORTFOLIO OF THL

"The Directors

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

22 March 2019

Dear Sirs

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

In accordance with your instructions, we have been requested to advise you of our opinion of the Fair Value of the 52 (fifty-two) properties listed in the attached "Summary of Values" as at 31 March 2019.

1. INTRODUCTION

The valuation of the properties has been carried out by the valuer who has carefully considered all aspects of all the properties. These properties each have a detailed valuation report which has been given to the management of Hospitality Property Fund Limited. The detailed reports include commentary on the current economy, nature of the properties, locality, risk profile, earning capability and exposure to future expenses and property risk. All these aspects have been considered in the individual valuation reports of the properties. The detailed reports have further addressed the revenue capability and expenditure for each property. Historic expenditure profile as well as future expenditure increases have been considered. The value thus indicates the fair market value for each property which is detailed in the detailed report and which has been summarised on a summary schedule, attached hereto, for each property. There are 52 (fifty-two) properties, and the important aspects of the detailed valuation reports including the property market value for all of the properties have been summarised in the attached schedule.

2. BASIS OF VALUATION

Our opinion of the Fair Value (Market Value) of the properties has been primarily derived using the Discounted Cash Flow method of valuation.

Fair Value – IFRS

The value of the Property has been assessed in accordance with the relevant parts of the current RICS Red Book. In particular, we have assessed the Fair Value as referred to in VPS4 item 7 of the RICS Red Book. Under these provisions, the term "Fair Value" means the definition adopted by the International Accounting Standards Board ("**IASB**") in IFRS 13, namely "The price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

Under IFRS 13, The Fair Value Hierarchy, the Property we have valued is designated as Level 3 inputs. Level 3 inputs have been designated as unobservable inputs. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available. [IFRS 13:87–89].

3. VALUE CALCULATION

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

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

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

3.1 Whether the hotel has a stabilised trading base/history.

3.2 Whether the property has recently undergone a comprehensive refurbishment to improve product quality which should result in increased performance.

3.3 Proposed or planned capital expenditure in the property to enhance performance of the hotel.

3.4 A change in supply dynamics in the local area; either in the closing and or opening of new hotels in the area.

3.5 A change in demand dynamics in the area; like new companies opening in the area and changes in road networks and transport links.

3.6 Any envisaged changes in the cost structure to improve operational efficiencies; for example, need to employ new staff or a change in kitchen equipment leading to operational savings.

3.7 The income stream from each hotel will be derived from either a fixed lease, a variable lease, or a combination of both. Our valuation takes into account the contractual rental income for the initial term and it is assumed in each case that the leases will be renewed.

3.8 Projected revenue to Hospitality Property Fund Limited will be in the form of a fixed rental with agreed escalations; and an additional variable rental based on EBITDA (earnings before interest, taxation, depreciation and amortisation).

3.9 The current occupancy as a percentage of the hotel portfolio is approximately 67.4%. Occupancy levels used in the valuations are property specific and have been deduced from historic trading data. The occupancy levels are market related. The occupancy provisions used in the valuations are therefore adequate.

3.10 There is no loss of rental due to renovations or refurbishments currently being carried out on the buildings. There are however budgeted capital expenses within the projected next five years. There is no loss of rental as result of these activities.

3.11 Generally, the rentals are market related. The rental rates have been checked against rentals charged against similar properties. There are no properties that are over-rented or that cannot be re-rented at the same rental. The variable portion of the rental is based on the projected Earnings Before Interest, taxation, depreciation and amortisation). We have assumed a general inflation-based growth rate for EBITDA and no major economic fluctuations which may upset the economy.

4. BRIEF DESCRIPTION

These are 52 (fifty-two) hotel properties located in various urban centres in South Africa. Most of the properties are multi-storey. All the properties are located within South Africa.

The properties have been very well constructed; have good architectural merit, aesthetic appeal and sufficient parking facilities. They generally provide 3, 4- and 5-Star quality hotel accommodation offering well known trusted market leaders in the full service through to select service and budget segments, including Southern Sun, Garden Court, StayEasy and SUN1 Hotels. The subject portfolio offers well established hotel brands.

5. VALUATION QUALIFICATIONS

Qualifications are usually detailed as a consequence of leases under negotiation that have not yet been formalised; leases of a large nature where the premises are difficult to re-let; specialised properties; large exposure to a single tenant; potential tenant failure due to over-rent; expenses required for major repairs; maintenance or other exposure to maintain the lettability of the building; contingent expropriations or servitudes that may be enforced; and poor lease recordals 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 all the properties. There are no properties that are prejudiced in value by the influence of the above factors.

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

6. OPTIONS OR BENEFIT/DETRIMENT OF CONTRACTUAL ARRANGEMENTS

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

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

7. CURRENT STATE OF DEVELOPMENT

There are no properties which are currently being developed.

8. EXTERNAL PROPERTY

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

9. RENTALS USED IN VALUATIONS

Sections of some of the hotels have been leased out. The annual rental incomes from these leased sections have been outlined in the detailed valuation reports. The annual rental income of these leased sections forms part of the EBITDA (earnings before interest, depreciation, taxation and amortisation.

10. INTRA-GROUP OR RELATED PARTY LEASES

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

11. OTHER GENERAL MATTERS AND VALUATION SUMMARY

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

12. ALTERNATIVE USE FOR A PROPERTY

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

13. OTHER COMMENTS

Our valuation excludes any amounts for Value-Added Tax, transfer duty, or securities transfer duty.

The assumptions relating to occupancy levels are drawn from management forecasts, operator forecasts, and STR market related information.

There have been no material income losses due to a time delay to complete refurbishments for existing or new tenants.

14. CAVEATS

14.1 Source of information and verification

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

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

14.2 Full disclosure

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

We have to the best of my ability researched the market as well as taken the steps detailed in paragraph 14.3 below.

14.3 Leases

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

14.4 Client diversification risk

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

14.5 Mortgage bonds, loans, etc.

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

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

14.6 Calculation of areas

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

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

14.7 Structural condition

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

14.8 Contamination

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

14.9 Town planning

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

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

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

15. MARKET VALUE

We are of the opinion that the aggregate Fair Value of the properties (excluding Kopanong Hotel) as at 31 March 2019 is R11 920 880 000 (excluding VAT). A summary of the individual valuations and details of each of the properties is attached as Appendix 1. Kopanong Hotel's Value has been reported as at 31 March 2019.

Signed for and on behalf of Cushman & Wakefield Excellerate

Carlo Geldenhuys MRICS
Professional Valuer (RSA) (Reg no. 5041/6)
RICS Registered Valuer (Reg no. 1229777)
Carlo.Geldenhuys@cwexcellerate.com

Bryan Nyagah
Professional Valuer (RSA) (Reg no. 6091/4)
Bryan.Nyagah@cwexcellerate.com

No	Property name	Address	Registered description	Extent (m^2)	Tenure	Estimated age of building (Yrs)	Keys	Existing use	Inspection date	Market value as at March 2019 in respect of valuation reports dated 31 March 2019
1.	Westin Cape Town	Convention Square, Lower Long Street, Cape Town	A portion of lease area over The New Proposed Stand 263 Roggebaai, Cape Town	35 435	Leasehold	17	483	Hotel	12/3/2018	R1 712 052 000
2.	Southern Sun Waterfront	1 Lower Buitengracht Cape Town	Erf 151882 Cape Town	7 812	Freehold	42	537	Hotel	5/3/2019	R1 032 457 000
3.	Southern Sun Cullinan	Cullinan Street Cape Town Waterfront	Erf 155451 Cape Town	4 530	Freehold	42	394	Hotel	5/3/2019	R960 158 000
4.	Birchwood Hotel and ORT Conference Centre	14 View Point Road, Boksburg	Erf 676, 1113, 1114, 1115, 1116, 1139 and 1140	138 024	Freehold	37	665	Hotel	7/3/2019	R846 872 000
5.	Garden Court South Beach	73 Marine Parade, Durban	Remaining Extent of Erf 10162 Durban	2 392	Freehold	42	414	Hotel	11/3/2019	R541 969 000
6.	Radisson Blu Waterfront	Beach Road, Green Point, Cape Town	Stand 1976 Green Point Western Cape	5 520	Sectional Title	32	177	Hotel	12/3/2019	R497 120 000
7.	Champagne Sports Resort	Cathkin Park, Central Drakensberg, Winterton	The Farm Meadowstreams 17250 and The Farm Mirador 17579, Registration Division Fs	757 965	Freehold	42	152	Hotel	22/2/2017	R246 280 000
8.	Radisson Blu Gautrain – Hotel	Rivonia Road and West Street, Sandton	Erf 13 of Portion 1, Sandown. Sandton	19 535	Sectional Title	12	220	Hotel	9/3/2017	R391 983 000
8.1	Radisson Blu Gautrain – Retail	Rivonia Road and West Street, Sandton	Erf 13 of Portion 1, Sandown. Sandton			12		Retail	9/3/2017	R153 500 000
9.	Crowne Plaza Johannesburg Rosebank	Cnr Tyrwhitt and Sturdee Avenue, Rosebank	Erf 190, Re of Erf 104, Re of Erf 82 and Portion 1 of Erf 104, Rosebank	13 161	Freehold	12	318	Hotel	12/3/2018	R310 539 000

No	Property name	Address	Registered description	Extent (m^2)	Tenure	Estimated age of building (Yrs)	Keys	Existing use	Inspection date	Market value as at March 2019 in respect of valuation reports dated 31 March 2019
10.	Protea Hotel Victoria Junction	Cnr Somerset Road and Ebenezer Road, Green Point, Cape Town	Stand 158 146 Cape Town	9 642	Sectional Title	37	172	Hotel	10/3/2017	R228 362 000
11.	Garden Court OR Tambo	2 Hulley Road, Isando, Kempton Park	Erf 554 of Isando Ext 3	19 937	Freehold	37	253	Hotel	26/2/2017	R391 768 000
12.	StayEasy Century City	Century City Boulevard, Milnerton, Cape Town	Erf 5287 Montague Gardens	8 527	Freehold	22	175	Hotel	9/3/2017	R238 240 000
13.	Garden Court Milpark	Cnr Owl and Empire Roads, Auckland Park	Portion 4 of Erf 51, Braamfontein Werf	6 858	Freehold	42	251	Hotel	12/3/2019	R306 071 000
14.	Garden Court Umhlanga	Cnr, Aurora Drive and Centenary Boulevard uMhlanga Ridge	A servitude area depicted on diagrams attached to an Agreement of Usufruct for a property undergoing sectionalising comprising Erf 2429, Umhlanga Rocks	N/A	Usufruct	9	204	Hotel	7/3/2019	R303 683 000
15.	Arabella Hotel and Spa	Arabella Country Estate, R44 Kleinmond, Hermanus	Portion 273 of the Farm Hermanus River 542	27 367	Freehold	37	145	Hotel	22/2/2017	R151 443 000
16.	Garden Court Polokwane	Cnr Thabo Mbeki and Paul Kruger Streets, Polokwane	Remainder of 56 and Erf 1967 Pietersburg	14 832	Freehold	37	180	Hotel	7/3/2017	R254 344 000
17.	Holiday Inn Sandton	123 Rivonia Road, Sandton	Erf 11 of Portion 3, Sandown, Sandton	6 436	Freehold	27	301	Hotel	7/3/2017	R347 059 000
18.	Garden Court Kings Beach	La Roche Drive, Humewood, Port Elizabeth, 6013	Remainder of Erf 532 Humewood, Port Elizabeth	10 350	Freehold	37	280	Hotel	27/2/2017	R307 827 000

No	Property name	Address	Registered description	Extent (m^2)	Tenure	Estimated age of building (Yrs)	Keys	Existing use	Inspection date	Market value as at March 2019 in respect of valuation reports dated 31 March 2019
19.	Protea Hotel Edward	149 O.R Tambo Parade, Durban	Remaining Extent of Portion 1 of Stand 11 268, Durban.	1 884	Freehold	42	131	Hotel	22/2/2017	R172 241 000
20.	Garden Court Hatfield	Cnr Pretorius and End Streets Hatfield	Erf 713 Hatfield Township	10 207	Freehold	37	157	Hotel	8/3/2017	R187 172 000
21.	Mount Grace Country House and Spa	Old Rustenburg Road, Magaliesburg	Portion 30 (a portion of portion 27); Portion 49 (a portion of portion 27); Portion 78 (a portion of portion 75); Portion 63 (a portion of portion 59); Portion 105 (consolidated from portion 59 and portion 103) of the farm Kruitfontein 511JQ, Magaliesburg	1 556 953	Freehold	42	121	Hotel	12/3/2017	R146 439 000
22.	StayEasy Pietermaritzburg	50 Sanctuary Road Chase Valley Pietermaritzburg	Approx, 8264m^2 portion of Erf 10143 Pietermaritzburg	N/A	Usufruct	9	127	Hotel	13/3/2018	R164 986 000
23.	Southern Sun Newlands	7 Main Road, Newlands	Remainder of Erf 96583, Cape Town	8 538	Freehold	32	162	Hotel	13/3/2018	R173 453 000
24.	SunSquare Cape Town	Mill Street, Gardens, Cape Town	Remaining Extents of Erven 394, 376, 402 and 2835, Oranjezicht	7 005	Freehold	37	136	Hotel	22/2/2017	R94 167 000
25.	Garden Court Kimberley	120 Du Toitspan Road, Kimberley	Erf 12194 Kimberley	6 051	Freehold	32	135	Hotel	27/2/2017	R132 989 000
26.	Garden Court Morningside	Cnr Rivonia Road and Katherine Street, Cullinan Close Morningside	Portion 1 of Erf 1391 Morningside Ext 158	14 176	Freehold	32	150	Hotel	13/3/2017	R162 562 000
27.	StayEasy Rustenburg	Cnr N4 and R24, Rustenburg	Erf 211 of Waterval East Ext 26	6 335	Freehold	37	125	Hotel	6/3/2017	R110 433 000
28.	Southern Sun Bloemfontein	Cnr Nelson Mandela and Melville Drive, Bloemfontein	Erf 24867 Bloemfontein	17 408	Freehold	37	147	Hotel	6/3/2017	R103 602 000

No	Property name	Address	Registered description	Extent (m²)	Tenure	Estimated age of building (Yrs)	Keys	Existing use	Inspection date	Market value as at March 2019 in respect of valuation reports dated 31 March 2019
29.	Garden Court Eastgate	Ernest Oppenheimer Avenue Bruma	Portion 20 of Erf 146 and Erf 210 Bruma	17 273	Freehold	22	157	Hotel	27/2/2017	R87 225 000
30.	Southern Sun Katherine Street	115 Katherine Street Sandown	Erf 591 Sandown Township	12 012	Freehold	37	122	Hotel	22/2/2017	R134 151 000
31.	Protea Hotel Marine	Cnr 5th Avenue and Marine Drive, Summerstrand, Port Elizabeth.	Erf 69, Summerstrand, Port Elizabeth	5 096	Freehold	32	114	Hotel	22/2/2017	R87 665 000
32.	Protea Hotel Hazyview	R40 Road, 38 km after White River. Hazyview, Mpumalanga	The Farm Sarana Hall No. 17	67 563	Freehold	37	87	Hotel	7/3/2017	R67 267 000
33.	StayEasy Eastgate	8 South Boulevard Bruma	Portion 9 of Erf 146 Bruma Township	4 783	Freehold	22	135	Hotel	22/2/2017	R34 811 000
34.	SUN1 Portfolio (19 x Hotels)	Various	Various	66 792	Freehold		1 508	Hotel	22-24/2/2017	R839 990 000
35.	Kopanong	243 Glen Gory Road, Norton Estates, Benoni, Gauteng, 1501	Sectional Title Units 1-3, 5-9, 12, 15, 16-25, 27-31, 33, 34, 36-43, 45, 47-53, 55, 56, 58-64, 67-70, 73, 75, 77 and 85 at Kopanong Country Estate, Portion 243 of the Farm Vlakfontein 30, Under Sectional Title Plan ss45/1988, Benoni	61 088	Sectional Title	31	168	Hotel	6/3/2017	R78 170 000
								Total		**R11 920 880 000**

Notes:

1. *There have been no material changes in circumstances or the information contained in this Annexure following the issue date of the summary valuation report by JHI which is set out in Annexure 6 to this Pre-listing Statement.*
2. *Kopanong Hotel and Conference Centre was not valued by the Independent Property Valuer as part of the 31 March 2019 valuations. The value as per 31 March 2018 valuation report is R78.17 million while the value reflected in the 31 March 2019 annual financial statements is R65.6 million. This is based on management's valuation and assessment of the property's net realisable value.*

SUBSIDIARY COMPANIES

Major subsidiaries of the THL Group

No	Name	Date company became a subsidiary and date of Inc.	Place of incorporation	Registration number	Issued share capital	Securities held directly or indirectly	Listed	Main business
1.	Southern Sun Hotel Interests Proprietary Limited	29/01/1969	RSA	1969/001365/07	3 211 107 ordinary shares of no par value	Directly	No	Owning of immovable property and operating hotels and resorts
2.	Hospitality Property Fund Limited	01/09/2016	RSA	2005/014211/06	572 836 921 ordinary shares of no par value	Indirectly	Yes	Owning of immovable property
Subsidiary companies of THL								
1.	Acquisitive Investments Proprietary Limited	15/02/1996	RSA	1996/001699/07	100 ordinary shares of R1 each	Directly	No	Acquisition and holding of assets for investment purposes
2.	Cape Hotels (Bloemfontein) Proprietary Limited	25/05/1970	RSA	1970/006837/07	200 ordinary shares of R1 each	Directly	No	Owning of immovable property and operating hotels and resorts
3.	Elsivert Proprietary Limited	02/03/2016	RSA	2016/082803/07	121 ordinary no par value shares	Directly	No	Providing furniture, fixtures and equipment for use in the conduct of businesses of hotel operations
4.	Hi Hotels Proprietary Limited	02/11/2017	RSA	2017/470649/07	100 ordinary no par value shares	Indirectly	No	There are no restrictions on business activities
5.	Holiday Inns Proprietary Limited	01/01/1936	RSA	1936/008506/07	4 725 700 ordinary shares of R0.25 each 42 531 300 "A" ordinary shares of R0.01 each	Directly	No	Owning of immovable property and operating hotels and resorts
6.	Hotel President Seepunt Proprietary Limited	19/12/1966	RSA	1966/012176/07	100 ordinary shares of R1 each	Directly	No	Owning of immovable property and operating hotels and resorts
7.	Majormatic 194 Proprietary Limited	21/11/2005	RSA	2005/041011/07	13 248 ordinary shares of R0.01 each	Directly	No	There are no restrictions on business activities

No	Name	Date of incorporation	Place of incorporation	Registration number	Issued share capital	Securities held directly or indirectly	Listed	Main business
8.	Property Investment Company No 8 Proprietary Limited	21/07/1994	RSA	1994/005417/07	1 ordinary share of R1	Directly	No	Owning of property for investment
9.	Sheerprops 116 Proprietary Limited	07/11/1997	RSA	1997/019016/07	100 ordinary shares of R1 each	Directly	No	Owning of property for investment
10.	Southern Sun Secretarial Services Proprietary Limited	27/01/1969	RSA	1969/001208/07	2 ordinary shares of R1 each	Directly	No	Secretary for registered companies and businesses
11.	Southern Sun's Airport Inn Proprietary Limited	05/01/1972	RSA	1972/000095/07	2 ordinary shares of R1 each	Directly	No	Owning of immovable property and operating hotels and resorts
12.	SUN1 Hotels Proprietary Limited	28/09/1990	RSA	1990/005841/07	5 037 ordinary no par value shares	Directly	No	There are no restrictions on business activities
13.	Vidual Investments Proprietary Limited	01/01/1996	RSA	1996/011575/07	1 000 ordinary shares of R1 each	Directly	No	Acquire and hold assets for investment purposes
14.	Volnay Investments Proprietary Limited	06/08/1996	RSA	1996/010385/07	1 ordinary share of R1	Directly	No	Hold assets or property for investment purposes
15.	Downtown Inn Proprietary Limited	18/07/1972	RSA	1972/007415/07	1 109 330 ordinary shares of R1 each	Indirectly	No	Owning of property for investment
16.	Drakensberg Sun Hotel Proprietary Limited	11/08/1987	RSA	1987/003760/07	3 000 ordinary shares of R1 each	Indirectly	No	Owning of Immovable property and operating hotels and resorts
17.	Drakensberg Sun Hotel Share Block Limited	03/07/1967	RSA	1967/007156/07	Live register	Indirectly	No	To operate a Share Block Property Time Sharing Scheme
18.	Hofman Property Development Company Share Block Limited	28/02/1968	RSA	1968/002131/07	60 ordinary shares of R0.50 each	Indirectly	No	To operate a Share Block Property Time Sharing Scheme
19.	Holiday Inns Hotel Corporation Proprietary Limited	09/12/1966	RSA	1966/011866/07	100 ordinary shares of R1 each	Indirectly	No	Owning of Immovable property and operating hotels and resorts

No	Name	Date of incorporation	Place of incorporation	Registration number	Issued share capital	Securities held directly or indirectly	Listed	Main business
20.	IKW Development Company Share Block Proprietary Limited	27/09/1966	RSA	1966/008906/07	100 000 ordinary shares of R1 each	Indirectly	No	To operate a Share Block Property Time Sharing Scheme
21.	Mthatha Hotels Proprietary Limited	05/03/1976	RSA	1976/060876/07	1 999 ordinary shares of R1 each 1 "A" ordinary share of R1	Indirectly	No	Operating of a Hotel
22.	Novaya Investments Proprietary Limited	24/07/1997	RSA	1997/012010/07	1 ordinary share of R1	Indirectly	No	Owning of property for investment
23.	PLI Developments Share Block Proprietary Limited	16/10/1956	RSA	1956/002738/07	3 000 ordinary shares of R2 each	Indirectly	No	To operate a Share Block Property Time Sharing Scheme
24.	Reshub Proprietary Limited	06/02/2002	RSA	2002/002584/07	3 ordinary shares of R1 each	Indirectly	No	Trading and Investment as Principal
25.	Sabie Golf Proprietary Limited	05/09/1989	RSA	1989/005235/07	1 ordinary share of R1	Indirectly	No	Holding and Developing of Immovable Property in the Sabie District.
26.	Sabie River Share Block Limited	24/07/1963	RSA	1963/003920/07	Live register	Indirectly	No	To operate a Share Block Property Time Sharing Scheme
27.	Senath Proprietary Limited	17/01/1973	RSA	1973/000632/07	4 ordinary shares of R1 each	Indirectly	No	Owning of Immovable property and operating hotels and resorts
28.	Share Registry Management Services Proprietary Limited	03/09/1999	RSA	1999/019361/07	100 ordinary shares of R1 each	Indirectly	No	Administration process of transferring share blocks between sellers and buyers.
29.	South African Hotels Share Block Proprietary Limited	20/09/1943	RSA	1943/016425/07	12 000 ordinary shares of R2 each	Indirectly	No	To operate a Share Block Property Time Sharing Scheme
30.	Southern Sun Timesharing Proprietary Limited	11/03/1981	RSA	1981/008379/07	1 "A" ordinary share of R1 1 "B" ordinary share of R1	Indirectly	No	Sale of Timesharing Rights in Sectional title, Share Block or other development

No	Name	Date of incorporation	Place of incorporation	Registration number	Issued share capital	Securities held directly or indirectly	Listed	Main business
31.	Southern Sun Timesharing Resales Proprietary Limited	02/04/1987	RSA	1987/001418/07	1 ordinary share of R1	Indirectly	No	Engage in Business of Estate Agency
32.	Sunnyside Park Hotel Share Block Proprietary Limited	07/04/1961	RSA	1961/001208/07	41 000 ordinary shares of R1 each	Indirectly	No	To operate a Share Block Property Time Sharing Scheme
33.	Tsogo Sun Investments Proprietary Limited	10/12/2018	RSA	2018/626851/07	100 ordinary no par value shares	Directly	No	There are no restrictions on business activities
34.	Uncontained Creativity Proprietary Limited	03/08/2017	RSA	2017/314230/07	120 ordinary no par value shares	Indirectly	No	There are no restrictions on business activities
Subsidiary companies of SSO								
1.	Southern Sun Middle East Investment Holdings Proprietary Limited	18/03/2004	RSA	2004/007525/07	100 Ordinary Shares of R1 each	Directly	No	Investment holding company
2.	Southern Sun Africa	25/06/1998	Mauritius	20273/4110	18 489 Shares of US$1.00	Directly	No	Investment holding company
3.	Lavado Holdings BV	20/12/1985	Netherlands	27114262	EUR18 160	Directly	No	Investment holding company
4.	Ikoyi Hotels Limited	07/02/2002	Nigeria	442 162	N50 000 000	Indirectly	No	Hospitality/Accommodation
5.	Isotel Aktiengeschellschaft	19/12/1978	Switzerland	FL-0001.070.066-1	US$35 000	Indirectly	No	Investment Holding Company
6.	IsotelTwo Aktiengeschellschaft	07/12/2004	Switzerland	FL-0002.122.734-6	CHF50 000	Indirectly	No	Investment Holding Company
7.	PTD Limited	19/10/1972	Seychelles	640559-1	SCR 21 042 760 (526 069 Shares)	Indirectly	No	Hospitality/Accommodation

No	Name	Date of incorporation	Place of incorporation	Registration number	Issued share capital	Securities held directly or indirectly	Listed	Main business
8.	Ridgeway Hotel Limited	15/08/1950	Zambia	1195000000358	K 91 836	Indirectly	No	Hospitality/Accommodation
9.	Southern Sun (Middle East) Hotels Management LLC	28/06/2005	Dubai, UAE	74527	300 Shares of AED 1000 each	Indirectly	No	Hotel Ownership, Management, leasing
10.	Southern Sun (Mocambique) Lda	16/03/1999	Maputo	11.5957	66 527 390,39 MT	Indirectly	No	Hospitality/Accommodation
11.	Southern Sun Hotels (Tanzania) Limited	22/04/1999	Tanzania	36138	TSH 104 000 000	Indirectly	No	Hospitality/Accommodation
12.	Southern Sun Hotels Kenya Limited	28/04/2010	Kenya	CPR/2010/22306	1 137 005 Ordinary Shares of KES 1	Indirectly	No	Provision of Hotel Facilities in Kenya
Subsidiary companies of HPF								
1.	HPF Properties Proprietary Limited	17 June 2005	South Africa	2005/020743/07	120 ordinary shares of R1.00 each	Directly	No	Property owning company
2.	Fezisource Proprietary Limited	28 August 2015	South Africa	2015/305572/07	210 no par value shares	Directly	No	Property owning company
3.	The Cullinan Hotel Proprietary Limited	18 August 1988	South Africa	1988/004685/07	5 000 no par value shares	Directly	No	Property owning company
4.	Merway Fifth Investments Proprietary Limited	14 November 1991	South Africa	1991/006478/07	15 826 no par value shares	Directly	No	Property owning company
5.	HPF Management Proprietary Limited	9 November 2009	South Africa	2009/021472/07	100 ordinary shares of R1.00 each	Directly	No	Asset management and administration of the existing portfolio
6.	Hospitality Property Fund Managers Proprietary Limited	3 March 2005	South Africa	2005/035257/07	15 028 ordinary shares of R0.01 each	Directly	No	Non-trading

No	Name	Date of incorporation	Place of incorporation	Registration number	Issued share capital	Securities held directly or indirectly	Listed	Main business
7.	NIB 35 Share Block Proprietary Limited	19 August 1998	South Africa	1998/016260/07	172 ordinary shares of R0.01 each	Directly	No	Property owning company Non-trading
8.	Hosbrook Ventures Proprietary Limited	26 November 2012	South Africa	2012/208817/07	100 ordinary no par value shares	Directly	No	Non-trading

MATERIAL CONTRACTS

Scope of THL's Shared Services Agreement

1. Human Resources, Industrial Relations

SSHI to provide TSCM with the following services (the scope of which may vary as agreed between the parties from time to time):

- Specialist HR decision support in human capital procurement, development, communication and employee life-cycle management for operational HR teams, focussed on the achievement of business objectives and to ensure compliance with employment law, HR policy and sound people management practices.
- Integrated HR and payroll management solutions to enable payroll processing and employee administration, including statutory and management reporting.
- Management of remuneration and benefits and related services, including the provision of healthcare, retirement and insured risk benefits solutions.
- Management of industrial relations and ancillary labour legal matters, including resolving disputes, and negotiating organisational rights and collective bargaining agreements on substantive terms and conditions of employment.
- One-twelfth of the annual budgeted cost of the HR Services and HR Industrial Relations Department in respect of each financial year shall be recharged by SSHI to TSCM at a rate of 50% (which rate may be altered by written agreement between the parties at the annual budget approval meetings) and invoiced on a monthly basis in arrears. At the end of each financial year an adjustment to the recharge of the annual budgeted cost of the HR Services and HR Industrial Relations Department for that financial year will be invoiced or credited by SSHI to TSCM, to correct the recharge to 50% of the actual cost for such services in respect of that financial year.
- SSHI has budgeted to recharge TSCM R11 million for this service for the year ended 31 March 2020.

