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
Income tax reference number: 9770/799/1/47
("Hospitality" or "the Fund" or "the company")

CONDENSED CONSOLIDATED REVIEWED RESULTS FOR THE YEAR ENDED 30 JUNE 2015 AND DISTRIBUTION DECLARATION

Comments

1. Introduction

Hospitality is the only Real Estate Investment Trust ("REIT") listed on the JSE that offers investors exposure to the hospitality sector through the ownership of a portfolio of hotel properties. Hospitality has an equal number of A- and B-linked units in issue:

- A-linked units have a preferential claim to earnings with capped growth at the lower of CPI or 5% per annum;
- B-linked units receive the balance of the distribution and carry a higher inherent risk as they are not only geared to the trading conditions but further leveraged by the preferential claims of the A-linked units.

2. Trading environment

Trading conditions in the hotel industry over the past year remained challenging due to subdued domestic economic growth, reduced foreign tourism volumes as a result of the perceived risk of travelling to South Africa during the outbreak of Ebola elsewhere in Africa and the implementation of the new South African visa requirements, a decline in government travel and conferencing and electricity supply constraints. Against this backdrop, the Fund reported a decline in distribution per combined linked unit of 7.7% to 161,36 cents compared to the prior year, comprising the A-linked unit distribution of 148,21 cents (up 4.9%) and the B-linked unit distribution of 13,15 cents (down 60.7%).

The STR Global South Africa Hotel Review reflects the slowdown experienced by the hotel industry in the year under review, with a reported year-on-year increase in occupancy of 0.8% to 62.8% and average daily rates ("ADR") rising 5.9% to R1 051. The revenue per available room ("RevPAR") grew 6.8% for the year ended 30 June 2015, compared to RevPAR growth of 11.1% in the prior year.

The Fund's occupancy for that portion of its portfolio which is subject to variable rental income and excluding conference hotels (hotels where the revenue generated from conferencing exceeds rooms revenue) was slightly behind the industry average at 62.0% (2014: 61.4%). Its overall ADR grew by 6.5% to R1 237 and RevPar increased by 7.3% to R766.

Further breakdown of the Fund's portfolio in terms of its core and non-core properties reveals the following:

	OCCUPANCY			ADR			RevPar		
	FY2015	FY2014	Variance	FY2015	FY2014	Variance	FY2015	FY2014	Variance
Core	65.6%	65.4%	0.3%	1 355	1 274	6.4%	889	833	6.7%
Non-core	50.0%	49.4%	1.2%	722	718	0.6%	361	355	1.7%
Total	62.0%	61.4%	1.0%	1 237	1 162	6.5%	766	714	7.3%

Source markets

The demographic market source of income to the Fund's properties was as follows:

MARKET SOURCE			
FOREIGN	FOREIGN AIRCREW	DOMESTIC	TOTAL
28%	8%	64%	100%

3. Results

The Fund reported rental income growth of 1.8% to R434,1 million (2014: R426,3 million). Like-for-like rental income (adjusted for the conversion of Birchwood from a fixed to a fixed and variable ("F&V") lease, the disposal of the Courtyard interests and the acquisition of additional sectional title units at Radisson Blu Waterfront) increased by 7.7%.

In addition to the slowdown that affected the whole hospitality sector, factors specific to the Fund, which impacted its performance, were as follows:

- The prior year rental income was boosted in December 2013 by R10 million as foreign dignitaries travelled to South Africa to pay tribute to the late President Nelson Mandela.
- The impact of the conversion of the lease at Birchwood on expiry from a fixed to a F&V lease was more acute than had originally been anticipated, being R27,4 million lower than prior year and R17,7 million down on forecast. This was due mainly to a downturn in conferencing demand in both the public sector and corporate client base.
- Having disposed of its Courtyard interests in April 2015, the rental income fromthese properties was included only for 10 months.
- At the Mount Grace Country House & Spa, lower demand for mid-week conferencing particularly from the public sector, negatively affected its performance by R3,5 million on last year and R8 million on forecast.

