PEERMONT

HOTELS CASINOS RESORTS

2007 Results presentation

28 March 2008

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1. Macro-economic Operating Environment

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1.1 Key macro-economic indicators

	SOUTH AFRICA		BOTSWANA	
2007 GDP growth	5,1%		6,2%	
2007 CPI growth	7,1% upward trend		7,1% declining trend	
Interest rates (prime lending rates)	Jan 2007 Dec 2007	12,5% 14,5%	Jan 2007 Dec 2007	17,0% 16,5%
Average currency exchange rates Jan 2007 – Dec 2007	USD/ZAR EUR/ZAR	6,84 10,06	P/ZAR P/USD	1,15 5,88
Closing spot rates	USD/ZAR EUR/ZAR	6,89 9,64	P/ZAR P/USD	1,13 5,88
Government budget surplus	R20,3 billion (1% of GDP)		P787 million (1% of GDP)	
Current account deficit	R143 billion (7% of GDP)		P13,7 billion (20% of GDP)	
Credit growth – private sector credit extension	23%		24%	

1.1 Key macro-economic indicators
cont.

SOUTH AFRICA:

- ESKOM and power outages:
  - Direct
  - Indirect
- Energy cost
- ANC leadership
- Currency exchange rate and inflation
- Intensified skills shortage
- Higher interest rates – credit usage

1.1 Key macro-economic indicators
cont.

BOTSWANA:

- New diamond cutting centre
- Move of diamond sorting
- Commodities boom
- Coal and energy

2. Gaming and Hospitality market update

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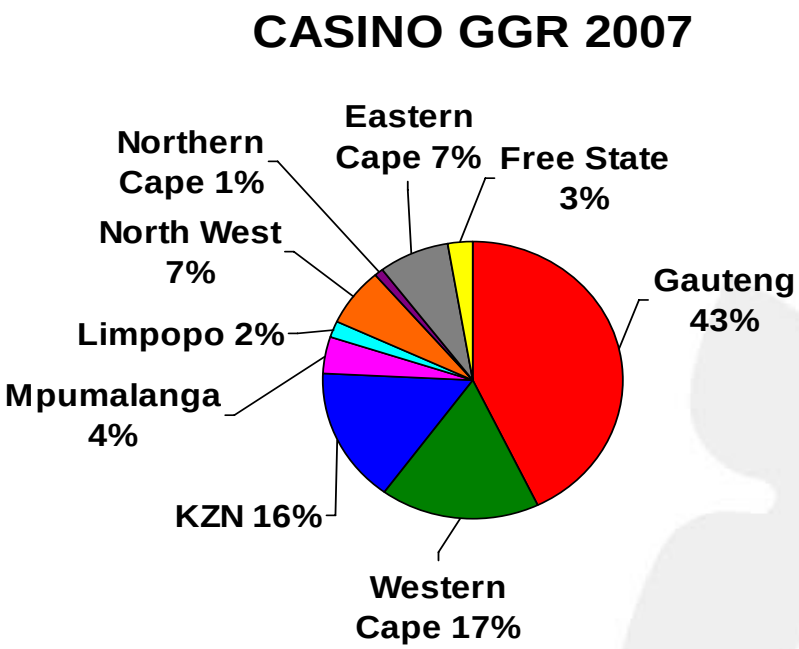
2.1 Size of SA Casino market 2007



	12 months to March Rm 2007	12 months to March Rm 2006	Change
Gauteng*	5 002	4 219	19%
Western Cape	1 984	1 678	18%
KZN	1 864	1 566	19%
Eastern Cape	862	737	17%
North West*	770	979	(21%)
Mpumalanga	471	406	16%
Free State	325	227	43%
Limpopo	230	186	24%
Northern Cape	148	127	17%
Total	**11 656**	**10 125**	**15%**

* Estimated year on year % change in Gauteng and North West province after adjusting for Morula is 14% and (6%) respectively.

2.2 New SA Gaming Developments

- Silverstar Casino
- New licences
- Internet gaming
- Annual BEE audits – DTI Scorecards
- Illegal Casino's North West
- LPM's

2.3 Hotel trends

- HotelBenchmark™ Survey Deloitte & Touche LLP (SA)

	Occupancy			Average room rate			Rev PAR		
Jan – Dec 2007	**2007 %**	**2006 %**	**Change %**	**2007 R**	**2006 R**	**Change %**	**2007 R**	**2006 R**	**Change %**
Grade 5 – All hotels	74,4	72,3	3,0	1 185	1 025	15,5%	881	741	19,0
Grade 4 – All hotels	69,1	69,2	(0,1)	712	617	15,4%	492	427	15,2
Grade 3 – All hotels	70,7	69,1	2,2	532	461	15,5%	376	319	18,0
South Africa – All hotels	**72,5**	**71,4**	**1,5**	**676**	**590**	**14,6%**	**490**	**421**	**16,3**