2. Corporate Affairs

SSHI to provide TSCM with the following services (the scope of which may vary as agreed between the parties from time to time):

- Corporate affairs, employee engagement and communication, B-BBEE compliance;
- One-twelfth of the annual budgeted cost of the corporate affairs services (comprising of social responsibility, enterprise development, environmental development and corporate social investment) in respect of each financial year provided by the communications department shall be recharged by SSHI to TSCM at a rate of 75% (which rate may be altered by agreement between the parties at the annual budget approval meetings) and invoiced on a monthly basis. At the end of each financial year, an adjustment to the recharge of the annual budgeted cost of such corporate affairs services for that financial year will be invoiced or credited by SSHI to TSCM, to correct the recharge to 75% of the actual cost for such corporate affairs services in respect of that financial year.
- One-twelfth of the annual budgeted cost of the balance of the corporate affairs services department (comprising of employee engagement, communication and B-BBEE compliance services) is to be recharged by SSHI to TSCM at a rate of 50% (which rate may be altered by agreement between the parties at the annual budget approval meetings) and invoiced on a monthly basis in arrears. At the end of each financial year, an adjustment to the recharge of the annual budgeted cost of the corporate affairs department services for that financial year will be invoiced or credited by SSHI to TSCM to correct the recharge to 50% of the actual cost for such corporate affairs services department in respect of that financial year.
- SSHI has budgeted to recharge TSCM R9 million in total for this service for the year ended 31 March 2020.

3. Risk Management

TSCM to provide SSHI with the following services (the scope of which may vary as agreed between the parties from time to time):

- Risk management, including the annual insurance process, administration of insurance claims and various risk management processes, including maintaining risk matrixes and compliance audits.
- One-twelfth of the annual budgeted cost of the risk management service department is to be recharged by TSCM to SSHI at a rate of 50% (which rate may be altered by agreement between the parties at the annual budget approval meetings) and invoiced on a monthly basis in arrears. At the end of each financial year, an adjustment to the recharge of the annual

budgeted cost of the risk management services department for that financial year, will be invoiced or credited by TSCM to SSHI to correct the recharge to 50% of the actual cost for such risk management services department in respect of that financial year.

- TSCM has budgeted to recharge SSHI R6 million for this service for the year ended 31 March 2019.

4. **Treasury**

TSCM to provide SSHI with the following services (the scope of which may vary as agreed between the parties from time to time):

- Securing external funding and managing the related legal process, providing cash management services, management of rating process with external rating agencies, securing interest rate and foreign exchange hedges and related administration, management of SARB approval process.

- One-twelfth of the annual budgeted cost of the treasury service department is to be recharged by TSCM to SSHI at a rate of 50% (which rate may be altered by agreement between the parties at the annual budget approval meetings) and invoiced on a monthly basis in arrears. At the end of such financial year, an adjustment to the recharge of the annual budgeted cost of the treasury services department for that financial year, will be invoiced or credited by TSCM to SSHI to correct the recharge to 50% of the actual cost for the treasury services department in respect of that financial year.

- TSCM has budgeted to recharge SSHI R6 million for this service for the year ended 31 March 2019.

5. **Tax**

TSCM to provide SSHI with the following services (the scope of which may vary as agreed between the parties from time to time):

- Tax return preparation and submission (including VAT, income tax, STT, etc.), management of SARS relationship, management of SARS audits and queries, management of relationships and compliance with offshore tax authorities and legislation.

- One-twelfth of the annual budgeted cost of the tax service department is to be recharged by TSCM to SSHI at a rate of 50% (which rate may be altered by agreement between the parties at the annual budget approval meetings) and invoiced on a monthly basis in arrears. At the end of each financial year, an adjustment to the recharge of the annual budgeted cost of the tax services department for that financial year, will be invoiced or credited by TSCM to SSHI to correct the recharge to 50% of the actual cost for such tax services department in respect of that financial year.

- The budgeted recharge by TSCM to SSHI for the tax service is included in the budgeted recharge of R6 million relating to the treasury service for the year ended 31 March 2020.

6. **Administrative Services**

TSCM to provide SSHI with the following services (the scope of which may vary as agreed between the parties from time to time):

- Office building management (Palazzo Towers East and West, Fourways).

- One-twelfth of The annual budgeted cost of the administrative service department is to be recharged by TSCM to SSHI at a rate of 50% (which rate may be altered by agreement between the parties at the annual budget approval meetings) and invoiced on a monthly basis in arrears. At the end of each financial year, an adjustment to the recharge of the annual budgeted cost of the administrative services department will be invoiced or credited by TSCM to SSHI to correct the recharge to 50% of the actual cost for such administrative services department in respect of that financial year.

- TSCM has budgeted to recharge SSHI R4 million for this service for the year ended 31 March 2020.

7. **Tenanting**

TSCM to provide SSHI with the following services (the scope of which may vary as agreed between the parties from time to time):

- Tenant and lease management services including rent roll administration.

- One-twelfth of the annual budgeted cost of the tenanting service department is to be recharged by TSCM to SSHI at a rate of 25% (which rate may be altered by agreement between the parties at the annual budget approval meetings) and invoiced on a monthly basis in arrear. At the end of each financial year, an adjustment to the recharge of the annual budgeted cost of the tenanting services department for that financial year will be invoiced or credited by TSCM to SSHI to correct the recharge to 25% of the actual cost for such tenanting services department in respect of that financial year.

- TSCM has budgeted to recharge SSHI R1 million for this service for the year ended 31 March 2020.

8. **Casino food and beverage employees**

- SSHI will employ the casino food and beverage employees on TSCM's behalf and provide all ancillary HR and payroll-related administration services and invoice TSCM for this service on a cost incurred basis.

9. **Notice period**

- Each service agreement will endure indefinitely and in order to terminate an individual service provided under the Shared Services Agreement, either party must provide the other with not less than three months' prior written notice, provided that no such notice may be given prior to 29 February 2020. There is no termination fee payable upon the termination any individual service provided under the Shared Services Agreement.

10. **Dispute resolution**

- In the event of a dispute, the matter must be escalated first to the CFO of the Tsogo Sun Group and the CFO of the THL Group and if a resolution cannot be achieved within a 10-day period, the dispute must be escalated to the CEO of the Tsogo Sun Group and the CEO of the THL Group and if a resolution cannot be achieved within a 10-day period, the dispute must be referred to arbitration for resolution.

- This dispute resolution clause must persist in perpetuity.

PARTICULARS OF THE DIRECTORS OF THL AND MAJOR SUBSIDIARIES

A. THL Director Profiles

Non-executive Chairman

John Anthony Copelyn, Age: 68**, Qualification:** BA (Hons), BProc

John Anthony Copelyn joined HCI as Chief Executive Officer in 1997. He was previously General Secretary of the Southern African Clothing and Textile Workers Union from 1974 before becoming a member of parliament in 1994. He currently holds various directorships in companies within the HCI Group. He is chairman of e.tv, eMedia Holdings, Tsogo Sun, Deneb Investments Limited and the HCI Foundation.

Business address	Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005
Postal address	PO Box 522195, Saxonwold, 2132, South Africa
Nationality	South African

Current directorships and partnerships	Past directorships and partnerships held in the last five years
2 TOMAN CLOSE HYDEPARK PROPRIETARY LIMITED 21 IMPALA ROAD PROPERTIES PROPRIETARY LIMITED 4 STIRLING STREET PROPRIETARY LIMITED BLUE BEACON INVESTMENTS 240 PROPRIETARY LIMITED BRAYLON INVESTMENTS PROPRIETARY LIMITED CHEARSLEY INVESTMENTS PROPRIETARY LIMITED CIRCUMFERENCE INVESTMENTS PROPRIETARY LIMITED CURAGEN INVESTMENTS PROPRIETARY LIMITED DENEB INVESTMENTS LIMITED E MEDIA HOLDINGS LIMITED E SAT TV PROPRIETARY LIMITED FI DEVELOPMENTS PROPRIETARY LIMITED FI EQUITY GROUP PROPRIETARY LIMITED FOOTHILLS TRADING AND INVESTMENT 8 PROPRIETARY LIMITED FULELA TRADE AND INVEST 81 PROPRIETARY LIMITED FULELA TRADE AND INVEST 96 PROPRIETARY LIMITED GLENDAL TRADING PROPRIETARY LIMITED HCI – TREASURY PROPRIETARY LIMITED HCI CENTRAL INVESTMENTS PROPRIETARY LIMITED HCI COAL PROPRIETARY LIMITED HCI FOOD AND BEVERAGE INVESTMENTS PROPRIETARY LIMITED HCI INVEST14 HOLDCO PROPRIETARY LIMITED HCI INVEST15 HOLDCO PROPRIETARY LIMITED HCI INVEST17 HOLDCO PROPRIETARY LIMITED HCI INVEST19 HOLDCO PROPRIETARY LIMITED HCI INVEST20 HOLDCO PROPRIETARY LIMITED HCI INVEST21 HOLDCO PROPRIETARY LIMITED HCI INVEST22 HOLDCO PROPRIETARY LIMITED HCI INVEST23 HOLDCO PROPRIETARY LIMITED HCI INVEST24 HOLDCO PROPRIETARY LIMITED HCI INVEST25 HOLDCO PROPRIETARY LIMITED HCI INVEST3 HOLDCO PROPRIETARY LIMITED HCI INVEST6 HOLDCO PROPRIETARY LIMITED HCI INVEST7 HOLDCO PROPRIETARY LIMITED HCI MANAGERIAL SERVICES PROPRIETARY LIMITED HCI MONTE PRECINCT PROPRIETARY LIMITED HCI PROPERTY INVESTMENTS 2 PROPRIETARY LIMITED HCI RENEWABLE ENERGY INVESTMENTS PROPRIETARY LIMITED HCI SUN ENERGY ONE PROPRIETARY LIMITED HCI SUN ENERGY THREE PROPRIETARY LIMITED HCI SUN ENERGY TWO PROPRIETARY LIMITED HCI-PROPCO1 PROPRIETARY LIMITED HCI-THE PALMS PROPRIETARY LIMITED	ANYTIME POWER PROPRIETARY LIMITED DURBAN ADD-VENTURES LIMITED GRIFFIN OIL AND GAS PROPRIETARY LIMITED HCI INVEST 1 HOLDCO PROPRIETARY LIMITED HCI INVEST10 HOLDCO PROPRIETARY LIMITED HCI INVEST8 HOLDCO PROPRIETARY LIMITED HCI INVEST9 HOLDCO PROPRIETARY LIMITED SILVER VANITY INVESTMENTS PROPRIETARY LIMITED TSOGO SUN HOTELS GAMING AND ENTERTAINMENT PROPRIETARY LIMITED TSOGO SUN KWAZULU-NATAL PROPRIETARY LIMITED VECTOFON PROPRIETARY LIMITED VPOS INTEGRATED BUSINESS SOLUTIONS PROPRIETARY LIMITED VUKANI GAMING EASTERN CAPE PROPRIETARY LIMITED VUKANI GAMING EQUIPMENT PROPRIETARY LIMITED VUKANI GAMING FREE STATE PROPRIETARY LIMITED VUKANI GAMING GAUTENG PROPRIETARY LIMITED VUKANI GAMING KWAZULU-NATAL PROPRIETARY LIMITED VUKANI GAMING LIMPOPO PROPRIETARY LIMITED VUKANI GAMING MPUMALANGA PROPRIETARY LIMITED VUKANI GAMING NORTH WEST PROPRIETARY LIMITED VUKANI GAMING NORTHERN CAPE PROPRIETARY LIMITED VUKANI GAMING WESTERN CAPE PROPRIETARY LIMITED YIRED PROPRIETARY LIMITED

Current directorships and partnerships	Past directorships and partnerships held in the last five years
HIGHLAND NIGHT INVESTMENTS 93 PROPRIETARY LIMITED HOLLYBERRY PROPS 12 PROPRIETARY LIMITED HOSKEN CONSOLIDATED INVESTMENTS LIMITED HOSPITALITY PROPERTY FUND LIMITED HOUSE 22 RONALD AVENUE PROPRIETARY LIMITED IGI INVESTMENT COMPANY LIMITED JOHNNIC CASINO HOLDINGS PROPRIETARY LIMITED JOHNNIC HOLDINGS LIMITED JOHNNIES STRATEGIC INVESTMENT HOLDINGS PROPRIETARY LIMITED KALAHARI VILLAGE MALL PROPRIETARY LIMITED LA CONCORDE HOLDINGS LIMITED LENNINGS LIMITED LEOPONT 255 PROPERTIES PROPRIETARY LIMITED LEOPONT 261 PROPERTIES PROPRIETARY LIMITED LEOPONT 262 PROPERTIES PROPRIETARY LIMITED LIMITLESS ANGEL FUND PROPRIETARY LIMITED LYNNRIDGE SHOPPING CENTRE PROPRIETARY LIMITED MAIN PLACE HOLDINGS LIMITED MAIN STREET 614 PROPRIETARY LIMITED MERILYN INVESTMENTS PROPRIETARY LIMITED METSHELF INVESTMENTS 9 PROPRIETARY LIMITED MIRINO INVESTMENTS PROPRIETARY LIMITED MIRONETIX PROPRIETARY LIMITED MIRONETIX 2 LIMITED MONTAUK HOLDINGS LIMITED MOVE-ON-UP 104 PROPRIETARY LIMITED NEXREALM TECHNOLOGIES PROPRIETARY LIMITED NIVEUS INVESTMENTS LIMITED PEARL BEACH INVESTMENTS PROPRIETARY LIMITED PERMASOLVE INVESTMENTS PROPRIETARY LIMITED PLATCO DIGITAL PROPRIETARY LIMITED RADIUS TRADING PROPRIETARY LIMITED RIVETPROPS 47 PROPRIETARY LIMITED RONALDGATE PROPRIETARY LIMITED SA AMALGAMATED UNION FISHING PROPRIETARY LIMITED SACTWU MINING INVESTMENTS PROPRIETARY LIMITED SACTWU MINING INVESTMENTS (SPV) PROPRIETARY LIMITED TIH PREFCO (RF) PROPRIETARY LIMITED TIHC INVESTMENTS (RF) TSOGO INVESTMENT HOLDING COMPANY PROPRIETARY LIMITED TSOGO SUN HOLDINGS LIMITED TSOGO SUN HOTELS LIMITED TYLON HOLDINGS PROPRIETARY LIMITED UNIT 1501 TWIN TOWERS SOUTH PROPRIETARY LIMITED ZENZELENI CLOTHING PROPRIETARY LIMITED	

Executive Directors

Marcel von Aulock, CEO, Age: 45**, Qualification:** CA(SA)

Marcel Nikolaus von Aulock served his articles at PwC and joined Tsogo Sun as Group Financial Manager in 1999. In 2004 he was promoted to Group Strategic Planning Director, in 2009 he was appointed CFO, and in September 2011 he assumed the role of CEO of Tsogo Sun. Marcel resigned from Tsogo Sun on 1 June 2017, but re-joined the Tsogo Sun Group on 1 June 2018, as Chief Executive Officer of THL. He has been a Non-executive Director of HPF since December 2018, and Non-executive Director of International Hotel Properties Limited since October 2018.

Business address	Palazzo Towers West, Montecasino Boulevard, Fourways, 2055
Postal address	Private Bag X200, Bryanston, Johannesburg, Gauteng, 2021
Nationality	South African

Current directorships and partnerships	Past directorships and partnerships held in the last five years
AUTOGRAPH GIN PROPRIETARY LIMITED ELSITIME PROPRIETARY LIMITED GREEN VISION REALITY PROPRIETARY LIMITED HOSPITALITY PROPERTY FUND LIMITED INGWEZONE PROPRIETARY LIMITED LEXSHELL 627 INVESTMENTS PROPRIETARY LIMITED MEGALO INVESTMENTS PROPRIETARY LIMITED SABIE RIVER SHARE BLOCK PROPRIETARY LIMITED SOUTHERN SUN MIDDLE EAST INVESTMENT HOLDINGS PROPRIETARY LIMITED SOUTHERN SUN OFFSHORE PROPRIETARY LIMITED SUNMART 005 PROPERTY HOLDINGS PROPRIETARY LIMITED TSOGO SUN INVESTMENTS PROPRIETARY LIMITED TSOGO SUN HOTELS LIMITED	AKANI MSUNDUZI PROPRIETARY LIMITED AKANI-EGOLI PROPRIETARY LIMITED DURBAN ADD-VENTURES LIMITED HI HOTELS PROPRIETARY LIMITED HOSPITALITY PROPERTY FUND LIMITED MERWAY FIFTH INVESTMENTS PROPRIETARY LIMITED PROPERTY INVESTMENT COMPANY NO 1 PROPRIETARY LIMITED PROPERTY INVESTMENT COMPANY NO 2 PROPRIETARY LIMITED PROPERTY INVESTMENT COMPANY NO 4 PROPRIETARY LIMITED PROPERTY INVESTMENT COMPANY NO 5 PROPRIETARY LIMITED PROPERTY INVESTMENT COMPANY NO 6 PROPRIETARY LIMITED PROPERTY INVESTMENT COMPANY NO 7 PROPRIETARY LIMITED SOUTHERN SUN HOTEL INTERESTS PROPRIETARY LIMITED SOUTHERN SUN MIDDLE EAST INVESTMENT HOLDINGS PROPRIETARY LIMITED SOUTHERN SUN OFFSHORE PROPRIETARY LIMITED SOUTHERN SUN SECRETARIAL SERVICES PROPRIETARY LIMITED SUN1 HOTELS PROPRIETARY LIMITED THE CULLINAN HOTEL PROPRIETARY LIMITED THE SOUTH AFRICAN APARTHEID MUSEUM AT FREEDOM PARK NPC TSOGO SUN CALEDON PROPRIETARY LIMITED TSOGO SUN CASINOS PROPRIETARY LIMITED TSOGO SUN EXPANSION NO 2 PROPRIETARY LIMITED TSOGO SUN GAMING INVESTMENTS PROPRIETARY LIMITED TSOGO SUN HOLDINGS LIMITED TSOGO SUN HOTELS GAMING AND ENTERTAINMENT PROPRIETARY LIMITED TSOGO SUN KWAZULU-NATAL PROPRIETARY LIMITED TSOGO SUN NEWCASTLE PROPRIETARY LIMITED TSOGO SUN PROPRIETARY LIMITED UNCONTAINED CREATIVITY PROPRIETARY LIMITED WEST COAST LEISURE PROPRIETARY LIMITED

Laurelle McDonald, CFO, Age: 36**, Qualification:** CA(SA)

Laurelle McDonald served her articles at Grant Thornton and joined Gold Reef Resorts as Assistant Financial Manager at Silverstar Casino in 2007. She was appointed as the Group Financial Manager and the Company Secretary of Gold Reef Resorts. After the acquisition of Gold Reef Resorts by Tsogo Sun, Laurelle was appointed Corporate Finance and Treasury Manager of Tsogo Sun and currently serves as a member of Tsogo Sun's executive committee.

Business address	Palazzo Towers West, Montecasino Boulevard, Fourways, 2055
Postal address	Private Bag X200, Bryanston, Johannesburg, Gauteng, 2021
Nationality	South African

Current directorships and partnerships	**Past directorships and partnerships held in the last five years**
ACQUISITIVE INVESTMENTS PROPRIETARY LIMITED ADVENTURE WORLD MANAGEMENT PROPRIETARY LIMITED AKANI MSUNDUZI PROPRIETARY LIMITED AKANI-EGOLI PROPRIETARY LIMITED CAPE HOTELS (BLOEMFONTEIN) PROPRIETARY LIMITED DOWNTOWN INN PROPRIETARY LIMITED DRAKENSBERG SUN HOTEL PROPRIETARY LIMITED DURBAN ADD-VENTURES LIMITED ELSITIME PROPRIETARY LIMITED ELSIVERT PROPRIETARY LIMITED FEZISOURCE PROPRIETARY LIMITED GARDEN ROUTE CASINO PROPRIETARY LIMITED GOLDFIELDS CASINO AND ENTERTAINMENT CENTRE PROPRIETARY LIMITED HI HOTELS PROPRIETARY LIMITED HOFMAN PROPERTY DEVELOPMENT COMPANY SHARE BLOCK LIMITED HOLIDAY INNS HOTEL CORPORATION PROPRIETARY LIMITED HOLIDAY INNS PROPRIETARY LIMITED HOSPITALITY PROPERTY FUND LIMITED HOTEL PRESIDENT SEEPUNT PROPRIETARY LIMITED IKW DEVELOPMENT COMPANY SHARE BLOCK PROPRIETARY LIMITED JEDDLER INVESTMENTS PROPRIETARY LIMITED MAJORMATIC 194 PROPRIETARY LIMITED NOVAYA INVESTMENTS PROPRIETARY LIMITED PLI DEVELOPMENTS SHARE BLOCK PROPRIETARY LIMITED RESHUB PROPRIETARY LIMITED SENATH PROPRIETARY LIMITED SILVERSTAR CASINO PROPRIETARY LIMITED SOUTH AFRICAN HOTELS SHARE BLOCK PROPRIETARY LIMITED SOUTHERN SUN HOTEL INTERESTS PROPRIETARY LIMITED SOUTHERN SUN OFFSHORE PROPRIETARY LIMITED SOUTHERN SUN`S AIRPORT INN PROPRIETARY LIMITED SUNNYSIDE PARK HOTEL SHARE BLOCK PROPRIETARY LIMITED THE MILLENNIUM CASINO LIMITED TSOGO SUN ALTERNATIVE GAMING INVESTMENTS PROPRIETARY LIMITED TSOGO SUN CALEDON PROPRIETARY LIMITED TSOGO SUN CASINOS PROPRIETARY LIMITED TSOGO SUN GAMING INVESTMENTS PROPRIETARY LIMITED TSOGO SUN HOTELS TSOGO SUN INVESTMENTS PROPRIETARY LIMITED TSOGO SUN KWAZULU-NATAL PROPRIETARY LIMITED TSOGO SUN NEWCASTLE PROPRIETARY LIMITED UNCONTAINED CREATIVITY PROPRIETARY LIMITED VOLNAY INVESTMENTS PROPRIETARY LIMITED WEST COAST LEISURE PROPRIETARY LIMITED	BEDROSE INVESTMENTS PROPRIETARY LIMITED CAPE HOTELS PROPERTIES (EP) LIMITED HOTEL SEASIDE SHARE BLOCK PROPRIETARY LIMITED ISANDO COMMERCIAL CENTRE SHARE BLOCK PROPRIETARY LIMITED MZAMBA PROPERTIES PROPRIETARY LIMITED NORTH COAST HOTELS SHARE BLOCK PROPRIETARY LIMITED POPLARS PRIVATE HOTEL SHARE BLOCK PROPRIETARY LIMITED PROPERTY INVESTMENT COMPANY NO 10 PROPRIETARY LIMITED RIVERSIDE HOLIDAY INN SHARE BLOCK PROPRIETARY LIMITED STRANDBURG DEVELOPMENTS SHARE BLOCK PROPRIETARY LIMITED SUNNYSIDE PARK PROPRIETARY LIMITED TRANSITO HOTELS PROPRIETARY LIMITED TSOGO SUN EMONTI PROPRIETARY LIMITED UMHLANGA BEACH INVESTMENTS SHARE BLOCK PROPRIETARY LIMITED UMHLANGA ROCKS HOTEL SHARE BLOCK PROPRIETARY LIMITED

Non-executive Directors

Mohamed Haroun Ahmed, Lead Independent Non-executive Director, Age: 55**, Qualification:** BCom (Accounting)

Mohamed Haroun Ahmed has over 25 years of experience in finance and leadership and has served on boards of various listed companies, including as an alternate Director for MTN Group Limited. He is currently an independent Non-executive Director for HPF, Montauk Holdings and Deneb Investments, where he also serves as the Chair of the audit, risk and remuneration committees and is the founder of the Gallagher Charitable Trust.

Business address	Palazzo Towers West, Montecasino Boulevard, Fourways, 2055
Postal address	Private Bag X200, Bryanston, Johannesburg, Gauteng, 2021
Nationality	South African

Current directorships and partnerships	Past directorships and partnerships held in the last five years
BREVITY TRADE 50 PROPRIETARY LIMITED DENEB INVESTMENTS LIMITED GO 4 TILES PROPRIETARY LIMITED GREENWOOD PARK DISTRIBUTORS PROPRIETARY LIMITED GREENWOOD PARK DISTRIBUTORS PROPRIETARY LIMITED HOSPITALITY PROPERTY FUND LIMITED KELSTON INVESTMENTS PROPRIETARY LIMITED MONTAUK HOLDINGS LIMITED RITZ TILES PROPRIETARY LIMITED RITZSHELF 25 PROPRIETARY LIMITED RIVETPROPS 2 PROPRIETARY LIMITED ROSE TREE INVESTMENTS PROPRIETARY LIMITED TSOGO SUN HOTELS LIMITED	ALL IN ALL INVESTMENTS PROPRIETARY LIMITED ALMANIA INVESTMENTS PROPRIETARY LIMITED ATTERBELL INVESTMENTS PROPRIETARY LIMITED BATO STAR FISHING PROPRIETARY LIMITED BRAYLON INVESTMENTS PROPRIETARY LIMITED CLICKING INVESTMENTS PROPRIETARY LIMITED DESCARTE INVESTMENTS NO 8 PROPRIETARY LIMITED E MEDIA HOLDINGS PROPRIETARY LIMITED EFFIT INVESTMENTS PROPRIETARY LIMITED FI FUNDING AND INVESTMENTS HOLDCO PROPRIETARY LIMITED FI OPERATIONS PROPRIETARY LIMITED GELPROP PROPRIETARY LIMITED GEOMER MINING INVESTMENTS PROPRIETARY LIMITED HARTVALE INVESTMENTS PROPRIETARY LIMITED HCI MANAGERIAL SERVICES PROPRIETARY LIMITED HOLLYHILL INVESTMENTS PROPRIETARY LIMITED HOSKEN CONSOLIDATED INVESTMENTS LIMITED LEYVAN PROPRIETARY LIMITED LYNPRO INVESTMENTS PROPRIETARY LIMITED MACLYN HOUSE PROPRIETARY LIMITED MARBLE GOLD 136 PROPRIETARY LIMITED MERILYN INVESTMENTS PROPRIETARY LIMITED MIRINO INVESTMENTS PROPRIETARY LIMITED MONTDENE INVESTMENTS PROPRIETARY LIMITED PORTELLO INVESTMENTS NO 12 PROPRIETARY LIMITED RADIUS TRADING PROPRIETARY LIMITED REAL AFRICA HOLDINGS LIMITED SACTWU INVESTMENTS GROUP PROPRIETARY LIMITED SACTWU MINING INVESTMENTS PROPRIETARY LIMITED SACTWU PROPERTIES PROPRIETARY LIMITED SACTWU SEVENTH INVESTMENTS COMPANY PROPRIETARY LIMITED UNION TELECOMMUNICATIONS PROPRIETARY LIMITED WH PRESS HOUSE LIMITED ZENZELENI CLOTHING PROPRIETARY LIMITED ZILLIAN INVESTMENTS PROPRIETARY LIMITED

Chris Gina, Independent Non-executive Director, Age: 60, **Qualification:** Bachelor of Arts, MBA

Sipho Christopher Gina is the deputy secretary general of the South African Clothing and Textile Workers Union and will be retiring from this position this year.

