



Investor Presentation

November 2019



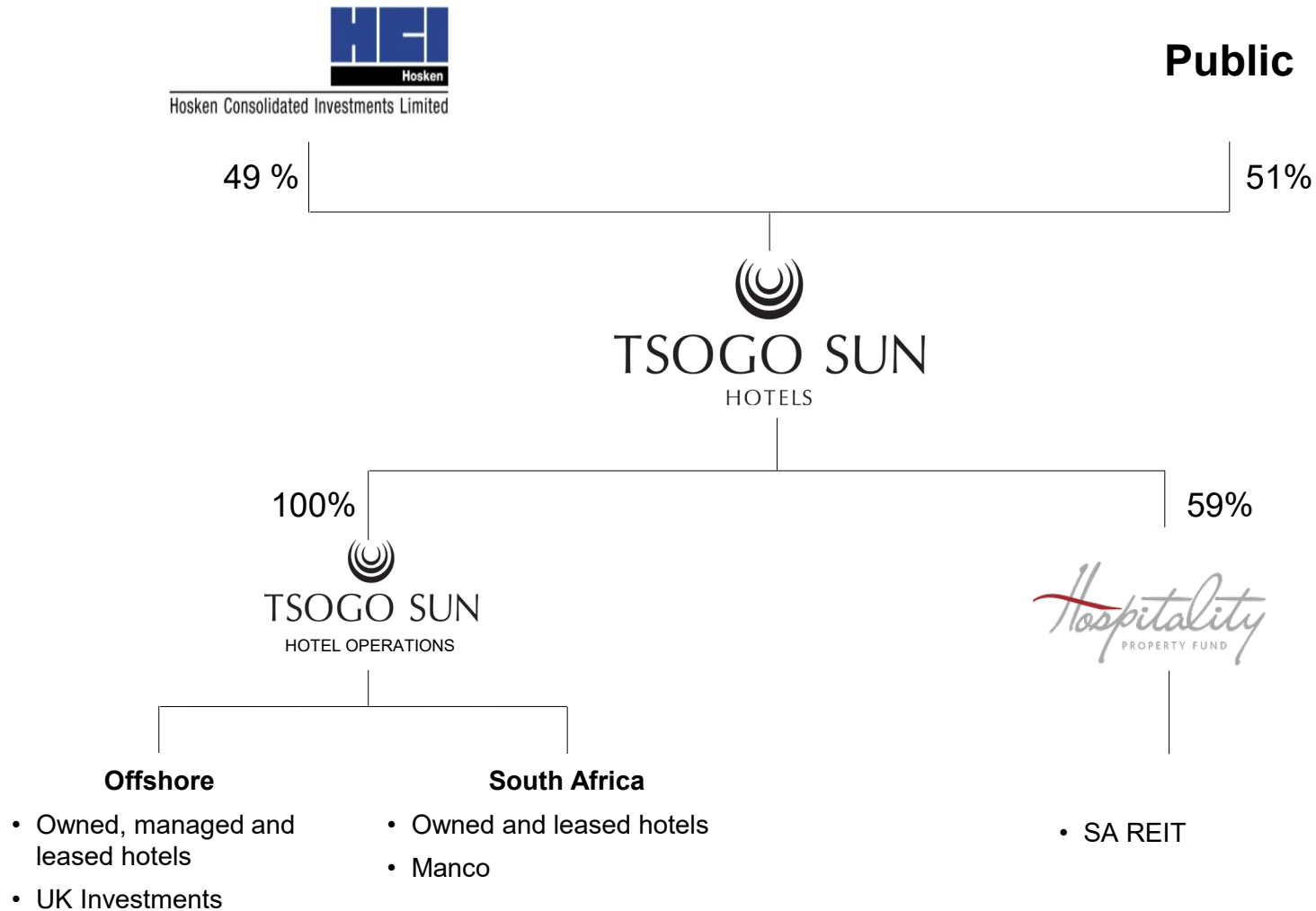
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Group Structure



Board of Directors

Executive Directors

- Marcel von Aulock – CEO
- Laurelle McDonald – CFO

Non-Executive Directors
















- Johnny Copelyn – Chairman
- Rob Nicoella

Independent Non-Executive Directors

- Mohamed Ahmed – Lead Independent
- Chris Gina
- Moretlo Molefi
- Jabulani Ngcobo
- Cornelia September



Operated Portfolio

LUXURY				
				
				
FULL SERVICE				
ECONOMY				

Portfolio by rooms

Portfolio by number of rooms, brand and region (excluding RBH and IHL in the UK)

Brand	Land / building			Owned Total	Tsogo Sun Gaming	Third party Owner	Total
	Freehold	Leases	HPF				
Internally managed							
Luxury Portfolio	164	-	-	164	246	695	1 105
Southern Sun	301	1 468	2 221	3 990	714	-	4 704
Sun Square	-	202	136	338	344	-	682
Garden Court	-	934	2 181	3 115	198	516	3 829
StayEasy	136	302	562	1 000	250	-	1 250
Resorts	138	-	-	138	-	854	992
Sun 1	-	233	1 508	1 741	-	-	1 741
Total internally managed rooms – South Africa	739	3 139	6 608	10 486	1 752	2 065	14 303
Mozambique	-	394	-	394	-	133	527
Zambia	154	-	-	154	-	260	414
Tanzania	-	152	-	152	-	-	152
Nigeria	181	-	-	181	-	-	181
Kenya	-	171	-	171	-	-	171
Seychelles	80	30	-	110	-	-	110
UAE	-	-	-	-	-	353	353
Total internally managed rooms – Offshore	415	747	-	1 162	-	746	1 908
Third Party managed							
Marriott	-	-	1 253	1 253	-	-	1 253
Radisson	-	-	397	397	-	-	397
Other	-	-	986	986	-	-	986
	-	-	2 636	2 636	-	-	2 636
Total rooms	1 154	3 886	9 244	14 284	1 752	2 811	18 847
Excluding Third party managed				11 648			