These factors were somewhat ameliorated by continued strong demand at the Fund's properties in the Western Cape, in both the business and leisure sectors. In addition, the Fund benefited from the acquisition of additional units at Radisson Blu Waterfront that increased its share of the rental pool in this property from 41% to 54%.

Fund expenses were flat on the previous year at R40,7 million. This was due in part to lower staff incentive bonuses of R1,3 million (2014: R2,9 million), reflecting the Fund's 2015 performance as well as debt raising fees which decreased by R1,7 million. An amount of R2,0 million was incurred on the forensic investigation and legal costs in relation to the dismissal of the previous CEO, Mr Andrew Rogers.

Net finance costs increased 10.0% to R160,9 million (2014: R146,0 million), in line with higher debt levels to fund acquisitions and capital projects, higher swap margins contracted for and an increase in the repo rate of 25 basis points in July 2014.

The following table reflects the operating financial results for year ended 30 June 2015 compared to the previous financial year and the forecast released on 20 August 2014:

	Actual	Actual			Forecast		
	2015	2014	Variance	Variance	2015	Variance	Variance
	R'000	R'000	R'000	%	R'000	R'000	%
Contractual Rental	434 112	426 276	7 836	1.8	463 508	(29 396)	(6.3)
Fund Expenses	(40 674)	(40 524)	(150)	(0.4)	(40 532)	(142)	(0.4)
Net Finance Costs	(160 888)	(146 326)	(14 562)	(10.0)	(161 127)	239	0.1
Taxation	(116)	(181)	65	35.9	–	(116)	(100.0)
Income from associates	203	3 238	(35)	(14.7)	–	203	100.0
Debenture interest	(232 815)	(239 483)	6 668	2.8	(261 849)	29 034	11.1
A-linked unit	213 845	194 652	19 193	(9.9)	(213 693)	(152)	(0.1)
B-linked unit	18 970	44 831	(25 861)	(57.7)	(48 156)	29 186	60.6
Distribution – A-linked unit (cents)	148,21	141,35	6,86	4,9	148,43	(0,22)	(0,1)
– Interim	73,33	69,83	3,50	5,0	73,33	–	0,0
– Final	74,88	71,52	3,36	4,7	75,10	(0,22)	(0,3)
Distribution – B-linked unit (cents)	13,15	33,45	(20,30)	(60,7)	33,45	(20,30)	(60,7)
– Interim	9,12	19,25	(10,13)	(52,6)	16,40	(7,28)	(44,4)
– Final	4,03	14,20	(10,17)	(71,6)	17,05	(13,02)	(76,4)
Combined distribution (cents)	161,36	174,80	(13,44)	(7,7)	181,88	(20,52)	(11,3)
– Interim	82,45	89,08	(6,63)	(7,4)	89,73	(7,28)	(8,1)
– Final	78,91	85,72	(6,81)	(7,9)	92,15	(13,24)	(14,4)
Number of linked units	144 286	138 150	6 136	4,4	143 970	316	0,2

In three separate trading statements, published on 25 November 2014; 22 May 2015 and 29 July 2015 the Fund provided additional guidance given weaker trading across the hospitality sector that had impacted earnings. The actual 2015 distributions are in line with the latest trading update.

4. Funding

The group's debt facilities with financial institutions as at 30 June 2015 amounted to R1,94 billion. Total funds drawn on these facilities were R1,86 billion resulting in a loan to value (LTV) ratio (total interest-bearing liabilities/investment properties plus properties held for sale) of 36.0% (2014: 36.7%). The interest cover ratio was 2,45 which is within the covenant level of 2.00 required by the debt providers.

The weighted average cost of borrowings was 9.12% (2014: 9.14%) for the period under review with 67% of the group's borrowings being subject to fixed interest rates.