Business address	Palazzo Towers West, Montecasino Boulevard, Fourways, 2055
Postal address	Private Bag X200, Bryanston, Johannesburg, Gauteng, 2021
Nationality	South African

Current directorships and partnerships	Past directorships and partnerships held in the last five years
SACTWU AIDS PROJECT NPC SACTWU INVESTMENTS GROUP PROPRIETARY LIMITED TSOGO SUN HOTELS LIMITED	TEXTILES ADMINISTRATION COMPANY NPC

Moretlo Lynette Molefi, Independent Non-executive Director, Age: 50, **Qualification:** B.Sc., MBChB

Dr Molefi is a business woman with interests in healthcare and serves on the ministerial advisory committee on Ehealth in South Africa and has served as a strategic adviser to the WHO eHealth sector. Dr Molefi currently serves as a Director of HCI, the South Africa Post Office, Niveus Investments, International Society for Telemedicine and eHealth and vice-president of SA Telemedicine Association.

Business address	Palazzo Towers West, Montecasino Boulevard, Fourways, 2055
Postal address	Private Bag X200, Bryanston, Johannesburg, Gauteng, 2021
Nationality	South African

Current directorships and partnerships	Past directorships and partnerships held in the last five years
02 4 LIFE AFRICA PROPRIETARY LIMITED AFRIQUEST INVESTMENTS PROPRIETARY LIMITED AFRIQUEST MINING PROPRIETARY LIMITED AGANG FUTURES PROPRIETARY LIMITED ANOVA HEALTH INSTITUTE NPC BIODOME DISTRIBUTORS CC BRIGHT GLACIER TRADING PROPRIETARY LIMITED BUSINESS SYSTEMS GROUP (AFRICA) PROPRIETARY LIMITED CALZANE PETROLEUM SA PROPRIETARY LIMITED EMAAT PROPRIETARY LIMITED EOH HOLDINGS LIMITED GATEWAY BORDER DEVELOPMENTS PROPRIETARY LIMITED HER LIFE HOLDINGS PROPRIETARY LIMITED HESHI PROPRIETARY LIMITED HOSKEN CONSOLIDATED INVESTMENTS LIMITED K2015388659 (SOUTH AFRICA) PROPRIETARY LIMITED KYALAMI ESTATE HOMEOWNERS ASSOCIATION NPC LODOX SYSTEMS PROPRIETARY LIMITED MHEALTH AND EHEALTH EXPERT LEARNING PROGRAM NPC NIVEUS INVESTMENTS LIMITED SUID-AFRIKAANSE POSKANTOOR SOC SUNPA AFRICA PROPRIETARY LIMITED SYNTELL PROPRIETARY LIMITED TERRAFARM ADVISORY PROPRIETARY LIMITED TERRAFARMS WELLINGTON PROPRIETARY LIMITED THE DOCUMENT EXCHANGE PROPRIETARY LIMITED TSABATSABA HOLDINGS PROPRIETARY LIMITED TSOGO SUN HOTELS LIMITED VIA BRAND INVESTMENTS PROPRIETARY LIMITED WELLINGTON FARM HOLDINGS PROPRIETARY LIMITED ZULULAND OIL AND GAS HOLDINGS LIMITED	AMA TEST TEST SA PROPRIETARY LIMITED AUTOLOGIZE PROPRIETARY LIMITED BIOBITS TRADING PROPRIETARY LIMITED BIODELTA PROPRIETARY LIMITED BIODELTA SMD PROPRIETARY LIMITED BIODOM DISTRIBUTORS PROPRIETARY LIMITED BLUECROSS TRADING PROPRIETARY LIMITED CENTRAL ROUTE TRADING 560 CC CLOFF SOUTH AFRICA NPC DEXTER HOLDINGS PROPRIETARY LIMITED E MEDIA INVESTMENTS PROPRIETARY LIMITED E SAT TV PROPRIETARY LIMITED E TV PROPRIETARY LIMITED ELBERRY INVESTMENTS PROPRIETARY LIMITED E-MEDICINE NPC FRIEDSHELF 86 PROPRIETARY LIMITED GENERATION Y PROPRIETARY LIMITED GREYLING OLIVIER HOLDINGS PROPRIETARY LIMITED HERITAGE AFRICAN TOURS PROPRIETARY LIMITED KA-NNETE INVESTMENT CORPORATION PROPRIETARY LIMITED KENDA INVESTMENT HOLDINGS PROPRIETARY LIMITED LYRICLOX PROPRIETARY LIMITED M2L TRADING PROPRIETARY LIMITED MARS HOLDINGS PROPRIETARY LIMITED MERGENT PROPRIETARY LIMITED MOCHIBA INVESTMENTS PROPRIETARY LIMITED MOCHIBA MINERAL RESOURCES PROPRIETARY LIMITED MULTI MOTION FUELS PROPRIETARY LIMITED OCTO CAPITAL PROPRIETARY LIMITED PLATCO DIGITAL PROPRIETARY LIMITED PROSPECT SA INVESTMENTS 114 CC SEEMAHALE TELECOMS PROPRIETARY LIMITED SEGAMONT AND MOMAT INVESTMENTS PROPRIETARY LIMITED TELEMED AFRICA PROPRIETARY LIMITED TELEMEDAFRICA PROPRIETARY LIMITED TELEMEDICINE AFRICA PROPRIETARY LIMITED THE DAWNS IMPORT AND EXPORT PROPRIETARY LIMITED YIRED PROPRIETARY LIMITED ZENZELE HEALTH CARE NPC

Jabulani Geffrey Ngcobo, Independent Non-executive Director, Age: 67

Jabulani Geffrey Ngcobo held the positions of General Secretary of the Southern African Clothing and Textile Workers Union from 1994 to 1999 and the Regional Secretary for Africa of the International Textile Garment and Leather Workers Federation from 1999 to 2006. He was appointed to the Board of HCI in 2004 and serves as a Director of HCI Coal.

Business address	Palazzo Towers West, Montecasino Boulevard, Fourways, 2055
Postal address	Private Bag X200, Bryanston, Johannesburg, Gauteng, 2021
Nationality	South African

Current directorships and partnerships	Past directorships and partnerships held in the last five years
HCI COAL PROPRIETARY LIMITED HCI INVEST22 HOLDCO PROPRIETARY LIMITED HOSKEN CONSOLIDATED INVESTMENTS LIMITED MBALI COAL PROPRIETARY LIMITED NIVEUS INVESTMENTS LIMITED NOKUHLE COAL PROPRIETARY LIMITED PALESA COAL PROPRIETARY LIMITED THE SACTWU EDUFUNDI PROJECT NPC TSOGO SUN HOLDINGS LIMITED TSOGO SUN HOTELS LIMITED WESCO FABRICS INTERNATIONAL PROPRIETARY LIMITED ZENZELENI CLOTHING PROPRIETARY LIMITED HCI FOUNDATION TRUST JD TRUST	ADVENTURE WORLD MANAGEMENT PROPRIETARY LIMITED AMAPHOLOBA BUSINESS ENTERPRISES CC AMARILOG PROPRIETARY LIMITED ASAKHE IKUSASA PROPRIETARY LIMITED CROSSLEY HOLDINGS PROPRIETARY LIMITED DEPORRES ENTERPRISES PROPRIETARY LIMITED DESERT STAR TRADING 39 PROPRIETARY LIMITED DIMOFLO PROPRIETARY LIMITED DURBAN ADD-VENTURES LIMITED EDUGAIN 44 NPC EMERALD SKY TRADING 312 PROPRIETARY LIMITED FINDEVCO PROPRIETARY LIMITED INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA INKOMBA INVESTMENT HOLDINGS PROPRIETARY LIMITED MARBLE GOLD 398 PROPRIETARY LIMITED MONTAUK HOLDINGS LIMITED MION SECURITIES (RF) PROPRIETARY LIMITED NKOBI HOLDINGS PROPRIETARY LIMITED NU AFRICA WEAVING CC OXY TRADING 451 CC PAXSAL FINANCIAL DIMENSIONS PROPRIETARY LIMITED PEARL CORAL 1477 CC RITZSHELF 22 PROPRIETARY LIMITED SACTWU INVESTMENTS GROUP PROPRIETARY LIMITED SIMBOLIA INVESTMENTS PROPRIETARY LIMITED SOUTH AFRICAN FIBRE YARN RUGS PROPRIETARY LIMITED SW KONSULT CC TERN SPORTSWEAR PROPRIETARY LIMITED TEXTILES ADMINISTRATION COMPANY NPC TRADE AND INVEST KWAZULU-NATAL NPC TRADEQUICK 84 PROPRIETARY LIMITED TSOGO SUN ALTERNATIVE GAMING INVESTMENTS PROPRIETARY LIMITED WESCO FABRICS PROPRIETARY LIMITED ZENZELENI CLOTHING PROPRIETARY LIMITED

James Robert Nicolella, Non-executive Director, Age: 50, **Qualification:** CA(SA), PLD

James Robert Nicolella joined HCI in 2011. Rob is currently the CEO for HPF and serves on the boards of subsidiary companies Business Systems Group Africa Proprietary Limited and Group associate company Impact Oil and Gas Limited. Prior to joining HCI he was employed by Investec Bank Limited for 17 years, most notably in the capacity as Head of Corporate Banking, Western Cape, and subsequently Head of Private Banking, Western Cape.

Business address	Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005
Postal address	Private Bag X200, Bryanston, Johannesburg, Gauteng, 2021
Nationality	South African

Current directorships and partnerships	Past directorships and partnerships held in the last five years
REGAL HOLDING PROPRIETARY LIMITED PERMASOLVE INVESTMENTS PROPRIETARY LIMITED MIRONETICS PROPRIETARY LIMITED HCI INVEST 1 HOLDCO PROPRIETARY LIMITED HCI INVEST 5 HOLDCO PROPRIETARY LIMITED HCI INVEST8 HOLDCO PROPRIETARY LIMITED HCI INVEST9 HOLDCO PROPRIETARY LIMITED OLYMPUS VILLAGE PROPRIETARY LIMITED K2013204008 PROPRIETARY LIMITED MIRONETIX 2 PROPRIETARY LIMITED HCI-PROPCO1 PROPRIETARY LIMITED HCI-PROPCO2 PROPRIETARY LIMITED HCI-PROPCO5 PROPRIETARY LIMITED HCI-SHELL HOUSE PROPRIETARY LIMITED HCI-PROPCO3 PROPRIETARY LIMITED HCI-PROPCO06 PROPRIETARY LIMITED HCI-WHALE COAST VILLAGE PROPRIETARY LIMITED HCI-THE PALMS PROPRIETARY LIMITED HCI-PROPCO09 PROPRIETARY LIMITED HCI-PROPCO10 PROPRIETARY LIMITED HCI-PROPCO11 PROPRIETARY LIMITED HCI- PROPCO12 PROPRIETARY LIMITED HCI- PROPCO13 PROPRIETARY LIMITED HCI-PROPERTIES PROPRIETARY LIMITED JOHNIC PROPERTIES PROPRIETARY LIMITED CLARE DEVELOPMENTS PROPRIETARY LIMITED GALLAGHER ESTATE HOLDINGS LIMITED EUPHORBIA PROPRIETARY LIMITED G E PROPERTY AND MARKETING PROPRIETARY LIMITED HCI PROPERTY INVESTMENTS PROPRIETARY LIMITED BUSINESS SYSTEMS GROUP (AFRICA) PROPRIETARY LIMITED SKYPROPS 111 PROPRIETARY LIMITED SKYPROPS 114 PROPRIETARY LIMITED NIB 16 SHARE BLOCK PROPRIETARY LIMITED HIGHLAND NIGHT INVESTMENTS 93 PROPRIETARY LIMITED SYNTELL PROPRIETARY LIMITED ROWMOOR INVESTMENTS 526 PROPRIETARY LIMITED HOSPITALITY PROPERTY FUND LIMITED TSOGO SUN HOTELS LIMITED KALAHARI VILLAGE MALL PROPRIETARY LIMITED GALLAGHER CONVENTION CENTRE PROPRIETARY LIMITED LYNNRIDGE SHOPPING CENTRE PROPRIETARY LIMITED CURAGEN INVESTMENTS PROPRIETARY LIMITED	TOMAHA PROPERTIES CC HVI INVEST 10 HOLDCO PROPRIETARY LIMITED VIRGIN ACTIVE PROPERTY COMPANY PROPRIETARY LIMITED MARS HOLDINGS PROPRIETARY LIMITED MANDELA BAY PRECINCT DEVELOPMENT COMPANY PROPRIETARY LIMITED

B. SSHI Director Profiles

Fidelis Vusi Dlamini, Age: 53, **Qualification:** B.A. Law LL. B LL. M

Fidelis Vusi Dlamini is currently the Group Human Resources Director for Tsogo Sun, having held the position since 1 September 2006 and has a wealth of experience in human resources and general management which has been obtained from various industries ranging from the pulp and paper industry (Sappi), fast moving consumer goods (Cadbury Schweppes and Consol Glass), travel and tourism (SAA and Tsogo Sun), diversified defence environment (Denel) and information technology (Dimension Data).

Business address	Palazzo Towers West, Montecasino Boulevard, Fourways, 2055
Postal address	Private Bag X200, Bryanston, Johannesburg, Gauteng, 2021
Nationality	South African

Current directorships and partnerships	Past directorships and partnerships held in the last five years
BUSINESS AGAINST CRIME-SOUTH AFRICA NPC FVD INVESTMENTS PROPRIETARY LIMITED TES EMPOWERED CONSULTANCY CLOSE CORPORATION MATENHA INVESTMENTS CLOSE CORPORATION MAVUNDLAMATSE PROJECTS PROPRIETARY LIMITED SLICKER IT AQFRICA PROPRIETARY LIMITED DIMENSION DATA PROPRIETARY LIMITED ADCORP WORKFORCE MANAGEMENT SOLUTIONS PROPRIETARY LIMITED REAL GLOBAL BUSINESS SOLUTIONS PROPRIETARY LIMITED THE SOUTH AFRICAN APARTHEID MUSEUM AT FREEDOM PARK NPC BOPHELO RESOURCES PROPRIETARY LIMITED TSHIMONG HOLDINGS PROPRIETARY LIMITED VUMILE LOGISTICS PROPRIETARY LIMITED HLUBE INVESTMENT HOLDINGS PROPRIETARY LIMITED STERADIAN CONSULTANCE PROPRIETARY LIMITED BHADALA PAYROLL SERVICES PROPRIETARY LIMITED SOUTHERN SUN HOTEL INTERESTS PROPRIETARY LIMITED SOUTHERN SUN OFFSHORE PROPRIETARY LIMITED TSOGO SUN GAMING INVESTMENTS PROPRIETARY LIMITED	TSOGO SUN HOTELS LIMITED

Ravi Nadasen, Age: 44, **Qualification:** MBA (University of Stellenbosch)

Ravi Nadasen joined the THL Group in 1996 and has served in various managerial capacities within the Group culminating in his appointment as Chief Operating Officer of THL in July 2017. An MBA graduate from the University of Stellenbosch, Ravi is involved in a number of industry bodies, most notably as a Board member of South African Tourism, the Chairman of the Tourism Grading Council, Chairman of the Intercontinental Hotels Group Owners Association: Africa and the Deputy Chairman of the Tourism Business Council.

Business address	Palazzo Towers West, Montecasino Boulevard, Fourways, 2055
Postal address	Private Bag X200, Bryanston, Johannesburg, Gauteng, 2021
Nationality	South African

Current directorships and partnerships	Past directorships and partnerships held in the last five years
CATHKIN 9799 PROPRIETARY LIMITED SOUTHERN SUN HOTEL INTERESTS PROPRIETARY LIMITED TOURISM BUSINESS COUNCIL OF SOUTH AFRICA NPC	TSOGO SUN HOTELS LIMITED

Petrus Jacobus Boshoff, Age: 46, **Qualification:** CA(SA)

Petrus Jacobus Boshoff served his articles at PricewaterhouseCoopers and joined THL as Financial Manager in April 2008. He was appointed as Financial Director of THL in October 2011. Prior to joining Tsogo Sun he was a Financial Controller in Dublin, Ireland and later held the position of Financial Director of Hotel Formula 1, Mercure Hotels SA and Accor Hospitality Southern Africa.

Business address	Palazzo Towers East, Montecasino Boulevard, Fourways, 2055
Postal address	Private Bag X200, Bryanston, Johannesburg, Gauteng, 2021
Nationality	South African

Current directorships and partnerships	**Past directorships and partnerships held in the last five years**
SHEERPROPS 193 PROPRIETARY LIMITED SHEERPROPS 194 PROPRIETARY LIMITED SOUTH AFRICAN HOTELS SHARE BLOCK PROPRIETARY LIMITED SOUTHERN SUN HOTEL INTERESTS PROPRIETARY LIMITED SOUTHERN SUN MIDDLE EAST INVESTMENT HOLDINGS PROPRIETARY LIMITED SOUTHERN SUN OFFSHORE PROPRIETARY LIMITED SOUTHERN SUN TIMESHARING PROPRIETARY LIMITED SOUTHERN SUN`S AIRPORT INN PROPRIETARY LIMITED STRANDBURG DEVELOPMENTS SHARE BLOCK PROPRIETARY LIMITED SUN 1 HOTELS PROPRIETARY LIMITED SUN 1 HOTELS PROPRIETARY LIMITED SUNNYSIDE PARK PROPRIETARY LIMITED SUNNYSIDE PARK HOTEL SHARE BLOCK PROPRIETARY LIMITED THE CULLINAN HOTEL PROPRIETARY LIMITED TRANSITO HOTELS PROPRIETARY LIMITED TSOGO SUN INVESTMENTS PROPRIETARY LIMITED UMHLANGA BEACH INVESTMENTS SHARE BLOCK PROPIETARY LIMITED UMHLANGA ROCKS HOTEL SHARE BLOCK PROPRIETARY LIMITED UNCONTAINED CREATIVITY PROPRIETARY LIMITED VIDUAL INVESTMENTS PROPRIETARY LIMITED VIDUAL INVESTMENTS PROPRIETARY LIMITED VOLNAY INVESTMENTS PROPRIETARY LIMITED	TSOGO SUN HOTELS LIMITED

Laurelle McDonald – refer to details set out in section A above.

C. HPF Director Profiles

John Anthony Copelyn, Chairman and Non-executive Director – refer to details set out in section A above.

Mara de Lima, Financial Director, Age: 40, **Qualification:** CA(SA)

Mara was appointed the Financial Director of HPF effective 30 September 2016 and will assume the role of CEO with effect from 1 June 2019. Mara served her articles at KPMG Inc. and joined Southern Sun Hotels Proprietary Limited as management accountant in October 2007. She was appointed the Group Financial Manager of Tsogo Sun Hotels in February 2009.

Business address	The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196
Postal address	Private Bag X200, Bryanston, Johannesburg, Gauteng, 2021
Nationality	South African

Current directorships and partnerships	**Past directorships and partnerships held in the last five years**
ASH BROOK INVESTMENTS 72 PROPRIETARY LIMITED FEZISOURCE PROPRIETARY LIMITED HPF MANAGEMENT PROPRIETARY LIMITED HPF PROPERTIES PROPRIETARY LIMITED HOSPITALITY PROPERTY FUND LIMITED HOSPITALITY PROPERTY FUND MANAGERS PROPRIETARY LIMITED HOSBROOK VENTURES PROPRIETARY LIMITED NIB 35 SHARE BLOCK PROPRIETARY LIMITED PRIMA VISTA HOMEOWNERS ASSOCIATION NPC VEXICURE PROPRIETARY LIMITED	NONE

Gerald Alan Nelson, Lead independent Non-executive Director, Age: 63, **Qualification:** BSc Building (Wits)

Gerald stepped down as the Chief Executive Officer of HPF on 30 June 2013 but remained on the Board as a Non-executive Director. He was first appointed to the Board prior to the listing of the Company in 2006. He conceptualised and was actively involved with the set-up of the Company. Prior to 2006, Gerald was the Managing Director of Sycom Property Fund Managers Limited and a past Chairman of the Association of Property Unit Trusts. He has 38 years' experience in activities related to property with specific expertise in development, asset management as well as listed and directly held investment property vehicles, with a specific focus on the hotel and leisure industry for the past 11 years. Gerald was appointed as Lead Independent Director on 13 March 2018. Gerald is a Director of the Grapnel Property Group, a privately-owned business, where he is currently involved in various local and offshore property development and investment activities. He is a member of the nominations and social and ethics committees.

Business address	The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196
Postal address	Private Bag X200, Bryanston, Johannesburg, Gauteng, 2021
Nationality	South African

Current directorships and partnerships	Past directorships and partnerships held in the last five years
GRAPNEL PROPERTY INVESTMENTS PROPRIETARY LIMITED GRAPNEL PROPERTY ASSET MANAGERS PROPRIETARY LIMITED GRAPNEL PROPERTY DEVELOPMENT PROPRIETARY LIMITED GRAPNEL PROPERTY MANAGERS PROPRIETARY LIMITED GRAPNEL PROPERTY SERVICES PROPRIETARY LIMITED HOSPITALITY HOTEL DEVELOPMENTS PROPRIETARY LIMITED HOSPITALITY PROPERTY FUND LIMITED HOSPITALITY PROPERTY FUND MANAGERS PROPRIETARY LIMITED HPF MANAGEMENT PROPRIETARY LIMITED HPF PROPERTIES PROPRIETARY LIMITED NOBUNTU INVESTMENTS PROPRIETARY LIMITED NOBUNTU INVESTMENTS II PROPRIETARY LIMITED NIB 35 SHARE BLOCK PROPRIETARY LIMITED ARABELLA COUNTRY ESTATES HOME OWNERS ASSOCIATION NPC VANTAGE TYRWHITT	ARCADIA 580 LIMITED CORONIB E.S.A PROPRIETARY LIMITED GALLIC COURTYARD (ARCADIA) SHARE BLOCK PROPRIETARY LIMITED GALLIC COURTYARD (BRUMA LAKE) SHARE BLOCK PROPRIETARY LIMITED GALLIC COURTYARD (ROSEBANK) SHARE BLOCK LIMITED GALLIC COURTYARD (SANDOWN) SHARE BLOCK LIMITED GALLIC COURTYARD (VALKENBERG) PROPRIETARY LIMITED EXTRABOLD HOTEL MANAGEMENT PROPRIETARY LIMITED MAJORMATIC 194 PROPRIETARY LIMITED SYCOM PROPERTY FUND MANAGERS LIMITED THE BAYSHORE INN MANAGEMENT PROPRIETARY LIMITED THE RICHARD'S HOTEL PROPRIETARY LIMITED VEXICURE PROPRIETARY LIMITED WT MCCLATCHEY ASSOCIATES PROJECT MANAGERS CC DV DEVELOPMENTS CC HOSBROOK VENTURES PROPRIETARY LIMITED MANAPPU INVESTMENTS IDEAL INFINITY SERVICES KASLE PROPERTIES CENTRE SOUTH PROPERTIES LINTON PROJECTS FAIRY GLEN PROPERTIES SYCOM PROPERTIES FOURWAYS CROSSING RETAIL CENTRE BACKBONE INVESTMENTS FREESTONE PROPERTY HOLDINGS ZELPY 2199 PROPRIETARY LIMITED NOBUNTU INVESTMENTS PROPRIETARY LIMITED NOBUNTU INVESTMENTS II PROPRIETARY LIMITED

James Robert Nicolella, Non-executive Director – refer to details set out in section A above.

Laurelle McDonald, Non-executive Director – refer to details set out in section A above.

Zibusiso Janice Kganyago, Non-executive Director, Age: 51, **Qualification:** BCom (University of Natal)

Zibusiso is Director of Developments at Tsogo Sun and has been with the Tsogo Sun Group for 20 years. Zibusiso's property experience spans a 20-year period, having concluded Cosatu's first property transaction, while she was their accountant, whereafter she moved to Intersite Property Management Service, then Southern Sun. Zibusiso joined Southern Sun as Development Manager and moved across to Tsogo in the same year. Zibusiso was later promoted to the position of Director of Developments.

Business address	Palazzo Towers East, Montecasino Boulevard, Fourways, 2155
Postal address	Private Bag X200, Bryanston, Johannesburg, Gauteng, 2021
Nationality	South African

Current directorships and partnerships	Past directorships and partnerships held in the last five years
TAROLOGIX PROPRIETARY LIMITED PHINDU TRADING AND PROJECTS PROPRIETARY LIMITED LICIAWIZE PROPRIETARY LIMITED REYA SIYA PROPRIETARY LIMITED FOUNDATION FOR HUMAN RIGHTS IN SOUTH AFRICA (RF) NPC TSOGO SUN CASINOS PROPRIETARY LIMITED THE SOUTH AFRICAN NATIONAL ROADS AGENCY SOC QUANTUM LEAP INVESTMENTS 223 PROPRIETARY LIMITED TSOGO SUN GAMING PROPRIETARY LIMITED HOSPITALITY PROPERTY FUND LIMITED MMABODIBA INVESTMENTS PROPRIETARY LIMITED REYAKOPELE TRADING 1 PROPRIETARY LIMITED ARCHTOGRAPH INVESTMENTS PROPRIETARY LIMITED	PPC LIMITED VICTORIA AND ALFRED WATERFRONT PROPRIETARY LIMITED CITY OF JOBURG PROPERTY COMPANY PROPRIETARY LIMITED THLOLO PROPRIETARY LIMITED

Sydney Arnold Halliday, Independent Non-executive Director, Age: 71, **Qualification:** CAIB (SA), ACIS

Syd retired from Nedbank in 2004 where he had held various senior credit risk management positions in the property finance departments of Nefic, Syfrets, Nedcor Investment Bank and Nedbank. Syd served as the independent Chairman of Nedbank Corporate Property Finance's main property lending committee up to December 2012. He joined the Board of HPF on 30 June 2013 and is a member of the audit and risk and nominations committees. He also serves on the Board of Dipula Income Fund Limited and consults to Rand Merchant Bank as a member of their real estate credit committee and Sasfin Bank in their real estate private equity fund.

Business address	The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196
Postal address	Private Bag X200, Bryanston, Johannesburg, Gauteng, 2021
Nationality	South African

Current directorships and partnerships	Past directorships and partnerships held in the last five years
DIPULA INCOME FUND LIMITED BAHAFAS INVESTMENTS CC HOSPITALITY PROPERTY FUND LIMITED	PPC LIMITED VICTORIA AND ALFRED WATERFRONT PROPRIETARY LIMITED CITY OF JOBURG PROPERTY COMPANY PROPRIETARY LIMITED THLOLO PROPRIETARY LIMITED

Mahomed Gani, Independent Non-executive Director, Age: 65, **Qualification:** CA(SA), BCom (Accounting)

Mahomed is a Chartered Accountant (South Africa) with over 30 years' experience in the accounting and audit profession. He was a founding partner of MSGM Masuku Jeena Inc., a partner of Saboor Gani & Co and a partner of PricewaterhouseCoopers until 2013. He is a Non-executive Director on a number of boards including HCI, Tsogo, Dis-Chem Pharmacies Limited and Basil Read Holdings Limited. He also serves as a member of the investigating committee of the Independent Regulatory Board of Auditors. Mahomed serves as the chair of HPF's audit and risk committee.

