

Good afternoon and welcome to the Peermont 2011 results presentation

My name is Anthony Puttergill, Group Chief Executive of Peermont and with me I have Grant Robinson, our Group Financial Director.

For those of you attending our presentation in person, we have printed colour copies of the slides for you. We have also opened our conference call lines and loaded our presentation onto the Peermont website earlier today, so that conference call participants can follow the slides with us, though I would advise following a colour copy of the slides if possible.

Our annual report for the year ended 31 December 2011 was released for distribution on Thursday evening 29 March 2012, through Euroclear and ClearStream, and was also published on our website at the same time.

Since our presentation may contain certain forward-looking information, it should be qualified by all the factors referred to in our annual integrated report as well as in the “Risk Factors” section of our website.

SLIDE 1: Index

I will begin with a brief discussion of the macro-economic environment in South African and Botswana, followed by an update of industry developments. I will then take you through our financial highlights and operating performance, followed by a review of the financial results by Grant. Finally, I will conclude with a brief discussion of our key initiatives.

SLIDE 1.1: Key macro indicators

The South African economy has continued its slow pace of economic recovery from a negative growth rate in 2009, to positive growth rates of 2,8% for 2010 and 3,1% for 2011. After two fairly subdued quarters of growth during the second and third quarters of 2011, GDP grew by 3,2% in the last quarter of 2011. For 2011 the national average wage settlement amounted to a 7,7% increase, which was significantly above the rate of inflation and has contributed to increased real income levels for the employed population. While growth in consumer spending was a positive 5,0%, this did not translate into any significant recovery in services or leisure discretionary spend, with durable and semi-durable goods benefiting most from the recovery in consumer spend.

There were reductions in the levels of unemployment and household indebtedness, which remain as constraints to growth in consumer spend. Household debt levels have decreased from a high of 82% to 76% of household disposable income. Botswana reported very strong GDP growth of 7,8% for the year.

SA CPI remained in the target range of 3-6% until November 2011. The acceleration to levels in excess of 6% was mainly driven by the prices of food, petrol and electricity. CPI averaged 5,0% for 2011, increased to an annualised 6,3% in January 2012 and slowed unexpectedly to 6,1% in February 2012. According to the SARB, core inflation, though increasing, remains well contained. Interest rates currently remain stable and Botswana has largely followed a similar pattern to the SA monetary authorities, despite inflation running at higher levels in Botswana.

The SARB reported that the budget deficit of around 4,8% of GDP for 2011/12 is expected to narrow to around 3,0% within the next three years.

SLIDE 1.1: Key macro indicators cont.

The forecast GDP growth for South Africa in 2012 is currently 2,7%, whilst inflation is expected to increase to 6,2% for 2012. Excluding food, petrol and electricity, inflation remains below the midpoint of the target range. Growth in final consumption expenditure by households is forecast to be 3,5% for 2012. The prime interest rate is expected to remain stable, with an average prime lending rate of 9,0% for 2012. Rates on forward rate agreements seem to suggest that the likelihood of any further reduction in the prime rate is quite remote.

SLIDE 1.1: Key macro indicators cont. - South Africa

As previously mentioned, the SA economy showed real growth of 3,2% during the 4th quarter of 2011. Activity in the mining and manufacturing sectors recovered, following two quarters of severe decline. The consumer economic recovery continued with an annualised growth of 4,6% in the 4th quarter of 2011, benefiting the durable and semi-durable goods sectors and showing signs of benefiting the services and leisure sectors. Based on forecasts by Standard Bank we anticipate continued growth in household expenditure in the region of 3,5% for 2012 and 4,3% in 2013.

We have begun to see a moderate recovery in casino and hotel industry revenues in South Africa. GGR for the Gauteng market increased by 7,3% for the fourth quarter of 2011 and remained positive at approximately 4,2% for the first eight weeks of 2012.

SLIDE 1.1: Key macro indicators cont. - Botswana

The recovery of the diamond market, particularly in the first half of 2011, has resulted in a recovery of the Botswana economy.

However, in the light of slowing diamond sales during H2 2011, the government has committed to reduce its wage bill by 5% per annum for the next three years.

