

# LUX ISLAND RESORTS LTD

## CAUTIONARY ANNOUNCEMENT

The Board of Lux Island Resorts Ltd (“LIR”) wishes to inform its shareholders and the public at large that it has today approved the restructure of its activities involving the separation of its management Company, The Lux Collective Ltd (“TLC”), formerly known as LUX Hospitality Ltd, from its real estate and hotel operations company namely LIR.

The restructure will also involve a distribution in specie by LIR of its shares in TLC. Shareholders of LIR registered at the close of business on 30<sup>th</sup> November 2018 will receive one share of TLC for every share held in LIR. Their underlying interest in TLC will therefore remain unchanged.

Following the restructure, the current activities of LIR group will be undertaken by the two separate companies as follows:

- i. LIR, the investment property holding company, will continue to own the real estate assets and keep the operations whereas management of the hotels will continue to be performed by TLC under long term management contracts; and
- ii. TLC, the management company, will own a portfolio of brands including inter alia The Lux Collective brands namely LUX\*, Tamassa, SALT, SOCIO and Café LUX\*. TLC shall manage the hotels owned by LIR and other owners. The income of TLC will comprise principally of management fees from the hotels.

The Board of LIR is confident that the new structure will position the group for further growth and will benefit both the Company and its stakeholders as follows:

- TLC as a distinct business which will operate independently from LIR, with a separate board and its management team with different objectives, focus and performance indicators.
- The ultimate strategic intent is to increase shareholder value through growth in earnings by maximizing the performance of the existing LIR properties, broadening the number of hotel management contracts whilst diversifying its geographical coverage, fostering cross-selling of the various hotels.
- LIR will continue to grow its business by investing selectively in properties, seeking new investment opportunities whilst consolidating its financial position, maintaining a strong financial discipline.
- Each management team will improve their focus on its core competencies relevant to their respective businesses.
- Separations of similar nature carried out by international hospitality groups have in the past resulted in an increase in shareholder value.
- LIR and TLC will benefit from access to a wider pool of investors with different risk/return appetite. It is the intention of the Board to list the shares of TLC on the Stock Exchange of Mauritius in the near future.

Paul Jones, whose contract has been extended to June 2021, will continue to head TLC as Chief Executive Officer, whilst Désiré Elliah, the current CFO of LIR, will be appointed Chief Executive Officer of LIR as from the 1<sup>st</sup> of January 2019. Désiré is the senior executive responsible for managing the financial and corporate activities of the Group. He has been responsible since 2000 of all major corporate finance transactions of LIR either in his capacity as financial adviser or CFO of the Group. Prior to joining the Group, he was a partner at De Chazal Du Mée as part of the the Audit and Business Advisory Department, in charge of a portfolio of prestigious clients and acting as financial adviser on a number of World Bank funded projects.

As a result of the above, Paul Jones will resign from the board of LIR on the 31<sup>st</sup> of December 2018 and will remain a director on the board of TLC. Désiré Elliah will resign from the board of TLC on the same date whilst remaining on the board of LIR.

The Board is confident that the new roles of Messrs Jones and Elliah will be in the long term interest of the stakeholders.

Based on the current pipeline, TLC will be managing and developing more hotels outside the Indian Ocean region and the Board has therefore approved the relocation of TLC headquarters to Singapore on the 1st of January 2019. The purpose of this relocation is first and foremost to position TLC as a Global Hotel Management Company based in a more logistically convenient location taking into account the existing contracts and those in the pipeline in the Asia-Pacific region. Singapore is recognized as one of the leading Global Business centres offering a pro-business environment with excellent infrastructure and is highly connected. The new HQ will be executive in nature with limited on the ground operational activity. The broader support will continue to be provided from Mauritius.

Moreover, after 15 years as Chairman of LIR, Arnaud Lagesse will resign on 31<sup>st</sup> December 2018, as Chairman and director of LIR. He shall continue as Chairman of the board of TLC. Jean-Claude Béga, who is a director on the Board is being proposed as Chairman of LIR as from 1<sup>st</sup> January 2019. He is currently also a member of the Audit and Risk Committee and will therefore resign on the same date.

The shareholders and the investing public are therefore advised to exercise caution when dealing in the shares of LIR.

By order of the Board  
The Lux Collective Ltd  
Company Secretary  
This 22<sup>nd</sup> October 2018