



# Hospitality

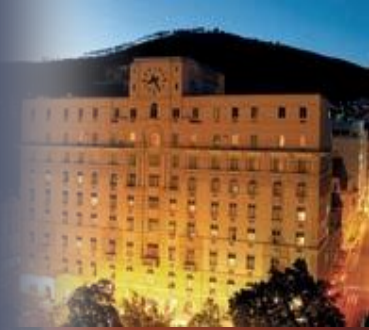
PROPERTY FUND

JSE  
18 July 2007



# Hospitality

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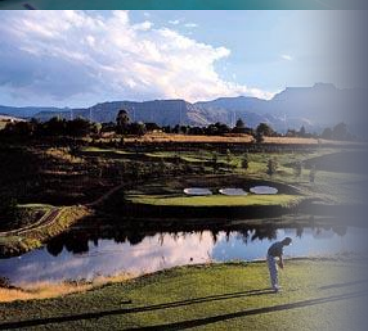
Profile



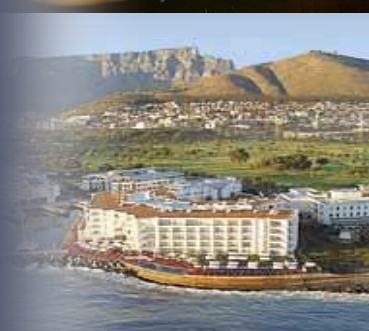
Performance



Hospitality Industry



Prospects



# Profile

- Property loan stock structure
- Listed on the JSE in February 2006
- First specialised property fund in South Africa
- 22 hotel & resort properties
- Current BEE shareholding 30%

# Profile

- Market Capitalization: R1,6 billion
- Enterprise Value: R1,9 billion
- Property Valuation: R1,5 billion
- Net Asset Value per linked unit: 1 575c
- Aggregate Trading Price per linked unit: 1 750 c
  - “A” Unit Trading Price per linked unit: 1 450 c
  - “B” Unit Trading Price per linked unit: 2 050 c
- 11% Premium to NAV
- Gearing: 20% of Asset Value
- Average Lease Expiry Period: 9 years

# Profile

## Unit Structure



- Preferred claim to distributions
- Years 1–6: growing at 5% p.a.
- After year 6: growth at the lesser of 5% p.a. or CPIX
- Receive the balance of the distribution
- Higher risk / higher return

# Profile

## Lease Structure

- **Fixed Leases**
  - Contractual lease with inflation-linked escalation + turnover
  - 59% of Gross Rental Income
- **Variable Leases**
  - Hotel EBITDA linked rental income
  - 7% of Gross Rental Income
- **C-Corp Leases**
  - Approximately 50% fixed + 50% variable (EBITDA-linked)
  - 34% of Gross Rental Income
- **Total Rental Income: Fixed: 76%, Variable: 24%**

