

SUN INTERNATIONAL TO ACQUIRE PEERMONT

Sun International announced today that agreements had been concluded between Sun International and the holders of ordinary shares, preference shares and mezzanine debt in the Peermont Group, in terms of which Sun International will acquire 100% of the Peermont Group.

In addition, Sun International and Peermont have reached agreement to settle the objection by Peermont to Sun International's Menlyn Maine project in Tshwane.

Peermont operates a portfolio of gaming and hospitality businesses in South Africa and Botswana, owning nine casino resorts, including its flagship Emperors Palace casino resort, three stand-alone hotels and one stand-alone casino.

Sun International CE Graeme Stephens said: *"Peermont has a number of complementary attributes that will enhance our group. These include the fact that Peermont has established and well-maintained assets and infrastructure, particularly Emperors Palace, which also has extensive hotel and conference facilities. Their portfolio also has high EBITDA margins in excess of 37%, and an experienced and highly regarded management team."*

The acquisition will be subject to approvals, including the relevant regulatory bodies and the approval of the requisite majority of Sun International shareholders. In this regard, the major shareholders have already been approached and have indicated their support for the transaction.

The acquisition provides Sun International with an opportunity to increase gaming revenue from Gauteng, which is the provincial jurisdiction with the highest gambling spend in South Africa. Emperors Palace is one of the largest casinos in South Africa with an attractive financial and operating profile. The property has an EBITDAM margin (i.e. pre—management fees) in excess of 41%, which is well above the average of Sun International.

As a result of the Proposed Transaction, Sun International's portfolio of South African assets will be further diversified. This diversification has the effect of reducing Sun International's reliance on its GrandWest property in the Western Cape, which currently represents 27% of the Group's EBITDA.

Said Stephens: *"Sun International remains committed to its strategy of diversifying the Group's portfolio to increase exposure to offshore opportunities, in particular Latin America. While the Peermont portfolio of assets will initially increase the proportion of the combined business that arises in Southern Africa, it also opens the possibility of further restructuring of local assets, with a medium term objective of creating a portfolio of fewer, larger, quality assets."*

Fulfillment of the regulatory conditions precedent may take between 9 to 12 months, during which time Sun International will explore the possibility of disposing of certain of the smaller assets within the Peermont portfolio.

Peermont Group CEO Anthony Puttergill said: *"The proposed transaction is a positive development for Peermont and supports the momentum that we have built during the past few years. We believe that a number of strong growth opportunities can be unlocked by being part of a larger and well-resourced Group."*

The purchase consideration has been determined with reference to an enterprise value of Peermont of R9,425 million. As at 31 December 2014, Peermont reported revenues of R3,253 million and EBITDA of R1,205 million. The Thaba Moshate casino resort in Burgersfort is scheduled to be opened during April 2015 and is anticipated to generate R40 million EBITDA in its first full year of operations. Emperors Palace contributed R872 million of the EBITDA. Given the anticipated time frame (9 to 12 months) for implementation and closing of the proposed transaction, the Enterprise Value can be referenced to Peermont's 2015 earnings (which are anticipated to be higher than the 2014 earnings, due not only to the opening of Burgersfort but also to organic growth in the existing business).

The acquisition will be funded by way of the placement of 10,416,667 Sun International shares at R120 per share to the Peermont ordinary shareholders and the holders of preference shareholders for a total value of R1,250 million, an underwritten renounceable rights offer up to a maximum value of R3,750 million, a rollover of an estimated R3,850 million of the senior debt within Peermont and a new debt facility.

“Peermont shareholders will receive shares in Sun International as part of the proposed transaction and therefore stand to benefit from the critical mass and growth potential of the enlarged Sun International,” added Puttergill.

Said Stephens: *“As a consequence of the settlement agreement between the parties, Peermont’s objection to our proposed relocation of the Morula licence from the current site in Mabopane to Menlyn Maine has been withdrawn. While there is one remaining objection, it seems less likely to impede progress on the proposed relocation.”*

In the event that the acquisition of Peermont is not successfully implemented and Time Square at Menlyn Maine opens to the public, Menlyn Maine will issue Peermont with a financial instrument that obliges Menlyn Maine to pay Peermont a capital amount of R700 million, which may increase to R900 million in certain defined circumstances. This Note has a term of five years and is without fixed terms of repayment. The Note is guaranteed by Sun International.

Said Stephens: *“This acquisition will enhance Sun International’s position and scale as a leading hotel, resort and gaming operator, which in turn positions it well to undertake larger developments and acquisitions globally.”*

NOTE TO EDITORS

Peermont was founded in 1995 under the name Global Resorts and in 2003, was rebranded Peermont Global and listed on the JSE Limited (“JSE”). Peermont was subsequently delisted from the JSE in 2007 after a private equity-led buyout. During April 2014, the Peermont Group completed a restructure of its debt and equity to create a more sustainable capital structure.

Details of Peermont’s operations are set out in the table below.

Property	Location	Gambling Jurisdiction	Hotel Category	Property Type	Slot Machines	Gaming Tables	Rooms
South Africa							
Emperors Palace	Kempton Park	Gauteng	Five, four and three star	Casino resort	1,724	68	667
Graceland	Secunda	Mpumalanga	Four star	Casino resort	311	18	98
Mmabatho Palms	Mafikeng	North West	Four star	Casino resort	152	8	150
Khoroni	Thohoyandou	Limpopo	Three star	Casino resort	150	7	82
Rio	Klerksdorp	North West	Three star	Casino resort	274	11	70
Umfolozi	Empanjeni	KZN	Three star	Casino resort	273	12	44
Frontier	Bethlehem	Free State	Three star	Casino resort	140	9	21
Mondazur*	San Lameer, KZN	-	Four star	Stand-alone hotel	-	-	40
Thaba Moshate	Burgersfort	Limpopo	Three star	Casino resort	150	8	82
Botswana							
Grand Palm	Gaborone	Botswana	Four and three star	Casino resort	150	15	337
Sedibeng Casino	Francistown	Botswana	-	Stand-alone casino	50	-	-
Mondior	Gaborone		Four star	Stand-alone hotel	-	-	67
Metcourt Lodge	Francistown		Three star	Stand-alone hotel	-	-	53

Total					3,374	156	1,711
-------	--	--	--	--	-------	-----	-------

*Currently the subject of a sale agreement with a third party

ENDS