

Good afternoon and welcome to the Peermont 2009 results presentation

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

Thank you for attending our presentation in person. 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.

Our annual report for the year ended 31 December 2009 was released to the Bank of New York for distribution yesterday through Euroclear and ClearStream, and was also published on our website by lunchtime yesterday.

Our presentation may contain certain forward-looking information, which of course should not be relied upon, especially in this continued uncertain economic climate.

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I will begin with a discussion of the macro-economic environment in the countries in which we operate, followed by an update of industry developments. I will then take you through our financial and operating highlights, followed by a review of the financial results by Grant. Finally, I will conclude with a brief discussion of the key initiatives for 2010 and beyond.

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South Africa slipped into recession later than most of the developed world, during the second quarter of 2009. Although South Africa began to emerge from the recession in the fourth quarter of 2009, it has certainly not felt like it for our sector of the economy and it has certainly not been a consumer led recovery.

Consumer spending contracted for five consecutive quarters, and only turned mildly positive in the 4th quarter of 2009, with persistent high levels of unemployment and household indebtedness remaining as significant constraints to growth in consumer spend. For 2009 as a whole, the economy shed some 800 000 jobs, severely undermining consumer confidence and even now, household debt levels remain persistently high at just under 80% of household disposable income. GDP contracted by 1,8% overall during 2009, while the last quarter of 2009 saw the economy grow by 3,2%. Botswana reported flat GDP growth for the year, with the previous effects of the global weakness in demand for diamonds slowly subsiding.

Inflationary pressures have eased in South Africa, with CPI having fallen to an annualised 5,7% by February 2009, assisted no doubt by a stronger rand. While administered price increases remain high, there is reduced uncertainty around electricity prices. According to the SARB, inflation is expected to remain within the targeted range this year and next. Interest rates were cut by 500bps between January to August 2009 and remained stable until last week, when they were cut by a further 50bps, again a sign that the SA recovery is expected to be mild and protracted. Botswana began easing rates in February 2009 and has largely followed a similar pattern of easing to the SA monetary authorities.

The budget deficit of around 4% of GDP for 2008/9 has increased to 7% of GDP for 2009/10 and is expected by the SARB to narrow to around 4,7% within the next three years.

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The forecast GDP growth for South Africa in 2010 is currently 2,6%, whilst inflation is expected to reduce to 5,4% for 2010. Final consumption expenditure by households is forecast to be 2,0% for 2010. Prior to last weeks 50bps cut in

interest rates, prime interest rates were expected to remain stable, with an average prime lending rate of 10,6% for 2010.

The current account deficit is forecast to improve from around 7,3% of GDP to 6,2% of GDP, and the ZAR exchange rate is also forecast to improve slightly from last year's closing levels.

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The South African economic recovery is now underway, with the 4th quarter of 2009 showing real growth of 3,2%. As mentioned earlier, the consumer economic recovery is much milder with growth of an annualised 1,4% in the fourth quarter. The manufacturing sector, in particular grew relatively strongly in the last two quarters of 2009. Based on an average of the forecasts by Standard Bank and RMB, we anticipate household expenditure growth of 1,3% for 2010 and 4,1% in 2011.

We have not to date seen any meaningful recovery in casino or hotel industry revenues. GGR for the Gauteng market declined by 1,7% for the fourth quarter of 2009 and by 2,0% for the first eight weeks of 2010.

While consumers are expected to be positively impacted by the lagging effect of lower interest rates and lower levels of inflation on the one hand, high levels of unemployment, household debt levels and strict bank lending criteria continue to constrain growth in consumer spend.

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While diamond production resumed at several mines last year, civil servants did not receive any cost of living increase in February 2009 or February 2010.

Despite this austerity, the ruling party was re-elected following the September elections last year.

In the 2010 budget, government announced an increase of 2% in the VAT rate as well as an effective increase in the company tax rate to reduce the budget deficit. Government also introduced an additional 30% levy on the price of liquor last year. These measures are expected to affect our Botswana business negatively in the short term.

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Turning to the South African casino market in 2008/9, 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 out of sync with 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 2009. The casino industry as a whole generated revenue growth of 2,6% to 31 March 2009. GGR in Gauteng declined by 3,6% in Q3, 1,7% in Q4 and 2,0% in the first two months of 2010.

