

Hospitality Property Fund Limited  
(Incorporated in the Republic of South Africa)  
(Registration No. 2005/014211/06)  
Company code: HPAI  
LEI code: 3789006ACF6F371CCB67  
("Hospitality" or the "Issuer")

## **NOTIFICATION OF A CHANGE TO THE CREDIT RATINGS OF THE ISSUER AND THE SENIOR SECURED NOTES**

Noteholders are advised that GCR Ratings ("GCR") has, on 22 February 2022, downgraded Hospitality's national scale long-term issuer rating to BB+(ZA) from BBB-(ZA) and the notional scale short-term issuer rating to B(za). Concurrently, the ratings assigned to the Senior Secured Notes issued by Hospitality were downgraded to A-(ZA)(EL) from A(ZA)(EL). The outlook on the credit ratings has been maintained as Negative.

GCR considers HPF to be a core operating entity of Tsogo Sun Hotels Limited ("TSH" or "the group"), being the direct owner of most of the group's hotel properties and having a very high level of operational integration. As such, HPF's rating is equalised to the wider group.

The credit ratings downgrade reflects GCR's assessment of the group's tighter liquidity headroom in view of the high near-term refinancing requirements, whilst cash flows and metrics are expected to remain weak over the next two years as the fallout of the pandemic is expected to have a longer impact on its credit profile.

GCR expects TSH's credit metrics to improve as market conditions start to gradually normalise and further deleveraging efforts are prioritised, a return to non-distorted leverage levels is only projected by FY24. GCR has factored in the group's conservative LTV ratio of around c.30% in its leverage assessment, as well as the fact that TSH has continuously reduced gross interest bearing debt levels, to Rbn3.5 at December 2021 from Rbn4.5 at FY2020, despite the challenging environment.

GCR notes the material funding support provided by the group's lenders through the downturn and TSH's position as one of the largest South African hotel groups, with good diversification of hotels across multiple price points with highly recognisable and established brands.

The full report of the Ratings assigned by GCR has been made available at the below link: <http://www.hpf.co.za/investors/credit-rating>.

23 February 2022

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