# Profile

## Top 10 Properties (By Value)



Birchwood Executive Hotel & Conference Centre Gauteng

Champagne Sports Resort Drakensberg

Mount Grace Country House & Spa Magaliesburg

Protea Victoria Junction Hotel Cape Town



The Rosebank Hotel Gauteng

The Radisson Hotel Waterfront Cape Town

Kopanong Hotel & Conference Centre Gauteng

Protea Hotel Marine Port Elizabeth Port Elizabeth



Park Inn Hotel Greenmarket Square Cape Town

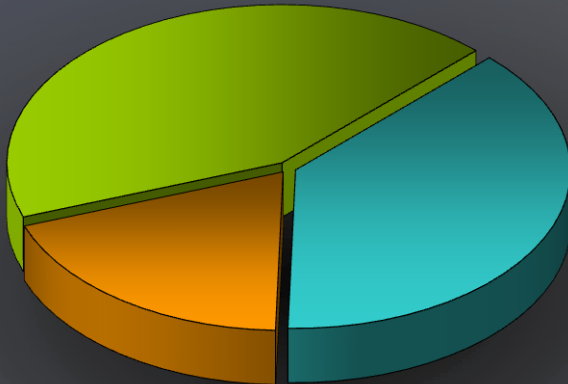
The Richards Hotel Richards Bay



# Profile

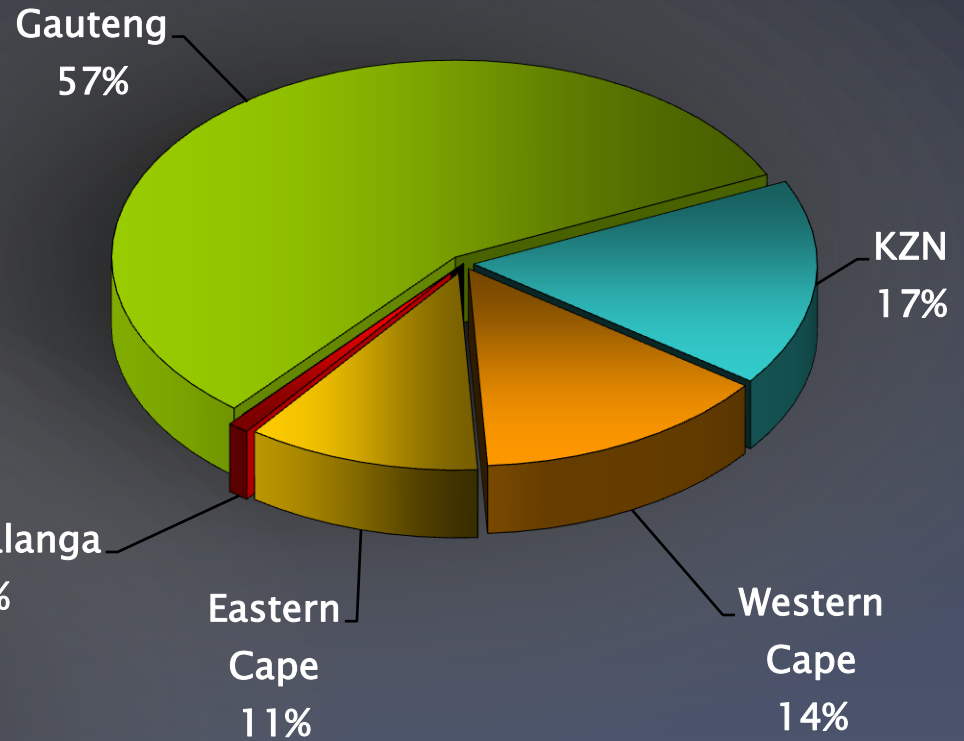
## Sources of Gross Income

★★★★★  
43%



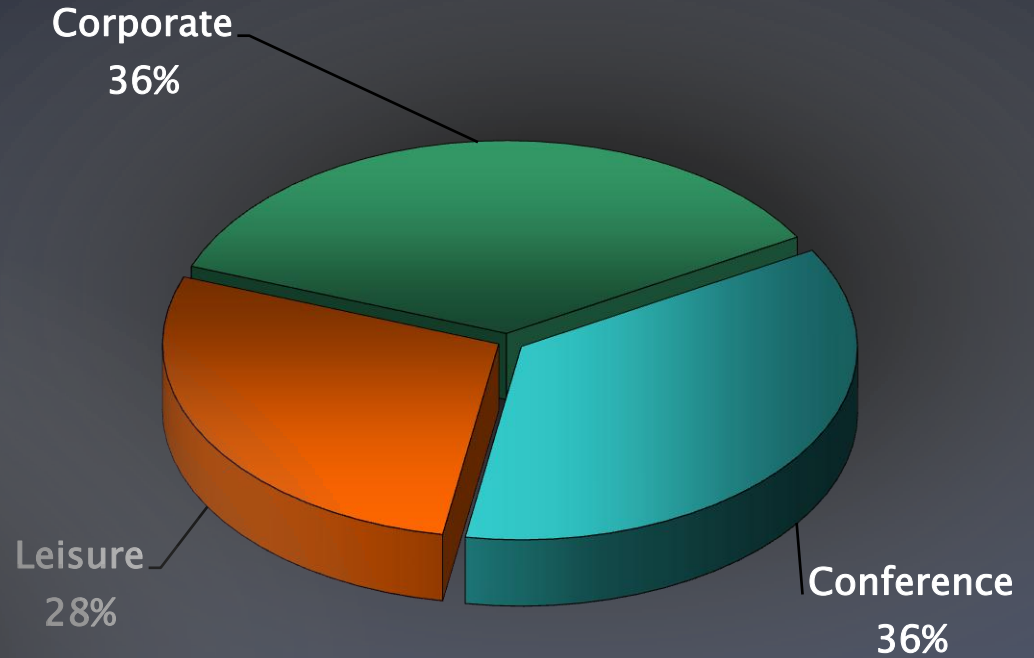
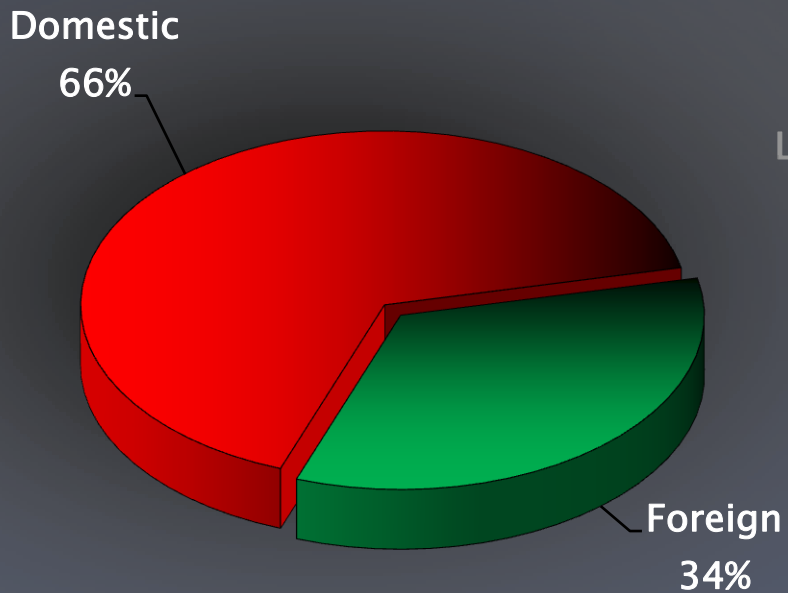
★★★★★  
19%