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As far as recent developments are concerned, the National Gambling Act is under review by the responsible parliamentary committee and public hearings were held last year. This follows a previous review of proposed internet gambling regulation, which met with some resistance by committee members and whose comments appeared to favour a more restrictive approach to gambling.

A National Gambling Commission has now been established by the Department of Trade and Industry, inter alia to review all new forms of gambling, including internet gambling, electronic bingo terminals, dog racing etc.

A series of public hearings are currently being conducted, following which the commission is expected to present its preliminary findings and recommendations in the second half of this year.

The Silverstar casino, the last to open in Gauteng, experienced its first full year of trading to October 2009 with all facilities open and grew its Gauteng GGR market share from 8,5% in 2008 to 9,2% of in 2009.

There are 4 casino licences to be issued nationally, none of which are in major centres. The only province in SA where casino licences have a limited lifespan is the Eastern Cape, where we do not currently operate and so this is not a concern for us in SA.

As far as BBBEE requirements are concerned, each casino is required to achieve level 2 compliance by 2015 to the DTI's codes of good practice on BBBEE, which we believe is achievable. There are 8 levels, with level one being the highest and level 8 the lowest. For 2008, we achieved a level 4 verified rating which is very good in relation to many other companies in SA. We expect an improved score for 2009, once the audit is completed. As an industry, we had previously committed to achieve a level 4 rating for 2010.

The NW province would still like to issue a 5th licence since they lost their 5th licence to Gauteng in 2006 when the provincial borders changed and the Morula Sun became part of Gauteng.

Earlier this year, Gold Reef announced that it would acquire the assets and business of Tsogo Sun Gaming, an unlisted operator, to form the largest casino

and hospitality group in South Africa. This transaction is expected to close by December 2010.

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As regards the estimated transaction multiples from publicly available information at the time of the announcement, we have calculated an enterprise value of c. R26,5 billion for the combined business, representing an historic LTM EBITDAR multiple of approximately 8,3 to 8,4X.

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If the transaction is successfully implemented, our calculation of the LTM Revenue and EBITDAR at the date of the announcement amounts to R8,2 billion of revenue and between R3,1 to R3,2 billion of EBITDAR.

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Hotel revenue growth in South Africa was significantly weaker in 2009. As can be seen from the results of the STR survey covering the 2009 calendar year, REVPAR has decreased by 11% in South Africa amongst all hotels. While average daily room rates grew by around 5%, this was more than offset by a decline in occupancies from 70,5% in 2008 to 60,0% for calendar 2009. Occupancies were negatively affected due to the additional supply of hotels which became operational in 2009.

As regards the FIFA soccer world cup, preparations for the event nationally are on track. While national demand for airline tickets and rooms is lower than expected, hotels closer to the soccer stadiums will still benefit from increased occupancies and rates.

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Turning now to the main features of Peermont's financial performance for 2009, group revenues were flat at R2 533 million while operating cost growth was contained well below inflation. While EBITDA contracted by 6% for 2009, LTM EBITDA grew from R945 million reported at Q3 2009 to R964 million as at 31 December 2009. Although EBITDA margins softened from 40% in 2008 to 38% in 2009, these are still well within our long-term average range and remain at the top end of our industry. Over a five year period, our compound revenue and EBITDA growth has been c. 20% per annum.

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As to the composition of our revenues, gaming accounted for 79% of our revenues in 2009 as compared to 80% in 2008. Rooms, food and beverage revenues increased their share of total revenues from 18% in 2008 to 19% in 2009, mainly as a result of the additional rooms we commissioned during 2009. Following the refurbishment of the Grand Palm property in 2008, our Botswana operations had another good year and consequently increased their contribution from 9% in 2008 to 10% in 2009.

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As to our reliance on Emperors Palace, this has diminished slightly with EP contributing 65% of total revenue in 2009 as compared to 68% of total revenues in 2008 and 61% of EBITDA in 2009, compared to 65% in 2008. Our Head Office, Botswana and Khoroni 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 EBITDA.