	Facility	Interest rate	Repayment
NEDBANK – PROPERTY FACILITY			
Loan 1	176 300 000	3-month JIBAR plus 2,67%	Feb 2020
Loan 2	400 000 000	3-month JIBAR plus 2,8%	Oct 2019
Loan 3	30 250 000	3-month JIBAR plus 2,85%	Oct 2018
Loan 4	150 000 000	3-month JIBAR plus 2,38%	Feb 2018
Loan 7	67 000 000	3-month JIBAR plus 2,38%	July 2018
Loan 8 (Revolving loan)	150 000 000	3-month JIBAR plus 2,75%	July 2018
	973 550 000		
CORPORATE BONDS			
Secured – HPF 01	150 000 000	3-month JIBAR plus 1.82%	April 2016
Unsecured – HPF 03	80 000 000	3-month JIBAR plus 2.7%	April 2016
Secured – HPF 04.1	300 000 000	3-month JIBAR plus 2,0%	Feb 2017
Secured – HPF 04.2	100 000 000	3-month JIBAR plus 2,0%	Feb 2017
Secured – HPF 05	200 000 000	Fixed at 9.89%	Feb 2017
Secured – HPF 06	60 000 000	3-month JIBAR plus 2,8%	Feb 2020
Secured – HPF 07	80 000 000	3-month JIBAR plus 2,25%	Aug 2017
	970 000 000		
TOTAL	**1 943 550 000**		

The total fair value of the interest-bearing borrowings amounted to R1 981 418 000. These level 2 financial instruments were fair valued using the discount cash flow model.

HEDGED DEBT		Nominal rate	Expiry
Nedbank swap 1	150 000 000	Collar swap – Floor 6.0%/Ceiling 9.09%	Sep 2016
Nedbank swap 2	150 000 000	Vanilla swap – 6.4%	Oct 2016
Nedbank swap 3	100 000 000	Vanilla swap – 7.05%	Sep 2017
RMB swap 2	346 667 000	Vanilla swap – 7.96%	July 2016
RMB swap 3	250 000 000	Collar swap – Floor 6.65%/Ceiling 9.20%	Feb 2016
RMB swap 4	100 000 000	Vanilla swap – 7.05%	Sep 2017
Secured – HPF 05	200 000 000	Fixed at 9.89%	Feb 2017
	1 296 667 000		
% hedged	67		

The total fair value of the derivative financial liabilities amounted to R2 093 000.

These level 2 financial instruments were fair valued using mark-to-market.

The carrying amounts of remaining financial instruments reasonably approximates their fair values.

An additional five-year secured note for R60 million and a 2.5-year secured note for R80 million were issued in February 2015. The proceeds were utilised to repay the R40 million unsecured note that matured in April 2015 and to fund the capital expenditure programme for FY2016.

When issuing new debt the group endeavours to optimally spread the maturity to minimise its exposure to large debt maturities in any single year.

5. Capital structure

Hospitality was awarded REIT status by the JSE Limited ("JSE") on 1 July 2013. In order to maintain its REIT status and ensure that it continues 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 JSE Listings Requirements. The JSE granted the Fund dispensation until 30 September 2015 to comply with the gearing requirement of Section 13 of the Listings Requirements which requires total consolidated IFRS liabilities of a REIT not to exceed 60% of its consolidated IFRS assets. Hospitality proposed the restructuring of the company's linked unit capital structure to a simple "all share" structure by way of a scheme of arrangement in terms of sections 114 and 115 of the Companies Act, 71 of 2008 at a Special General Meeting held on 20 August 2015. Prior to the meeting, Hospitality were informed that several B-unit share- and debenture holders wished to alter their vote and vote in favour of the resolution. They requested an additional adjournment to cater for the administrative processes they needed to follow. This was put to the meeting on 20 August 2015 and it was agreed to adjourn the meeting until 10:00 on 21 August 2015. The result of the meeting will be disclosed to shareholders as soon as is practically possible after the conclusion of the meeting.