De Beers has decided to relocate its head office to Gaborone from London, which is likely to have a positive spin off in the local economy going forward.

SLIDE 2.1: Size of South African casino market

Turning to the South African casino market in 2010/2011, the figures are only aggregated by the National Gambling Board for the 12 months to 31 March each year. These figures are therefore 9 months behind our reported results. Nevertheless they do provide some information regarding trends.

It is clear that Gauteng is still the largest casino market in South Africa, accounting for 43% of South Africa's total casino revenues for the 12 months ended 31 March 2011. The casino industry as a whole generated revenue growth of 2,3% to 31 March 2011, an improvement on the 1,5% growth reported in the prior period.

SLIDE 2.2: New SA gaming developments

As far as recent developments are concerned, in the 2011 national budget the SA Minister of finance proposed a withholding taxation on gambling winnings above R25 000. After broader consultation, he announced in the 2012 national budget speech that a national gambling tax based on gross gaming revenue will be introduced.

This tax, effective 1 April 2013, will take the form of an additional 1% national levy on gaming revenues on top of our existing provincial gambling levies. If implemented for the full 2011 calendar year, we estimate that this would have resulted in an additional gaming levy for Peermont amounting to some R17 million.

Following the presentation of the findings of the National Gambling Review Commission to the Portfolio Committee of the Department of Trade and Industry, the committee has finalised its recommendations to the Minister. While it recommends that the number of casino licences in SA remains capped at 40, the committee recommends that casino licences be subject to a comprehensive review every five years and that casino licenses be re-issued every ten years, accompanied by regular compliance checks. We are not sure what these reviews will entail since we are already subject to ongoing compliance checks by the provincial gambling authorities.

As far as the forthcoming legislative amendment process is concerned, the National Council of Provinces has indicated that it will in all likelihood embark on its own public consultation process, which will include calling for written submissions and holding public hearings. It is therefore likely that the legislative process to make any eventual amendments arising from the report and its recommendations will be an extended one.

Disappointingly, three provinces in SA have seen fit to increase the rate of gambling levies during 2011, during a period when casino operators are already under pressure from reduced leisure spending, increased local municipal rates and taxes and utility costs.

The effect on Peermont was most significant in the North West province which resulted in an additional cost of R2,4 million for 2011, w.e.f 1 February 2011.

In Limpopo, the anticipated annual effect is an increase of R1,8 million per annum based on 2011 GGR. The effective date of the Limpopo increase was 16 September 2011 when the gaming levy was increased from 5.26% of GGR per month to 8% of GGR per month. There is currently no significant effect from the increase in Mpumalanga gaming levies, since our Graceland GGR is usually below the minimum monthly revenue threshold of R10 million where there is no change in rate.

In addition, The KZN Gambling Board recently announced a change in gaming levies w.e.f. 1 April 2012. The anticipated effect of this will be approximately R2,3 million per annum based upon estimated 2012 GGR.

As previously reported, the Gauteng government announced that they had started a process which will lead to a review of the rate of tax on gambling income in the Gauteng province. No further developments have occurred and CASA will provide input at the appropriate stage in the review process.

SLIDE 2.3: Hotel trends – SA

Hotel revenues in SA remained under pressure during 2011 and have shown a decrease as compared to 2010, which was boosted by the Soccer World Cup. On the positive side, occupancies for the year increased marginally. While average room rates decreased by 22% nationally, this can almost all be attributed to the increase in room rates during the 2010 Soccer World Cup. There are still headwinds facing the hotel industry, in the form of oversupply of rooms in certain nodes and reduced leisure spending from overseas visitors. In addition, the business sector of the economy, which generates more than 50% of national room sales, is only just beginning to show signs of recovery. Our overall room occupancies were 71,6%, significantly above the national average and above the 69,7% reported for the same period in 2010.

SLIDE 3.1: 2011 Highlights

Turning now to the main features of Peermont's financial performance for 2011, group revenues and EBITDA increased by 3,5% and 7,6% respectively as adjusted for the effects of the 2010 Soccer World Cup. On an unadjusted basis, revenue increased by 1,8% to R2 669 million and EBITDA increased by 4,7% to R1 016 million, beating our EBITDA budget for the first time since 2007.