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We had a very good 4th quarter overall, with EBITDA growth of 7% yoy from a revenue growth of 2%, representing an EBITDA margin of 40,8%.

During the fourth quarter, we benefited especially from:

- An improvement in our tables hold % at EP;
- The opening of our new facilities at the Entertainment Emporium at EP and significantly reduced disruption from the refurbishment programme;
- Growth in our GGR market share in Gauteng to 25,1%;
- The success of our newly opened value for money Peermont Metcourt hotel at EP, with occupancies peaking at 86,7% in the fourth quarter; and
- The new salon prive at Rio, which was launched during the third quarter of 2009.

Operating costs were very well controlled in the last quarter, despite continued pressures from excessive municipal rates and electricity cost increases.

As regards performance in 2010 thus far:

- Group revenues for the two months to 28 February decreased by 2,7% on a yoy basis, while revenues for March thus far have increased by 3%, making the ytd revenue revenue growth pretty much flat yoy. It should be borne in mind that the comparative first quarter of 2009 produced revenue growth of 6% and was the last quarter of growth prior to the SA recession in 2009;
- GGR at EP has been impacted in particular by lower hold %'s among our more volatile higher denomination slot machines in the first quarter, despite overall slots handle levels showing 2,3% growth.
- Our Mmabatho Palms property has suffered from poor road access and a discontinued regional flight service;

- Our Graceland property was negatively affected earlier this month by a violent armed robbery, during which a guest entering the property was tragically killed; and
- The balance of the group properties generated positive revenue growth.

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As to the overall highlights for 2009:

- Group revenues remained flat despite the worst economic recession experienced in SA in many years;
- Revenues from Botswana exceeded expectations, with our refurbished and improved product being particularly well received;
- We successfully concluded the upgrade and refurbishment of our entertainment Emporium at Emperors Palace, providing a much needed “vibe” to re-invigorate the complex and increasing footfall since completion;
- We have grown our Gauteng GGR market share in the 4th quarter of 2009;
- The new 248 key Peermont Metcourt hotel has “hit the spot” and performed exceptionally well in its first ten months of operation, with occupancies peaking at 86,7% in the 4th quarter of 2009;
- Cost control was very good, with cash costs increasing by 3,4% excluding the effect of certain costs such as the Richards Bay abortive costs and hotel pre-opening costs, despite strong inflationary pressures in particular from exceptional municipal rates and electricity increases;
- We have a very strong and well-positioned product offering, with most of the properties in our portfolio being recently refurbished and upgraded; and
- We have invested for future growth in the form of new facilities such as our Peermont Metcourt hotels.

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Turning now to our operations.

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In 2009, EP revenues decreased by 3% and EBITDA decreased by 11% for the year. The EBITDA margin decreased from 39% in 2008 to 36% in 2009. Overall, GGR decreased by 4% while hotel, food & beverage and other revenue increased by 3%. Rooms revenues increased by 15% compared to 2008, primarily due to the opening of the successful new Peermont Metcourt hotel in March 2009.

The refurbishment of our Entertainment Emporium was successfully completed on 1 December 2009 and had much less of a disruptive effect in the fourth quarter as compared to the second and third quarters.

Exceptional cost control at EP resulted in an operating cost increase of only 2,0% for 2009, despite a 372% increase in municipal rates and taxes and a 35% increase in electricity costs from 1 July 2009.

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Gaming revenues accounted for 83% of total 2009 revenues at EP, with rooms, food and beverage accounting for 15% of revenues. During 2009, we spent approximately R10,7 million on the completion of our 248 bedroom Peermont Metcourt hotel, R8,6 million on upgrading the Metcourt Suites and R79,6 million on the refurbishment and upgrade of our Entertainment Emporium, adding a much needed vibe and improved mix of attractions to the complex.

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Our slots win to handle % has remained stable at 5,1% as compared to 2008. The table game hold to drop % improved considerably as compared to 2008, due to a significant correction in the fourth quarter of 2009 as contrasted to our Baccarat loss in November 2008.

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As a result of the hold correction, tables revenues grew to R382 million, while slots revenues decreased to R994m as a result of lower slots handle.