Group Financial Structure

Hotel Ownership

- **Freehold title or Land/building lease:**
 - 27 hotels are run for the group's account
 - The 27 individual hotel income statements contribute to group revenues and expenses
 - Internal management fees are paid to Manco which eliminate on consolidation
 - Rent is paid to an external land or hotel building owner
 - 3 Liberty Consortium hotels will move into this section from 1 November 2019. This will be disclosed as a separate segment going forward
- **Hospitality Property Fund**
 - **Managed by Tsogo Sun Hotels**
 - The 42 hotels managed by Tsogo Sun Hotels (TGO) are run for the group's own account
 - The 42 individual hotel income statements contribute to group revenue and expenses with minorities entitled to 40.8% of net profits
 - Internal management fees are paid to Manco which eliminate on consolidation

Group Financial Structure

Hotel Ownership

- **Hospitality Property Fund**
 - **Managed by third-party owners**
 - The 12 hotels managed by external parties remain investment properties on the group balance sheet
 - The rental income earned by HPF from these 12 hotels are reflected as rental income in the group consolidated income statement
 - Minorities are entitled to 40.8% of the net profit from these 12 hotels
 - No management fees earned by Manco on these 12 hotels

Group Financial Structure

Hotel Ownership

- **Tsogo Sun Gaming**
 - 16 hotels owned by Tsogo Sun Gaming and run for their account
 - Managed by Tsogo Sun Hotels with the management fee income recognised in Manco
- **Third-party owned**
 - 13 hotels owned by third parties and run for their account
 - Managed by Tsogo Sun Hotels with management fee income recognised in Manco
 - 3 Liberty Consortium hotels will move out of this section from 1 November 2019



Financial Overview

Income Statement - H1 F'20 vs H1 F'19 *Pro forma* (Rm)

	H1 F'20	H1 F'19 <i>Pro forma</i>	% Change
Income	2 080	2 030	2
Rooms revenue	1 303	1 271	3
Food & beverage revenue	501	480	4
Property rental income	137	137	-
Other income	139	142	(2)
Ebitdar	559	577	(3)
LTI expense	(7)	(7)	-
Property & equipment rentals	(35)	(104)	66
Property & equipment rentals	(106)	(104)	(2)
Property & equipment rentals – IFRS16	71	-	*
Amortisation & depreciation	(173)	(147)	(18)
Amortisation & depreciation	(151)	(147)	(3)
Amortisation & depreciation – IFRS16	(22)	-	*
Exceptional items	(24)	(120)	80
Profit before interest and taxation (c/f)	320	199	61

Owned Stats	F'20 H1	F'19 H1
Occupancy (%)	59.1	59.1
Average room rate (R)	1 036	1 013
RevPar (R)	613	599
Rooms available ('000)	2 126	2 124
Rooms sold ('000)	1 257	1 255
Rooms revenue (Rm)	1 303	1 271

Income Statement - H1 F'20 vs H1 F'19 *Pro forma* cont. (Rm)

	H1 F'20	H1 F'19 <i>Pro forma</i>	% Change
Profit before interest and taxation (b/f)	320	199	61
Net finance costs	(179)	(112)	(60)
Net finance costs	(130)	(112)	(16)
Net finance costs – IFRS16	(49)	-	*
Associates and JVs	21	21	-
Income tax expense	(38)	(37)	(3)
Profit for the period	124	71	75
Non-controlling interests	(70)	(31)	*
Attributable earnings	54	40	35

Reconciliation to Adjusted Headline Earnings (Rm)

	H1 F'20		H1 F'19 <i>Pro forma</i>		%
	Gross	Net	Gross	Net	change
Attributable earnings		54		40	35
Loss on disposal of PP&E	1	1	-	-	
Fair value adjustment of investment property	-	-	119	119	
NCI effect of fair value adjustment	-	-	-	(49)	
Headline earnings		55		110	(50)
Restructure costs	21	15	6	4	
Transaction costs	2	2	17	17	
Pre-opening costs	-	-	1	1	
Fair value adjustment on interest rate swaps ⁽¹⁾	-	-	(23)	(23)	
NCI effects of other exceptional items	-	-	-	2	
Share of associates' exceptional items (net)	-	1	-	-	
Adjusted headline earnings		73		111	(34)

⁽¹⁾ Tsogo Sun Hotels applies hedge accounting to group interest rate swaps while HPF does not. The R15m FV adjustment on interest swaps for H1F'20 in HPF was effective from a group perspective and reflected in reserves. In H1 F'19 the FV adjustment on interest rate swaps in HPF was determined to be ineffective from a group perspective

