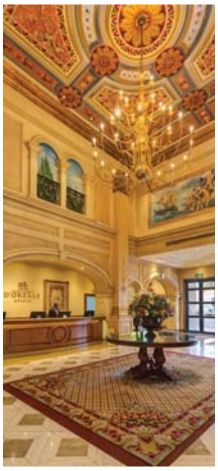




Condensed Results and Highlights

for the year ended 31 December 2016

PEERMONT GLOBAL PROPRIETARY LIMITED

Registration number 2006/006340/07 • www.peermont.com




DATE: 22 March 2017

RELAXING STAYS. EXCITING TIMES.

PEERMONT

HOTELS CASINOS RESORTS

This document contains a high-level summary of the consolidated annual results of Peermont Global Proprietary Limited ("Peermont") and its subsidiaries ("the Peermont group" or "the group") which is made available for information purposes only and should not be utilised to make any investment or other decisions relating to the group. The complete results report has been made available to those persons entitled to it. The Peermont group includes all of the operational entities of Peermont Holdings Proprietary Limited and its subsidiaries ("the Peermont Holdings group").

We define EBITDA as earnings before interest, taxation, depreciation, amortisation, charges relating to the management long-term incentive programme, pre-opening expenses, non-recurring settlements and transaction costs and other non-cash items. EBITDAR is EBITDA before rental payments. We believe that EBITDA/R serves as a useful supplementary financial indicator to investors, since it is commonly reported and widely accepted by analysts and investors in measuring a company's/group's ability to service its long-term debt and other fixed obligations and to fund its continued growth. Further, EBITDA/R is a widely accepted indicator in comparing a company's/group's underlying operating profitability with that of other companies/groups in the same industry. EBITDA/R is not an IFRS measure and you should not consider EBITDA/R as an alternative to measures of net profit/(loss) or indicators of operating performance, as measures of cash flow from operations or as indicators of liquidity under IFRS. Funds depicted by this measure may not be available for our discretionary use (due to covenant restrictions, debt service payments and other commitments). You should note that EBITDA/R is not a uniform or standardised measure and the calculation of EBITDA/R, accordingly, may vary significantly from entity to entity, and by itself our presentation and calculation of EBITDA/R may not be comparable to that of other companies/groups.

The six months and year ended 31 December

	Six months ended 31 December			Year ended 31 December		
	2016 R'm	% change	2015 R'm	**2016 R'm**	% change	2015 R'm
Revenue	**1 776,4**	(2,8)	1 826,8	**3 561,6**	3,9	3 426,7
EBITDA	**659,5**	(6,4)	704,7	**1 328,5**	3,8	1 279,8
EBITDAR	**670,8**	(6,4)	716,7	**1 351,9**	3,8	1 302,7
EBITDA margin	**37,1%**		38,6%	**37,3%**		37,3%
EBITDAR margin	**37,8%**		39,2%	**38,0%**		38,0%

Group overview

Due to the timing of top-end play at Emperors Palace, the results for the first and second half of 2016 were disproportionately affected. The first half of the year benefited from top-end player activity, whereas the second half of the year saw significantly less and suffered the effects of the country's economic slow-down. For the full year, overall group revenue increased by 3,9% from R3 426,7 million to R3 561,6 million. This translated into EBITDA growth for the year of 3,8% or R48,7 million.

Emperors Palace was affected by marginal growth in the Gauteng gaming market and reported GGR growth of 3,2% for the 2016 year. The muted GGR growth resulted in moderate growth of 3,9% in total revenue and 3,1% in EBITDA.

Revenue for the other group operations increased by 3,8% to R1 294,9 million and EBITDA increased by 3,4% to R341,0 million. Thaba Moshate revenue and EBITDA for the year increased by R27,7 million and R10,0 million respectively, as it continues into its second year of operation. Excluding Thaba Moshate, the other group operations increased revenues by 1,6% and EBITDA by 0,4%.