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The average number of vehicles per day which visited the complex during 2009 remained virtually unchanged at 5 448 per day in 2009 from 5 456 per day in 2008, despite the closure of many facilities in the Entertainment Emporium while under refurbishment for most of the year. During December 2009, following the opening of all facilities at our Entertainment Emporium, the number of vehicles increased by 15,3% for the month yoy, almost entirely offsetting the reduction in year to date vehicle count in the one month alone. During 2010, the number of vehicles visiting the complex has increased by 9,6% yoy thus far.

Following the conversion of our main slots floor to coinless play during 2009, our level of tracked play increased considerably and thus our average gaming spend per visit has become more accurate.

Overall average gaming spend decreased by 3,9% from R362 per visit in 2008 to R348 for 2009, while the number of visits remained largely static at just under 4 million visits for the year. Total visits by our loyalty club members increased by 15% from 1,3 million visits in 2008 to 1,5 million visits in 2009 while untracked visits reduced by 7% from 2,7 million visits in 2008 to 2,5 million visits in 2009.

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As regards market share, our GGR market share increased from 23,6% in the third quarter of 2009 to 25,1% in the fourth quarter. On a year to date basis, our market share increased to 24,3% for 2009 overall as compared to 24% as at the end of the third quarter.

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Our hotel rooms revenue grew by 15,4% at EP due to the new 248 key Peermont Metcourt hotel which opened in March 2009. This hotel has been a phenomenal success, achieving occupancies of 78% in its first 10 months of operation, with occupancies in the fourth quarter of 86,7% being particularly pleasing. Rooms revenue for the other hotels on the complex declined by 8,6%, in line with softer industry trends.

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During 2009, we ran several major promotional campaigns and we also had a busy entertainment calendar featuring world-title boxing fights, darts, comedy, celebrity appearances and culturally tailored music and other performances.

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We have previously mentioned the successful opening of the new Entertainment Emporium as well as the coinless gaming conversion. As regards the gaming system, the issues we experienced earlier in the year have since stabilised.

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As regards highlights for the rest of the group, revenue grew by 5% in aggregate for 2009 and EBITDA grew by 3%, well ahead of the revenue and EBITDA growth generated by EP. EBITDA growth would have been higher had we not expensed abortive costs of R5,8 million arising from the decision not to relocate our Tusk Umfolozi unit to Richards Bay. The rest of the group generated EBITDA of R372 million from revenues of R889 million in 2009, an EBITDA margin of around 42%.

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This slide and the next are provided for information and set out the revenue and EBITDA performance of each individual unit. Amongst our properties, Botswana and Khoroni did particularly well. The Botswana operations produced a strong performance despite weaker economic conditions, mainly due to the full year effect of the upgrade of the Grand Palm casino and better rates achieved from the improved rooms refurbished at the Walmont hotel. Botswana EBITDA grew by 13% in local currency terms.

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This is a continuation of the previous slide for reference purposes. Khoroni, our product which was refurbished in 2007/8 stands out on this page with a vibrant local economy contributing to a revenue increase of 17% and an EBITDA increase of 30%.

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

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...Followed by this slide setting out hotel rooms, rates, occupancy and REVPAR. This shows that our ADR has reduced by 1% in SA due to the change in mix towards more 3 star Peermont Metcourt product. Excluding the effect of this mix change and the additional rooms capacity, we have fared well against the industry overall.

I now hand you over to Grant Robinson to talk in more depth about our 2009 financial performance.

SLIDE – FINANCIAL RESULTS

As was experienced by many operators in the casino and hotel industry in 2009, we too felt the impact of the global financial and local economic crises, which had a knock on effect and resulted in lower disposable income available to our customers.

SLIDE – GROUP KEY STATISTICS

Revenues decreased marginally from R2 540 million in 2008 to R2 533 million in 2009, a slight decrease of 0,3% for the year

EBITDA decreased from R1 023 million in 2008 to R964 million in 2009, a decrease of 5,8% and the EBITDA margin declined from 40,3% in 2008 to 38,0% in 2009.

Although the declining figures are disappointing in absolute terms, we are pleased with the overall performance considering the difficult economic climate we experienced in 2009.