Divisional Contribution (Rm)

	H1 F'20				H1 F'19 <i>Pro forma</i>			
	Hotels SA	Hotels Offshore	HPF	Tsogo Sun Hotels	Hotels SA	Hotels Offshore	HPF	Tsogo Sun Hotels
Ebitdar	182	70	307	559	186	74	317	577
Property rental	(99)	(7)	-	(106)	(92)	(12)	-	(104)
LTI	(7)	-	-	(7)	(7)	-	-	(7)
Ebitda	76	63	307	446	87	62	317	466
Amortisation and depreciation	(81)	(22)	(48)	(151)	(78)	(24)	(45)	(147)
Net finance costs	6	(44)	(92)	(130)	5	(37)	(80)	(112)
Associates and JV's	-	22	-	22	-	21	-	21
Profit before tax	1	19	167	187	14	22	192	228
Taxation	1	(9)	(36)	(44)	5	(5)	(39)	(39)
Profit after tax	2	10	131	143	19	17	153	189
Minorities	-	(2)	(68)	(70)	1	-	(79)	(78)
Adjusted headline earnings	2	8	63	73	20	17	74	111

Note: Pre exceptional items and IFRS16 adjustments

Indicative Consolidation of HPF into TGO (Rm)

	H1 F'20		H1 F'19 ⁽¹⁾	
	HPF Statutory	Tsogo Sun Hotels	HPF Statutory	Tsogo Sun Hotels
Rooms revenue	-	612	-	596
Food & beverage revenue	-	153	-	142
Other revenue	-	26	-	27
Rental income	330	128	339	128
3 rd party	123	123	123	123
Tsogo Sun	207	5	216	5
Overheads	(23)	(595)	(22)	(575)
Hotel trading related	-	(572)	-	(553)
HPF central	(23)	(23)	(22)	(22)
Ebitdar	307	324	317	318
Depreciation on owner occupied properties	-	(48)	-	(45)
Finance costs on HPF debt	(92)	(92)	(80)	(80)
Taxation	-	(36)	-	(39)
Minorities	-	(68)	-	(79)
Adjusted headline earnings	215	80	237	75

Note: Ebitdar difference = Tsogo Sun Hotels management fees + 1% of Ebitdar

Pre exceptional items and IFRS16 adjustments

HPF rental income and central costs extracted from segmental analysis after off-setting property-related costs

⁽¹⁾ Amended to correct error in prior year's presentation

Income Statement - Reconciliation to F'19 H1 *Pro forma* (Rm)

	H1 F'19 <i>Pro forma</i>	H1 F'19 Actual	Change
Income	2 030	2 030	-
Ebitdar	577	577	-
LTI expense/(credit)	(7)	9	(16) ⁽¹⁾
Property & equipment rentals	(104)	(104)	-
Amortisation & depreciation	(147)	(147)	-
Exceptional items	(120)	(120)	-
Net finance costs	(112)	(236)	124 ⁽²⁾
Associates and JVs	21	21	-
Income tax expense	(37)	(7)	(30) ⁽³⁾
Profit for the period	71	(7)	78
Non-controlling interests	(31)	(31)	-
Attributable earnings	40	(38)	78
Adjustments	71	71	-
Adjusted earnings	111	33	78

⁽¹⁾ IFRS 2 share-based payment charge on equity-settled SAR Plan

⁽²⁾ Finance cost saving on the settlement of the group treasury loan with Tsogo Sun Gaming

⁽³⁾ Tax on the above adjustments

Segmental Analysis (Rm)

	Revenue		Ebitdar		Ebitdar margin %	
	H1 F'20 Actual	H1 F'19 Actual	H1 F'20 Actual	H1 F'19 Actual	H1 F'20 Actual	H1 F'19 Actual
Manco	127	129	64	71	50.4	55.0
Rental income	123	123	123	123	100.0	100.0
Internally managed	1 600	1 544	302	309	18.9	20.0
Coastal	875	825	157	141	17.9	17.1
Inland	593	587	115	130	19.4	22.1
Other	132	132	30	38	22.7	28.8
Offshore	305	306	70	74	23.0	24.2
Elimination of internal management fees included in Manco	(81)	(78)				
Total	2 074	2 024	559	577	27.0	28.5
Analysed as:			559	577		
Hotels SA			182	186		
Hotels Offshore			70	74		
HPF			307	317		

Cash flow (Rm)

	H1 F'20	H1 F'19
Ebitdar per income statement	559	577
Property & equipment rentals (excluding IFRS16)	(87)	(84)
Move in working capital adjusted for non-cash and exceptional items	30	48
Dividend income from associates	13	5
Cash generated from operations	515	546
Net finance costs paid (excluding IFRS16)	(119)	(229)
Taxation paid	(44)	(39)
Operating equipment purchased	(23)	(20)
Maintenance capex	(202)	(162)
Free cash flow (c/f)	127	96

Cash flow cont. (Rm)

	H1 F'20	H1 F'19
Free cash flow (b/f)	127	96
Dividends paid to NCI	(159)	(195)
Disposal proceeds	-	1
Investment activities – expansion capex	(211)	(62)
Loans and investments	(41)	-
Net cash surplus	(284)	(160)
Currency	5	13
Move in net IBD	(279)	(147)
Opening net IBD (including group treasury loan)	(2 967)	(5 125)
Prepaid borrowing costs and accrued interest	(4)	(1)
Currency	(25)	(166)
Closing net IBD	(3 275)	(5 439)
Settlement of group treasury loan	-	2 492
Pro forma closing net IBD	(3 275)	(2 947)