Business address	The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196
Postal address	Private Bag X200, Bryanston, Johannesburg, Gauteng, 2021
Nationality	South African

Current directorships and partnerships	**Past directorships and partnerships held in the last five years**
PROJECT FOUR INV PROPRIETARY LIMITED TSOGO SUN HOLDINGS PROPRIETARY LIMITED INDEPENDENT REGULATORY BOARD OF AUDITORS BASIL READ HOLDINGS PROPRIETARY LIMITED COUNCIL OF HIGHER EDUCATION HOSKENS CONSOLIDATED INVESTMENTS LIMITED WITS HEALTH CONSORTIUM PROPRIETARY LIMITED DISCHEM PHARMACIES LIMITED HOSPITALITY PROPERTY FUND LIMITED MG AND B CONSULTING SERVICES PROPRIETARY LIMITED LAMBS INVESTMENT PROPRIETARY LIMITED	SABOOR GANI & CO MSGM MASUKU JEENA INC PRICEWATERHOUSECOOPERS INC DUAL INTAKE INVESTMENTS 24 PROPRIETARY LIMITED GEORGIA AVENUE INVESTMENTS 20 PROPRIETARY LIMITED SOUTH AFRICAN NATIONAL BLOOD SERVICES PROPRIETARY LIMITED SEFAKO MAKGATHO HEALTH SCIENCES UNIVERSITY BORN FREE INV 661 PROPRIETARY LIMITED

Mohamed Haroun Ahmed, Independent Non-executive Director – refer to details set out in section A above.

EXTRACTS FROM RELEVANT PROVISIONS FROM THE MOI

The salient features of the MOI are set out below. Please note that the salient features do not constitute an exhaustive summary of the provisions of the MOI but highlight certain key aspects only. Accordingly, the MOI will need to be read in its entirety for a full appreciation of its contents.

Any Article mentioned to in these salient features below refers to the corresponding Article in the MOI.

7. POWERS OF THE COMPANY

7.1 The Company has all the legal powers and capacity of a natural person, except to the extent that a juristic person is incapable of exercising any such powers or having such capacity, or the MOI provides otherwise.

7.2 At the date of filing of the MOI, the main business of the Company is to engage in all aspects of the business of, directly or indirectly, owning property and directly or indirectly owning and operating casinos, hotels and resorts and all matters ancillary or incidental thereto.

8. AUTHORISED SHARES

The authorised Capital of the Company is 2 000 000 000 (two billion) Ordinary Shares of no par value.

9. ISSUE OF SHARES AND OTHER SECURITIES AND VARIATION OF RIGHTS

9.1 Subject to any relevant provisions of the Companies Act, the MOI and the Listings Requirements, and without prejudice to any rights previously conferred on the holders of any existing issued shares or class of issued shares, the Board, with the prior approval of an Ordinary Resolution (or, if so required by the Companies Act, with the prior approval of a Special Resolution) adopted at a General Meeting, may resolve to issue any authorised shares in the Company or other Securities or grant options to subscribe for unissued Securities, with such preferred, deferred or other preferences, rights, limitations or other terms, whether in regard to Distributions, voting, return of capital or otherwise and for such consideration, whether payable in cash or otherwise, as the resolution adopted at the General Meeting may from time to time determine. Without limiting the generality of the aforegoing, Preference Shares may be issued, and existing shares may be converted into Preference Shares, on the basis that they are, or at the option of the Company or the Shareholder are, liable to be redeemed on such terms and in such manner as shall be prescribed in this Memorandum.

9.2 Notwithstanding the provisions of Article 9.1, no shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of shares may be varied in response to any objectively ascertainable external fact or facts, as provided for in sections 37(6) and 37(7) of the Companies Act.

9.3 Ordinary Shares which the Company wishes to issue shall first be offered for subscription to the existing Ordinary Shareholders *pro rata* to their holdings of Ordinary Shares, unless:

9.3.1 otherwise determined by a General Meeting; or

9.3.2 they are issued for the acquisition of assets.

9.4 All or any rights, preferences, limitations and other terms for the time being attached to any class of shares of the Company may (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, be varied in any manner by:

9.4.1 a Special Resolution on which the holders of the class of shares concerned shall be entitled to vote; and

9.4.2 either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction or ratification of a resolution passed in the same manner as a Special Resolution at a separate meeting of the holders of the shares of that class.

The provisions of the MOI relating to a General Meeting shall, *mutatis mutandis*, apply to any such separate meeting except that:

9.4.3 the necessary quorum shall be a holder or holders of the class present in person or represented by proxy and holding at least 25% (twenty-five per cent) of the issued shares of that class;

9.4.4 if, at any adjourned meeting of such class of holders, a quorum as above defined is not present, those holders who are present shall constitute a quorum; and

9.4.5 any holder of shares of the class present in person or represented by proxy may demand a poll and, on a poll, shall have 1 (one) vote for each share of the class of which such person is the holder.

9.5 The Company may only issue shares which are:

9.5.1 fully paid up;

9.5.2 freely transferable; and

9.5.3 within the classes that have been authorised by or in terms of this Memorandum.

9.6 All shares for which a listing on the JSE is sought and all shares of the same class as shares which are listed on the JSE must, notwithstanding the provisions of section 40(5) of the Companies Act, only be issued after the Company has received the consideration approved by the Board for the issuance of such shares.

9.7 No person shall be recognised by the Company as holding any share upon any trust, and no notice of any trust, expressed, implied or constructive, shall be entered in the Securities Register or be accepted by the Company. The Company shall not, except as otherwise provided by the MOI or by the statutes or by any order of a court of competent jurisdiction, be bound by or compelled in any way to recognise any equitable, contingent, future, partial or representative interest in any share or any right in or in respect of any share other than an absolute right to the entirety thereof in the registered holder and such other rights in case of transmission thereof as are hereinafter mentioned.

9.8 The Company may not create or issue any debt instruments which confer on the holder thereof any special privileges, such as attending and voting at a general meeting and the appointment of any Directors.

9.9 Notwithstanding any provision of the MOI to the contrary, the Board may not authorise any financial assistance by the Company in connection with the subscription for or purchase of any of its securities or those of a related or inter-related company without first complying with section 44(3) of the Companies Act.

9.10 Securities shall not be subject to any lien in favour of the Company.

14. ALTERATION OF SHARE STRUCTURE AND CHANGE OF NAME OF THE COMPANY

14.1 Subject to Article 14.2, of the MOI, the Company may from time to time by Special Resolution:

14.1.1 create any class of shares;

14.1.2 if it has authorised shares having no par value, increase the number of its authorised shares having no par value, as it thinks expedient;

14.1.3 if it has issued shares having no par value or having a par value, decrease the number of its issued no par value shares or par value shares, as the case may be;

14.1.4 sub-divide or consolidate the authorised shares of any class;

14.1.5 vary the preferences, rights, limitations or other terms of any shares having no par value;

14.1.6 convert any class of its shares having a par value into shares having no par value, but not *vice versa*;

14.1.7 cancel shares which at the time of the passing of the resolution in that regard have not been subscribed for or agreed to be subscribed for by any person and reduce the number of its authorised shares by the number of the shares so cancelled; and

14.1.8 subject to the provisions of the statutes, convert any class of its shares having no par value or having a par value into shares of a different class having no par value, whether issued or not, and in particular (but without derogating from the generality of the foregoing), convert any class of shares having no par value or having a par value into redeemable shares having no par value; and

14.1.9 change the name of the Company, provided that moneys, other than dividends, due to Shareholders or the amount payable on the redemption of any class of redeemable shares, shall be held in trust by the Company indefinitely (subject to the applicable laws relating to prescription) until lawfully claimed by the shareholder concerned.

14.2 Save as otherwise expressly limited in the MOI, the Board shall have the powers under section 36(3) of the Companies Act (whether in relation to a specific exercise of such power/s or generally), and otherwise such powers shall vest in the shareholders in general meetings.

15. MEETINGS OF SHAREHOLDERS

15.1 The Board, at such times and places as it may determine, shall convene a general meeting in accordance with the provisions of the Companies Act and the Listings Requirements, to be known and described in the notice calling such meeting as an AGM.

15.2 An AGM must, at a minimum, provide for the business set out in section 61(8) of the Companies Act and in Regulation 43(5)(c) to be transacted at such Meeting.

15.3 The Board may convene a general meeting whenever it thinks fit. A general meeting shall also be convened on a demand made in terms of section 61(3) of the Companies Act. For the avoidance of doubt, there is no prohibition or restriction of the Company from calling any meeting of shareholders for the purposes of adhering to the Listings Requirements.

15.4 An AGM and a general meeting called for the passing of any resolution (whether it be an ordinary resolution or a special resolution) shall be convened by giving at least 15 (fifteen) Business Days' notice in writing to shareholders; provided that this notice period shall not apply where the Company adheres to the provisions of section 62(2A) of the Companies Act.

15.5 Notices of general meetings (including AGMs) must be delivered to each shareholder entitled to vote at such meetings and who have elected to receive such documents.

15.6 Provided that the Board has complied with the Companies Act and the Listing Requirements in giving notice of a general meeting, the accidental or inadvertent failure to deliver a notice and/or the accidental or inadvertent giving of a defective notice (provided that it is immaterial) of a meeting to, or the non-receipt of notice of a meeting by, any shareholder entitled to receive such notice shall not invalidate any action taken at that meeting.

15.7 Where, in terms of the Listings Requirements, any general meeting or a separate meeting of the holders of any class of shares is required to be held to decide or determine any matter, such matter may not be determined by means of written resolution, as contemplated in section 60 of the Companies Act.

15.8 Subject to compliance with the Companies Act (in particular, section 63(3) thereof), meetings may be conducted by means of electronic communication as long as the electronic communication employed ordinarily enables all persons participating in the meeting to communicate with each other without an intermediary, and to do so reasonably effectively. Shareholders so participating shall be deemed to be present at such Meeting.

16. PROCEEDINGS AT MEETINGS

16.1 Business may be transacted at any meeting only while a quorum is present. A quorum for a general meeting shall, unless otherwise required in terms of the Listings Requirements, be 3 (three) persons present at the meeting holding, in aggregate, at least 25% (twenty five per cent) of the voting rights that are entitled to be exercised by the holders of ordinary shares. After a quorum has been established for a shareholders meeting, or for a matter to be considered at a shareholders meeting, all the shareholders forming part of the quorum must be present at the meeting for the matter to be considered at the meeting.

16.2 If, within 30 (thirty) minutes from the time appointed for a meeting, a quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place or, if that day is not a Business Day, to the next succeeding Business Day.

16.3 Every participant in or attendee at a meeting shall be obliged, prior to so doing, to present reasonably satisfactory identification, including (if applicable) evidence of such person's right (if any) to participate in and vote thereat, as reasonably satisfies the person presiding at the meeting that such person's right to so participate in and vote at the meeting, has been reasonably verified.

16.4 The chairperson, if any, of the Board shall preside as chairperson at every meeting. If there is no such chairperson, or if such chairperson is not present within 15 (fifteen) minutes after the time appointed for holding the meeting or is unwilling to act as chairperson at the meeting, any Director shall preside as chairperson of the meeting, or if no Director is present, or if all the Directors present decline to take the chair, the shareholders present and entitled to vote at the meeting shall choose a shareholder present to be chairperson of the meeting.

16.5 The chairperson of a meeting may, either in accordance with the provisions of section 64 of the Companies Act or otherwise in his or her discretion, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned in terms of any applicable provision of the Companies Act, notice of the adjourned meeting shall be given in the manner prescribed by such provision but, save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

16.6 At any meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless, before the resolution is put to the vote, a poll is demanded by the chairperson of the meeting or by any person or persons having the right to vote at the meeting and who satisfies or satisfy the requirements of section 63(7) of the Companies Act. Unless a poll is so demanded, a declaration by the chairperson that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, such resolution.

16.7 If a poll is demanded as aforesaid, it shall be taken in such manner and at such place and time as the chairperson of the Meeting directs and either immediately or after an interval or adjournment not exceeding 7 (seven) days. A scrutineer or scrutineers may be appointed by the chairperson of the meeting to check the forms of proxy received, count the votes and to declare the result of the poll. The declaration of the scrutineer or scrutineers, which shall be announced by the chairperson of the meeting, shall be deemed to be the resolution of the meeting at which the poll was demanded. In case of any dispute as to the admission or rejection of a vote, the chairperson of the Meeting shall determine the same, and the determination of the chairperson shall be final and binding. The chairperson of a meeting may act on a certificate given by any such scrutineers without requiring production at the meeting of the forms of proxy or himself counting the votes.

16.8 In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the meeting at which the show of hands takes place, or at which the poll is demanded, shall not be entitled to a second or casting vote.

16.9 The demand for a poll shall not prevent the continuation of a meeting for the transaction of any business other than the resolution upon which the poll has been demanded. The demand for a poll may be withdrawn.

16.10 Subject to the Companies Act and the MOI, the chairperson of any meeting shall determine the procedure to be followed at that meeting.

16.11 If any votes were counted which ought not to have been counted or if any votes were not counted which ought to have been counted, the error shall not vitiate the resolution unless:

16.11.1 the error is brought to the attention of the chairperson at the meeting; and

16.11.2 in the opinion of the chairperson of the meeting, the error is of sufficient magnitude to vitiate the resolution.

16.12 Even if a Person is not a securities holder:

- any Director; or
- the Company's legal counsel (or where the Company's legal counsel is a firm or company, any partner or Director thereof),

may attend and speak at any general meeting, but may not vote unless he is a securities holder or the proxy or representative of a securities holder.

17. VOTES OF SHAREHOLDERS

17.1. Subject to any rights or restrictions as to voting attaching to any class or classes of share:

17.1.1 on a show of hands, a shareholder of the Company present in person or by proxy and entitled to exercise voting rights shall have only 1 (one) vote, irrespective of the number of voting rights that person would otherwise be entitled to exercise; provided that a proxy shall, irrespective of the number of shares he holds or represents, or the number of shareholders he represents, have only 1 (one) vote;

17.1.2 on a poll, a shareholder who is present in person or represented by proxy shall be entitled to the number of votes determined in accordance with the voting rights associated with the shares held by that shareholder; and

17.1.3 the holders of securities, other than ordinary shares and any class of shares created for the purposes of black economic empowerment in terms of the Broad-Based Black Economic Empowerment Act, No 53 of 2003 and the Broad-Based Black Economic Empowerment Codes of Good Practice, shall not be entitled to vote on any resolution at a meeting of Shareholders, except as provided in paragraph 10.5(h) of Schedule 10 of the Listings Requirements (read with paragraph 10.5(c) of Schedule 10 of the Listings Requirements). In instances where such shareholders ("Affected Shareholders") are permitted to vote on any resolution at a meeting of shareholders, the votes of Affected Shareholders shall not carry any special rights or privileges and each Affected Shareholder shall be entitled to one vote for each share held; provided that the total number of voting rights of the Affected Shareholders may not exceed 24.99% (twenty four comma nine per cent) of the total number of voting rights of all shareholders at such meeting.

17.2 No objection shall be raised to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be exercised and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairperson of the meeting, whose decision shall be final and binding.

17.3 When there are joint registered holders of any shares, any one of such persons may vote at any meeting in respect of such shares as if he were solely entitled thereto but if more than one of such joint holders is present or represented at any meeting, that one of the said persons whose name stands first in the Securities Register in respect of such shares or his proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors of a deceased shareholder in whose name shares are registered in the Securities Register shall, for the purposes of this Article, be deemed to be joint holders of those shares.

17.4 Any person entitled to a share in terms of Article 12.2, may vote at any meeting in respect thereof in the same manner as if such person was the registered holder of that share; provided that (except where the Board has previously accepted his right to vote in respect of that share) 48 (forty eight) hours at least (excluding Saturdays, Sundays and public holidays) before the time of holding the meeting at which he proposes to vote, he shall have satisfied the Board that he is entitled to exercise the right referred to in Article 12.2.

18. PROXIES

18.1 At any time, any shareholder shall be entitled to appoint 1 (one) natural person as a proxy to attend, participate in and speak and vote (whether on a show of hands or on a poll) on such shareholder's behalf at any meeting. A proxy need not be a shareholder.

18.2 The form appointing a proxy shall be in writing under the hand of the shareholder or of his agent duly authorised in writing or, if the shareholder is a corporate body, under the hand of an officer or agent authorised by that body, and must be dated and signed by the shareholder or his agent. The holder of a general or special power of attorney given by a shareholder shall be entitled to vote, if duly authorised under that power to attend and take part in the meetings and proceedings of the Company or companies generally, whether or not he is himself a shareholder of the Company. The form appointing a proxy shall be deemed to confer authority to demand a poll and, subject to the provisions of section 58 of the Companies Act (shareholder right to be represented by proxy), need not bear a handwritten signature but may bear a signature effected in any manner provided for in the Electronic Communications and Transactions Act, No. 25 of 2002.

18.3 The form appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority shall be deposited at the office (or such other place as may be decided by the Board from time to time) before the proxy exercises, at the meeting, any rights of the shareholder appointing the proxy (or at such earlier time as the Companies Act may allow and the Board shall determine) and, in default, the form of proxy shall not be treated as valid unless the chairperson of the meeting determines in the chairperson's discretion, to treat it as valid at any time prior to the proposal of the first resolution at the meeting to be voted upon. A shareholder shall be entitled, if any meeting is adjourned, to withdraw any proxy lodged in respect of the meeting and to lodge a new proxy in respect of the adjourned meeting in accordance with the foregoing.

18.4 A form of proxy shall remain valid only until the end of the meeting or any adjourned meeting at which it is intended to be used, unless it is revoked earlier in a manner contemplated in section 58(4)(c) of the Companies Act.

18.5 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or mental disorder of the shareholder or the later revocation of the proxy or of the authority under which the proxy was executed, or the later transfer of the share in respect of which the proxy is given; provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at the place for submission of the proxy form before the commencement of the meeting or adjourned meeting at which the proxy is used.

18.6 Subject to the provisions of the Companies Act, a form appointing a proxy may be in any usual or common form.

20. BORROWING POWERS

20.1 The Board may exercise all the powers of the Company to borrow money and to mortgage or encumber its undertaking and property or any part thereof and to issue debentures, bonds (whether secured or unsecured) and other debt instruments (with such special privileges, if any, as may be sanctioned by a general meeting and are permitted by the Companies Act and the Listings Requirements), whether outright or as security for any debt, liability or obligation of the Company or of any third party.

20.2 For the purposes of the provisions of Article 20.1, the borrowing powers of the Company shall be unlimited.

21. DIRECTORS

21.1 Subject to Article 21.6 and the provisions of the Companies Act, the number of Directors shall be a minimum of 4 (four) and a maximum of 15 (fifteen).

21.2 The Board or the Company in general meetings shall have power at any time and from time to time to appoint any person as a Director (including an alternate Director), either to fill a casual vacancy or as an addition to the Board, but so that the total number of the Directors shall not at any time exceed 15 (fifteen); provided that:

21.2.1 subject to Article 26.3, any person appointed to fill a casual vacancy or as an addition to the Board shall retain office only until the next AGM of the Company and shall then retire and be eligible for re-election;

21.2.2 subject to Article 21.7, not less than 50% (fifty per cent) in number of the Directors and 50% (fifty per cent) in number of any alternate Directors shall be elected by the Company in General Meeting; and

21.2.3 the appointment of all Directors shall be subject to the approval of the Shareholders at any Annual or General Meeting, provided that such meeting is not conducted in terms of section 60 of the Companies Act.

21.3 The appointment of a Director shall take effect upon compliance with Section 66(7) of the Companies Act.

21.4 No appointment of a Director in accordance with a resolution passed in terms of Section 60 of the Companies Act shall be competent.

21.5 The Directors' fees shall from time to time be paid only in accordance with a special resolution approved at a general meeting within the previous 2 (two) years.

21.6 The Directors shall be paid all their travelling and other expenses properly and necessarily incurred by them in and about the business of the Company, and in attending meetings of the Board or of committees thereof. If any Director is required to perform extra services or to go or to reside outside South Africa for the purposes of the Company or otherwise performs or binds himself to perform services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Director, such Director shall be entitled to receive a remuneration to be fixed by a disinterested quorum of the Board which may be either in addition to or in substitution for the remuneration provided for in Article 21.5.

21.7 The continuing Directors may act, notwithstanding any casual vacancy in their body, so long as there remain in office not less than the prescribed minimum number of Directors referred to in Article 21.1; provided that:

21.7.1 if, as a result of any such vacancy, less than half the total number of the continuing Directors were elected by the Company in general meeting, such vacancy shall be filled by election at the earlier of the next general meeting or AGM;

21.7.2 if the number of continuing Directors is reduced below the minimum number of Directors required to act as such for the time being and such vacancy has not been filled within 3 (three) months from the time it arose, the continuing Directors may act only to –

21.7.2.1 increase the number of Directors to the required minimum; or

21.7.2.2 summon a general meeting for that purpose;

provided that if there is no Director able or willing to act, then any ordinary shareholder may convene a general meeting for that purpose.

21.8 If a vacancy arises on the Board, such vacancy shall be filled by a new election conducted at the next AGM.

21.9 A Director may be employed in any other capacity by the Company or in conjunction with the office of Director, other than as the auditor of the Company, and may also be employed as a Director or employee of any subsidiary of the Company, upon such terms as to appointment, remuneration and otherwise as the Board may determine, and any remuneration so paid may be in addition to the remuneration payable in terms of Article 21.5; provided that the appointment of a Director in any other capacity as aforesaid and his remuneration must be determined by a disinterested quorum of Directors.

21.10 The Company may by ordinary resolution remove any Director before the expiration of his period of office and by an ordinary resolution elect another person in his stead. The person so elected shall hold office until the next following AGM of the Company and shall then retire and be eligible for re-election.

21.11 The Company may by ordinary resolution in general meeting from time to time increase or reduce (but not above 15 (fifteen) or below 4 (four)) the number of Directors and may also determine in what manner or rotation such increased or reduced number is to retire from office. Whenever such increase is made, the Shareholders at the said meeting or, failing them, the Board may fill the new vacancies so created.

21.12 The Board may remove any Director before the expiration of his period of office in accordance with the provisions of sections 71(3) and (4) of the Companies Act.

21.13 No Director shall be appointed for life or for an indefinite period.

22. TERMINATION OF OFFICE OF DIRECTORS

A Director shall cease to hold office as such:

22.1 if he becomes insolvent, or assigns his estate for the benefit of his creditors, or files an application for the liquidation of his affairs, or compounds generally with his creditors; or

22.2 if he becomes incapacitated to the extent that he is unable to perform the functions of a Director, and is unlikely to regain that capacity within a reasonable time; or

22.3 if he is absent from meetings of the Board for 6 (six) consecutive months without leave of the Board and is not represented at any such meetings during such 6 (six) consecutive months by an alternate Director and the Board resolves that the office be vacated; provided that the Board shall have power to grant any Director leave of absence for an indefinite period; or

22.4 if he is removed under Article 21.10 or Article 21.12; or

22.5 1 (one) month or, with the permission of the Board, earlier, after he has given notice to the Board in writing of his intention to resign; or

22.6 if he is disqualified to be a Director or ceases to hold office as a Director or is otherwise prohibited from acting as a Director by the Companies Act or any other public regulation.

23. INTERESTS OF DIRECTORS

23.1 The Company and the Directors shall comply with the provisions of the Companies Act with regard to the disclosure of the personal financial interests of Directors in contracts or proposed contracts. Subject thereto, no Director or intending Director shall be disqualified by his office from contracting with the Company, either with regard to such office or as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company, in which any Directors shall be in any way interested, be or be void or voidable, nor shall any Directors so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.

23.2 A Director shall not vote in respect of any contract, arrangement or any other proposal whatsoever to be considered at a meeting of the Board in which such Director has or knows that a "related person" (as defined in the Companies Act) has any material interest (other than by virtue of his interest in shares or other Securities issued by the Company or by virtue of his office as a Director). Such a Director shall absent himself from the meeting during the consideration of such resolution and shall not be regarded as present at the meeting for the purpose of determining whether such resolution has sufficient support to be adopted. Each Director shall, however, be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

23.3 For the purposes of this Article, an alternate Director shall not be deemed to be interested in any contract or arrangement merely because the Director for whom he is an alternate is so interested.

23.4 Nothing in this Article 23 shall be construed so as to prevent any Director, in his capacity as a Shareholder, from taking part in and voting upon all questions submitted to a General Meeting whether or not such Director is personally interested or concerned in such questions.

25. ROTATION OF DIRECTORS

25.1 At the AGM held in each year, 1/3 (one-third) of the Non-executive Directors, or if their number is not a multiple of 3 (three), then the number nearest to, but not less than, 1/3 (one-third) shall retire from office. The Non-executive Directors so to retire at each AGM shall be, firstly, those retiring in terms of Article 21.2.1 and, secondly, those referred to in terms of Article 21.10 and, lastly, those who have been longest in office since their last election or appointment. As between Non-executive Directors of equal seniority, the Non-executive Directors to retire shall, in the absence of agreement, be selected from among them by lot; provided that, notwithstanding anything to the contrary herein contained, if, at the date of any AGM, any Non-executive Director will have held office for a period of 3 (three) years since his last election or appointment, he shall retire at such meeting, either as one of the Non-executive Directors to retire in pursuance of the foregoing or additionally thereto. A retiring Non-executive Director shall act as a Director throughout the meeting at which he retires. The length of time a Non-executive Director has been in office shall, save in respect of Directors appointed or elected in terms of the provisions of Articles 21.2 and 21.10, be computed from the date of his last election or appointment.

25.2 Retiring Non-executive Directors shall be eligible for re-election. No Person (other than a Non-executive Director retiring at the AGM) shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting unless, not less than 21 (twenty-one) Business Days before the day appointed for the general meeting, there shall have been given to the Secretary notice in writing by a shareholder who is duly qualified to be present and to vote at the meeting for which such notice is given, of the intention of such shareholder to propose such person for election together with a notice in writing, signed by the person to be proposed, of his willingness to be elected as a Director. Any shareholder will have the right to nominate any eligible person for appointment as a Director.

25.3 Subject to Article 25.2, the Company in a general meeting may fill the vacated offices by electing a like number of persons to be Directors and may fill any other vacancies. In electing Directors, the provisions of the Companies Act shall be complied with.

25.4 If at any general meeting at which an election of Directors ought to take place, the place of any retiring Director is not filled, such Director shall, if willing, continue in office until the dissolution of the AGM in the next year, and so on from year to year until his place is filled, unless it shall be determined at such meeting not to fill such vacancy.

25.5 The Board shall provide shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contribution.

25.6 Unless otherwise agreed by the JSE, the proposal of any resolution to Shareholders in terms of sections 20(2) and 20(6) of the Companies Act shall be prohibited in the event that such a resolution would lead to the ratification of an act that is contrary to the Listings Requirements.

26. EXECUTIVE DIRECTORS AND CHAIRPERSON

26.1 The Board may from time to time appoint one or more of their number to be chief executive officer or joint chief executive officer of the Company or to be the holder of any other executive office in the Company and may, subject to any contract between him or them and the Company, from time to time terminate his or their appointment and appoint another or others in his or their place or places.

26.2 The Company in General Meeting, and on the recommendation of the Board, shall be entitled to appoint any Non-executive Director to be the chairperson of the Company for such period as the Shareholders may deem fit.

26.3 An Executive Director may, subject to the provisions of the Companies Act and the Listings Requirements, be appointed as such by contract for such period as the Board may determine. An executive Director shall not be subject to retirement by rotation or be taken into account in determining the rotation by retirement of Directors during the period of any such contract; provided that the number of Executive Directors so appointed shall at all times be less than one-half (½) of the total number of Directors in office. An Executive Director shall be eligible for reappointment at the expiry of any period of his appointment. Subject to the terms of his employment contract, an executive Director shall be subject to the same provisions as to removal as the other Directors and if he ceases to hold the office of Director for any reason, he shall ipso facto cease to be an executive Director.

26.4 A Director appointed in terms of the provisions of Article 26.1 to the office of chief executive officer of the Company, or to any other executive office in the Company may, subject to the provisions of the Companies Act, be paid, in addition to the remuneration payable in terms of Article 21.5 and 21.6, such remuneration in respect of such office as may be determined by a disinterested quorum of the Board.

