

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and abbreviations commencing on page 8 of this Circular apply, *mutatis mutandis*, throughout this Circular including this cover page.

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

Action required

If you have disposed of all your Hospitality Linked Units, then this Circular should be handed to the purchaser of such Hospitality Linked Units or to the Broker, CSDP, banker or other agent through whom the disposal was effected.

Hospitality Linked Unitholders are referred to page 3 of this Circular, which sets out the actions required of them in respect of the Restructure.

Hospitality does not accept any responsibility and will not be held liable for any failure on the part of the CSDP or Broker of any Dematerialised Linked Unitholder to notify such holder of the contents of this Circular.



Hospitality Property Fund Limited

(Incorporated in the Republic of South Africa)

(Registration number: 2005/014211/06)

Share code for A linked units: HPA

ISIN for A linked units: ZAE000076790

Share code for B linked units: HPB

ISIN for B linked units: ZAE000076808

("Hospitality" or "the Company")

CIRCULAR TO HOSPITALITY LINKED UNITHOLDERS

relating to:

- **the restructuring of the Company's linked unit capital structure to a simple all share structure through the substitution of:**
 - **all the issued Hospitality A Linked Units for No Par Value A Shares (in the ratio of one No Par Value A Share per Hospitality A Linked Unit), resulting in Hospitality A Linked Unitholders becoming holders of No Par Value A Shares; and**
 - **all the issued Hospitality B Linked Units for No Par Value B Shares (in the ratio of one No Par Value B Share per Hospitality B Linked Unit), resulting in Hospitality B Linked Unitholders becoming holders of No Par Value B Shares,**
- each by way of a scheme of arrangement proposed by Hospitality in terms of sections 114 and 115 of the Act, and the subsequent cancellation and delisting of the Hospitality Linked Units;**
- **the creation of:**
 - **300 000 000 No Par Value A Shares;**
 - **300 000 000 No Par Value B Shares;**
- **the adoption of the New MOI to:**
 - **take account of the change in the Company's capital structure; and**
 - **remove the threshold age above which a person will automatically retire as a Director at the next annual general meeting, without being entitled to stand for re-election (being 70 years of age) and to provide instead for the annual retirement of Directors who are 70 years of age or older at the annual general meeting;**
- **general authorities to authorise issues and repurchases of No Par Value Shares; and**

and incorporating:

- **a notice convening the General Meeting of Hospitality Shareholders;**
- **a notice convening the General Meeting of Hospitality Debenture Holders;**
- **a form of proxy to vote at the General Meeting of Hospitality Shareholders (for use by Certificated Linked Unitholders and by Dematerialised Linked Unitholders who have elected own-name registration only);**

- a form of proxy to vote at the **General Meeting of Hospitality Debenture Holders (for use by Certificated Linked Unitholders and by Dematerialised Linked Unitholders who have elected own-name registration only)**;
 - a form of surrender (*yellow*) in respect of the substitution/exchange of Hospitality Linked Units for **No Par Value Shares (for use by Certificated Linked Unitholders)**;
 - a notification under section 164 of the Companies Act;
 - extracts of sections 115 and 164 of the Companies Act; and
 - a fair and reasonable opinion by the Independent Expert in terms of section 114(3) of the Companies Act and Companies Regulation 90.
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Independent Expert



**Corporate law and tax advisor and
trustee for Debenture Holders**



Date of issue: **1 July 2015**

*This Circular is available in English only. Copies of this Circular may be obtained during normal business hours from **1 July 2015** until **30 July 2015**, both days inclusive, from the registered offices of Hospitality at the address set out in the "Corporate Information" section of this Circular. The Circular will also be available in electronic form on Hospitality's website at www.hpf.co.za for the same period.*

CORPORATE INFORMATION

Company secretary and registered office of Hospitality

Laurinda Rosalind (Rosa) van Onselen
HPF Management (Proprietary) Limited
(Registration number 2009/021472/07)
The Zone
Phase 2
2nd Floor
Loft Offices East Wing
Corner Oxford Road and Tyrwhitt Avenue
Rosebank
Johannesburg, 2196
(PO Box 522195, Saxonwold, 2128)

Sponsor

Rand Merchant Bank,
(a division of FirstRand Bank Limited)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton, 2196
(PO Box 786273, Sandton, 2146)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor, 70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Corporate law and tax advisor and Trustee for Debenture Holders

Edward Nathan Sonnenbergs Inc.
(Registration number 2006/018200/21)
150 West Street
Sandown, 2196
(PO Box 783347, Sandton, 2146)

Independent Expert

Mazars South Africa
(Partnership practice number 900222)
Mazars House, 5 St Davids Place
Parktown, 2193
(PO Box 6697, Johannesburg, 2000)

Place and date of incorporation of Hospitality

Incorporated in South Africa on 10 May 2005

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ACTION REQUIRED BY HOSPITALITY LINKED UNITHOLDERS

If you have disposed of all your Hospitality Linked Units, then this Circular should be handed to the purchaser of such Hospitality Linked Units or to the Broker, CSDP, banker or other agent through whom the disposal was effected.

THE GENERAL MEETINGS

1. A general meeting of Hospitality Shareholders will be held at 10:00 on Thursday, 30 July 2015 at Hospitality's offices, The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, corner Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, to consider and, if deemed fit, approve the resolutions contained in the Notice of General Meeting of Hospitality Shareholders in respect of the Restructure and the General Authorities. A notice convening the General Meeting of Hospitality Shareholders is attached to and forms part of this Circular.
2. A general meeting of Hospitality Debenture Holders will be held at 10:30 on Thursday, 30 July 2015 (or immediately after the completion of the General Meeting of Hospitality Shareholders) at Hospitality's offices, The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, corner Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, to consider and, if deemed fit, approve the resolutions contained in the Notice of General Meeting of Hospitality Debenture Holders in respect of the Restructure. A notice convening the General Meeting of Hospitality Debenture Holders is attached to and forms part of this Circular.
3. Certificated Linked Unitholders and Dematerialised Linked Unitholders who have elected "own-name" registration in the sub-register of Hospitality maintained by a CSDP, who are unable to attend the General Meetings but who wish to be represented thereat, are requested to complete and return the attached proxy forms in accordance with the instructions contained therein. It is requested that duly completed proxy forms be received by the Transfer Secretaries by no later than 10:00 on Tuesday, 28 July 2015 in respect of the General Meetings.
4. Dematerialised Linked Unitholders who have not elected "own-name" registration in the sub-register of Hospitality maintained by a CSDP, and who wish to attend the General Meetings, must instruct their CSDP or Broker timeously in order that such CSDP or Broker may issue them with the necessary letters of representation.
5. Dematerialised Linked Unitholders who have not elected "own-name" registration in the sub-register of Hospitality maintained by a CSDP, and who do not wish to attend the General Meetings, should provide their CSDP or Broker with their instruction for attendance or voting at the relevant General Meeting in the manner stipulated in the agreement between the Linked Unitholders concerned and the CSDP governing the relationship between such Linked Unitholders and his CSDP or Broker. These instructions should be provided to the CSDP or Broker by the cut-off time and date advised by the CSDP or Broker for instructions of this nature.
6. Hospitality does not accept responsibility and will not be held liable for any failure on the part of the CSDP of a Dematerialised Linked Unitholder to notify such Linked Unitholder of the General Meetings or any business to be conducted thereat.

CERTIFICATED LINKED UNITHOLDERS – SURRENDER OF DOCUMENTS OF TITLE

1. In order to comply with the recently enacted Financial Markets Act, the No Par Value Shares may only be issued pursuant to the Restructure in dematerialised form. Certificated Linked Unitholders will therefore only receive statements (and not physical Documents of Title) and will be required to appoint a CSDP or broker so that Dematerialised Shares can be made available to them pursuant to the Restructure.
2. For assistance in opening such an account with any Brokers or CSDP's, Hospitality Linked Unitholders must please visit the website of the JSE (www.jse.co.za) or Strate Limited (www.strate.co.za/aboutstrate/participants) which will give you all the names and numbers of the CSDP's and members of the JSE who can assist with the opening of such share accounts. You will need to complete a custody mandate and provide FICA verification to your chosen Broker/CSDP – a process similar to opening a bank account.
3. Alternatively, Hospitality Linked Unitholders who do not wish to hold their No Par Value Shares in dematerialised form (and prefer to be recorded as Certificated Shareholders) will be afforded the option to "withdraw" their Dematerialised Shares and replace these with a physical Document of Title. For further information on "withdrawing" your Dematerialised Shares, please contact your CSDP or Broker and they will be able to assist and advise you on what you need to do.
4. Subject to the approval by Hospitality Linked Unitholders of the Restructure, it is necessary to recall Linked Unit certificates from Certificated Linked Unitholders in order to facilitate the No Par Value Shares being issued in dematerialised form as discussed above.

5. To expedite the abovementioned process, Certificated Linked Unitholders who anticipate the implementation of the Restructure, and who do not wish to deal in their existing Linked Units prior to the date of the General Meetings, are requested to surrender their original Linked Unit certificates (copies will not be accepted), under cover of the Form of Surrender provided in this Circular, to the Transfer Secretary (at the address set out in that form) prior to 10:00 on Tuesday, 28 July 2015. If Certificated Linked Unitholders have not surrendered their certificates and opened a CSDP account, such Certificated Linked Unitholders will have their No Par Value Shares credited to their CSDP account within 5 trading days on the JSE of the later of (i) the actual date of surrender or (ii) the date on which a valid CSDP account has been opened, subject to fulfilment of the Conditions Precedent to the Restructure.
6. Linked Unit certificates so received will be held in trust by the Transfer Secretary pending the Restructure being implemented.
7. On Thursday, 30 July 2015, the results of the General Meetings will be announced on SENS. Should the Restructure be approved and implemented, Certificated Linked Unitholders who have not already surrendered their Linked Unit certificates will be required to do so under the attached Form of Surrender which should be retained for that purpose as no further Form of Surrender will be circulated to Certificated Linked Unitholders. Additional copies may be requested from the Transfer Secretary at the registered address of the Transfer Secretary as disclosed in the Corporate Information section of this Circular.
8. In the event that the Restructure is not approved, Linked Unit certificates will be returned to Certificated Linked Unitholders, by registered post, at the risk of the recipient on or about Thursday, 6 August 2015.
9. In the case of the Certificated Linked Unitholders who wish to "withdraw" their Dematerialised Shares as provided for in paragraph 3 above and whose registered addresses in the Register are outside of the Common Monetary Area, or where the relevant Linked Unit certificates are restrictively endorsed in terms of the South African Exchange Control Regulations, the following will apply:
 - 9.1 for non-residents who are emigrants from the Common Monetary Area, the replacement Documents of Title will be sent to the Certificated Hospitality Shareholders' authorised dealer in foreign exchange in South Africa controlling their blocked assets; and
 - 9.2 for all other non-residents, the replacement Documents of Title will be restrictively endorsed "non-resident" in terms of the South African Exchange Control Regulations.

ELECTRONIC PARTICIPATION

1. The Company has made provision for Linked Unitholders or their proxies to participate electronically in the General Meetings by way of telephone conferencing. Should a Linked Unitholder wish to participate in the General Meetings by telephone conference call as aforesaid, the Linked Unitholder, or his/her/its proxy, will be required to advise the Company thereof by submitting by email to the company secretary at rosao@hpf.co.za or by fax to +27(0)11 994 6321 for the attention of Mrs Rosa van Onselen, relevant contact details, including an email address, cellular number and landline number, as well as full details of the Linked Unitholder's title to the Linked Units and proof of identity, in the form of certified copies of identity documents and Linked Units certificates (in the case of Certificated Linked Units) and (in the case of Dematerialised Linked Units) written confirmation from the Linked Unitholder's CSDP confirming the Linked Unitholder's title to the Dematerialised Linked Units, to reach the Company by no later than 10:00 on Tuesday, 28 July 2015. Upon receipt of the required information by the Company, the Linked Unitholder concerned will be provided with a secure code and instructions to access the electronic communication during the General Meetings. Linked Unitholders must note that access to the electronic communication will be at the expense of the Linked Unitholders who wish to utilise the facility.
2. Linked Unitholders and their appointed proxies attending the General Meetings by conference call will not be able to cast their votes at the General Meetings through this medium. Accordingly, Linked Unitholders making use of the electronic participation facility are requested to submit their forms of proxy to the Company, as directed in this Circular.

VOTING PROCEDURE AND QUORUM FOR HOSPITALITY SHAREHOLDERS

1. Whilst the General Meeting of Shareholders will comprise of a combined meeting of the holders of Hospitality A Shares and Hospitality B Shares, the quorum will be determined and voting will take place as if they were separate meetings of each class and the votes shall be counted separately in respect of each such class.
2. In terms of the MOI and schedule 10 of the Listings Requirements, the quorum for the General Meeting of Hospitality Shareholders is persons holding at least 25% of all voting rights that are entitled to be exercised on each resolution proposed to be passed at the General Meeting by holders of A Shares (but not less than three Hospitality

A Shareholders) and at least 25% of all voting rights that are entitled to be exercised on each resolution proposed to be passed at the General Meeting by holders of B Shares (but not less than three Hospitality B Shareholders), present in person or represented by proxy at the General Meeting.

3. Every A Linked Unitholder present in person or represented by proxy and entitled to vote shall, in his/her/its capacity as shareholder, on a show of hands, have only one vote irrespective of the number of Hospitality A Shares he/ she/ it holds or represents. On a poll, every A Linked Unitholder present in person or represented by proxy and entitled to vote, shall, in his/her/ its capacity as Hospitality A Shareholder, be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of all the Hospitality A Shares held by him/her/it bears to the aggregate amount of the nominal value of all the Hospitality A Shares issued by the Company.
4. Every B Linked Unitholder present in person or represented by proxy and entitled to vote shall, in his/her/its capacity as shareholder, on a show of hands, have only one vote irrespective of the number of Hospitality B Shares he/ she/it holds or represents. On a poll, every B Linked Unitholder present in person or represented by proxy and entitled to vote, shall, in his/her/ its capacity as Hospitality B Shareholder, be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of all the Hospitality B Shares held by him/her/it bears to the aggregate amount of the nominal value of all the Hospitality B Shares issued by the Company.

VOTING PROCEDURE AND QUORUM FOR HOSPITALITY DEBENTURE HOLDERS

1. Whilst the General Meeting of Debenture Holders will comprise of a combined meeting of the holders of Hospitality A Debentures and Hospitality B Debentures, the quorum will be determined and voting will take place as if they were separate meetings of each class and the votes shall be counted separately in respect of each such class.
2. In terms of the Debenture Trust Deed, read with the Act, the quorum for the General Meeting of Hospitality Debenture Holders is persons holding at least 25% of all voting rights that are entitled to be exercised on each resolution proposed to be passed at the General Meeting by holders of A Debentures (but not less than three Hospitality A Debenture Holders) and at least 25% of all voting rights that are entitled to be exercised on each resolution proposed to be passed at the General Meeting by holders of B Debentures (but not less than three Hospitality B Debenture Holders), present in person or represented by proxy at the General Meeting.
3. On a show of hands, every A Linked Unitholder who is present in person or as a representative of a company or other body corporate and is entitled to vote shall have one vote (irrespective of the number of Hospitality A Debentures held), and on a poll, every A Linked Unitholder present in person or as a representative of the aforesaid or by proxy and entitled to vote, shall have one vote for each Hospitality A Debenture of which he is the registered holder or representative.
4. On a show of hands, every B Linked Unitholder who is present in person or as a representative of a company or other body corporate and is entitled to vote shall have one vote (irrespective of the number of Hospitality B Debentures held), and on a poll, every B Linked Unitholder present in person or as a representative of the aforesaid or by proxy and entitled to vote, shall have one vote for each Hospitality B Debenture of which he is the registered holder or representative.

SALIENT DATES AND TIMES

2015

Record date to be sent Notices of General Meetings	Friday, 26 June
Circular posted to Linked Unitholders	Wednesday, 1 July
Detailed announcement released on SENS on	Wednesday, 1 July
Detailed announcement released in the press on	Thursday, 2 July
Last day to trade in order to be eligible to vote at the General Meetings	Friday, 17 July
Record date in order to be eligible to participate in and vote at the General Meetings ("Record Date")	Friday, 24 July
Last day to lodge proxy forms in respect of the General Meetings with the Transfer Secretaries by 10:00 on	Tuesday, 28 July
Last date for Linked Unitholders objecting to the Restructure to notify Hospitality of their objection ("Objecting Linked Unitholders") in terms of section 164(3) of the Act before 10:00	Thursday, 30 July
General Meeting of Hospitality Shareholders held at 10:00 on	Thursday, 30 July
General Meeting of Hospitality Debenture Holders held at 10:30 (or immediately after the conclusion of the General Meeting of Hospitality Shareholders)	Thursday, 30 July
Results of the General Meetings and finalisation announcement released on SENS on	Thursday, 30 July
Results of the General Meetings and finalisation announcement published in the South African press on	Friday, 31 July
Hospitality to send Objecting Linked Unitholders who qualify to receive same, notices of the adoption of the Substitution or adoption of the New MOI in terms of section 164(4) of the Act	Friday, 31 July
Last date for a Linked Unitholder who voted against the passing of the resolutions proposing the Substitution, to require Hospitality to apply to court for approval thereof, if 15% or more of the voting rights exercised were against the relevant resolutions, under section 115(3)(a) of the Act	Thursday, 6 August
Last date for Hospitality to apply to the court for approval of the Substitution in the event that sufficient objections thereto are received under section 115(3)(b) of the Act	Friday, 14 August
Expected finalisation date of the Restructure (see note 1)	Friday, 28 August
Last date for Objecting Hospitality Linked Unitholders who qualify to receive notice of the adoption of the Substitution or adoption of the New MOI in terms of section 164(4) of the Act, to deliver a written notice to Hospitality demanding Hospitality to pay the fair value of all Hospitality Linked Units held by such Linked Unitholders under section 164 of the Act (see note 2)	Tuesday, 1 September
Last date to trade in Hospitality Linked Units under the current ISIN number at the close of business on	Friday, 4 September
Listing of 300 000 000 No Par Value A Shares on the JSE, under share code HPA and new ISIN number ZAE000203022 and listing of 300 000 000 No Par Value B Shares on the JSE, under share code HPB and new ISIN number ZAE000203030, each at 09:00	Monday, 7 September
Suspension of Hospitality Linked Units on the JSE under the current ISIN number from commencement of trade	Monday, 7 September
Record date for the Restructure	Friday, 11 September

Termination of Hospitality Linked Units at the commencement of business on	Monday, 14 September
Updating of dematerialised Hospitality Shareholders' accounts and posting of statements to Hospitality Shareholders who held Certificated Linked Units prior to implementing of the Restructure	Monday, 14 September

Notes:

1. The above dates and times are subject to change. Any material changes will be released on SENS and in the South African press. It should be noted that if the Restructure is approved at the General Meetings it is still required to be implemented through certain filings at the CIPC. Hospitality does not have control over the timing and processes at the CIPC.
2. This date applies to Objecting Hospitality Linked Unitholders who qualify to receive notice of the adoption of the Substitution or adoption of the New MOI in terms of section 164(4) of the Act, who actually receive notice on Friday, 31 July 2015. The date applicable to any specific Objecting Hospitality Linked Unitholder should be determined in terms of section 164(7).
3. All times quoted in this Circular are local times in South Africa.
4. If the General Meetings are adjourned or postponed, proxy forms submitted for the initial General Meetings will remain valid in respect of any adjournment or postponement of the General Meetings, unless such proxy forms are revoked or the proxy appointments suspended.
5. In order to comply with the recently enacted Financial Markets Act, the No Par Value Shares may only be issued pursuant to the Restructure in dematerialised form. Certificated Linked Unitholders will therefore only receive statements (and not physical Documents of Title) and will be required to appoint a CSDP or broker so that Dematerialised Shares can be made available to them pursuant to the Restructure.