Investment Activities (Rm)

		H1 F'20	H1 F'19
Investment activities		211	62
Southern Sun Pretoria	HPF	200	-
Riverside Conference Centre	TGO	11	-
StayEasy Maputo	TGO	-	52
Hi Hotels brand	TGO	-	10
Maintenance capex		202	162
Hotel major refurbishments:			
Southern Sun Ridgeway Lusaka	TGO	59	-
Southern Sun Cape Sun	TGO	7	17
Westin Cape Town	HPF	46	51
Other maintenance capex	TGO	19	45
Other maintenance capex	HPF	71	49
Total investment spend		413	224

Interest Bearing Debt (Rm)

		H1 F'20	H1 F'19
External debt – Offshore (US\$ based)	TGO	1 279	1 216
Internal debt – Group treasury	TGO	-	2 492
Bank overdrafts	TGO	-	161
Prepaid borrowing costs	TGO	(3)	(7)
External debt (Rand based) ⁽¹⁾	HPF	2 334	1 957
Prepaid borrowing costs	HPF	(2)	(3)
Gross IBD		3 608	5 816
Cash on hand	TGO	(306)	(261)
Cash on hand	HPF	(27)	(116)
Net IBD		3 275	5 439
Settlement of group treasury loan		-	(2 492)
Pro forma net IBD		3 275	2 947
Analysed as:			
	TGO	970	1 109
	HPF ⁽¹⁾	2 305	1 838
Cost of net debt	— pre tax	8.7%	8.7%
	— post tax	6.4%	6.5%

⁽¹⁾ H1 F'19 includes accrued finance costs of R17m



Operated Hotels Portfolio and Statistics

	Hotels	Rooms	Owned	Managed
Luxury	6	1 105	164	941
Full Service	44	9 215	7 443	1 772
Economy	30	2 991	2 741	250
Timeshare & Resorts	6	992	138	854
South Africa	86	14 303	10 486	3 817
Offshore	12	1 908	1 162	746
Total	98	16 211	11 648	4 563

- Portfolio as at 30 September 2019
- Portfolio has been aligned to brand architecture
- Owned includes leased hotels and associates
- Excludes hotels managed by 3rd parties:
 - HPF 3rd party managed hotels
 - International Hotel Properties and RBH Hotels UK

Owned Stats – (SA and Offshore)	F'20 H1	F'19 H1	% Change	F'19 Full Year
Occupancy (%)	59.1	59.1	-	60.6
Average room rate (R)	1 036	1 013	2	1 064
RevPar (R)	613	599	2	645
Rooms available ('000)	2 126	2 124	*	4 239
Rooms sold ('000)	1 257	1 255	*	2 568
Rooms revenue (Rm)	1 303	1 271	3	2 732

UK Investments

RBH Hotels UK

- Tsogo Sun Hotels owns 26.4% plus board and committee representation
- Manages over 45 hotels in the UK under multi brands including Crowne Plaza, Holiday Inn, Holiday Inn Express, Best Western, Westin, Hilton, Marriott, Aloft

International Hotel Properties

- Tsogo Sun Hotels owns 25.9% plus board representation
- Owns 9 hotel properties valued at GBP117m

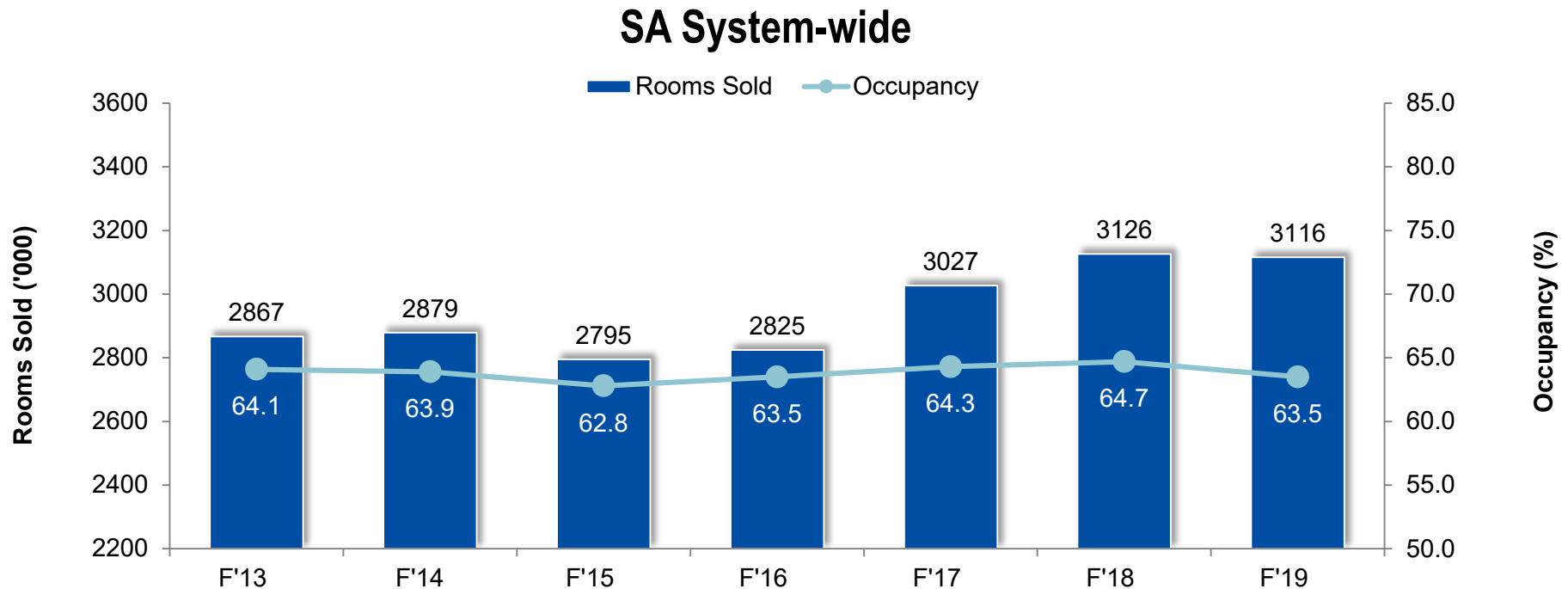
The group carries its aggregate interest in both companies at R520m (GBP27m)