At the time of the road show and during our subsequent results presentations we had indicated that where revenues did not increase by at least 8%, we expected to see a decline in the EBITDA margins. With relatively flat revenues and tight cost control, we were able to limit the annual decrease in margin to approximately 2%.

As Anthony has already indicated, largely through improved revenues, we were able to successfully improve the margin for the fourth quarter to 40,8%.

SLIDE – GROUP CONSOLIDATED INCOME STATEMENT

Anthony has already covered the main revenue drivers and the changes in each of these areas at the operations.

Rooms showed a particularly good performance increasing revenues by 9,7%, mainly through the addition of the additional 248 rooms at Emperors Palace and the additional 70 rooms at Rio.

Other revenues declined by 6,6% mainly due to the decrease in revenue from the Emporium property division at Emperors Palace. This arose mainly from the closure of Chariots Entertainment World as well as many other facilities undergoing refurbishment, upgrading and repositioning.

Other income includes R3,7 million of insurance claim recoveries and R2,0 million profit on sale of assets.

Overall costs increased by 4,8% despite some anomalies. Costs were relatively well contained and these will be dealt with in more detail later in the presentation.

The taxation credit for 2009 arose mainly as a result of the deferred taxation credits arising from the taxable losses at Peermont and some of its operations.

The net result is a loss for the year after finance charges of R214,2 million.

SLIDE – GROUP NET FINANCE EXPENSES

This slide gives a break down of the interest, derivative and foreign exchange movements for the year.

The strengthening of the rand to the Euro from approximately R13,21 at the end of 2008 at to R10,63 at the 2009 year end resulted in a gain on the restatement of the SSN liability for the year of R824,5 million.

The gain on waiver of debt, is the capital gain realised on the buy-back of the PIK Notes realised by the PIK Notes borrower and passed down to the company.

Conversely, the strengthening of the rand resulted in a foreign exchange loss on the hedges amounting to R896,7 million for the year.

The interest paid portion of the finance charges consists of R482,6 million paid on the SSN's, R202,1 million accrued on the PIK Notes Loan and R281,6 million accrued on the PIK Equity Loan. Other interest is on the asset based borrowings in the group.

The prior year figures were driven by large movements in the values of the SSN liability and the hedging derivatives when the rand weakened against the Euro.

SLIDE – COST STRUCTURE

Overall costs were well contained with employee costs up 7,6%, being driven by an average base wage increase of approximately 10,0%, offset by lower incentives for management and tight control over staffing levels. The head count control implemented in 2008 was maintained in 2009.

Promotions and marketing costs decreased by 1,7%. The decrease is directly attributable to a conscious effort to focus on direct marketing rather than above the line marketing. Factors such as utilising special offers for rooms or food and beverage, where the perceived value is greater than the incremental cost, assisted in this process.

Other operational costs increased by 12,3% from R452,3 million to R508,1 million. Included in other operational costs are costs of R5,8 million written off when we aborted the move of the Umfolozi Casino from Empangeni to Richards Bay, pre-opening costs for the two new Peermont Metcourt Hotels at Emperors Palace and Rio of R2,0 million, Broad Based Black Economic Empowerment transaction charges amounting to R8,1 million in respect of the disposal of a portion of the investments in subsidiaries to local empowerment partners, as well as the impairment of an amount due by Peermont Senior Management Trust of R9,5 million.

The BBBEE charges are non cash flow charges required in terms of IFRS for the perceived benefit of obtaining local BBBEE credentials to maintain the Khoroni and Tusk Umfolozi licences.

The Peermont Senior Management Trust was required to impair investments held in shares of the group holding company. This affects the group in that the Trust is consolidated because it is under the control of the company's Remuneration Committee.

VAT and Gaming levies are directly linked to revenues and reflected a decrease of 1,1% for the year.

After taking the above into account, total operating costs, excluding depreciation, increased by only 3,5% when compared to 2008.

SLIDE – COST STRUCTURE

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

SLIDE – STATEMENT OF FINANCIAL POSITION

There was no significant change in the statement of financial position from that reported at the September quarter or the prior year.

The main assets comprise the property, plant and equipment and casino licences. The largest liabilities are the SSN's and PIK Notes and PIK Equity loans.