DEFINITIONS AND ABBREVIATIONS

In this Circular, unless otherwise stated or the context otherwise indicates, the words in the first column shall have the meanings stated opposite them in the second column and words in the singular shall include the plural and vice versa. Words importing natural persons shall include corporations and associations of persons and an expression denoting any gender shall include the other genders:

“A Debenture”	an unsecured subordinated variable rate A debenture having a nominal value of 940 cents and which is indivisibly linked to an A Share to form a Hospitality A Linked Unit;
“A Share”	an ordinary A share in the issued ordinary share capital of Hospitality with a par value of 0.0001 cents, which is indivisibly linked to an A Debenture prior to the Restructure, to form an A Linked Unit;
“A Linked Unit” or “Hospitality A Linked Unit”	one A Share that is indivisibly linked to one A Debenture prior to the Restructure, trading as a linked unit on the JSE;
“A Linked Unitholder” or “Hospitality A Linked Unitholder”	the holder of an A Linked Unit;
“Act” or “Companies Act”	the Companies Act, No. 71 of 2008, as amended, including, where applicable, the Companies Regulations;
“Companies Regulations”	the regulations made under the Companies Act;
“B Debenture”	an unsecured subordinated variable rate B debenture having a nominal value of 940 cents and which is indivisibly linked to a B Share to form a Hospitality B Linked Unit;
“B Share”	an ordinary B share in the issued ordinary share capital of Hospitality with a par value of 0.0001 cents, which is indivisibly linked to a B Debenture prior to the Restructure, to form a B Linked Unit;
“B Linked Unit” or “Hospitality B Linked Unit”	one B Share that is indivisibly linked to one B Debenture prior to the Restructure, trading as a linked unit on the JSE;
“B Linked Unitholder” or “Hospitality B Linked Unitholder”	the holder of a B Linked Unit;
“Board” or “Directors”	the board of directors of Hospitality, being as at the Last Practicable Date, as set out on page 12 of this Circular;
“Broker”	any person registered as a broking member (equities) in terms of the rules of the JSE made in accordance with the provisions of the FMA;
“cent”	one-hundredth of a Rand;
“Certificated Linked Unitholders”	holders of Certificated Linked Units;
“Certificated Linked Units”	Hospitality Linked Units which are not Dematerialised Linked Units, title to which is evidenced by physical Documents of Title;
“CIPC”	the Companies and Intellectual Property Commission;
“Circular”	this circular, dated 1 July 2015, and the annexures hereto, including the attached Notices of General Meetings, proxy forms and Form of Surrender;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Company Secretary and Registered Office”	Laurinda Rosalind (Rosa) van Onselen, HPF Management (Proprietary) Limited, (Registration number 2009/021472/07), The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, corner Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196

“Conditions Precedent”	the conditions precedent to the Restructure and the General Authorities, as set out in clause 9 of this Circular;
“CSDP”	Central Securities Depository Participant as defined in section 1 of the FMA appointed by a holder of securities for the purposes of, and in regard to, the conversion of security certificates or other documents of title to an electronic form for the purposes of incorporation into the Strate system;
“Custody Agreement”	a custody mandate agreement between a person and a CSDP or Broker, regulating their relationship in respect of Dematerialised Linked Units held on Hospitality’s uncertificated securities register administered by a CSDP or Broker on behalf of that person;
“Debentures” or “Hospitality Debentures”	collectively, the A Debentures and the B Debentures, or either of them, as the context may require;
“Debenture Trust Deed”	the principal debenture trust deed, together with the supplemental deeds thereto, entered into between Hospitality and the Trustee for the Debenture Holders to govern the issue of and terms relating to the Debentures in the Company;
“Dematerialised Linked Unit”	an A Linked Unit or B Linked Unit incorporated into the Strate system, title to which is not represented by a Document of Title and which is recorded in a sub-register of Linked Unitholders maintained by a CSDP or the Transfer Secretary;
“Dematerialised Linked Unitholder”	holders of Dematerialised Linked Units recorded as such in the Register;
“Dematerialised Share”	a Share or No Par Value Share incorporated into the Strate system, title to which is not represented by a Document of Title and which is recorded in a sub-register of Hospitality Shareholders maintained by a CSDP or the Transfer Secretary;
“Documents of Title”	securities certificates, certified transfer deeds, balance receipts or any other Documents of Title to Linked Units, Shares or No Par Value Shares, as the case may be;
“Exchange Control”	the Exchange Control Regulations made in terms of section 9 of the Currency and Exchanges Act, Act No. 9 of 1933, as amended;
“Financial Markets Act” or “FMA”	the Financial Markets Act, No. 19 of 2012, as amended;
“Form of Surrender”	the form of surrender (<i>yellow</i>) attached to this Circular;
“General Authorities”	collectively, the general authority proposed to be afforded to the Directors to allot and issue a portion of the No Par Value Shares and the general authority for the Company and/or a subsidiary of the Company to repurchase a portion of the No Par Value Shares in issue, each as discussed more fully in paragraph 6 of this Circular;
“General Meetings”	collectively, the General Meeting of Hospitality Debenture Holders and the General Meeting of Hospitality Shareholders;
“General Meeting of Hospitality Debenture Holders”	the general meeting of Hospitality Debenture Holders to be held at 10:30 on Thursday, 30 July 2015 (or immediately following the General Meeting of Hospitality Shareholders) at Hospitality’s offices, The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, corner Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, to consider and, if deemed fit, approve the resolutions contained in the Notice of General Meeting of Hospitality Debenture Holders;

“General Meeting of Hospitality Shareholders”	the general meeting of Hospitality Shareholders to be held at 10:00 on Thursday, 30 July 2015 at Hospitality’s offices, The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, corner Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, to consider and, if deemed fit, approve the resolutions contained in the Notice of General Meeting of Hospitality Shareholders;
“Hospitality” or “the Company”	Hospitality Property Fund Limited (registration number 2005/014211/06), a public company duly incorporated in accordance with the laws of the RSA, the A Linked Units of which are listed on the JSE under code HPA and the B Linked Units of which are listed on the JSE under the code HPB;
“Hospitality Debenture Holder”	a holder of a Debenture;
“Hospitality Group”	Hospitality and its subsidiaries;
“Hospitality Linked Unitholders” or “Linked Unitholders”	collectively, the holders of Hospitality A Linked Units and Hospitality B Linked Units, or either of them as the context may require;
“Hospitality Shareholder”	a holder of a Share or No Par Value Share;
“Income Tax Act”	the Income Tax Act, No. 58 of 1962 as amended from time to time;
“Independent Expert on the Substitution”	Mazars South Africa, an unincorporated partnership (partnership practice number 900222), acting as independent expert in terms of section 114 of the Act;
“IFRS”	International Financial Reporting Standards;
“JSE”	JSE Limited (Registration number 2005/022939/06), a public company duly incorporated in accordance with the laws of the RSA, and licensed as an exchange under the FMA;
“Last Practicable Date”	the last practicable date prior to the finalisation of this Circular, being Friday, 26 June 2015;
“Listings Requirements”	the Listings Requirements of the JSE in force as at the Last Practicable Date;
“MOI”	Hospitality’s memorandum of incorporation as at the date of this Circular, the full version being available for inspection at the registered offices of Hospitality (the address of which is set out in the Corporate Information section of this Circular) and may be also accessed on Hospitality’s website, www.hpf.co.za from the date of posting of this Circular until the date of the General Meetings;
“New MOI”	Hospitality’s new memorandum of incorporation, proposed to be adopted in accordance with the Act, extracts of which are included in Annexure A to this Circular and the full version of which is available for inspection at the registered offices of Hospitality (the address of which is set out in the Corporate Information section of this Circular) and may be also accessed on Hospitality’s website, www.hpf.co.za from the date of posting of this Circular until the date of the General Meetings;
“Notices of General Meetings”	collectively, the Notice of General Meeting of Hospitality Shareholders and Notice of General Meeting of Hospitality Debenture Holders;
“Notice of General Meeting of Hospitality Debenture Holders”	the Notice of the General Meeting of Hospitality Debenture Holders, which is attached to and forms part of this Circular;
“Notice of General Meeting of Hospitality Shareholders”	the Notice of the General Meeting of Hospitality Shareholders, which is attached to and forms part of this Circular;
“No Par Value A Share”	an ordinary A share in the issued ordinary share capital of Hospitality of no par value, having the rights and other terms as set out in the New MOI;
“No Par Value B Share”	an ordinary B share in the issued ordinary share capital of Hospitality of no par value, having the rights and other terms as set out in the New MOI;

“No Par Value Shares”	collectively, the No Par Value A Shares and No Par Value B Shares, or other of them as the context may require;
“Rand” or “R”	South African Rand, the official currency of South Africa;
“Record Date”	the date that Linked Unitholders are required to be registered as such on the Register in order to be eligible to participate in and vote at the General Meetings in respect of the resolutions to be proposed thereat (anticipated to be Friday, 24 July 2015);
“Register”	Hospitality’s securities register, including all uncertificated securities registers;
“REIT”	a Real Estate Investment Trust, which is an issuer which receives REIT status both in terms of the Listings Requirements and qualifies as such in terms of the Income Tax Act;
“Restructure”	collectively, the Substitution, the creation of 300 000 000 No Par Value A Shares and 300 000 000 No Par Value B Shares and the adoption of the New MOI;
“RSA” or “South Africa”	the Republic of South Africa;
“SENS”	the Stock Exchange News Service of the JSE;
“Shares”	collectively, the A Shares and the B Shares, or either of them, as the context may require;
“Strate”	the settlement and clearing system used by the JSE, managed by Strate Limited (Registration number 1998/022242/06), a public company duly incorporated in accordance with the laws of the RSA;
“Substitution”	subject to the fulfilment or, where applicable, waiver of the Conditions Precedents, the restructuring of the Company’s linked unit capital structure to a simple all share structure, in terms of section 43 of the Income Tax Act, through the substitution of (i) all the issued Hospitality A Linked Units for No Par Value A Shares (in the ratio of one No Par Value A Share per Hospitality A Linked Unit), resulting in Hospitality A Linked Unitholders becoming holders of No Par Value A Shares and (ii) all the issued Hospitality B Linked Units for No Par Value B Shares (in the ratio of one No Par Value B Share per Hospitality B Linked Unit), resulting in Hospitality B Linked Unitholders becoming holders of No Par Value B Shares, each by way of a scheme of arrangement proposed by Hospitality in terms of sections 114 and 115 of the Act, and the subsequent cancellation and delisting of the Hospitality Linked Units;
“Transfer Secretary” or “Computershare”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company incorporated in accordance with the laws of the RSA, with a registered address of Ground Floor, 70 Marshall Street, Johannesburg, 2001, being the transfer secretary of Hospitality;
“TRP”	the Takeover Regulation Panel established under section 196 of the Act;
“Trustee for the Debenture Holders” or “Corporate Law and Tax Advisor and Trustee for the Debenture Holders”	Edward Nathan Sonnenbergs Incorporated (Registration number 2006/018200/21), a personal liability company duly incorporated in accordance with the laws of the RSA;

A reference in this Circular to a numbered annexure is a reference to an annexure to this Circular.



Hospitality Property Fund Limited

(Incorporated in the Republic of South Africa)

(Registration number: 2005/014211/06)

Share code for A-linked units: HPA

ISIN for A linked units: ZAE000076790

Share code for B-linked units: HPB

ISIN for B linked units: ZAE000076808

("Hospitality" or "the Company")

Directors of Hospitality

Donald George Bowden (*Chairman*) **

Ridwaan Asmal (*Acting CEO/Financial Director*)

Willhelm Christian Ross **

Linda de Beer **

Zuku Ntsele Kubukeli **

Sydney Arnold Halliday **

Zola Nwabisa Ntwasa **

Gerald Alan Nelson #

* *Independent*

Non-executive

CIRCULAR TO HOSPITALITY LINKED UNITHOLDERS

I. INTRODUCTION AND RATIONALE

- I.1 The Company was awarded REIT status by the JSE with effect from 1 July 2013. In order to maintain its REIT status and ensure that it may continue to benefit from the tax efficiencies granted to REITs as set out in section 25BB of the Income Tax Act, the Company is required to comply with section 13 of the Listings Requirements.
- I.2 The JSE has granted REIT companies dispensation until 1 July 2015 to comply with the gearing requirement of section 13 of the Listings Requirements that the total consolidated IFRS liabilities of a REIT may not exceed 60% of its consolidated IFRS assets. The JSE has extended the dispensation granted to Hospitality until 30 September 2015, subject to shareholder approval. In this regard, the JSE agreed to the exclusion of the existing Debentures issued as part of Hospitality's Linked Units and the related premium from its liabilities for the purposes of the gearing test. However, after the dispensation ceases to apply, the gearing calculation must be based on the total consolidated liabilities as reflected in the IFRS financial statements, which would result in the subordinated Debentures being included in the calculation of Hospitality's total consolidated IFRS liabilities, should they remain in issue. As at the Last Practicable Date, Hospitality's ratio of total consolidated IFRS liabilities to its total consolidated assets is 83%. Hospitality therefore proposes the Restructure, so that the Hospitality Debentures may be cancelled before 30 September 2015, in order for the Fund to remain within the prescribed REIT gearing limitations.
- I.3 The Board accordingly proposes that Hospitality's linked unit capital structure be restructured to a share only structure through the implementation of the Restructure, which comprises the following inter-related corporate actions:
 - I.3.1 the Substitution;
 - I.3.2 the creation of:
 - I.3.2.1 300 000 000 No Par Value A Shares;
 - I.3.2.2 300 000 000 No Par Value B Shares;

- 1.3.3 the adoption of the New MOI to take account of the change in the Company's capital structure.
- 1.4 Immediately following the Restructure, Hospitality's ratio of total consolidated IFRS liabilities to its total consolidated assets will reduce from 83% to 37%, meaning that Hospitality will meet the REIT gearing requirements and as a result be able to maintain its REIT status.
- 1.5 The Restructure also has the benefit that it would not be necessary to amend the rights of the Hospitality Shares (to set out the distribution rights that currently attach to the Hospitality Debentures), nor to convert Hospitality's share capital, currently comprising of par value shares, into no par value shares, in order to take account of the changes to the company law regime, whereby there is a move away from the par value system so that, amongst others, companies (other than banks) can no longer increase their authorised share capital by the creation of new par value shares and would have to convert their par value shares to no par value shares if they needed to create more shares.
- 1.6 A general authority, which was granted to Directors at Hospitality's Annual General Meeting in December 2014, but which authority was in respect of linked units as opposed to shares, is proposed to be again afforded to the Directors, so that they may allot and issue a portion of the authorised No Par Value Shares that will remain unissued following the Restructure, thereby enabling the Company to act promptly on any business opportunities that may arise, through the issue of No Par Value Shares as whole or part consideration. Furthermore, the existing general authority for the Company and its subsidiaries to repurchase or purchase, as the case may be, securities in the Company, which is limited to the repurchase of Shares, is proposed to be replaced by a new general authority as relating to the No Par Value Shares. The General Authorities are discussed more fully in paragraph 6 of this Circular.

2. THE MECHANICS OF THE RESTRUCTURE

2.1 The Substitution

- 2.1.1 Subject to the fulfilment or, where appropriate, waiver of the Conditions Precedent, the Substitution will be implemented by way of schemes of arrangement proposed between Hospitality and Linked Unitholders in respect of the Debentures and Shares in terms of sections 114 and 115 of the Companies Act.
- 2.1.2 Through the Substitution, all the issued Hospitality A Linked Units will be substituted with No Par Value A Shares (in the ratio of one No Par Value A Share per Hospitality A Linked Unit), resulting in Hospitality A Linked Unitholders becoming holders of No Par Value A Shares and all the issued Hospitality B Linked Units will be substituted for No Par Value B Shares (in the ratio of one No Par Value B Share per Hospitality B Linked Unit), resulting in Hospitality B Linked Unitholders becoming holders of No Par Value B Shares.
- 2.1.3 Subsequent to the Substitution, the Hospitality Linked Units will be cancelled and delisted. Furthermore, the Debenture Trust Deed, which sets out the rights attributable to the Debentures, will be cancelled and the New MOI, containing the respective rights and other terms associated with No Par Value A Shares and No Par Value B Shares, will come into force. Extracts from the New MOI are set out in Annexure A to this circular.
- 2.1.4 The Substitution is required in terms of section 115 of the Companies Act to be approved by way of a special resolution of each class of Hospitality Shareholders and Hospitality Debenture Holders. These scheme resolutions are set out in the Notice of General Meeting of Hospitality Shareholders and Notice of General Meeting of Hospitality Debenture Holders. The scheme resolutions are inter-conditional upon the passing of each of the other of them.
- 2.1.5 In terms of section 114 of the Act, Hospitality is required to retain an independent expert to report to the Board concerning the schemes of arrangement and such report is also required to be distributed to Linked Unitholders. The Directors have appointed the Independent Expert to compile an independent fair and reasonable opinion on the Substitution, as required in terms of section 114 of the Companies Act. The Independent Expert has concluded that the terms of the Substitution, as applicable, are fair and reasonable to Hospitality Linked Unitholders. The report of the Independent Expert is set out in Annexure B to this Circular.
- 2.1.6 Extracts of section 115 and 164 of the Companies Act, which accompany the Independent Expert report, are set out in Annexure D to this Circular. In this regard specific reference is made to section 115(8), in terms whereof a Hospitality Linked Unitholder is entitled to seek relief in terms of section 164 of the Act.

- 2.1.7 The Company confirms that the consideration for the Substitution, being the No Par Value Shares to be issued, will be issued in full compliance with the terms of the Substitution without regard to any lien, right of set-off, counterclaim or other analogous right to which Hospitality may otherwise be, or claim to be, entitled against any Linked Unitholder.
- 2.1.8 Should the Restructure become unconditional, Hospitality will, in compliance with Companies Regulation 101(7)(vii), have sufficient authorised No Par Value Shares available to implement the Substitution.
- 2.1.9 The TRP has issued a compliance certificate under section 121 of the Act, in respect of the Substitution, except that it had granted Hospitality exemption from complying with the requirements for financial disclosure set out in regulation 106(6)(d)(i) and (ii) of the Companies Regulations.
- 2.1.10 The right of Linked Unitholders to receive No Par Value Shares pursuant to the Substitution will be rights enforceable by them against the Company only.

2.2 Implementation of Restructure

- 2.2.1 The No Par Value A Shares will be listed on the JSE under the existing share code, HPA, and new ISIN ZAE000203022 and the No Par Value B Shares will be listed on the JSE under the existing share code, HPB, and new ISIN ZAE000203030, in the place of the Linked Units, after the Restructure has become unconditional and effective.
- 2.2.2 It is anticipated that the Restructure will become effective shortly after the Conditions Precedent have been fulfilled or, where applicable, waived. Since certain of the Conditions Precedent relate to and are dependent upon approvals to be obtained from the CIPC, over which process Hospitality has no control, Hospitality is unable to indicate with certainty when the Restructure will take effect, but assuming that no court approval or review will be required to the Restructure, it is anticipated that the Restructure may take effect on or about Friday, 28 August 2015. In the light thereof that the tax dispensation in respect of the holders of securities in a REIT already applies to Linked Unitholders (subject to Hospitality maintaining its REIT status), the Directors do not foresee that there should be an adverse impact upon Linked Unitholders in terms of it not being possible to provide a more accurate effective date of the Restructure.

3. TAXATION IMPLICATIONS FOR THE SUBSTITUTION

- 3.1 This paragraph contains a high level summary of the tax implications of the Substitution for Linked Unitholders. This tax analysis is however not comprehensive or determinative and does not take account of individual circumstances of Linked Unitholders which could affect the tax consequences. Linked Unitholders are accordingly advised to consult their professional adviser about their individual tax positions regarding the Substitution.
- 3.2 The Substitution has been structured as a substitutive share-for-share transaction in terms of section 43 of the Income Tax Act in order that Linked Unitholders will be afforded roll-over relief on the Substitution and not suffer any tax consequences as a result thereof, by reason of section 43 making provision for the following deeming provisions:
 - 3.2.1 if the Linked Unit is held as an asset as defined in paragraph 1 of the Eighth Schedule of the Income Tax Act, which does not constitute trading stock ("Capital Asset"), the Linked Unitholder concerned will be treated as:
 - 3.2.1.1 having disposed of that Linked Unit for an amount equal to the base cost thereof; and
 - 3.2.1.2 having acquired the No Par Value Share on the latest date on which that person acquired any Linked Unit and for a value equal to the value referred to in 3.2.1.1; and
 - 3.2.2 if the Linked Unit is not a Capital Asset, the Linked Unitholder concerned will be treated as:
 - 3.2.2.1 having disposed of that Linked Unit for an amount equal to the expenditure actually incurred by that Linked Unitholder in respect of that Linked Unit, as was previously claimed as a deduction; and
 - 3.2.2.2 having acquired the No Par Value Share on the latest date on which that person acquired any Linked Unit and for a cost equal to the value referred to in 3.2.2.1.
- 3.3 A Linked Unitholder who is not a South African resident for tax purposes may be subject to different taxation effects. Non-resident Linked Unitholders are therefore cautioned to consult their professional advisers in this regard.

