Condensed Results and Highlights

for the three and six months ended 30 June 2013

PEERMONT

HOTELS CASINOS RESORTS

Peermont Global Limited

Registration number 2006/006340/06 • SEDOL: B1W6GY8 • ISIN Rule 144A: XS0297394479 • ISIN Reg S: XS0296654600 • www.peermont.com

DATE: 27 AUGUST 2013

The content of this document is a high-level summary of the group's consolidated quarterly and six month results which are made available for information purposes only and should not be utilised to make any investment or other decisions on or relating to the group. As it is a summary of the highlights of the results, it may contain inaccuracies or oversights which are not contained in the complete report. The complete results report has been made available to those persons and entities which are entitled to it.

We define EBITDA as earnings before interest, taxation, depreciation, amortisation 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.

Overview of condensed results for the three months ended 30 June

	(unaudited) 2013 R'm	% change	(unaudited) 2012 R'm
Revenue	**745,9**	7,9	691,4
EBITDA	**276,7**	8,5	255,0
EBITDAR	**283,8**	8,8	260,9
EBITDA margin	**37,1%**		36,9%
EBITDAR margin	**38,0%**		37,7%

Financial highlights for the three months to June

Revenue

- Group gaming revenues increased by 7,9% as compared to Q2 2012.
- Hotel and resort revenues increased by 8,0% as compared to Q2 2012.
- Overall hotel occupancies for the quarter at 73,4% were in line with the 73,7% for Q2 2012.

EBITDA

- EBITDA increased by 8,5% to R276,7 million in Q2 2013.
- Group EBITDA margin increased from 36,9% in Q2 2012 to 37,1% in Q2 2013.

Segment highlights

- Revenue at Emperors Palace increased by 6,9% (from R432,0 million to R462,0 million). Gaming revenue at Emperors Palace increased by 8,5% for the quarter. Hotel and resort revenue at the property remained relatively flat at R75,9 million with occupancies for the quarter decreasing to 81,0% as a result of high conferencing revenues generated in the prior year. EBITDA increased by 9,5% (from R146,9 million to R160,8 million).
- Our Botswana operations performed well in Q2 2013. Revenues increased by 13,1% (from P62,0 million to P70,1 million) and EBITDA increased by 10,9% (from P20,1 million to P22,3 million). The revenue performance for the quarter was remarkable in light of the recent increase in the supply of rooms in Gaborone and was achieved largely by intensifying our pursuit of rooms and conferencing business from the corporate and government customer segments. Despite the effect of a P1,2 million increase in rental expenses attributable to additional performance rental accrued in respect of the Gaborone International Convention Centre, double digit growth in EBITDA was achieved this quarter.
- The balance of our South African operations generated revenue growth of 6,2% and EBITDA growth of 5,1% as compared to Q2 2012. Notable performances for the quarter include:
  - Mmabatho Palms – revenue increased by 10,3% (from R25,3 million to R27,9 million) and EBITDA by 9,8% (from R5,1 million to R5,6 million) as compared to Q2 2012.
  - Frontier – revenue increased by 13,6% (from R14,0 million to R15,9 million) and EBITDA by 15,8% (from R3,8 million to R4,4 million) as compared to Q2 2012.

Highlights for the three months to June 2013

REVENUE
R745,9 million
+7,9%

EBITDA
R276,7 million
+8,5%

EBITDA MARGIN
37,1%
+0,2%

Overview of condensed results for the six months ended 30 June

	(unaudited) 2013 R'm	% change	(unaudited) 2012 R'm
Revenue	**1 485,5**	9,6	1 355,3
EBITDA	**549,4**	11,2	494,0
EBITDAR	**563,5**	11,5	505,5
EBITDA margin	**37,0%**		36,4%
EBITDAR margin	**37,9%**		37,3%

Financial highlights for the six months to June

Revenue

- Group gaming revenues increased by 10,8% as compared to the same period in 2012.
- Hotel and resort revenues increased by 5,4% as compared to the same period in 2012.
- Overall hotel occupancies for the period were 72,0% in line with the 72,3% reported for the same period in 2012.