★★★★  
38%



# Profile

## Diversity: Market Mix





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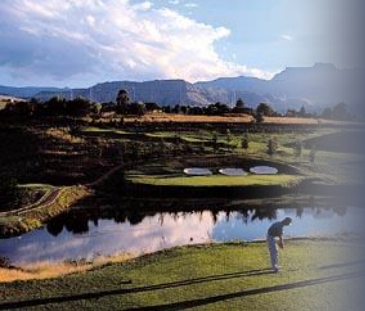
## Profile



## Performance



## Hospitality Industry



## Prospects



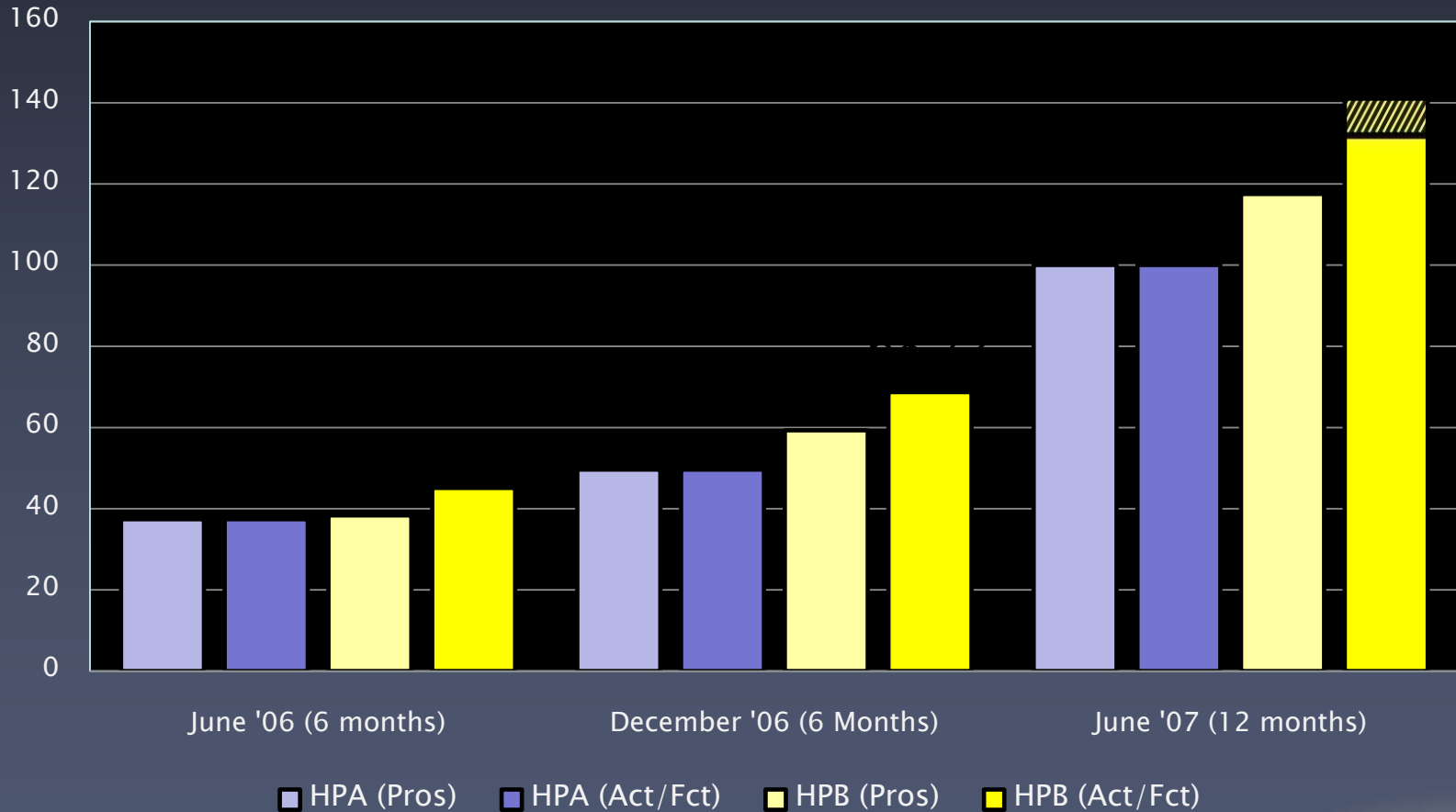
# Performance

## 12 Months Performance

	"A" Linked Unit	"B" Linked Unit
Income Return	7,9%	11,2%
Capital Return	29,2%	101,9%
Total Return	37,1%	113,1%
Rolled Historical Yield	7,27%	7,28%
Liquidity	35,6%	46,7%

# Performance

## Distribution Growth Actual vs. Prospectus



# Performance

## Share Price Movement



# Performance

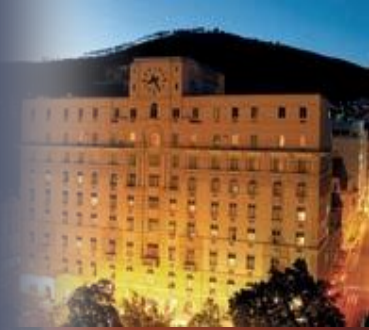
Relative to listed property sector





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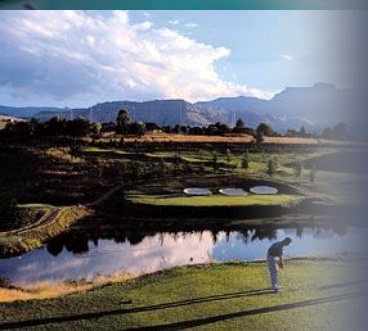
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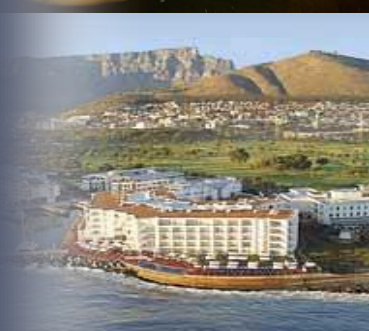
## Performance