Future Opportunities

Organic growth is the biggest opportunity

- 10% occupancy = R450m revenue per annum
- R100 ARR = R260m revenue per annum
- Occupancy and rate tend to move in tandem through yielding



Future Opportunities

New brand in Hi Hotels

- Modular build process
- First hotel with 123 keys scheduled to open at Montecasino during February 2020
- Aim to build more than 10 hotels if suitable sites obtained



Future Opportunities

Internal operational and cost focus remains

- Information Technology
 - Streamline operations and improve purchasing
- Web & Channels
 - Important transaction and information resource for the market
 - New booking engine implemented during June 2019
- Marketing
 - Tsogo Sun Hotels brand halo
 - Focused campaigns with call to action
- Sales
 - Strong local servicing of the corporate & public sector
 - Strong international relationships and representation
 - Strong sports relationships
- Head Office Support Services
 - Cost focus

Medium Term Strategy

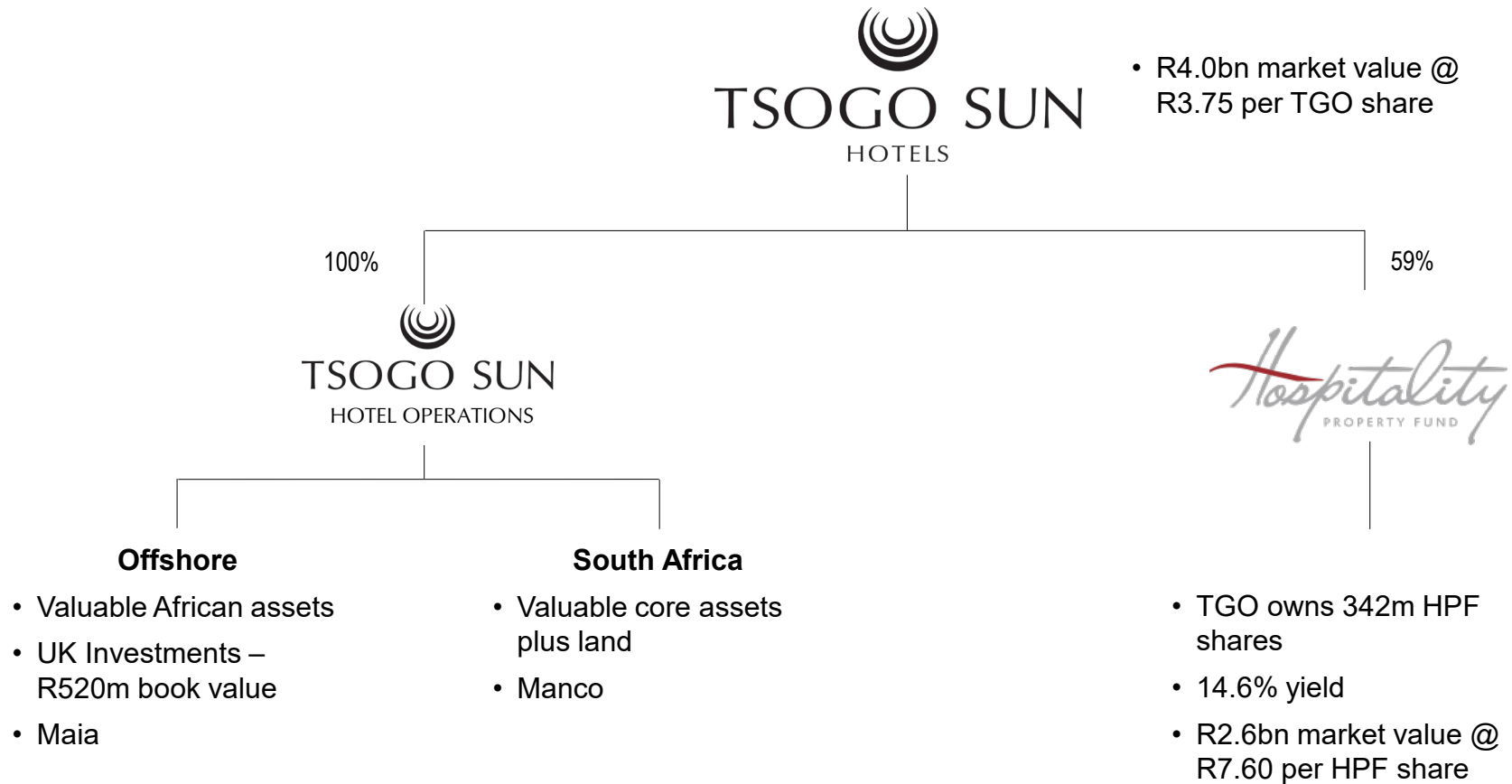
- Manage and optimise the portfolio
- Address tenure issues
 - 3 Sandton hotels extended for another 20 years on HPF-style leases
- Work on accessing new nodes and segments
 - Including unlocking banked land
- Manage portfolio disposals where required

