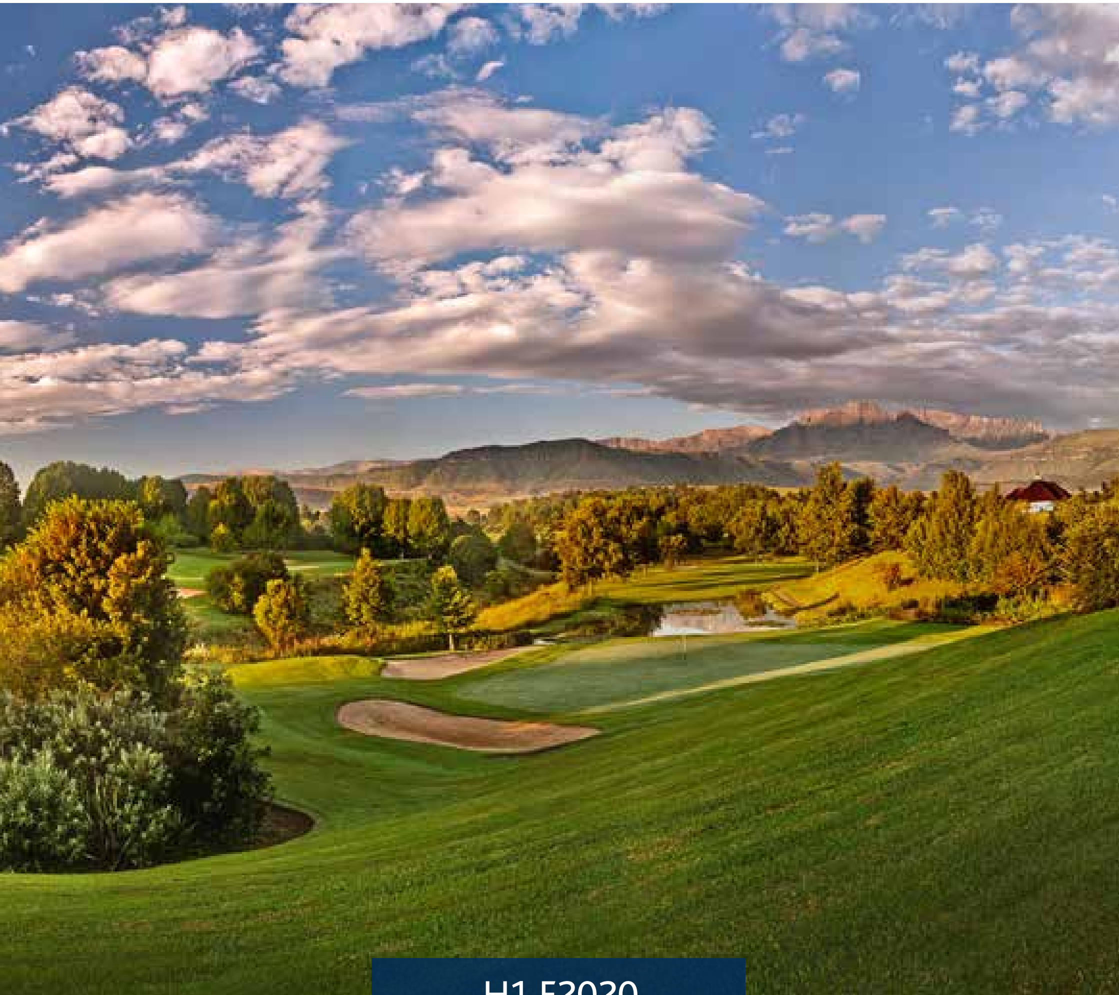

H1 F2020

Hospitality PROPERTY FUND

Unaudited condensed consolidated financial results
for the six months ended 30 September 2019

Our vision is to own **quality properties** in the South African Hospitality industry

The strategic objectives of Hospitality Property Fund Limited (the "Fund" or "Hospitality") are to sustain and optimise our business, and to grow our portfolio, both organically and inorganically to increase distributable earnings and distributable earnings per share.

Rental income for the six months ended September 2019 is **R335 million**

Acquisition of the Southern Sun Pretoria

Distribution per share of **35.40 cents** for the six months ended September 2019

LTV for the period ended 30 September 2019 at **19%**

Commentary

Hospitality's board of directors (the "board") declared a dividend of 35.40 cents per share for the six months ended 30 September 2019. The Fund's distributable earnings decreased by 9% for the six months to R215 million when compared to the prior six months to 30 September 2018, excluding the settlement of R11 million for the shareholder appraisal rights matter (see detail below).