The increase in the fixed assets relates primarily to the refurbishment of the Emporium at Emperors Palace, the completion of the new hotels and the acquisition of the previously leased head office building.

Net working capital levels have remained flat and the decrease in net debt is mainly due to the restatement of the SSN liability as a result of the strengthening of the rand and the resulting foreign exchange gain.

Total equity has decreased from R196,1 million to a deficit of R32,2 million due to the total comprehensive loss of R228,2 million for the year. This was largely driven by the reduction in EBITDA and accrued interest on the subordinated equity loans.

SLIDE – CAPITALISATION

At year end, total gross senior debt was R4 612,8 million and was equal to 4,8 times EBITDA of R963,5 million. This compares to 6,2 times at date of issue.

This is before the deduction of cash amounting to R362,4 million. The credit statistics, net of cash, are reflected on the next slide.

Total gross debt through the PIK Notes was R5 774,6 million and 6,0 times EBITDA.

At 31 December 2009 we had utilised approximately R56,7 million of our revolver facility for the issue of guarantees to gambling boards and other institutions. This left R343,3 million available for working capital and other needs, as these arise.

SLIDE – 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 it for:

- The unamortised SSN costs that have to be written up over the life of the SSN's are added to the liability;
- The derivative liability related to the FEC/CCS contracts is added to the SSN liability; and
- Cash is deducted

This gives the user a true picture of the Senior Net Debt to EBITDA ratio.

The ratio is currently at 5,0 times EBITDA compared to the 6,2 times at date of issue. This is slightly worse than 2008 where it was at 4,8 times.

Cash pay interest to EBITDA has been calculated using the actual cash pay interest for 2009. This gives us a coverage of 1,5 times.

In 2008 the EBITDA to cash pay interest coverage was 1,9 times. The decline in the ratio was expected due to the planned increased interest cash flows arising from the Cross Currency Swaps, which substantially reduces the refinancing risk and final cash flows.

Similarly, the ratio for the Total Net Debt through the PIK Notes is 6,2 times as compared to 7,3 times at date of issue.

SLIDE – 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 included as an annexure to the slide presentation booklets.

Net cash from operating activities is lower than 2008 at R271,7 million mainly due to the decrease in operating profit and an increase in net finance expenses of R111,8 million.

Our maintenance capex for the year, including intangible assets, amounted to R219,3 million. Abnormally higher levels of maintenance capex were due to the refurbishment and upgrade of the Emporium at Emperors Palace at R79,6 million, the refurbishment at Mmabatho Palms at R16,7 million and the refurbishment of the Metcourt Suites at Emperors Palace at a cost of R8,6 million.

If we exclude the specific abnormal capex mentioned above, normal maintenance capex is within the projected guideline of 4-5% of revenues.

Expansion capex of R65,6 million comprises mainly of:

- | | |
|---|---------------|
| • Acquisition of previously leased head office building | R38,9 million |
| • The Peermont Metcourt hotel at Emperors Palace | R10,7 million |
| • The Peermont Metcourt hotel at Rio | R5,7 million |
| • Salon Prive upgrade at Rio | R3,7 million |
| • The purchase of land in Francistown, Botswana | R3,4 million |
| • Initial expansion costs at Umfolozi | R1,2 million |

The most significant cash flows relating to financing activities were:

- Interest-bearing long-term borrowings of R43,5 million were raised for the purchase of the previously leased head office building;
- Borrowings of R63,6 million were repaid which comprised mainly of a term loan financing the Frontier Inn property as well as the repayment of a portion of the head office property loan;
- The repurchase of R22,8 million of PIK Notes at a cash cost of R11,3 million.

Cash balances reduced from R422,1 million in 2008 to R362,4 million at the end of 2009.

SLIDE – GROUP FREE CASH FLOW

The 2009 reported EBITDA of R963,5 million less taxation paid and the utilisation of cash in working capital, results in cash from operations of R917,8 million.

This, in conjunction with lower levels of expansion capex resulted in free cash flow levels very similar to 2008.

SLIDE – CASH CONVERSION

The group EBITDA cash conversion, excluding the discretionary expansion capex remains high in 2009 at 80%.

