

African Sun ends management of South African Hotels

African Sun Limited has elected not to renew its operating agreements with both properties that it operates in Johannesburg. This is in line with business objectives and strategy as highlighted in its half year operating statement released in June 2011.

The reduction in overseas visitors and domestic travellers coupled with the continued pressure of the global recession and rapidly escalating running costs in South Africa has made the businesses unsustainable. Johannesburg has seen an additional 4100 rooms in the Sandton and Rosebank area which were added to the market in preparation of the FIFA 2010 World Cup. Post World Cup figures have shown a drop in overseas visitors and domestic travellers and in particular shrinkage in corporate business which has migrated away from five star accommodation. A steadily declining rate has resulted in RevPAR declining by 30% in this enclave in the six months ended 31 March 2011.

The hotel business in South Africa remains depressed and with the strengthening of the Rand against major currencies as well as projections for it to remain stable over the next two years removes the positioning of the country as a value for money destination.

In line with these key market dynamics, African Sun has elected to exit out of its operating agreement for The Grace in Rosebank and the hotel will cease to operate on 31 August 2011. Hyprop Investments Ltd, the owners of the building and lessees of The Grace Hotel (Pty) Ltd, will assess its options in respect to the building. African Sun has also exited out of its lease agreement with The Lakes Hotel and Conference Centre with effect from 31 July 2011.

Central Reservations and Marketing will remain in Johannesburg as it is a key hub in sub-Saharan Africa and remains a vital business link for African Sun.

“Going forward, focus for the group will be to operate hotels with a positive cash impact to the bottom line in the short to medium term” said African Sun Group Chief Executive, Shingi Munyeza. “In that light our target will be to acquire management contracts in the South African market, particularly in the business hotels”, he added.

“As we continue to pursue our expansion, emphasis on mega cities as highlighted in our business strategy with focus on RevPAR growth and rooms growth will remain pivotal,” said Munyeza.

African Sun will be adding an additional 231 rooms to its portfolio by December 2011. These will be through the addition of another Holiday Inn with 153 rooms in Gaborone and a management contract under the Best Western brand in Benin City, Nigeria comprising 80 rooms. New signings include a three star, 201 roomed business hotel, Amber Express, in Accra, Ghana scheduled for completion within the next 24 months. The group continues to pursue opportunities in East and West Africa.

ENDS

For further information please contact

Farayi Mangwende, Group Corporate Communications Manager

Tel: +263 4 250501-7 / +263 772 560 131

Email: Farayima@africansun.co.zw