4. **AUTHORISED SHARE CAPITAL**

- 4.1 Hospitality's authorised share capital currently comprises of 200 000 000 A Shares and 200 000 000 B Shares, of which 144 285 503 A Shares and 144 285 503 B Shares are in issue as at the Last Practicable Date. Each issued A Share is linked to one A Debenture, to form an A Linked Unit and each issued B Share is linked to one B Debenture, to form a B Linked Unit. As the No Par Value Shares will be issued in the ratio of one No Par Value A Share per A Linked Unit and one No Par Value B Share per B Linked Unit, the Substitution will result in 144 285 503 No Par Value A Shares and 144 285 503 No Par Value B Shares being issued.
- 4.2 After the Substitution, the Hospitality Shares, which are par value shares, will be cancelled. Whereas distribution rights to the Company's net income currently attach to the Hospitality Debentures, they will attach to the No Par Value Shares pursuant to the Restructure.
- 4.3 The Board would like to be in a position to act speedily on any opportunities for attractive property acquisitions that might present in future, where the method of funding would be acquisition issues in the form of No Par Value Shares issued in consideration for property. The Board is accordingly proposing that pursuant to the Restructure, the authorised share capital comprises of that a total of 300 000 000 No Par Value A Shares and 300 000 000 No Par Value B Shares.
- 4.4 In terms of the New MOI (the relevant provisions of which accord with those of the current MOI as relating to authority for the issue of the A Shares and B Shares), No Par Value Shares which are intended to be issued are required to be offered to the existing holders of that class of No Par Value Shares pro rata to their shareholding in the Company immediately before the offer was made with a reasonable time allowed to subscribe ("Pro Rata Rights Offer"), unless:
- 4.4.1 otherwise empowered by a general meeting of Hospitality Shareholders, subject to the Companies Act and the JSE Listings Requirements (where necessary); or
 - 4.4.2 a capitalisation issue, an issue for the acquisition of assets (including another company) or an issue for the purposes of an amalgamation or merger, is to be undertaken; or
 - 4.4.3 the No Par Value Shares are to be issued in terms of an option to subscribe for unissued No Par Value Shares, or conversion rights pursuant to the conversion of any shares in the capital of the Company to shares of a different class, whether issued or not, as approved by special resolution of ordinary shareholders.
- Only 10% of the authorised but unissued capital is usually placed under the control of the directors to issue as they deem fit in terms of the general authority sought at Hospitality's annual general meeting each year. Should any opportunity to effect attractive property acquisitions arise, whether or not they require shareholder approval, the Board would like to be able to proceed speedily and close the transaction without first having to wait for the processes at the CIPC to increase the authorised share capital, which can sometimes be protracted, to be completed, at the risk of the acquisition transaction falling through or a competitor being able to offer earlier closure. Shareholders would still have to be approached for specific approvals where sizable acquisitions are to be concluded.
- 4.5 The Board is accordingly seeking shareholder approval to change the authorised share capital to a total of 300 000 000 No Par Value A Shares and 300 000 000 No Par Value B Shares.

5. **NEW MOI**

- 5.1 The New MOI reflects the amendments to the capital structure of the Company pursuant to the Restructure. The respective rights and other terms associated with No Par Value A Shares and No Par Value B Shares are set out in the New MOI. This includes the right to the distributions of the net income of the Company, which currently attach to the Hospitality Debentures, but will attach to the No Par Value Shares pursuant to the Restructure. The distribution rights of the No Par Value Shares will be based on the distribution rights afforded to the Hospitality Debentures under the Debenture Trust Deed prior to the Restructure, but are qualified in that there is no absolute obligation on the Company to distribute the net income. The reason for this is that if IFRS liabilities would arise in respect of the distributions on the No Par Value Shares, Hospitality's ratio of total consolidated IFRS liabilities to its total consolidated assets would continue to exceed the threshold for REITs (as is currently the case because of its Linked Unit structure), with the consequence that Hospitality would not be able to maintain its REIT status once the dispensation granted to Hospitality, as a REIT company, from complying with the gearing requirement falls away. Therefore, whilst it is intended that the aggregate distribution of income for the "A" Shares and "B" Shares would not be not less than 99,99% of net income, the Company will not be obliged to declare or pay any such distribution of income or part thereof, unless the

Directors are satisfied that the distribution may be made. The Directors will take into account section 46(1) of the Companies Act (to the extent applicable), the statutory and/or regulatory requirements applicable to real estate investment trusts (REITs), market standards and conditions and other criteria the Directors deem relevant. Once determined that an amount is available for distribution, the income distribution on the No Par Value A Share would however be calculated in the same manner as the income distribution on the A Linked Unit under the current Linked Unit structure and the income distribution on the No Par Value B Share would be calculated in the same manner as the income distribution on the B Linked Unit. Linked Unitholders are referred to the relevant extracts from the New MOI set out in Annexure A to this Circular.

- 5.2 The MOI currently sets a threshold of 70 years above which a person may not become or remain a director of the Company. The Board proposes that the threshold be removed so as to give the Company access to a larger pool of skills and expertise, especially in respect of the appointment of independent, non-executive directors. However, the New MOI provides for the annual retirement of Directors who are 70 years of age or older at the annual general meeting. This will afford the Board's nomination committee the opportunity to annually assess the performance and contribution of the relevant Director/s and make suitable recommendations to the Board in respect of whether to propose such person/s to Hospitality Shareholders for re-election to the Board.
- 5.3 Hospitality Linked Unitholders are advised of the fact that the Companies Act affords relief to holders of a class of shares where a company's memorandum of incorporation is amended by altering the preferences, rights, limitations or other terms of such class of shares in any manner material and adverse to the rights and interests of the holders thereof, provided that the holders take appropriate action as prescribed in terms of sections 38(7) and 164 of the Companies Act. In order to enable Linked Unitholders to make an assessment of whether they consider their rights or interests to be affected as aforesaid, the complete New MOI and the existing MOI have been posted on the Company's website, www.hpf.co.za. Copies of both the New MOI and the existing MOI are also available for inspection at the Company's Registered Office during normal business hours at any time prior to the commencement of the General Meeting of Hospitality Shareholders.

6. GENERAL AUTHORITIES

- 6.1 At the Company's annual general meeting held on 8 December 2014, Linked Unitholders (in their capacity as Hospitality Shareholders) granted the Directors the general authority to allot and issue authorised but unissued Linked Units in the Company to such person/s and upon such terms and conditions as the Directors may determine, as consideration for the acquisition by the Company or any of its subsidiaries of immovable property or for shares in and/or loan accounts against companies owning immovable property, for the purpose of acquiring such property ("**Current General Authority**").
- 6.2 The Current General Authority is limited in that the Directors may not issue more A Shares and B Shares (as part of Linked Units) in aggregate in any one financial year than such number of A Shares and B Shares that constitute 10% of the number of A Shares and B Shares in the Company's issued share capital as at the date of the passing of the resolution granting the Current General Authority, the determination of which excludes any specific issue of shares approved by Linked Unitholders (in their capacity as Hospitality Shareholders).
- 6.3 The resolution granting the Current General Authority was passed on 8 December 2014, at which time 140 981 538 A Shares and 140 981 538 B Shares were in issue (as part of Linked Units). As at the Last Practicable Date, the Directors had issued 3 303 965 A Shares and 3 303 965 B Shares under the Current General Authority. In total 10 794 188 A Shares and 10 794 188 B Shares remain available, as at the Last Practicable Date, to be issued under the Current General Authority (as part of Linked Units) until the expiry thereof at the Company's next annual general meeting, which is anticipated to be held during November 2015.
- 6.4 It is anticipated that the Restructure will become effective shortly after the Conditions Precedent have been fulfilled or, where applicable, waived. Since certain of the Conditions Precedent relate to and are dependent upon approvals to be obtained from the CIPC, over which process Hospitality has no control, Hospitality is unable to indicate with certainty when the Restructure will take effect, but assuming that no court approval or review will be required to the Restructure, it is anticipated that the Restructure may take effect on or about Friday, 28 August 2015. Pursuant to the Restructure, the Linked Units will be substituted with No Par Value Shares and subsequently cancelled, so that the Current General Authority would no longer apply.
- 6.5 In order to enable the Company to act promptly on any business opportunities that may arise, through the issue of No Par Value Shares as whole or part consideration, following the Restructure but before a new general authority can be sought at the Company's next annual general meeting, the General Authority, authorising the Directors to allot and issue a portion of the authorised No Par Value Shares that will remain unissued

following the Restructure, will be sought by the Directors at the General Meeting of Hospitality Shareholders. Such portion is proposed to be equivalent to the number of A Shares and B Shares that remain available, as at the Last Practical Date, to be issued under the Current General Authority (as part of Linked Units), so that the Directors would only be authorised to issue 10 794 188 No Par Value A Shares and 10 794 188 No Par Value B Shares under the General Authority until the Company's next annual general meeting, provided that if any Linked Units are issued between the Last Practicable Date and the date on which the Restructure is implemented and the No Par Value Shares are issued pursuant to the Substitution, under the Current General Authority, then the number of No Par Value Shares that may be issued as set out above shall be reduced by a number equivalent to the number of Linked Units so issued.

- 6.6 As is the case with the Current General Authority, it is proposed that the maximum discount at which No Par Value Shares could be issued under the General Authority would be 5% of the weighted average trade price on the JSE of the relevant No Par Value Shares measured over 30 business days prior to the date that the placing is authorised by the Directors.
- 6.7 At the annual general meeting of the Company held on 8 December 2014, the Company (and/or a subsidiary of the Company) was authorised, by way of a general authority, to repurchase Shares issued by the Company, subject to the restriction that the repurchase of securities in the Company of any class under the authority may not, in aggregate in any one financial year, exceed 10% of the Shares in issue in such class as at the commencement of such financial year. As the Shares will be substituted for the No Par Value Shares upon the implementation of the Restructure, such general authority is proposed to be replaced by a new general authority as relating to the No Par Value Shares. The number of No Par Value Shares that may be repurchased under the new general authority is proposed to be limited to 10% of the Company's issued share capital of the relevant class as at the date on which the Restructure is implemented and the No Par Value Shares are issued pursuant to the Substitution, but if any Linked Units were repurchased during the relevant financial year, the 10% limit would be reduced by the number of B Linked Units so repurchased.

7. GENERAL MEETING

- 7.1 A general meeting of Hospitality Shareholders will be held at 10:00 on Thursday, 30 July 2015 at Hospitality's offices, The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, corner Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, to consider and, if deemed fit, approve the resolutions contained in the Notice of General Meeting of Hospitality Shareholders in respect of the Restructure and the General Authorities. A notice convening the General Meeting of Hospitality Shareholders is attached to and forms part of this Circular.
- 7.2 A general meeting of Hospitality Debenture Holders will be held at 10:30 on Thursday, 30 July 2015 (or immediately after the completion of the General Meeting of Hospitality Shareholders) at Hospitality's offices, The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, corner Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, to consider and, if deemed fit, approve the resolutions contained in the Notice of General Meeting of Hospitality Debenture Holders in respect of the Restructure. A notice convening the General Meeting of Hospitality Debenture Holders is attached to and forms part of this Circular.
- 7.3 Details of the action required by Hospitality Linked Unitholders are set out on page 3 of this Circular.

8. DIRECTORS' SUPPORT

- 8.1 Directors who collectively hold 0,2% (see note 2 to 12.2.1) of the A Linked Units in issue and collectively 0,703% of the B Linked Units in issue, have each committed to, and intend to, vote in favour of the Restructure and the General Authorities.

9. CONDITIONS PRECEDENT TO THE RESTRUCTURE AND THE GENERAL AUTHORITIES

- 9.1 The Substitution, the creation of the No Par Value Shares and the adoption of the New MOI are inter-related and consequently the implementation of the Restructure is subject to the fulfilment or, where possible, waiver, of the following outstanding conditions precedent:
 - 9.1.1 the passing of the resolutions contained in the Notice of General Meeting of Hospitality Shareholders in respect of the Restructure;
 - 9.1.2 the passing of the resolutions contained in the Notice of General Meeting of Hospitality Debenture Holders in respect of the Restructure;
 - 9.1.3 within 20 business days after receipt of a notice under section 164(4) of the Act, Linked Unitholders exercising appraisal rights (if any), in terms of section 164 of the Act, by giving valid demands in terms

of section 164(7) of the Act (and not subsequently withdrawing them within that period), in respect of no more than **2%** of the total issued Linked Units ("**Appraisal Threshold**"), provided that, in the event that Linked Unitholders give notice objecting to:

- 9.1.3.1 the Substitution, but no more than the Appraisal Threshold vote against special resolution number 1 as set out in the Notice of General Meeting of Hospitality Shareholders and special resolution number 1 as set out in the Notice of General Meeting of Hospitality Debenture Holders, respectively; and/or
- 9.1.3.2 the adoption of the New MOI, as contemplated in section 164(3) of the Act, but no more than the Appraisal Threshold vote against special resolution number 4 as set out in the Notice of General Meeting of Hospitality,

this condition shall be deemed to have been fulfilled at the date of the General Meetings given that a dissenting Hospitality Shareholder or Hospitality Debenture Holder, as the case may be, must be present in person or by proxy and vote against the relevant resolution in order to be entitled to exercise appraisal rights; and

- 9.1.4 no circumstance has arisen which requires special resolution number 1 as set out in the Notice of General Meeting of Hospitality Shareholders and/or special resolution number 1 as set out in the Notice of General Meeting of Hospitality Debenture Holders to be approved by the court in terms of section 115(2)(c) of the Act, or, if such circumstances did arise, then:
 - 9.1.4.1 Hospitality did not treat special resolution number 1 as set out in the Notice of General Meeting of Hospitality Shareholders and/or special resolution number 1 as set out in the Notice of General Meeting of Hospitality Debenture Holders as a nullity under section 115(5)(b) of the Act; and
 - 9.1.4.2 the circumstances in question ceased to exist; or
 - 9.1.4.3 special resolution number 1 as set out in the Notice of General Meeting of Hospitality Shareholders and/or special resolution number 1 as set out in the Notice of General Meeting of Hospitality Debenture Holders in question were not set aside by the court of final instance; and
 - 9.1.5 confirmation by the CIPC stating that the CIPC has accepted and placed on file the relevant documents required to effect the Restructure.
- 9.2 The General Authorities are subject to the fulfilment or, where possible, waiver, of the following outstanding conditions precedent:
- 9.2.1 the fulfilment or, where possible, waiver, of the conditions precedent to the Restructure, as set out above; and
 - 9.2.2 the passing of the resolutions contained in the Notice of General Meeting of Hospitality Shareholders in respect of the General Authorities.

10. THE COMPANY'S CAPITAL STRUCTURE

The Company's capital structure before the Restructure is set out below:

Before the Restructure	R'000
Share capital	
<i>Authorised share capital</i>	
200 000 000 ordinary A shares with a par value of 0.0001 cents each	20
200 000 000 ordinary B shares with a par value of 0.0001 cents each	20
Issued share capital	
144 285 503 ordinary A shares with a par value of 0.0001 cents each	14.4
144 285 503 ordinary B shares with a par value of 0.0001 cents each	14.4
Share premium	515 551
Total	515 619,80

No A Shares or B Shares are held in treasury as at the Last Practicable Date

Debenture capital	
144 285 503 an unsecured subordinated variable rate A debentures having a nominal value of 940 cents each	1 356 284
144 285 503 an unsecured subordinated variable rate B debentures having a nominal value of 940 cents each	1 356 284
Total	2 712 568

The Company's capital structure, should the Restructure become unconditional and be implemented, is set out below:

After the Restructure	R
Share capital	
<i>Authorised share capital</i>	
300 000 000 ordinary A shares of no par value	–
300 000 000 ordinary B shares of no par value	–
Issued share capital	
144 285 503 ordinary A shares of no par value	–
144 285 503 ordinary B shares of no par value	–
Total stated capital	–

11. MAJOR LINKED UNITHOLDERS

As at the Last Practicable Date, as far as is known the Company, the following Linked Unitholders, directly or indirectly, beneficially held 5% or more of the issued share capital of Hospitality:

A Linked Unitholder	Direct beneficial	Indirect beneficial	Total beneficial	% of Issued A Linked Units
Coronation Asset Management	–	77 528 253	77 528 253	53.7
Sanlam	–	14 831 651	14 831 651	10.3
Total	–	92 359 904	92 359 904	64.0

B Linked Unitholder	Direct beneficial	Indirect beneficial	Total beneficial	% of Issued B Linked Units
Investec Asset Management	–	35 751 191	35 751 191	24.8
Kagiso Asset Management	–	18 192 195	18 192 195	12.6
RE:CM	–	14 526 715	14 526 715	10.1
Nedbank Private Wealth	–	14 168 848	14 168 845	9.8
Clucasgray	–	9 097 839	9 097 839	6.3
Public Investment Corporation	–	7 833 250	7 833 250	5.4
Total	–	99 570 038	99 570 038	69,0

12. INFORMATION ON THE DIRECTORS AND MANAGERS

12.1 Information on directors and managers

The full name, business address, function in the Hospitality Group and principal activities performed by them of each of the directors and senior managers of Hospitality and its major subsidiaries are set out in Annexure C to this Circular.

12.2 Directors beneficial interests

12.2.1 The interests of the Directors in the A Linked Units as at the Last Practicable Date, including former directors who resigned during the last 18 months, are set out in the table below:

Director	Beneficial A Linked Unitholding		Total A Linked Unitholding Number	%
	Direct	Indirect		
R Asmal	10 400	–	10 400	0.007
ZN Kubukeli ²	–	118 715	118 715	0.082
GA Nelson ¹	–	281 544	281 544	0.195
Total	10 400	400 259	410 659	0.282

¹ Held by associate trust

² Mr Kubukeli disposed of his interest in 118 715 HPAs prior to the posting of this circular and subsequent to the issue of the independent expert's report in Annexure B.

12.2.2 The interests of the Directors in the B Linked Units as at the Last Practicable Date, including former directors who resigned during the last 18 months, are set out in the table below:

Director	Beneficial B Linked Unitholding		Total B Linked Unitholding Number	%
	Direct	Indirect		
R Asmal	70 000	–	70 000	0.049
ZN Kubukeli	–	118 715	118 715	0.082
GA Nelson ¹	–	825 625	825 625	0.572
Total	70 000	944 340	1 014 340	0.703

¹ Held by associate trust

13. FINANCIAL INFORMATION

13.1 Distributions prior to the Restructure

13.1.1 Approximately 99.99% of Hospitality's net income is currently distributed by way of interest on the Hospitality Debentures. For purposes of determining such net income, the Directors may make such provisions as they deem fit, such as provisions for depreciation and refurbishment of the Hospitality Group's assets, fixtures, fittings and equipment, and withholdings to effect capital repayments on loans and other obligations of the Hospitality Group.

- 13.1.2 Each A Debenture confers on the holder thereof the right to receive an interest distribution in respect of the first distribution period, i.e. first 6 months of its financial year, of an amount equal to the determined or calculated distribution for the corresponding distribution period for the prior year, escalated by the lesser of 5% or CPI and in respect of the second distribution period, i.e. the remaining 6 months of its financial year, of an amount equal to the determined or calculated distribution for the corresponding distribution period for the prior year, escalated by the lesser of 5% or CPI.
- 13.1.3 The interest distribution on the A Debentures is not guaranteed by Hospitality. In the event that the net income available for the payment of interest for any particular distribution period is less than the amount required to make the payment of interest as set out above, then interest payment in respect of the A Debentures for such distribution period shall be the amount of net income available for distribution, apportioned *pro rata* to each A Debenture.
- 13.1.4 In the event that the interest payment for any distribution period is less than the amount as set out above, the difference in the amount paid and that which would have been payable had the requisite amount of net income been available, does not accrue or accumulate to the A Linked Unitholders and there shall be no right to claim any shortfall.
- 13.1.5 In determining the interest distributions with reference to a prior period's distribution, the prior period's distribution shall be the determined or calculated distribution for the equivalent period in the prior year, whether or not such amount was paid having regard to the availability of funds. The effect of this is that if the actual distribution on the A Debentures falls below the preferential entitlement of A Linked Unitholders to interest in any one distribution period, the distribution entitlement continues to grow at the lower of CPI or 5% from the entitlement in the prior comparable period and not from the actual amount received for such period. It should further be noted that there is no clawback in subsequent periods in respect of any variance between preferential distribution entitlement and actual distributions in any one period.
- 13.1.6 The Directors are for the purposes of calculation of the interest distribution on the A Debentures, entitled at their discretion to round off downwards fractions of a cent of any distribution to be paid.
- 13.1.7 The residual net income, after settlement of the distribution entitlement on the A Debentures, as set out above, is distributed to B Linked Unitholders as an interest distribution on the B Debentures.
- 13.1.8 The payment of distributions in respect of the B Debentures is also not guaranteed by Hospitality and in the event that the amount available for the payment of the distribution in respect of any particular distribution period is less than the amount required to make payment on the A Debentures, all the net income is to be paid to the A Linked Unitholders and no rights accumulate to the B Linked Unitholders in respect of any shortfall in distributions.
- 13.1.9 The Directors may determine to declare one or more special interim distributions in respect of any distribution period or periods in appropriate circumstances, and without limiting the generality of the foregoing, to permit distributions for periods of less than six months, provided that the rights of the Linked Unitholders to income may not be diminished or adversely affected thereby.

13.2 Distributions after the Restructure

- 13.2.1 Once the Restructure takes effect, at least 75% of Hospitality's total distributable profits would have to be distributed to the holders of the No Par Value Shares, subject to the solvency and liquidity test as defined in the Companies Act and applied in terms of section 64 thereof, in order for Hospitality to maintain its REIT status.
- 13.2.2 The Board, however, intends that, after implementation of the Restructure, not less than 99.99% of Hospitality's net income would continue to be distributed as a dividend on the No Par Value Shares, provided that the Company shall not be obliged to declare or pay any such distribution of income or part thereof, unless the Directors are satisfied that the distribution may be made, taking into account the solvency and liquidity and other requirements of section 46(1) of the Companies Act, the statutory and/or regulatory requirements applicable to real estate investment trusts (REITs), market standards and conditions and other relevant criteria. For purposes of determining such net income, the Directors may continue to make such provisions as they deem fit and in terms of the New MOI such provisions may include provisions for depreciation and the repairing, maintaining, improving and/or refurbishment of the Hospitality Group's assets (including buildings), fixtures, fittings and equipment, and withholdings to effect capital repayments on loans and other obligations of the Hospitality Group. Such withholdings from distributions would provide Hospitality with capital to continue to grow and strengthen its portfolio in terms of its strategic objectives.