We are particularly pleased with our fourth quarter results, which produced EBITDA growth of 13,6% at a record margin of 41,4%.

For the year as a whole, EBITDA margins increased from 37% in 2010 to 38,1% in 2011, and remain at the top end of our industry.

SLIDE 3.2: Revenue and EBITDA

Over a five year period, our compound revenue and EBITDA growth has been c. 10% per annum.

SLIDE 3.3: Revenue sources

As to the composition of our revenues, gaming accounted for 77% of our total revenues in 2010 and 2011. Rooms, food and beverage revenues retained their collective share of 21% of total revenues as in 2010. The rooms contribution decreased slightly to 10% as a result of the SWC in 2010, while F&B increased its contribution to 11% of total revenues. Our Botswana operations had another relatively good year in Pula terms, and their contribution remained at 10% during 2011.

SLIDE 3.4: Unit contributions

As to our dependence on Emperors Palace, this has decreased to 62% of total revenue in 2011 from 65% in 2010 and reduced to 58% of EBITDA in 2011 as compared to 60% in 2010. Our Umfolozi, Mmabatho Palms and Graceland operations in particular increased their EBITDA contributions.

As previously stated, our objective is to increase revenue from other units to more than 50% of our total EBITDA. An interesting fact is that the rest of the group operations, at revenues of R1 015 million and EBITDA of R421 million is now collectively a bigger business than our predecessor company was when we listed it on the JSE in 2004.

SLIDE 3.5: Q4 2011

Looking at our 4th Quarter 2011 results, Emperors Palace showed an increase of 4% in revenues, mainly as a result of a recovery in our convention business as well as an increase in gaming market share to 23,7%, driven by a recovery in our tables win during the quarter. When combined with our cost savings, this translated into an EBITDA growth of 14% for Emperors Palace during the final quarter. As regards the rest of the group, this showed a healthy revenue growth of 11%, translating into an EBITDA growth of 14% for these operations in Q4. While the fourth quarter EBITDA margin is usually the strongest of the year, the overall EBITDA margin of 41,4% for Q4 was well ahead of the prior year, lifting the overall year to date EBITDA margin ahead of our target of 38%.

SLIDE 4: Operational performance

Turning now to our operations.

SLIDE 4.1: Emperors Palace 2006 to 2011 historical performance

While revenue growth during the last 5 years has averaged 2,5% per annum, EBITDA growth has been limited to around 1% per annum, mainly as a result of very steep increases in local municipal rates and taxes, higher utility costs and higher labour costs. In 2011, EP revenues decreased by 2,8%. The decrease in revenue is due to the prior period including revenues generated by the 2010 Soccer World Cup, with the current year being negatively impacted by the extensive road works on the major roads leading to Emperors Palace. Adjusted for the 2010 Soccer World Cup, revenue declined by 0,7%. EBITDA increased by 1,8% for the year on an unadjusted basis and by 5,5% if adjusted for the effect of the World Cup.

The EBITDA margin increased from 34% in 2010 to 36% in 2011 as a result of the implementation of Project 38 with effect from April 2011. This programme is broad-based and resulted in savings at the level of virtually every single cost line item and was boosted by energy saving projects, a refocus of marketing effort and by headcount reductions. As a result, cash costs for the year decreased by 5.3%, despite overall inflation running at 5% and labour unit costs and utility costs increasing at levels well above inflation.

Project 38 achieved cost savings in excess of R50 million, well ahead of our target of R33 million which we announced at our last annual results presentation.

SLIDE 4.2: Emperors Palace revenue breakdown

Gaming revenues accounted for 83% of total 2011 revenues at EP as compared to 82% in 2010. Rooms and food and beverage decreased their contribution to 15% of revenues as compared to 16% in 2010, primarily as a result of the 2010 Soccer World Cup.

SLIDE 4.3: Emperors Palace KPI's

Our slots win to handle % for 2011 has remained flat at 4,8% when compared to 2010. The table game hold to drop % declined to 21,8% from 24,3% during 2010, which is below our longer term average of around 24%. This is due both to normal tables volatility (as you can see our win % was at a higher than normal 26% in 2009) and due to the fact that we introduced some rule changes in favour of our players which also contributed to the lower hold % in the latter half of the year. Our tables drop (i.e. the value of cash dropped in exchange for tables chips bought) increased significantly towards the end of the year, bringing the total tables drop to a new record of R1 640 million.