Rental income for the six months decreased by 3% to R335 million (2018: R345 million) mainly due to the impact of the weaker trading performance at the Birchwood Hotel and OR Tambo Conference Centre and utility costs in the hotels increasing above CPI. Hospitality's rental income is subject to seasonal variability and the trading has been impacted by the elections and the misaligned school holidays. Hospitality's expenses for the six months increased by 7% or R1.9 million on the prior six months to R30 million, mainly due to property rates and taxes. Net finance costs of R92 million (2018: R80 million) are higher than the prior six months due to increased borrowings, arising from capital expenditure.

The following table reflects the operating financial results for the six months ended 30 September 2019 compared to the prior six-month period ended 30 September 2018:

SUMMARY OF OPERATING RESULTS AS AT 30 SEPTEMBER 2019

	Actual September 2019 R'000	Actual September 2018 R'000	Variance on September 2018 R'000	Variance on September 2018 %
Contractual revenue	**335 352**	344 553	(9 201)	(3)
Other income/sundry income	**1 689**	282	1 407	499
Fund expenses	**(30 131)**	(28 229)	(1 902)	(7)
Net finance cost	**(91 789)**	(79 567)	(12 222)	(15)
Income from associates	**–**	84	(84)	(100)
Distributable earnings	**215 121**	237 123	(22 002)	(9)
Dividends paid in respect of shareholder appraisal rights matter	**(10 663)**	–	(10 663)	*
Distribution	**204 458**	237 123	(32 665)	(14)
No par value ordinary shares	**577 591**	575 214	2 377	–
Distribution comparative to prior years				
Interim dividend (cents)	**35.40**	41.22	(5.82)	(14)

HOTEL TRADING RESULTS (INCLUDING SOUTHERN SUN PRETORIA)

Room occupancy in the first six months for the Fund's hotels increased marginally by 0.2% to 60.4%, while the market experienced a marginal increase in occupancy of 0.5% to 60.1%. For comparison to the STR Global South African Hotel Review ("STR"), the Sun1 trading results are excluded.

The average room rate ("ARR") for the portfolio increased by 5.6% on the prior period, mainly due to the performance of the Western Cape hotels. Revenue per available room ("RevPAR") therefore increased by 5.8%. The STR figures show a growth in ARR of 3.6% and of 4.1% in RevPAR for the South African market over the same period.

Hotel occupancy for the Fund's Western Cape hotels increased by 7.7% to 55.7%. ARR in the Western Cape improved by 12.4% to R1 498, resulting in a RevPAR increase of 21.0% to R835. As reported by STR, occupancy for the region improved by 4.5% to 56.3% and the ARR increased by 8.4% on the prior year to R1 387, resulting in a RevPAR increase of 13.3% to R782. The improved trading results in the Western Cape is largely due to good group business and a partial recovery of the poor sentiment stemming from the Cape Town water crisis, in the prior year.

In Gauteng, hotel occupancy over the six months declined by 4.2% on the prior six months, to an occupancy of 59.1%. Individual hotels' trading remained fickle over the period with ARR decreasing by 0.7%, resulting in a RevPAR decline of 4.9% to R593. For the STR participating hotels in Gauteng, RevPAR decreased by 2.8% to R679. The impact of the school holidays separated from the Easter weekend and the elections in May, prevented the normal transient corporate and government business travel for the first quarter.

Occupancy for the hotels in the rest of South Africa remained largely flat on the prior year at 67.8% and the ARR increased by 3.5% to R988, resulting in a RevPAR growth of 3.4% to R670. Per STR, the remaining hotels in the rest of South Africa grew RevPAR by 4.0%. Occupancy for the Sun1 properties was 7.1% lower than the prior six months, but with ARR increasing by 2.0%, resulting in a decline in RevPAR of 5.2% to R259.

PROPERTY PORTFOLIO

The Fund's portfolio includes 54 hotel and resort properties in South Africa, including the Southern Sun Pretoria. The weighted average lease expiry period is 13.52 years. As at 30 September 2019, the carrying amount of the portfolio was R12.3 billion and the net asset value ("NAV") per ordinary share amounted to R17.41 (2018: R18.13).