- 13.2.3 In terms of the rights of the No Par Value A Shares, as set out in the New MOI:
- 13.2.3.1 the No Par Value A Shares confer on the holders thereof the right to receive an income distribution (if and when made) in respect of:
 - 13.2.3.2 the first distribution period, i.e. first 6 months of its financial year, of an amount equal to the determined or calculated distribution on the No Par Value A Shares for the corresponding distribution period for the prior year, escalated by the lesser of 5% or CPI, provided that where the Restructure had not yet been implemented in the corresponding distribution period for the prior year, the determined or calculated distribution on the A Debentures for the corresponding distribution period for the prior year shall be used and so escalated; and
 - 13.2.3.3 the second distribution period, i.e. the remaining 6 months of its financial year, of an amount equal to the determined or calculated distribution for the corresponding distribution period for the prior year, escalated by the lesser of 5% or CPI, provided that where the Restructure had not yet been implemented in the corresponding distribution period for the prior year, the determined or calculated distribution on the B Debentures for the corresponding distribution period for the prior year shall be used and so escalated.
- 13.2.4 The income distribution on the No Par Value A Shares (if and when made) will not be guaranteed by Hospitality. In the event that the net income available for the payment of income for any particular distribution period is less than the amount required to make the payment of income as set out above, then the income payment in respect of the No Par Value A Shares for such distribution period (if determined to be made) shall be the amount of net income available for distribution, apportioned *pro rata* to each No Par Value A Share.
- 13.2.5 In the event that the income payment for any distribution period is less than the amount as set out above, the difference in the amount paid and that which would have been payable had the requisite amount of net income been available, does not accrue or accumulate to the holders of the No Par Value A Shares and there shall be no right to claim any shortfall.
- 13.2.6 In determining the income distributions with reference to a prior period's distribution, the prior period's distribution shall be the determined or calculated distribution for the equivalent period in the prior year, whether or not such amount was paid having regard to the availability of funds. The effect of this is that if the actual distribution on the No Par Value A Shares falls below the preferential entitlement of the holders thereof to income in any one distribution period, the distribution entitlement continues to grow at the lower of CPI or 5% from the entitlement in the prior comparable period and not from the actual amount received for such period. It should further be noted that there will be no clawback in subsequent periods in respect of any variance between preferential distribution entitlement and actual distributions in any one period.
- 13.2.7 The Directors would for the purposes of calculation of the income distribution on the No Par Value A Shares, be entitled at their discretion to round off downwards fractions of a cent of any distribution to be paid.
- 13.2.8 The residual net income, after settlement of the distribution entitlement on the No Par Value A Shares, as set out above (if determined to be distributed), will be distributed to the holders of the No Par Value B Shares as an income distribution on the No Par Value B Shares.
- 13.2.9 The payment of distributions in respect of the No Par Value B Shares is also not guaranteed by Hospitality and in the event that the amount available for the payment of the distribution in respect of any particular distribution period is less than the amount required to make payment on the No Par Value A Shares, all the net income (if determined to be distributed) is to be paid to the holders of the No Par Value A Shares and no rights accumulate to the holders of the No Par Value B Shares in respect of any shortfall in distributions.
- 13.2.10 The Directors may determine to declare one or more special interim distributions in respect of any distribution period or periods in appropriate circumstances, and without limiting the generality of the foregoing, to permit distributions for periods of less than six months, provided that the rights of the Hospitality Shareholders to income may not be diminished or adversely affected thereby.

13.3 **Financial effects of the Restructure**

- 13.3.1 Pursuant to the Substitution, the par value and share premium of the Hospitality Shares in issue and the nominal value of the Hospitality Debentures in issue will be transferred to the stated capital account.
- 13.3.2 Due to the Restructure constituting an internal restructure of Hospitality's linked unit capital structure to a share only structure, the Restructure should have no financial effect on Hospitality's earnings. As is however explained in paragraphs 13.1 and 13.2, net income will, pursuant to the Restructure no longer be distributed by means of an interest distribution on the Hospitality Debentures, but rather in the form of a dividend distribution on the No Par Value Shares.
- 13.3.3 Immediately following the Restructure, Hospitality's ratio of total consolidated IFRS liabilities to its total consolidated assets will reduce from 83% (as at the Last Practicable Date) to 37%.
- 13.3.4 The restructure will have no effect on Hospitality's earnings, revenue, net asset value, distribution per linked unit or the Company's Statement of Comprehensive Income.
- 13.3.5 In the light of the above, the TRP has exempted Hospitality from compliance with regulation 106(6)(d)(ii) of the Companies Regulations in respect of the Substitution.

13.4 **Annual financial statements of Hospitality**

The TRP has exempted Hospitality from compliance with regulation 106(6)(d)(i) of the Companies Regulations in respect of the Substitution. Hospitality's annual financial statements for its preceding three financial years can be accessed on its website (<http://www.hpf.co.za>) or alternatively can be inspected as contemplated in paragraph 21.3 of this Circular, should any Linked Unitholder not already be in possession thereof.

14. **ADEQUACY OF CAPITAL**

- 14.1 The Directors, having considered the effects of the Restructure, are of the opinion that:
 - 14.1.1 Hospitality and the Hospitality Group will, in the ordinary course of business, be able to pay its debts for a period of 12 months after the date of approval of this Circular;
 - 14.1.2 the assets of Hospitality and the Hospitality Group will be in excess of the liabilities of Hospitality and the Hospitality Group for a period of 12 months after the date of approval of this Circular. For this purpose, the assets and liabilities are measured in accordance with the accounting policies used in Hospitality's latest audited consolidated annual financial statements;
 - 14.1.3 the share capital and reserves of Hospitality and the Hospitality Group will be adequate for ordinary business purposes for a period of 12 months after the date of approval of this Circular;
 - 14.1.4 the working capital of Hospitality and the Hospitality Group will be adequate for ordinary business purposes for a period of 12 months after the date of the approval of this Circular.
- 14.2 The Directors, being satisfied that the provisions of sections 4 and 48 of the Companies Act have been complied with, passed a resolution on 28 May 2015:
 - 14.2.1 authorising the repurchase of Linked Units pursuant to the Substitution; and
 - 14.2.2 that Hospitality and its subsidiaries have passed the solvency and liquidity tests and that, since the test was performed, there have been no material changes to the financial position of the Hospitality Group.

15. **MATERIAL CHANGE**

As at the Last Practicable Date and other than any announcements released on SENS, there have been no material changes in the financial or trading position of Hospitality or its subsidiaries since the date of the last financial period for which financial results have been released, being 25 February 2015.

16. **LITIGATION STATEMENT**

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) in relation to the Hospitality Group, of which the Directors are aware which may have, or have had, a material effect on the Hospitality Group's financial position during the 12 months preceding the date of this Circular.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names appear on page 12 of this Circular, collectively and individually accept full responsibility for the accuracy of the information given in this Circular and certify that, to the best of their knowledge and belief, there are no facts, the omission of which would make any statement in this Circular false or misleading and that they have made all reasonable enquiries to ascertain such facts and that this Circular contains all information required by South African law and by the Listings Requirements.

18. EXPERTS' CONSENTS

Each of the advisors, including the Sponsor, Independent Expert, the Transfer Secretaries, and the Corporate Law and Tax Adviser and Trustee for the Debenture Holders, whose names appear in the Corporate Information section of this Circular have consented and have not, prior to the Last Practicable Date, withdrawn their written consent to the inclusion of their names and, where applicable, reports in the form and context in which they appear in this Circular.

19. APPROVAL BY THE TRUSTEE

The Trustee for the Debenture Holders has given its written consent, to the extent required, to the implementation of the Restructure, including the subsequent termination of the Debenture Trust Deed, subject to the Restructure becoming unconditional and being implemented.

20. ESTIMATED EXPENSES

The preliminary and issue expenses (excluding value added tax) relating to the Restructure which have been incurred, or that are expected to be incurred by Hospitality, are included below:

Nature of fee	Paid/payable to	R
Sponsor	Rand Merchant Bank	50 000
Legal and Tax Advisor and Debenture Trustee	Edward Nathan Sonnenbergs Inc.	450 000
Transfer Secretaries	Computershare Investor Services Proprietary Limited	35 000
Independent Expert	Mazars South Africa	75 000
Printing and other costs	Ince Proprietary Limited	150 000
TRP fees	Takeover Regulation Panel	234 840
JSE documentation fees	JSE Limited	20 171
Total		1 015 011

21. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered offices of Hospitality at the address as disclosed in the Corporate Information section of this Circular, during normal business hours (excluding Saturdays, Sundays and public holidays) from the date of issue of this Circular up to and including Thursday, 30 July 2015:

- 21.1 the MOI and the New MOI of Hospitality;
- 21.2 the Debenture Trust Deed;
- 21.3 the annual financial statements of Hospitality for the three financial years ended 30 June 2012, 2013 and 2014;
- 21.4 the unaudited interim results of Hospitality for the six months ended 31 December 2014;
- 21.5 the latest valuations relative to the Hospitality Properties;
- 21.6 the signed report of the Independent Expert which is included in Annexure B to this Circular;
- 21.7 the written consents referred to in paragraph 18;
- 21.8 a signed copy of this Circular and the accompanying Notices of General Meetings and proxy forms; and

21.9 a copy of the compliance certificate issued by the TRP under section 121 of the Act, in respect of the Substitution, and of the TRP's letter of exemption from complying with the requirements for financial disclosure set out in regulation 106(6)(d)(i) and (ii) of the Companies Regulations.

22. **BOARD'S RECOMMENDATIONS**

22.1 The Board, having considered the terms and conditions of the Restructure and the General Authorities, is in favour thereof and recommends that Hospitality Linked Unitholders vote in favour of the resolutions set out in the Notice of General Meeting of Hospitality Shareholders and Notice of General Meeting of Hospitality Debenture Holders, to implement the Restructure and grant the General Authorities.

22.2 The Directors who hold Linked Units intend to vote in favour of the resolutions set out in the Notice of General Meeting of Hospitality Shareholders and Notice of General Meeting of Hospitality Debenture Holders, to implement the Restructure and grant the General Authorities.

SIGNED ON 1 JULY AT ROSEBANK BY RIDWAAN ASMAL FOR AND ON BEHALF OF ALL THE OTHER DIRECTORS, IN TERMS OF POWERS OF ATTORNEY GRANTED TO HIM BY SUCH DIRECTORS.

Ridwaan Asmal

Acting Chief Executive Officer

Hospitality Property Fund Limited

Johannesburg

1 July 2015

EXTRACTS FROM NEW MOI

9. "A" SHARES

The Company is authorised to issue 300 000 000 (three hundred million) "A" Shares, each of which ranks *pari passu* with the other "A" Shares and each of which entitles the "A" Shareholder:

- 9.1. on a vote by poll, to 1 (one) vote per issued "A" Share on any resolution to be determined by the Shareholders in accordance with this Memorandum of Incorporation, in person or by proxy; and
- 9.2. to participate proportionally with every other "A" Shareholder in the distributions contemplated in Annexure A and any other distributions (except for the payment in lieu of a capitalisation Share as contemplated in section 47(1)(c) of the Act and any consideration payable by the Company for any of its own Shares or for any shares of another company within the same group as contemplated in paragraph (a)(iii)(aa) and (a)(iii)(bb) of the definition of "distribution" in the Act), if and when declared in favour of "A" Shareholders holding "A" Shares, made by the Company;
- 9.3. upon a winding up of the Company, to participate in the proceeds of the winding up proportionately with every other Shareholder.

10. "B" SHARES

The Company is authorised to issue 300 000 000 (three hundred million) "B" Shares each of which ranks *pari passu* with the other "B" Shares and each of which entitles the "B" Shareholder:

- 10.1. on a vote by poll, to 1 (one) vote per issued "B" Share on any resolution to be determined by the Shareholders in accordance with this Memorandum of Incorporation, in person or by proxy; and
- 10.2. to participate proportionally with every other "B" Shareholder in the distributions contemplated in Annexure A and any other distributions (except for the payment in lieu of a capitalisation Share as contemplated in section 47(1)(c) of the Act and any consideration payable by the Company for any of its own Shares or for any shares of another company within the same group as contemplated in paragraph (a)(iii)(aa) and (a)(iii)(bb) of the definition of "distribution" in the Act), if and when declared in favour of "B" Shareholders holding "B" Shares, made by the Company;
- 10.3. upon a winding up of the Company, to participate in the proceeds of the winding up proportionately with every other Shareholder."

INCOME DISTRIBUTIONS

I. DEFINITIONS

In this annexure (including this clause), unless inconsistent with the context, the words and expressions defined in clause I of the Memorandum of Incorporation shall have the same meaning assigned to them in this annexure and the following expressions shall have the meanings assigned to them:

- I.1 “**CPIX**” means the Consumer Price Index (being the annual percentage change in respect of a series of figures (numbers) showing how the average price level of the baskets of goods and services determined by Statistics South Africa, bought by a typical consumer or household changes over time (excluding the interest rates on mortgage bonds) as published from time to time by Statistics South Africa for all items with the base year being 2000 (i.e. 2000 = 100), provided that:
 - I.1.1 the base year shall be adjusted to the base year from time to time used by Statistics South Africa;
 - I.1.2 if the index is replaced by a consumer price index with a different base, the replacing index shall be used but it shall be adjusted in such a manner as the auditors of the Company in their discretion consider necessary to correspond to the index as defined and which had similar criteria to the Consumer Price Index as provided herein, as its base;
 - I.1.3 if the publication of the index is discontinued or if the index is replaced by an index of a different nature so that the abovementioned does not apply, or if the auditors in their discretion consider it impractical to make an adjustment in terms of the abovementioned or any adjustment provided for herein then a suitable substitute index for such index shall be determined by the auditors in their discretion; and
 - I.1.4 a decision by the auditors shall be final and binding on the parties;
- I.2 “**First Designated Date**” means the last day of December in each year;
- I.3 “**First Distribution Period**” means the 6 (six) month period commencing on the 1st (first) day of the financial year of the Company and ending on the First Designated Date;
- I.4 “**Group**” means collectively the Company and its subsidiaries;
- I.5 “**Net Income**” means cash earnings as a result of the Group’s normal operating and financing activities including any accruals for short term receivables and payables (such as amounts receivable in terms of lease agreements and routine expense payments by tenants), and after:
 - I.5.1 deduction of:
 - I.5.1.1 direct property operating expenses, including but not limited to, assessment rates and taxes, other municipal charges, electricity, gas, refuse, water and sewerage charges, property and asset management fees, insurance, professional fees and expenses (unless capitalised as determined by the Directors and auditors), regional service council levies or any taxation in substitution therefor, signage costs, telephones, salaries and wages, revenue stamps, repairs and maintenance, listing expenses, valuation fees and leasehold incentive payments and unless capitalised as determined by the Directors and auditors, valuation fees and listing expenses;
 - I.5.1.2 costs and the operating expenses of the Group, including such items as legal, statutory, JSE listing fees, Directors fees, transfer secretary charges, STRATE fees, printing and publication costs and other expenses incurred by the Company (unless capitalised as determined by the Directors and auditors),
 - I.5.1.3 interest on borrowings and debts arising from guarantees and suretyships (but excluding interest on any debentures issued by the Company from time to time), unless specifically excluded, and excluding interest on inter-company loans; and

- 1.5.2 excluding:
 - 1.5.2.1 items of a capital nature and the related current taxation (e.g. proceeds on the sale of investment property and the related capital gains tax);
 - 1.5.2.2 fair value adjustments and related deferred taxation;
 - 1.5.2.3 other account adjustments which do not have a cash flow effect in the current year (e.g. lease rental income recognised in advance as a result of straight lining the recognition of operating lease receipts);
- 1.5.3 any current taxation which may be deductible in respect of the interest payable on debentures issued by the Company from time to time as determined under IFRS;
- 1.5.4 making such provisions as the Directors deem fit, such as provisions for depreciation and the repairing, maintaining, improving and/or refurbishment of the Group's assets (including buildings), fixtures, fittings and equipment, and withholdings to effect capital repayments on loans and other obligations of the Group;
- 1.5.5 adding back any normal taxation credits received or receivable excluding deferred taxation;
- 1.5.6 adding back any transaction costs incurred and expensed on any acquisition of property, a business operation or the shares and claims in a company, which, in the opinion of the directors, following recommendation by the audit committee, should not affect the distribution calculation; and
- 1.5.7 excluding any IFRS accounting standard change subsequent to 1 July 2009 which requires an amount to be brought to account and which in the opinion of the directors, following recommendation by the audit committee, should not affect the distribution calculation;
- 1.6 **"Second Designated Date"** means the last day of June in each year;
- 1.7 **"Second Distribution Period"** means the 6 (six) month period commencing on the 1st (first) day following the end of the First Distribution Period and ending on the Second Designated Date.

2. **AGGREGATE INCOME DISTRIBUTION FOR THE "A" SHARES AND "B" SHARES**

It is intended that the aggregate distribution of income for the "A" Shares and "B" Shares would not be not less than 99,99% (ninety nine comma nine nine per centum) of the Net Income for the respective distribution periods referred to in clause 5.1 or clause 5.2, as the case may be, provided that the Company shall not be obliged to declare or pay any such distribution of income or part thereof, unless the Directors are satisfied that the distribution may be made. Prior to making any distribution, the Directors shall satisfy themselves that the distribution may be made, take into account section 46(1) of the Companies Act (to the extent applicable), the applicable statutory and/or regulatory requirements applicable to real estate investment trusts (REITs), market standards and conditions and other criteria the Directors deem relevant.

3. **INCOME DISTRIBUTIONS FOR THE "A" SHARES**

- 3.1 Subject to clauses 2, 3.2, 3.3, 3.4 and 5.2, once issued (provided that it is issued before the record date for the relevant distribution), each "A" Share shall confer on the holder thereof the right to participate in the income distribution (if and when made), as follows:
 - 3.1.1 For the Second Distribution Period for the Financial Year ended 30 June 2015
 - for the Second Distribution Period for the financial year ended 30 June 2015, an income distribution per "A" Share of an amount equal to R0,7152 (nil comma seven one five two cents), escalated by an amount equal to the lesser of 5% (five per centum) or the most recently available CPIX figure;
 - 3.1.2 For the Distribution Period for the Financial Years from 30 June 2016 until repurchase or cancellation of the "A" Shares
 - 3.1.2.1 for the First Distribution Period for the financial year ended 30 June 2016, an income distribution per "A" Share of an amount equal to R0,7333 (nil comma seven three three three cents), escalated by an amount equal to the lesser of 5% (five per centum) or the most recently available CPIX figure;

- 3.1.2.2 for the First Distribution Periods for the financial years ended 30 June 2017 and for the financial years thereafter until repurchase or cancellation of the "A" Shares, an income distribution per "A" Share of an amount equal to the previous distribution for the First Distribution Period for the prior year per "A" Share, escalated by an amount equal to the lesser of 5% (five per centum) or the most recently available CPIX figure;
 - 3.1.2.3 for the Second Distribution Periods for the financial years ended 30 June 2016 and for the financial years thereafter until repurchase or cancellation of the "A" Shares, an income distribution per "A" Share of an amount equal to the previous distribution for the Second Distribution Period for the prior year per "A" Share (for which purposes it will be deemed that there was a distribution as contemplated in clause 3.1.1), escalated by an amount equal to the lesser of 5% (five per centum) or the most recently available CPIX figure.
- 3.2 All "A" Shares in issue at the record date (as contemplated in clause 20.1 of the Memorandum of Incorporation) for the period concerned shall qualify for the income distribution contemplated in clause 3.1.
 - 3.3 The payment of income referred to in clause 3.1 (if determined to be made in terms of clause 2) is not guaranteed by the Company in the event that the Net Income available for the payment of income for any particular distribution period is less than the amount required to make the payment of income as determined in clause 3.1, and in such event the income payment in respect of the "A" Shares for such distribution period shall be the amount of Net Income available for distribution, apportioned *pro rata* to each "A" Share in issue on the last day of the period concerned. In the event that the income payment for any distribution period is less than the amount provided in clause 3.1, the difference in the amount paid and that which would have been payable in terms of the applicable sub-clause in clause 3.1 had the requisite amount of Net Income been available, shall not accrue or accumulate to the holders of the "A" Shares and there shall be no right to claim any shortfall.
 - 3.4 In determining the income distributions with reference to any prior period's distribution, the prior period's distribution shall be the determined or calculated distribution for the equivalent period in the prior year, whether or not such amount was paid having regard to the availability of funds.
 - 3.5 The Directors shall, for the purposes of calculation, be entitled in their discretion to ignore or round off downwards fractions of a cent of any distribution to be paid.