Risks

- Economic environment is the primary growth opportunity and main risk to the group's performance
- Other key risks include:
 - Security of tenure of leases and management agreements
 - Sustained increase in administered costs above inflation and revenue growth
 - Low barriers to entry resulting in continued new supply

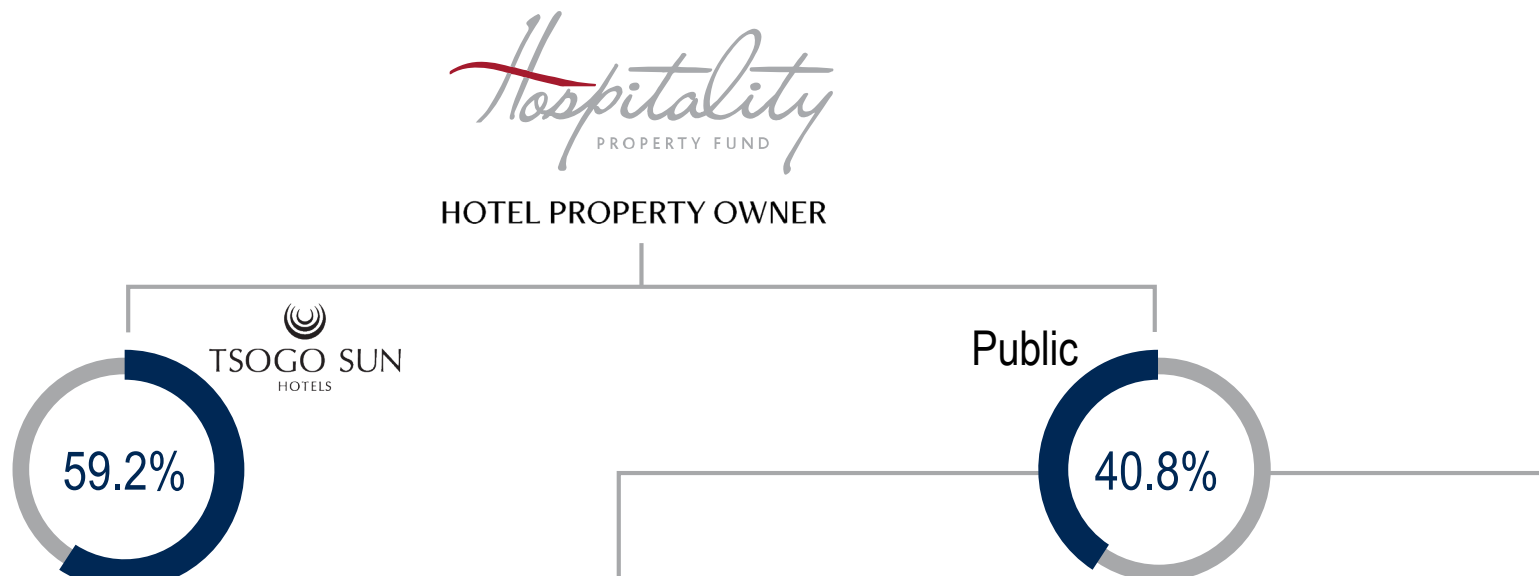


Sum of Parts Valuation





SHAREHOLDING STRUCTURE



Distribution of shareholder	% Shareholding
Collective investment schemes	21%
Foundations & charities	8%
Retirement benefits	5%
Retail shareholders	1%
Assurance companies	1%
Other	5%

MANAGEMENT AND BOARD as at 30 September 2019

Board of Directors

- **Executive Directors**

- Mara de Lima - CEO
- Riaan Erasmus - CFO

- **Non-Executive Directors**

- Marcel von Aulock - Chairman
- Mohamed Ahmed *
- Chris Gina
- Laurelle McDonald
- Moretlo Molefi
- Jabulani Ngcobo
- Rob Nicolella
- Cornelia September