6. Property portfolio

The Fund's portfolio comprises interests in 22 hotel and resort properties in South Africa. As at 30 June 2015, the carrying amount of the portfolio was R5,2 billion. The net asset value (NAV) per linked unit as at 30 June 2015 amounted to R11,74, an increase of 3.0% from 2014. The combined market value at the end of the year traded at a 32% discount to the NAV. The weighted average lease expiry period is 12.1 years.

	Gross rental income		Property valuation	
	R'000	%	R'000	%
Core portfolio	395 899	91	4 807 000	94
Non-core portfolio	38 213	9	329 228	6
	434 112	100	5 136 228	100

7. Acquisitions and disposals

The Fund's investment strategy is to invest in well-located, large hotels in major metropolitan centres with strong brands and diverse source markets and to dispose of certain properties which do not meet these criteria.

The non-core properties that the Fund has identified for disposal were more severely affected by the slowdown in the hospitality sector. Accordingly, the Fund has expedited the disposal of these properties, valued at R355,6 million through a combination of direct sales and auctions. This will unlock additional capital resources for core property acquisitions and/or repayment of debt. The Fund disposed of its interest in the Courtyard portfolio to City Lodge on 1 May 2015 for R80,0 million which was in line with its carrying amount.

In addition, sale agreements were concluded for Protea Hotel The Richards and Protea Hotel Hluhluwe & Safaris at R46 million and R14,5 million respectively, with transfer of both hotels expected towards the end of August 2015. These properties are part of the non-core portfolio.

The renegotiation of the new fixed and variable lease at Birchwood from 1 July 2014 required the investment by the Fund of a further R60 million in a 35% undivided share in 215 rooms, which was funded through the issue of linked units to the sellers. The Fund invested R76,4 million to acquire 25 additional units at the Radisson Blu Waterfront, which was funded by a combination of debt and equity.

On 8 August 2014, 4 additional rooms were acquired in Radisson Blu Gautrain Hotel for a consideration of R15,4 million, which was funded through the issue of equity.

8. Developments and capital projects

The Fund continued to upgrade several of its properties during the period:

- R13.2 million was invested to reposition the Mount Grace Country House and Spa with the construction of a mountain cycling club and children's entertainment facilities.
- Refurbishment of 167 rooms at Birchwood for R20,7 million to support the hotel's initiatives to attract additional corporate clients, including the relaunch of a section of the hotel as "The Silverbirch Hotel".
- Four new rooms were added at the Radisson Blu Gautrain and the public areas were upgraded, with a total investment of R15,3 million.
- The Radisson Blu Waterfront conference facilities and public areas were refurbished, costing R9,0 million.
- An outdoor swimming pool, with an investment of R7,3 million, was completed at Westin Cape Town to enhance the appeal of the hotel to the leisure market.

The quality of the Fund's core properties continues to provide a solid platform for future income growth. The Fund is cognisant of future refurbishment projects that will require additional capital investment and is investigating options to deal with this on a sustainable basis going forward.

The Minister of Western Cape Local Government, Environmental Affairs and Development Planning granted Hospitality approval to develop Phase 2 of Arabella Country Estate subject to compliance with certain conditions and administrative processes. Furthermore, the Competent Authority for the Administration of the Land Use Planning Ordinance, 1985, approved the rezoning and subdivision of the Property, which includes 352 residential erven, a Private Nature Reserve and a 9-hole executive mashie golf course with associated infrastructure. Management and the Board continue to explore the various options available to the Company, in order for it to realise a profit from Arabella Phase 2.

9. Liquidity

During the financial year, 34% of the A-linked units and 79% of the B-linked units were traded on the JSE Limited.

10. Board of directors

Mr Kamil Abdul Karrim resigned as an independent non-executive director with effect from 31 December 2014. The Board thanks Mr Karrim for his considerable contribution to the Fund from its inception.

Mrs Anitha Soni resigned as independent non-executive director on 30 March 2015 due to ill health and sadly passed away on 16 May 2015. The Board extends its condolences to her family.