4. **INCOME DISTRIBUTIONS FOR THE "B" SHARES**

- 4.1 Subject to clauses 2, 4.2, 4.3 and clause 5.2, once issued (provided that it is issued before the record date for the relevant distribution), each "B" Share shall confer on the holder thereof the right to participate in the income distribution (if and when made), for the Second Distribution Period for the Financial Year ended 30 June 2015 and the First Distribution Periods and Second Distribution Periods, respectively, for the Financial Years ended 30 June 2016 and thereafter until repurchase or cancellation of the "B" Shares, of an amount equal to the balance of the distribution referred to in clause 2) after deducting the amount payable in respect of the "A" Shares in terms of clause 3, divided by the number of "B" Shares in issue on the last day of the period concerned.
- 4.2 All "B" Shares in issue at the record date (as contemplated in clause 20.1 of the Memorandum of Incorporation) for the period concerned shall qualify for the income distribution contemplated in clause 4.1.
- 4.3 The payment of income referred to in clause 4.1 (if determined to be made in terms of clause 2) is not guaranteed by the Company in the event that the Net Income available for the payment of income for any particular distribution period is less than the amount required to make the payment of income to the "A" Shares as determined in clause 4.1. In such event, all the Net Income shall be paid to the holders of the "A" Shares. Should there be no income payment for any distribution period in respect of the "B" Shares, no amount shall accrue or accumulate to the holders of the "B" Shares and there shall be no right to claim any shortfall.
- 4.4 The Directors shall for the purposes of calculation, be entitled in their discretion to ignore or round off downwards fractions of a cent of any distribution to be paid.

5. **PAYMENT OF INCOME**

- 5.1 Subject to clauses 2 and 5.2, each Share shall confer on the holder thereof the right to receive income in respect of the 6 (six) monthly periods ending on the Second and First Designated Dates, respectively, to be paid by no later than 3 (three) months after the designated date in question.
- 5.2 Without derogating from the provisions of clause 5.1, the Directors may determine to declare one or more special interim distributions in respect of any distribution period or periods in appropriate circumstances, and without limiting the generality of the foregoing, to permit distributions for periods of less than 6 (six) months, provided that the rights of the Shareholders to income in terms of this annexure shall not be diminished or adversely affected thereby.

6. **DISPUTES REGARDING DISTRIBUTIONS**

- 6.1 In the event of the Directors being in any doubt as regards the determination of Net Income, the Directors may, after consultation with the auditors, refer the matter to an appropriate independent advisor appointed by the Directors, acting as expert and not as arbitrator, whose decision shall be final and binding, in the absence of manifest error, on the Directors. In the event of a dispute as to the appropriateness of the advisor, the Chairman of the Board of Directors shall determine the advisor.
- 6.2 In the event of a dispute between the Company or any Shareholder as to the calculation of income, the dispute shall be referred to the auditors acting as experts and not as arbitrators to determine the income for the applicable distribution period. In making any determination hereof however, the auditors shall take into account any determination in terms of clause 6.1."

INDEPENDENT EXPERT'S REPORT

22 April 2015
The Directors
Hospitality Property Fund Limited
The Zone II
Loft Offices East Wing
2nd Floor
Cnr Oxford Road and Tyrwhitt Avenue
Rosebank
2196

Dear Sirs

FAIR AND REASONABLE OPINION IN RESPECT OF HOSPITALITY PROPERTY FUND LIMITED (“HPF”) SUBSTITUTIVE SHARE-FOR-SHARE TRANSACTION IN TERMS OF WHICH HPF WILL SUBSTITUTE ALL THE ISSUED A LINKED UNITS FOR NO PAR VALUE A SHARES (IN THE RATIO OF ONE NO PAR VALUE A SHARE PER HOSPITALITY A LINKED UNIT), RESULTING IN HOSPITALITY A LINKED UNITHOLDERS BECOMING HOLDERS OF NO PAR VALUE A SHARES AND ALL THE ISSUED HOSPITALITY B LINKED UNITS FOR NO PAR VALUE B SHARES (IN THE RATIO OF ONE NO PAR VALUE B SHARE PER HOSPITALITY B LINKED UNIT), RESULTING IN HOSPITALITY B LINKED UNITHOLDERS BECOMING HOLDERS OF NO PAR VALUE B SHARES (“THE SUBSTITUTION”)

INTRODUCTION

HPF proposes implementing a scheme of arrangement in terms of sections 114 and 115 of the Companies Act, 2008 (“**the Act**”) pursuant to which it will substitute the A and B issued linked units for no par value A and B shares, resulting in the holders of HPF A and B linked units (“**A Linked Unitholders**” and “**B Linked Unitholders**” respectively) becoming holders of no par value A and B shares in HPF (“**No Par A Value Shares**” and “**No Par B Value Shares**” respectively).

The substitutive share-for-share transaction will be facilitated, amongst others, by the adoption of a new Memorandum of Incorporation and the creation of 300 000 000 authorised No Par Value A Shares and 300 000 000 authorised No Par Value B Shares for, *inter alia*, the purpose of the Substitution (collectively, “**the Restructure**”).

Following the Restructure, the capital structure of HPF will consist solely of equity capital with the number of No Par Value A and B Shares in issue being equal to the number of A and B Linked Units in issue immediately prior to the Restructure.

Full details of the Substitution are contained in the circular to Linked Unitholders (“**the Circular**”) anticipated to be issued on or about 31 May 2015, which will include a copy of this letter.

DEFINITION OF THE TERMS “FAIR” AND “REASONABLE”

For the purposes of our opinion, fairness is primarily based on a quantitative assessment. Therefore the consideration payable in respect of the Substitution would be considered to be fair if the consideration payable is greater than or equal to an arm's length market related price for the Linked Units, as determined in accordance with an accepted valuation approach, or unfair if the opposite would hold true.

The assessment of reasonableness is based on qualitative considerations. Hence, even though the consideration may be lower than fair value, the Substitution may be considered reasonable after considering other qualitative factors including the rationale for the Substitution.

SOURCES OF INFORMATION

In the course of our analysis, we relied upon financial and other information obtained from HPF's management and from various public, financial and industry sources. Our conclusion is dependent on such information being accurate in all material respects.

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

- Information and assumptions made available by and from discussions held with members of the board of directors of HPF ("**the Board**") and management of HPF;
- Audited annual financial statements of HPF for the periods ended from 30 June 2012 to 2014;
- The interim results for the 6 months ended 31 December 2014;
- HPF's existing Memorandum of Incorporation ("**MOI**") and proposed new MOI;
- Valuations of fixed property held by HPF as prepared for the 2012, 2013 and 2014 annual financial statements;
- Details of fixed properties held by HPF as at 31 December 2014 as prepared for the unaudited interim results;
- The Debenture Trust Deed between HPF and the debenture trustee;
- Publicly available information relating to HPF and other companies in their respective sectors that we deemed to be relevant, including company announcements, analysts' reports and media articles; and
- The terms and conditions of the Substitution (as detailed in the Circular).

Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our opinion, including publicly available information, whether in writing or obtained in discussions with management.

PROCEDURES

In arriving at our opinion, we have, *inter alia*:

- Reviewed the terms, conditions and rationale for the Substitution;
- Considered information made available by HPF and from discussions held with the Board and management of HPF;
- Discussed the future prospects of HPF with management and considered the qualitative benefits of the Substitution identified by management;
- Reviewed the methodologies available for performing valuations of businesses operating in this industry sector;
- Performed an indicative valuation of HPF using a net asset value ("**NAV**") approach taking into account the market value of all HPF's fixed property assets as at 30 June 2014 but including fixed property acquired during the 6 months ending 31 December 2014 and the historical book value of liabilities and other assets as at 31 December 2014;
- Conducted appropriate sensitivity analyses given a reasonable range of key assumptions on the valuation methodology applied above;
- Reviewed the historic prices and volumes at which Linked Units have traded on the JSE and analysed the Linked Unit price performance over the relevant periods for comparison;
- Reviewed general economic, market and related conditions in which HPF operates; and
- Compared our indicative valuations with the consideration payable in terms of the Substitution.

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

REASONABILITY

By 1 July 2015, in terms of the revised section 13 of the JSE Listings Requirements, the total consolidated International Financial Reporting Standards ("**IFRS**") liabilities of a Retail Estate Investment Trust ("**REIT**") may not exceed 60% of its consolidated IFRS assets. An application of IFRS results in the subordinated debentures (forming part of the Linked Units) being included in the calculation of total consolidated liabilities. Hospitality's ratio of total consolidated IFRS liabilities to its total consolidated assets is 84%, as calculated at the Last Practicable Date. Whilst the subordinated debentures are included as a liability in terms of this calculation, this is not perceived to be an accurate reflection of third party debt owed by HPF as the debentures are subordinated, and post HPF being granted REIT status with effect from 1 July 2013, are effectively treated as equity by HPF.

Notwithstanding the IFRS classification of the debenture portion of the Linked Unit as debt ("**the IFRS Classification**"), both commercial lenders and the investment community consider the entire Linked Unit to be an indivisible equity instrument. The optimal use of long-term commercial debt to fund HPF's investment activities is a critical aspect of capital management and optimisation of returns in the form of income distributions to the providers of equity capital. Accordingly, the IFRS Classification, when read together with the Listings Requirements for the granting and retention of REIT status and the concomitant tax benefits of such status, may negatively influence the ability of a REIT with a linked unit structure to optimise its funding composition and resulting cost of capital and the Substitution will mitigate against this risk.

A Linked Unitholder's decision whether the consideration to be received in terms of the Substitution is fair and reasonable may be influenced by its particular circumstances. A Linked Unitholder should accordingly consult an independent advisor

if there is in any doubt as to the merits of the Substitution, considering their individual circumstances. Accordingly, the opinion of the independent expert does not purport to cater for an individual Linked Unitholder's position but rather the general body of Linked Unitholders.

EFFECT OF RESTRUCTURE PROCESS

The restructuring of HPF's linked unit capital structure to a simple all share structure is to be effected through the substitution of:

- all the issued Hospitality A Linked Units for No Par Value A Shares (in the ratio of one No Par Value A Share per Hospitality A Linked Unit), resulting in Hospitality A Linked Unitholders becoming holders of No Par Value A Shares; and
- all the issued Hospitality B Linked Units for No Par Value B Shares (in the ratio of one No Par Value B Share per Hospitality B Linked Unit), resulting in Hospitality B Linked Unitholders becoming holders of No Par Value B Shares,

each by way of a scheme of arrangement proposed by Hospitality in terms of sections 114 and 115 of the Act, and the subsequent cancellation and delisting of the Hospitality Linked Units;

The types and classes of security holders affected by the transaction are:

- HPF's A linked unit holders who currently hold an aggregate of 144 285 503 variable rate A debentures of R9.40 each, linked to 144 285 503 A ordinary par value shares of R0.0001 each; and
- HPF's B linked unit holders who currently hold an aggregate of 144 285 503 variable rate B debentures of R9.40 each, linked to 144 285 503 B ordinary shares of R0.0001.

Having analysed the effects of the Restructure, we have concluded that there will be no adverse effects which the Restructure will have on the economic or voting rights and interests of Linked Unitholders. The only material difference is that the former Linked Unitholder's position on implementation of the Restructure will be the absence of the debenture and the additional no par value shares and the ability of HPF to issue shares and for shares to be sold or otherwise disposed of without them forming part of linked units with debentures.

The Restructure will not result in any change in the number of the HPF's listed securities seeing that the debentures and par value shares are listed as a single instrument due to them being indivisibly linked.

The restructure is not anticipated to have any material adverse effects on the business and prospects of HPF.

Recognising that there is no third party offer consideration against which the value of the Linked Units may be compared, this report does not set out a range of valuation of HPF Linked Units as such a valuation range is not relevant in the determination of whether to approve the scheme or not.

The following Linked Units were held by directors of HPF as at 31 March 2015:

A-linked units (number of units) Direct beneficial	Indirect beneficial	Held by associated	Total
R Asmal	10 400		10 400
G A Nelson		281 544	281 544
Z N Kubukeli	118 715		118 715
			410 659

B-linked units (number of units) Direct beneficial	Indirect beneficial	Held by associated	Total
R Asmal	70 000	70 000	
G A Nelson	825 625	825 625	
Z N Kubukeli	118 715	118 715	
			1 014 340

The debenture trustee does not have any beneficial interest in the issued Linked Unit capital of HPF.

The effect that the Restructure will have on the above directors and on their interests listed above, will be no different to the effect of the capital conversion, as detailed above, on other security holders in the Company.

OPINION

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

We have considered the terms and conditions of the Substitution, and based upon and subject to the foregoing, we are of the opinion that the exchange ratio of 1 (one) No Par Value A Share for every 1 (one) A Linked Unit and 1 (one) No Par Value B Share for every 1 (one) B Linked Unit held immediately prior to the Substitution is fair and reasonable to the HPF A and B Linked Unitholders.

LIMITING CONDITIONS AND RELATED PARTY RELATIONSHIPS

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

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

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

This letter and opinion is provided solely for the benefit of the relevant Board concerned for the sole purpose of assisting the relevant Board in forming and expressing an opinion for the benefit of the Linked Unitholders.

There is no relationship between Mazars Corporate Finance and any other parties involved in this Substitution. Mazars Corporate Finance has no A or B Linked Units in HPF or any other party involved in the Substitution. Mazars Corporate Finance's fees in respect of this fair and reasonable is R75 000 plus VAT and is not payable in Linked Units or No Par Value Shares and is not contingent or related to the outcome of the Substitution.

Mazars Corporate Finance has no conflict of interest in relation to the Substitution and is able to make impartial decisions in relation to that Substitution without fear or favour. Mazars Corporate Finance has all the necessary competencies for this appointment. An internal review and quality control process exists at Mazars Corporate Finance that ensured that someone other than the senior person responsible for the assignment reviewed the final opinion.

Each Linked Unitholder's individual decision may be influenced by such Linked Unitholder's particular circumstances. Our opinion does not purport to cater for each Linked Unitholder's circumstances, but rather the general body of Linked Unitholders taken as a whole. Should a Linked Unitholder be in any doubt as to what action to take, he or she should consult an independent advisor.

CONSENT

We hereby consent to the inclusion of this letter and references thereto, in the form and context in which they appear in the Circular.

Yours faithfully,

Andrew Morris

Director

Mazars Corporate Finance (Proprietary) Limited

Mazars House, Rialto Road

Grand Moorings Precinct

Century City

7441

INFORMATION ON DIRECTORS AND MANAGERS

The table below sets out information pertaining to the current directors of Hospitality and its material subsidiaries:

HOSPITALITY PROPERTY FUND LIMITED

Name and age	Donald (Don) George Bowden (56)
Business address	The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196
Position	Independent non-executive chairman
Experience	Don is a non-executive director of Tier I Investor Relations, Foord Unit Trusts and The Fruitways Group and Molteno Brothers and a trustee of Molteno Brothers Trust, a charitable trust. Don managed the investor relations, communications, and marketing and human resources portfolios for the BOE banking group. Following the merger of BoE with Nedcor in 2002, he assumed responsibility for communications and human resources on the Nedcor integration and restructuring team before starting Tier I Investor Relations in 2003. Don was appointed as chairman of the Board on 30 June 2013.
Name and age	Ridwaan Asmal (42)
Business address	The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196
Position	Financial director
Experience	Ridwaan was employed at Freestone Property Holdings, Broll Property Group and Anglo American Property Services prior to joining Hospitality in 2006. He has some 21 years' experience in the listed property fund environment with specific skills in financial reporting and management as well as acquisitions and disposals.
Name and age	Linda de Beer (45)
Business address	The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196
Position	Independent non-executive director
Experience	Linda is an independent director, reporting and governance advisor and adjunct professor on a part time basis, at Wits University. She is also a director on the boards of Royal Bafokeng Platinum Ltd, Sasfin Bank Ltd and Sasfin Holdings Ltd. She, inter alia, serves on the King Committee on Corporate Governance and chairs the JSE's Financial Reporting Investigation Panel. Linda was appointed a director of Hospitality on 17 August 2011. She is also the chairman of the audit and risk committee.

Name and age Sydney (Syd) Arnold Halliday (67)
Business address The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196
Position Independent non-executive director
Experience 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. He served as the Independent Chairman of Nedbank Corporate Property Finance's main property lending committee up to December 2012. He has over 31 years' experience as a lending banker. Syd joined the board of Hospitality on 30 June 2013. He also serves on the board of Dipula Income Fund Limited as an independent non-executive director and as a trustee of National Empowerment Investment Trust.

Name and age Zuko Ntsele Kubukeli (42)
Business address Summit Square, 15 School Road, 2nd Floor, Morningside, Johannesburg, 2196
Position Independent non-executive director
Experience Zuko was a regional property manager of Atlas Property Services (Pty) Limited, the management company of the listed PLS, Atlas Properties Limited, prior to which he was an executive director of Brait Specialised Funds. Zuko is the executive director – strategy and acquisitions, of Pan-African Capital Holdings (Pty) Limited and a principal and CEO of Pan-African Private Equity Fund One and Two. He was appointed to the board of Hospitality in June 2008. Zuko chairs the social and ethics committee.

Name and age Gerald Alan Nelson (60)
Business address 33 Ashford Road, Parkwood, 2193
Position Non-executive director
Experience Gerald stepped down as the chief executive officer of Hospitality on 30 June 2013, but remains on the board as a non-executive director. He was first appointed to the board prior to the listing of the Fund in 2006. Gerald was a past managing director of Sycom Property Fund Managers Limited and a past chairman of the Association of Property Unit Trusts. He has more than 36 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 nine years. Gerald is currently involved in various local and offshore property development and investment activities.

Name and age Wilhelm (Willy) Christian Ross (69)
Business address The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196
Position Independent non-executive director
Experience Willy was appointed as an independent non-executive director in April 2007. He chairs both the remuneration and investment committees. Willy has more than 33 years' merchant and investment banking experience and was, until his retirement, responsible for the Project and Structured Finance and Private Equity departments of Nedcor Investment Bank Limited as well as its Risk and Compliance functions. Post his retirement Willy has for the past 10 years served as Chairman or director on the boards of a number of listed and unlisted companies including Kagiso Media Limited, Vunani Limited and Capital Property Fund (Chairman).

Name and age	Zola Nwabisa Ntwasa (37)
Business address	The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, Cnr Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, 2196
Position	Independent non-executive director
Experience	Zola qualified as a Chartered Accountant (SA) in 2003 after having completing a Postgraduate Diploma in Accounting at the University of Natal (Durban) and a Bachelor of Commerce degree at the University of Cape Town. She is an executive director of Jade Capital Partners. Zola was previously a director of Standard Bank Group Limited's Real Estate Finance division, heading up its New Business team and an investment banker, having held roles in Standard Bank's BEE Finance division and in Corporate Finance at Investec Bank Limited. She is currently the chair of the Women's Property Network (Gauteng) and a member of SAPOA, AWCA and ABASA. She was appointed to the board of Hospitality on 8 July 2013.

EXTRACTS OF S115 AND 164 OF THE COMPANIES ACT

“115. Required approval for transactions contemplated in Part A of Chapter 5 of the Act

- (1) Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:
- (a) the disposal, amalgamation or merger, or scheme of arrangement:
 - (i) has been approved in terms of this section; or
 - (ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and
 - (b) to the extent that Parts B and C of this Chapter, and the Takeover Regulations, apply to a company that proposes to:
 - (i) dispose of all or the greater part of its assets or undertaking;
 - (ii) amalgamate or merge with another company; or
 - (iii) implement a scheme of arrangement,the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119 (4) (b), or exempted the transaction in terms of section 119 (6).
- (2) A proposed transaction contemplated in subsection (1) must be approved:
- (a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company's Memorandum of Incorporation, as contemplated in section 64 (2); and
 - (b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if:
 - (i) the holding company is a company or an external company;
 - (ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and
 - (iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
 - (c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).
- (3) Despite a resolution having been adopted as contemplated in subsections (2) (a) and (b), a company may not proceed to implement that resolution without the approval of a court if:
- (a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or
 - (b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).

- (4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:
- (a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or
 - (b) required to be voted in support of a resolution, or actually voted in support of the resolution.
- (4A) In subsection (4), "act in concert" has the meaning set out in section 117 (1) (b).
- (5) If a resolution requires approval by a court as contemplated in terms of subsection (3) (a), the company must either:
- (a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or
 - (b) treat the resolution as a nullity.
- (6) On an application contemplated in subsection (3) (b), the court may grant leave only if it is satisfied that the applicant:
- (a) is acting in good faith;
 - (b) appears prepared and able to sustain the proceedings; and
 - (c) has alleged facts which, if proved, would support an order in terms of subsection (7).
- (7) On reviewing a resolution that is the subject of an application in terms of subsection (5) (a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:
- (a) the resolution is manifestly unfair to any class of holders of the company's securities; or
 - (b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.
- (8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:
- (a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and
 - (b) was present at the meeting and voted against that special resolution.
- (9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:
- (a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;
 - (b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;
 - (c) the transfer of shares from one person to another;
 - (d) the dissolution, without winding-up, of a company, as contemplated in the transaction;
 - (e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or
 - (f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger."

“164. Dissenting shareholders appraisal rights.