## Hospitality Industry



## Prospects

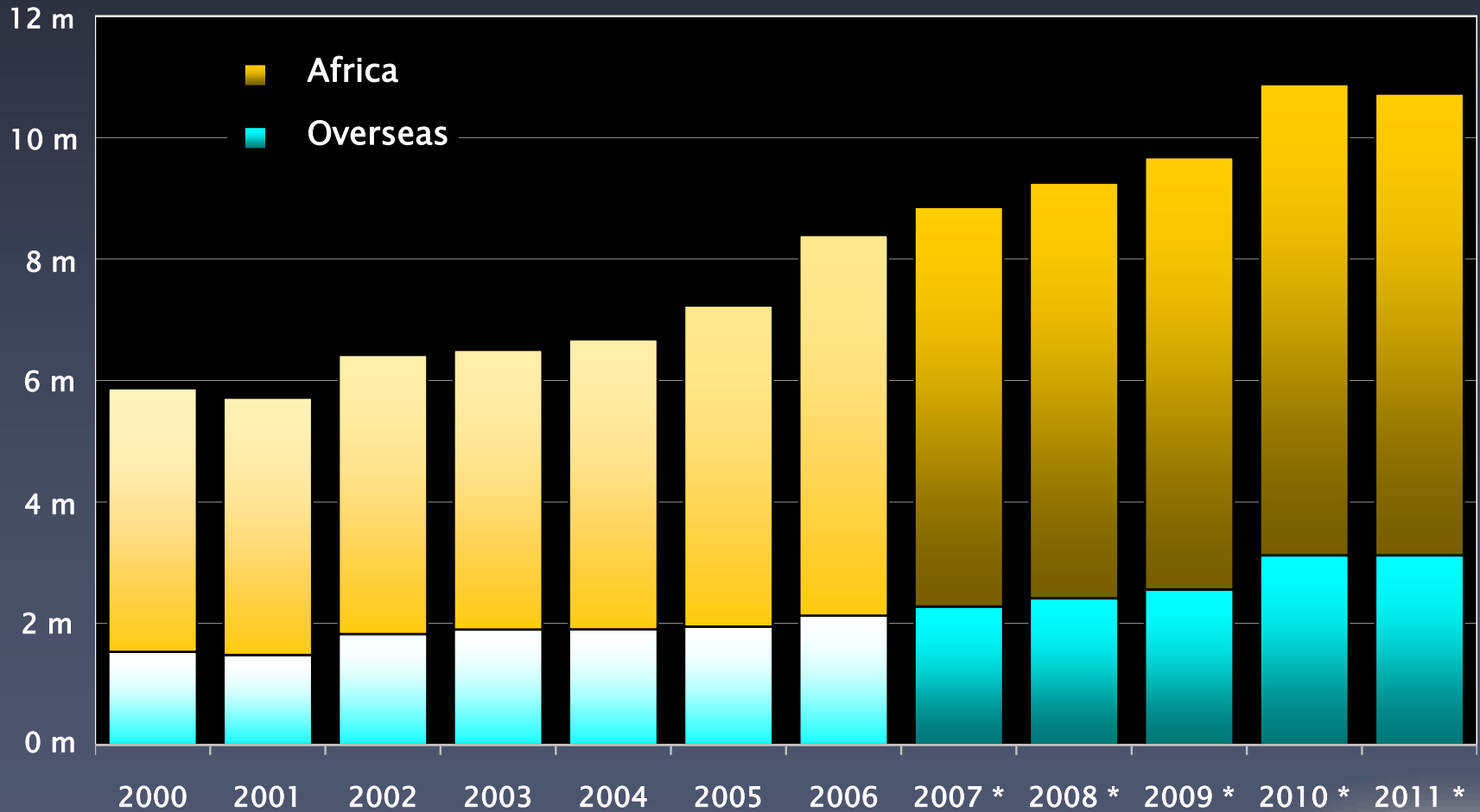


# Hospitality Industry

- Tourism a key driver for economic growth
- 2010 FIFA World Cup gives line of sight
- Resilient to global and local events
- Growth in foreign arrivals:
  - 2006 (Full Year): +14% (SA) +5% (Global)
  - 2007 (YTD): +12% (SA)
- SA Growth in Revenue per Available Hotel Room (RevPAR):
  - 2006 (Full Year): +15%
  - 2007 (YTD): +18%