- Currency exchange rates

3. Peermont Financial Highlights

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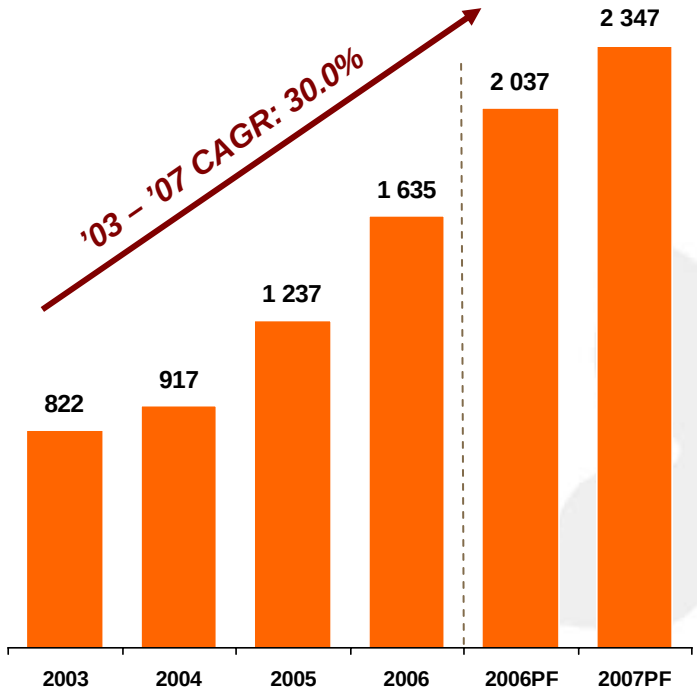
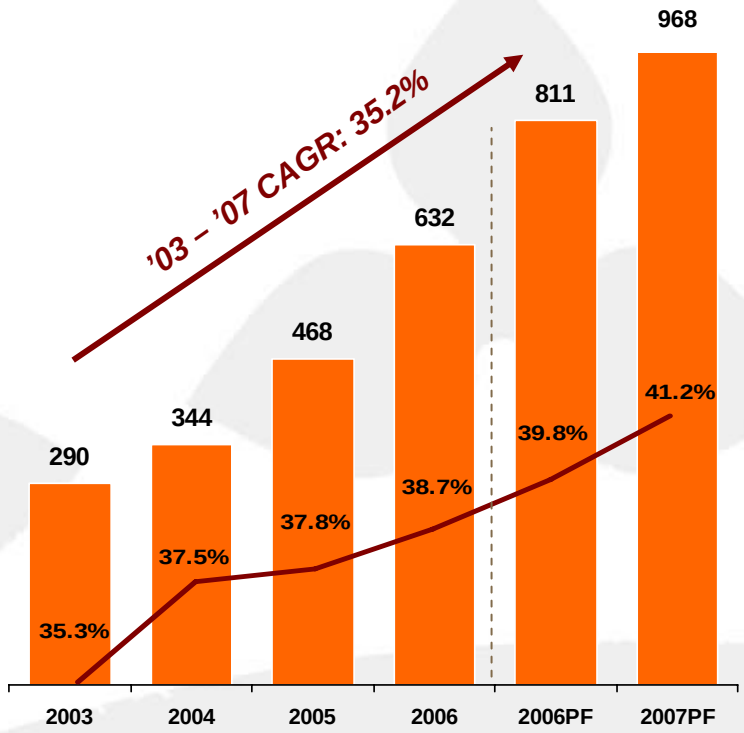
3.1 Pro Forma Revenue and EBITDA

PF Revenue (Rm)



PF EBITDA and Margins (Rm)



Source: Company reports.
Note: PF proportionally consolidates Graceland at 75%.

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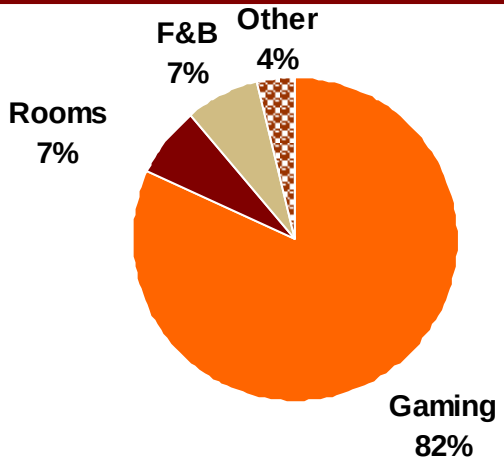
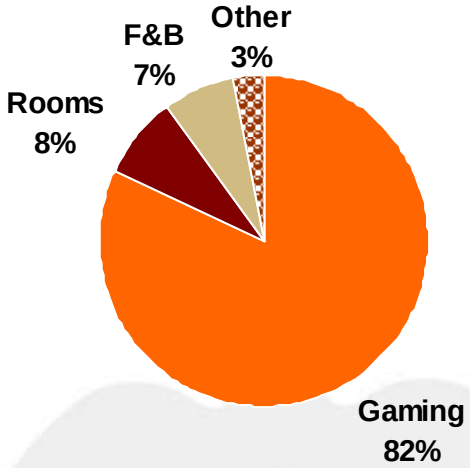
3.2 Revenue sources

