



TSOGO SUN HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration No. 1989/002108/06)

JSE Share Code: TSH

ISIN: ZAE000156238

("TsoGo Sun")

ANNOUNCEMENT IN RELATION TO THE LISTING AND UNBUNDLING OF TSOGO SUN HOTELS LIMITED ("THL") AND CONSEQUENTIAL CHANGES IN MANAGEMENT AND DIRECTORATE

1. INTRODUCTION

- 1.1 The board of directors of TsoGo Sun ("**Board**") is pleased to announce that in order to allow shareholders of TsoGo Sun ("**Shareholders**") to directly participate in the gaming and hotel divisions of TsoGo Sun, it has resolved to restructure the TsoGo Sun Group's ("**Group**") hotel interests under one holding company, being THL, and to proceed with the separation of TsoGo Sun and THL, culminating in the listing and unbundling of THL.
- 1.2 TsoGo Sun proposes to implement the separation by listing THL on the main board of the JSE Limited ("**JSE**") (the "**Listing**"), and the subsequent distribution in specie by TsoGo Sun of its entire holding of THL shares to Shareholders, pro rata to their respective holdings of TsoGo Sun ordinary shares (the "**Unbundling**") (collectively the "**Proposed Transaction**").
- 1.3 Subsequent to the successful implementation of the Proposed Transaction, TsoGo Sun will comprise only of the gaming division, being casino and alternative gaming operations. The intention is to change the name of TsoGo Sun from "TsoGo Sun Holdings Limited" to "TsoGo Sun Gaming Limited" in due course.
- 1.4 THL owns, leases and manages hotels in South Africa as well as several sub-Saharan countries, the Seychelles and Abu Dhabi. THL will also hold the Group's minority investment in RBH Hospitality Management and International Hotel Properties, based in the United Kingdom. The hotels that have been developed as part of the various casino complexes owned by the Group will remain with TsoGo Sun and be operated under a management agreement by THL. The Group's 59.2% interest in Hospitality Property Fund Ltd ("**HPF**") will remain owned and consolidated by THL.

- 1.5 The successful completion of the Proposed Transaction will be subject to, inter alia, the fulfilment of suspensive conditions including, inter alia, approval by the relevant regulatory authorities.

2. RATIONALE FOR THE PROPOSED TRANSACTION

- 2.1 Following the acquisition by Tsogo Sun of a controlling interest in HPF, the hotel division has reached critical mass. Given that the gaming and hotel divisions operate in distinctly different markets and service different customers there are limited opportunities to leverage synergies within the Group as a whole.
- 2.2 The separation of the Group into two focused entities will provide Shareholders with greater investment choice and the ability to manage their exposure to gaming and hotel operations respectively. It is also envisaged that the separate listing of THL will provide Shareholders with transparent disclosure relating to the operations of the hotel division and allow for the valuation of THL without discounting for gaming-related regulatory risks.
- 2.3 Tsogo Sun and THL will enter into a shared services agreement which will govern the continued availability of essential services currently provided by the Group and the allocation of costs relating to shared service departments in order to ensure that the separation of the gaming and hotel divisions does not result in the duplication of central cost structures.

3. CHANGES IN MANAGEMENT AND DIRECTORATE

- 3.1 The composition of the board of directors of THL ("**THL Board**") will be set out in the THL pre-listing statement ("**PLS**") as well as the abridged PLS announcement and will include Mr Marcel von Aulock as Chief Executive Officer ("**CEO**") and Mrs Laurelle McDonald as Chief Financial Officer ("**CFO**"). Mrs McDonald is currently the Group Corporate Finance Manager of Tsogo Sun and has been with Tsogo Sun for twelve years.
- 3.2 Mr John Copelyn will chair the THL Board and Mr Mohammed Ahmed is expected to be appointed as lead independent director and Chairman of the Audit Committee of THL, with the balance of the THL Board being comprised of a suitable combination of non-executive and Independent non-executive directors.
- 3.3 As a consequence of HPF remaining a subsidiary of THL and concentrating primarily on hotel investments, Mr Rob Nicolella will be stepping down as CEO of HPF

reassuming his previous position at Hosken Consolidated Investments Limited once the Proposed Transaction is complete but will remain a non-executive director of HPF. Mrs Mara De Lima, who has been the CFO of HPF for the past two years will be appointed as CEO at that point. Mr Riaan Erasmus will be appointed to the board of HPF as CFO to replace Mrs de Lima. Mr Erasmus has previously held the position of Group Financial Manager at HPF and acting CFO prior to the takeover of HPF by Tsogo Sun. The board of HPF will be reconstituted and Shareholders are referred to the HPF announcement released on the Stock Exchange News Service of the JSE today, for further details.

3.4 In terms of paragraph 3.59 of the Listings Requirements of the JSE, Tsogo Sun announces the retirement of Mr Jacques Booysen as CEO and as a member of the boards of directors of the Group companies, with effect from 30 June 2019. Mr Booysen has served in various capacities within the management of Tsogo Sun for some 12 years and has led the Group as CEO for the past two years. The Board wishes Mr Booysen every success in the future and expresses its thanks for his service to the Group.

3.5 The Board is pleased to advise that it has resolved to appoint Mr Chris du Toit as Chief Executive Officer – Designate, effective 01 July 2019. Mr du Toit is a Chartered Accountant (SA) and is presently the Chief Operations Officer – Alternative Gaming and Chief Executive Officer - Galaxy Bingo (which latter position he has held for the past 10 years). The Board congratulates Mr du Toit on his appointment.

3.6 Further changes that may be made to the Board as a result of the Proposed Transaction will be announced once finalised.

4. NEXT STEP AND PROPOSED TIMELINES

4.1 The PLS for THL is expected to be released on or about 22 May 2019 with the Listing of THL expected to occur on or about 11 June 2019. Shareholders will be kept informed in this regard.

Fourways

15 March 2019

Financial Advisor and Transaction Sponsor

The Standard Bank of South Africa Limited

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