



(Incorporated in the Republic of South Africa)
 (Registration number 2005/014211/06)
 JSE Code for A-Linked units: HPA ISIN: ZAE000076790
 JSE Code for B-Linked units: HPB ISIN: ZAE000076808
 ("Hospitality" or "the Fund")

Salient terms of the proposed rights offer ("the Rights Offer")

1. Introduction

The Board of Directors of Hospitality ("the Board") wishes to advise A- and B-linked unitholders ("linked unitholders") that Hospitality proposes to proceed with a Rights Offer, subject to the fulfillment of the conditions precedent referred to in paragraph 4 below.

2. Terms

Offer volume:	R500 million
	15 903 352 A-linked units
	15 903 352 B-linked units
Issue price:	A-linked unit: 1 286 cets
	B-linked unit: 1 858 cents
Rights entitlement:	17,4044 A-linked unit rights and 17,4044 B-linked unit rights for every 100 A-linked units;
	17,4044 A-linked unit rights and 17,4044 B-linked unit rights for every 100 B-linked units;
<i>(In terms of Hospitality's Memorandum and Articles of Association, it is obligated to issue A- and B-linked units in equal numbers. Accordingly, the rights entitlement will be a right to combined units, each combined unit comprising one A-linked unit and one B-linked unit.)</i>	
Excess subscriptions:	invited
Minimum subscription:	none
Underwriting:	none
Further details:	in circular to be posted to linked unitholders

3. Rationale

The primary consideration in proposing a rights offer at this time is the requirement for funds which are to be utilised for various property acquisitions as well as the expansion and refurbishment of certain existing properties over the course of the next 18 months. The estimated total funding required in respect of these projects is approximately R750 million.

The Fund will, in the short term, be utilising debt facilities to fund the announced acquisitions of The Hazyview Hotel, Hluhluwe Hotel & Safaris, the extension to the Birchwood Hotel, the additional shares in 90 sectional title units at the Radisson Hotel Waterfront and the remaining share in the Park Inn Greenmarket Square. The proceeds from the Rights Offer will be applied to reducing these short term borrowings. The purchase consideration required for all of the secured acquisitions will total approximately R235 million.

Market and financial analyses are currently being finalised in respect of the redevelopment, expansion, refurbishment and repositioning of a number of properties within the Fund's current portfolio. The total estimated funding required for these projects amounts to approximately R500 million. The two largest projects are: the refurbishment of the Rosebank Hotel, estimated at R254 million; and the expansion and refurbishment of the Mount Grace Country House and Spa, estimated at R110 million.

The projects under review are as follows:

- The Rosebank Hotel: refurbishment;
- The Rosebank Hotel: development of spa and wellness centre;
- Mount Grace Country House & Spa: expansion and refurbishment;
- Champagne Sports Resort: expansion and refurbishment;
- The Imperial Hotel: expansion and refurbishment;
- The Winkler Hotel: expansion and refurbishment;
- The Bayshore Inn: refurbishment;
- The Richards Hotel: refurbishment; and
- Protea Hotel Richards Bay: refurbishment.

The Rights Offer will not fully satisfy the anticipated funding requirement, with an anticipated shortfall of approximately R250 million. This will be financed with debt by increasing the Fund's borrowing facilities in the short term.

The effects of the rights issue coupled with the envisaged return from the various acquisitions and expansion and refurbishment projects under review are forecast to have a positive impact on the Fund's earnings. Projections indicate that the Fund's earnings should be enhanced by the rights issue when compared to debt funding.

4. Conditions precedent

- Sufficient authorised but unissued Hospitality linked units being placed under the control of the Board at the general meeting to be held on 14 September 2007, notice of which has been posted today;
- approval of the Rights Offer circular by the JSE Limited; and
- registration of the Rights Offer circular by the Companies and Intellectual Property Registration Office of South Africa.

5. Salient dates and times

2007

General meeting circular posted to linked unitholders on	Thursday 30 August
Record date to determine those Hospitality linked unitholders entitled to vote at the general meeting on	Tuesday 11 September
Last day to lodge form of proxy for the general meeting, by 09h00 on	Wednesday 12 September
General meeting to approve additional linked units issuance held at 09h00 on	Friday 14 September
Results of the general meeting released on SENS on	Friday 14 September
Results of the general meeting published in the South African press on	Monday 17 September
If the Rights Offer becomes unconditional	
Last day to trade in linked units in order to qualify to participate in the Rights Offer (<i>cum rights</i>)	Thursday 20 September
Linked units commence trading ex-rights on the JSE at 09h00 on	Friday 21 September
Record date for the Rights Offer for purposes of determining linked unitholders entitled to participate in the Rights Offer at the close of business on	Friday 28 September
Rights Offer circular posted to linked unitholders on	Monday 1 October
Rights Offer opens at 09h00 on	Monday 1 October
Dematerialised linked unitholders will have their accounts at their CSDP or broker automatically credited with their letters of allocation	Monday 1 October
Certificated linked unitholders will have their letters of allocation credited to an electronic register at the transfer secretaries	Monday 1 October
Last day to trade in letters of allocation in order to settle trades by the close of the Rights Offer and participate in the Rights Offer at the close of business	Friday 12 October

OR BROKER AUTOMATICALLY CREDITED WITH THEIR LETTERS OF ALLOCATION

Certificated linked unitholders will have their letters of allocation credited to an electronic register at the transfer secretaries

Last day to trade in letters of allocation in order to settle trades by the close of the Rights Offer and participate in the Rights Offer at the close of business

Listing and trading of rights offer linked units on the JSE commences at 09h00 on

Record date for letters of allocation

Rights Offer closes at 12h00 and payment to be made and form of instruction lodged by certificated linked unitholders with the transfer secretaries by 12:00 on CSDP/Broker accounts credited with rights offer linked units and debited with any payments due in respect of dematerialised rights offer linked units

Refund cheques (if applicable) posted to certificated linked unitholders

Rights Offer linked unit certificates in terms of the Rights Offer posted to certificated linked unitholders

Results of Rights Offer released on SENS

Adjustment of number of linked rights offer linked units on or about

Results of Rights Offer published in the press

Monday 1 October

Monday 1 October

Friday 12 October

Monday 15 October

Friday 19 October

Friday 19 October

Monday 22 October

Monday 22 October

Monday 22 October

Tuesday 23 October

Tuesday 23 October

Wednesday 24 October

Notes:

1. Dematerialised linked unitholders are required to inform their CSDP or broker of their instructions in terms of the rights offer in the manner and time stipulated in the agreement governing the relationship between the linked unitholder and their CSDP or broker.
2. Linked unit certificates may not be dematerialised or rematerialised between Friday 21 September and Friday 28 September, both days inclusive.
3. Dematerialised linked unitholders will have their accounts at their CSDP automatically credited with their rights and certificated linked unitholders will have their rights credited to an account at Computershare Nominees.
4. CSDP's effect payment in respect of dematerialised linked unitholders on a delivery versus payment method.

Sandton
30 August 2007

Merchant bank and sponsor



INCE