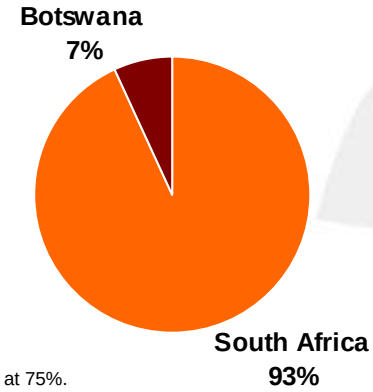
2006PF Revenues by Type



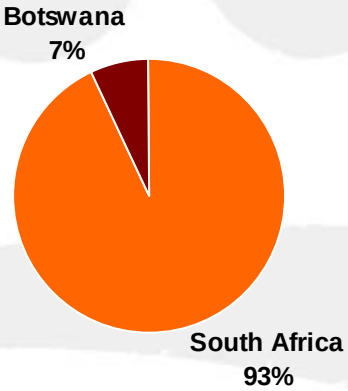
2007PF Revenues by Type



2006PF Revenues by Country



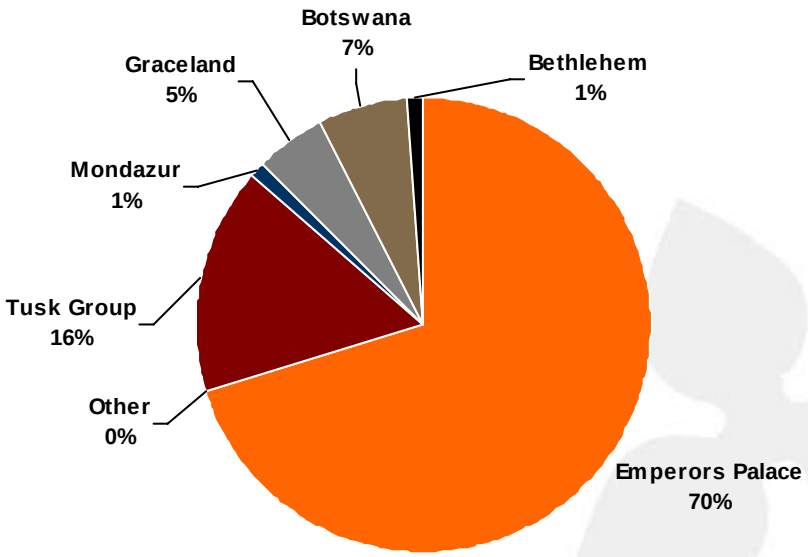
2007PF Revenues by Country



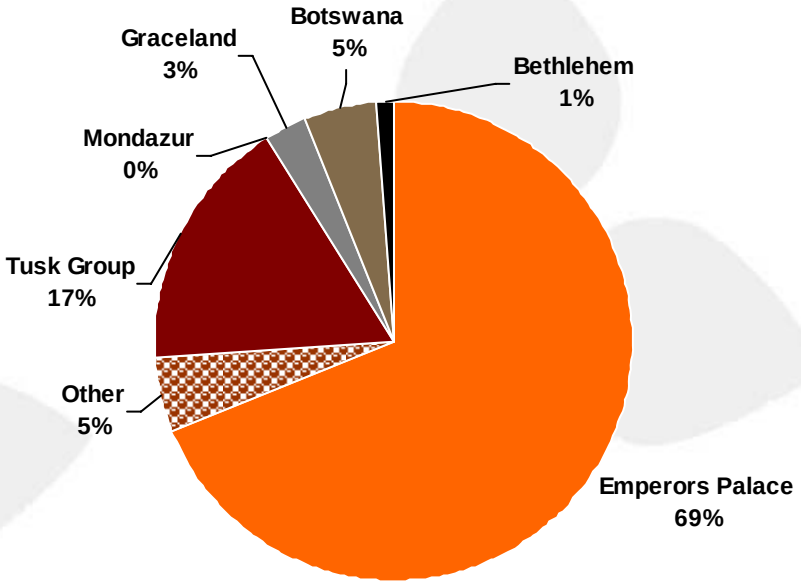
PF proportionally consolidates Graceland at 75%.

3.3 Unit contributions

Pro Forma 2007 Revenue R2,347m[1]



Pro Forma 2007 EBITDA R968m



Note: Other comprises of head office management companies and inter-company.

(1) PF proportionally consolidates Graceland at 75%.

4. Operational performance

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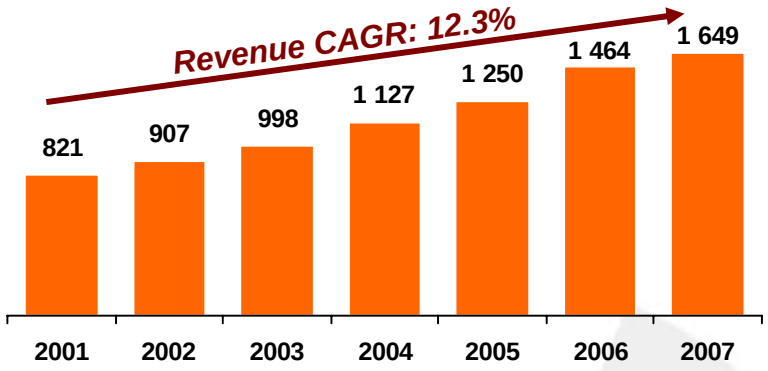
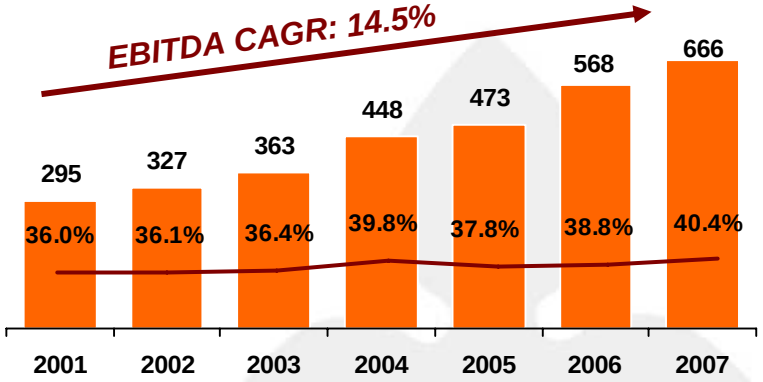
4.1 Emperors Palace

Historical Performance

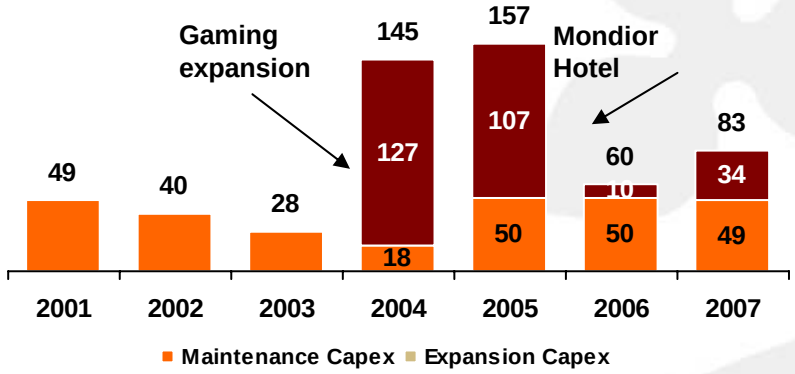
Gross Revenue (Rm)



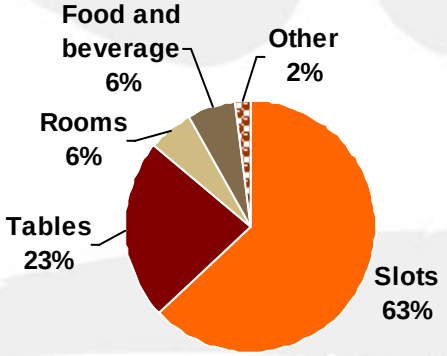
EBITDA (Rm) and EBITDA Margin



Capex (Rm)