Gaming activity levels as measured by slots handle (i.e. the value of bets placed on slot machines) remained in line with the record R21 billion handle generated during 2010.

SLIDE 4.3: Emperors Palace KPI's cont.

Slots and tables win

Tables revenue decreased by 3,5% to R358 million as a result of the lower tables hold percentages, while slots revenues decreased by 0,6% to R1 014 million for 2011. This resulted in a decrease in overall GGR of just over 1%.

SLIDE 4.3: Emperors Palace KPI's cont.

Annual number of vehicles

The average number of vehicles which visited the EP complex during 2011 decreased by 4% to 2,1 million vehicles from 2,2 million vehicles in 2010. This was as a result of a decline in the number of visits due to the extensive road works mentioned previously. However, as you can see the total number of vehicles is well above the levels seen during 2008 and 2009 and is back in line with the levels last seen during 2007.

SLIDE 4.3: Emperors Palace KPI's cont.

Estimated visits per day

Based on the vehicle count above, the estimated number of visits per day decreased to 13 710, as compared to 14 285 visits per day during 2010.

SLIDE 4.3: Emperors Palace KPI's cont.

Average spend per visit

Our level of tracked play has increased considerably from 2009 when the main slots floor was converted to coinless play. Our average gaming spend per visit has therefore become more accurately measurable

During 2011 we focused our marketing activities on our loyalty club membership, which now generates >80% of our total slots handle. The additional incentives given to our loyalty club guests boosted their average spend to R695 per visit, though their number of visits declined as a result of the roadworks. Average spend by non loyalty club members declined to R79 per visit. Going forward, we

have launched several initiatives to boost footfall and gaming spend on our main slots floor.

SLIDE 4.4: Emperors Palace Market share

The market share began to recover in the 4th quarter to 23.7%, mainly as a result of an increase in the tables win. On a full calendar year basis, our market share was 23,2% for 2011 overall as compared to 24,5% for 2010.

SLIDE 4.5: Emperors Palace hotel performance

Our hotel rooms revenue decreased at EP due mainly to the 2010 Soccer World Cup, which contributed R22 million in rooms revenues in 2010. Despite the tough economic climate and significant additional increased supply of hotel rooms in the East Rand, occupancies remained at 79% year on year, which was a significant achievement and is well ahead of any other competitors in the area.

SLIDE 4.6: Emperors Palace Capex history

During 2011, we spent R66 million on normal replacement capex, around 4% of revenues at EP.

SLIDE 4.7: ROG KPI's

As regards highlights for the rest of the group, revenue grew by 10,4% in aggregate for 2011 and EBITDA grew by 9,0%, well ahead of the growth generated by Emperors Palace. The rest of the group generated EBITDA of R421 million from revenues of R1 015 million in 2011, an EBITDA margin of around 42%, in line with the prior year, despite pressure from increased gaming taxes.

SLIDE 4.8: Group revenue and EBITDA

Botswana

Since we have already covered Emperors Palace, I will now move on to a short one page summary for each of our other operations.

As regards our Botswana operations, we had a good year in local currency terms, with revenues increasing by 7,9% and EBITDA increasing by 6,6% in Pula.

The revenue split in Botswana is different to many of our other properties, with hotel, food and beverage and other revenues contributing approximately 60% of total revenues and casino revenues contributing approximately 40%.

Despite a decline in the total casino market size, our GGR increased by 13% due to our Gaborone market share increasing to approximately 56%.

Hotel and resort revenue increased by 4,7%.

EBITDA increased by 6,6% in local currency terms, despite a 2% increase in the VAT rate, effective April 2010, and steep hikes in electricity costs by the Botswana Power Corporation.

SLIDE 4.8: Group revenue and EBITDA cont.

Rio

GGR increased by 3,3%, while hotel and resort revenues increased by 21,8% influenced by increased occupancies as the hotel continues to establish its presence in the region.

Despite an increase in gaming levies with effect 1 February 2011, cash costs were well controlled, and were limited to an increase of 3,4%.