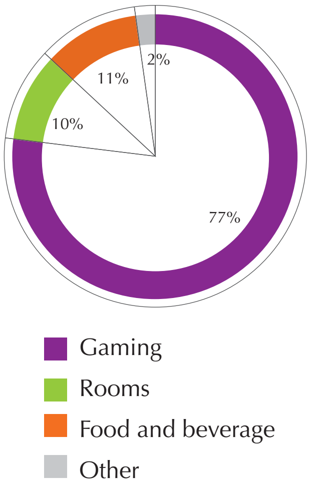
Head office revenue increased by 5,4% from R230,4 million to R242,8 million and EBITDA increased by 8,3% from R160,2 million to R173,5 million. This includes fees earned from the management of the Umodzi Park property in Malawi which increased from R4,0 million in 2015 to R7,1 million in 2016, as well as the increased fees from the Thaba Moshate resort of R5,8 million (2015: R1,8 million). EBITDA was further boosted by savings on consulting fees and executive employee costs. On a comparable basis head office revenue increased by 2,4% and EBITDA increased by 2,6%.

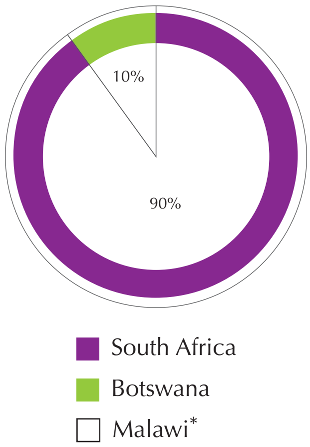
Highlights for the year ended 31 December 2016

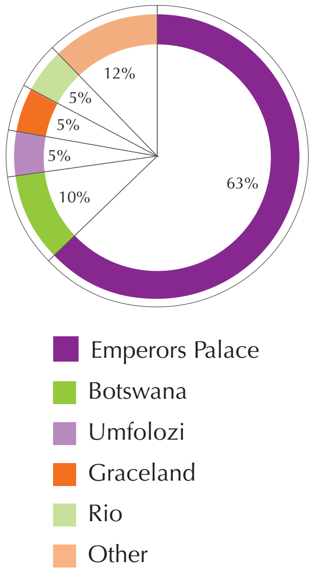
REVENUE	EBITDA	EBITDAR
R3 561,6 million	**R1 328,5 million**	**R1 351,9 million**
+3,9%	**+3,8%**	**+3,8%**