Revenues Split by Source (2007)



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4.2 Emperors Palace

Key Performance Indicators

Slot Machines

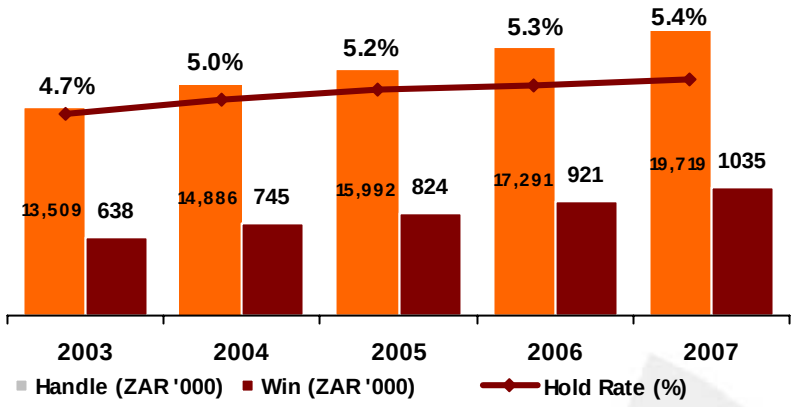
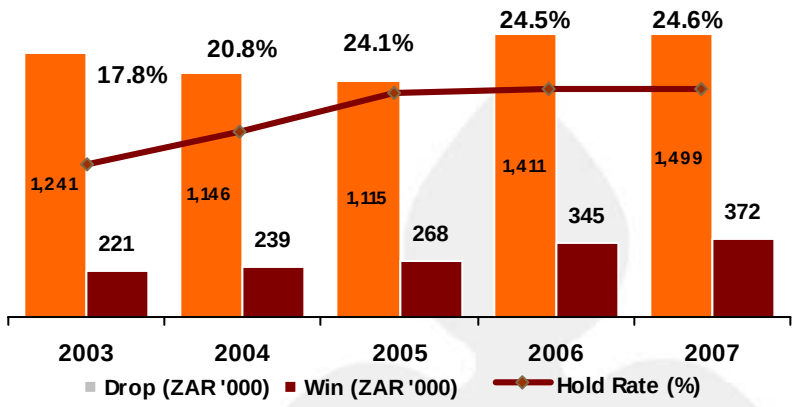
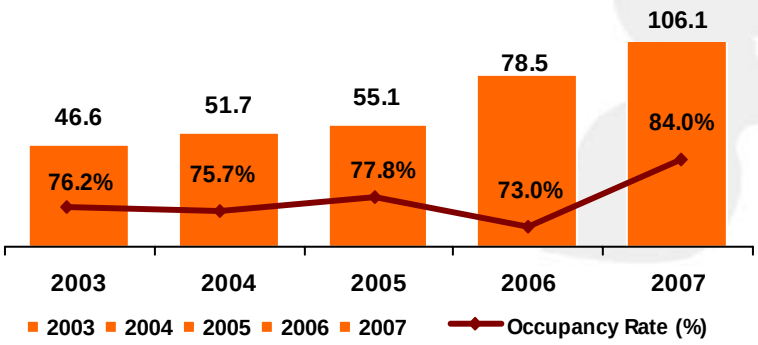


Table Games



Hotels



Note: Rooms revenues and occupancy rate in 2006 includes the opening of Mondior hotel in March 2006.