In September 2019, Hospitality acquired the Southern Sun Pretoria hotel for R200 million. The hotel is centrally located in Pretoria and comprises 240 rooms, conference facilities, a business lounge, fitness lounge, outdoor pool, restaurant and bar. The hotel operates predominantly in the government sector and is currently leased and operated by Tsogo Sun Hotels under the Southern Sun brand. The transaction was funded by debt, utilising the existing revolving credit facilities. Hospitality also acquired three additional sections in the Sandton Eye Sectional Title Scheme and now owns 82% of the building.

CAPITAL PROJECTS

In order to maintain the appeal of its properties, the Fund continually upgrades and invests in its hotels. Total capital expenditure amounting to R90 million was spent during the first six months of the year. This includes all capital expenditure spent on refurbishment projects, replacement of hotel furnishing, equipment and IT equipment refresh at the units. The major refurbishment projects included the completion of the rooms' refurbishments at The Westin and the Arabella Hotel & Spa.

FUNDING

The group's debt facilities with financial institutions as at 30 September 2019 amounted to R2.5 billion and the total drawn down facilities amounted to R2.3 billion, resulting in a loan-to-value ("LTV") ratio (total interest-bearing liabilities/investment properties plus properties held for sale) of 19% (2018: 16%).

The interest cover ratio of 4.4 times (2018: 4.6 times) for the 12 months rolling to 30 September 2019 is well above the required debt covenant limit of 2.0 times. The weighted average cost of net debt to 30 September 2019 is 9.2%. A corporate bond (HPF12) of R300 million was issued in April 2019 to refinance the maturing corporate bonds (HPF08 and HPF09) and to fund capital expenditure. Global credit ratings maintained the Fund's long-term credit rating at A- (ZA) and revised its short-term credit rating to A2 (ZA).

SHAREHOLDER APPRAISAL RIGHTS MATTER

On 12 June 2019, the High Court of South Africa ("the Court") ruled in the matter between Standard Bank Nominees (RF) Proprietary Limited ("Standard Bank Nominees"), The Standard Bank of South Africa Limited, Nedbank Collective Investments (RF) Proprietary Limited, Nedgroup Investment Advisors Proprietary Limited and Hospitality, that shareholder appraisal rights had not been properly exercised. The Court ordered that Standard Bank Nominees be reinstated as a Hospitality shareholder and that Hospitality make payment to Standard Bank Nominees of all dividends previously declared by the company from February 2016 to 12 June 2019. Accordingly, on 7 August 2019 Hospitality made payment of R10 663 390 to Standard Bank Nominees, in settlement of the Court order.

PROSPECTS

Hotel trading is expected to remain under pressure until the outlook on the South African economy improves. The Fund's gearing is currently low at 19%. The Fund is committed to and able to fund its ongoing capital expenditure programme over a five-year planning horizon. The directors have decided to maintain the distribution at 100% of distributable earnings to Hospitality's shareholders.

DIVIDEND PAYMENT

The board has approved and notice is hereby given of a gross dividend payment number 29 of 35.39846 cents per share for the six months ended 30 September 2019. The number of shares in issue at the date of the dividend declaration is 578 154 207 ordinary shares (for the purposes of the dividend declaration, 562 774 ordinary shares held as treasury shares, have been excluded). In accordance with Hospitality's REIT status, shareholders are advised that the dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act.

LOCAL TAX RESIDENTS

Qualifying distributions received by local tax residents must be included in the gross income of such shareholders (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 shareholder. These qualifying distributions are, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that the South African resident shareholders provided the following forms to their Central Securities Depository Participant ("CSDP") or broker, as the case may be, in respect of uncertificated shares, or Hospitality, in respect of certificated shares:

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

(b) a written undertaking to inform the CSDP, broker or Hospitality, 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. Shareholders are advised to contact their CSDP, broker or Hospitality, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

NON-RESIDENT

Qualifying distributions received by non-resident shareholders 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. 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 shareholder, the net amount due to non-resident shareholders will be 28.31877 cents per share. A reduced dividend withholding tax rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

(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 Hospitality, 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 shareholders are advised to contact their CSDP, broker or Hospitality, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted, if applicable. Shareholders are requested to seek professional advice on the appropriate action to take.