Snapshot of financial performance

Revenue by source	Revenue by country	Revenue by property

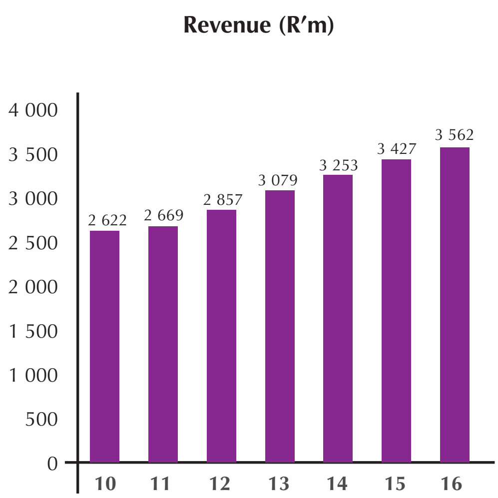


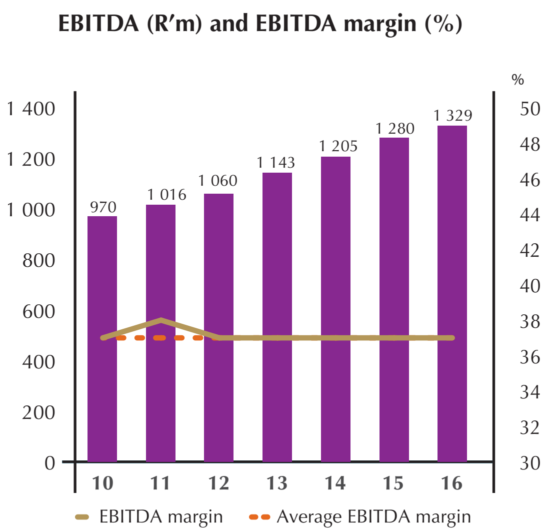




* *Less than 0,5%.*

Summary of revenue and EBITDA performance history





Consolidated statement of cash flows

for the year ended 31 December

	Group	
	2016 R'm	2015 R'm
Cash inflows from operating activities	**1 994,4**	1 213,7
Finance income received	**29,3**	16,9
Finance expense paid	**(438,2)**	(448,7)
Taxation paid	**(43,8)**	(51,4)
Dividends paid to non-controlling interests	**(25,7)**	(23,3)
Dividend paid to holding company	**(4,1)**	—
Net cash inflows from operating activities	**1 511,9**	707,2
Cash outflows from investing activities	**(403,0)**	(319,2)
Replacement of property, plant and equipment to maintain operations	**(206,6)**	(208,2)
Acquisition of property, plant and equipment to expand operations	**(148,5)**	(121,5)
Replacement of intangible assets to maintain operations	**(16,7)**	(7,3)
Acquisition of investments	**(33,4)**	—
Enterprise development loans receivable repaid/(granted)	**1,2**	(5,0)
Proceeds on disposal of property, plant and equipment	**1,0**	1,9
Proceeds on disposal of asset held for sale	**—**	20,9
Cash outflows from financing activities	**(987,9)**	(417,2)
Capital repayments on senior debt	**(336,0)**	(410,0)
Other interest-bearing long-term borrowings repaid	**(649,0)**	(3,6)
Decrease in non-current amounts due to related parties	**(2,9)**	(3,6)
Net increase/(decrease) in cash and cash equivalents	**121,0**	(29,2)
Cash and cash equivalents at beginning of year	**269,0**	296,4
Effect of exchange rate fluctuations on cash held	**(1,2)**	1,8
Cash and cash equivalents at end of year	**388,8**	269,0

Cash inflows from operating activities
Cash inflows from operating activities for the period were R1 994,4 million compared to R1 213,7 million for the year ended 31 December 2015. The increase in net cash inflows from operating activities includes proceeds from the Sun International settlement amounting to R675,0 million. In addition, EBITDA grew by R48,7 million and net working capital movements were R43,2 million higher, resulting in a further increase in net cash inflows from operating activities. Prior year working capital outflows included approximately R52,0 million in payment of accrued costs relating to the construction of the Thaba Moshate resort.

Finance income received
This consists mainly of interest received on cash deposits at financial institutions. The increase is attributable to increased net cash balances on hand throughout the year.

Finance expense paid
Payments made relating to the senior debt were R400,5 million (2015: R416,8 million) and payments relating to the interest rate swaps amounted to R9,6 million (2015: R29,4 million). In addition, in the current year the group repaid a portion of the PIK Notes Loan, including interest of R26,0 million.

Taxation paid
The group made certain taxation payments in the ordinary course of business and most of the subsidiaries will continue to incur taxation cash flows.

Dividends paid
Dividends of R25,7 million and R4,1 million were paid to non-controlling shareholders and the holding company respectively.

Cash outflows from investing activities
The net cash outflow from investing activities for the year was R403,0 million. This consists of net replacement capital expenditure of R222,3 million and expansion capital expenditure of R148,5 million. The expansion capital expenditure consisted of R93,8 million on the hotel expansion and R22,7 million on the solar project at Emperors Palace; R23,4 million on the hotel expansion at Khoroni; and, P6,4 million (R8,6 million) on the relocation of the Sedibeng casino in Francistown Botswana. In addition, the group bought back shares in its holding companies at a cost of R33,4 million.