4.3 Emperors Palace

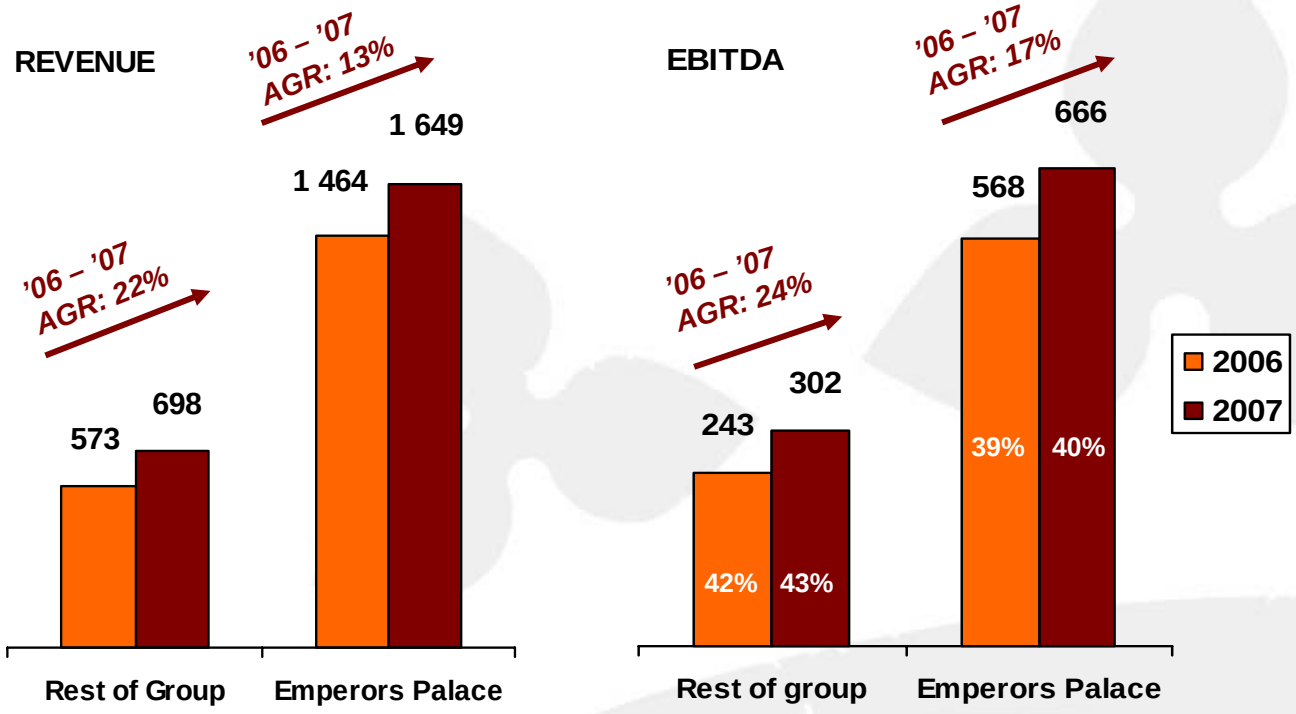
Key Activities

- Tables / slots optimisation
- Live poker
- Major promotions - best of 2007:
  - Get the Life
  - Date with Destiny
  - Stash the Cash
  - Slots Royale
  - Summer Holiday SA
- Entertainment - best of 2007:
  - Comedy
  - Culturally tailored entertainment
  - Boxing – Ali in the Palace, world title fights
- Major competition:
  - New product at Montecasino – R300m
    (Entertainment Piazza, hotel and “West End” theatre)
  - Refurbishment of Gold Reef City Casino
  - New Silverstar Casino –
    (756 slots and 26 tables – completion April 2008)

4.4 Rest of Group

Key Performance Indicators

Pro Forma Revenue, EBITDA and Margins (Rm)



4.5 Pro Forma Revenue and EBITDA

Rm	REVENUE				EBITDA				MARGIN	
	2007	2006		Increase	2007	2006		Increase	2007	2006
Emperors Palace	1 649,5	1 464,9	↑	13%	666,3	568,6	↑	17%	40%	39%
Botswana	170,4	144,6	↑	18%	49,5	38,0	↑	30%	29%	26%
Rio	131,0	116,0	↑	13%	59,2	51,2	↑	16%	45%	44%
Umfolozi	113,5	90,9	↑	25%	41,6	32,7	↑	27%	37%	36%
Graceland	107,7	91,8	↑	17%	29,2	20,1	↑	45%	27%	22%

4.6 Pro Forma Revenue and EBITDA

Rm	REVENUE				EBITDA				MARGIN	
	2007	2006		Increase	2007	2006		Increase	2007	2006
Mmabatho	73,2	65,2	↑	12%	21,5	19,4	↑	11%	29%	30%
Venda	48,3	43,4	↑	11%	14,4	13,2	↑	9%	30%	30%
Bethlehem	37,1	4,0	↑	828%	6,8	(5,9)	↑	215%	18%	(148%)
Mondazur	16,5	16,5	↑	0%	1,2	3,8	↓	(68%)	7%	23%

4.7 Rest of Group

Key Activities

- Frontier opened – November 2006

4.7 Rest of Group

Key Activities cont.

- Venda upgrade – Malingani restaurant

4.7 Rest of Group

Key Activities cont.

- Venda upgrade - rooms

4.7 Rest of Group

Key Activities cont.

- New equipment Umfolozi – August 2006
- Gaborone Sun Refurbishment – Botswana
- Northern Casino's opened – December 2007

4.8 Key statistics

	Slots average daily win			Tables average daily win		
	2007 R	2006 R	% Change	2007 R	2006 R	% Change
Emperors Palace	1 703	1 538	11%	15 068	14 114	7%
Graceland	700	551	27%	2 862	2 191	31%
Frontier Inn	542	-	-	2 384	-	-
Botswana	705	721	(2%)	2 661	2 835	(6%)
Tusk Venda	778	669	16%	2 098	1 927	9%
Tusk Mmabatho	904	785	15%	2 375	2 249	6%
Tusk Rio	1 175	1 071	10%	3 410	3 332	2%
Tusk Umfolozi	1 005	715	41%	3 769	3 205	18%

4.8 Key statistics cont.

	Number of rooms			Occupancy			Average room rate			RevPar		
	2007	2006	Change	2007	2006	Change	2007 R	2006 R	Change	2007 R	2006 R	Change
Emperors Palace	426	389	10%	84%	77%	10%	784	702	12%	660	538	23%
Other South African properties	429	409	5%	64%	63%	1%	421	394	7%	268	249	8%
Total South African properties	**855**	**798**	**7%**	**74%**	**70%**	**6%**	**627**	**559**	**12%**	**463**	**389**	**19%**
Botswana	457	457	0%	74%	62%	19%	462	457	1%	344	284	21%
Total all properties	**1 312**	**1 255**	**5%**	**74%**	**67%**	**11%**	**569**	**524**	**9%**	**422**	**351**	**20%**