SLIDE 4.8: Group revenue and EBITDA cont.

Graceland

Graceland continued on its upward momentum path, growing EBITDA at a compound rate of 12% over the past 4 years. The new and improved N17 toll road from Johannesburg to Secunda finally opened at the beginning of the year, which has improved accessibility to the property from Gauteng.

SLIDE 4.8: Group revenue and EBITDA cont.

Umfolozi

The new property was officially launched in January 2011 and has been well received, both by the local community and new visitors alike.

GGR grew by 15,5% for the year, and hotel occupancies closed at 53% in its first year of operation.

Overall EBITDA growth of 22,6% was commensurate with the expansion of the facilities at the resort.

SLIDE 4.8: Group revenue and EBITDA cont.

Mmabatho Palms

Mmabatho Palms had a much improved year, generating revenue growth of 17,4%. EBITDA grew by 35,4% despite an increase in the gaming levies with effect 1 February 2011. In the prior year the property settled a long outstanding rates and taxes dispute.

SLIDE 4.8: Group revenue and EBITDA cont.

Khoroni

Our Khoroni property in Limpopo continues to do well, with revenues increasing by 10,5%. We expanded the gaming floor by 10 slot machines during the year and believe there is scope to increase this further. Despite gaming levies increasing with effect 16 September 2011, the growth in cash costs was limited to 3,5%.

SLIDE 4.8: Group revenue and EBITDA cont.

Frontier

Our Frontier property in the Eastern Free State delivered a solid performance, with GGR increasing by 8,0% driven by an increase in slots revenues and hotel and resort revenues growth of 14,3%.

SLIDE 4.8: Group revenue and EBITDA cont.

Head Office and management companies

Finally, at the head office, management fee income increased by around 3% and EBITDA increased by 5%, with costs well under control.

SLIDE 4.9: Group maintenance capex and opex history

To give you a feel of the total amounts we have invested in our properties during the past few years, we have included this slide setting out both our replacement and expansion capital expenditures as well as the amounts spent annually through operating expenditure budgets to maintain our properties.

During the last 5 years we have invested R1 184 million in capex at our properties, comprising R716 million in replacement capex and R468 million in expansion capex. This amounts to an annual average of R143 million in replacement capex and R93 million in expansion capex.

Furthermore, we have spent an average of R42 million per annum out of operating expenditure budgets to maintain our properties.

SLIDE 4.10: Group key statistics

For reference purposes, we have included this slide setting out average daily slots and tables win at each casino property.

SLIDE 4.10: Group key statistics cont.

Followed by this slide setting out hotel rooms, rates, occupancy and RevPar. This shows that our RevPar has decreased by 13% in SA mainly due to the 2010 Soccer World Cup and has increased by 2% in Botswana in ZAR terms resulting in an overall decrease of 9,0%. We have fared well against the industry overall.

I now hand you over to Grant Robinson to talk in more depth about our 2011 financial performance.

SLIDE 5: Financial Results

Good Afternoon

SLIDE 5.1: Group consolidated income statement

After a particularly strong fourth quarter, we are pleased to report growth in revenues and EBITDA for 2011.

Our revenues grew by 1,8% to R2 669 million as compared to the unadjusted 2010 reported results. Excluding the effect of the 2010 Soccer World Cup, revenue growth amounted to 3,5%. Gaming revenues increased by 2,2% to R2 061,3 million.

Rooms revenues declined by 7,3% to R268 million. Approximately R26 million of the growth in rooms revenues in 2010 was attributable to the World Cup period. On a comparable basis, rooms revenues increased by 1,9%. Food and beverage revenues increased by 10,8% as compared to 2010.

Other income in the current year includes a R5,9 million net capital gain on the sale of land at Frontier. In the prior year, other income included the non-cash benefit of a R175,2 million gain arising from the fair valuing of the shareholding in the Graceland joint venture on concluding the PGSH empowerment transaction, as well as a non-cash gain of R4,8 million on release on the onerous contract provision created on the acquisition of Taung.