Mr Andrew Rogers, the previous CEO, was dismissed on 22 June 2015, following the outcome of a forensic investigation and a subsequent disciplinary hearing and resigned as a director from the Board of Hospitality Property Fund Limited. Mr Ridwaan Asmal, Hospitality's Financial Director, who also fulfilled the role of Acting CEO, resigned from the Company effective 12 August 2015. The Board extends its gratitude to Mr Asmal for his commitment to the Fund since 2006 and the significant role he played during his tenure.

Mr Riaan Erasmus who served as Group Financial Manager of the Fund since 2010 has been appointed as Acting CFO.

Mr Gerald Nelson, who was the CEO of the Company until his retirement in June 2013 and is currently a non-executive director, made himself available as the Acting CEO until the appointment of a new CEO.

11. Prospects

The performance of the Fund in the year ahead will largely be driven by the hospitality trading environment. Management expects occupancies to grow in line with domestic GDP growth with room rates increasing slightly ahead of the prevailing CPI rate. Furthermore, inflationary pressures on salaries and wages as well as utility costs could impact hotel expenses in 2016. The core properties in Sandton and the Western Cape have been more resilient in the recent slowdown and should continue to support the Fund's earnings in the year ahead.

Hospitality's underlying performance for the 2016 financial year will be impacted by a renewal of the lease at Champagne Sports Resort. Due to escalations in the fixed rental since 2006 the rental at expiry is significantly higher than market which will result in a reversion of approximately R6,2 million per annum.

Furthermore there will be a requirement to refurbish the hotel in order to maintain market share. No further fixed rental income reversions will occur following the restructure of the Champagne lease.

12. Subsequent events

The Protea Hotel The Richards was sold on 19 August 2015 for a total consideration of R46 million. The directors are not aware of any matter or circumstances arising since the end of the financial year to the date of this report, not otherwise dealt with in this report that would significantly affect the operations, the results and the financial position of the group.

13. Distribution payment

Unitholders will receive distribution payment number 19 for the six-month period ended 30 June 2015 of 74,88 cents per A-linked unit and 4,03 cents per B-linked unit.

In accordance with Hospitality's status as a REIT, linked unitholders are advised that the distribution meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 ("Income Tax Act").

The number of units in issue at the date of the declaration is 144 285 503.

Local tax residents

Qualifying distributions received by local tax residents must be included in the gross income of such linked unitholders (as a non-exempt dividend in terms of section 10(1)(k)(aa) of the Income Tax Act), with the effect that the qualifying distribution is taxable as income in the hands of the linked unitholder. These qualifying distributions are, however, exempt from dividend withholding tax in the hands of linked unitholders, provided that the South African resident linked unitholders provided the following forms to their Central Securities Depository Participant ("CSDP") or broker, as the case may be, in respect of uncertificated linked units, or the company, in respect of certificated linked units:

(a) a declaration that the distribution is exempt from dividends tax; and

(b) a written undertaking to inform the CSDP, broker or the company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. Linked unitholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution, if such documents have not already been submitted.

Non-resident

Qualifying distributions received by non-resident linked unitholders will not be taxable as income and instead will be treated as ordinary dividends but which are exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. It should be noted that until 31 December 2013 qualifying distributions received by non-residents were not subject to dividend withholding tax. From 1 January 2014, any qualifying distribution received by a non-resident from a REIT will be subject to dividend withholding tax at 15%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the linked unitholder. Assuming dividend withholding tax is withheld at a rate of 15%, the net amount due to non-resident unitholders will be 63,648 cents per A-linked unitholder and 3,4255 cents per B-linked unit. A reduced dividend withholding tax rate in terms of the applicable DTA, may only be relied on if the non-resident linked unitholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated linked units, or the Company, in respect of certificated linked units:

(a) a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and

(b) a written undertaking to inform their CSDP, broker or the company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident linked unitholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution if such documents have not already been submitted, if applicable. Unitholders are requested to seek professional advice on the appropriate action to take.