Cash outflows from financing activities
Net cash outflows from financing activities for the year amounted to R987,9 million. Capital repayments on the senior debt amounted to R336,0 million, consisting of scheduled repayments of R186,0 million and an additional voluntary repayment of R150,0 million to effectively utilise increased available cash balances. In addition, in the current period the group made a repayment of the capital of the PIK Notes Shareholder Loan which included a capital amount of R649,0 million. This was ultimately utilised by Peermont Global Holdings III Limited ("PGH III") to repurchase a portion of the listed PIK Notes.

Consolidated statement of financial position

at 31 December

	Group	
	2016	2015
		(restated)
	R'm	R'm
Assets		
Total non-current assets	**9 340,4**	9 430,6
Property, plant and equipment	**4 199,7**	4 274,5
Intangible assets	**5 066,2**	5 071,7
Investments	**68,5**	43,6
Loans and receivables	**3,0**	4,1
Derivative instruments	**—**	31,5
Deferred taxation assets	**3,0**	5,2
Total current assets	**567,6**	447,2
Inventories	**85,3**	78,0
Trade and other receivables	**85,9**	86,9
Amounts due by related parties	**2,8**	4,1
Loans and receivables	**1,1**	1,2
Taxation receivable	**3,7**	8,0
Cash and cash equivalents	**388,8**	269,0
Total assets	**9 908,0**	9 877,8
Equity and liabilities		
Equity		
Capital and reserves	**3 725,5**	3 140,7
Non-controlling interests	**110,7**	131,6
Total equity	**3 836,2**	3 272,3
Total non-current liabilities	**5 374,0**	5 934,2
Interest-bearing long-term borrowings	**4 015,6**	4 799,5
Derivative instruments	**1,2**	—
Amounts due to related parties	**37,0**	46,7
Deferred taxation liabilities	**1 320,2**	1 088,0
Total current liabilities	**697,8**	671,3
Trade and other payables	**434,7**	430,1
Current portion of interest-bearing long-term borrowings	**223,9**	207,5
Current portion of derivative instruments	**4,1**	2,9
Amounts due to related parties	**31,2**	30,8
Taxation payable	**3,9**	—
Total equity and liabilities	**9 908,0**	9 877,8

New and ongoing developments

Khoroni hotel expansion

The construction of 18 additional standard rooms and two additional suites at Peermont Metcourt hotel at the Khoroni resort has been completed at a total cost of R23,4 million and the new extension opened in December 2016.

New Metcourt annex at Emperors Palace

The expansion of the popular three-star Peermont Metcourt hotel at Emperors Palace was completed successfully and the new rooms opened in February 2017. This has added an additional 100 family rooms to the 248-key hotel and significantly increased the capacity of the hotel to cater to families and large groups. The 5 166m^2 expansion also includes an addition to the existing F.L.A.G. Café and a gymnasium. The total cost of the expansion is expected to amount to approximately R120,0 million of which R95,3 million had been spent up to the reporting date.

Sun International transaction

As previously reported, Sun International received approval from the Gauteng Gambling Board in July 2014 to amend its Morula casino licence to, among other things, provide for the relocation of the licensed premises from the current site located in Mabopane to a site located at Menlyn Maine. In terms of an agreed settlement, Peermont withdrew its objection to the relocation and on 17 March 2015 Fincred, a subsidiary of Sun International, issued and executed a note (Original Note) in settlement of the objection, in favour of Peermont.

Subsequent negotiations resulted in an amended arrangement (Sun International settlement agreement) in terms of which Fincred was obliged to pay an amount of R675,0 million to Peermont in full and final settlement of all Fincred's obligations under the Original Note. This amount was paid on 25 May 2016.