26.5 Without in any way derogating from the obligations of a Director in terms of section 72(3) of the Companies Act, the Board may from time to time entrust and confer upon a chief executive officer or other executive officer for the time being such of the powers and authorities vested in it as it thinks fit, and may confer such powers and authorities for such time and for such objects and purposes and upon such terms and conditions and with such restrictions as it may deem fit. The Board may confer such powers and authorities either collaterally with, or to the exclusion of, and in substitution for, all or any of the powers and authorities of the Board in that respect and may from time to time revoke, withdraw, alter or vary all or any of such powers and authorities. A chief executive officer appointed pursuant to the provisions hereof shall not be regarded as an agent or delegatee of the Board and, after the aforesaid powers and authorities have been conferred upon him by the Board, he shall be deemed to derive such powers directly from this Article.

27. PROCEEDINGS OF DIRECTORS

27.1 Subject to the succeeding provisions of this Article 27, the Board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.

27.2 In addition to the provisions of section 73(1) of the Companies Act, any Director may at any time, and the Secretary upon the request of a Director shall, convene a meeting of the Board. The Board may determine what period of notice shall be given of meetings of the Board and may determine the medium of giving such notice, which may include telephone, other means of Electronic Communication or telefax; provided that at least 7 (seven) days' notice must be given.

27.3 A meeting of the Board may be conducted by electronic communication or one or more Directors may participate in a meeting by electronic communication.

27.4 Notwithstanding the provisions of Article 27.2, if all of the Directors:

27.4.1 acknowledge actual receipt of the notice;

27.4.2 are present at a meeting of the Board; or

27.4.3 waive notice of the meeting,

the meeting may proceed even if the Company failed to give the required notice of that meeting, or there was a defect in the giving of the notice.

27.5 The quorum for a meeting of the Board shall be a majority of the Directors for the time being in office, of whom at least half must be Non-executive Directors and one of whom must be an executive Director. If, within 30 (thirty) minutes from the time appointed for the Meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place or, if that day is not a Business Day, to the next succeeding Business Day, and those present at such adjourned meeting will constitute a quorum.

27.6 The Board shall elect one of its number to act as chairperson of its meetings provided that:

27.6.1 if no chairperson is elected, or if elected, the chairperson is not present at the time appointed for holding any meeting of the Board, the lead independent Director, as contemplated in the King Report on Corporate Governance for South Africa (if any) shall preside as chairperson of such meeting; and

27.6.2 if there is no lead independent Director or if the lead independent Director is not present at the time appointed for holding such meeting, the Board shall choose one of its number to be the chairperson of such meeting.

27.7 Each Director shall be entitled to exercise 1 (one) vote on any matter at a Board meeting. Questions arising at any meeting of the Board shall be decided by a majority of votes and in the case of an equality of votes, the chairperson shall not have a second or casting vote. In particular, the chairperson shall not have a casting vote where the quorum of Directors is 2 (two) and any 2 (two) Directors are present at the meeting.

27.8 A meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions conferred by or under the MOI for the time being that are vested in or exercisable by the Directors generally.

27.9 The Board shall have the power to:

27.9.1 consider any matter and/or adopt any resolution other than at a meeting of the Board, as contemplated in section 74 of the Companies Act. Accordingly, any decision that could be voted on at a meeting of the Board may instead be adopted by the written consent of more than 50% of the Directors, given in person or by electronic communication; provided that each Director has received notice of the matter to be decided and has acknowledged their receipt of such notice to the Secretary in writing. Such resolution, inserted in the minute book, shall be as valid and effective as if it had been passed at a meeting of Directors;

27.9.2 conduct a meeting of the Board entirely by electronic communication, or to provide for participation in a meeting by electronic communication, as set out in section 73(3) of the Companies Act; provided that, as required by such section, the electronic communication facility employed ordinarily enables all persons participating in the meeting to communicate concurrently with each other without an intermediary and to participate reasonably effectively in the meeting;

27.10 Any resolution referred to in Article 27.9.1 may consist of several documents, each signed by one or more Directors or their alternates in terms of the MOI.

27.11 Any resolution referred to in Article 27.9.1 shall be deemed (unless the contrary is stated therein) to have been passed on the date upon which it was signed by the last Director or alternate required to sign it and, where it states a date as being the date of its signature by any Director or alternate, that document shall be *prima facie* evidence that it was signed by that Director or alternate on that date.

28. BOARD COMMITTEES

28.1 The Board may appoint any number of committees of Directors and may delegate any of its authority to an executive or other committee consisting of such Director or Directors or any other person or persons as it thinks fit. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board. The Board may include in any such committee persons who are not Directors, as set out in section 72(2)(a) of the Companies Act.

28.2 Any Director who serves on an executive or other committee, or who devotes special attention to the business of the Company, or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration (in addition to the remuneration he may be entitled to as a Director) by way of salary or otherwise as determined by a disinterested quorum of the Board, but subject to the applicable provisions of the Companies Act.

28.3 The meetings and proceedings of any such committee consisting of 2 (two) or more members shall be governed by the provisions contained herein for regulating the meetings and proceedings of the Board so far as the same are applicable thereto and are not superseded by any regulations made by the Board under this Article 28.

28.4 All acts done at any meeting of the Board or of any executive or other committee of the Board, or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Board or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or were not qualified to vote, be as valid as if every such person had been duly appointed and was qualified to be and to act and vote as a Director or a member of such committee.

29. ALTERNATE DIRECTORS

29.1 Provided that the number of alternate Directors appointed by Directors does not, in the aggregate, exceed the number of alternate Directors elected by the Company in general meetings, any Director shall have the power to nominate another person approved by the Board to act as alternate Director in his place during his absence or inability to act as such Director, and to remove such alternate Director from office. On such appointment being made, the alternate Director shall, in all respects, be subject to the terms and conditions existing with reference to the other Directors of the Company. A person may be appointed as alternate to more than one Director. Where a person is alternate to more than one Director or where an alternate Director is also a Director, he shall have a separate vote on behalf of each Director he is representing, in addition to his own vote, if any.

29.2 The alternate Directors, whilst acting in the place of the Directors to whom they are appointed as alternate Director, shall exercise and discharge all the duties and functions of the Directors to whom they are alternate Directors. The appointment of an alternate Director shall cease on the happening of any event which, if he were a Director, would cause him to cease to hold office in terms of the MOI or if the Director to whom he is an alternate ceases to be a Director, or gives notice to the Secretary that the alternate Director representing him has ceased to do so. An alternate Director shall look to the Director to whom he is appointed as an alternate for his remuneration, and shall have no claim against the Company for any remuneration.

30. POWERS OF DIRECTORS

30.1 The business and affairs of the Company shall be managed by or under the direction of the Board which, in addition to the powers and authorities expressly conferred upon them by v, has the authority to exercise all of the powers and perform any of the functions of the Company except to the extent that the Companies Act or the MOI provides otherwise. The general powers given to the Board by this Article 30.1 shall not be limited or restricted by any special authority or power given to the Board by any other Article.

30.2 The Board shall have power to delegate to any person or persons any of its powers and discretions and to give to any such person or persons power of sub-delegation.

30.3 Without in any way limiting or restricting the general powers of the Board to grant pensions, allowances, gratuities and bonuses to officers or ex-officers, employees or ex-employees of the Company or the dependants of such persons, it is hereby expressly declared that the Board, after consulting the remuneration committee of the Company, may from time to time grant pensions, gratuities or other allowances to any person or to the widow or dependants of any deceased person in respect of services rendered by that person to the Company as Executive Director, general manager, manager or in any other office or employment by the Company, notwithstanding that he may continue to be or be elected a Director or may have been a Director, of such amounts, for such period, whether for life or for a definite period or for a period terminable on the happening of any contingency or event, and generally upon such terms and conditions as the Board in its discretion may from time to time think fit. For the purpose of this Article, the expression “executive Director” shall mean a Director appointed to an executive office in the Company and receiving, in addition to his fees as a Director, salary or remuneration for additional services whether under a service agreement or otherwise.

30.4 The Board may authorise the payment of such donations by the Company to such religious, charitable, public or other bodies, clubs, funds or associations or persons as it deems advisable or desirable in the interests of the Company.

47. DISTRIBUTIONS TO SECURITIES HOLDERS

47.1 Subject to the provisions of section 46 of the Companies Act and the Listings Requirements, the Company may make Distributions to its Securities Holders from time to time. The Company may transmit any payment to its Securities Holders by ordinary post to the address of the Securities Holder recorded in the Securities Register (or such other address as the Securities Holder may previously have given to the Company in writing) or by electronic funds transfer to such bank account as the Securities Holder may previously have given to the Company in writing.

47.2 Subject to the provisions of section 46 of the Companies Act, the Company in General Meeting or the Board may, from time to time, determine a dividend or other Distribution to be made to the Shareholders in such manner as the Company in General Meeting or the Board, as the case may be, may determine. Without limiting the foregoing, the Company in General Meeting or the Board, as the case may be, may direct at the time of such determination, that a payment shall be made by Distribution of specific assets or in a specific currency (and if the latter, the date of conversion of the currency in which the dividend or other payment is approved, into such other currencies). If any difficulty arises in regard to any payment, the Board may settle same as it considers appropriate, provided that capital repaid may not be called up again. A period of 14 (fourteen) days at least shall be allowed between the date of declaration or confirmation of any Distribution, whichever is the later, and the date of closing of the Securities Registers in respect of such Distribution.

47.3 Dividends shall be payable to Shareholders registered as at a date subsequent to the date of declaration or date of confirmation of the dividend, whichever is the later, in accordance with the provisions of the Listings Requirements.

47.4 No notice of change of address or instructions as to payment given after the determination of a dividend or other Distribution by the Company in General Meeting or the Board, shall become effective until after the dividend or other Distribution has been made, unless the Company in General Meeting or the Board so determines at the time the dividend or other Distribution is approved.

47.5 All unclaimed dividends shall be held by the Company for a period of three years from the date that the Shareholders become entitled to such Distribution provided that other Distributions to Shareholders as contemplated in this Article may be held indefinitely by the Company and invested or otherwise be made use of by the Board for the benefit of the Company until claimed.

47.6 The Company shall be entitled at any time to delegate its obligations to any Shareholder in respect of unclaimed dividends or other unclaimed Distributions to any one of the Company's bankers from time to time.

47.7 Unless this MOI and/or the Listings Requirements require a resolution to be passed by the Company in General Meeting to authorise the reduction by the Company of its Capital, any capital redemption reserve fund or any share premium account, the Board shall have the power, to the extent necessary, to resolve that the Company reduce its Capital, and any capital redemption reserve fund or any share premium account, whether accompanied by a Distribution to Shareholders as contemplated in this Article 47 or without any Distribution to Shareholders.

51. ALTERATION TO MEMORANDUM

51.1 Notwithstanding any contrary provision of the Companies Act (and to the extent not expressly thereby precluded), and subject further to the Listings Requirements, no provision of this MOI or any Article hereof may be altered except as provided in Article 51.2 or if such amendment is in compliance with a court order as contemplated in Sections 16(1)(a) and 16(4) of the Companies Act or as approved by a special resolution adopted by the Company in a general meeting, or unless such alteration is expressly permitted in terms of such provision or the Article in question.

51.2 The Board may from time to time alter this MOI in any manner necessary to correct a patent error in spelling, punctuation, reference, grammar or similar defect on the face of the document in the manner contemplated in section 17(1) of the Companies Act.

52. MANDATORY SHAREHOLDER APPROVALS

Except as otherwise required in terms of the Companies Act or the Listings Requirements, and notwithstanding any contrary provision of the MOI, the sanction of a Special Resolution adopted by the Company in General Meeting will be required in relation to or in respect of the following matters:

52.1 to ratify a consolidated revision of the Company's Memorandum contemplated in section 18(1) of the Companies Act;

52.2 to ratify any action taken by the Company or Directors in excess of their authority, as contemplated in section 20(2) of the Companies Act;

52.3 to issue any shares or Securities (including the grant of options for the allotment or subscription of any such shares or Securities), as contemplated in sections 41(1) and 41(3) of the Companies Act;

52.4 to grant financial assistance to any Person in the circumstances contemplated in sections 44(3)(ii) and 45(3)(a)(ii) of the Companies Act;

52.5 to approve a decision of the Board for the re-acquisition of any Securities in the circumstances contemplated in section 48(8) of the Companies Act;

52.6 to authorise the basis for compensation to Directors, as required by section 66(9) of the Companies Act;

52.7 to approve the voluntary winding-up of the Company as contemplated in section 80(1) of the Companies Act;

52.8 to approve the winding-up the Company in the circumstances contemplated in section 81(1) of the Companies Act;

52.9 to approve an application to transfer the registration of the Company to a foreign jurisdiction as contemplated in section 82(5) of the Companies Act;

52.10 to approve any proposed fundamental transaction as contemplated in Part A of Chapter 5 of the Companies Act, to the extent required in terms of the provisions of that Part; and

52.11 to revoke any resolution contemplated in section 164(9) of the Companies Act.

KING IV AND CORPORATE GOVERNANCE

1. INTRODUCTION

THL is committed to high standards of corporate governance. The THL Board has adopted the recommendations on good corporate governance contained in King IV.

Once unbundled and upon the commencement of Listing on the JSE, THL will comply directly with the principles set out in King IV in the manner set out in the remainder of this Annexure 11.

THL will be directed by the principles incorporated in King IV in the running of its business and reporting to shareholders and other stakeholders.

THL will comply with Paragraph 3.84 of the Listings Requirements upon the commencement of Listing on the JSE.

Following the conversion of THL from a private company to a public company to be listed on the exchange operated by the JSE, the Directors have begun and will continue to pro-actively take steps to ensure full compliance with the principles of King IV.

Having been part of the Tsogo Sun Group, THL has historically applied the King IV principles as it relates to Tsogo Sun. Accordingly, THL will comply with King IV to the extent set out in the Tsogo Sun Holdings Integrated Annual Report (available at https://www.tsogosun.com/gaming/investors) and this Annexure. THL will disclose its compliance with King IV in its Integrated Annual Report during 2020, in respect of the financial year ending 31 March 2020.

2. EFFECTIVE AND ETHICAL LEADERSHIP

The Group has an ethics policy and a code of conduct which guides its business practices. The ethics policy seeks to reinforce the Company's many policies, principles and practices through providing clarity on expectations and underlying matters of principle.

The key aspects of the ethics policy are how business is conducted, the Group's societal contribution and handling of people, the need for employees to speak out about wrongdoings, conflicts of interest, the legitimate interests of the business, application of law, policies and procedures, corporate governance matters and individual accountability. The code of conduct provides guidance on matters such as conflicts of interests, acceptance and giving of donations and gifts, compliance with laws and the dissemination of confidential information.

The Board has ultimate responsibility for the ethical culture of the business. The social and ethics committee has oversight over the Group's ethical matters and the roles and responsibilities are set out in the terms of reference of the committee. All senior employees are required to sign an annual declaration confirming no conflicts of interest and compliance with laws and regulations. Board members are required to disclose conflicts of interest at each meeting. Ethics training is included in the Group's induction programme. The Group has an independent whistle-blower line and all reported matters are investigated by appropriate employees and the results reported to the audit and risk committee.

Unethical behaviour is not tolerated within the Group or its business partners and all criminal behaviour is reported to the police.

3. BOARD COMPOSITION, STRUCTURE AND REPORT BACK

The audit and risk, remuneration and nomination and the social and ethics committees are appointed by the Board and where necessary approved by shareholders. The Board exercised its prerogative to appoint John Copelyn as the Chairman of the Board. As a compensating control, a lead independent Director was appointed. The lead independent Director is Mohamed Haroun Ahmed who serves on all of the committees of the Board, and is therefore well placed to influence the governance of the Company and meet his obligations. The Board considers a Director independent where he or she has had no other executive role within the Group for a period of three years.

The current composition of the Board has been determined by the controlling shareholder. However, once listed, one-third of the Non-executive Directors retire by rotation each year in accordance with the MOI. Self-evaluation of the Board is entrenched in the Board charter and terms of reference and is carried out annually.

The roles of the Chairman and the CEO are separate, with responsibilities divided between them to ensure a balance of power and authority.

The Board charter codifies the Board's composition, appointment, authorities, responsibilities and processes and sets out the fiduciary duties of the Directors of the Company. It provides the Board with a mandate to exercise leadership, determine the Group's vision and strategy and monitors operational performance.

The Chairman is responsible for providing overall leadership of the Board and ensuring that the Board performs effectively. The CEO is responsible for the execution of the strategic direction, which is approved by the Board, through the delegation of authority.

The CEO's employment contract includes a three-month notice period unless varied by agreement and there are no specific contractual conditions related to termination.

The CEO has no other external professional commitments. Succession planning is not formalised but Executive Director appointments are expected to be sourced internally.

The Board maintains full and effective control over the Company and is accountable and responsible for its performance and compliance.

The Board reviews the strategic priorities of the Group, determines the investment policies and delegates to management the detailed planning and implementation of the objectives and policies in accordance with appropriate risk parameters. The Board monitors compliance with policies and achievement against objectives by holding management accountable for its activities through quarterly performance reporting and budget updates.

Name	Position
John Anthony Copelyn	Non-executive Chairman
Mahomed Haroun Ahmed	Lead Independent Non-executive Director
Sipho Christopher Gina	Independent Non-executive Director
Moretlo Lynette Molefi	Independent Non-executive Director
Jabulani Geffrey Ngcobo	Independent Non-executive Director
James Robert Nicolella	Non-executive Director
Marcel Nikolaus von Aulock	CEO, Executive Director
Laurelle McDonald	CFO, Executive Director

4. BOARD COMMITTEES

The Board governs through clearly mandated Board committees. Each committee has specific written terms of reference approved by the Board and adopted by the committee. All committee chairmen report orally on the proceedings of their committees at the Board meetings. The Board retains accountability and is satisfied that it has fulfilled its responsibilities in accordance with the Board charter during the year.

5. SOCIAL AND ETHICS COMMITTEE

Name	Position
Sipho Christopher Gina	Chairman
Moretlo Lynette Molefi	Member
Jabulani Geffrey Ngcobo	Member
Mohamed Haroun Ahmed	Member
James Robert Nicolella	Member
Invitees	
Marcel Nikolaus von Aulock	CEO
Laurelle McDonald	CFO

There are five Non-executive Directors on the committee, four of whom are independent.

The committee will meet twice during the year. The CEO, the CFO, the Group's Director of Risk and Directors representing HCI, the controlling shareholder, attend the meetings as permanent invitees, along with other Directors and members of management who attend as required.

The work of the social and ethics committee will focus on:

- progress in the alignment of the Group's practices to the requirements of the revised B-BBEE codes;
- disputes with government or regulators;
- compliance with regulations;
- bribery and corruption;
- responsible tourism;
- preferential procurement, socio-economic development and enterprise and supplier development;

- environmental management and certification;
- customer satisfaction, loyalty, health and safety and consumer protection; and
- job creation, employee health and safety, employee development, management diversity, employment equity and employee engagement.

The social and ethics committee has oversight over the Group's social matters and the roles and responsibilities are set out in the terms of reference of the committee.

The key areas of focus are social and economic development of the industry, state and partners, corporate citizenship within the community, the natural environment and relationships with customers and employees.

The committee assists the Board to ensure that the transformation strategy is appropriate and integrated into the business. It performs the social and ethics functions required by the Companies Act.

6. AUDIT AND RISK COMMITTEE

Name	Position
Mohamed Haroun Ahmed	Chairman
Sipho Christopher Gina	Member
Moretlo Lynette Molefi	Member
Jabulani Geffrey Ngcobo	Member
James Robert Nicolella	Member
Invitees	
John Anthony Copelyn	Chairman of the THL Board
Marcel Nikolaus von Aulock	CEO
Laurelle McDonald	CFO

There are five Non-executive Directors on the committee, four of whom are independent.

The committee will meet three times during the year. The CEO, the CFO, the Group's Director of Risk and Directors representing HCI, the controlling shareholder, attend the meetings as permanent invitees, along with external audit and the outsourced internal audit. Other Directors and members of management attend as required.

The audit and risk committee provides effective governance over reporting, the effectiveness of the internal financial controls and the external and internal audit functions and ensures that there is an effective risk management process that identifies and monitors the management of the key risks.

The work of the audit and risk committee will focus on the:

- review of the risk landscapes to which the Group is exposed in relation to the Group's risk tolerance and risk appetite levels and evaluation of the appropriateness of management's responses to the risks;
- review of insurance, treasury and taxation matters;
- review of operational risk management including fraud and theft, whistle-blowing systems and organisational resilience;
- oversight of the implementation of the combined assurance framework and plan;
- review of IT risks in relation to core operational systems, systems projects, information management and security initiatives and governance and regulatory compliance;
- review of material legal, legislation and regulatory developments;
- review of prospective accounting standard changes;
- review of the impact of the application of King IV;
- evaluation of the financial reporting procedures;
- review of and recommendation to the Board for approval of the preliminary and annual results announcements and the annual financial statements and integrated annual report;
- approval of the external audit and internal audit plans;
- evaluation of the independence and effectiveness as well as the fees and terms of engagement of the external auditors, including the suitability of the firm and designated partner;

- evaluation of the effectiveness of the chief audit executive and the outsourced internal audit function; and
- assessment of the internal control environment, particularly in relation to the Group's system on internal financial controls and ensure compliance with Section 3.84(g) of the Listings Requirements.

7. REMUNERATION AND NOMINATION COMMITTEE

Name	Position
Mohamed Haroun Ahmed	Chairman
John Anthony Copelyn	Member
Moretlo Lynette Molefi	Member
Jabulani Geffrey Ngcobo	Member
Invitees	
Marcel Nikolaus von Aulock	CEO
Laurelle McDonald	CFO

There are four Non-executive Directors on the committee, three of whom are independent.

The committee will meet twice during the year. The CEO and the CFO attend the meetings as permanent invitees, except when issues relating to their own compensation are discussed.

The scope of the committee's work will include the following:

- monitoring executive appointments, terminations and retirements;
- determining the general policy on remuneration to ensure fair, competitive and responsible reward;
- determining the specific remuneration packages for the Executive Directors and other senior executives and management;
- evaluation of the performance of the CEO;
- approving the rules, criteria, targets and allocations for performance related pay schemes; and
- proposing Non-executive Director remuneration.

The remuneration and nomination committee ensures the adoption of remuneration policies that attract and retain top talent, are aligned to the Company's strategy, are market-related and drive performance in the short and long term.

The remuneration policy and related implementation report is tabled each year for separate non-binding advisory vote by THL Shareholders at the AGM of the Company. The remuneration policy records the measures that the Board commits to take in the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised by the THL Shareholders at the AGM of the Company. The Company is aware that in the event that either the remuneration policy or the implementation report, or both, are voted against by THL Shareholders exercising 25% or more of the voting rights exercised, the Company must in its voting results announcements pursuant to section 3.91 of the Listings Requirements provide for (i) an invitation to dissenting THL Shareholders to engage with the Company, and (ii) the manner and timing of such engagement.

THL will be adopting the existing remuneration policy of Tsogo Sun Holdings as set out in the Tsogo Sun Holdings Integrated Annual Report and made available at https://www.tsogosun.com/gaming/investors.

The remuneration and nomination committee reviews and assesses Board composition on behalf of the Board and recommends the appointment of new Directors. All Board appointments are made on merit, in the context of skills, experience, independence and knowledge, which the Board as a whole requires to be effective. Factors that are taken into consideration are differences in skills, regional and industry experience, background, race and gender.

The Board considers that there is an appropriate balance of skills, experience, independence and knowledge among the independent Directors. The Board has approved a diversity policy (promoting both gender and race) incorporating race and gender. No specific targets have been set in relation to the Board diversity policy however 50% of the Board members are black, with adequate representation of female members at 25%.

8. COMPANY SECRETARY

Southern Sun Secretarial Services Proprietary Limited

Directors have unlimited access to the services of Southern Sun Secretarial Services Proprietary Limited (initially represented by Mojalemang Jane Mahloele), the Group Company Secretary. The Board (together with the Company Secretary) is responsible for ensuring that proper corporate governance principles are adhered to. In terms of the Listings Requirements, the Board must consider the competence, qualifications and experience of the Company Secretary annually. King IV recommends that the Company Secretary should maintain an arm's-length relationship with the Board and that he/she should ideally not be a Director. After conducting a formal review, the Board concluded that there were no direct or indirect relationships between the Company Secretary and any of the Board members which could compromise an arm's-length relationship with the Board.

The Board reviews the competence, qualifications and experience of the Company Secretary annually and reports on whether or not it is satisfied therewith. This report is confirmed by reporting to shareholders in the annual report of the Company. The Board has determined that it is satisfied with the current competence, qualifications and experience of the Company Secretary.

The Company Secretary is required to provide the Directors, collectively and individually, with guidance as to their duties, responsibilities and powers and is also required to ensure that the Directors are aware of all laws and legislation relevant to, or affecting the Company and reporting to any meetings of the shareholders or of the Directors, any failure on the part of the Company or a Director to comply with the MOI or the Companies Act.

The Company Secretary must certify in the Company's annual financial statements, whether the Company has filed required returns and notices in terms of the Companies Act and whether all such returns and notices appear to be true, correct and up to date, and ensure that a copy of the Company's annual financial statements is sent, in accordance with the Companies Act, to every person who is entitled to it. Furthermore, the Company Secretary is responsible for carrying out the functions of a person designated in its annual returns to ensure the Company's compliance with its transparency, accountability and integrity of requirements set out in sections 22 to 34 of the Companies Act and the enhanced accountability and transparency requirements set out in Chapter 3 of the Companies Act, to the extent applicable.

The Company Secretary is also required to ensure that minutes of all shareholders' meetings, Directors' meetings and any committee meetings of the Directors are properly recorded in accordance with sections 24(d) and (e) and section 73 of the Companies Act.

9. RISK MANAGEMENT

The Board recognises that the management of business risk is crucial to our continued growth and success and this can only be achieved if all three elements of risk – namely threat, uncertainty and opportunity – are recognised and managed in an integrated fashion.

The audit and risk committee is mandated by the Board to establish, coordinate and drive the risk process throughout the Group. Internal financial and other controls ensure a focus on critical risk areas, are closely monitored and are subject to management oversight and internal audit reviews.

The systems of internal control are designed to manage rather than eliminate risk, and provide reasonable but not absolute assurance as to the integrity and reliability of the financial statements, the compliance with statutory laws and regulations, and to safeguard and maintain accountability of the Group's assets. The Board and executive management acknowledge that an integrated approach to the total process of assurance improves the assurance coverage and quality in addition to being more cost-effective.

In addition to the risk management processes embedded within the Group, the Group's senior management identifies, quantifies and evaluates the Group's risks annually utilising a facilitated risk assessment workshop. The severity of risks is measured in qualitative (e.g. zero tolerance for regulatory risks) as well as quantitative terms, guided by the Board's risk tolerance and risk appetite measures. The scope of the risk assessment includes risks that impact shareholder value or that may lead to a significant loss, or loss of opportunity. Appropriate risk responses to each individual risk are designed, implemented and monitored.

The risk profiles, with the risk responses, are reviewed by the audit and risk committee at least once every six months. In addition to the Group risk assessment, risk matrices are prepared and presented to the audit and risk committee for each operational division. This methodology ensures that identified risks and opportunities are prioritised according to the potential impact on the Group and cost-effective responses are designed and implemented to counter the effects of risks and take advantage of opportunities.

In addition to the above, please refer to the Risk factors section of this Pre-listing Statement in Annexure 14.