Last day to trade *cum* distribution	Friday, 11 September 2015
Linked units will trade *ex*-distribution	Monday, 14 September 2015
Record date	Friday, 18 September 2015
Payment date	Monday, 21 September 2015

Unitholders may not dematerialise or rematerialise their linked units between Monday,14 September and Friday, 18 September 2015 both days inclusive.

By order of the Board

D G Bowden
(Chairman)

G A Nelson
(Acting CEO)

21 August 2015

Directors: D G Bowden (Chairman)*+, GA Nelson (Acting CEO)*, L de Beer *+, SA Halliday *+, Z N Kubukeli*+, Z Ntwasa *+, WC Ross *+, (*Non-Executive, +Independent)

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Sponsor: RAND MERCHANT BANK (A division of FirstRand Bank Limited)

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements, except for the following accounting policies adopted during the financial year:

- Offsetting Financial Assets and Financial Liabilities (amendments to IAS 32)
- Recoverable Amount Disclosed for Non-Financial Assets (Amendment to IAS 36)
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
- Annual Improvements to IFRS 2010 – 2012
- Annual Improvements to IFRS 2011 – 2013.

There was no material impact on the financial statements identified based on Management's assessment of these standards. The directors take full responsibility for preparation of the preliminary report.

AUDITOR'S REPORT

These condensed consolidated financial statements for the year ended 30 June 2015 have been reviewed by KPMG Inc, who expressed an unmodified review conclusion. The auditor's report contained the following paragraph with respect to reportable irregularities:

In accordance with our responsibilities in terms of section 44(2) and 44(3) of the Auditing Professions Act, we report that we have identified certain unlawful acts or omissions committed by persons responsible for the management of Hospitality Property Fund Limited which constitute reportable irregularities in terms of the Auditing Professions Act, and have reported such matters to the Independent Regulatory Board for Auditors. The matters pertaining to the reportable irregularities have been described in the condensed financial statements.

The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office

REPORTABLE IRREGULARITY

On 22 June 2015, Mr AS Rogers, the previous CEO, was dismissed on 22 June 2015, following the outcome of a forensic investigation and a subsequent disciplinary hearing and resigned as director form the Board of Hospitality Property Fund Limited. In terms of the Auditing Profession Act, 2005 the external auditor had reason to believe that a reportable irregularity had taken place and issued a report in this regard to Independent Regulatory Board for Auditors (IRBA). The Board formally responded to the external auditor regarding actions taken to correct the irregularity reported. The external auditor is satisfied that the reportable irregularity is no longer taking place.

These results were prepared by acting CFO, Riaan Erasmus (CA)SA.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Reviewed 2015 R'000	Audited 2014 R'000
ASSETS		
Non-current assets	**4 819 827**	4 536 393
Investment properties	**4 806 775**	4 514 950
Straight-line rent income accrual	**225**	1 050
Investment properties and related accrual	**4 807 000**	4 516 000
Furniture, fittings and equipment	**573**	942
Goodwill	**12 000**	19 200
Investment in associates	**254**	251
Current assets	**626 033**	577 725
Non-current assets held for sale	**329 228**	311 900
Properties held for trading	**21 620**	20 535
Trade and other receivables	**71 035**	58 087
Cash and cash equivalents	**204 150**	187 203
Total assets	**5 445 860**	5 114 118
EQUITY AND LIABILITIES		
Equity	**970 747**	801 847
Share capital and share premium	**515 931**	481 316
Retained earnings	**(2 332)**	13 289
Fair value reserve	**457 148**	307 242
Non-current liabilities	**4 045 809**	4 066 078
Debentures	**2 415 842**	2 325 186
Interest-bearing liabilities	**1 627 874**	1 732 627
Derivative liability	**2 093**	8 265
Current liabilities	**429 304**	246 193
Trade and other payables	**85 352**	87 917
Short term portion of Interest-bearing liabilities	**230 000**	40 000
Taxation	**100**	134
Debenture interest payable	**113 852**	118 142
Total equity and liabilities	**5 445 860**	5 114 118
Net asset value per linked unit (Rand)		
A-linked unit	**11.74**	11.40
B-linked unit	**11.74**	11.40

