



SUN INTERNATIONAL RESTRUCTURES ITS INTERESTS IN SUNWEST AND WORCESTER, ENTERS LIMITED PAYOUT MACHINE MARKET AND ACQUIRES AN ADDITIONAL INTEREST IN ITS SIBAYA CASINO, WHICH, TOGETHER WITH GRAND PARADE INVESTMENTS (GPI), UNLOCKS APPROXIMATELY R2 BILLION VALUE FOR BLACK ECONOMIC EMPOWERMENT

Restructure of SunWest and Worcester realises R1.55 billion value for BEE shareholders

Sun International announced today that terms have been agreed between itself, GPI, and Tsogo Sun (Tsogo) whereby Sun International is disposing of a 14.9% shareholding in SunWest (which operates the GrandWest Casino and Table Bay Hotel) and Worcester (which operates the Golden Valley Casino) for R635 million, GPI is exiting its entire 25.1% shareholding in SunWest and Worcester for R1.55 billion and Tsogo is being introduced as a 40% shareholder in SunWest and Worcester.

GPI is the primary BEE partner in SunWest and Worcester and as a result of this transaction will be realising in excess of R1.55 billion of value for its shareholders.

Tsogo has limited exposure to the markets in which SunWest and Golden Valley operate and wishes to enhance its presence in these markets. Both Sun International and GPI believe that Tsogo provides similar BEE ownership credentials to that of GPI as well as having the financial capability to implement a transaction of this magnitude.

Tsogo will have representation on the board of directors of SunWest and Worcester however, it will have no operational responsibility as all operations will continue to be managed by Sun International under its existing management contracts.

The transaction requires, inter alia, the approval of GPI shareholders, competition authorities and the relevant gambling authorities.

The acquisition of up to 70% shareholding in GPI Slots, with an initial acquisition of 25.1% for R225 million

Terms have been agreed with GPI whereby Sun International will acquire up to 70% of GPI Slots to be implemented in 3 separate tranches.



GPI Slots, through its various subsidiaries, holds sufficient LPM licences to allow GPI Slots to operate a current maximum of 5,000 LPMs. GPI Slots is currently in the process of acquiring an additional licence, trading as KZN Slots, which is licensed to operate 1,000 LPMs and with 610 active LPMs in KwaZulu-Natal.

The acquisition of the 70% shareholding in GPI Slots will be achieved in three tranches with the purchase consideration being based on the financial results of GPI Slots for the financial years ending 30 June 2014, 2015 and 2016. The first acquisition will be for an initial 25.1% interest based on an anticipated purchase price of R225 million plus 25.1% of the value of any shareholder loans at the effective date of the transaction (currently estimated at R38 million). The purchase consideration for the 2015 and 2016 tranches will be based on an equity value of GPI Slots determined by applying a 7.5 times EBITDA multiple to the actual EBITDA achieved for those years.

The LPM market is well developed and is gaining traction. The market is fragmented which means the opportunity to acquire an interest in GPI Slots provides Sun International with exposure to a sizeable operation with a broad national LPM footprint in South Africa, strong growth prospects over the short and medium term and potential synergies between GPI Slots and Sun International's sport betting offering, Sunbet.

Sun International Chief Executive Graeme Stephens remarked that *"A key strategic focus area for Sun International is growing its operations into new regions and diversifying the product offering. The proposed transaction with GPI Slots provides Sun International with a meaningful entry into the LPM market with potential to expand not only within South Africa but also into other jurisdictions."*

The transaction requires, inter alia, the approval of Sun International and GPI shareholders, competition authorities, and the relevant gambling authorities.

The acquisition of an additional 5.6% shareholding in the Sibaya Casino from GPI for R130 million

GPI has an indirect shareholding equating to 5.6% of Sun International's Sibaya Casino in KwaZulu-Natal. In line with Sun International's stated intention to streamline its corporate structure, as well as to facilitate the exit by GPI from this asset, Sun International has agreed to increase its shareholding in the Sibaya Casino by acquiring GPI's interest. This also includes an additional 7.5% shareholding in the management company of the Sibaya Casino. This transaction has been concluded at a value of R130 million.

Post the transaction, Sun International will hold an effective 67.2% of the Sibaya Casino.

The transaction requires, inter alia approval by the relevant gambling authorities.

Commenting on the three announcements, Stephens said *"The transactions are consistent with Sun International's long-term objectives of increasing its interest in key strategic assets, expanding into different product offerings and geographic regions, streamlining the corporate structure and enabling BEE value creation."*



Stephens added *“These transactions are testimony to the enormous value created for BEE stakeholders by Sun International and GPI through a highly successful partnership over the past 16 years.”*

ENDS

About

- **The Sun International Group** is listed on the JSE and has a diverse portfolio of assets including world class five star hotels, modern and well located casinos, and some of the world's premier resorts. Built on the original success of the Sun City Resort over three decades ago, today its destinations offer experiential luxury, enduring quality and incredible adventure, supported by an authentic dedication to personal service.
- **SunWest** operates the GrandWest Casino, the Table Bay Hotel in Cape Town and holds a minority equity interest in the Cape Town International Convention Centre.
 - **GrandWest** is the only casino in the Cape Town Metropole. GrandWest operates 2,524 slot machines, 75 tables and 39 hotel rooms. GrandWest produced revenue of R1.866 billion and EBITDA of R789 million for the financial year ended June 2013.
 - **The Table Bay Hotel** is one of the “Leading Hotels of the World” and is situated on the historic Victoria & Alfred Waterfront. Table Bay operates 329 hotel rooms, producing revenue of R181 million and EBITDA of R22 million for the financial year ended June 2013.
- **Worcester** operates the Golden Valley casino, hotel and entertainment centre at Breede River Valley in Worcester. Golden Valley operates 220 slot machines, 6 tables and 98 hotel rooms. Golden Valley produced revenue of R128 million and EBITDA of R28 million for the financial year ended June 2013.
- **The Sibaya Casino** is positioned between Umdloti and Umhlanga on the north coast of KwaZulu-Natal. Sibaya Casino operates 1,212 slot machines, 48 tables and 154 hotel rooms. Sibaya produced R1.040 billion in revenue and EBITDA of R362 million for the financial year ended June 2013.
- **GPI Slots** operates limited payout gaming operations in the Western Cape, KZN, Gauteng and Mpumalanga through the Grandslots, Kingdomslots, Grand Gaming Slots and Hot Slots. LPMs are gambling machines with a prescribed bet and prize and are principally located in bars, clubs and restaurants.
- **Grand Parade Investments** is a Western Cape-based black owned and controlled holding company listed on the JSE with investments and operations in the South African gaming and leisure industry.
- **Tsogo Sun** is listed on the JSE and is a leading hotels, gaming and entertainment company in South Africa, providing a variety of hospitality entertainment and leisure experiences. The group encompasses 14 casinos and over 90 hotels offering a wide distribution of world-class accommodation across all markets in South Africa, Africa, and Seychelles. The company’s hospitality interests encompass individually branded deluxe



Sun International

hotels and well-known trusted market leaders in the premier through budget segments. Its brands include Southern Sun Hotels, Garden Court, SunSquare, StayEasy and SUN1 hotels.

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