- (1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.
- (2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:
 - (a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37 (8); or
 - (b) enter into a transaction contemplated in section 112, 113, or 114,that notice must include a statement informing shareholders of their rights under this section.
- (3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
- (4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:
 - (a) gave the company a written notice of objection in terms of subsection (3); and
 - (b) has neither:
 - (i) withdrawn that notice; or
 - (ii) voted in support of the resolution.
- (5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:
 - (a) the shareholder:
 - (i) sent the company a notice of objection, subject to subsection (6); and
 - (ii) in the case of an amendment to the company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;
 - (b) the company has adopted the resolution contemplated in subsection (2); and
 - (c) the shareholder:
 - (i) voted against that resolution; and
 - (ii) has complied with all of the procedural requirements of this section.
- (6) The requirement of subsection (5) (a) (i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.
- (7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:
 - (a) 20 business days after receiving a notice under subsection (4); or
 - (b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.
- (8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:
 - (a) the shareholder's name and address;
 - (b) the number and class of shares in respect of which the shareholder seeks payment; and
 - (c) a demand for payment of the fair value of those shares.
- (9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:
 - (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12) (b);

- (b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or
 - (c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.
- (10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.
- (11) Within five business days after the later of:
- (a) the day on which the action approved by the resolution is effective;
 - (b) the last day for the receipt of demands in terms of subsection (7) (a); or
 - (c) the day the company received a demand as contemplated in subsection (7) (b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.
- (12) Every offer made under subsection (11):
- (a) in respect of shares of the same class or series must be on the same terms; and
 - (b) lapses if it has not been accepted within 30 business days after it was made.
- (13) If a shareholder accepts an offer made under subsection (12):
- (a) the shareholder must either in the case of:
 - (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
 - (ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and
 - (b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:
 - (i) tendered the share certificates; or
 - (ii) directed the transfer to the company of uncertificated shares.
- (14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:
- (a) failed to make an offer under subsection (11); or
 - (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.
- (15) On an application to the court under subsection (14):
- (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;
 - (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
 - (c) the court:
 - (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
 - (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);

- (iii) in its discretion may:
 - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
 - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
 - (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and
 - (v) must make an order requiring:
 - (aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13) (a); and
 - (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13) (a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.
- (15A) At any time before the court has made an order contemplated in subsection (15) (c) (v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case:
- (a) that shareholder must comply with the requirements of subsection 13 (a); and
 - (b) the company must comply with the requirements of subsection 13 (b).
- (16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.
- (17) If there are reasonable grounds to believe that compliance by a company with subsection (13) (b), or with a court order in terms of subsection (15) (c) (v) (bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months:
- (a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
 - (b) the court may make an order that:
 - (i) is just and equitable, having regard to the financial circumstances of the company; and
 - (ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.
- (18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.
- (19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:
- (a) the provisions of that section; or
 - (b) the application by the company of the solvency and liquidity test set out in section 4.
- (20) Except to the extent:
- (a) expressly provided in this section; or
 - (b) that the Panel rules otherwise in a particular case,
- a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."



Hospitality Property Fund Limited

(Incorporated in the Republic of South Africa)

(Registration number: 2005/014211/06)

Share code for A-linked units: HPA

ISIN for A-linked units: ZAE000076790

Share code for B-linked units: HPB

ISIN for B-linked units: ZAE000076808

("Hospitality" or "the company")

NOTICE OF GENERAL MEETING OF SHAREHOLDERS

Important Notice

As a result of the capital structure of Hospitality comprising Linked Units, each of which comprise a Share and a Debenture, all Hospitality Linked Unitholders are both Hospitality Shareholders and Hospitality Debenture Holders. Therefore, both the Notice of General Meeting of Hospitality Shareholders ("Notice") and the Notice of General Meeting of Hospitality Debenture Holders are applicable to each and every Linked Unitholder.

Where appropriate and applicable, the terms defined in the Circular to which this Notice is attached and forms part of bear the same meanings in this Notice, and in particular, the resolutions set out below.

Hospitality Shareholders are referred to the Circular, which sets out the information or explanatory material that they may require in order to determine whether to participate in the General Meeting of Shareholders and seek to influence the outcome of the vote on the resolutions set out below.

Notice of General Meeting of Hospitality Shareholders

Notice is hereby given to Linked Unitholders that a General Meeting of Hospitality Shareholders will be held at The Zone, Phase 2, 2nd Floor, Loft Offices East Wing, Corner Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, on Thursday, 30 July 2015 at 10:00 to: (i) deal with such business as may lawfully be dealt with at the meeting and (ii) consider and, if deemed fit to approve, with or without modification, the resolutions necessary for the Restructure and the General Authorities.

Although the General Meeting of Hospitality Shareholders will comprise of a combined meeting of the holders of Hospitality A Shares and Hospitality B Shares, the quorum will be determined and voting will take place as if they were separate meetings of each class of Hospitality Shareholders and the votes shall be counted separately in respect of each such class of Hospitality Shareholders.

In terms of the MOI and the Listings Requirements, the quorum for the General Meeting of Hospitality Shareholders is persons holding at least 25% of all voting rights that are entitled to be exercised on each resolution proposed to be passed at the General Meeting by the holders of Hospitality A Shares (but not less than 3 Hospitality A Shareholders), and at least 25% of all voting rights that are entitled to be exercised on each resolution proposed to be passed at the General Meeting by the holders of Hospitality B Shares (but not less than 3 Hospitality B Shareholders), present in person or represented by proxy at the General Meeting.

Section 63(1) of the Companies Act: Identification of meeting participants

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a meeting. Forms of identification that will be accepted include original and valid identity documents, drivers' licences and passports.

Record dates

In terms of sections 59(1)(a) and (b) of the Companies Act, the Board has set the Record Date for the purpose of determining which Linked Unitholders are entitled to:

- receive notice of the General Meeting of Hospitality Shareholders (being the date on which a Linked Unitholder must be registered in the company's Register as a Linked Unitholder in order to receive notice of the General Meeting of Hospitality Shareholders) as Friday, 26 June 2015 (therefore the last day to trade will be Friday, 19 June 2015); and
- participate in and vote at the General Meeting of Hospitality Shareholders (being the date on which the Linked Unitholder must be registered in the company's Register as a Linked Unitholder in order to participate in and vote at the General Meeting of Hospitality Shareholders) as Friday, 24 July 2015 (therefore the last day to trade will be Friday, 17 July 2015).

SPECIAL RESOLUTION NUMBER 1: APPROVAL FOR THE SUBSTITUTION BY WAY OF A SCHEME OF ARRANGEMENT IN TERMS OF SECTIONS 114 AND 115 OF THE COMPANIES ACT

"Resolved that, (subject to the fulfilment and/or (where possible) waiver of the Conditions Precedent as set out in paragraph 9 of the Circular, including, *inter alia*, the passing of Special Resolutions Number 1 and Special Resolution Number 2 of the Hospitality Debenture Holders, as set out in the Notice of General Meeting of Hospitality Debenture Holders and Special Resolution Number 2, Special Resolution Number 3 and Special Resolution Number 4 of the Hospitality Shareholders, as set out in this Notice), the scheme of arrangement in terms of sections 114 and 115 of the Companies Act proposed by the Directors of Hospitality between Hospitality, the Hospitality Shareholders and the Hospitality Debenture holders in terms of which Hospitality will, by means of a share-for-share substitutive transaction in terms of section 43 of the Income Tax Act, exchange the issued Hospitality A Linked Units for an equivalent number of Hospitality No Par Value A Shares and exchange the issued Hospitality B Linked Units for an equivalent number of Hospitality No Par Value B Shares (via a repurchase of the issued A Linked Units and B Linked Units and a concurrent issue of No Par Value A Shares and No Par Value B Shares, respectively), with the Debenture Trust Deed immediately thereafter being terminated, be approved and implemented."

Special Resolution Number 1 of the Hospitality Shareholders is proposed to approve and authorise the scheme of arrangement implementing the Substitution in terms of sections 114 and 115 of the Companies Act, following which the capital structure of Hospitality will comprise solely of No Par Value Shares.

The Independent Expert on the Substitution, retained by the company, has prepared a report to the Board in terms of section 114(3) of the Companies Act, which report is attached to the Circular as Annexure B.

SPECIAL RESOLUTION NUMBER 2: APPROVAL FOR THE CANCELLATION OF THE 200 000 000 A SHARES AND THE 200 000 000 B SHARES

"Resolved that, (subject to the fulfilment and/or (where possible) waiver of the Conditions Precedent as set out in paragraph 9 of the Circular, including, *inter alia*, the passing of Special Resolutions Number 1 and Special Resolution Number 2 of the Hospitality Debenture Holders, as set out in the Notice of General Meeting of Hospitality Debenture Holders and Special Resolution Number 1, Special Resolution Number 3 and Special Resolution Number 4 of the Hospitality Shareholders, as set out in this Notice), the existing 200 000 000 A Shares and the 200 000 000 B Shares be cancelled."

Pursuant to the adoption of the New MOI, which sets out the rights of the No Par Value Shares, and the concurrent creation of the No Par Value A Shares and the No Par Value of the B Shares, it is proposed that the authorised A Shares and B Shares, which are par value shares, be cancelled.

SPECIAL RESOLUTION NUMBER 3: APPROVAL FOR THE CREATION OF 300 000 000 AUTHORISED NO PAR VALUE A SHARES AND 300 000 000 AUTHORISED NO PAR VALUE B SHARES

"Resolved that, (subject to the fulfilment and/or (where possible) waiver of the Conditions Precedent as set out in paragraph 9 of the Circular, including, *inter alia*, the passing of Special Resolutions Number 1 and Special Resolution Number 2 of the Hospitality Debenture Holders, as set out in the Notice of General Meeting of Hospitality Debenture Holders and Special Resolution Number 1, Special Resolution Number 2 and Special Resolution Number 4 of the Hospitality Shareholders, as set out in this Notice), in terms of section 36 of the Companies Act and clause 8.4 of the MOI, the creation of 300 000 000 No Par Value A Shares and 300 000 000 No Par Value B Shares be and is hereby approved."

Special Resolution Number 3 of the Hospitality Shareholders is proposed to approve the creation of 300 000 000 No Par Value A Shares and 300 000 000 No Par Value of the B Shares for the purposes of, *inter alia*, the Substitution.

SPECIAL RESOLUTION NUMBER 4: APPROVAL FOR THE ABROGATION OF THE EXISTING MOI IN ITS ENTIRETY AND THE ADOPTION OF THE NEW MOI

“Resolved that, (subject to the fulfilment and/or (where possible) waiver of the Conditions Precedent as set out in paragraph 9 of this Circular, including, *inter alia*, the passing of Special Resolutions Number 1 and Special Resolution Number 2 of the Hospitality Debenture Holders, as set out in the Notice of General Meeting of Hospitality Debenture Holders and Special Resolution Number 1, Special Resolution Number 2 and Special Resolution Number 3 of the Hospitality Shareholders, as set out in this Notice), in terms of section 16(1)(c)(i) of the Companies Act, the existing MOI of the company be and is hereby abrogated and replaced in its entirety with the new MOI (the salient features of which are included in Annexure A of the Circular, the full version of which can be accessed on Hospitality’s website, www.hpf.co.za, and at the Registered Office of the company and the Legal and Tax Advisor with effect from the date of the posting of the Circular), which New MOI will take effect from the date of filing with the Companies and Intellectual Property Commission.”

The New MOI:

- reflects the amendments to the capital structure of the company, as contemplated in Special Resolution Number 1, Special Resolution Number 2 and Special Resolution Number 3 of the Hospitality Shareholders, as set out in this Notice, and Special Resolution Number 1 and Special Resolution Number 2 of the Hospitality Debenture Holders, as set out in the Notice of General Meeting of Hospitality Debenture Holders; and
- provides for the annual retirement of Directors who are 70 years of age or older at the annual general meeting.

Hospitality Linked Unitholders are advised of the fact that the Companies Act affords relief to holders of a class of shares where a company’s memorandum of incorporation is amended by altering the preferences, rights, limitations or other terms of such class of shares in any manner material and adverse to the rights and interests of the holders thereof, provided that the holders take appropriate action as prescribed in terms of sections 38(7) and 164 of the Companies Act. In order to enable Linked Unitholders to make an assessment of whether they consider their rights or interests to be affected as aforesaid, the complete New MOI and the exiting MOI have been posted on the company’s website, www.hpf.co.za. Copies of both the New MOI and the existing MOI are also available for inspection at the company’s Registered Office during normal business hours at any time prior to the commencement of the General Meeting of Hospitality Shareholders.

SPECIAL RESOLUTION NUMBER 5: GENERAL AUTHORITY TO ACQUIRE SECURITIES

“Resolved that the company and/or a subsidiary of the company is authorised, by way of a general authority, to repurchase or purchase, as the case may be, securities issued by the company, from any person, upon such terms and conditions and in such number as the directors of the company or the subsidiary may from time to time determine, subject to the applicable requirements of the company’s memorandum of incorporation, the Companies Act and the Listings Requirements, each as presently constituted and as amended from time to time, on the following bases:

- (a) each repurchase of securities must be effected through the main order book operated by the JSE Limited trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- (b) the number of securities which may be repurchased pursuant to this authority in any financial year, may in the aggregate not exceed 10% of the company’s issued share capital of the relevant class as at the date on which the Restructure is implemented and the No Par Value Shares are issued pursuant to the Substitution, provided that the number of A Shares or B Shares, as the case may be, so calculated shall be reduced by a number equivalent to the number of any A Linked Units or B Linked Units, as the case may be, already repurchased in the relevant financial year under the general authority to acquire securities granted in terms of special resolution number 4 at the company’s annual general meeting held on 8 December 2014;
- (c) repurchases of securities may not be made at a price greater than 10% above the weighted average of the respective market values of the No Par Value A Shares and the No Par Value B Shares for the five business days immediately preceding the date on which the repurchase is effected (the maximum price). The JSE will be consulted for a ruling if the company’s securities have not traded in such a five-business day period;
- (d) repurchases of securities by the company or its subsidiaries may not take place during a prohibited period as defined in the Listings Requirements, unless the company has in place a repurchase programme where the dates and quantities of securities to be traded are fixed (not subject to any variation) and full details of the programme have been disclosed to the JSE Limited prior to the commencement of the prohibited period;

- (e) the company shall release an announcement on SENS and in the press, as soon as it or its subsidiary has, on a cumulative basis purchased or repurchased securities of the relevant class, which constitute 3% of the initial number of securities of such class in issue (at the date on which the Restructure is implemented and the No Par Value Shares are issued pursuant to the Substitution), and for each 3% in aggregate of the initial number of such class of securities purchased or repurchased, as the case may be, thereafter;
- (f) this general authority shall be valid only until the next AGM of the company to be held in 2015, provided that it shall not extend beyond 15 months from the date of passing of this special resolution;
- (g) at any point in time, the company may only appoint one agent to effect any repurchases on the company's behalf;
- (h) the number of securities purchased and held by a subsidiary or subsidiaries of the company shall not exceed 10% in the aggregate of the number of issued securities in the company at the relevant times;
- (i) no voting rights attached to the securities acquired by the company's subsidiaries may be exercised while the securities are held by them and they remain subsidiaries of the company;
- (j) a resolution has been passed by the board of the company confirming that it has authorised the general repurchase, that the company and its subsidiaries will satisfy the solvency and liquidity test immediately after the repurchase of securities and that since the test was done there have been no material changes to the financial position of the group; and
- (k) any such general repurchase will be subject to Exchange Control Regulations."

The existing general authority for the company and its subsidiaries to repurchase or purchase, as the case may be, securities in the company, granted by Linked Unitholders at the previous annual general meeting of the company on 8 December 2014, is limited to the repurchase of Shares. As the Shares will be substituted for the No Par Value Shares upon the implementation of the Restructure, the general authority is proposed to be replaced by a new general authority as relating to the No Par Value Shares. The number of No Par Value Shares that may be repurchased under the new general authority is limited to 10% of the company's issued share capital of the relevant class as at the date on which the Restructure is implemented and the No Par Value Shares are issued pursuant to the Substitution, but if any A Linked Units and/or B Linked Units, as the case may be, were repurchased during the relevant financial year, the number of A Linked Units and/or B Linked Units so repurchased must be subtracted from the number of No Par Value Shares of the relevant class/es as would constitute 10% of the company's issued No Par Value Shares.

Having considered the effect of acquisition of the No Par Value Shares up to the maximum limit, the Directors are of the opinion that, if such acquisitions were implemented:

- the company and the group are in a position to repay their debt in the ordinary course of business for a period of 12 months after the date of this Notice;
- the company and the group's assets will be in excess of the liabilities of the company and the group for a period of 12 months after the date of this Notice. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of the group for the year ended 30 June 2014 which comply with the Companies Act;
- the share capital and reserves of the company and the group will be adequate for the ordinary business purposes of the company and the group for a period of 12 months following the date of this Notice; and
- the available working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of this Notice.

Statement of the Board's intention

Although there is no immediate intention to effect a repurchase of securities, the Board believes that it should retain flexibility so that the Directors may utilise the general authority to repurchase No Par Value Shares as and when suitable opportunities present themselves after implementation of the Restructure and which opportunities may require immediate action.

Other disclosure in accordance with section 11.26 of the Listings Requirements

The following additional information, some of which may appear elsewhere in the Circular, is provided in terms of the Listings Requirements for purposes of this general authority:

- Major linked unitholders – page 19 of the Circular
- Share and debenture capital of the company – page 19 of the Circular

Material change statement

Other than the facts and developments reported in Annexure A to the Circular, there have been no material changes in the affairs or the financial position of the company or that of its subsidiaries since the date of signature of the audited annual financial statements for the year ended 30 June 2014 and the date of this Notice.

Directors' responsibility statement

The directors, whose names appear on pages 35 to 37 of the Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts 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 the special resolution contains all information required by law and the Listings Requirements.

ORDINARY RESOLUTION NUMBER 1: GENERAL AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE AUTHORISED BUT UNISSUED SECURITIES

"Resolved, to the extent required, that (subject to the fulfilment and/or (where possible) waiver of the Conditions Precedent as set out in paragraph 9 of the Circular, including, *inter alia*, the passing of Special Resolutions Number 1 and Special Resolution Number 2 of the Hospitality Debenture Holders, as set out in the Notice of General Meeting of Hospitality Debenture Holders and Special Resolution Number 1, Special Resolution Number 2, Special Resolution Number 3 and Special Resolution Number 4 of the Hospitality Shareholders, as set out in this Notice, and), subject to the memorandum of incorporation, the Companies Act and the Listings Requirements, each as presently constituted and as amended from time to time, the Directors are, as a general authority and approval, authorised, as they in their discretion think fit, to allot and issue the authorised but unissued No Par Value Shares to such person(s) and upon such terms and conditions as the Directors may determine, on the following bases:

1. the Directors may allot and issue the authorised but unissued No Par Value Shares as consideration for the acquisition by the company, or any of its subsidiaries, of immovable property or for shares in and/or loan accounts against companies owning immovable property, for the purpose of acquiring such property;
2. the number of No Par Value A Shares and No Par Value B Shares which may be issued pursuant to this general authority may in the aggregate not exceed 10 794 188 No Par Value A Shares and 10 794 188 No Par Value B Shares, provided that if any A Linked Units and B Linked Units are issued between the Last Practicable Date and the date on which the Restructure is implemented and the No Par Value Shares are issued pursuant to the Substitution, under the general authority granted in terms of ordinary resolution number 10, passed at the annual general meeting of the company, held on 8 December 2014 ("AGM Ordinary Resolution Number 10"), then the number of No Par Value Shares that may be issued as set out above shall be reduced by a number equivalent to the number of A Linked Units and B Linked Units so issued;
3. the maximum discount at which No Par Value A Shares and No Par Value B Shares may be issued in terms of this authority is 5% of the weighted average trade price on the JSE of the relevant shares measured over 30 business days prior to the date that the placing is authorised by the Directors; and
4. this authority shall only be valid until the next annual general meeting of the company but shall not endure beyond a period of 15 months from the date of this meeting."

The existing general authority for the Directors to issue authorised but unissued securities in the company, granted by Linked Unitholders at the previous annual general meeting of the company on 8 December 2014, is limited to the issue of Shares. As the Shares will be substituted for the No Par Value Shares upon the implementation of the Restructure, the general authority is proposed to be replaced by a new general authority as relating to the No Par Value Shares.

In terms of AGM Ordinary Resolution Number 10, the Directors were granted a general authority to allot and issue the authorised but unissued Linked Units to such person(s) and upon such terms and conditions as the directors may determine, provided that the Directors were not authorised to allot and issue A Shares or B Shares in excess of 10% of the number of issued A Shares and issued B Shares as at the date of the passing of AGM Ordinary Resolution Number 10 (the determination of which was to exclude any specific issue of Shares approved by Linked Unitholders in their capacity as Shareholders). As at the Last Practicable Date, Hospitality had issued 3 303 965 A Linked Units and 3 303 965 B Linked Units under the existing general authority, amounting to 2,3% of the number of issued A Shares and issued B Shares as at the date of the passing of AGM Ordinary Resolution Number 10. 10 794 188 A Shares and 10 794 188 B Shares remain available, as at the Last Practicable Date, to be issued under the existing general authority (as part of Linked Units) until the expiry of such authority at the company's next annual general meeting, which is anticipated to be held during November 2015. The Board proposes that the authority be extended to an equivalent number of No Par Value Shares. Should any additional A Shares and B Shares be issued between the Last Practicable Date and implementation of the Restructure, the number of No Par Value Shares that may be issued prior to the next annual general meeting will reduce accordingly.