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2015

	Reviewed 2015 R '000	Audited 2014 R '000
Revenue	**433 287**	423 174
Rental income – contractual	**434 112**	426 276
– straight-line accrual	**(825)**	(3 102)
Expenditure	**(40 674)**	(40 524)
Operating expenses	**(40 674)**	(40 524)
Operating profit	**392 613**	382 650
Net finance cost	**(160 888)**	(146 041)
Finance income	**9 696**	4 371
Finance costs	**(170 584)**	(150 412)
Profit before debenture interest, goodwill, fair value adjustments and taxation	**231 725**	236 609
	(232 815)	(239 483)
Debenture interest	**(232 815)**	(240 014)
Recoupment of debenture interest	**–**	531
Loss before fair value adjustments, goodwill and taxation	**(1 090)**	(2 874)
Profit on sale of investment properties	**390**	–
Fair value adjustments	**143 531**	116 275
Investment properties, before straight-lining adjustment	**143 734**	153 772
Straight-line rental income accrual	**825**	3 102
Total fair value of investment properties	**144 559**	156 874
Goodwill impairment	**(7 200)**	(53 400)
Interest-rate swaps	**6 172**	12 801
Profit before taxation	**142 831**	113 401
Debenture discount amortisation	**(8 633)**	(7 480)
Equity accounted profit from associate after tax	**203**	238
Taxation	**(116)**	(181)
Total profit and comprehensive income for the year	**134 285**	105 978
Reconciliation between earnings, headline earnings and distributable earnings		
Total profit and comprehensive income for the year	**134 285**	105 978
Adjustments: Debenture interest	**232 815**	240 014
Profit (linked units)	**367 100**	345 992
Adjustments:		
Profit on sale of investment properties	**(390)**	–
Goodwill impairment	**7 200**	53 400
Fair value – investment properties revaluation	**(143 734)**	(153 772)
Fair value – straight line rental income	**(825)**	(3 102)
Headline earnings (linked units)	**229 351**	242 518
Fair value – interest rate swaps	**(6 172)**	(12 801)
Debenture discount amortisation	**8 633**	7 480
HPF Employee Incentive Trust effects	**78**	(285)
Taxation	**100**	–
Straight-line rental income	**825**	3 102
Distributable earnings	**232 815**	240 014
Number of units/shares		
A-linked unit	**144 285 503**	138 149 717
B-linked unit	**142 315 793**	136 180 007
– Units in issue	**144 285 503**	138 149 717
– HPF Employee Incentive Trust units	**(1 969 710)**	(1 969 710)
Weighted average number of units/shares		
A-linked unit	**142 380 569**	137 369 080
B-linked unit	**140 410 859**	136 225 029
– Units in issue	**142 380 569**	137 369 080
– HPF Employee Incentive Trust units	**(1 969 710)**	(1 144 051)
Distribution per linked unit (cents)		
A-linked unit	**148,21**	141,35
– Interim	**73,33**	69,83
– Final	**74,88**	71,52
B-linked unit	**13,15**	33,45
– Interim	**9,12**	19,25
– Final	**4,03**	14,20
	161,36	174,80
Earnings and diluted earnings per linked unit (cents)		
A-linked unit	**129,81**	126,46
B-linked unit	**129,81**	126,46
	259,62	252,92
Headline earnings and diluted headline earnings per linked unit (cents)		
A-linked unit	**81,10**	88,64
B-linked unit	**81,10**	88,64
	162,20	177,28
Earnings and diluted earnings per share (cents)	**47,49**	38,74
Headline earnings and diluted headline earnings per share (cents)	**(0,01)**	0,01

