Good morning and welcome to the Peermont 2012 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 integrated report for the year ended 31 December 2012 was released for distribution on Wednesday evening 24 April 2013, through the bond trustee, 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 usually begin with the macro-economic environment in South Africa and Botswana, followed by an update of industry developments and then go into the results.

However, since most of you will be more interested in developments regarding the capital structure, I'll jump to that point first - slide 6.2 – and then come back to the planned agenda per this index. So if you will turn to slide 6.2, I will kick off there.

SLIDE 1.1: Key macro indicators

The South African economy has continued its slow pace of economic recovery with growth rates of 2,8% for 2010, 3,5% for 2011 and 2,5% for 2012, with

headwinds from the labour unrest impacting the mining sector significantly in H2 2012. For 2012 the national average wage settlement amounted to approximately an 8% increase, which was significantly above the rate of inflation and has contributed to increased real income levels for the employed population. Growth in household consumption remained subdued at 2,7%, as unemployment, inflation and high debt levels continue to affect consumer confidence.

The levels of unemployment and household indebtedness remain as constraints to growth in consumer spend. In Q4 2012 the unemployment rate was at 24,9% and household debt as a percentage of disposable income has remained around the 76% mark.

Annual growth in GDP in Botswana slowed to 3.7% from a revised 6.1% in 2011, according to the statistics office.

SA CPI remained in the upper end of the target range of 3 - 6% during 2012. The level of inflation averaged 5,6% for 2012, nudging higher towards the 6% mark in 2013. The SARB cut its interest rate for banks by 50 basis points in July 2012, resulting in the prime interest rate decreasing to 8,5%. The prime interest rate in Botswana remained steady at 11,0%.

The National Treasury reported that the budget deficit of around 5,2% of GDP for 2012/13 is expected to narrow to around 3,6% within the next three years. The current account deficit was weaker than anticipated @ 6.1% of GDP, which lead to weakness in the ZAR relative to the currencies of its major trading partners, particularly in 2013.

SLIDE 1.1: Key macro indicators cont.

The forecast GDP growth for South Africa in 2013 is currently 2,5%, whilst inflation is expected to increase to 6,0% for 2013. Growth in final consumption

expenditure by households is forecast to be 2,6% for 2013. The prime interest rate is expected to remain stable, with an average prime lending rate of 8,3% for 2013.

SLIDE 1.1: Key macro indicators cont. - South Africa

The SA economy showed real growth of 2,1% during the 4th quarter of 2012 as growth in the manufacturing, finance, real estate sectors and business services and general government service sector offset the decline in the mining sector. Based on forecasts by Standard Bank, we anticipate continued growth in household expenditure in the region of 2,6% for 2013 and 3,8% in 2014.

There has been a continued mild recovery in casino and hotel industry revenues in South Africa. Growth in GGR for the Gauteng market was moderate and increased by approximately 4,8% for 2012 and 5,9% for Q1 2013. RevPAR for South African hotels increased by approximately 15,9% for 2012 off a low base in the previous year.

SLIDE 2: Gaming and hospitality market update

SLIDE 2.1: Size of South African casino market

Turning to the South African casino market in 2011/2012, the figures are aggregated by the National Gambling Board for the 12 months to 31 March each year and are therefore 9 months behind our reported results.

Gauteng remains the largest casino market in South Africa, accounting for 43% of South Africa's total casino revenues for the 12 months ended 31 March 2012. The casino industry as a whole generated revenue growth of 5,8% to 31 March 2012, an improvement on the 2,3% growth reported in the prior period.

SLIDE 2.2: New SA gaming developments

As far as recent developments are concerned, in the footnotes to the 2013 national budget speech, the SA Minister of Finance announced that the anticipated national gambling tax is expected to be implemented in the form of a 1% national levy on gaming revenues towards the end of 2013.

Gaming taxation increases – KZN, Western Cape.

Following increased levies in a number of other provinces, both the KZN and Western Cape provinces announced increases in their provincial gaming tax levies in 2012 and 2013. These increases are being challenged by the respective provincial chapters of the CASA.

Smoking legislation

The proposed amendments to these laws did not meet with the approval of the parliamentary portfolio committee in their current form. We have been informed that the proposed amendments are currently being redrafted for resubmission.

SLIDE 2.3: Hotel trends - SA

Hotel revenues in SA have improved markedly in 2012 and continue to recover. The moderate increase in average room rates for the year was boosted by a significant improvement in occupancies, resulting in steady growth for the industry overall, off a low base in 2011. Our overall room occupancies were 74,4%, significantly above the national average and above the 71,8% reported for the same period in 2011. This increase was not as high as the national increase, since our occupancies did not decline as much in the prior year as compared to the national average.