The dividend is payable in accordance with the timetable below:

Last day to trade *cum* dividend	Tuesday, 10 December 2019
Shares will trade *ex* dividend	Wednesday, 11 December 2019
Record date	Friday, 13 December 2019
Payment date	Tuesday, 17 December 2019

Shareholders may not dematerialise or rematerialise their shares between Wednesday, 11 December 2019 and Friday, 13 December 2019, both days inclusive.

Payments of the dividend will be made to shareholders on Tuesday, 17 December 2019. In respect of dematerialised shares, the dividend will be transferred to the CSDP accounts/broker accounts on Tuesday, 17 December 2019. Certificated shareholders' dividend will be deposited on or about Tuesday, 17 December 2019.

Income tax reference number: 9770/799/1/47.

CHANGE IN DIRECTORATE

As announced on SENS on 15 March 2019 and 23 May 2019, the Board was reconstituted with effect from 1 June 2019. The reconstitution of the Board committees are noted below:

Audit and risk committee	Social and ethics committee	Nomination committee	Remuneration committee
MH Ahmed (Chairman)+ LM Molefi+ JG Ngcobo+	SC Gina (Chairman)+ MR de Lima* L McDonald#	MN von Aulock (Chairman) SC Gina+ LM Molefi+	MH Ahmed (Chairman)+ JG Ngcobo+ MN von Aulock#

** Executive*
+ Independent non-executive
 # Non-executive

- In addition, Ms CC September was appointed as an independent non-executive director on 15 August 2019. Hospitality welcomes Ms September to the board.
- The company secretary was changed from HPF Management Proprietary Limited to HPF Properties Proprietary Limited with effect from 2 September 2019, following an internal restructure of the company, whereby the number of subsidiaries were reduced in order to save on audit, administrative and secretarial fees. LR van Onselen remains the designated representative of HPF Properties.

PRESENTATION

Shareholders are advised that a presentation that provides additional analysis and information, will be available on Hospitality's website at **www.hpf.co.za** from 22 November 2019.

By order of the board

MN von Aulock
(Chairman)

MR de Lima
(Chief executive officer)

20 November 2019

Condensed consolidated statement of comprehensive income

for the six months ended 30 September 2019

	Unaudited September 2019 R'000	Unaudited September 2018 R'000
Revenue	**335 331**	344 640
Rental income – contractual	**335 352**	344 553
– straight-line accrual	**(21)**	87
Operating expenses	**(30 131)**	(28 229)
Operating profit	**305 200**	316 411
Other income	**1 689**	282
Insurance proceeds	**897**	–
Sundry income	**792**	282
Net finance cost	**(91 789)**	(79 567)
Finance income	**5 987**	10 819
Finance costs	**(97 776)**	(90 386)
Profit before sale of fixed assets, fair value adjustments and equity accounted profit	**215 100**	237 126
Profit on sale of investment property	**209**	134
Fair value adjustments	**(14 786)**	(408 094)
Interest rate swaps	**(14 786)**	22 763
Fair value adjustment on investment properties	**–**	(430 857)
Profit/(loss) before taxation	**200 523**	(170 834)
Equity accounted profit from associate after tax	**–**	84
Profit/(loss) for the year	**200 523**	(170 750)
Other comprehensive income	**–**	–
Total comprehensive income/(loss) for the year	**200 523**	(170 750)
Profit/(loss) attributable to:		
– Equity holders	**200 523**	(170 750)
Other comprehensive income attributable to:		
– Equity holders	**–**	–
Earnings and diluted earnings per share (cents)	**34.72**	(29.68)
Headline earnings and diluted headline earnings per share (cents)	**34.68**	45.20

	Unaudited September 2019 R'000	Unaudited September 2018 R'000
Reconciliation between total comprehensive income/(loss) for the period and headline earnings		
Total comprehensive income/(loss) for the year	**200 523**	(170 750)
Adjustments:		
Profit on sale of furniture, fittings and equipment	**(209)**	(134)
Straight-line adjustment	**21**	(87)
Fair value – investment properties revaluation	**–**	430 857
Headline earnings	**200 335**	259 886
Number of shares		
No par value ordinary shares	**577 591 433**	575 214 177
– Shares in issue	**578 154 207**	578 154 207
– HPF Employee Incentive Trust shares	**(562 774)**	(562 774)
– Shareholder redemption	**–**	(2 377 256)
Weighted average number of shares		
No par value ordinary shares	**577 591 433**	575 214 177
– Shares in issue	**578 154 207**	578 154 207
– HPF Employee Incentive Trust shares	**(562 774)**	(562 774)
– Shareholder redemption	**–**	(2 377 256)
Earnings and diluted earnings per share (cents)	**34.72**	(29.68)
Headline earnings and diluted headline earnings per share (cents)	**34.68**	45.18