EBITDA

- EBITDA increased by 11,2% to R549,4 million in 2013 year to date.
- Group EBITDA margin increased to 37,0% from 36,4% in the prior year.

Segment highlights

- Revenue at Emperors Palace increased by 11,7% (from R848,3 million to R947,8 million). Gaming revenue at Emperors Palace increased by 13,7% for the period boosted by foreign tables players visiting the casino during and after the Africa Cup of Nations in Q1 2013. Hotel and resort revenue at the property grew by 2,6% for the same period. EBITDA increased by 17,2% (from R287,4 million to R336,7 million).
- Botswana revenues increased by 2,9% (from P122,3 million to P125,8 million) and EBITDA declined by 7,9% (from P38,0 million to P35,0 million). The performance for the six months can be attributed to the increase in the supply of rooms in Gaborone which continues to affect hotel and resort revenues. Cash costs increased by 7,5% (from P84,5 million to P90,8 million) due to a P2,2 million increase in rental expenses attributable to additional performance rental accrued in respect of the Gaborone International Convention Centre.
- The balance of our South African operations generated revenue growth of 5,7% and EBITDA growth of 4,8% as compared to 2012 year to date. Notable performances for the six months include:
  - Graceland – revenue increased by 10,2% (from R78,8 million to R86,8 million) and EBITDA by 14,2% (from R22,5 million to R25,7 million) as compared to H1 2012.
  - Umfolozi – revenue increased by 8,0% (from R76,2 million to R82,3 million) and EBITDA by 11,5% (from R25,2 million to R28,1 million) as compared to H1 2012.

Highlights for the six months to June 2013

REVENUE
R1 485,5 million
+9,6%

EBITDA
R549,4 million
+11,2%

EBITDA MARGIN
37,0%
+0,6%

CONDENSED CONSOLIDATED CASH FLOWS

for the period ended 30 June

Cash flow data for the six months ended 30 June	**(unaudited)** **2013** **R'm**	(unaudited) 2012 R'm
Net cash inflows from operating activities	**521,2**	500,1
Finance income received	**10,8**	6,2
Finance expenses paid	**(406,3)**	(381,7)
Taxation paid	**(13,9)**	(15,4)
Net cash inflows from operating activities	**111,8**	109,2
Cash outflows from investing activities	**(156,7)**	(84,9)
Cash outflows from financing activities	**(14,4)**	(17,7)
Net (decrease)/increase in cash and cash equivalents	**(59,3)**	6,6

Cash inflows from operating activities

Cash inflows from operating activities for the period were R521,2 million compared to R500,1 million for the period ended 30 June 2012.

Finance expenses paid

This is made up of hedged interest paid on the notes of R362,5 million (2012: R337,5 million), interest paid on the deferred hedging loan of R30,0 million (2012: R30,7 million), as well as interest on other borrowings by the group.

Cash outflows from investing activities

The net cash outflow from investing activities for the six months was R156,7 million. This includes replacement capital expenditure of R44,8 million spent on slots replacement throughout the group; R71,5 million on computer software and equipment on installation of the new gaming system; and P4,5 million (R5,2 million) relating to refurbishment at the Metcourt Hotel in Francistown and the Grand Palm in Gaborone. The balance consists of normal replacement capital expenditure. R5,4 million was spent on expansion capital expenditure including R3,3 million on the Club Floor Lounge at Emperors Palace; R1,0 million on the restaurant and bar at Rio; and P1,0 million (R1,2 million) on the Chinese Restaurant and spa at the Grand Palm resort.