SHAREHOLDER RESOLUTIONS

Below is an extract from resolutions of the sole shareholder of THL, passed between 6 May 2019 and the Last Practicable Date:

ORDINARY RESOLUTIONS

- Election of John Anthony Copelyn to the Board, effective 10 May 2019
- Election of Mahomed Haroun Ahmed to the Board, effective 10 May 2019
- Election of Sipho Christopher Gina to the Board, effective 10 May 2019
- Election of Moretlo Lynette Molefi to the Board, effective 10 May 2019
- Election of Jabulani Geffrey Ngcobo to the Board, effective 10 May 2019
- Election of James Robert Nicolella to the Board, effective 10 May 2019
- Election of Marcel Nikolaus von Aulock to the Board, effective 10 May 2019
- Establishment of the Audit and Risk Committee, effective 10 May 2019 and comprising of Mohamed Haroun Ahmed (Chairman), Sipho Christopher Gina, Moretlo Lynette Molefi, Jabulani Geffrey Ngcobo and James Robert Nicolella
- Approval of the THL SAR Plan
- Placing the authorised but unissued shares of the Company under the control of the Directors

SPECIAL RESOLUTIONS

- Increase of the authorised share capital of the Company of which details are set out in paragraphs 7.3.2.2.3 and 7.3.6 of this Pre-listing Statement
- Adoption of a new MOI for the Company and converting the Company from a private company to a public company
- Approving Non-executive Directors' fees payable for the period from 10 May 2019 to the next AGM of the Company
- General authority to repurchase Company securities
- General authority to issue not more than 5% of the issued shares of THL for cash
- Authority to provide financial assistance in terms of section 44 of the Companies Act in respect of share-based incentive schemes of the Company
- Authority to provide financial assistance in terms of section 45 of the Companies Act

In terms of the Listings Requirements, the following will apply to the general authority to issue shares for cash and the general authority to repurchase Company securities:

GENERAL AUTHORITY TO ISSUE SHARES FOR CASH

Authority to issue Ordinary Shares for cash (including within the scope of such authority the ability to issue options and securities (including any shares that are convertible into ordinary shares), subject to the provisions of the MOI of the Company and the Listings Requirements, which authority shall endure until the first annual general meeting of the Company held after the Listing or 15 months from the date of the resolutions. The general authority to issue these securities was granted on inter alia the following basis:

- the Ordinary Shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class of shares already in issue;
- there will be no restrictions in regard to the persons to whom the shares may be issued, provided that such shares are to be issued to "public shareholders" and not to "related parties" (as such terms are defined by the Listings Requirements);
- the total aggregate number of Ordinary Shares which may be issued for cash in terms of this authority may not exceed 5% of the aggregate number of Ordinary Shares expected to be in issue upon the Listing;

- the maximum discount at which the Ordinary Shares may be issued is 10% of the weighted average traded price of those shares over the 30 Business Days prior to the date that the price of the issue is determined or agreed to between the Company and the party/ies subscribing for the Ordinary Shares; and
- upon any issue of ordinary shares which, together with prior issues of Ordinary Shares during the same financial year, will constitute 5% or more of the total number of Ordinary Shares in issue prior to that issue, the Company shall publish an announcement in terms of the Listings Requirements, giving full details thereof.

GENERAL AUTHORITY TO REPURCHASE SHARES

Authority to repurchase Shares, subject to the provisions of the MOI of the Company and the Listings Requirements, which authority shall endure until first annual general meeting of the Company held after the Listing or 15 months from the date of the resolutions, the general authority to repurchase shares was granted on inter alia the following basis:

- any acquisition of Ordinary Shares shall be purchased through the order book of the trading system of the JSE, and done without any prior understanding or arrangement between the Company and/or the relevant Subsidiary and the counterparty;
- repurchases of shares in aggregate in any financial year may not exceed 20% (or 10% where the repurchase is effected by a Subsidiary) of the Company's issued Ordinary Share capital as at the date of adoption of the resolution;
- repurchases must not be made at a price greater than 10% above the weighted average of the market value of the Ordinary Shares for the 5 Business Days immediately preceding the date on which the transaction is effected;
- the Board shall be required to pass a resolution authorising the repurchase and confirming that all solvency and liquidity requirements have been met and that there have been no material changes to the financial position of the Group; and
- an announcement complying with the Listings Requirements must be published by the Company or its Subsidiary (i) when the Company and/or its Subsidiary/ies have cumulatively repurchased 3% of the Ordinary Shares in issue as at the date of the Listing, and (ii) for each 3% in the aggregate of the initial number of Ordinary Shares acquired thereafter by the Company and/or its Subsidiaries.

REGULATORY ENVIRONMENT

1. SARS

1. Selected South African tax considerations

The discussion in this section sets out the material South African tax consequences of the purchase, ownership and disposition of THL Shares under current South African law. It is not intended to be, nor should it be considered as legal or taxation advice. Changes in the law may change the tax treatment of THL Shares, possibly on a retroactive basis.

The following summary is not a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of THL Shares and does not cover tax consequences that depend upon particular tax circumstances. In particular, the following summary addresses tax consequences for holders of ordinary shares who are not residents of, and who do not have a permanent establishment in, South Africa and who hold ordinary shares as capital assets (i.e. for investment purposes). THL recommends that the owner consult its tax adviser about the consequences of holding THL Shares, as applicable, in its particular situation.

2. Dividend Tax

Generally, dividends declared by a South African resident company to Non-Resident shareholders are subject to Dividends Tax, a final tax withheld at source, at a rate of 20% unless the rate is reduced in terms of a double tax agreement ("**DTA**") between South Africa and their respective country of residence.

3. CGT on disposal of shares

Non-residents are liable to CGT in South Africa on the disposal of the following assets:

- Immovable property or any interest or right of whatever nature to or in immovable property situated in South Africa. An interest in immovable property includes any equity shares in a company where 80% or more of the market value of those equity shares at the time of disposal is attributable directly or indirectly to immovable property in South Africa and that person (whether alone or together with any connected person in relation to that person), directly or indirectly holds at least 20% of the equity shares in that company, or
- Any asset effectively connected with a permanent establishment of that person in South Africa.

The liability for CGT of a non-resident on any such assets may be subject to relief in terms of any applicable Double Taxation Agreement between South Africa and their country of residence.

4. STT

No STT is payable in South Africa with respect to the issue of a security.

STT is charged at a rate of 0.25% on the 'taxable amount' of the 'transfer' of every security issued by a company incorporated in South Africa, or a company incorporated outside South Africa but listed on an exchange in South Africa, subject to certain exemptions.

The word 'transfer' is broadly defined and includes the transfer, sale, assignment or cession or disposal in any other manner of a security which results in a change in beneficial ownership. The cancellation or redemption of a security is also regarded as a transfer unless the company is being liquidated or deregistered. However, the transfer of a security that does not result in a change in beneficial ownership (for example from a nominee to the beneficial owner) is not regarded as a 'transfer' for STT purposes.

STT is levied on the 'taxable amount' of a security. The taxable amount in respect of the transfer of a listed security is, generally, the greater of the consideration for the security declared by the transferee or the closing price of that security as traded on the stock exchange concerned. However, for the transfer of a listed security through a member of the exchange, the taxable amount is the consideration without regard to the closing price. In the case of a transfer of a listed security, either the member or the participant holding the security in custody is liable for the tax where the transfer is effected by such person. The tax may be recovered from the person to whom that security is transferred or the person who cancels or redeems that security. For any other transfers of listed securities, the person to whom the security is transferred is liable for the STT although this is paid through the member or participant holding the security in custody or through the company that issued the security, as the case may be. The tax must be paid by the 14th day of the month following the month during which transfer occurred.

2. SARB

South African law provides for Exchange Control Regulations which, among other things, restrict the outward flow of capital from the CMA. The Exchange Control Regulations, which are administered by the SARB, are applied throughout South Africa and regulate international transactions involving South African residents, including South African companies. The South African government has committed itself to gradually relaxing exchange controls and various relaxations have occurred in recent years.

SARB approval is required for THL and its Subsidiaries to receive and/or repay loans to non-Residents of the CMA. The loan will usually be approved where the interest rate in respect of third party foreign denominated loans does not exceed the base lending rate plus 2% or; in the case of shareholders loans, the base lending rate as determined by commercial banks in the country of denomination. The interest rate in respect of Rand denominated loans may not exceed the base rate (i.e. Prime Rate plus 2% on third party loans, or the base rate in the case of shareholders loans).

THL and its Subsidiaries will require SARB approval in order to provide guarantees for the obligations of any of THL's Subsidiaries with regard to funds obtained from Non-Residents of the CMA. Absent SARB approval, income earned in South Africa by THL cannot be used to repay or service foreign debts.

Transfers of funds from South Africa for the purchase of shares in offshore entities or for the creation or expansion of business ventures offshore require exchange control approval. However, if the investment is a new outward foreign direct investment where the total cost does not exceed R500 million per company per calendar year, the investment application may, without specific SARB approval, be processed by an authorised dealer, subject to all existing criteria and reporting obligations.

A listing by a South African company on any stock exchange other than the JSE for the purpose of raising capital needs permission from the SARB. Any such listing which would result in a South African company being redomiciled also needs approval from the Minister of Finance.

THL must obtain approval from the SARB regarding any capital raising involving a currency other than the Rand. In connection with its approval, it is possible that the SARB may impose conditions on THL's use of the proceeds of any such capital raising, such as limits on THL's ability to retain the proceeds of the capital raising outside South Africa or requirements that THL seeks further SARB approval prior to applying any such funds to a specific use.

3. JSE

The JSE was formed in 1887. The JSE provides facilities for the buying and selling of a wide range of securities, including equity and corporate debt securities and warrants in respect of securities, as well as Kruger Rands.

The JSE is a self-regulating organisation operating under the ultimate supervision of the Ministry of Finance, through the Financial Sector Conduct Authority and its representative, the Registrar of Stock Exchanges. Following the introduction of the Stock Exchanges Control Amendment Act, 54 of 1995, or the Stock Exchange Act, which provides the statutory framework for the deregulation of the JSE, the JSE's rules were amended with effect from 8 November 1995. These amendments removed the restrictions on corporate membership and allowed stockbrokers to form limited liability corporate entities. Members were, for the first time, also required to keep client funds in trust accounts separate from members' own funds. Further rules to complete the deregulation of the JSE, as envisaged by the Stock Exchange Act, were promulgated during 1996 to permit members of the JSE to trade either as agents or as principals in any transaction in equities and to allow members to negotiate freely the brokerage commissions payable on agency transactions in equities. With effect from 1996, screen trading commenced on the JSE. The Financial Markets Act consolidates and amends the laws relating to the regulation and control of exchanges and securities trading, the regulation and control of central securities depositories and the custody and administration of securities and the prohibition of insider trading.

South Africa was included in the Morgan Stanley Capital International Emerging Markets Free Index and the International Finance Corporation Investable Index in March and April 1995, respectively. South Africa has a significant representation in these emerging market indices.

The JSE established Strate, for the purposes of the dematerialisation of share certificates in a central securities depository and the introduction of contractual, rolling, electronic settlement in order to increase the speed, certainty and efficiency of settlement and to fall into line with international practice. Investors are given the choice of either holding their securities in dematerialised form in the central securities depositary or retaining their share certificates. Shareholders who elect to retain their share certificates are not able to trade their shares on the JSE, although they may trade their shares off-market. Settlement of dematerialised shares traded electronically on the JSE is made three days after each trade (T+3).

4. COMPANIES ACT AND BUSINESS RESCUE PROCEEDINGS

THL is subject to the applicable provisions of the Companies Act. The Companies Act modernises and makes for a more flexible company law regime in South Africa, though in doing so, it has created various areas of uncertainty. Other than with respect to the transitional arrangements as provided for in the continued application of chapter 14 of the previous Companies Act, 1973 ("**Previous Companies Act**") (which regulates winding-up and liquidation of companies), the Companies Act replaced the Previous Companies Act in its entirety. The South African common law relating to companies has nevertheless, to a large extent been preserved and has, to some extent, been codified in the Companies Act.

In terms of the Companies Act, subject to certain provisions set out in the transitional arrangements, every pre-existing company that was, immediately before 1 May 2011, incorporated or registered in terms of the Previous Companies Act continued to exist as a company as if it had been incorporated and registered in terms of the Companies Act, with the same name and registration number previously assigned to it.

The Companies Act extends shareholders' rights against companies, Directors, prescribed officers and committee members now face more extensive and stricter grounds for personal liability for their actions in respect of the Company than they did under the Previous Companies Act. The Companies Act introduced class action suits against companies, Directors and company officers by persons whose rights are affected by the company. Companies thus face a greater risk of litigation and the costs thereof.

As a company listed on the JSE, THL is required to comply with the Listing Requirements, including certain requirements relating to corporate governance. In this regard, THL will be required to disclose to its shareholders the extent of its compliance with the prevailing King Code for Corporate Governance for South Africa and will be obligated to disclose any instance of non-compliance with that code.

5. THE EUROPEAN UNION'S GENERAL DATA PROTECTION REGULATION ("GDPR") AND SOUTH AFRICA'S PROTECTION OF PERSONAL INFORMATION ACT ("POPI")

Both the GDPR and POPI are intended to ensure that organisations implement appropriate measures to adequately secure personal information.

The GDPR prescribes measures required to be taken to strengthen the protection of personal information of all EU citizens, including those of EU guests staying at THL's establishments. The POPI, amongst other objectives, is intended to promote the protection of personal information processed by public and private bodies as well as to regulate the flow of personal information across the borders of the country. It follows that THL is accountable for the security and integrity of personal information that it processes and which belongs to South African citizens and juristic persons.

The GDPR came into effect on 25 May 2018 whilst the POPI has been promulgated however the implementation date for compliance remains to be announced.

The GDPR and POPI do to some extent overlap. Risk assurance regarding compliance with both requirements is being conducted with the assistance from GRIPP Advisory, the internal audit and advisory service provider to THL. A preliminary data flow and impact assessment exercise is underway. The outcomes of this exercise shall inform the extent and approach of a detailed analysis and programme to be adopted to ensure compliance.

RISK FACTORS

In addition to the other information included in this Pre-listing Statement, the considerations listed below could have a material adverse effect on THL's business, financial condition or results of operations, resulting in a decline in the trading price of THL Shares. The risks set forth below comprise all material risks currently known to THL. However, there may be additional risks that THL does not currently know of or that THL currently deems immaterial based on the information available to it. These factors should be considered carefully, together with the information and financial data set forth in this document.

1. RISKS RELATED TO THL'S BUSINESS

The Group's business is dependent on the travel and tourism industries, and declines in or disruptions to these industries, such as those caused by adverse economic conditions, terrorism, man-made disasters and acts of God, may adversely affect it

The number of visitors to the Group's hotels depends on a variety of factors, some of which are out of its control, such as weather conditions and travel patterns generally and the potential impact of natural disasters and crises. Actual or threatened war, terrorist activity, political unrest or civil strife and other geopolitical uncertainty could adversely affect the number of visitors to the Group's hotels in the affected areas. In addition, any concern about acts of terrorism directed toward transportation facilities and assets, as well as travellers' fears of exposure to contagious diseases, may reduce the number of people willing to fly or travel in the future, particularly if new significant terrorist attacks or disease outbreaks occur or threaten to occur.

Demand for the Group's hotels is linked to the performance of the general economy and is sensitive to business, government and personal discretionary spending levels. Decreased global or regional demand for THL products and services can be especially pronounced during periods of economic contraction or low levels of economic growth, and the recovery in the hotel industry may lag behind overall economic improvement.

The Group's reliance on the business and government traveller markets as core components of its customer base makes it particularly sensitive to economic conditions that cause declines in travel by those groups. Declines in demand for the Group's THL services due to general economic conditions could negatively impact the Group's business by decreasing the income and profitability of the Group.

The Group has a high concentration of hotels in particular urban centres. While this strategy helps to ensure that the Group can service a large number of travellers in these key markets, from budget to luxury, it also increases its sensitivity to adverse conditions affecting travel to such areas. Any events or developments that reduce the demand for the Group's THL services in these core urban centres could negatively impact the Group's business.

In addition, many of the expenses associated with the hotel business, including personnel costs, interest, rent, property taxes, insurance and utilities, are relatively fixed. During a period of overall economic weakness, any failure by the Group to meaningfully reduce these costs as demand for its THL services decreases may have material adverse effect on its operations, profitability, cash flows and financial condition.

The hotel industry is vulnerable to high levels of competition or disruption

The hotels business in South Africa is highly competitive and, since the barriers to entry are low it is possible that the amount of competition will increase as additional supply is added to the market. The hotel industry is vulnerable to high levels of disruption, which could be brought about by new entrants, changes in traditional business models, or the emergence of digital mobility offerings. Therefore, if additional hotels were to enter the market, or current hotels in the industry were to expand their guest facilities, the Group may need to increase the amount it spends on its marketing efforts or undertake renovation or redevelopment projects in order to seek to remain competitive with newer hotels. If these expenditures do not generate the additional income anticipated by the Group, they could have a material adverse effect on the Group's operations, profitability, cash flows and financial condition.

The Group's hotel business depends on its relationships with key customers. The Group may need to increase its reliance on online travel agents ("OTAs") in the future

Although the Group has a wide range of hotel offerings, from quality budget through to luxury hotels, the majority of hotel occupancies depends on the market for business and government travellers, as well as group and convention bookings. Relationships with key customers and access to the correct distribution networks are critical in driving both occupancies and average room rates throughout the hotel division. Key customers are allocated a specific relationship manager who is responsible for managing the relationship and the application of particular discounted or tiered rates. Failure to maintain these relationships could have a material adverse effect on the Group's operations, profitability, cash flows and financial condition.

The presence of OTAs in the South African hotel market has grown in recent years. The Group generally seeks to contract selectively with OTAs as it considers the various commissions and transaction fees that they charge for sales of the Group's rooms through their systems to be prohibitive. If the Group's competitive position is impacted negatively, or its core customer base increases its use of OTAs, the Group may need to consider the more frequent use of OTAs. In such circumstances, OTAs may be able to obtain higher commissions, reduced room rates or other significant concessions from the Group. Moreover, OTAs generally employ aggressive marketing strategies, including expending significant resources for online and television advertising campaigns to drive consumers to their websites. As a result, consumers may develop brand loyalties to the OTAs' offered brands, websites and reservations systems rather than to the Group's own brands and systems. If this happens, the Group's business and profitability may be significantly impacted as shifting customer loyalties divert bookings away from its websites, which could have a material adverse effect on the Group's operations, profitability, cash flows and financial condition.

The Group must continually refresh its product offering to cater to consumer preferences. If the Group were to fail to refresh its products to satisfy consumer preference, consumers may reduce their visits to, or spending at, the Group's properties

In order for the Group to compete effectively with other consumer options for leisure and entertainment activities, as well as other hotel and leisure providers, the Group's operations must deliver a quality experience at a price that its customers are willing to pay. The experience must also cater to various changing consumer preferences in the market. Consumer preferences range from technology preferences (such as the increased utilisation of mobile devices and social media) to the look and feel of the physical product, the location of buildings, concepts of restaurants and bar offerings and types of entertainment and travel patterns.

For THL's hotels businesses, ensuring the ability to adapt to stay relevant to consumers may require additional research and development and marketing, which would drive up costs, as well as capital expenditure and refurbishment expenses incurred to execute on research findings. As such, the Group may be required to assume development risk to enhance or protect the value of its portfolio.

The Group may also be subject to development-related risks, such as fluctuations in demand for completed assets; increased costs of construction; lack of quality service providers; difficulty adhering to planning and environmental permissions and raising finances.

Any deterioration in the quality or reputation of the Group's brands could have an adverse impact on its reputation, business, results of operations and financial condition

The Group's brands and its reputation are among its most important assets. The Group's ability to attract and retain customers and guests depends, in part, on the public recognition of its brands and their associated reputation. Such dependence makes the Group's businesses susceptible to risks regarding brand obsolescence and to reputational damage. If the Group's brands become obsolete or are viewed as unfashionable or lacking in consistency and quality, it may be unable to attract customers and guests to its hotels, and furthermore it may be unable to attract or retain other business partners.

In addition, there are many factors which can negatively affect the reputation of any individual brand, or the overall brand of the Group. Changes in ownership or management practices, the occurrence of accidents or injuries, natural disasters, crime, individual guest notoriety or similar events may have a substantial negative impact on the Group's reputation, create adverse publicity and could cause a loss of consumer confidence in the Group. Because of the concentration of the Group's brands, business and hotel locations in South Africa, it is likely that any event with a negative reputational impact will be communicated to a large percentage of the Group's customer base through national media. In addition, the considerable expansion in the use of social media over recent years has compounded the potential scope of the negative publicity that could be generated by such incidents. The Group could also face legal claims related to these events, along with adverse publicity resulting from such litigation. If the perceived quality of the Group's brands declines, or if its reputation is damaged, the Group's operations, profitability, cash flow and financial condition could be materially adversely affected.

The Group's hotel properties are subject to leases or management contracts, the renewal or successful renegotiation of which cannot be guaranteed

The Group owns and manages a large portfolio of hotel properties, leasing 9 of the 113 hotel properties that it operates and leases the land on which another 9 properties are situated. The lease expiry dates fall between 2020 and 2090. The Group manages 16 of its hotel properties for related parties and 16 for third parties. The management contract expiry dates fall between 2020 and 2037.

In the absence of renewal options exercisable by the Group, there can be no guarantee that all or any of the Group's leases and management contracts will be renewed upon their expiry. There can also be no guarantee that the terms of any leases or management contracts that are renewed will be as favourable to the Group as the terms currently in place. If the Group is unable to renew its leases and management contracts on terms that are economically viable there may be a material adverse effect on the Group's operations, profitability, cash flows and financial condition.

The Group is exposed to the sustained above-inflationary increases in administered costs including property rates, utilities and business licence fees

The Group owns substantial property assets and utilises large amounts electricity and water to operate its hotels. While the Group has undertaken numerous steps to reduce its electricity and water consumption through employing efficient operating methodologies, the price per unit of these utilities have increased dramatically and are worsened through the requirement to fund generating capacity (diesel generators) during load shedding. Municipalities have come under increasing pressure to raise independent funding and this has led to substantially higher property rates being imposed on the Group's portfolio.

The Group is exposed to the risk of interruptions in electrical power and water supply and significant increases in tariffs for electricity and water

The Group relies upon electrical power to operate its hotels. While the Group has never had to close any of its properties for lack of water or electricity, its hotels operate on a continuous basis, and as a result, any shortage or interruption in electrical power supply, for example due to load shedding in South Africa or sub-standard power infrastructure in other African regions, could have a material adverse effect on the Group's operations, profitability, cash flows and financial condition.

The Group relies on key personnel and on its ability to attract and retain key employees

The successful management and operation of the Group are reliant upon the contributions of its senior management team and other key operating personnel, including the general managers of each of the Group's operations. Although the Group takes steps to protect itself in relation to the loss of key personnel, there is competition for skilled personnel. The loss of the Group's key management and operating personnel (in particular, the loss of a large group of key personnel simultaneously), or the inability to attract, retain and appropriately manage new employees or qualified employees, could have a material adverse effect on the Group's operations, profitability, cash flows and financial condition.

The Group's business depends on the maintenance of positive employee relations and the ability to attract and retain a sufficient number of qualified employees to run its operations

The Group's business is labour intensive and, therefore, its success depends in large part on its ability to attract, train, motivate and retain a sufficient number of qualified and skilled employees to run its operations. If the Group is unable to attract and retain a sufficient number of qualified employees, its ability to compete effectively with its peers and its operations, profitability, cash flows and financial condition could be materially and adversely affected.

The Group may fail to identify acquisition opportunities or may pursue transactions that prove to be unsuccessful or strain or divert its resources

From time to time the Group considers the acquisition of complementary businesses or assets where the opportunity is presented to do so at attractive prices. Numerous challenges arise when evaluating potential acquisition opportunities and commencing any such transactions. For example, successful growth through future acquisitions is dependent upon the Group's ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favourable terms and ultimately complete such transactions and integrate the acquired business into the Group. Additionally, any acquisitions to be made by the Group may be subject to certain approvals (for example, shareholder or antitrust approvals which may or may not be obtained or may be obtained subject to remedies, including the divestment of assets). Undertaking these activities may divert management resources and attention away from ongoing business operations, which could have a material adverse impact on the Group's operations, profitability, cash flows and financial condition.

Additionally, any failure by the Group to successfully identify or commence key acquisition opportunities could affect its market position or growth potential in the markets in which it operates. Although the Group considers opportunities to expand its current operations from time to time, there can be no assurance that any particular bid or offer will be successful, especially in the context of a competitive process. If the Group is unsuccessful in identifying or winning acquisition opportunities, it could have a material adverse impact on the Group's operations, profitability, cash flows and financial condition.

The Group may fail to integrate acquisitions/mergers effectively or fail to realise the anticipated business growth opportunities or other synergies in connection with such acquisitions/mergers

Business combinations which are completed entail several risks, including the ability of the Group to integrate effectively the business acquired with its existing operations, such as the realisation of anticipated synergies and economies of scale, significant one-off write-offs or restructuring charges, unanticipated costs, addressing possible differences in business culture, processes, controls, procedures and systems and failure to integrate and motivate key employees and/or retain certain individuals during the integration period. In addition, the process of integrating businesses may require more investment than expected, and it may be disruptive to the Group's ongoing operations.

The Group is exposed to the risk of serious accidents and other safety incidents

Despite the health and safety measures that the Group has imposed, the Group is exposed to the risk of serious accidents and injuries. There can be no assurance that such events will not occur in the future. In addition, the Group is exposed to the risk of other safety incidents, including social disturbances and health concerns such as instances of food-borne illnesses at the Group's restaurants and air-borne illnesses at any of its operations. Any accident or other safety incident involving loss of life or harm to any persons or damage to property or assets (or the public perception of risk thereof) could expose the Group to financial risk, including personal injury and other liability claims and criminal proceedings. Investigations by the Group, insurers or other interested parties following an accident or other incident involving a site or attraction could cause the affected site or attraction to be closed for a period of time or indefinitely which could negatively impact the Group's brands, reputation and visitor volumes. The occurrence of any such accident, other safety incident or material stoppage could have a material adverse effect on the Group's operations, profitability, cash flow and financial condition.

2. RISKS RELATING TO SOUTH AFRICA AND EMERGING MARKETS

Although the Group operates primarily in South Africa, it also has operations in Kenya, Mozambique, Nigeria, the Seychelles, Tanzania, the United Arab Emirates and Zambia. The risk factors below focus on risks applicable to companies operating in South Africa, but many of the risks are applicable to the Southern African region generally.

Political, social, labour and economic conditions in South Africa or regionally could adversely affect the Group's businesses

The Group is based in and derives the vast majority of its income from operations in, South Africa. As such, the political, social, labour and economic conditions in South Africa can influence the business of the Group. South Africa faces many challenges in improving levels of social and economic development among its people. To the extent these challenges are not overcome, there may be a negative impact on the South African economy and, in turn, the Group's results of operations.

There has also been regional political, social, labour and economic instability in some of the countries surrounding South Africa. The potential for resulting political, social, labour and economic instability in the region could negatively affect the South African economy and political environment, which, in turn, could have a material adverse effect on the Group's operations, profitability, cash flows and financial condition.

Non-compliance with B-BBEE initiatives in South Africa could affect the Group's business prospects and income

Under the laws, codes and regulations promulgated by the South African government to promote B-BBEE, the government awards procurement contracts, quotas, licences, permits and other rights based on numerous factors, including the B-BBEE status of applicants. The Group is encouraged to comply with procurement, employment equity, ownership and other requirements, which are designed to redress historical social and economic inequalities and ensure socio-economic stability in South Africa. A company's B-BBEE status is an important factor considered by government and other public bodies in awarding contracts and may influence relationships with customers or suppliers as it influences the B-BBEE status of those customers or suppliers. If the Group fails to maintain its B-BBEE status, its ability to obtain and to maintain public contracts and licences could be adversely affected and customers and suppliers might also be less likely to procure or supply products from the Group, particularly where others have a "better" status, which could have a material adverse effect on the Group's operations, profitability, cash flows and financial condition.

South African exchange control restrictions could hinder the Group's ability to make foreign investments and procure foreign denominated financings

South Africa's Exchange Control Regulations restrict business transactions between residents and non-residents of the CMA. Although the Group has never been declined on any application, these restrictions could hinder the Group's ability to make foreign investments and procure foreign denominated financings in the future.