Condensed consolidated statement of financial position

as at 30 September 2019

	Note	Unaudited September 2019 R'000	Unaudited September 2018 R'000	Audited March 2019 R'000
ASSETS				
Non-current assets		**12 342 218**	12 221 173	**12 026 805**
Investment properties	2	**12 341 175**	12 202 628	**12 023 914**
Furniture, fittings and equipment		**272**	205	**337**
Derivative asset		**–**	17 506	**1 783**
Investment in associates		**771**	834	**771**
Current assets		**173 154**	270 235	**239 792**
Non-current assets held for sale		**–**	64 969	**–**
Receivables and cash		**173 154**	205 266	**239 792**
Trade and other receivables		**146 484**	89 674	**144 510**
Cash and cash equivalents		**26 670**	115 592	**95 282**
Total assets		**12 515 372**	12 491 408	**12 266 597**
EQUITY AND LIABILITIES				
Equity		**10 066 920**	10 482 523	**10 222 055**
Stated capital		**9 051 194**	9 027 065	**9 027 065**
Retained earnings		**178 557**	230 122	**343 035**
Common control reserve		**(1 106 013)**	(1 106 013)	**(1 106 013)**
Non-distributable reserve		**1 943 182**	2 331 349	**1 957 968**
Non-current liabilities		**1 412 736**	1 707 248	**1 649 775**
Interest-bearing liabilities		**1 397 636**	1 706 655	**1 647 358**
Derivative liability		**14 974**	–	**1 971**
Long-term incentive liabilities non-current portion		**126**	593	**446**
Current liabilities		**1 035 716**	301 637	**394 767**
Trade and other payables		**101 137**	45 496	**79 219**
Short-term portion of interest-bearing liabilities		**933 470**	230 000	**290 000**
Provision for shareholder redemption	9	**–**	24 129	**24 129**
Long-term incentive liabilities current portion		**1 109**	986	**1 419**
Derivative liability		**–**	1 026	**–**
Total equity and liabilities		**12 515 372**	12 491 408	**12 266 597**

Condensed consolidated statement of changes in equity

for the six months ended 30 September 2019

	Stated capital R'000	Treasury share reserve R'000	Retained earnings R'000	Common control reserve R'000	Non-distributable reserve R'000	Total R'000
Balance at 1 April 2018 (audited)	9 037 060	(9 995)	444 108	(1 106 013)	2 739 443	11 104 603
Total comprehensive income for the year	–	–	(194 095)	–	–	(194 095)
Dividend declared on 23 May 2018	–	–	(451 330)	–	–	(451 330)
Dividend declared on 21 November 2018	–	–	(237 123)	–	–	(237 123)
Transfer to fair value reserve – investment property	–	–	787 569	–	(787 569)	–
Transfer to fair value reserve – interest rate swaps	–	–	(6 094)	–	6 094	–
Balance at 31 March 2019 (audited)	9 037 060	(9 995)	343 035	(1 106 013)	1 957 968	10 222 055
Total comprehensive income for the year	–	–	200 523	–	–	200 523
Dividend declared on 23 May 2019	–	–	(369 124)	–	–	(369 124)
Dividend paid on 2 August 2019 in terms of appraisal rights matter	–	–	(10 663)	–	–	(10 663)
Transfer to fair value reserve – interest rate swaps	–	–	14 786	–	(14 786)	–
Provision for shareholder redemption	24 129	–	–	–	–	24 129
Balance at 30 September 2019 (unaudited)	9 061 189	(9 995)	178 557	(1 106 013)	1 943 182	10 066 920