Cash outflows from financing activities

Net cash outflows used in financing activities for the period amounted to R14,4 million. This comprises the normal redemption of debt by group companies and R11,3 million relating to the redemption of the non-controlling shareholder's portion of the preference shares in Peermont Global (Botswana) Limited.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June

	(unaudited) 2013 R'm	(unaudited) 2012 R'm
Total non-current assets	**8 777,9**	8 814,4
Total current assets	**1 235,8**	353,2
Total assets	**10 013,7**	9 167,6
Capital and reserves	**(2 195,1)**	(1 544,7)
Non-controlling interests	**101,8**	87,5
Deeply subordinated shareholder loans[1]	**5 433,3**	4 479,3
	3 340,0	3 022,1
Other interest-bearing long-term borrowings	**406,0**	4 577,1
Other non-current liabilities	**356,2**	617,4
Current portion of interest-bearing long-term borrowings	**5 423,5**	101,7
Other current liabilities	**488,0**	849,3
Total equity and liabilities	**10 013,7**	9 167,6

[1] *In terms of the deeply subordinated shareholder loans agreement, these loans do not require any amortisation or other payment of interest or principal before 27 April 2037, nor may the loan holder declare any event of default or take any enforcement action prior to that date.*

CONTRACTUAL INTEREST-BEARING DEBT OBLIGATIONS

as at 30 June 2013

	Less than 1 year R'm	**1 – 3 years R'm**	**3 – 5 years R'm**	**After 5 years R'm**	**Total R'm**
Second priority Senior Secured Notes[1][3]	5 382,6	—	—	—	5 382,6
Deferred hedging loan	10,2	—	400,0	—	410,2
Deeply subordinated shareholder loans	—	—	—	5 433,3	5 433,3
PIK Equity Loan[2][3]	—	—	—	3 298,3	3 298,3
PIK Notes Loan[2][3]	—	—	—	2 135,0	2 135,0
Bank borrowings[4]	30,7	6,0	—	—	36,7
	5 423,5	6,0	400,0	5 433,3	11 262,8
Operating lease commitments	13,6	22,9	21,2	180,8	238,5
Total	5 437,1	28,9	421,2	5 614,1	11 501,3

[1] *The amount reflected is €416,1 million disclosed at the current spot rate, less unamortised issue costs and discounts, plus accrued interest, the capital of which is due in April 2014.*

[2] *The amount reflected includes the capital owing and accrued and capitalised interest on subordinated long-term shareholder funding from Peermont Global Holdings II Limited.*

[3] *It is currently the group's objective to refinance/restructure the deeply subordinated shareholder loans (not due before 2037), the SSNs (contractually due 2014) and the deferred hedging loan (contractually due 2017) in or before April 2014. In terms of the deeply subordinated shareholder loans agreement, the deeply subordinated shareholder loans do not require any amortisation or other payment of interest or principal before 27 April 2037, nor may the loan holders declare any event of default or take any enforcement action prior to that date. See "Update on recapitalisation discussions" presented later in this report.*

[4] *Bank borrowings comprise secured loan facilities from financial institutions in South Africa. This does not reflect amounts outstanding under, or that in future may be borrowed under, the revolving credit facility.*

COMMENTARY

Peermont's financial standing

On a rolling 12-month basis to 30 June 2013, the group generated revenues of R2 987,1 million, EBITDA of R1 115,6 million and EBITDAR of R1 146,0 million at industry-leading EBITDA and EBITDAR margins of 37,3% and 38,4% respectively.

Peermont remains strongly cash generative. Operating cash flow for the 12 months to June 2013 was R1 101,3 million. After deducting replacement capital expenditures and taxation paid, free cash flow of R840,9 million was available to service debt and to provide for expansion capital expenditure, representing a ratio of free cash flow to EBITDA of 75,4%.

Update on recapitalisation discussions

As previously reported, the group is in an advanced stage of negotiations with third party funders and stakeholders in order to recapitalise its balance sheet through the refinancing of its Senior Secured Notes and restructuring of the capital structure of the group ("Recapitalisation").

Furthermore, as announced on 20 August 2013, the group has also entered into negotiations with Grand Parade Investments Limited ("GPI") that could see it acquire a strategic stake in the group as part of the Recapitalisation. Even though these negotiations are at a fairly advanced stage, there is no guarantee that GPI will participate in the Recapitalisation. It is important to note that although an investment by GPI in the group may impact on the group's ultimate shareholding post-Recapitalisation, it is not a requirement to successfully complete the Recapitalisation.

There can be no assurance that any of these efforts will lead to a definitive agreement and/or successful completion of any transaction involving the group's capital structure.

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