5. Financial Results

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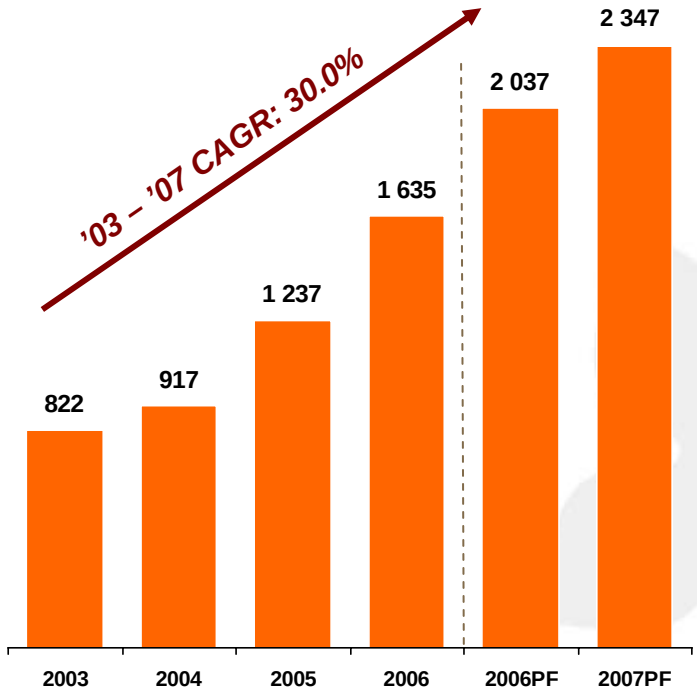
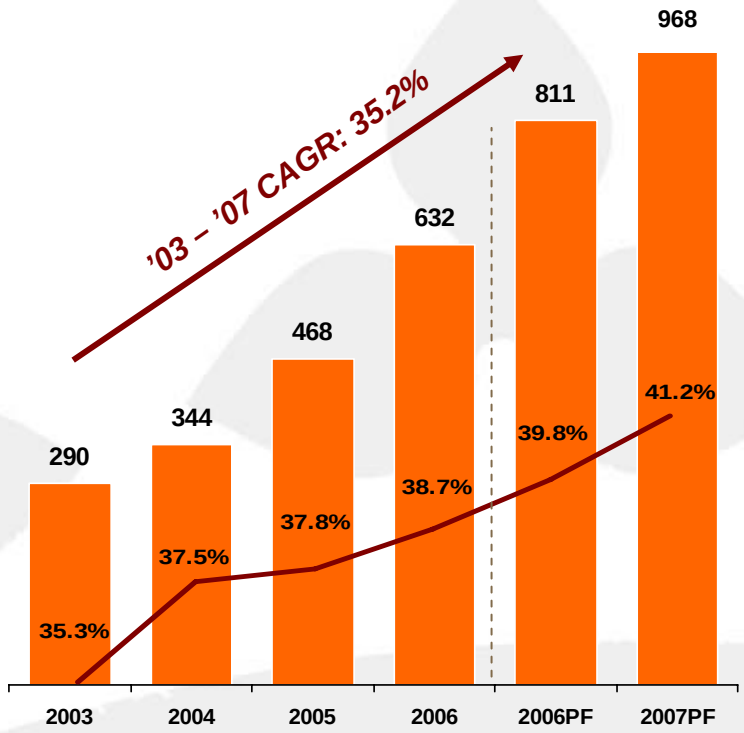
5.1 Pro Forma Revenue and EBITDA

PF Revenue (Rm)



PF EBITDA and Margins (Rm)



Source: Company reports.
Note: PF proportionally consolidates Graceland at 75%.

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5.2 Consolidated Income Statement

2006PF vs 2007PF (unaudited)

	FY 2006 Rm	% change	FY 2007 Rm
Revenue			
Gaming	1 679,9	15%	**1 921,2**
Rooms	145,5	27%	**184,0**
Food and beverage	148,9	14%	**170,1**
Other	63,1	14%	**71,9**
Total revenue	**2 037,4**	**15%**	**2 347,2**
Other income	1,3		**(0,1)**
Total income	**2 038,7**		**2 347,1**
Operating costs	(1 227,6)	12%	**(1 379,2)**
Employee costs	(399,5)	10%	**(439,1)**
VAT and gaming levies	(328,0)	15%	**(377,7)**
Property and equipment rentals	(27,0)	20%	**(32,5)**
Promotions and marketing	(121,2)	10%	**(133,5)**
Other operational costs	(351,9)	13%	**(396,4)**
EBITDA	**811,1**	**19%**	**967,9**
Depreciation and amortisation	(105,6)	41%	**(148,5)**
Operating profit	**705,5**	**16%**	**819,4**
Finance income	16,2		**174,3**
Finance expenses	(186,4)		**(1 165,1)**
Profit/(loss) before taxation	**535,3**		**(171,4)**
Taxation	(183,4)		**49,7**
Profit/(loss) for the year	**351,9**		**(121,7)**

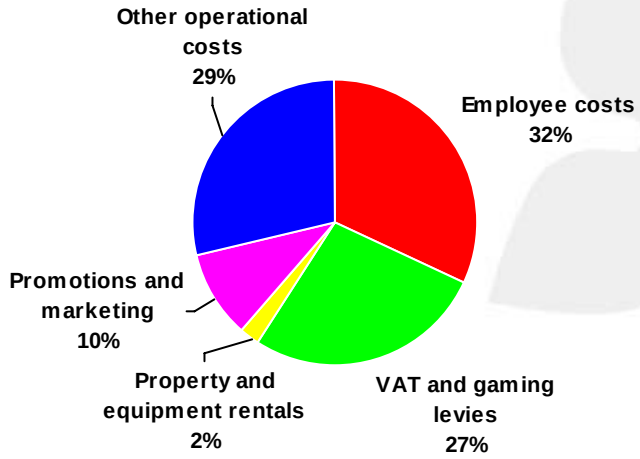
5.3 Net Finance Expenses – 2007 PF

	FY 2007 Rm
Interest received	**(37,3)**
Forward Exchange Contract gain	**(125,8)**
Foreign exchange gains	**(0,1)**
Fair value gain on derivative assets	**(2,9)**
Fair value adjustment on interest rate swap	**(8,2)**
Finance income	**(174,3)**
Interest paid – other	**28,6**
Interest accrual – SSN	**127,7**
Interest paid – SSN	**420,2**
Interest accrual – PIK Notes	**170,3**
Interest accrual – PIK Equity	**202,2**
Foreign exchange loss on SSN	**216,1**
Finance expenses	**1 165,1**
Net finance expenses	**990,8**

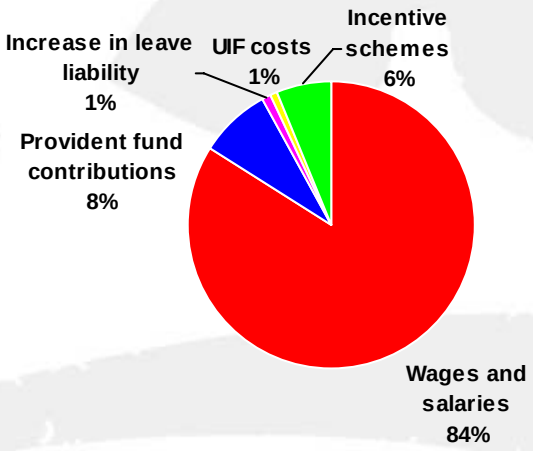
5.4 Cost Structure

	FY 2006PF Rm	FY 2007PF Rm	% change AGR '06 – '07
Employee costs	399,5	**439,1**	10%
VAT and gaming levies	328,0	**377,7**	15%
Property and equipment rentals	27,0	**32,5**	20%
Promotions and marketing	121,2	**133,5**	10%
Other operational costs	351,9	**396,4**	13%
Total Operating Costs (excl. D&A)	**1 227,6**	**1 379,2**	**12%**