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

	Share capital R'000	Share premium R'000	Retained earnings R'000	Fair value reserve R'000	Total R'000
Balance at 30 June 2013	**27**	**476 172**	**73 884**	**140 669**	**690 752**
Total profit and comprehensive income for the year	–	–	105 978		105 978
Transactions with owners, recorded directly in equity	–	5 117	(166 573)	166 573	5 117
Issue of shares	–	5 194	–	–	5 194
Share issue expenses, net of tax	–	(77)	–	–	(77)
Transfer to fair value reserve – investment properties	–	–	(153 772)	153 772	–
Transfer to fair value reserve – interest rate swaps	–	–	(12 801)	12 801	–
Balance at 30 June 2014	**27**	**481 289**	**13 289**	**307 242**	**801 847**
Total profit and comprehensive income for the year	**–**	**–**	**134 285**		**134 285**
Transactions with owners, recorded directly in equity	**1**	**34 614**	**(149 906)**	**149 906**	**34 615**
Issue of shares	**1**	**34 614**	**–**	**–**	**34 615**
Transfer to fair value reserve – investment properties	**–**	**–**	**(143 734)**	**143 734**	
Transfer to fair value reserve – interest rate swaps	**–**	**–**	**(6 172)**	**6 172**	**–**
Balance at 30 June 2015	**28**	**515 903**	**(2 332)**	**457 148**	**970 747**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

	Reviewed 2015 R'000	Audited 2014 R'000
Cash flows from operating activities		
Cash generated from operations	**378 518**	391 132
Finance income received	**9 696**	4 371
Finance costs paid	**(170 584)**	(150 412)
Taxation	**(150)**	(1 200)
Distribution to unitholders	**(237 105)**	(227 607)
Net cash (outflow)/inflow from operating activities	**(19 625)**	16 284
Cash flows from investing activities		
Acquisition and development of investment properties	**(244 204)**	(104 228)
Disposal of investment properties	**80 000**	
Acquisition of properties held for trading	**(1 085)**	(827)
Acquisition of furniture and equipment	**(224)**	(484)
Dividends received from associates	**200**	150
Net cash outflow from investing activities	**(165 313)**	(105 389)
Cash flows from financing activities		
Proceeds from the issue of linked units	**116 638**	18 985
Share issue expenses paid	**–**	(77)
Acquisition of treasury shares	**–**	(9 995)
Interest-bearing liabilities raised	**85 247**	200 000
Net cash inflow from financing activities	**201 885**	208 913
Net increase in cash and cash equivalents	**16 947**	119 808
Cash and cash equivalents at beginning of year	**187 203**	67 395
Cash and cash equivalents at end of year	**204 150**	187 203

CONDENSED CONSOLIDATED SEGMENTAL INFORMATION

for the year ended 30 June 2015

Information regarding the results of each reportable segment is included below. Performance is measured based on operating profit before finance costs, as included in the internal management reports that are reviewed by the group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arms' length basis.

R000's	Core portfolio	Non-core porfolio	Head office	Total of all operating segments
Statement of Comprehensive Income – 30 June 2015				
Segment revenue	**395 788**	**38 213**	**111**	**434 112**
Expenditure	**–**	**–**	**(40 674)**	**(40 674)**
Segment results	**395 788**	**38 213**	**(40 563)**	**393 438**
Statement of Comprehensive Income – 30 June 2014				
Segment revenue	405 322	20 941	13	426 276
Expenditure	–	–	(40 524)	(40 524)
Segment results	405 322	20 941	(40 511)	385 752
Statement of Financial Position – 30 June 2015				
Non-current assets				
Investment properties	**4 807 000**	**–**	**–**	**4 807 000**
Current assets				
Non-current assets held for sale	**–**	**329 228**	**–**	**329 228**
Trade and other receivables	**20 287**	**5 981**	**44 767**	**71 035**
Segment assets	**4 827 287**	**335 209**	**44 767**	**5 207 263**
Statement of Financial Position – 30 June 2014				
Non-current assets				
Investment properties	4 516 000	–	–	4 516 000
Current assets				
Non-current assets held for sale	–	311 900	–	311 900
Trade and other receivables	19 170	4 119	34 798	58 087
Segment assets	4 535 170	316 019	34 798	4 885 987