



Dreams and Sun International to integrate their entire operations in Latin America through a merger

Merger will result in the creation of Latin America's largest gaming group

Dream S.A. (Dreams) and Sun International Ltd (Sun), are pleased to announce that they have entered into a Memorandum of Understanding to merge their Latin American operations.

The Latin American operations of Sun, including Monticello in Chile, Ocean Sun Casino in Panama City and a project near completion in Colombia, will be merged into Dreams, which has a strong presence in Chile (Iquique, Temuco, Valdivia, Puerto Varas, Coyhaique and Punta Arenas) and has also expanded into Peru. Upon completion of the merger, it is anticipated that the current shareholders of Dreams and Sun will each own approximately 50% of the combined entity.

Immediately after the merger, the parties have agreed that Sun will acquire further shares in the new merged entity to take its shareholding up to 55% through a combination of acquiring shares of the combined entity from the Dreams shareholders and subscribing for newly issued shares of the combined entity.

The merged entity will be managed by the existing executive team of Dreams.

In a comment Dreams' CEO Jaime Wilhelm says: *"Sun International is the best partner for us to achieve a major goal, to be regional leaders in the casino industry. We are committed to making this a turning point in the entertainment industry. The combination of Dreams and Sun Latin America is an important step to create stronger companies within the regional gaming industry in order to further enhance industry standards and improve sustainability"*.

In turn, Sun's CEO Graeme Stephens says: *"We have been looking for a partner in Latin America for some years and Dreams provides everything that we have sought: Operationally it has a strong presence in Chile, which is a country that we know well and that we have confidence in, it also has an expansion strategy that has seen it grow a presence in Peru, which is complementary to our own expansion into Panama and Colombia. Most importantly we place a high value on their executive team and on having local shareholders, in particular the Fischer family who have been in the industry for more than a decade. We believe with this team we are well positioned for future expansion"*.

The parties have agreed that the merger will be executed in such a way as to maximize both companies' competitive advantages and expertise, in order to run world class gaming operations with a focus on enhancing complementary areas of competence and experience. The combined entity will be the sole vehicle through which Dreams and Sun will develop their hotel and casino business in Latin America.

The merged entity will have critical mass which will enable it to expand and fund both new projects of larger scale as well as potential future acquisitions. It will also have a diversified asset portfolio with a large number of properties, across four countries, which reduces its risk profile. In the year ended 31

Sun International Media Release

13 February 2015



December 2014, based on the unaudited results, Dreams and Sun's Latin American operations generated EBITDA of approximately US\$100million. The merged entity will have approximately 6,650 slots and 300 gaming tables, distributed across 13 gaming licenses in four jurisdictions. On a combined basis, the companies had approximately 3,850 employees as of 31 December 2014, of which 3,150 are in Chile and 700 in the rest of Latin America.

Wilhelm added: *"The combined company will further strengthen Dreams' constant efforts to improve its efficiency and competitiveness and will have a highly positive impact on the industry, I see this combination and cooperation as a "milestone transaction". The new entity will benefit from an existing strong base in the Chile, Peru and Panamá markets, with Colombia to come in the near future, and it will develop new markets in the region with the combined experience of a world leader in the industry and a pioneering company with more than 15 years of operating experience in the gaming industry in Latin America"*.

For Sun International: *"The transaction provides access to a highly rated Latin American based management team and shareholders, which should assist in managing the existing portfolio as well as evaluating and pursuing other opportunities on the continent"*, Stephens says.

The merger is, inter alia, subject to execution of definitive transaction documentation, due diligence and approvals from relevant gaming authorities. Tentative closing date is anticipated in the third quarter of the 2015 calendar year.