ORDINARY RESOLUTION NUMBER 2: GENERAL AUTHORISING RESOLUTION

“Resolved that, any Director or the Company Secretary of Hospitality be and is hereby authorised to do all things and sign all documents required to give effect to Special Resolution Number 1, Special Resolution Number 2, Special Resolution Number 3, Special Resolution Number 4, Special Resolution Number 5 and Ordinary Resolution Number 1 in terms of the Listings Requirements and the Companies Act. “

Electronic participation

The company has made provision for Linked Unitholders or their proxies to participate electronically in the General Meeting of Hospitality Shareholders by way of telephone conferencing. Should a Linked Unitholder wish to participate in the General Meeting of Hospitality Shareholders by telephone conference call as aforesaid, the Linked Unitholder, or his/her/its proxy, will be required to advise the company thereof by submitting by email to the Company Secretary at rosao@hpf.co.za or by fax to +27+11 994 6321 for the attention of Mrs Rosa van Onselen, relevant contact details, including an email address, cellular number and landline number, as well as full details of the Linked Unitholder's title to securities issued by the company and proof of identity, in the form of certified copies of identity documents and Linked Unit certificates (in the case of Certificated Linked Units) and (in the case of Dematerialised Linked Units) written confirmation from the Linked Unitholder's "CSDP" confirming the Linked Unitholder's title to the Dematerialised Linked Units, to reach the company by no later than 10:00 on Tuesday, 28 July 2015. Upon receipt of the required information by the company, the Linked Unitholder concerned will be provided with a secure code and instructions to access the electronic communication during the General Meeting of Hospitality Shareholders. Linked Unitholders must note that access to the electronic communication will be at the expense of the Linked Unitholders who wish to utilise the facility.

Linked Unitholders and their appointed proxies attending the General Meeting of Hospitality Shareholders by conference call will not be able to cast their votes at the General Meeting of Hospitality Shareholders through this medium. Accordingly, Linked Unitholders making use of the electronic participation facility are requested to submit their forms of proxy to the company, as directed in this Notice.

Proxies, authority for representatives to act and voting

Linked Unitholders who are entitled to attend, participate in and vote at the General Meeting of Hospitality Shareholders, are entitled to appoint a proxy (or more than one proxy in respect of different Linked Units held by them) to attend, speak and vote in their stead. A proxy need not be a Linked Unitholder and shall be entitled to vote on a show of hands or a poll.

For the convenience of registered Linked Unitholders of the company, a form of proxy is enclosed herewith to be completed by them in their capacity as Hospitality Shareholders.

The enclosed form of proxy is only to be completed by

- Certificated Linked Unitholders; or
- Dematerialised Linked Unitholders who have elected own-name registration.

It is requested that the company receives forms of proxy by no later than 10:00 on Tuesday, 28 July 2015. If Certificated Linked Unitholders or Dematerialised Linked Unitholders who have elected own-name registration, and who are entitled to attend, participate in and vote at the General Meeting of Hospitality Shareholders, do not deliver forms of proxy to the company by the relevant time, such Linked Unitholders will nevertheless be entitled to lodge the form of proxy in respect of the General Meeting of Hospitality Shareholders immediately prior to the exercising of the Linked Unitholders' rights at the General Meeting of Hospitality Shareholders, in accordance with the instructions therein, with the chairman of the General Meeting of Hospitality Shareholders. Any Linked Unitholder who completes and lodges a form of proxy will nevertheless be entitled to attend, participate in and vote in person at the General Meeting of Hospitality Shareholders should the Linked Unitholder decide to do so.

All other Dematerialised Linked Unitholders who wish to attend the General Meeting of Hospitality Shareholders should contact their CSDP or broker:

- to provide them with the necessary letter of representation in order to attend the General Meeting of Hospitality Shareholders; or
- to furnish the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

These Linked Unitholders must not use a form of proxy. A company that is a Linked Unitholder wishing to attend and participate at the General Meeting of Hospitality Shareholders should ensure that a resolution authorising a representative to so attend and participate at the General Meeting of Hospitality Shareholders on its behalf is passed by its directors.

Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the Transfer Secretary prior to the General Meeting of Hospitality Shareholders.

Every A Linked Unitholder present in person or represented by proxy and entitled to vote shall, in his/her/its capacity as shareholder, on a show of hands, have only one vote irrespective of the number of Hospitality A Shares he/she/it holds or represents. On a poll, every A Linked Unitholder present in person or represented by proxy and entitled to vote, shall, in his/her/ its capacity as Hospitality A Shareholder, be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of all the Hospitality A Shares held by him/her/it bears to the aggregate amount of the nominal value of all the Hospitality A Shares issued by the company.

Every B Linked Unitholder present in person or represented by proxy and entitled to vote shall, in his/her/its capacity as shareholder, on a show of hands, have only one vote irrespective of the number of Hospitality B Shares he/ she/it holds or represents. On a poll, every B Linked Unitholder present in person or represented by proxy and entitled to vote, shall, in his/her its capacity as Hospitality B Shareholder, be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of all the Hospitality B Shares held by him/her/it bears to the aggregate amount of the nominal value of all the Hospitality B Shares issued by the company.

By order of the Board

A handwritten signature in black ink, appearing to read 'LR van Onselen', with a stylized flourish at the end.

LR van Onselen
For HPF Management (Pty) Limited
Company secretary



Hospitality Property Fund Limited

(Incorporated in the Republic of South Africa)

(Registration number: 2005/014211/06)

Share code for A-linked units: HPA

ISIN for A-linked units: ZAE000076790

Share code for B-linked units: HPB

ISIN for B-linked units: ZAE000076808

("Hospitality" or "the company")

FORM OF PROXY

THIS FORM OF PROXY IS ONLY FOR USE BY:

- Certificated Linked Unitholders, in their capacity as Hospitality Shareholders, recorded in the company's Register as at Friday, 24 July 2015, in the exercise of their voting rights in respect of Hospitality Shares;
- Dematerialised Linked Unitholders, in their capacity as Hospitality Shareholders, who are registered in their own names in the company's Register as at Friday, 24 July 2015, in the exercise of their voting rights in respect of Hospitality Shares.

For completion by the aforesaid registered Hospitality Shareholders of who are unable to attend the General Meeting of Hospitality Shareholders to be held at The Zone Phase 2, 2nd Floor, Loft Offices East Wing, 2nd Floor, Corner Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, on Thursday, 30 July 2015 at 10:00.

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

Given that the company's A Shares are indivisibly linked to the company's A Debentures and the company's B Shares are indivisibly linked to the company's B Debentures, and these securities are traded together as a Linked Unit, so that they are, accordingly, held by the same person, where references in this form of proxy would typically be made to the 'shareholders' of the company, the company has rather adopted the use of the term 'Linked Unitholders'. Voting rights in respect of the resolutions set out in the Notice of General Meeting of Hospitality Shareholders will however only be exercisable by Linked Unitholders in their capacity as Hospitality Shareholders in respect of the Share component of the Linked Units.

Certificated Linked Unitholders or Dematerialised Linked Unitholders with own-name registration

If you are a Certificated Linked Unitholder or Dematerialised Linked Unitholder with own-name registration and you are unable to attend the General Meeting of Hospitality Shareholders but wish to be represented thereat, you are requested to complete and return this form of proxy in accordance with the instructions contained herein and to lodge it with, or post it to, the Transfer Secretaries, namely Computershare Investor Services (Pty) Limited, so as to be received by them by no later than 10:00 on Tuesday, 28 July 2015.

Dematerialised Linked Unitholders, other than those with own name registration

If you are a Dematerialised Linked Unitholder who did not elect own-name registration, you must timeously advise your CSDP or broker of your intention to attend and vote at the General Meeting of Hospitality Shareholders or be represented by proxy thereat in order for your CSDP or broker to provide you with the necessary letter of representation to do so, or should you not wish to attend the General Meeting of Hospitality Shareholders in person, you must timeously provide your CSDP or broker with your voting instructions in order for the CSDP or broker to vote in accordance with your instructions at the General Meeting of Hospitality Shareholders.

I/We (name/s in block letters)

of (address)

being the registered holder/s of A linked units and/or B linked units in Hospitality, hereby appoint

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the chairman of the General Meeting of Hospitality Shareholders, as my/our proxy to attend, speak and vote for me/us on my/our behalf or to abstain from voting at the General Meeting of Hospitality Shareholders and at any adjournment thereof in respect of the Share component of the Linked Units registered in my/our name/s on the resolutions as set out in the Notice of General Meeting of Hospitality Shareholders, with or without modification, as follows:

RESOLUTIONS	FOR	AGAINST	ABSTAIN
1. Special Resolution Number 1: Approval for the Substitution bay way of a scheme of arrangement in terms of sections 114 and 115 of the Companies Act			
2. Special Resolution Number 2: Approval for the cancellation of the 200 000 000 A Shares and the 200 000 000 B Shares			
3. Special Resolution Number 3: Approval for the creation of 300 000 000 authorised no par value A Shares and 300 000 000 authorised no par value B Shares			
4. Special Resolution Number 4: Approval for the abrogation of the existing MOI in its entirety and the adoption of the New MOI			
5. Special Resolution Number 5: General authority to acquire securities			
6. Ordinary Resolution Number 1: General authority to directors to allot and issue authorised but unissued securities			
7. Ordinary Resolution Number 2: General authorising resolution			

Signature(s)

Assisted by (where applicable)

Name

Capacity

Signature

NOTES TO THE FORM OF PROXY AND SUMMARY OF RIGHTS UNDER SECTION 58 OF THE COMPANIES ACT, 2008

1. Only Linked Unitholders who are registered in the Register under their own name may complete a form of proxy or attend the General Meeting of Hospitality Shareholders. This includes Certificated Linked Unitholders or Dematerialised Linked Unitholders who have elected own name registration. A Linked Unitholder entitled to attend and vote at the General Meeting of Hospitality Shareholders is entitled to appoint a proxy (or more than one proxy in respect of different Linked Units held by them) to attend, speak and, on a poll, to vote in his/her place at the General Meeting of Hospitality Shareholders. A proxy need not be a Linked Unitholder. Such Linked Unitholder may insert the name of a proxy of the Linked Unitholder's choice in the space provided, with or without deleting the chairman of the General Meeting of Hospitality Shareholders, provided that any such deletion must be signed in full by the Linked Unitholder. The person whose name stands first on the form of proxy and who is present at the General Meeting of Hospitality Shareholders will be entitled to act as proxy to the exclusion of those whose names follow. Should a proxy not be specified, this will be exercised by the chairman of the General Meeting of Hospitality Shareholders.
2. The date must be filled in on this form of proxy when it is signed.
3. The completion and lodging of this form will not preclude the relevant Linked Unitholder from attending the General Meeting of Hospitality Shareholders and speaking and voting in person thereat to the exclusion of any proxy appointed, should such Linked Unitholder wish to do so.
4. The appointment of a proxy or proxies:
 - 4.1 is suspended at any time to the extent that the Linked Unitholder chooses to act directly and in person in the exercise of any rights as a Linked Unitholder;
 - 4.2 is revocable in which case the Linked Unitholder may revoke the proxy appointment by:
 - 4.2.1 cancelling it in writing or making a later inconsistent appointment of a proxy; and
 - 4.2.2 delivering a copy of the revocation instrument to the proxy and to the company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date:
 - 5.1 stated in the revocation instrument, if any; or
 - 5.2 upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
6. Should the instrument appointing a proxy or proxies have been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or company's memorandum of incorporation to be delivered by the company to the Linked Unitholder must be delivered by the company to:
 - 6.1 the Linked Unitholder, or
 - 6.2 the proxy or proxies if the Linked Unitholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. The proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, which includes any adjournment or postponement of such meeting, unless revoked as contemplated in section 58(5) of the Companies Act.
8. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies. The completion of any blank space(s) need not be signed or initialled.
9. A power of attorney or other documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the Transfer Secretaries or waived by the chairman of the General Meeting of Hospitality Shareholders.
10. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries.
11. A company holding shares in the company that wishes to attend and participate in the General Meeting of Hospitality Shareholders should ensure that a resolution authorising a representative to act is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the Transfer Secretaries prior to the General Meeting of Hospitality Shareholders.
12. Where there are joint holders of Linked Units, only one of such persons need to sign the form of proxy. If more than one of such joint Linked Unitholders vote, whether in person or by proxy, only the vote of one of the said persons whose name appears first in the securities register in respect of such Linked Units or his/her proxy, as the case may be, shall be counted.
13. Every Linked Unitholder present in person or represented by proxy and entitled to vote shall, in his/her/its capacity as Hospitality Shareholder, on a show of hands, have only one vote irrespective of the number of Shares he/she/it holds or represents. On a poll every Linked Unitholder present in person or represented by a proxy and entitled to vote, shall, in his/her/its capacity as Hospitality Shareholder, be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the Linked Units held by him/her bears to the aggregate amount of the nominal value of all the Linked Units of the relevant class issued by the company.
14. The chairman of the General Meeting of Hospitality Shareholders may reject or accept any proxy which is completed and/or received, other than in accordance with these notes, provided that he shall not accept a proxy unless he/she is satisfied as to the matter in which a Linked Unitholder wishes to vote.
15. A proxy may not delegate his/her authority to act on behalf of the Linked Unitholder, to another person.
16. You are not obliged either to cast all your votes or to cast all your votes in the same way. A Linked Unitholder's instruction to the proxy must be indicated either by:
 - 16.1 the insertion of an "X" in the appropriate box next to the resolution (i.e. in favour of and/or against and/or by way of abstention), in which event the proxy will cast all your votes in the manner so specified; or
 - 16.2 setting out the relevant number of linked units to be voted on behalf of that Linked Unitholder in the appropriate box provided next to the resolution, provided that, if for any resolution the aggregate number of votes to be cast would exceed the total number of linked units held, you will be deemed to have given no specific instruction as to how you wish your proxy to vote in respect of that resolution.

Failure to comply with the above will be deemed to authorise the chairman of the General Meeting of Hospitality Shareholders, if the chairman is the authorised proxy, to vote in favour of the resolutions at the General Meeting of Hospitality Shareholders or other proxy to vote or to abstain from voting at the General Meeting of Hospitality Shareholders as he/she deems fit, in respect of the shares concerned. A Linked Unitholder or the proxy is not obliged to use all the votes exercisable by the Linked Unitholder or the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Linked Unitholder or the proxy.
17. It is requested that this Shareholder Proxy Form be lodged together with the Debenture Holder Proxy Form at the company's registered office to +27+11 994 6321, to be received by the company not later than 10:00 on Tuesday, 28 July 2015.



Hospitality Property Fund Limited

(Incorporated in the Republic of South Africa)

(Registration number: 2005/014211/06)

Share code for A-linked units: HPA

ISIN for A-linked units: ZAE000076790

Share code for B-linked units: HPB

ISIN for B-linked units: ZAE000076808

("Hospitality" or "the company")

NOTICE OF GENERAL MEETING OF DEBENTURE HOLDERS

Important Notice

As a result of the capital structure of Hospitality comprising Linked Units, each of which comprise a Share and a Debenture, all Hospitality Linked Unitholders are both Hospitality Shareholders and Hospitality Debenture Holders. Therefore, both the Notice of General Meeting of Hospitality Debenture Holders ("Notice") and the Notice of General Meeting of Hospitality Shareholders are applicable to each and every Linked Unitholder.

Where appropriate and applicable, the terms defined in the Circular to which this Notice of General Meeting of Hospitality Shareholders is attached and forms part of bear the same meanings in this Notice, and in particular, the resolutions set out below.

Hospitality Debenture Holders are referred to the Circular, which sets out the information or explanatory material that they may require in order to determine whether to participate in the General Meeting of Debenture Holders and seek to influence the outcome of the vote on the resolutions set out below.

Notice of General Meeting of Hospitality Debenture Holders

Notice is hereby given to Linked Unitholders that a General Meeting of Hospitality Debenture Holders will be held at The Zone Phase 2, 2nd Floor, Loft Offices East Wing, 2nd Floor, Corner Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg on Thursday, 30 July 2015 at 10:30 (or immediately after the conclusion of the General Meeting of Shareholders, whichever is the later) to: (i) deal with such business as may lawfully be dealt with at the meeting and (ii) consider and, if deemed fit to approve, with or without modification, the resolutions necessary for the Restructure.

Although the General Meeting of Hospitality Debenture Holders will comprise of a combined meeting of the holders of Hospitality A Debentures and Hospitality B Debentures, the quorum will be determined and voting will take place as if they were separate meetings of each class of Hospitality Debenture Holders and the votes shall be counted separately in respect of each such class of Hospitality Debenture Holders.

In terms of the Debenture Trust Deed, read with the Companies Act, the quorum for the General Meeting of Hospitality Debenture Holders is persons holding at least 25% of all voting rights that are entitled to be exercised on each resolution proposed to be passed at the General Meeting by holders of Hospitality A Debentures (but not less than 3 Hospitality A Debenture Holders), and at least 25% of all voting rights that are entitled to be exercised on each resolution proposed to be passed at the General Meeting of holders of Hospitality B Shares (but not less than 3 Hospitality B Debenture Holders), present in person or represented by proxy at the General Meeting.

Section 63(1) of the Companies Act: Identification of meeting participants

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a meeting. Forms of identification that will be accepted include original and valid identity documents, drivers' licences and passports.

Record dates

In terms of sections 59(1)(a) and (b) of the Companies Act, the Board has set the Record Date for the purpose of determining which Linked Unitholders are entitled to:

- receive notice of the General Meeting of Hospitality Debenture Holders (being the date on which a Linked Unitholder must be registered in the company's Register as a Linked Unitholder in order to receive notice of the General Meeting of Hospitality Debenture Holders) as Friday, 26 June 2015 (therefore the last day to trade will be Friday, 19 June 2015); and
- participate in and vote at the General Meeting of Hospitality Debenture Holders (being the date on which the Linked Unitholder must be registered in the company's Register as a Linked Unitholder in order to participate in and vote at the General Meeting of Hospitality Debenture Holders) as Friday, 24 July 2015 (therefore the last day to trade will be Friday, 17 July 2015).

SPECIAL RESOLUTION NUMBER 1: APPROVAL FOR THE SUBSTITUTION BY WAY OF A SCHEME OF ARRANGEMENT IN TERMS OF SECTIONS 114 AND 115 OF THE COMPANIES ACT

"Resolved that, (subject to the fulfilment and/or (where possible) waiver of the Conditions Precedent as set out in paragraph 9 of the Circular, including, inter alia, the passing of Special Resolutions Number 1, Special Resolution Number 3 and Special Resolution Number 4 of the Hospitality Shareholders, as set out in the Notice of General Meeting of Hospitality Shareholders and Special Resolution Number 2 of the Hospitality Debenture Holders, as set out in this Notice), the scheme of arrangement in terms of sections 114 and 115 of the Companies Act proposed by the Directors of Hospitality between Hospitality, the Hospitality Shareholders and the Hospitality Debenture Holders in terms of which Hospitality will, by means of a share-for-share substitutive transaction in terms of section 43 of the Income Tax Act, exchange the issued Hospitality A Linked Units for an equivalent number of Hospitality No Par Value A Shares and exchange the issued Hospitality B Linked Units for an equivalent number of Hospitality No Par Value B Shares (via a repurchase of such the issued A Linked Units and B Linked Units and a concurrent issue of No Par Value A Shares and No Par Value B Shares, respectively), with the Debenture Trust Deed immediately thereafter being terminated, be approved and implemented."

Special Resolution Number 1 of the Hospitality Debenture Holders is proposed to approve and authorise the scheme of arrangement implementing the Substitution in terms of sections 114 and 115 of the Companies Act, following which the capital structure of Hospitality will comprise solely of No Par Value Shares.

The Independent Expert on the Substitution, retained by the company, has prepared a report to the Board in terms of section 114(3) of the Companies Act, which report is attached to the Circular as Annexure B.

SPECIAL RESOLUTION NUMBER 2: APPROVAL FOR THE CREATION OF 300 000 000 AUTHORISED NO PAR VALUE A SHARES AND 300 000 000 AUTHORISED NO PAR VALUE B SHARES AND CANCELLATION OF 200 000 000 AUTHORISED A SHARES AND 200 000 000 AUTHORISED B SHARES

"Resolved that, (subject to the fulfilment and/or (where possible) waiver of the Conditions Precedent as set out in paragraph 9 of this Circular, including, inter alia, the passing of Special Resolutions Number 1, Special Resolution Number 2, Special Resolution Number 3 and Special Resolution Number 4 of the Hospitality Shareholders, as set out in the Notice of General Meeting of Hospitality Shareholders, and Special Resolution Number 1 of the Hospitality Debenture Holders, as set out in this Notice) the creation of 300 000 000 No Par Value A Shares and 300 000 000 No Par Value B Shares and the cancellation of the existing 200 000 000 A Shares and 200 000 000 B Shares be and is hereby approved."

Special Resolution Number 2 of the Hospitality Debenture Holders is proposed for the creation of 300 000 000 No Par Value A Shares and 300 000 000 No Par Value of the B Shares for the purposes of, inter alia, the Substitution and for the subsequent cancellation of the existing 200 000 000 A Shares and 200 000 000 B Shares.

Special Resolution Number 2 is required in terms of clauses 13.6.3 and 13.6.4 of the Debenture Trust Deed, which provide that that any reduction, repayment or distribution of any part of the issued or authorised share capital, share premium or reserves of the company or any increase of the authorised share capital of the company must be sanctioned by the Debenture Holders by Special Resolution.