2007 Costs Split



2007 Employee Costs Split



5.5 Consolidated Balance Sheet at December 2007

	Audited FY 2006 Rm	Reviewed FY 2007 Rm
Intangible assets	1 153,4	**4 586,8**
Property, plant and equipment	2 199,3	**4 062,9**
Fixed assets	**3 352,7**	**8 649,7**
Inventories	29,5	**37,7**
Accounts receivable and prepayments	51,5	**62,4**
Accounts and other payables	(178,9)	**(225,0)**
Working capital	**(97,9)**	**(124,9)**
Cash and cash equivalents	170,0	**462,1**
Interest-bearing long-term borrowings	(449,1)	**(5 123,5)**
Current portion of long-term borrowings	(147,0)	**(105,4)**
Bank overdrafts	(67,6)	**–**
Preference share capital	(959,1)	**–**
Net debt	**(1 452,8)**	**(4 766,8)**
Investments	3,9	**–**
Net derivative financial instruments	8,5	**149,3**
Amounts due to related parties	(2,3)	**(48,7)**
Deferred taxation liability	(211,8)	**(1 390,7)**
Provisions	(68,5)	**(59,9)**
Shareholder's loans	–	**(2 207,3)**
Taxation payable	(45,0)	**(16,1)**
Net other liabilities	**(315,2)**	**(3 573,4)**
Net assets	**1 486,8**	**184,6**
Comprised of:		
Shareholders funds	1 322,6	**156,0**
Minority interest	164,2	**28,6**
Total equity	**1 486,8**	**184,6**

5.6 Capitalisation – Dec 2007

	ZARmn	€mn	x PF 07 EBITDA	% of Total
Senior Secured Notes	5 068,0	506,8	5,2x	66%
Other Debt	160,9	16,1	0,2x	3%
Total Senior Debt	**5 228,9**	**522,9**	**5,4x**	**69%**
PIK Notes	980,4	98,0	1,0x	12%
Total Debt	**6 209,3**	**620,9**	**6,4x**	**81%**
Shareholder Loan	1 226,9	122,7	1,3x	16%
Common Equity	156,0	15,6	0,2x	3%
Total Equity	**1 382,9**	**138,3**	**1,5x**	**19%**
Total Sources of Funds	**7 592,2**	**759,2**	**7,9x**	**100%**
Undrawn Revolver	*144,8*	*14,5*		
PF EBITDA			*967,9*	

Note: EUR / ZAR exchange rate of 10.00 as of December 2007.

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5.7 Credit Statistics

Rm	FY 2006PF	FY 2007PF
Total Senior Debt	5 195,6	5 228,9
Add unamortised costs	267,0	239,0
Less net derivative asset	–	(147,9)
Less cash	(102,4)	(462,1)
Senior Net Debt	**5 360,2**	**4 857,9**
EBITDA	**811,1**	**967,9**
Senior Net Debt / EBITDA	**6,6x**	**5,0x**
EBITDA / cash pay interest	**1,9x**	**2,3x**
Total Debt through PIK Notes	**6 247,2**	**5 871,6**
Total Net Debt / EBITDA	**7,7x**	**6,1x**

5.8 Cash Flow Statement 2007PF

	Audited FY 2006 Rm	Reviewed Predecessor/Successor FY2007 Rm
Cash flows from operations	665,2	**880,8**
Financial expenses	(126,6)	**(354,8)**
Financial income	6,2	**43,2**
Taxation paid	(144,2)	**(41,5)**
Net cash from operating activities	**400,6**	**527,7**
Replacement of PP&E	(68,6)	**(132,2)**
Acquisition of PP&E	(82,2)	**(57,9)**
Acquisition of intangible assets	(1,5)	**(11,4)**
Proceeds on disposal of PPE	3,2	**5,4**
Acquisition of business	(395,7)	**–**
Acquisition of investment in subsidiary	–	**(5 454,2)**
Repayment of SH loan by joint ventures	0,5	**0,9**
Cash flows from investing activities	**(544,3)**	**(5 649,4)**
Proceeds on issue of preference shares/preference shares repaid	375,0	**(1 096,0)**
Preference share, debt issue and deal costs	(0,2)	**(272,1)**
Long term borrowings repaid	(324,3)	**(438,5)**
Long term borrowings raised	348,8	**4 994,6**
Cash settlement in respect of derivative instruments	2,7	**3,3**
Shareholders loans (repaid)/raised	(3,2)	**1 946,7**
Proceeds on issue of shares	–	**381,2**
Dividends paid	(123,9)	**(36,9)**
Cash flow from financing activities	**274,9**	**5 482,3**
Net increase in cash and cash equivalents	131,2	**360,6**
Cash and cash equivalents at the beginning of the year	(28,8)	**102,4**
Effect of exchange rate fluctuations in cash held	–	**(0,9)**
Cash and cash equivalents at the end of the year	**102,4**	**462,1**

