

## PEERMONT ANNOUNCES RECAPITALISATION

### **Rand-denominated debt package and strengthening of balance sheet to significantly enhance sustainability and facilitate growth**

Johannesburg, 3 November 2013 - Peermont Global Group ("Peermont" or "the Group"), the hospitality and gaming group, today announced that it will raise c.R5.3 billion of new debt and that it has reached agreement with its stakeholders to recapitalise the Group. The new capital structure reduces the debt levels of the Group, which will significantly enhance its long-term sustainability and allow for greater flexibility to pursue further growth opportunities.

The recapitalisation of the Group's consolidated balance sheet will be supported by a R4.1 billion local six-year senior debt finance package, underwritten by Rand Merchant Bank, jointly arranged by ABSA Bank, Investec Bank and Standard Bank. The senior debt will be supplemented by a c.R1.2 billion six and a half year Rand-denominated mezzanine debt package provided by certain of the Group's existing creditors.

The new c.R5.3 billion debt package will be used to refinance existing local and foreign debt, including Peermont's Euro-denominated Senior Secured Notes (which will be redeemed at par) and associated currency hedges due in April 2014. The new debt package significantly lowers debt-funding costs and eliminates expensive currency hedging going forward.

Anthony Puttergill, CEO of Peermont, said: ***"The new debt package is structured to allow the steady deleveraging of Peermont's balance sheet as well as to provide significant flexibility for us to invest in growth projects which would not have been possible under the existing capital structure. Our ability to secure an attractive new locally-denominated debt package is an affirmation of South African and international financial institutions' appetite to support strongly cash generative and ambitious local companies."***

Overall debt levels will be reduced through the replacement by participating investors of deeply subordinated Payment-In-Kind loans amounting to approximately R3.7 billion, with ordinary shares amounting to c.72% of the Group's common equity.

Paul Nkuna, Chairman of Peermont, said: ***"This deal is positive for all parties involved including shareholders, debt holders and the company. Peermont's management team will now be able to turn their attention towards exploring growth prospects and unlocking value through projects such as the R325 million Burgersfort development, which is underway and entirely funded from ongoing cash generation. Unlocking our growth potential will support and enhance employment, skills development and continued transformation in the leisure sector."***

The Mineworkers Investment Company ("MIC") and Peermont extensively engaged the subordinated debt holders, the Peermont broad-based empowerment trusts ("Peermont Trusts"), management and other shareholders, to attain a sustainable capital structure for the Group. The Black Economic Empowerment ("BEE") shareholding in Peermont post restructuring will be approximately 26% with the MIC and Peermont Trusts remaining as shareholders and the MIC continuing to assume the role of lead BEE shareholder.

Mary Bomela, CEO of MIC, said: ***"The MIC's long term strategy is to invest in cash generative businesses that are leaders in their market and are backed by strong management teams. The MIC has been invested in Peermont since inception over 15 years ago and continues to believe in the fundamentals of the business. Although the shareholding of the MIC and Peermont Trusts will reduce to just over 25%, the equity restructuring and recapitalisation has enabled us to unlock and underpin value for our stake."***

On a rolling 12-month basis to 30 June 2013, the Group generated revenues of R2,987 million and EBITDA of R1,116 million at an industry-leading EBITDA margin of 37.3%. Operating cash flow for the 12 months to June 2013 was R1,101 million with free cash flow of R841 million available to service debt and to provide for expansion capital expenditure. Revenue for the 6 months ended 30 June 2013 grew by 9.6% to R1,485.5 million, while EBITDA for the same 6 month period grew by 11.3% to R549.4 million.

The refinancing and the restructuring are subject to conditions precedent customary for transactions of this nature, including finalisation of finance documents and any regulatory approvals required. Closing is expected to occur in March 2014, ahead of the maturity of Peermont's Euro-denominated Senior Secured Notes. Redemption of the Senior Secured Notes, notice of which is expected to be given at the time the conditions precedent are satisfied, will be made in accordance with the Indenture under which the Senior Secured Notes were issued.

ENDS

This communication does not constitute an offer for the sale of, or the solicitation of an offer to subscribe or purchase, any securities of any member of the Group in any jurisdiction, including the United States. The securities of the various members of the Group have not been and will not be registered under the Securities Act of 1933.

## **NOTES TO EDITORS**

Peermont operates an attractive portfolio of 14 casino and hotel properties. The properties include eight casino resorts with 12 integrated hotels, two stand-alone casinos and four stand-alone hotels in South Africa and Botswana.

As at 31 December 2012, Peermont operated a total of 3,251 slot machines, 148 gaming tables and 1,675 hotel rooms. Their flagship property is Emperors Palace, which is strategically located in the Johannesburg metropolitan area. Emperors Palace generated 63% of revenue and 59% of EBITDA for the 2012 financial year. In the ten years to December 2012, Peermont and its predecessors achieved compound annual revenue and EBITDA growth of c.17%.

The casino resorts offer guests a variety of distinct gaming areas containing a wide selection of slot machines and gaming tables, a selection of hotels ranging from three-star select-services to five-star luxury properties, various restaurants including popular recognised chains, as well as a variety of fine dining options, a number of differently themed bars, amusement arcades and child care centres. Many of Peermont's properties also offer convention and other facilities.

The majority of revenue is generated in the South African gaming market, where legislation has limited the total number of casino licences to 40.

### **Casino resorts**

- Emperors Palace Hotel Casino Convention Resort, Kempton Park, Gauteng Province, South Africa
- Graceland Hotel, Casino and Country Club, Secunda, Mpumalanga Province, South Africa
- Mmabatho Palms Hotel Casino Convention Resort, Mafikeng, North West Province, South Africa
- The Grand Palm Hotel Casino Convention Resort, Gaborone, Botswana
- Khoroni Hotel Casino Convention Resort, Thohoyandou, Limpopo Province, South Africa
- Frontier Inn and Casino, Bethlehem, Free State Province, South Africa
- Rio Hotel Casino Convention Resort, Klerksdorp, North West Province, South Africa
- Umfolozi Hotel Casino Convention Resort, Empangeni, KwaZulu-Natal Province, South Africa

### **Stand-alone casinos**

- Syringa Casino, Selebi-Phikwe, Botswana
- Sedibeng Casino, Francistown, Botswana

### **Stand-alone hotels**

- Mondior Hotel, Gaborone, Botswana
- Metcourt Lodge, Francistown, Botswana
- Mondazur, San Lameer, KwaZulu-Natal Province, South Africa
- Taung Hotel, Taung, North West Province, South Africa