SLIDE – BOARD APPROVED CAPEX

We have set out the current board approved capex for 2010. The maintenance capex is that approved as part of our normal budget process in 2009. A portion of this is discretionary and can be managed as to the time and amount of the eventual spend. This remains around our guideline of 5% of revenues.

The only major expansion capex project for 2010 is the Umfolozi development. In order to comply with the commitments to the KZN Gambling Board to obtain our permanent licence we are constructing a 44 key Metcourt hotel, a new salon prive, 200 seat convention centre, multipurpose arena and an upgrade of some of the other existing facilities.

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

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As regards key initiatives for 2008 and 2009, we have focused considerable energy on our property refurbishment and upgrade programmes to ensure that our product remains competitive. Most of our resorts, barring our Umfolozi property in Empangeni, have been enhanced to the level that they are now on a very competitive footing. Wherever we have significantly enhanced our product, it has given us the opportunity to relaunch our product afresh within the Peermont brand architecture.

This slide highlights the timeline of the major refurbishments we completed during the latter part of 2008 and the whole of 2009.

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In January 2009, we completed the upgrade of our Grand Palm property, focusing on a total revamp of the casino, the addition of a salon prive and live poker area and the upgrade of certain hotel facilities.

The upgrade of the casino came at just the right time to counter the effects of the recession in Botswana and as a result we have seen a significant increase in casino tables play and market share in particular.

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We recently completed the much needed refurbishment and upgrade of our 33 year old Mmabatho Palms property, after a particularly disruptive refurbishment programme which affected all guest-facing front of house areas including hotel rooms, casino areas, reception lobby, restaurant, meeting rooms and other public areas.

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At EP, we completely overhauled our Entertainment Emporium which opened on 1 December last year. Our mix of new facilities was determined following research into what facilities existing and potential new customers would most like to see on our complex. This slide shows our new Greek restaurant, Platia.

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Our new Brazilian, Portuguese, Angolan and Mocambiquan restaurant, Braza has proved especially popular with our guests.

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Our new Indian restaurant, Taste of Mumbai has also fared well since opening.

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The News Café destination bar is the most upmarket property within the chain and has certainly added a buzz to the corner of the Emporium in which it is situated.

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The Colcaccio restaurant has proved popular with families.

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While our re-located and expanded SPUR family restaurant has doubled its turnover in its new home.

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We also launched a sports bar, which will host a series of sports TV broadcasts during the soccer world cup.

SLIDE

Our main attraction is the 6 new cinema theatres, offering the best quality in Africa in terms of digital projection, sound, acoustic treatment and luxury seating. During December, we launched the cinema complex with the premiere of the movie "Invictus", attended and introduced by the lead actor, Morgan Freeman.

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As far as new builds are concerned, this slide shows the construction timeline during 2008, 2009 and 2010.

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We opened our new 250 bedroom Peermont Metcourt hotel, the 4th on our EP complex in March 2009. We have positioned this hotel as "chic but affordable" and its launch was well timed, meeting the need for value for money accommodation in the midst of economic recession.

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At our Rio property in Klerksdorp we opened a new 70 key Metcourt hotel, convention centre and salon prive to meet our casino licence bid commitments. This slide shows the new hotel.

SLIDE

As far as future plans go, we have committed R115 million towards the upgrade and new facilities of our Umfolozi property in Empangeni, near Richards Bay. This is the last of our properties to hold a temporary casino licence and the completion of these new facilities will enable the issue of a permanent casino licence.

We had originally planned to relocate the casino and build the new facilities in Richards Bay at a total cost in excess of R250 million, some 15km away from this site but we experienced land claim issues on our proposed new site, which could have caused us great difficulty in extending our temporary casino licence and obtaining a permanent licence. We didn't wish to take the risk and so have therefore decided to proceed to develop the existing site.

As far as new facilities are concerned, we are building a 44 key Peermont Metcourt hotel, a 200 seater conference centre; a new Salon Privé, a 600 seater multi-purpose events and entertainment arena, a sports bar and an outdoor team building and adventure area. As part of the project we are also upgrading the existing restaurant, kitchen and casino interiors.

Construction of the permanent facilities began in November 2009, with some disruption to the property anticipated during the first half of 2010. The resort is scheduled to open in December 2010 at a revised estimated cost of R115,0 million.

