

TSOGO SUN HOLDINGS LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration number 1989/002108/06)  
JSE Share code: TSH  
ISIN: ZAE000156238  
("Tsogo" or "the Company" or "the Group")

## **UPDATE ON THE PROPOSED DISPOSAL OF CERTAIN TSOGO CASINO, HOTEL AND OFFICE PROPERTIES TO HOSPITALITY PROPERTY FUND LIMITED, PROPOSED DIVISION OF TSOGO INTO A GAMING DIVISION, HOTEL MANAGEMENT DIVISION AND PROPERTY DIVISION AND FURTHER CAUTIONARY ANNOUNCEMENT**

### **1. Update on the Proposed Disposal to Hospitality Property Fund Limited**

Shareholders are referred to the cautionary announcements released on SENS on Friday, 2 March 2018 and Wednesday 18 April 2018 regarding the proposed disposal of certain casino precinct properties to Hospitality Property Fund Limited ("HPF") (the "Proposed Transaction").

The Group is pleased to announce that negotiations on the Proposed Transaction are progressing well and the Group expects to publish the detailed terms of the Proposed Transaction and the anticipated timetable shortly. If approved by Tsogo shareholders and subsequently implemented, the Group will have transferred a significant portion of its casino real estate assets to HPF. This follows the two strategic transactions concluded in 2016 and 2017, whereby a significant portion of the Group's hotels properties were transferred to HPF. On conclusion of the Proposed Transaction, HPF is expected to own investment property with a fair market value of approximately R35 billion.

### **2. Proposed Division of Tsogo into a Gaming Division, Hotel Management Division and Property Division**

In addition to the Property Division, the Group comprises of two other distinct operating divisions:

#### **2.1. Gaming Division**

Tsogo Sun Gaming is a gaming focused operating company with an unrivalled portfolio of traditional land-based casino operations, and exciting growth businesses in alternative gaming operations, consisting of Galaxy Bingo and the Vukani Limited Pay out operations.

#### **2.2. Hotel Management Division**

Southern Sun Hotels is a hotel management company with a portfolio of over 90 hotels under management spread across the industry spectrum, from deluxe to budget, operating throughout South Africa, Sub-Saharan Africa, the Seychelles and the United Arab Emirates.

These divisions have retained limited property assets for strategic reasons, resulting in an asset light business across both divisions.

Whilst these divisions have grown together, they operate in distinctly different markets and service different customers and thus provide limited opportunities for synergies. The Group anticipates that the separation of Tsogo into these three focused divisions, comprising gaming operations, hotel operations and property will unlock value provide greater investment choice for Tsogo shareholders.

Shareholders are advised to take note that, as a further step to achieving the abovementioned value unlock, Tsogo intends to unbundle the Southern Sun Hotels operation into a separate JSE listing. The board is pleased to announce that the previous Group Chief Executive Officer, Mr Marcel von Aulock, has agreed to join the hotel division as Chief Executive Officer with effect from 1 June 2018, and is tasked, inter alia, with achieving the unbundling and listing of Southern Sun Hotels. This will then culminate in the separate listing of the hotel, property and gaming businesses with all three resultant entities remaining subsidiaries of the HCI Group, which includes several additional listed and unlisted companies.

### **3. Further Cautionary Announcement**

Tsogo shareholders are advised to continue to exercise caution when dealing in Tsogo securities until a further announcement is made.

31 May 2018

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