In Botswana, particularly in Gaborone, there has been a remarkable growth in the number of hotel rooms in the market, which has led to softer occupancies for all existing hotel operators. Continued further growth in the supply of rooms in Gaborone is anticipated in 2013.

SLIDE 3: Peermont financial highlights

SLIDE 3.1: 2012 highlights

Turning now to the main features of Peermont's financial performance for 2012, group revenues increased by 7,1% and EBITDA and EBITDAR increased by 4,4% and 4,8% respectively.

For the year as a whole, EBITDA and EBITDAR margins at 37,1% and 38,1% remained at the top end of our industry.

Peermont remains strongly cash generative and cash inflows from operating activities increased by 8,4%.

Revenue at Emperors Palace increased by 8,1% to R1 789,0 million as compared to R1 654,2 million in the prior year. This represents real growth in revenues for the first time in five years, generated by increased levels of footfall and occupancy throughout the complex, with real growth in both gaming and non-gaming revenues.

Following a long period of strong growth from our Botswana operations, revenues from Botswana declined by 2,2% in Pula terms. This was largely due to increased rooms capacity in Gaborone and reduced levels of tables play in that market.

Revenue growth from the balance of our South African operations was largely in line with expectations, and amounted to 6,9%.

Following a concerted focus on revenues, footfall at Emperors Palace increased by approximately 6% in 2012, to the highest ever recorded levels for the property, even higher than during the SWC in 2010.

SLIDE 3.2: Revenue and EBITDA

Growth during the 2010 to 2012 period has been relatively subdued, with compound revenue and EBITDA growth of 4,4% and 4,5% per annum, respectively. As you may recall, 2010 received a boost from the SWC and there was significant over-capacity in the hotel market following that event, making a recovery in revenues more challenging.

SLIDE 3.3: Revenue sources

As to the composition of our revenues, gaming accounted for 77% of our total revenues in 2011 and 2012. Rooms, food and beverage revenues retained their collective share of 21% of total revenues as in 2011. The revenue contribution of our Botswana operations remained at 10% in Rand terms during 2012.

SLIDE 3.4: Unit contributions

The Emperors Palace contribution has remained at 62% of total revenue and 59% of EBITDA in 2012. As mentioned earlier, Emperors Palace experienced real revenue growth in 2012, for the first time in five years. Despite the pressures on Botswana revenues, the contribution of Emperors to the group remained stable overall. Graceland, Rio and Umfolozi managed to grow their EBITDA contributions by approximately 1% each in 2012. The Botswana EBITDA contribution declined from approximately 9% for 2011 to 7% for 2012.

Our medium to long term objective is to increase revenue from other units to more than 50% of our total EBITDA. The rest of the group operations, with reported revenues of R1 068 million and EBITDA of R438 million is still a reasonably sizeable hospitality business by SA standards.

SLIDE 3.5: Fourth quarter highlights

In our last results call we indicated that Q4 2012 was coming off of a high EBITDA base in Q4 2011 and we cautioned that it would be difficult to sustain the rate of EBITDA growth experienced for the first 9 months of the 2012 into the 4th quarter, unless the rate of revenue growth ended up exceeding levels of around 7% for the quarter. During the call, we indicated that we anticipated a quarterly increase in marketing, HR and utility costs, particularly at EP, at a rate in excess of revenue growth for the quarter, which did in fact materialise.

As you can see from the numbers, in spite of a difficult quarter for our Botswana operations, overall group revenues grew by 5,5% with growth of 6,2% in gaming revenues and 3,2% growth in hotel and resort revenues.

The increase in costs, especially promotions and marketing, staff costs and property rental expenses resulted in adjusted overall cash costs increasing by 12,3% for the quarter.

As a result EBITDAR and EBITDA declined by 2,5% and 4,0% respectively and the overall EBITDA margin for the group decreased to 38% for the quarter.

SLIDE 3.5: Fourth quarter highlights cont.

Revenue at Emperors Palace continued to recover and increased by 7,2%. Gaming revenues were healthy and grew by 7,9% for the quarter, taking our share of the Gauteng market from approximately 23,7% in Q4 2011 to approximately 24,1% in Q4 2012. EBITDA at EP increased by 0,4% due to an 11,7% increase in cash costs for the quarter. The increase in costs can be attributed to a combination of increased marketing costs resulting from various promotions aimed at increasing footfall, as well as increases in salaries and wages and other variable costs linked to the significant growth in footfall, which enabled us to generate increased revenues.