Condensed consolidated statement of cash flows

for the six months ended 30 September 2019

	Unaudited September 2019 R'000	Unaudited September 2018 R'000
Cash flows from operating activities		
Cash generated from operations	**326 567**	355 285
Finance income received	**5 987**	10 819
Finance costs paid	**(97 776)**	(90 386)
Distribution to shareholders	**(379 787)**	(451 330)
Net cash utilised for operating activities	**(145 009)**	(175 612)
Cash flows from investing activities		
Acquisition and development of investment properties	**(317 282)**	(99 662)
Acquisition of furniture and equipment	**–**	(93)
Proceeds from disposal of investment property	**–**	234
Proceeds from disposal of furniture, fittings and equipment	**209**	134
Net cash utilised for investing activities	**(317 073)**	(99 387)
Cash flows from financing activities		
Interest-bearing liabilities raised	**930 000**	–
Interest-bearing liabilities paid	**(536 530)**	–
Net cash inflow from financing activities	**393 470**	–
Net decrease in cash and cash equivalents	**(68 612)**	(274 999)
Cash and cash equivalents at beginning of the year	**95 282**	390 591
Cash and cash equivalents at end of year	**26 670**	115 592

Condensed consolidated segmental information

for the six months ended 30 September 2019

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 executive committee, who are the group's chief operating decision makers (CODM). Generally, geographical segments are used to measure performance as the group's board believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries, particularly post the acquisition of the additional hotel properties during the 2018 financial period. Sun 1 is disclosed as a separate segment as the grading and model is different to the existing portfolio.

	Unaudited September 2019 R'000	Unaudited September 2018 R'000
Total assets		
Western Cape	**5 153 563**	5 292 395
Gauteng	**3 838 445**	3 555 534
Rest of South Africa	**2 506 674**	2 484 376
Sun 1	**842 493**	935 292
Head Office	**174 197**	223 811
	12 515 372	12 491 408
Rental revenue		
Western Cape	**109 147**	84 189
Gauteng	**108 785**	137 960
Rest of South Africa	**89 224**	90 688
Sun 1	**28 175**	31 803
	335 331	344 640
Operating profit for the period		
Western Cape*	**108 451**	82 560
Gauteng*	**103 137**	133 813
Rest of South Africa	**89 224**	90 688
Sun 1	**28 175**	31 803
Head Office income	**1 689**	282
Head Office expense*	**(23 787)**	(22 453)
	306 889	316 693
Reconciliation between headline earnings and distributable earnings		
Headline earnings	**200 335**	259 886
Fair value – interest rate swaps	**14 786**	(22 763)
Appraisal rights dividend	**(10 663)**	–
Distributable earnings	**204 458**	237 123
Distribution per share (cents)		
– Interim	**35.40**	41.22

** Property related costs has been reclassified for the prior period, from head office expense to the rental income of the specific properties to which they relate. The reclassification reflects how the CODM evaluates the performance of all properties.*

Notes to the unaudited condensed consolidated financial statements for the six months ended 30 September 2019

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the six months ended 30 September 2019 have been prepared in accordance with the framework concepts and the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the preparation and disclosure requirements of IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council ("FRSC"), the Listings Requirements of the JSE Limited and the requirements of the Companies Act of South Africa. The accounting policies are consistent with IFRS as well as those applied in the most recent audited annual financial statements as at 31 March 2019. The unaudited condensed consolidated financial statements for the six months ended 30 September 2019 should be read in conjunction with the annual financial statements for the year ended 31 March 2019, which have been prepared in accordance with IFRS. This interim report, together with any forward looking information contained in this report, has not been audited or reviewed by the group's auditors. These financial statements have been prepared under the supervision of the financial director, R Erasmus CA(SA).

	2019 R'000	2018 R'000
2. INVESTMENT PROPERTY		
Opening balance as at 1 April	**12 023 914**	12 533 970
Additions to investment properties[1]	**317 282**	99 662
Fair value adjustment	**–**	(430 857)
Disposal of investment property	**–**	(234)
Straight-line accrual rental income	**(21)**	87
Closing balance as at 30 September	**12 341 175**	12 202 628

[1] *Additions include the acquisition of Southern Sun Pretoria for R200 million and R27 million in respect of Sandton Eye acquisitions.*

3. FAIR VALUE ESTIMATION

The group fair values its investment properties, interest rate swaps together with its available-for-sale investments. There were no transfers into or out of the relevant levels of financial instruments.