Changes in tax legislations across the jurisdictions of operation could adversely affect net results for future periods and affect the Group's business, financial condition and results of operation

South Africa has a stable tax environment and the tax administration system is advanced and transparent in many aspects. Changes in general corporate or other taxation legislation could, however, affect THL's results of operations. Such government action may be unpredictable and beyond THL's control and any adverse changes in government policies could have an adverse effect on THL's business prospects, results of operation and financial position and may cause the market price of the ordinary shares to decline. Furthermore, compliance with the relevant taxation laws could come with a regulatory cost and non-compliance could be subject to fines, penalties and/or legal action.

Other jurisdictions of operation, including Zambia, Mozambique, Nigeria, Kenya and the Seychelles have differing tax legislation by which the Group must additionally abide.

The Group's operations are subject to health and safety regulations and legislation

Current legislation in South Africa imposes significant health and safety regulations on the Group's operations. Any failure to satisfy the requirements of these regulations could subject the Group to fines or other legal action. Although the Group has put in place health and safety measures in response to these requirements, there can be no assurance that these will be sufficient to prevent future health and safety incidents. In the case of non-compliance or accidents or incidents causing personal injury or death or property damage at one of the Group's hotels, such shortcomings by the Group may result in the imposition of fines, any or all of which could have a material adverse effect on the Group's operations, profitability, cash flows and financial condition.

3. IT AND DISRUPTION RISK

Failure to keep pace with developments in technology could adversely affect the Group's operations or competitive position.

The Group's businesses demand the use of technology and systems for property management, brand assurance and compliance, procurement, reservation systems, surveillance, operation of the Group's customer reward programme, booking of hotel accommodation by current and future customers, search engine optimisation and guest amenities. The development and maintenance of these technologies may require significant investment by the Group, and these technologies may later require refinements and upgrades. The Group cannot guarantee that, as various systems and technologies become outdated or new technology is required, it will be able to replace or introduce them as quickly as needed or in a cost-effective and timely manner. The Group also cannot guarantee that it will achieve the benefits it may have been anticipating from any new technology or system. Failure to keep pace with developments in technology could have a material adverse effect on the Group's operations, profitability, cash flows and financial condition.

The Group is dependent on its IT systems, which may fail or be subject to disruption

The Group's operations, including in particular its online booking system and the hotel management systems, are dependent in part on its IT systems and there is a risk that such systems could fail. The performance and reliability of these systems and the Group's technology is critical to its reputation and ability to attract, retain and service customers. Any disruption in the Group's ability to provide the use of its reservation system to customers, including as a result of software or hardware issues related to the reservation system, could result in customer dissatisfaction and harm the Group's reputation and business. There can be no assurance that the Group's IT systems are or will continue to be able to support a significant increase in online traffic or increased customer numbers. Although the Group has in place business continuity procedures and security measures in the event of IT failures or disruption, including backup IT systems for business critical systems, generally in different geographic locations from the main system, these are not, and are not intended to be, a full duplication of the Group's operational systems. Any failure by the Group to anticipate, prevent or mitigate a network failure or disruption, or disruption to a system for which there is no adequate backup, could have a material adverse effect on the Group's operations, profitability, cash flows and financial condition.

The Group may face considerable liability or fines, or experience reputational harm, if it fails to comply with applicable privacy and consumer data protection requirements

The Group is subject to regulation regarding the use of customers' personal and credit card data and the protection of such data from cyber-theft. The Group receives and processes large amounts of sensitive personal customer data (including name, address, bank details and credit card details) as part of its business and as result must comply with strict data protection and privacy laws in the jurisdictions in which the Group operates. In particular, such laws impose strict requirements on the Group and restrict certain of its abilities to collect and use personal information relating to customers and potential customers, including the use of that information for marketing purposes, which could have a material adverse effect on the Group's operations, profitability, cash flows and financial condition.

4. RISKS RELATED TO THE UNBUNDLING

4.1 Strategy and execution risk

THL may not realise the potential benefits from the Unbundling

THL may not realise the potential benefits that it expects from its Unbundling from Tsogo Sun, which benefits have been described in the Pre-listing Statement. In addition, THL will incur costs and THL will incur some negative effects from its separation from the Tsogo Group.

THL's historical consolidated financial statements contained in this document are not necessarily indicative of its future financial condition, future results of operations or future cash flows, nor do they reflect what its financial condition, results of operations or cash flows would have been as an independent public company during the periods presented

The historical consolidated financial statements of THL included in the Pre-listing Statement do not reflect what its financial condition, results of operations or cash flows would have been as an independent public company during the periods presented and are not necessarily indicative of its future financial condition, future results of operations or future cash flows. This is primarily a result of the following factors:

- THL's historical consolidated financial statements reflect charges for services historically provided by Tsogo Sun, and those charges may be significantly different to the comparable expenses THL would have incurred as an independent company.
- THL's working capital requirements and cost of debt and other capital may be different from that reflected in its historical consolidated financial statements.
- The historical consolidated financial statements may not fully reflect the increased costs associated with being an independent public company, including changes that will occur in THL's cost structure, management, financing arrangements and business operations as a result of its Unbundling from Tsogo Sun, including all the costs related to being an independent public company.
- THL will not be able to rely on Tsogo Sun to fund its future capital requirements and financing from other sources may not be available on favourable terms.

4.2 Expense risk

THL has no history operating as an independent public company. THL will incur some expenses to create the corporate infrastructure necessary to operate as an independent public company and will experience increased ongoing costs in connection with being an independent public company

Tsogo Sun provided corporate communications, treasury and finance, investor relations, internal audit, legal and tax advice, and compliance regarding internal controls. As an independent, publicly traded company, and effective as of THL's separation from Tsogo Sun, THL will assume responsibility of the costs for these functions. Accordingly, THL's consolidated results of operations are not necessarily indicative of its future performance and do not reflect what its financial performance would have been had THL been an independent publicly traded company during the periods presented.

The costs associated with performing or outsourcing these functions may exceed the amounts reflected in THL's *pro forma* financial effects or an increase in the costs of performing or outsourcing these functions could adversely affect THL's businesses, financial conditions, results of operations or cash flows.

5. RISKS RELATED TO THL SHARES

5.1 Market risk

Due to the geographic spread of the Group's investments, currency risk could have an adverse impact on the foreign currency equivalent of the Group's share price

Properties held by THL are located across the region in South Africa, Zambia, Kenya, Nigeria, Mozambique and Seychelles. THL therefore may have to convert the values of its assets, liabilities, revenue and expenses to the Rand to prepare its financial statements at current exchange rates. Significant movements in currency rates between other relevant currencies and the Rand may have a material adverse effect on the company's financial condition. Additionally, for investors whose base currency is not the Rand, there is a risk of currency loss if such currencies depreciate against any investor's base currency.

Fluctuations in the exchange rate between the Rand and foreign currencies could have an adverse impact on the foreign currency equivalent of the share price of the ordinary shares and/or any cash Dividend or distributions made in respect of the THL Shares.

THL's non-South African shareholders face additional investment risk from currency exchange rate fluctuations since any Dividends will be paid in Rand

Dividends or distributions with respect to THL Shares will be paid in Rand.

The US Dollar or other currency equivalent of any Dividends or distributions with respect to THL Shares, if any, will be adversely affected by potential future reductions in the value of the Rand against the US Dollar or other currencies. Although presently considered to be extremely unlikely, one cannot rule out the possibility that there could be future changes in the Exchange Control Regulations, such that Dividends paid out of trading profits will not be freely transferable outside South Africa to THL Shareholders who are not residents of the CMA.

The price of the THL's Shares may be volatile in the future

The price of the THL Shares may be volatile due to various factors in the future, including operational performance, exchange rate fluctuations and macroeconomic and political changes in the markets which THL operates. Furthermore, any potential future equity issuances by THL could have an adverse effect on the market price of THL Shares and could also dilute future ownership of existing THL Shareholders.

5.2 Regulatory and compliance risk

THL must monitor regulations in its countries of operation to ensure compliance

As a multinational business, THL is subject to a wide range of legislation, which is monitored on an ongoing basis. Any breach of compliance with this legislation could result in fines or sanctions that affect THL's profitability and may have adverse reputational consequences. Monitoring the changes in legislative environments and interpretations of law is of key importance and may have uncertain consequences for the THL business model and operations in its chosen markets.

Shareholders outside South Africa may not be able to participate in future issues of securities (including ordinary shares) carried out by or on behalf of THL

Securities laws of certain jurisdictions may restrict THL's ability to allow participation by certain shareholders in future issues of securities (including shares) carried out by or on behalf of THL. In particular, holders of THL Shares who are located in the United States may not be able to participate in securities offerings by or on behalf of THL unless a Pre-listing Statement under the Securities Act, is effective with respect to such securities or an exemption from the registration requirements of the Securities Act is available thereunder.

Securities laws of certain other jurisdictions may also restrict THL's ability to allow the participation of all the THL Shareholders in such jurisdictions in future issues of securities carried out by THL. THL Shareholders who have a registered address or are resident in, or who are citizens of, countries other than South Africa should consult their professional advisers as to whether they require any governmental or other consent or approvals or need to observe any other formalities to enable them to participate in any offering of THL Shares.

Investors in the United States and other jurisdictions outside South Africa may have difficulty bringing actions, and enforcing judgments, against THL, its Directors and its executive officers based on the civil liabilities provisions of the federal securities laws or other laws of the United States or any state thereof or under the laws of other jurisdictions outside South Africa

THL is incorporated in South Africa, and its Directors and executive officers reside outside of the United States. Substantially all of the assets of these persons and all of the assets of THL are located outside the United States. As a result, it may not be possible for investors to enforce action against these persons or THL a judgment obtained in a United States court predicated upon the civil liability provisions of the federal securities or other laws of the United States or any state thereof. In addition, investors in other jurisdictions outside South Africa may face similar difficulties.

A foreign judgment is not directly enforceable in South Africa, but constitutes a cause of action which will be enforced by South African courts provided that:

- the court which pronounced the judgment had jurisdiction to entertain the case according to the principles recognised by South African law with reference to the jurisdiction of foreign courts;
- the judgment is final and conclusive (that is, it cannot be altered by the court which pronounced it);
- the judgment has not lapsed;
- the recognition and enforcement of the judgment by South African courts would not be contrary to public policy, including observance of the rules of natural justice which require that the documents initiating the proceedings outside South Africa were properly served on the defendant and that the defendant was given the right to be heard and represented by counsel in a free and fair trial before an impartial tribunal;

- the judgment does not involve the enforcement of a penal or revenue law; and
- the enforcement of the judgment is not otherwise precluded by the provisions of the Protection of Businesses Act, No. 99 of 1978, of South Africa, as amended.

5.3 Liquidity risk

Investors may face liquidity risk in trading THL Shares on the JSE

Although the THL Shares will be listed on the JSE, there is no guarantee that an active trading market for the THL Shares will develop and continue after the Listing. In addition, the JSE may prove to offer less liquidity than other internationally recognised stock exchanges. Historically, trading volumes and liquidity of shares listed on the JSE have been low in comparison with other major markets. If no active trading in the THL Shares develops and continues after the Listing, this could have an effect on the liquidity and market price of the THL Shares, and the ability of a THL Shareholder to sell a substantial number of THL Shares on the JSE in a timely manner, especially in a large block trade.

In addition, given the illiquid nature of property as an investment, THL may have difficulties divesting itself of certain assets. Under tight market conditions, THL may not be able to dispose of its assets at an opportune time or realise their fair value. This may affect the Group's liquidity and thus its ability to provide investors with regular income distributions.

5.4 Strategy and execution risk

THL may not pay Dividends or make similar payments to its shareholders in the future and any Dividend payments may be subject to Dividends Tax

THL may pay cash Dividends only if funds are available for that purpose. Whether funds are available depends on a variety of factors, including the amount of cash available and THL's capital expenditures (on both existing assets as well as on other projects) and other cash requirements existing at the time. Under South African law, THL will be entitled to pay a Dividend or similar payment to its shareholders only if it meets the Solvency and Liquidity Test and is permitted to do so in terms of the MOI. Given these factors (including the capital and investment needs of the business) and the Board's discretion to declare a Dividend (including the amount and timing thereof) cash Dividends or other similar payments may not be paid in the future. It should be noted that Dividends declared by South African resident companies and paid to Non-Resident shareholders are, generally, subject Dividends Tax at a rate of 20%.

The Directors recognise the importance of maintaining a transparent Dividend policy. However, there is no assurance that a Dividend will be paid in respect of any financial period, and any future Dividends will be a function of the profitability and return on equity of THL, the future organic or acquisitive growth strategies which require investment, the need to strengthen the balance sheet during periods of economic uncertainty and the Solvency and Liquidity Test.

THL Shares are subject to dilution upon the award of shares in terms of THL's share incentive schemes or issues of shares by the Board under their general authority

As of the date of this Pre-listing Statement, THL had an aggregate of 2 000 000 000 ordinary shares authorised to be issued and as of the Listing Date will have an aggregate of 1 060 895 712 ordinary shares in issue.

THL plans to implement the THL SAR Plan which will be authorised to issue up to 106 000 000 THL Shares to participants under that Plan (approximately 10% of the issued share capital of THL as at the Listing Date). No shares have yet been allocated under the THL SAR Plan, but shares are expected to be allocated once this Plan becomes effective, as set out in Annexure 17 of this Pre-listing Statement. Shareholders' equity interests in THL will be diluted to the extent of future exercises or settlements of rights under the THL SAR Plan and any additional rights. THL Shares are also subject to dilution in the event that the Board issues shares under its general authority to issue shares (which authority is limited to 5% of the issued stated capital of THL at the relevant time of issue and which authority shall only remain in place until the next AGM of THL and any such issue is otherwise subject to the Listings Requirements).

SOUTH AFRICAN TAX CONSIDERATIONS

From a South African tax perspective and in the context of Tsogo Sun and THL, an unbundling transaction is defined in section 46 of the Income Tax Act as a transaction in terms of which all of the equity shares of THL, which is a resident, that are held by Tsogo Sun, which is a resident, are distributed by Tsogo Sun to any shareholder of Tsogo Sun in accordance with the effective interest of that shareholder in the shares of Tsogo Sun. The Unbundling is to be effected in the ratio of one THL share for every Tsogo Sun share held at the close of business on the Record Date, subject to the rounding convention applied by the JSE.

In view of the fact that the shares in THL will be listed on the JSE prior to the Unbundling, section 46 of the Income Tax Act requires that the unbundled shares in THL constitute more than 25% of the equity shares in THL in the case where no other shareholder holds an equal or greater amount of equity shares in the unbundled company. Otherwise the minimum threshold is 35%. Given the fact that the THL Shares to be distributed by Tsogo Sun to the Tsogo Sun Shareholders will constitute all the issued shares of THL, the requirements of section 46 of the Income Tax Act will be met.

The distribution of the THL Shares to Tsogo Sun Shareholders will constitute a "dividend" as defined in the Income Tax Act and accordingly, such distribution will be subject to South African income tax in the hands of each Shareholder, unless the dividend is exempt from South African income tax. A dividend which is received by or accrues to any Shareholder during any year of assessment, is, generally, exempt from income tax.

The distribution of the unbundled THL Shares is disregarded in determining any liability for Dividends Tax. Accordingly, the distribution will not result in any liability for Dividends Tax.

The distribution of the unbundled THL Shares by Tsogo Sun will be disregarded by Tsogo Sun in determining its taxable income or assessed loss. On the basis that Tsogo Sun holds the Unbundled THL Shares as capital assets, the Unbundling will not attract CGT.

Each of the Tsogo Sun Shareholders is required to allocate a portion of the expenditure and any market value (being the market value adopted as at the valuation date value where the Tsogo Sun Shares are held as capital assets) attributable to the Tsogo Sun Shares to the THL Shares acquired in accordance with the apportionment ratio below. Furthermore, each such holder of Tsogo Sun Shares must reduce the expenditure and any market value attributable to the Tsogo Sun Shares by the amount so allocated to the THL Shares.

The portion of the expenditure and any market value of the Tsogo Sun Shares that should be allocated to the THL Shares distributed to a Tsogo Sun Shareholder is determined as the ratio of the closing price of the THL Shares on the Last Day to Trade + 1 to the sum of the closing price of the THL Shares and the Tsogo Sun Shares on the Last Day to Trade + 1. Tsogo Sun will inform the Tsogo Sun Shareholders of the apportionment ratio by way of an announcement to be released on SENS on the second business day after the Last Day to Trade.

This ratio must be used in the determination of any profits or losses derived on any future disposals of the Unbundled THL Shares or Tsogo Sun Shares for income tax or CGT purposes.

Tsogo Sun Shareholders will be deemed to have acquired the Unbundled THL Shares on the date on which the Tsogo Sun Shares were originally acquired.

Tsogo Sun Shareholders holding Tsogo Sun Shares as trading stock will be deemed to acquire the Unbundled THL Shares as trading stock.

Tsogo Sun Shareholders holding Tsogo Sun Shares as capital assets will be deemed to have acquired that Unbundled THL Shares as capital assets.

No STT is payable on the transfer of the THL Shares by Tsogo Sun to its shareholders in terms of the Unbundling.

The above summary is based on the laws in force and as applied in practice as at the date hereof and is subject to changes subsequent to such date. It is intended as a general guide only and is neither comprehensive nor determinative and should not be regarded as tax advice. Accordingly, Tsogo Sun Shareholders are advised to consult their professional advisers on the tax implications of the Unbundling.

Tsogo Sun has not attempted to qualify the Unbundling as a tax free transaction to shareholders in terms of the rule of any jurisdiction other than South Africa. Accordingly, the Unbundling of the THL Shares may constitute a taxable transaction in any such jurisdiction. Non-Resident shareholders are advised to consult their professional advisers as regards the tax treatment of the Unbundling in light of the tax laws in their respective jurisdictions and double taxation agreements concluded between South Africa and their countries of tax residence.

MATERIAL BORROWINGS

Details of material borrowings of the THL Group as at the Last Practicable Date:

Borrower	Loan	Type	Lender	Secured/ unsecured	Maturity	Base rate	Facility Rm	Utilised Rm	Details of repay-ments
Southern Sun Africa (N2)	Term loan 1	Bullet	ABSA (US Dollar based)	Secured	31-Mar-22	3M LIBOR plus 3.15%	420	420	N6
Southern Sun Africa (N2)	Term loan 2	Bullet	ABSA (US Dollar based)	Secured	31-Mar-21	3M LIBOR plus 2.95%	218	218	N6
Southern Sun Africa (N1) (N2)	Revolving Credit Facility	RCF	ABSA (US Dollar based)	Secured	20-Feb-20	3M LIBOR plus 2.30%	44	–	N1; N6; N7
Southern Sun Mozambique (N2)	Term loan 3	Bullet	Barclays Bank Mauritius Limited (US Dollar based)	Secured	31-Dec-21	3M LIBOR plus 2.95%	210	210	N6
Southern Sun Mozambique (N2)	Term loan 4	Bullet	Barclays Bank Mauritius Limited (US Dollar based)	Secured	31-Mar-22	3M LIBOR plus 2.95%	145	145	N6
Southern Sun Mozambique (N2)	Term loan 5	Bullet	Barclays Bank Mozambique (Mozambican Metical based)	Secured	31-Mar-22	Prime (in country)	102	46	N6
Ikoyi Hotels Limited (N2)	Term loan 6	Bullet	ABSA (US Dollar based)	Secured	31-Mar-22	3M LIBOR plus 3.15%	186	186	N6
Tsogo Sun Investments Proprietary Limited (N2)	Overnight loan facility	RCF	Nedbank Limited	Secured	364 days from listing date	SAFEX plus 1.15%	300	-	N9; N10
HPF Properties Proprietary Limited (N3)	Facility A	Bullet	SBSA	Secured	31-Jul-20	3M JIBAR plus 1.78%	550	550	N6
HPF Properties Proprietary Limited (N3)	Facility B	Bullet	SBSA	Secured	31-Jul-22	3M JIBAR plus 1.98%	500	500	N6
HPF Properties Proprietary Limited (N3)	Facility C	RCF	SBSA	Secured	31-Jul-20	Prime less 1.70%	500	–	N6

Borrower	Loan	Type	Lender	Secured/ unsecured	Maturity	Base rate	Facility Rm	Utilised Rm	Details of repay-ments
Hospitality Property Fund Limited (N3)	HPF06	Bullet	Listed corporate bond	Secured	20-Feb-20	3M JIBAR plus 2.80%	60	60	N1; N6; N8
Hospitality Property Fund Limited (N3)	HPF11	Bullet	Listed corporate bond	Secured	31-Mar-23	3M JIBAR plus 1.95%	600	600	N6
Hospitality Property Fund Limited (N3)	HPF12	Bullet	Listed corporate bond	Secured	31-Mar-24	3M JIBAR plus 1.60%	300	300	N6
HPF Properties Proprietary Limited (N3)	Interest rate derivative	Vanilla	ABSA	Unsecured	31-Mar-22	7.42%	300	300	N6
HPF Properties Proprietary Limited (N3)	Interest rate derivative	Vanilla	ABSA	Unsecured	30-Jun-22	7.24%	500	500	N6
HPF Properties Proprietary Limited (N3)	Interest rate derivative	Vanilla	Nedbank	Unsecured	31-Mar-23	7.16%	300	300	N6

Notes:

1. The Revolving Credit Facility from ABSA bank will be refinanced upon maturity, if not sooner, with the outstanding balance currently at Rnil. Should there be any balance outstanding, the balance will be settled through internally generated cash flows, i.e. profits achieved, within the Group. The HPF06 facility will be settled and refinanced through the issue of a new listed corporate bond or bank funding at the date of maturity by HPF. The only other payables during the next 12 months is the interest being accrued and these will be paid from internally generated cash/profits within the group. Payments to be done as and when required per the facility agreements. Other than as set out in this note, no other repayments will be due in the next 12 months.
2. Borrowings will be secured through a security Special Purpose Vehicle/Entity, Bowwood and Main No 294 (RF) Proprietary Limited. The security in place relates to the investment by Tsogo Sun Hotels Limited (THL) (or subsidiary) in Hospitality Property Fund Limited (HPF), i.e. the pledge of shares and a general notarial bond over the movable assets of THL and its subsidiaries, excluding HPF and the offshore properties. A cession in security over South African bank accounts and insurance policy will be in place.
3. Borrowings are secured through a security Special Purpose Vehicle/Entity, Hospitality Guarantee SPV (RF) Proprietary Limited. The security in place is the registered mortgage bonds over 50 hotel properties and a cession in security over bank accounts, insurance policies and lease agreements.
4. All of the above borrowings relate to the acquisition of hotel assets or an interest in a hotel business, unless otherwise indicated.
5. No conversion or redemption rights apply to any of the above.
6. Interest is payable on a quarterly basis through internally generated cash flows as required by the respective facility agreements. These are not amortised facilities and accordingly, there are no capital repayments. The capital amounts are all repayable on the maturity dates.
7. The Southern Sun Africa Revolving Credit Facility will be settled on 20 February 2020, if any balance is outstanding, through internally generated cash flows.
8. The listed corporate bond, HPF06, of R60 million, is expected to be refinanced through the issue of a new listed corporate bond.
9. Interest on the Overnight Loan Facility (ONL) will be settled with internally generated cash monthly, if any. Interest is calculated for the daily utilisation of this facility, if any.
10. The ONL will be settled, if any balance is outstanding, through internally generated cash flows. The ONL will also be rolled on an annual basis on the same terms.

THE SALIENT FEATURES OF THE THL SAR PLAN

Purpose

The THL SAR Plan aims to incentive, motivate and retain employees through regular, annual awards of rights to receive shares equal to the appreciation in the value of a certain number of THL shares over the vesting period ("**SARs**"). The vesting of SARs is subject to the satisfaction of the employment condition and may be subject to the satisfaction of performance condition(s). The exercise price will be adjusted to take into account dividends (being a distribution as defined in the Companies Act and includes dividends in cash or in specie and the unbundling of an asset or share) that have been declared and paid at the time of exercise.

The purpose of the THL SAR Plan is twofold, namely:

For new awards:

- To provide employees with the opportunity to receive shares in THL through the award of SARs, settled in THL Shares. The THL SAR Plan will be primarily used as an incentive to participants to deliver THL's business strategy over the long term; and
- To provide participants with the opportunity to share in the success of THL, recognising the contributions made by these employees and providing alignment between the participants and shareholders.

For replacement awards:

- As a result of the Unbundling, employees of THL were given the option to elect to exchange their rights held under the Tsogo Sun Long Term Incentive Scheme ("**Tsogo Sun LTI Scheme**") for replacement awards under the THL SAR Plan.
- The exchange and replacement is regulated under the rules of the Tsogo Sun LTI Scheme and the specifics will be confirmed in a replacement award letter provided to the participants.
- To ensure ease of administration and sound governance, following the Unbundling THL assumes the settlement of the replacement awards and the rules of the THL SAR Plan ("**SAR Plan Rules**") will therefore be used to facilitate this settlement. In addition, the ongoing administration of the replacement awards will be performed by the Board, on recommendation of the remuneration and nomination committee of THL ("**Remuneration Committee**") in terms of the SAR Plan Rules.

Participants

Eligible employees will include selected key senior employees of THL or any employer company within the THL Group.

Recommendations for participation will be made by the Remuneration Committee and approved by the Board.

Participation in the THL SAR Plan is not a condition of employment and the Remuneration Committee, with final approval of the Board, retains the absolute discretion regarding the making of an award to any employee in terms of the THL SAR Plan.

Instrument

Within 30 days of the exercise of SARs, THL or relevant employer company in the THL Group of which the participant is an employee, will procure the settlement of the number of THL Shares calculated as set out below. The number of THL Shares to be delivered to the participant will be calculated by reference to the formula:

$$A = \frac{(B - C) \times D}{E}$$

Where:

A = the number of THL Shares;

B = the exercise price;

C = the award price;

D = the number of SARs being exercised; and

E = the seven-day volume weighted average price of a Share on the JSE, as at the Business Day prior to the exercise date.

Replacement awards will be settled as set out in the replacement award letter. The total value of dividends (as described above) declared on one THL Share (i) in respect of awards, from the award date to the exercise date, (ii) in respect of replacement awards, from the conversion date to the exercise date, will be added to the exercise price of the award or replacement award ("B", in the above example).

Rights of participants

Under the THL SAR Plan, participants will not be entitled to any THL Shareholder rights before the settlement of the THL Shares. Settlement of SARs will only take place after exercise of that SAR.

Dividends will be added to the exercise price and settled on the settlement date when calculating the appreciation in value of a SAR.

Basis of awards and award levels

In line with the requirements of King IV and best practice, regular annual awards of SARs will be made to ensure long-term shareholder value creation.

The number of annual SARs awarded to participants will primarily be based on the participant's annual salary, grade, performance, retention and attraction considerations, as well as market benchmarks.

The award levels will be decided by the Board, on the recommendations of the Remuneration Committee each time that awards are granted, by taking into account the particular circumstances at that time e.g. company affordability, retention considerations and company performance. Annual allocations will be benchmarked and set to a market related level of remuneration whilst considering the overall affordability thereof to THL.

Performance conditions and vesting

SARs are subject to an inherent performance hurdle of the appreciation of the THL Share price over the award price over the duration of the vesting period. The SAR Plan Rules do provide that the Board, on recommendation of the Remuneration Committee may impose additional performance conditions to make targets even more stretching.

The Board, on recommendation of the Remuneration Committee, will set the appropriate performance conditions, performance periods, employment conditions and employment periods, as relevant for each award, taking into account the business environment at the time of making the awards, and where considered necessary, in consultation with THL Shareholders. These will be agreed with the participant in the award letter.

The employment condition is the requirement for continued employment of the participant by THL or a THL Group company for the duration of a specified number of years from the date of the award.

Manner of settlement

The SAR Plan Rules are flexible in order to allow for settlement using any of the following methods:

- by way of a market purchase of THL Shares;
- use of treasury shares; and
- issue of THL Shares.

The exact method of settlement will be determined by the Board on recommendation of the Remuneration Committee.