Botswana revenues declined by 1,1% and EBITDA declined by 31,1%. The slight revenue decline can be attributed mainly to the increased total supply of hotel rooms as well as reduced levels of tables gaming play in the Gaborone market impacting negatively on revenue for the quarter. Cash costs were well controlled but were adversely affected by a provision for performance rental payable in respect of the Gaborone International Convention Centre totaling P4,6 million (R5,1 million), resulting in an overall cost increase of 12,8% as compared to Q4 2011.

SLIDE 3.5: Fourth quarter highlights cont.

Head office revenue increased by 5,9% and EBITDA declined by 21,6%. The decline in EBITDA can largely be attributed to an accrual by the group of R10,7 million in Q4 2012 for additional remuneration payable to the top 19 group executives resulting from a review by the remuneration committee to ensure that the total 2012 remuneration of executives is market related.

Excluding our head office, the balance of our South African operations generated, revenue growth of 3,6% and EBITDA growth of 5,1% for the quarter.

SLIDE 4: Operational performance

Turning now to the full year performance for our operations.

SLIDE 4.1: Emperors Palace 2010 to 2012 performance

Looking back over the past three years, to give context to the current results, revenue growth for Emperors Palace has averaged 2,5% and the property achieved EBITDA growth of about 3,3% per annum during the period from 2010 to 2012. We have only seen a real recovery in revenues during 2012, following a challenging 2011.

As you may recall, revenue decreased slightly in 2011 as compared to 2010 due to the effect of the Soccer World Cup in 2010, as well as extensive road works in the vicinity impacting negatively on footfall to the complex. In spite of this,

Emperors Palace grew EBITDA in 2011 following the implementation of Project 38, a broad-based cost-saving programme, from April 2011.

Emperors Palace revenue increased by 8,1% in 2012 as a result of significantly increased levels of footfall and occupancies throughout the complex and exceeded the enhanced levels of 2010. EBITDA, although adversely affected by increases in costs largely driven by higher activity levels off an already low cost base, grew by 4,7% in 2012.

SLIDE 4.2: Emperors Palace highlights

As previously stated, the revenue growth of 8,1% at Emperors Palace represents real growth in revenues for the first time in five years, generated by increased levels of footfall and occupancy throughout the complex, with real growth in both gaming and non-gaming revenues.

Emperors' GGR increased by 7,8% as a 4,4% growth in slots revenue was boosted by a 17,3% increase in tables revenue.

Hotel and resort revenues for the year increased by 9,8% as compared to the prior year. The overall complex rooms occupancies for the year at 86% were significantly higher than the 79% achieved in 2011 and the number of vehicle visits to the complex has increased by 6%.

Our overall market share for the year increased slightly to 23,4% as compared to 23,2% in the prior year. Market share growth was more pronounced in H2 2012, growing to 23.6% for the second half and exceeding our target of 24% in Q4 2012.

SLIDE 4.2: Emperors Palace highlights cont.

Cash costs increased by 10,3% to R1 167,8 million for the year. Staff and consumables costs increased by 9,4% and 11,7% respectively in line with the

increased demands resulting from the growth in business levels. VAT and gaming levies increased by 8,4% due to the increase in GGR. Despite higher footfall and occupancy levels, electricity usage was lower, containing the overall increase in utility and property costs to 7,5%. Promotions and marketing costs increased by R20,7 million or 16,8% as compared to the prior year, resulting from the increased level of gaming promotions run in the current year and other marketing initiatives, specifically targeted at increasing footfall to the complex. We believe that the effectiveness of these campaigns contributed significantly to the 6% increase in vehicle visits to Emperors Palace in 2012 as compared to the 2011 year.

SLIDE 4.3: Emperors Palace footfall drivers

Revenues at Emperors Palace are beginning to benefit from higher activity levels driven by increased footfall to the complex, even though this has some impact on margin in the short term. To increase footfall we targeted lapsed and new customers through various gaming and marketing initiatives, which were particularly successful. The improvement in road networks in the immediate vicinity also contributed to the increased footfall and this was boosted by continuous promotions and events as well as increased levels of international business enjoyed by our hotels.

SLIDE 4.4: Emperors Palace revenue breakdown

The revenue mix at EP has remained relatively unchanged from 2011. Gaming revenues accounted for 83% of total 2012 revenues at EP. The rooms and food and beverage contribution was at 15%.

SLIDE 4.5: Emperors Palace KPI's

Slots and tables win

EP showed an overall increase in gaming revenues of 7,8% in 2012 with growth in slots revenue of approximately 4,4% being boosted further by growth in tables revenue of around 17,3%.