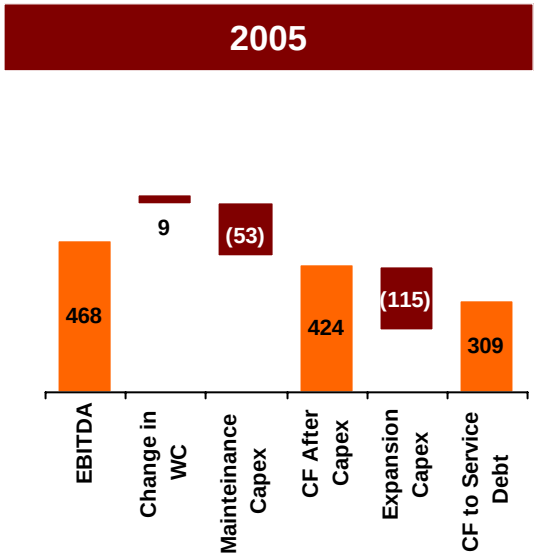
5.9 Cash Flow Statements

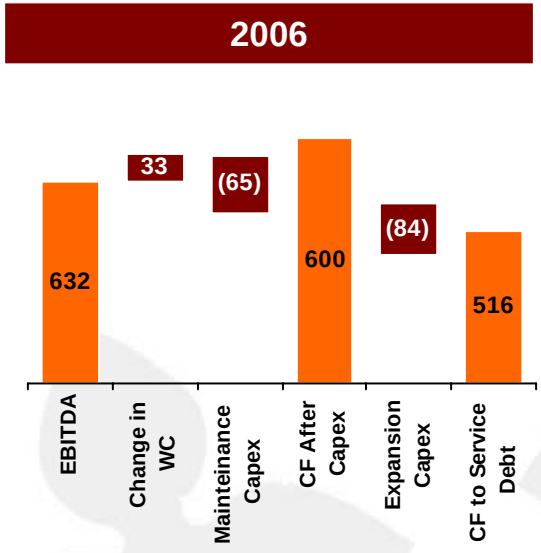
	Audited FY2006 Rm	Reviewed Successor/predecessor combined FY2007 Rm
EBITDA	632,1	845,0
Less Changes in Working Capital	33,0	34,5
Less Tax Paid	(144,2)	(41,5)
CFO	**520,9**	**838,0**
Less Maintenance Capex	(65,4)	(131,5)
Less Expansion Capex	(83,7)	(57,9)
Less Intangibles Acquired	–	(6,7)
FCF before acquisitions	**371,8**	**641,9**

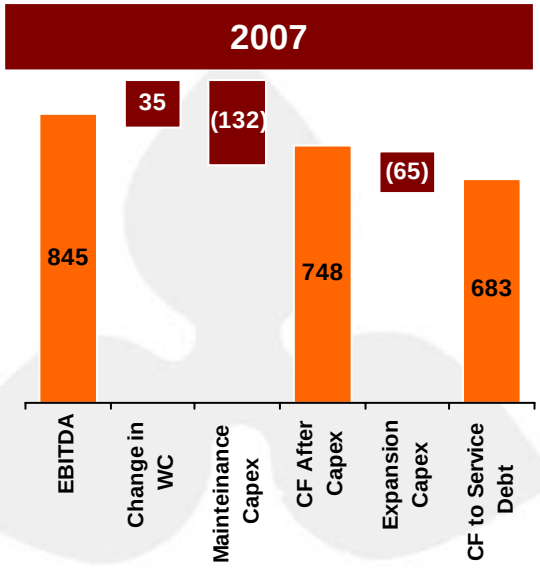
- In 2007 the Group spent the following on expansion capex:
  - Metcourt hotel at Emperors Palace R 20,8m
  - Gaming expansion at Emperors Palace R 13,1m
  - Metcourt hotel at Tusk Rio R 3,0m
  - Tubatse land for Burgersfort R 21,0m
- Intangibles
  - Kgalagadi management fees R 4,2m
  - Northern Casino licences R 2,5m

5.10 Cash conversion

Cash conversion (before project capex) has historically been high







Cash conversion ratio:	**66%**	**82%**	**81%**
- without expansion Capex:	**91%**	**95%**	**89%**

Note: Expansion capex excludes share acquisitions.

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5.11 Board approved Capex Schedule

Maintenance capex	FY 2008 Rm
Normal maintenance capex	142,6
Refurbishment capex	50,7
Standby power upgrade capex	16,2
Total	**209,5**

Estimated cash flow impact of Board approved Capex projects	FY 2008 Rm	FY 2009 Rm	FY 2010 Rm	Total Rm
Umfolozi relocation	60,0	120,0	40,0	220,0
Rio Hotel	67,0	–	–	67,0
Emperors Palace Hotel	129,7	19,5	–	149,2
Head office building	37,0	–	–	37,0
PGB Admiral acquisition	11,2	–	–	11,2
Total	**304,9**	**139,5**	**40,0**	**484,4**

5.12 Estimated Financing Schedule

	FY 2008 Rm	FY 2009 Rm	FY 2010 Rm	Total Rm
Estimated cash flows from financing activities				
Umfolozi relocation	–	118,0	14,0	132,0
Rio Hotel	40,5	–	–	40,5
Head office building	32,0	–	–	32,0
Emperors Palace Hotel	102,0	–	–	102,0
Total	**174,5**	**118,0**	**14,0**	**292,5**

6. Key Initiatives

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6.1 Key Initiatives – 2007, 2008 and beyond

- Property Refurbishments and upgrades
  - Venda 2007 (Rooms, restaurant, casino and major PPE)
  - Venda 2008 (Conference facilities)
  - Mmabatho 2007 (Major R&M and PPE)
  - Mmabatho 2008 (Rooms, restaurant, casino)
  - Mmabatho 2009 (Balance of rooms and public areas)
  - Grand Palm 2008 (Rooms, restaurant and casino)
  - Grand Palm 2009 (Balance of rooms and hotel amenities)

6.1 Key Initiatives – 2007, 2008 and beyond *Cont.*

- Repositioning of Hotels –
  - Grand Palm to 5 star property
  - Mondior to 4 star property
- Optimising of entertainment, dining and gaming mix at Emperors Palace (Including Monsoon Lagoon, Chariots and Poker)
- Energy efficiency drive
- Enhanced standby power
- Casino management system change
- New builds
  - Metcourt at Emperors Palace
  - Metcourt at Tusk Rio
  - Relocation of Umfolozi Casino to Richards Bay waterfront
- New licences SA
- Acquisition and new builds outside SA within core geographical and operational focus

THANK YOU!

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