In 2011, operating costs include an impairment of goodwill at Mondazur amounting to R2,8 million. In 2010, operating costs included once-off non-cash BBBEE transaction charges amounting to R57,9 million in respect of disposals of portions of investments in certain of our subsidiaries to local empowered entities and R2,8 million accrual for arrears rates and taxes at Mmabatho Palms.

On an adjusted comparable basis operating costs decreased by 0,1% and cash costs increased by 0,2% as compared to 2010.

All of the capital items were adjusted out of our EBITDA figures.

Costs will be dealt with in more detail later in the presentation.

The taxation credit for 2011 arose mainly as a result of the taxation shield arising from the taxable losses after net finance costs at Peermont and some of its operations.

The net result is a loss for the year after finance charges of R575,9 million, largely due to the roll-up of interest on the deeply subordinated shareholder loans.

SLIDE 5.2: Group net finance expenses

Here we cover a breakdown of the interest, derivative instrument and foreign exchange movements for the year.

Finance income

Finance income decreased by R204,6 million from the prior year. The variance to the prior year was mainly due to the weakening of the Rand to the Euro from R8,83 at the end of 2010 to R10,43 at the end of 2011, which resulted in gains on the derivatives used to hedge the SSN liability of R580,4 million as compared to the gains of R778,7 million recorded on the translation of the actual SSN liability in 2010, when the Rand was strengthening. Interest received decreased as compared to 2010 due to reduced cash balances on hand.

Finance expenses

Finance expenses decreased by R13,1 million from the prior year. The weakening of the Rand resulted in a foreign exchange loss on the translation of the SSN liability of R710,7 million as compared to a loss of R1 268,3 million recorded on the derivatives used to hedge the SSN liability in 2010. This decrease was partially offset by the credits of R372,6 million and R62,2 million recorded in 2010 arising from the change in refinancing estimate where we changed the estimated refinance date of the SSNs and the PIK Notes from April 2011 to April 2014.

SLIDE 5.3: Group cash cost structure

Overall costs were extremely well contained with cash costs increasing by 0,2% for the year.

During 2011 we added additional cost captions to our income statement further analysing operating costs into three new line items, namely: property costs, consumables and services, and other operating costs.

Employee costs were up 6,8%. These were affected by an overall head count reduction of approximately 5% over the year, offset by above inflation wage increases of approximately 8% as well as increased bonus provisions, mainly at Emperors Palace, due to the improved results.

Promotions and marketing costs decreased by 11,5%. This was largely due to our cost savings programme implemented by management at Emperors Palace.

Property costs increased by 9,2% as compared to 2010, despite high tariff increases from electricity suppliers in both South Africa and Botswana.

We view the limiting of these increases to below 10% as a significant achievement. This was possible through a number of programmes implemented to introduce new technology and to change behaviours.

Other operational costs, after adjusting for non-cash costs, decreased by 14,5% from R155,9 million in 2010 to R133,2 million in 2011. The decrease was due to a programme implemented by Emperors Palace management to cut costs and was across almost all cost line items.

VAT and gaming levies are directly linked to gaming revenues and reflected an increase of 2,9% for the year, slightly higher than our increase in gaming revenues due to the increases in the rates of gaming levies as explained earlier in the presentation.

SLIDE 5.3: Group cash cost structure cont.

Here we give a graph showing a breakdown of the major cost categories, excluding depreciation and VAT and gaming levies.

SLIDE 5.4: Group statement of financial position

There was no significant change in the statement of financial position from that reported at the end of 2010.

The main assets comprise the property, plant and equipment and casino licences. The largest liabilities are the SSNs and the deeply subordinated PIK Notes and PIK Equity Loans.

The increase in the current assets is largely cash driven.

If one looks at the interest-bearing borrowings and the non-current liabilities on the slide, you will note little movement due to the gains of the hedges netting against the effects of the exchange rates increasing the value of the SSN's.

SLIDE 5.5: Cash flow working capital changes

Our cash flow working capital changes have generally been fairly neutral over the years, if not cash generative due to our net current liability position.

The main drivers in the increase in working capital in 2011 were the following:

- An increase in trade and other receivables which includes the deferred restructuring costs of R11,1 million incurred in 2011; and
- An increase in trade and other payables due to increase in staff bonus provisions, mainly at Emperors Palace.