Limits and adjustments

The aggregate number of THL Shares which may be settled under the THL SAR Plan in respect of awards and replacement awards will not exceed 106 000 000 THL Shares ("Company Limit"), which equates to approximately 10% of the number of issued THL Shares as at the date of adoption of the THL SAR Plan by THL Shareholders.

THL Shares issued by THL or THL Shares held in treasury which are used to settle the SAR, will be included in the Company Limit. Awards or replacement awards made under the THL SAR Plan, which do not result in the settlement of THL Shares to a participant as a result of the forfeiture thereof, will be excluded in calculating the Company Limit. Similarly, any THL Shares purchased in the market in settlement of the THL SAR Plan will be excluded. The Remuneration Committee, with the approval of the Board, must, where required, adjust the Company Limit (without the prior approval of THL Shareholders in a general meeting), to take account of a sub-division or consolidation of the shares of THL.

The issue of THL Shares as consideration for an acquisition, and the issue of THL Shares for cash or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the Company Limit or to the Individual Limit referred to below. Awards under the THL SAR Plan which are not subsequently settled to a participant as a result of the forfeiture thereof will revert back to the THL SAR Plan.

The aggregate number of THL Shares which may at any one time be settled to any single participant holding an award or a replacement award will not exceed 30 000 000 THL Shares ("Individual Limit"), which equates to approximately 3% of the number of issued THL Shares at the date of adoption of the THL SAR Plan by THL Shareholders.

The Remuneration Committee may, where required, adjust the Individual Limit to take account of a capitalisation issue, a special distribution, a rights issue or reduction in capital of THL. Such adjustment should give a participant entitlement to the same proportion of equity capital as that to which he was previously entitled.

The auditors of THL, or other independent adviser acceptable to the JSE, shall confirm to the JSE in writing that any adjustment made in terms of this paragraph has been properly calculated on a reasonable and equitable basis, in accordance with the SAR Plan Rules and must be reported on in THL's financial statements in the year during which the adjustment is made.

Consideration

The participant will give no consideration for the award, exercise or settlement of SARs.

Termination of employment

Fault terminations

Participants terminating their employment due to misconduct, incapacity/poor performance, mutual separation, resignation or retirement before the retirement date will be classed as "Fault terminations".

- Termination before the vesting date: forfeiture of all awards and replacement awards.
- Termination after the vesting date but before the exercise date:
  - Due to resignation, mutual separation or retirement before the retirement date: all vested but unexercised SARs may be exercised on or before the date of termination. Failure to exercise will result in forfeiture.
  - Due to misconduct, incapacity/poor performance: all vested but unexercised SARs will immediately be forfeited.

No Fault terminations

Participants terminating their employment due to death, ill-health, injury or disability (as certified by a qualified medical practitioner), dismissal based on operation requirements as contemplated in the Labour Relations Act 66 of 1995, retirement on or after the retirement date or the company or undertaking by which he is employed, ceasing to be a member of the THL Group, will be classed as "No Fault terminations."

- Termination before the vesting date: awards and replacement awards will be accelerated and vest on the date of termination of employment. SARs that are subject to performance conditions will be adjusted to take account of the extent to which the performance conditions, where applicable, have been met. Subject to the overall SAR period, awards and replacement awards must be exercised within a period of 12 months following the early vesting date. SARs not exercised within this period will lapse.
- Termination after the vesting date but before the exercise date: Subject to the overall SAR period, awards and replacement awards must be exercised within a period of 12 months following the vesting date. SARs not exercised within this period will lapse.

Treatment of awards and replacement awards in exceptional circumstances

Where a participant's employment terminates before the vesting date, the Board, on recommendation of the Remuneration Committee has the absolute discretion to deem a Fault Termination due to mutual separation or retirement prior to the retirement date as a No Fault Termination.

Change of control

In the event of a change of control of THL occurring before the vesting date of any award, the full award will vest.

In the event of an award that is subject to performance condition(s), the award will be adjusted based on the extent to which the performance condition(s), have been met on such a date.

The portion of the award which does not vest as a result of the change of control due to performance condition(s), where applicable, not being met, will lapse.

Awards will not vest as a consequence of an internal reconstruction or similar event which is not a change of control as defined in the SAR Plan Rules. In this case the Remuneration Committee will recommend to the Board to make such adjustment to the number of awards or convert awards into awards in respect of shares in one or more of the other companies in the THL Group, provided the participants are no worse off.

Variation of share capital

In the event of a variation in share capital of THL such as a capitalisation issue, subdivision of shares, consolidation of shares etc., participants shall continue to participate in the THL SAR Plan. The Remuneration Committee may make such adjustment to the award or take such other action to place participants in no worse a position than they were prior to the happening of the relevant event and to ensure that the fair value of the award immediately after the event is materially the same as the fair value of the award immediately before the event.

The issuing of THL Shares as consideration for an acquisition, and the issuing of THL Shares or a vendor consideration placing will not be regarded as a circumstance that requires any adjustment to the awards.

Liquidation

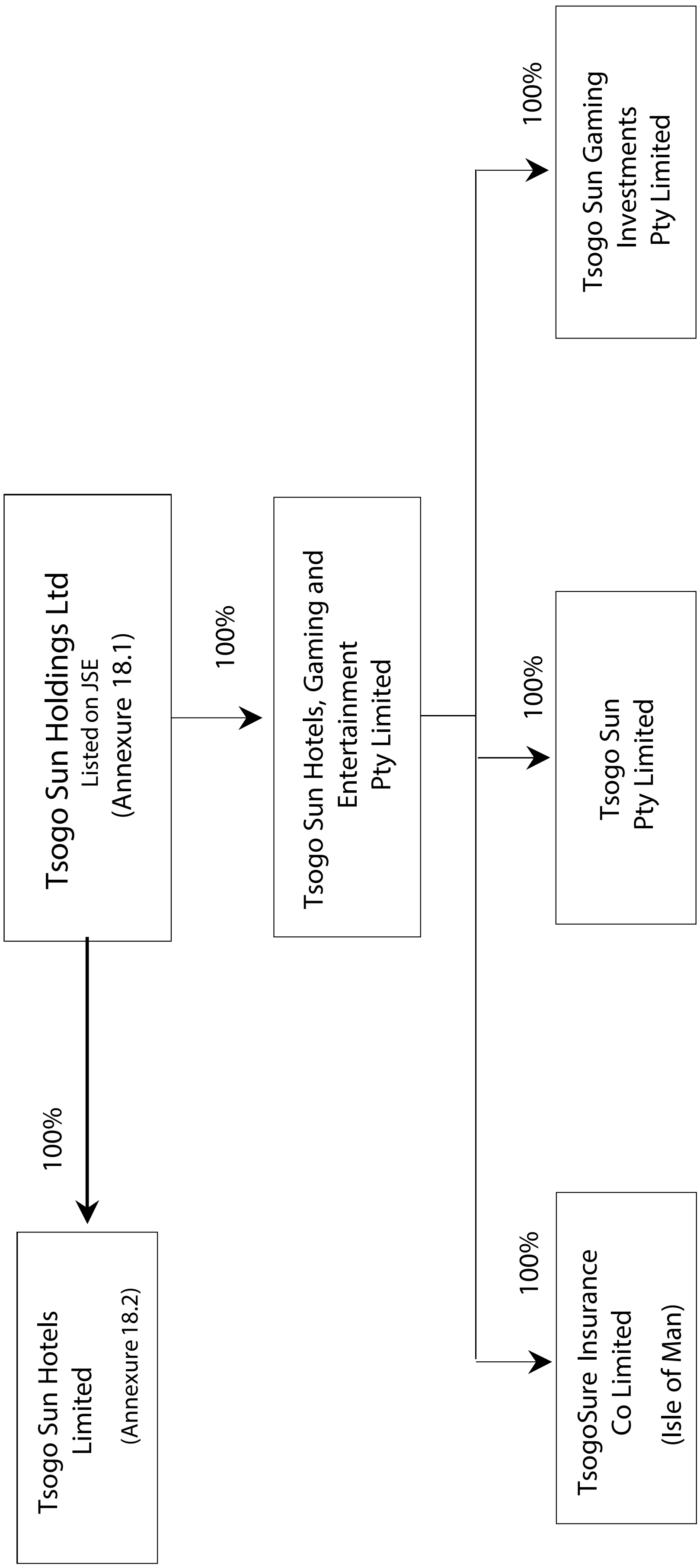
If THL is placed into liquidation for purposes other than reorganisation, an award or replacement award shall, ipso facto, lapse as from the liquidation date and any unvested SARs and vested but unexercised SARs shall lapse from the liquidation date.

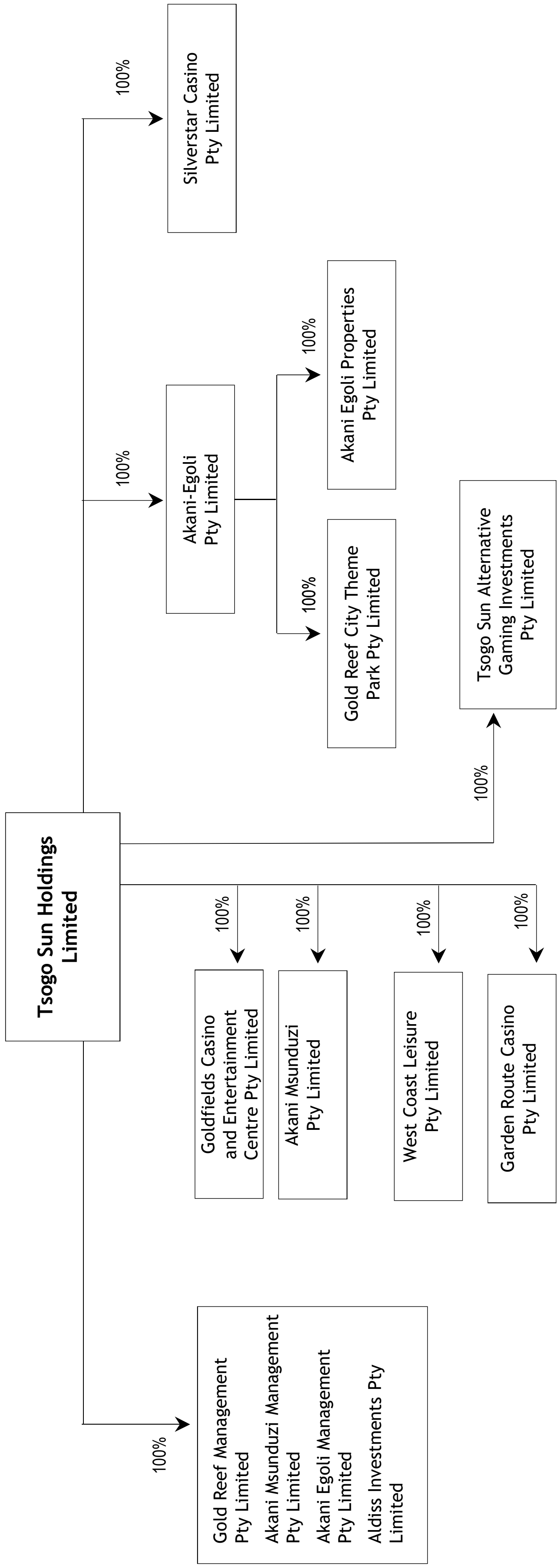
Amendment

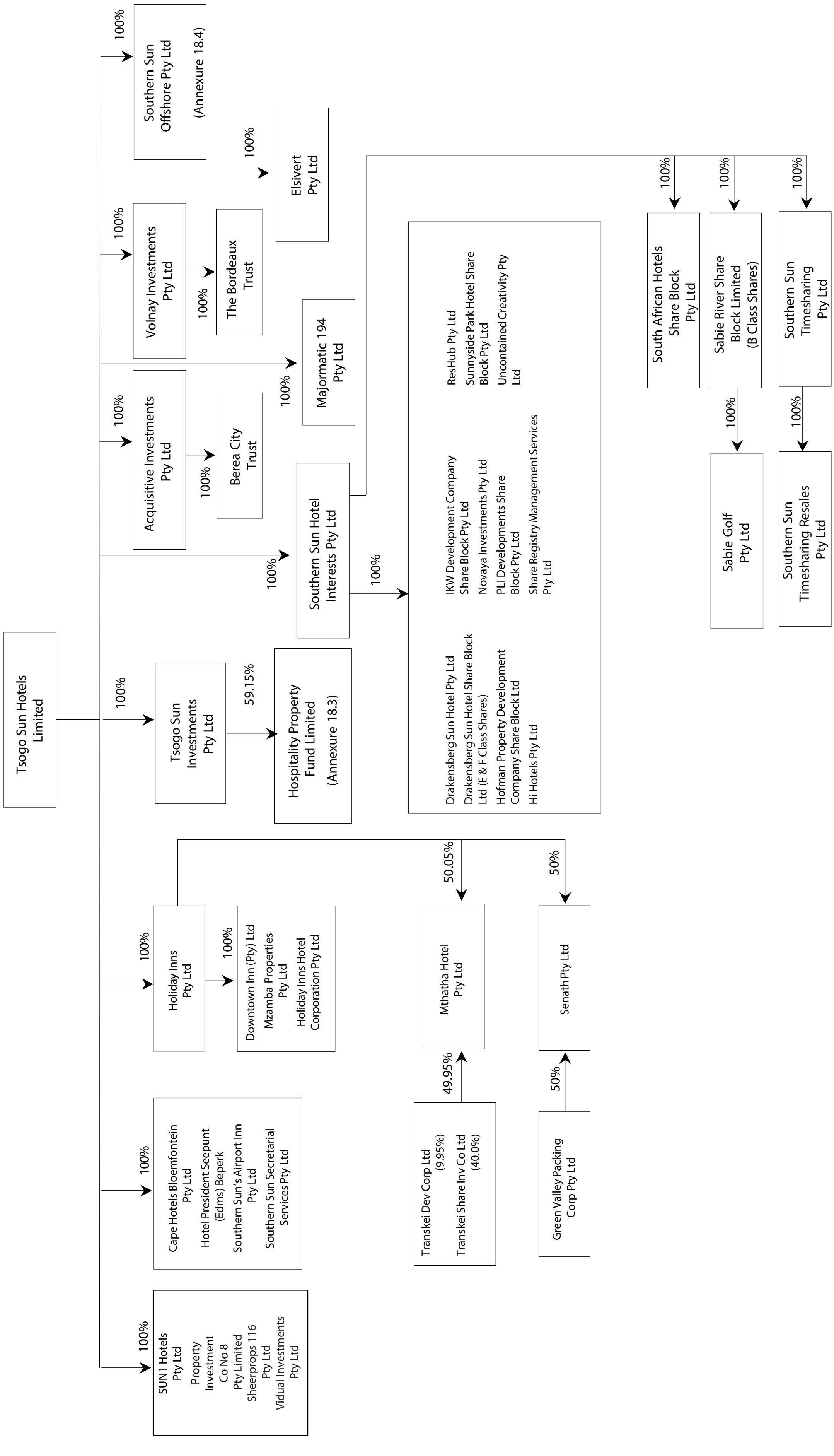
The Remuneration Committee may alter or vary the SAR Plan Rules as it sees fit, however in the following instances the SAR Plan Rules may not be amended without the prior approval of the JSE and a resolution by THL Shareholders exercising at least 75% of the voting rights exercised on such resolution:

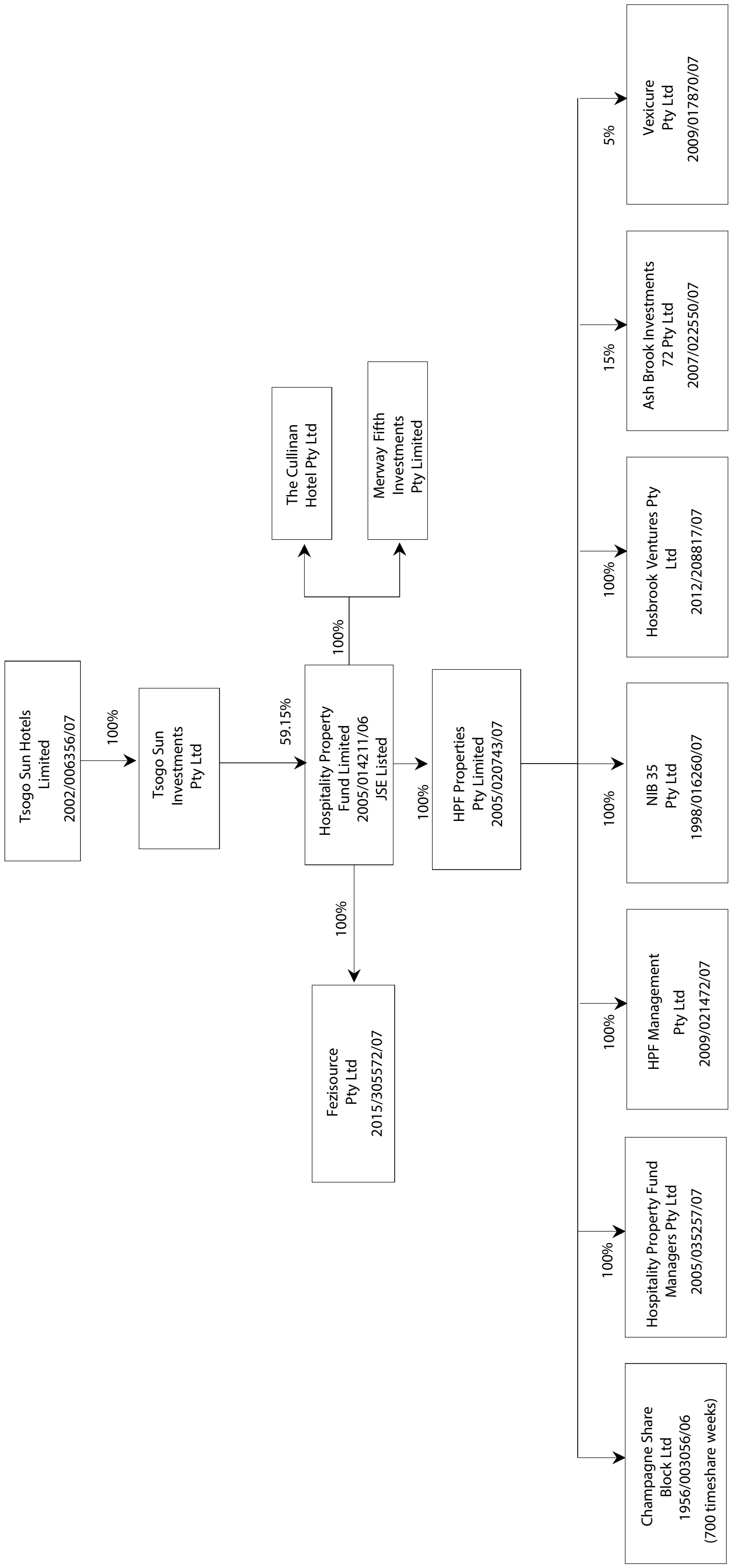
- the category of persons who are eligible for participation in the THL SAR Plan;
- the number of THL Shares which may be utilised for the purpose of the THL SAR Plan;
- the Individual Limits on benefits or maximum entitlements;
- the basis upon which awards are made;
- the amount payable upon the award, settlement or vesting of an award;
- the voting, dividend, transfer and other rights attached to the awards, including those arising on a liquidation of the THL;
- the adjustment of awards in the event of a variation of capital of the THL or a change of control of the THL; and
- the procedure to be adopted in respect of the vesting of awards in the event of termination of employment.

TSOGO SUN GROUP STRUCTURE PRIOR TO THE LISTING AND UNBUNDLING

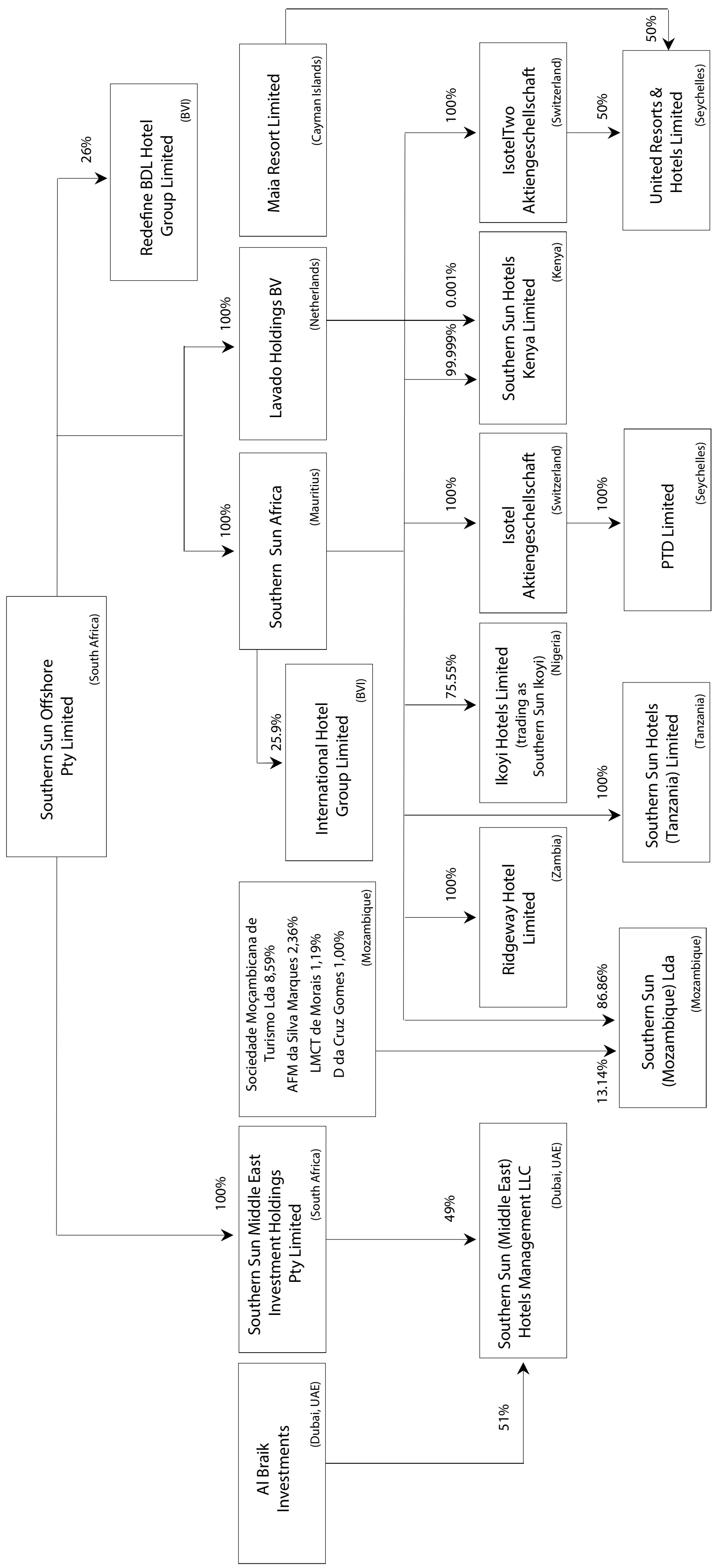



Tsogo Sun Holdings Limited
100%
Silverstar Casino Pty Limited
100%
Akani-Egoli Pty Limited
100%
Akani Egoli Properties Pty Limited
100%
Gold Reef City Theme Park Pty Limited
100%
Tsogo Sun Alternative Gaming Investments Pty Limited
100%
Goldfields Casino and Entertainment Centre Pty Limited
100%
Akani Msunduzi Pty Limited
100%
West Coast Leisure Pty Limited
100%
Garden Route Casino Pty Limited
100%
Gold Reef Management Pty Limited
Akani Msunduzi Management Pty Limited
Akani Egoli Management Pty Limited
Aldiss Investments Pty Limited


Tsogo Sun Hotels Limited
100%
Southern Sun Offshore Pty Ltd (Annexure 18.4)
100%
Elsivert Pty Ltd
100%
Volnay Investments Pty Ltd
100%
The Bordeaux Trust
100%
Majormatic 194 Pty Ltd
100%
Acquisitive Investments Pty Ltd
100%
Berea City Trust
100%
Southern Sun Hotel Interests Pty Ltd
100%
ResHub Pty Ltd
Sunnyside Park Hotel Share Block Pty Ltd
Uncontained Creativity Pty Ltd
IKW Development Company Share Block Pty Ltd
Novaya Investments Pty Ltd
PLI Developments Share Block Pty Ltd
Share Registry Management Services Pty Ltd
Drakensberg Sun Hotel Pty Ltd
Drakensberg Sun Hotel Share Block Ltd (E & F Class Shares)
Hofman Property Development Company Share Block Ltd
HI Hotels Pty Ltd
100%
South African Hotels Share Block Pty Ltd
100%
Sabie River Share Block Limited (B Class Shares)
100%
Sabie Golf Pty Ltd
100%
Southern Sun Timesharing Pty Ltd
100%
Southern Sun Timesharing Resales Pty Ltd
100%
Tsogo Sun Investments Pty Ltd
59.15%
Hospitality Property Fund Limited (Annexure 18.3)
100%
Holiday Inns Pty Ltd
100%
Downtown Inn (Pty) Ltd
Mzamba Properties Pty Ltd
Holiday Inns Hotel Corporation Pty Ltd
50.05%
Mthatha Hotel Pty Ltd
49.95%
Transkei Dev Corp Ltd (9.95%)
Transkei Share Inv Co Ltd (40.0%)
50%
Senath Pty Ltd
50%
Green Valley Packing Corp Pty Ltd
100%
Cape Hotels Bloemfontein Pty Ltd
Hotel President Seepunt (Edms) Beperk
Southern Sun's Airport Inn Pty Ltd
Southern Sun Secretarial Services Pty Ltd
100%
SUN1 Hotels Pty Ltd
Property Investment Co No 8 Pty Limited
Sheerprops 116 Pty Ltd
Vidual Investments Pty Ltd



Tsogo Sun Hotels Limited 2002/006356/07
100%
Tsogo Sun Investments Pty Ltd
59.15%
Hospitality Property Fund Limited 2005/014211/06 JSE Listed
100%
The Cullinan Hotel Pty Ltd
Merway Fifth Investments Pty Limited
100%
Fezisource Pty Ltd 2015/305572/07
100%
HPF Properties Pty Limited 2005/020743/07
Champagne Share Block Ltd 1956/003056/06 (700 timeshare weeks)
100%
Hospitality Property Fund Managers Pty Ltd 2005/035257/07
100%
HPF Management Pty Ltd 2009/021472/07
100%
NIB 35 Pty Ltd 1998/016260/07
100%
Hosbrook Ventures Pty Ltd 2012/208817/07
15%
Ash Brook Investments 72 Pty Ltd 2007/022550/07
5%
Vexicure Pty Ltd 2009/017870/07


Southern Sun Offshore Pty Limited (South Africa)
26%
Redefine BDL Hotel Group Limited (BVI)
Maia Resort Limited (Cayman Islands)
50%
100%
Lavado Holdings BV (Netherlands)
100%
Southern Sun Africa (Mauritius)
25.9%
International Hotel Group Limited (BVI)
100%
IsotelTwo Aktiengeschellschaft (Switzerland)
50%
United Resorts & Hotels Limited (Seychelles)
0.001%
99.999%
Southern Sun Hotels Kenya Limited (Kenya)
100%
Isotel Aktiengeschellschaft (Switzerland)
100%
PTD Limited (Seychelles)
75.55%
Ikoyi Hotels Limited (trading as Southern Sun Ikoyi) (Nigeria)
100%
Southern Sun Hotels (Tanzania) Limited (Tanzania)
100%
Ridgeway Hotel Limited (Zambia)
86.86%
13.14%
Southern Sun (Mozambique) Lda (Mozambique)
Sociedade Moçambicana de Turismo Lda 8,59%
AFM da Silva Marques 2,36%
LMCT de Morais 1,19%
D da Cruz Gomes 1,00%
(Mozambique)
100%
Southern Sun Middle East Investment Holdings Pty Limited (South Africa)
49%
Southern Sun (Middle East) Hotels Management LLC (Dubai, UAE)
51%
Al Braik Investments (Dubai, UAE)