# Hospitality Industry

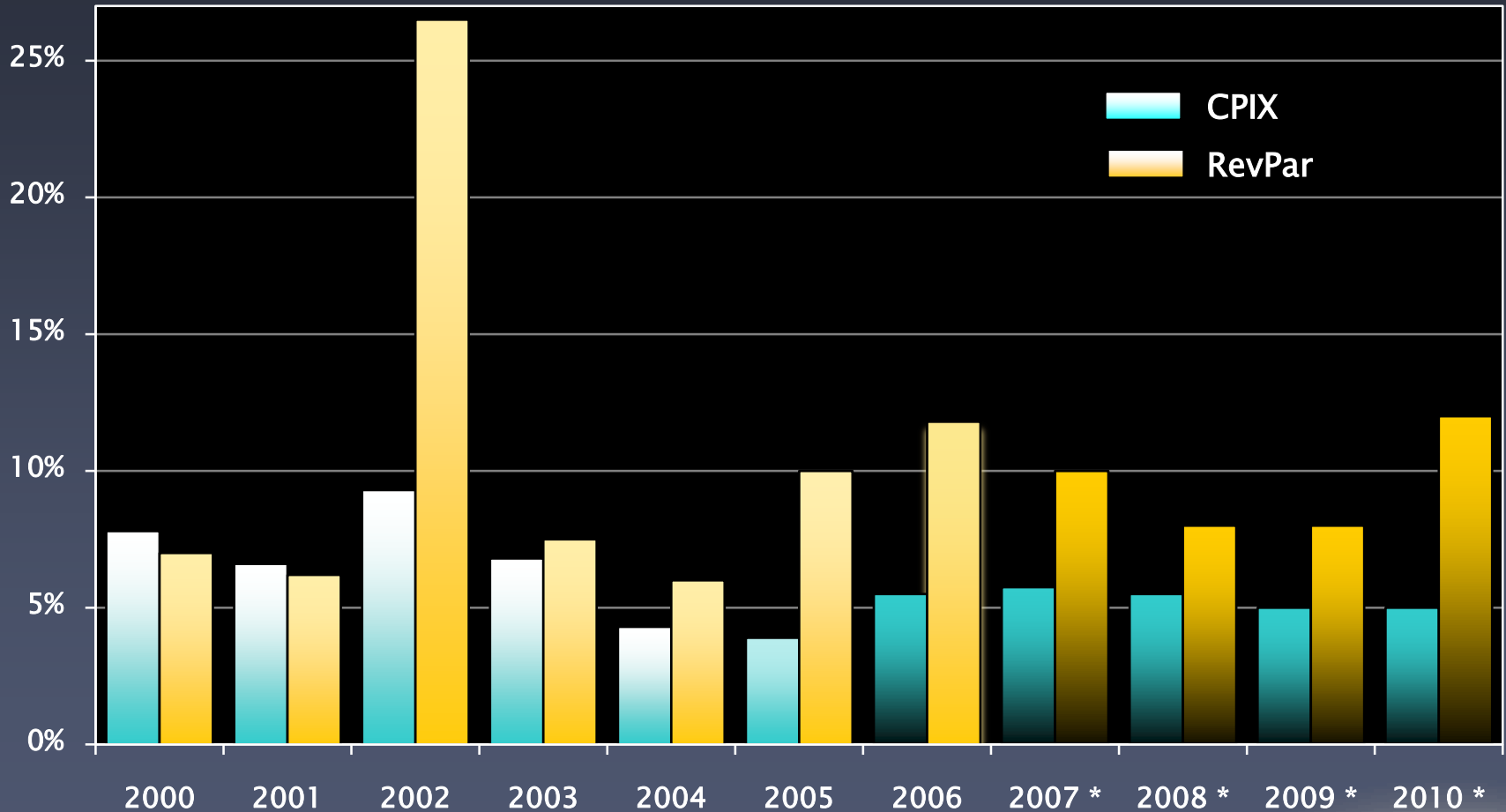
## Foreign Arrivals



\* Estimated

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## RevPAR vs. CPIX Growth



\* Estimated



*Hospitality*  
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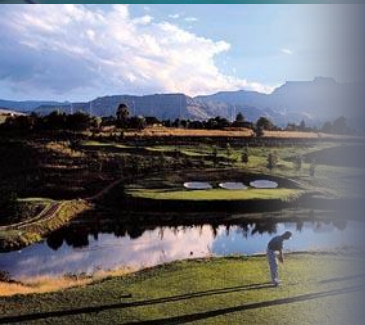
Profile



Performance



Hospitality Industry



Prospects

# Prospects

## Acquisition Strategy

- Further Diversification
- Risk Mitigation
- Current Acquisition Pipeline: R400 – R500 million

## Extensive Hotel Redevelopment Programme

- Property Expansions
- Hotel Refurbishment & Repositioning
- Value of Current Projects under Review: R400 – R450 million
- Developments to be Completed over the next 12 Months



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