Investment properties

The group's investment properties have been categorised as level 3 values based on the inputs to the valuation technique used. The group has elected to measure investment properties at fair value. The fair value is determined by using the discounted cash flow method by discounting the rental income (based on expected net cash flows of the underlying hotels) after considering the capital expenditure requirements. The expected cash flows are discounted using an appropriate discount rate. The core discount rate is calculated using the R186 (long bond) at the time of valuation, to which is added premiums for market risk and equity and debt costs. The discount rate takes into account a risk premium associated with the local economy as well as that specific to the local property market and the hotel industry. Fair values are estimated annually by an external appointed valuer. The prior year includes a fair value adjustment at 30 September 2018, due to the property portfolio being reviewed in anticipation of the acquisition of seven casino properties from Tsogo Sun Gaming Limited.

3. FAIR VALUE ESTIMATION continued

Interest rate swaps

The group has interest rate swaps which are level 2 fair value measurements.

The fair value of the derivatives is a net liability of R15 million (30 September 2018: R16 million net asset) and is calculated as the present value of the estimated future cash flows based on observable yield curves, which is consistent with the prior year.

4. NET DEBT RECONCILIATION

This note sets out an analysis of the net debt and movements in debt for the presented period.

	Cash R'000	Borrowing R'000	Net borrowings R'000
Net debt as at 30 September 2018	115 592	1 940 000	1 824 408
Cash received	–	100 000	100 000
Cash paid	(20 310)	(100 000)	(79 690)
Net debt as at 31 March 2019	**95 282**	**1 940 000**	**1 844 718**
Cash received	**–**	**930 000**	**930 000**
Cash paid	**(68 612)**	**(536 530)**	**(467 918)**
Net debt as at 30 September 2019	**26 670**	**2 333 470**	**2 306 800**

	September 2019 R'000	September 2018 R'000	31 March 2019 R'000
Financial liabilities measured at amortised cost			
Bank borrowings	**1 373 470**	1 050 000	**1 050 000**
Corporate bonds (domestic medium-term note programme)	**960 000**	890 000	**890 000**
	2 333 470	1 940 000	**1 940 000**
Less: Facility raising fees	**(2 364)**	(3 345)	**(2 642)**
	2 331 106	1 936 655	**1 937 358**
Available facilities			
Facilities available	**2 510 000**	2 440 000	**2 440 000**
Excess	**203 200**	615 592	**595 282**

5. RELATED PARTIES

Rental income received from Tsogo Sun for the period 1 April 2019 to 30 September 2019 amounted to R207 million (30 September 2018: R216 million) of which R19 million is receivable at 30 September 2019 (30 September 2018: R20 million).

6. NEW ACCOUNTING STANDARDS

This note explains the impact of the adoption of IFRS 16 *Leases* on the group's financial statements.

IFRS 16 *Leases*

The standard introduces a single lease accounting model and requires the lessee to recognise a right-to-use asset and corresponding liability for all leases.

IFRS 16 substantially carries forward the requirements of lessor accounting in IAS 17. As the group's main activity is to lease out property and the group is not party to any material contract in which the group is a lessee, the impact of IFRS 16 has not had any material effect on the group.

7. SUBSEQUENT EVENTS

Please refer to 'dividend payment' on page 5 for details on subsequent events.

8. COMMITMENTS

The board has committed to a total of R244 million for the refurbishment and maintenance capital expenditure items at its hotel properties, of which R90 million has already been spent. The balance of R154 million is anticipated to be spent by the end of the financial year and as at 30 September 2019, R53 million has already been contracted for.

9. SHAREHOLDER APPRAISAL RIGHTS MATTER

On 31 March 2019, the group had a provision for shareholders' redemption of R24 million, which was raised during the 2016 financial year, based on what the board determined as the fair value for the shareholder appraisal rights shares. On 12 June 2019, the High Court of South Africa ("the Court") ruled in the matter between Standard Bank Nominees (RF) Proprietary Limited ("Standard Bank Nominees"), The Standard Bank of South Africa Limited, Nedbank Collective Investments (RF) Proprietary Limited, Nedgroup Investment Advisors Proprietary Limited and Hospitality that the shareholder appraisal rights had not been properly exercised. The Court ordered that Standard Bank Nominees be reinstated as a shareholder and that Hospitality pay Standard Bank Nominees all dividends declared by the company from February 2016 to June 2019. Accordingly, on 7 August 2019, Hospitality paid R10,7 million in dividends to Standard Bank Nominees.