ORDINARY RESOLUTION: GENERAL AUTHORISING RESOLUTION

"Resolved that, any Director, the Company Secretary or the Trustee for the Debenture Holders be and is hereby authorised to do all things and sign all documents required to give effect to Special Resolution Number 1 and Special Resolution Number 2 in terms of the Listings Requirements, the Companies Act and the Debenture Trust Deed."

Electronic participation

The company has made provision for its Linked Unitholders or their proxies to participate electronically in the General Meeting of Hospitality Debenture Holders by way of telephone conferencing. Should a Linked Unitholder wish to

participate in the General Meeting of Hospitality Debenture Holders by telephone conference call as aforesaid, the Linked Unitholder, or his/her/its proxy, will be required to advise the company thereof by submitting by email to the Company Secretary at rosao@hpf.co.za or by fax to +27+11 994 6321 for the attention of Mrs Rosa van Onselen, relevant contact details, including an email address, cellular number and landline number, as well as full details of the Linked Unitholder's title to securities issued by the company and proof of identity, in the form of certified copies of identity documents and Linked Unit certificates (in the case of Certificated Linked Units) and (in the case of Dematerialised Linked Units) written confirmation from the Linked Unitholder's "CSDP" confirming the Linked Unitholder's title to the dematerialised Linked Units, to reach the company by no later than 10:30 on Tuesday, 28 July 2015. Upon receipt of the required information by the company, the Linked Unitholder concerned will be provided with a secure code and instructions to access the electronic communication during the General Meeting of Hospitality Debenture Holders. Linked Unitholders must note that access to the electronic communication will be at the expense of the Linked Unitholders who wish to utilise the facility.

Linked Unitholders and their appointed proxies attending the General Meeting of Hospitality Debenture Holders by conference call will not be able to cast their votes at the General Meeting of Hospitality Debenture Holders through this medium. Accordingly, Linked Unitholders making use of the electronic participation facility are requested to submit their forms of proxy to the company, as directed in this Notice.

Proxies, authority for representatives to act and voting

Linked Unitholders who are entitled to attend, participate in and vote at the General Meeting of Hospitality Debenture Holders, are entitled to appoint a proxy (or more than one proxy in respect of different Linked Units held by them) to attend, speak and vote in their stead. A proxy need not be a Linked Unitholder and shall be entitled to vote on a show of hands or a poll.

For the convenience of registered Linked Unitholders of the company, a form of proxy is enclosed herewith to be completed by them in their capacity as Hospitality Debenture Holders.

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

- Certificated Linked Unitholders; or
- Dematerialised Linked Unitholders who have elected own-name registration.

It is requested that the company receives forms of proxy by no later than 10:30 on Tuesday, 28 July 2015. If Certificated Linked Unitholders or Dematerialised Linked Unitholders whom have elected own-name registration, who are entitled to attend, participate in and vote at the General Meeting of Hospitality Debenture Holders, do not deliver forms of proxy to the company by the relevant time, such Linked Unitholders will nevertheless be entitled to lodge the form of proxy in respect of the General Meeting of Hospitality Debenture Holders immediately prior to the exercising of the Linked Unitholders' rights at the General Meeting of Hospitality Debenture Holders, in accordance with the instructions therein, with the chairman of the General Meeting of Hospitality Debenture Holders. Any Linked Unitholder who completes and lodges a form of proxy will nevertheless be entitled to attend, participate in and vote in person at the General Meeting of Hospitality Debenture Holders should the Linked Unitholder decide to do so.

All other Dematerialised Linked Unitholders who wish to attend the General Meeting of Hospitality Debenture Holders should contact their CSDP or broker:

- to provide them with the necessary letter of representation in order to attend the General Meeting of Hospitality Debenture Holders; or
- to furnish the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

These Linked Unitholders must not use a form of proxy. A company that is a Linked Unitholder wishing to attend and participate at the General Meeting of Hospitality Debenture Holders should ensure that a resolution authorising a representative to so attend and participate at the General Meeting of Hospitality Debenture Holders on its behalf is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the Transfer Secretary prior to the General Meeting of Hospitality Debenture Holders.

On a show of hands, every A Linked Unitholder who is present in person or as a representative of a company or other body corporate and is entitled to vote shall have one vote (irrespective of the number of Hospitality A Debentures held), and on a poll, every A Linked Unitholder present in person or as a representative of the aforesaid or by proxy and entitled to vote, shall have one vote for each Hospitality A Debenture of which he is the registered holder or representative.

On a show of hands, every B Linked Unitholder who is present in person or as a representative of a company or other body corporate and is entitled to vote shall have one vote (irrespective of the number of Hospitality B Debentures held), and on a poll, every B Linked Unitholder present in person or as a representative of the aforesaid or by proxy and entitled to vote, shall have one vote for each Hospitality B Debenture of which he is the registered holder or representative.

By order of the Board

A handwritten signature in black ink, appearing to read 'LR van Onselen', with a stylized flourish at the end.

LR van Onselen
For HPF Management (Pty) Limited
Company secretary



Hospitality Property Fund Limited

(Incorporated in the Republic of South Africa)
(Registration number: 2005/014211/06)
Share code for A-linked units: HPA
ISIN for A-linked units: ZAE000076790
Share code for B-linked units: HPB
ISIN for B-linked units: ZAE000076808
("Hospitality" or "the company")

FORM OF PROXY

THIS FORM OF PROXY IS ONLY FOR USE BY:

- Certificated Linked Unitholders, in their capacity as Hospitality Debenture Holders, recorded in the company's Register as at Friday, 24 July 2015, in the exercise of their voting rights in respect of Hospitality Debentures;
- Dematerialised Linked Unitholders, in their capacity as Hospitality Debenture Holders, who are registered in their own names in the company's Register as at Friday, 24 July 2015, in the exercise of their voting rights in respect of Hospitality Debentures.

For completion by the aforesaid, registered Hospitality Debenture Holders of who are unable to attend the General Meeting of Hospitality Debenture Holders to be held at The Zone Phase 2, 2nd Floor, Loft Offices East Wing, Corner Oxford Road and Tyrwhitt Avenue, Rosebank, Johannesburg, on Thursday, 30 July 2015 at 10:30.

Where appropriate and applicable, the terms defined in the Circular to which this form of proxy is attached and forms part of bear the same meanings in this Debenture Holder Form of Proxy.

Given that the company's A Shares are indivisibly linked to the company's A Debentures and the company's B Shares are indivisibly linked to the company's B Debentures, and these securities are traded together as a Linked Unit, so that they are, accordingly, held by the same person, where references in this form of proxy would typically be made to the 'debenture holders' of the company, the company has rather adopted the use of the term 'Linked Unitholders'. Voting rights in respect of the resolutions set out in the Notice of General Meeting of Hospitality Debenture Holders will however only be exercisable by Linked Unitholders in their capacity as Hospitality Debenture Holders in respect of the Debenture component of the Linked Units.

Certificated Linked Unitholders or Dematerialised Linked Unitholders with own-name registration

If you are a Certificated Linked Unitholder or Dematerialised Linked Unitholder with own-name registration and you are unable to attend the General Meeting of Hospitality Debenture Holders but wish to be represented thereat, you are requested to complete and return this form of proxy in accordance with the instructions contained herein and to lodge it with, or post it to, the Transfer Secretaries, namely Computershare Investor Services (Pty) Limited, so as to be received by them by no later than 10:30 on Tuesday, 28 July 2015.

Dematerialised Linked Unitholders, other than those with own-name registration

If you are a dematerialised Linked Unitholder who did not elect own-name registration, you must timeously advise your CSDP or broker of your intention to attend and vote at the General Meeting of Hospitality Debenture Holders or be represented by proxy thereat in order for your CSDP or broker to provide you with the necessary letter of representation to do so, or should you not wish to attend the General Meeting of Hospitality Debenture Holders in person, you must timeously provide your CSDP or broker with your voting instructions in order for the CSDP or broker to vote in accordance with your instructions at the General Meeting of Debenture Holders.

I/We (name/s in block letters)

of (address)

being the registered holder/s of A Linked Units and/or B Linked Units in Hospitality, hereby appoint

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the chairman of the General Meeting of Hospitality Debenture Holders, as my/our proxy to attend, speak and vote for me/us on my/our behalf or to abstain from voting at the General Meeting of Hospitality Debenture Holders of the company and at any adjournment thereof in respect of the Debenture component of the Linked Units registered in my/our name/s on the resolutions as set out in the Notice of General Meeting of Hospitality Shareholders, with or without modification, as follows:

RESOLUTIONS	FOR	AGAINST	ABSTAIN
1. Special Resolution Number 1: Approval for the Substitution bay way of a scheme of arrangement in terms of sections 114 and 115 of the Companies Act			
2. Special Resolution Number 2: Approval for the cancellation of the 200 000 000 A Shares and the 200 000 000 B Shares and cancellation of 200 000 000 authorised A shares and 200 000 000 authorised B shares			
3. Ordinary Resolution: General authorising resolution			

Signed at

on

2015

Signature(s)

Assisted by (where applicable)

Name

Capacity

Signature

NOTES TO THE FORM OF PROXY AND SUMMARY OF RIGHTS UNDER SECTION 58 OF THE COMPANIES ACT, 2008

1. Only Linked Unitholders who are registered in the Register under their own name may complete a form of proxy or attend the General Meeting of Hospitality Debenture Holders. This includes Certificated Linked Unitholders or Dematerialised Linked Unitholders who have elected own-name registration. A Linked Unitholder entitled to attend and vote at the General Meeting of Hospitality Debenture Holders is entitled to appoint a proxy (or more than one proxy in respect of different Linked Units held by them) to attend, speak and, on a poll, to vote in his/her place at the General Meeting of Hospitality Debenture Holders. A proxy need not be a Linked Unitholder. Such Linked Unitholder may insert the name of a proxy of the Linked Unitholder's choice in the space provided, with or without deleting the chairman of the General Meeting of Hospitality Debenture Holders, provided that any such deletion must be signed in full by the Linked Unitholder. The person whose name stands first on the form of proxy and who is present at the General Meeting of Hospitality Debenture Holders will be entitled to act as proxy to the exclusion of those whose names follow. Should a proxy not be specified, this will be exercised by the chairman of the General Meeting of Hospitality Debenture Holders.
2. The date must be filled in on this form of proxy when it is signed.
3. The completion and lodging of this form will not preclude the relevant Linked Unitholder from attending the General Meeting of Hospitality Debenture Holders and speaking and voting in person thereat to the exclusion of any proxy appointed, should such Linked Unitholder wish to do so.
4. The appointment of a proxy or proxies:
 - 4.1 is suspended at any time to the extent that the Linked Unitholder chooses to act directly and in person in the exercise of any rights as a Linked Unitholder;
 - 4.2 is revocable in which case the Linked Unitholder may revoke the proxy appointment by:
 - 4.2.1 cancelling it in writing or making a later inconsistent appointment of a proxy; and
 - 4.2.2 delivering a copy of the revocation instrument to the proxy and to the company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date:
 - 5.1 stated in the revocation instrument, if any; or
 - 5.2 upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
6. Should the instrument appointing a proxy or proxies have been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's memorandum of incorporation to be delivered by the company to the Linked Unitholder must be delivered by the company to:
 - 6.1 the Linked Unitholder; or
 - 6.2 the proxy or proxies if the Linked Unitholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. The proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, which includes any adjournment or postponement of such meeting, unless revoked as contemplated in section 58(5) of the Companies Act.
8. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies. The completion of any blank space(s) need not be signed or initialled.
9. A power of attorney or other documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the Transfer Secretaries or waived by the chairman of the General Meeting of Hospitality Debenture Holders.
10. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries.
11. A company holding shares in the company that wishes to attend and participate in the General Meeting of Hospitality Debenture Holders should ensure that a resolution authorising a representative to act is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the Transfer Secretaries prior to the General Meeting of Hospitality Debenture Holders.
12. Where there are joint holders of Linked Units, only one of such persons need to sign the form of proxy. If more than one of such joint Linked Unitholders vote, whether in person or by proxy, only the vote of one of the said persons whose name appears first in the Register in respect of such Linked Units or his/her proxy, as the case may be, shall be counted.
13. On a show of hands, every Linked Unitholder who is present in person or as a representative of a company or other body corporate and is entitled to vote shall have one vote (irrespective of the number of Hospitality Debentures held), and on a poll, every Linked Unitholder present in person or as a representative of the aforesaid or by proxy and entitled to vote, shall have one vote for each Hospitality Debenture of which he is the registered holder or representative.
14. The chairman of the General Meeting of Hospitality Debenture Holders may reject or accept any proxy which is completed and/or received, other than in accordance with these notes, provided that he shall not accept a proxy unless he/she is satisfied as to the matter in which a Linked Unitholder wishes to vote.
15. A proxy may not delegate his/her authority to act on behalf of the Linked Unitholder; to another person.
16. You are not obliged either to cast all your votes or to cast all your votes in the same way. A Linked Unitholder's instruction to the proxy must be indicated either by:
 - 16.1 the insertion of an "X" in the appropriate box next to the resolution (i.e. in favour of and/or against and/or by way of abstention), in which event the proxy will cast all your votes in the manner so specified; or
 - 16.2 setting out the relevant number of Linked Units to be voted on behalf of that Linked Unitholder in the appropriate box provided next to the resolution, provided that, if for any resolution the aggregate number of votes to be cast would exceed the total number of Linked Units held, you will be deemed to have given no specific instruction as to how you wish your proxy to vote in respect of that resolution.Failure to comply with the above will be deemed to authorise the chairman of the General Meeting of Hospitality Debenture Holders, if the chairman is the authorised proxy, to vote in favour of the resolutions at the General Meeting of Hospitality Debenture Holders or other proxy to vote or to abstain from voting at the General Meeting of Hospitality Debenture Holders as he/she deems fit, in respect of the Hospitality Debentures concerned. A Linked Unitholder or the proxy is not obliged to use all the votes exercisable by the Linked Unitholder or the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Linked Unitholder or the proxy.
17. It is requested that this Debenture Holders Proxy Form be lodged together with the Shareholder Holder Proxy Form at the company's registered office to +27+11 994 6321, to be received by the company not later than 10:30 on Tuesday, 28 July 2015.

FORM OF SURRENDER OF DOCUMENT OF TITLE – FOR CERTIFICATED LINKED UNITHOLDERS

(In respect of the Substitution of Hospitality Linked Units for No Par Value Shares)

This Form of Surrender is important and applies only to Hospitality Linked Unitholders who hold Certificated Hospitality Linked Units.

If you are in any doubt as to how to complete this Form of Surrender, please consult your Broker, banker, CSDP, attorney or other professional adviser.

This Form of Surrender is required to be completed if the Restructure is approved (and all Conditions Precedent thereto fulfilled/waived).

In order to comply with recent legislative changes, the No Par Value Shares may only be issued pursuant to the Substitution in dematerialised form.

Certificated holders will therefore only receive statements (and not physical Documents of Title) and will be required to appoint a Broker so that Dematerialised Shares can be made available to them pursuant to the Substitution.

For assistance in opening such an account with any Broker or CSDP, Hospitality Linked Unitholders must please visit the website of the JSE (www.jse.co.za) or Strate Limited (www.strate.co.za) which will give them all the names and numbers of the CSDPs and the members of the JSE who can assist with the opening of such share accounts. You will need to complete a custody mandate and provide FICA verification to your chosen Broker/CSDP – a process similar to opening a bank account.

The dematerialisation process will take a few days to be completed, and while the Linked Unitholder's Linked Unit certificates or other Documents of Title are undergoing dematerialisation, Linked Unitholders will be unable to trade in Hospitality Linked Units and therefore to expedite the process, Linked Unitholders, once they have appointed a Broker or CSDP and opened an account, must instruct their Broker or CSDP to liaise with Computershare in order to arrange that the Linked Unitholder's entitlement is credited to their account in dematerialised format. Computershare can be contacted through its call centre on 0861 100 933 or at corporate.events@computershare.co.za.

Should the Linked Unitholder not have contacted Computershare and provided the required information by 12:00 on **Tuesday, 1 September 2015** (as set out above), Computershare will post a statement of allocation on the Hospitality Linked Units. This will serve as proof of entitlement held and will, for all purposes and intent, serve as the Linked Unitholder's proof of their holding in Hospitality.

Thereafter, should the Linked Unitholder wish to trade, the Linked Unitholder will have to dematerialise their Linked Units by presenting the statement of allocation to their Broker or CSDP as proof of the holdings together with, and in the case of a new securities account opened, their relevant account opening documentation. The Linked Unitholders Broker or CSDP can confirm their holding details with Computershare's call centre on 0861 100 634.

Hospitality Linked Unitholders who hold Dematerialised Hospitality Linked Units (and who/which are not "own name" registered Linked Unitholders) need not take any action as their CSDP or Broker will handle the surrender of the relevant Documents of Title in terms of the custody agreement entered into between the Hospitality Linked Unitholder and their CSDP or Broker.

Once completed, this Form of Surrender must be delivered to the Transfer Secretary at the address shown below so as to reach the Transfer Secretary by no later than 12.00 on **Tuesday, 1 September 2015**.

1. Complete only section A if you wish to receive a replacement certificate
2. Complete section A and B if you wish to surrender your certificated linked units and wish to receive no par value shares in dematerialised form.

Delivered to: Computershare Investor Services Proprietary Limited

Posted to: Computershare Investor Services Proprietary Limited
Ground Floor
70 Marshall Street, Marshalltown
Johannesburg
2107
(PO Box 61051, Marshalltown, 2107)

Dear Sirs

I/We, accept the Substitution (or any variation of the Substitution, if applicable) in respect of all my/our Hospitality Linked Units as reflected in the Register in certificated form.

I/We surrender and enclose the undermentioned Hospitality Linked Unit certificate/s or other Documents of Title.

A.	
Linked Unit certificate number(s)	
Number of Hospitality Linked Units represented by each Linked Unit certificate	
Surname of individual or name of corporate body Mr/Mrs/Miss/Other	
First names in full if an individual	
Postal address to which replacement certificates must be posted	

Details of the CSDP or Broker:

Note: This information is required by Computershare in order to facilitate the receipt of No Par Value Shares in dematerialised format:

B.	Name of the CSDP	
	CSDP safe custody account (“SCA”) number	
	Name of securities account held at the CSDP	
	Securities account number at the CSDP	
	Broker name	
	Broker SCA number	
	Name of securities account held at the Broker	
	Securities account number at the Broker	
	Full name of the Linked Unitholder	
	Linked Unitholder’s contact number	

Signature of unitholder

Date

Please read the following notes

Notes:

1. This Form of Surrender should be read in conjunction with the accompanying Circular, dated 1 July 2015, together with the accompanying Proxy Forms. Unless the context otherwise requires, the definitions contained in the Circular also apply in this Form of Surrender.
2. This Form of Surrender must be returned to Computershare Investor Services, Ground Floor, 70 Marshall Street, Johannesburg or posted to PO Box 61051, Marshalltown, 2107 as soon as possible, but so as to arrive by no later than 12:00 on **Tuesday, 1 September 2015**.
3. A separate Form of Surrender is required for each Hospitality Linked Unitholder who holds his/her/its Hospitality Linked Unit/s in certificated form.
4. If an Hospitality Linked Unitholder holds Hospitality Linked Units in both certificated and uncertificated (not “own name”) form, such Hospitality Linked Unitholder should complete this Form of Surrender only in relation to the Hospitality Linked Units held in certificated form.
5. All Hospitality Linked Unitholders who hold Certificated Hospitality Linked Units must complete this Form of Surrender.
6. Hospitality Linked Unitholders who hold Dematerialised Hospitality Linked Units should NOT return this Form of Surrender, as their CSDP or Broker will handle the surrender of the relevant Documents of Title in terms of the custody agreement entered into between the Hospitality Linked Unitholder and their CSDP or Broker.
7. No receipts will be issued for documents lodged, unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts. Signatories may be called upon for evidence of their authority or capacity to sign this Form of Surrender.
8. An Hospitality Linked Unitholder married in community of property or a minor must ensure that this Form of Surrender is also signed by his/her spouse or guardian, as the case may be.
9. Where there are joint holders of any Hospitality Linked Units, both certificated holders need to sign this Form of Surrender.
10. If this Form of Surrender is signed under power of attorney, such power of attorney must be produced, unless it has already been lodged with Computershare. If this Form of Surrender is signed under power of attorney, the attorney declares that they have no notice of the revocation of the power of attorney.
11. If this Form of Surrender is signed on behalf of a company, close corporation, pension or provident fund, it must be accompanied by a certified copy of the resolution authorising the signature, unless it has already been lodged with Computershare.
12. The Proxy Forms and this Form of Surrender if sent through the post, are sent at the risk of the Hospitality Linked Unitholder.
13. If your Hospitality Linked Units are in certificated form and your Linked Unit certificate/s or other Document/s of Title has/have been lost, complete and lodge this Form of Surrender together with any available certificate/s or other document/s with Computershare at the address set out above. At the same time you should contact Computershare as soon as possible on +27 11 370 5000 (if calling from inside South Africa) or +27 11 370 5000 (if calling from elsewhere) requesting them to send you a letter of indemnity for completion. When received, the letter of indemnity should be completed in accordance with the instructions given, and lodged with Computershare at the address set out above in support of this Form of Surrender.