This slide shows a bird's eye view of the development under construction.

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Here is the new casino porte cochere showing the arrival experience.

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While this shows the hotel courtyard and pool area.

SLIDE

Finally, we have glimpse of the new multipurpose events and entertainment arena, which is adjacent to the new conference facilities.

SLIDE

We are focused on increasing revenues at existing properties through property upgrades and high operating standards, better direct marketing and loyalty benefits and improved casino management systems, an area where more remains to be done.

We have done quite well on cost control, having inter alia, implemented headcount freezes at EP as far back as January 2008.

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.

SLIDE

Other strategic initiatives currently underway are:

- A review of our gaming management systems, benchmarking these to the best available worldwide. While we upgraded our existing casino management software at EP in 2008, this did not yield the desired results. The replacement of the system hardware and software at EP has been budgeted for in 2010 as part of our normal capex replacement cycle. While we have narrowed our options to two suppliers, we are still conducting extensive laboratory testing and gap analysis to see if the proposed new solutions will work for us. This may well mean that the replacement of the system is deferred to 2011;
- We have already discussed Umfolozi;
- As far as other new builds are concerned, we are expecting an RFP for the third Limpopo casino licence to be issued this year and we will consider responding, depending on the contents of the RFP. As regards the remaining casino licences to be developed in SA, we will assess these opportunities as and when they arise and taking into account our funding position at the time. In addition, we are at an early stage of investigating opportunities in other southern African countries such as Namibia, Zambia and Mocambique;
- There are three new hotel lease opportunities we are considering in Pretoria, Cape Town and Umhlanga, one of which has been approved by our board and is very close to signature. This is a new hotel to be developed jointly with Growthpoint properties and RMB as part of a mixed use office development in the rapidly growing Menlyn area of Pretoria, where there is currently a shortage of supply of hotel rooms. We envisage

a four star Peermont Mondior hotel of 211 keys, plus some conference and food and beverage facilities, which will be located immediately adjacent to the massive 118 000 square metre Menlyn shopping mall. The full development cost of the hotel will be funded by Growthpoint properties and RMB and we will be a tenant under an operating lease of the hotel. We expect the development to be complete in November 2011, when the hotel will become operational and lease payments will commence;

- As regards funding, our RCF of R400 million was extended to April 2013. In addition, management has been authorised by our board to consider extending our refinancing date, initially scheduled for April 2011, and to extend the hedging period beyond that date if required;
- Peermont still remains the preferred bidder for a 51% controlling shareholding in the Casinos of Mauritius and 100% of the shares in the management company responsible for Casinos of Mauritius. The Casinos of Mauritius comprise 5 casinos with a combined offering of 543 slot machines and 85 gaming tables. The transaction still requires the approval of the cabinet of the Mauritian government before it can be concluded and we do not expect any further progress until the conclusion of general elections anticipated later in the year. As regards funding of this acquisition, we expect to fund a significant portion of this acquisition through a bond issue by our ungeared Botswana subsidiary and local debt in Mauritius from a consortium of Mauritian banks.

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To recap overall highlights for 2009:

- Group revenues remained flat despite the worst economic recession experienced in SA in many years;
- Revenues from Botswana exceeded expectations, with our refurbished and improved product being particularly well received;
- We successfully concluded the upgrade and refurbishment of our entertainment Emporium at Emperors Palace, providing a much needed “vibe” to re-invigorate the complex and increasing footfall since completion;
- We have grown our Gauteng GGR market share in the 4th quarter of 2009;
- The new 248 key Peermont Metcourt hotel has “hit the spot” and performed exceptionally well in its first ten months of operation, with occupancies peaking at 86,7% in the 4th quarter of 2009;
- Cost control was very good, with cash costs increasing by 3,4% excluding the effect of certain costs such as the Richards Bay abortive costs and hotel pre-opening costs, despite strong inflationary pressures in particular from exceptional municipal rates and electricity increases;
- We have a very strong and well-positioned product offering, with most of the properties in our portfolio being recently refurbished and upgraded; and
- We have invested for future growth in the form of new facilities such as our Peermont Metcourt hotels.

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