* Lead Independent / Audit and Risk / RemCo Chairman

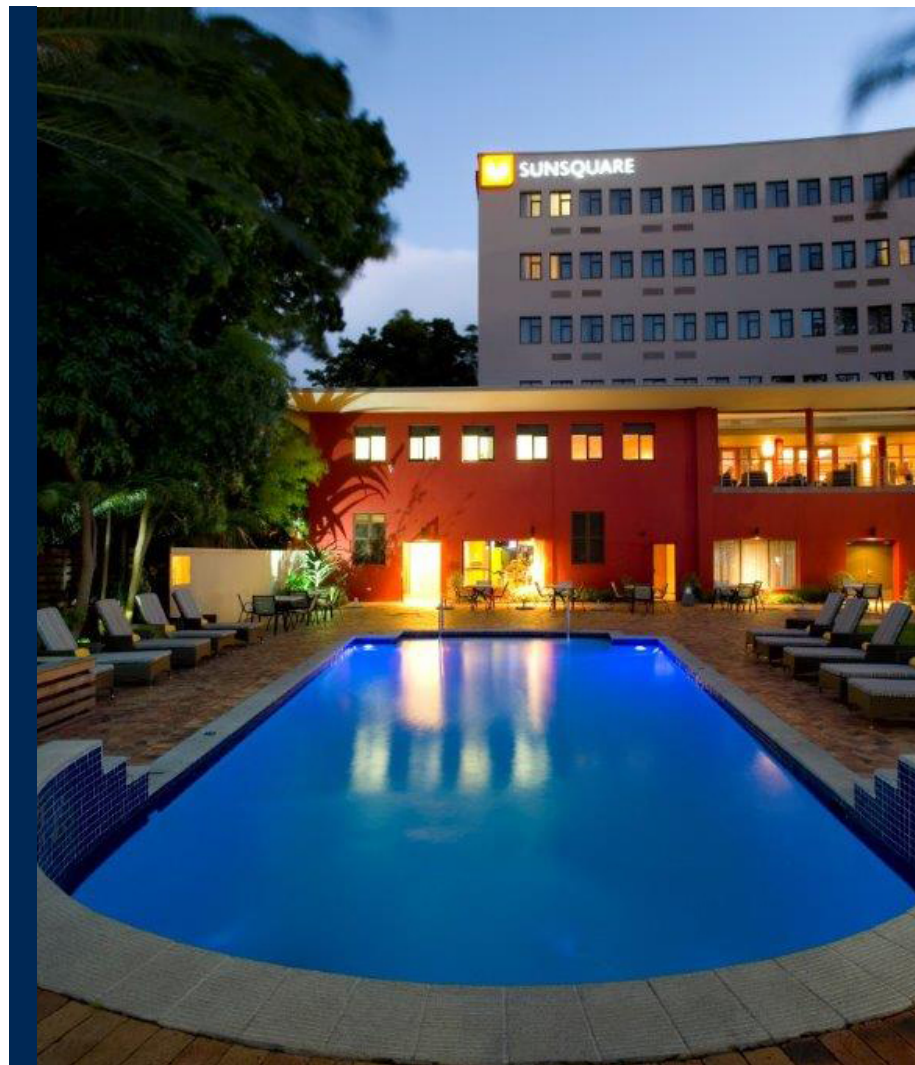


HOTEL BRAND PORTFOLIO

Luxury	Full Service	Economy
   	         	 

HOTELS PORTFOLIO AND STATISTICS

30 September 2019	Hotels	Keys
Luxury	4	926
Full Service	27	6 248
Economy	23	2 070
Total	54	9 244



PORTFOLIO AND COMPARATIVE TRADING

	Rooms	Occ. %	ARR	Rev PAR	F2020 H1 Rent (Rm)	F2019 H1 Rent (Rm)	F2019 Full year Rent (Rm)
Western Cape Region	2,381	55.7%	1,498	835	109	84	312
Gauteng Region	3,259	59.1%	1,010	597	109	138	267
Rest of South Africa	2,096	67.8%	988	670	89	91	186
Sub-total	7,736	60.4%	1,142	690	307	313	765
Sun 1	1,508	51.2%	506	259	28	32	62
Total	9,244	58.9%	1,052	620	335	345	827

WESTERN CAPE REGION | TRADING AND RENT

						(Rm)	
	Rooms	Occ. %	ARR	RevPAR	F20 H1 Rent	F19 H1 Rent	F19 Full Year Rent
Western Cape Region	2,381	55.7%	1,498	835	109	84	312
Westin Cape Town	483				39	24	105
Southern Sun - Waterfront	537				23	22	67
Southern Sun - The Cullinan	394				22	21	58
Radisson Blu Waterfront	177				6	4	29
StayEasy Century City	175				7	6	17
Protea Hotel Victoria Junction	172				3	4	14
Southern Sun Newlands	162				3	3	9
SunSquare Cape Town Gardens	136				3	2	7
Arabella Hotel & Spa	145				3	*	6

* Arabella Hotel & Spa: In the prior year, Arabella had reflected a negative variable rent due to the misalignment of the year ends

GAUTENG REGION | TRADING AND RENT

						(Rm)	
	Rooms	Occ. %	ARR	RevPAR	F20 H1 Rent	F19 H1 Rent	F19 Full Year Rent
Gauteng Region	3,259	59.1%	1,010	597	109	138	267
Birchwood Hotel & Conference Centre	665				24	38	71
Holiday Inn Sandton	301				12	8	19
Crowne Plaza Rosebank	318				11	12	21
Radisson Blu Gautrain	220				13	15	30
Garden Court OR Tambo	253				11	12	26
Garden Court Milpark	251				9	12	21
Sandton Eye BC - Retail	-				9	9	16
Garden Court - Morningside	150				5	5	11
Garden Court - Hatfield	157				4	7	12
Kopanong Hotel & Conference Centre	169				3	6	10
Mount Grace Country Hotel & Spa	121				2	4	12
Southern Sun - Katherine Street	122				2	5	9
Garden Court - Eastgate	157				2	3	6
StayEasy - Eastgate	135				1	2	3
Southern Sun Pretoria	240				1	N1	N1