The balance of the movement is due to normal business activity and the timing of cash flows.

SLIDE 5.6: Capitalisation

At year end, total gross recorded senior debt was R4 667,0 million and was equal to 4,6 times EBITDA of R1 015,7 million. This compares to 6,2 times at the date of issue of the notes.

This excludes the net drawn revolver position of R41,4 million. The credit statistics, net of cash and derivatives, are reflected on the next slide.

Total gross debt through the PIK Notes was R6 277,6 million and 6,2 times EBITDA.

At 31 December 2011 we had utilised approximately R59,5 million of our revolver facility for the issue of guarantees to gambling boards, suppliers and other institutions. After excluding the cash required for working capital purposes, cash held on behalf of third parties, and the utilisation for guarantees, this left us with a net R328,7 million of headroom in our RCF facility.

SLIDE 5.7: Credit statistics

A fairer picture of the true credit statistics of the group is set out here. We have taken the base debt from the previous slide and adjusted this by:

- The unamortised SSN costs and issue discount that have to be written up over the life of the SSN's;
- The derivative asset related to the hedging of the principal amount of the SSNs; and
- The net overdraft position.

This gives the user a true picture of the Senior Net Debt to EBITDA ratio at 4,7 times EBITDA compared to the 6,2 times at date of issue.

Cash pay interest to EBITDA has been calculated using the actual cash pay interest for 2011, including the capital prepaid. This gives us a coverage of 1,4 times.

If one excludes the prepayment of the principal included in our hedging payments, we estimate the cash pay interest cover to be 2,1 times.

Similarly, the ratio for the Total Net Debt through the PIK Notes Loan to EBITDA is 6,3 times.

SLIDE 5.8: Group statement of cash flows

This is a condensed version of the statement of cash flows. The full statement of cash flows is in the Annual Financial Statements.

Cash from operations was almost R1 billion. After finance and taxation cash flows, net cash from operating activities is above 2010 at R260,4 million, mainly due to increased cash generated from operations.

Our gross maintenance capex for the year, including expenditure on intangible assets, amounted to R139,8 million. The main components of this were the replacement of slot machines at R71,1 million and R7,4 million on the refurbishment of the third floor at the Walmont Hotel in Gaborone.

The normal net maintenance capex at 4,9% of total revenues is around the expected level.

Expansion capex of R2,2 million was spent on the expansion of the slots gaming floor at Khoroni.

Cash flows used in financing activities related to R14,3 million of normal redemption of debt by group companies, R12,8 million relating to dividends paid to non-controlling interests at PGB and PGSH, and R10,2 million relating to the redemption of preference shares at PGB.

Net RCF utilisation of decreased to R41,4 million from R129,3 million at the end of 2010.

SLIDE 5.9: Group free cash flow

The 2011 reported EBITDA of R1 015,7 million less the utilisation of cash in working capital and taxation paid, results in cash from operations of R970,4 million.

This, in conjunction with lower levels of total capex expenditure during the year resulted in free cash flow generated of R836,5 million.

SLIDE 5.10: Group cash conversion

The group EBITDA cash conversion, excluding expansion capital expenditure, remains high in 2011 at 85%.

SLIDE 5.11: Maintenance capex

We have set out the current expected maintenance capex for 2012 and the forecast for 2013. A portion of this is discretionary and can be managed as to the time and amount of the eventual spend. In the past we have been able to target replacement capex of approximately 5% of revenues, by spending around 4% of revenues at EP on replacement capex and more on the older properties within the group. As Emperors Palace ages, we think it is more appropriate to guide for replacement capex in the order of 6% of revenues for the group overall.

AT THIS POINT I WILL HAND YOU BACK TO ANTHONY TO DISCUSS OUR PLANNED KEY INITIATIVES AND STRATEGY

SLIDE 6.1: Strategy

To touch on the key elements of our strategy:

We are focused on increasing revenues at existing properties through a combination of optimising the mix of facilities and product at our existing properties, monitoring and improving our operating and guest service standards, optimising our marketing mix and guest loyalty benefits as well as improved casino management systems.

We have decided to implement the Bally casino management system across all our casino properties, primarily to provide better guest service and also to allow us to drive promotions and marketing activities more effectively. An added benefit is that we should be able to centralise our casino administration function over time.

