

## DINOKANA RESTRUCTURING GIVES SHAREHOLDERS OPPORTUNITY TO REINVEST

Sun International announced today that it proposed restructuring its 2005 BEE transaction with Dinokana Investments, its BEE partner at the Sun International listed level. Dinokana's lock in period has now expired and Dinokana shareholders were given certain rights at inception which they can now exercise. Dinokana's only asset is Sun International shares and it has delivered to its BEE shareholders a net value of approximately R380 million before tax

The restructuring will give shareholders a number of options, including electing to enter into a new lock in period, which most have indicated they wish to do, or exiting into listed shares to increase their liquidity. The restructuring will be achieved at no cost to Sun International or its shareholders. It maintains Sun International's BEE shareholding and is an important step to ensure compliance with the new B-BBEE codes.

Dinokana originated from a commitment to the North West Gambling Board and it therefore has a number of North West broad based BEE groupings and the North West Community Development Trust (15% interest). Dinokana's shareholders also include the Sun International Employee Share Trust (SIEST) which comprises of all employees below senior management level (43% interest) and Sun International Black Executive Management Trust (SIBEMT) with 6%, which together have around 7 000 beneficiaries over 90% of whom are black. The SIEST's interests in the group are not only held through Dinokana but also directly in Sun International and at individual property level. It is estimated that the value of the SIEST's investments is in excess of R900 million.

In terms of the restructuring process, Sun International will sell the requisite number of its existing treasury shares in the open market (at prevailing market prices) and will reinvest the proceeds into Dinokana shares and preference shares. Based on current market prices, following subscription for the new Dinokana shares, Sun International will have an approximate 66% shareholding in Dinokana which will then use the proceeds from the subscription to redeem debt in Dinokana that was used to fund the original BEE transaction. Sun International currently provides a R60 million guarantee to underpin this existing debt in Dinokana and with the repayment this guarantee falls away.

Given that Dinokana will now become a subsidiary, the Sun International shares held by Dinokana will be classified as treasury shares, which maintains the current status quo in this regard.

Sun International CE Graeme Stephens said that both Sun International and Dinokana had been very encouraged by the value created in the initial investment by Dinokana. *"Our BEE partners have made a significant contribution to the group and we are delighted that the vast majority of shareholders have elected to lock in again and continue the journey for the next 3-5 years - in particular our staff who have aligned their interests with the company."*

Said Stephens: *"Dinokana shareholders will be able to participate in the growth strategy and performance of Sun International through a direct shareholding, which is key to effective black economic empowerment. Importantly, the proposed structure also facilitates an orderly exit of certain Dinokana shareholders should they wish, and provides them with liquidity."*

The restructure is subject to Sun International shareholder approval and other requirements.

## **NOTE TO EDITORS**

If For details of the proposed restructuring, please see the associated SENS announcement

## **DINOKANA**

In line with its commitment to transformation and to satisfy the requirements of the North West Gambling Board at that time, Sun International implemented the Original BEE Transaction in terms of which Dinokana was introduced as a direct Shareholder in Sun International.

The shareholders of Dinokana comprise Lereko Investments Proprietary Limited (Lereko), the North West Community Development Trust (NWCDT), Balapeng Investment Proprietary Limited (Balapeng), Phodiso Gaming Proprietary Limited (Phodiso), Tsutsuma Investments Proprietary Limited (Tsutsuma), Sun International Employee Share Trust (SIEST), Sun International Black Executive Management Trust (SIBEMT) and Sun International.

Dinokana currently holds approximately 6.5% of the issued shares of Sun International (excluding treasury shares). Since inception of the Original BEE Transaction, Dinokana has supported the management of Sun International in realising Sun International's growth objectives.

Under the Original BEE Transaction, Dinokana shareholders were conferred certain rights upon the expiry of the lock in period stipulated in the original shareholders agreement ("Existing Shareholders Agreement") that would allow for value to be realised in Dinokana.