N1 Southern Sun Pretoria was acquired on 19 September 2019

REST OF SA | TRADING AND RENT

						(Rm)	
	Rooms	Occ. %	ARR	RevPAR	F20 H1 Rent	F19 H1 Rent	F19 Full Year Rent
Rest of South Africa	2,096	67.8%	988	670	89	91	186
Garden Court South Beach	414				16	16	38
Garden Court - PE King's Beach	280				10	10	20
Garden Court - Umhlanga	204				7	9	19
Garden Court Polokwane	180				11	10	19
Champagne Sports	152				12	12	24
Southern Sun Bloemfontein	147				4	4	8
Garden Court Kimberley	135				5	4	9
Protea Hotel Edward	131				7	8	15
StayEasy - Pietermaritzburg	127				6	7	12
StayEasy Rustenburg	125				3	4	8
Protea Hotel Marine	114				6	4	8
Protea Hazyview	87				2	3	6

HOTELS PORTFOLIO AND STATISTICS

HPF : Trading Information (excluding SUN1)

	Occupancy				Average Room Rate				Revpar			
	F20 Act	F19 Act	%Δ on PY	Relative GI	F20 Act	F19 Act	%Δ on PY	Relative GI	F20 Act	F19 Act	%Δ on PY	Relative GI
Western Cape	55.7%	51.8%	7.7%	103.0	1,498	1,333	12.4%	103.6	835	690	21.0%	106.7
Gauteng	59.1%	61.7%	(4.2%)	99.2	1,010	1,017	(0.7%)	98.7	597	627	(4.9%)	97.9
Rest of South Africa	67.8%	67.9%	(0.1%)	99.1	988	955	3.5%	100.4	670	648	3.4%	99.4
Total (excluding SUN1)	60.4%	60.3%	0.2%	99.6	1,142	1,082	5.6%	101.9	690	652	5.8%	101.6

STR : Trading Information

	Occupancy				Average Room Rate				Revpar		
	F20 Act	F19 Act	%Δ on PY	Relative GI	F20 Act	F19 Act	%Δ on PY	Relative GI	F20 Act	F19 Act	%Δ on PY
Western Cape	56.3%	53.9%	4.5%		1,387	1,279	8.4%		782	690	13.3%
Gauteng	60.2%	62.3%	(3.4%)		1,128	1,121	0.7%		679	698	(2.8%)
Rest of South Africa	61.4%	60.9%	0.9%		1,167	1,132	3.1%		717	690	4.0%
Total	60.1%	59.8%	0.5%		1,173	1,132	3.6%		705	677	4.1%

SUN1 hotels are excluded from STR stats. Southern Sun Pretoria has been included on a like-for-like basis for six months.

INCOME STATEMENT

(Rm)

	6 months to Sept 2019	6 months to Sept 2018	Change on prior year %
Rental Income	335	345	(2.9)
Other income	2	0	100.0
Net operating costs	(30)	(28)	(7.1)
EBITDAR	307	317	(3.2)
Net finance costs	(92)	(80)	(15.0)
Profit before tax & adjustments	215	237	(9.3)
Fair value on interest rate swaps	(15)	23	*
Fair value (decrease) / increase on investment property	-	(431)	100.0
Attributable Earnings	200	(171)	217.0
Fair Value adjustments noted above	15	408	*
Appraisal Rights Settlement	(11)	-	(100.0)
Distributable Earnings	204	237	(13.9)
No. of shares	578	576	0.3
Dividend per share (cents)	35.40	41.22	(14.1)

CASH FLOW STATEMENT

	6 months to Sept 2019	6 months to Sept 2018
Ebitdar per the income statement	307	317
Working capital adjusted for non-cash and exceptional items	18	38
Cash generated from operations	325	355
Net finance costs	(92)	(80)
Maintenance capex	(117)	(100)
Acquisition of SS Pretoria	(200)	-
Free cash flow	(84)	175
Distributions to shareholders	(380)	(451)
Final dividend in the prior year		
Move in net IBD	(464)	(276)
Opening net IBD	(1,841)	(1,545)
Closing net IBD	(2,305)	(1,821)



INTEREST BEARING DEBT

(Rm)

	as at Sept 2019	as at Sept 2018
Bank Facilities	1,372	1,047
Corporate Bonds (notes)	960	890
Gross Interest bearing debt	2,332	1,937
Cash on hand	(27)	(116)
Net Interest bearing debt	2,305	1,821
Loan to Value	18.9%	15.8%
Weighted average cost of debt	9.2%	9.5%



PROPERTY VALUATIONS

- HPF's policy is to value its investment properties annually.
- In the prior six months, HPF revalued its investment property for the purpose of the potential casino acquisition, as is required by the JSE's Listing Requirements.
- HPF's Board believe there are currently no indicators of material impairment of its investment properties and as such, have not revalued investment properties in September 2019



Thank you

Experience life.