We have been very successful during the past year in controlling our costs, and project 38 implemented at Emperors Palace as from April 2011, resulted in savings in virtually every single line item. We achieved our target of a 38% EBITDA margin for the group ahead of time.

Our energy savings programme is also proving to be very successful. During 2011, we replaced 21 187 halogen down lighters with LED lighting, accounting for a saving of 1 megawatt in demand and approximately 5 591 megawatt hours annually. We are continuing with further phases of this project with a target of showing a total reduction of 2 megawatt in demand and an annual consumption saving in excess of 12 500 megawatt hours. These projects include the replacement of some 56 000 globes in total.

We have also installed a total of 129 heat pumps in our South African properties and it is estimated this initiative will ultimately show a reduction of 1 megawatt in demand and a total annual consumption saving in excess of 4 500 megawatt hours, saving some 60% of water heating costs at our hotels.

In addition, we are testing an air-conditioning energy efficiency implementation at EP and have implemented a solar powered heating project at Graceland, which has reduced that property's gas consumption by 40%. We are also investigating the implementation of waste to energy projects to further reduce our dependence on local power providers.

Other cost saving initiatives include the relocation of our head office team to smaller, cheaper premises and leasing our head office building to high quality commercial tenants. We are targeting an annual EBITDA improvement of R4 million arising from this relocation, commencing from May 2012.

We also plan to selectively expand operations over time through a combination of further development or relocation of existing sites, new casino licence applications, hotel leases and management contract opportunities and selective acquisitions.

As far as online gaming and sports betting is concerned, we have recently announced a JV agreement with Playtech and plan to test the market with a sports betting offering by the end of the year.

Obviously we are not able to pursue acquisitions aggressively while the status quo remains with our capital structure.

SLIDE 6.2: Capital structure review

As regards our capital structure review, while there is a board sub-committee in place to address this, there is no hard trigger to force a restructure at this point in time and therefore this is a process which requires the participation and consent of various debt and equity holders throughout our complex financial structure.

This sub-committee has engaged with key stakeholders including the MIC, management and various debt holders, whom we believe collectively hold more than 50% of the linked PIK Equity Loan issued by PGH I, the PIK Notes issued by PGH II and the SSNs issued by Peermont.

The committee has formally re-engaged the services of RMB to advise it regarding its restructuring and refinancing efforts.

The sub-committee's stated objective is to de-gear and improve the group's balance sheet ahead of the maturity date of existing instruments. Taking into account the levels of debt that the business can sustain, current market conditions, the availability of new funding, potential growth projects and the group's requirements to maintain level 2 contributor status (under BBBEE Codes of Good Practice and Gambling Board requirements), the committee is of the view that the optimal capital structure for the group should consist of:

- A senior debt tranche of some R4 billion, Rand denominated and financed by South African financial institutions;
- The balance of the funding should be provided by common equity with a possible option of a mezzanine debt layer of up to R1,5 billion, to facilitate paid up BBBEE equity of 25.1%.

The goal of the Sub-committee is to have the restructuring and refinancing completed by the end of 2012.

This is a challenging timeline because the restructuring needs to address the complex financial structure of the group and meet the applicable BBEE requirements. Ultimately though, this is a matter to be decided upon between key shareholders and debt holders. The sub-committee's role is to engage these parties and facilitate discussions between them, to arrive at a consensual outcome. In the meantime, we continue to generate adequate cash flow to cover our debt servicing requirements.

SLIDE 7.1: Highlights

To recap overall highlights for 2011:

- group revenues and EBITDA increased by 3,5% and 7,6% respectively as adjusted for the effects of the 2010 Soccer World Cup. On an unadjusted basis, revenue increased by 1,8% to R2 669 million and EBITDA increased by 4,7% to R1 016 million, beating our EBITDA budget for the first time since 2007.
- We are particularly pleased with our fourth quarter results, which produced EBITDA growth of 13,6% at a record margin of 41,4%.
- For the year as a whole, EBITDA margins increased from 37% in 2010 to 38,1% in 2011, and remain at the top end of our industry.

I will now open the floor for questions, following which I will take questions from conference call participants.