10. RESTRUCTURE

Hospitality underwent an internal restructure effective 1 April 2019, in order to reduce administrative work and costs and to simplify the current structure. This will result in the liquidation of a number of Hospitality's subsidiaries, which includes HPF Management. Staff previously employed by this company were transferred to another wholly owned subsidiary, being HPF Properties Proprietary Limited. All terms of employment remained the same.

Administration

REGISTERED OFFICE
Palazzo Towers West, Montecasino Boulevard
Fourways, South Africa 2055
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COMPANY SECRETARY
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TRANSFER SECRETARIES
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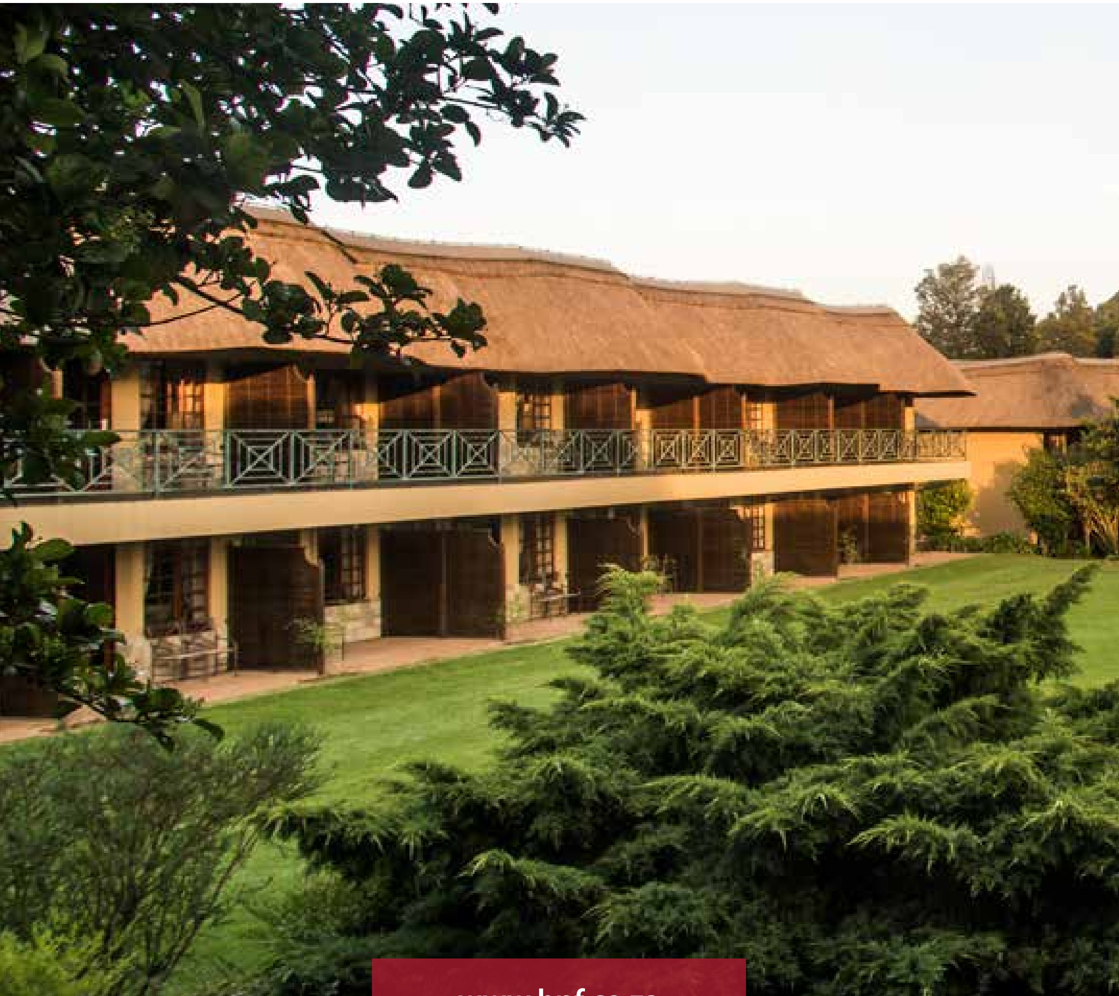
MR de Lima (CEO), R Erasmus (FD), SC Gina*#, LM Molefi*#, JG Ngcobo*#, C September*#,
L McDonald*

*Non-executive #Independent



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