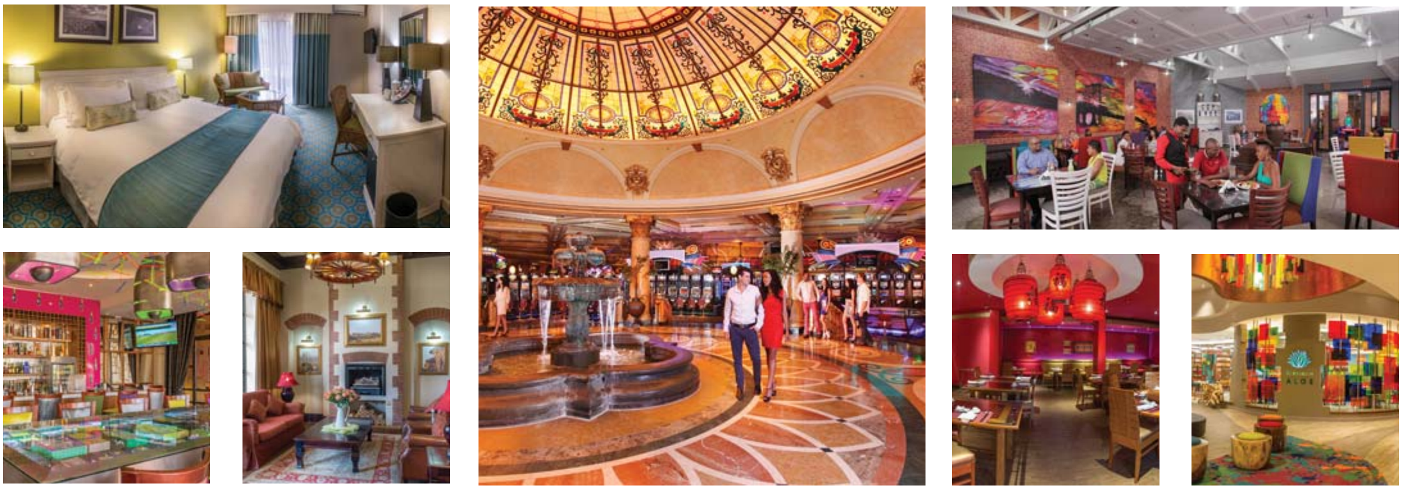
The proceeds of the Fincred settlement were utilised by PGH III to repurchase PIK Notes effective 30 June 2016.

Pursuant to the settlement payment and in terms of the Sun International settlement agreement, in the event that the relocation of the Morula casino to Menlyn Maine (or to a site within five kilometres thereof) is not completed and the Menlyn Maine casino has not opened to the public for trade on or before 31 December 2017, Fincred will be entitled to demand repayment of the principal amount of R675,0 million from Peermont. The principal amount will accrue interest at the prime interest rate plus 2,0% NACA, and will be payable over a period of five years (PGPL Refund Note). The obligation carried by Peermont in terms of the PGPL Refund Note was transferred to PGH III when the funds flowed to PGH III (PGH III Refund Note).

The holders of the repurchased PIK Notes that received the proceeds of the repurchase have undertaken to support PGH III with a subscription for new PIK Notes, on the same terms and conditions as the existing PIK Notes, to the value of the amount called by Fincred, should PGH III be called upon to refund Fincred in terms of the PGH III Refund Note.

Furthermore, Fincred has issued Peermont a New Fincred Note that becomes effective if Fincred calls the PGH III Refund Note. If the casino at Menlyn Maine opens during the 10-year period starting 1 January 2018, Fincred again becomes liable to settle a principal amount of R675,0 million, reduced by R65,0 million per year that has passed from 1 January 2018 to the date that the Menlyn Maine casino opens, to the extent that such amount has actually been settled in terms of the PGH III Refund Note. The principal amount will accrue interest at 12,5% NACA and will be payable over a period of five years. Fincred's obligation in terms of the New Fincred Note is guaranteed by Sun International.

The casino at Menlyn Maine is scheduled to open in April 2017 and once this occurs, the above obligations will lapse.



RELAXING STAYS. EXCITING TIMES.

PEERMONT

HOTELS CASINOS RESORTS

FOLLOW US

WWW.PEERMONT.COM