SLIDE 4.5: Emperors Palace KPI's cont.

Our slots win to handle % for 2012 has decreased slightly from 4,8% to 4,6% when compared to 2012, however the increase in the total slots handle has resulted in the 4,4% net growth on slots revenue. The lower slots hold% resulted from a shift in the mix of slots revenues towards a higher contribution from the salon privé, which offers better payouts to our customers. This resulted from a focus on nurturing relationships with our top end players through exclusive promotions and enhancement of our loyalty programme. The table game hold to drop % bounced back from 21,8% in 2011 to 23,6% in 2012, which is closer to our longer term average of around 24%. In addition our tables drop (i.e. the value of cash dropped in exchange for tables chips bought) increased to a new record of R1 777 million for the year. The recovery in tables revenues has been very encouraging and continues into 2013.

Slots handle (i.e. the value of bets placed on slot machines) also reached a record level of just under R23 billion for the year, but we have not yet seen the main slots floor revenues bounce back as convincingly as tables or the salon privé as yet.

SLIDE 4.5: Emperors Palace KPI's cont.

Annual number of vehicles

The average number of vehicles which visited the EP complex during 2012 increased by a very healthy 6% to over 2,2 million vehicles from 2,1 million vehicles in 2011. In addition to our marketing activities, the effect of the road works in 2011 and the resulting improvement to the road network in 2012 have contributed to this growth.

SLIDE 4.5: Emperors Palace KPI's cont.

Estimated visits per day

Based on the vehicle count above, the estimated number of visits per day increased to an estimated 14 630, as compared to 13 806 visits per day during 2011.

SLIDE 4.5: Emperors Palace KPI's cont.

Average spend per visit

During 2012 we continued focusing our marketing activities on our loyalty club membership, which generates just below 80% of our total slots handle. The additional incentives given to our loyalty club guests boosted their average spend to R746 per visit. Although the total number of tracked visits remained relatively stable, the increase in spend per visit has resulted in total tracked gaming revenue increasing by 6,5% for the year.

The average spend by non loyalty club members remained relatively static at R80 per visit. However, the increase in number of visits by these guests (generally new players) has resulted in an 11,5% increase in gaming revenue from this group of guests.

SLIDE 4.6: Emperors Palace market share

While our overall market share for the year increased slightly to 23,4% as compared to 23,2% in the prior year, our market share increased noticeably from 23,2% for the first half of the year to 23,6% for the second half and we reached our target level of 24% in Q4 2012. We calculate market share based on actual gaming levies paid by casinos in Gauteng on weekly gaming revenues.

SLIDE 4.7: Emperors Palace hotel performance

Our hotel rooms revenue increased at EP due mainly to the increase in occupancies from 79% in 2010 and 2011 to 86% in 2012. This was driven by aggressive selling of our rooms stock to lower-yielding international business to

widen our customer base. During 2013, we are focusing more on yield, now that we have an expanded customer base.

SLIDE 4.8: ROG KPI's

As regards highlights for the rest of the group, revenue grew by 5,3% in aggregate for 2012 and EBITDA grew by 3,9%. The performance of the rest of the group was diluted by our Botswana operations, which experienced increased market pressures in 2012. The rest of our South African operations grew revenue by 6,9% and EBITDA by 8,7% for the year.

SLIDE 4.9: Segment 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, revenue in Pula terms decreased by 2,2%. and increased slightly in Rand terms due to the weakening of the Rand:Pula exchange rate. Gaming revenues decreased by 6,7% in Pula terms, mainly attributable to declining privé tables activity experienced in the Gaborone market, driven by lower levels of activity from Chinese customers as various construction projects delivered by Chinese companies came to an end.

Despite lower occupancies due to a significant increase in the supply of hotel rooms in Gaborone by new market entrants, hotel and resort revenue grew by 0,9%, mainly attributable to growth in food and beverage revenue, particularly from business generated at the GICC.

Cash costs were well controlled and increased by 4,7%, but were adversely affected by a provision for performance rental payable in respect of the GICC totalling P4,6 million (R5,1 million).

As a result of the pressure on revenue and the increase in cash costs, EBITDA declined in Pula terms by 16,0% and the EBITDA margin decreased to 28,4%.

The revenue split in Botswana is different to many of our other properties, with hotel, food and beverage and other revenues contributing approximately 61% of total revenues and casino revenues contributing approximately 39%.

SLIDE 4.9: Segment revenue and EBITDA - Rio

GGR increased by 5,1%, while hotel and resort revenues increased by 13,8% influenced by increased occupancies and average room rates.

Cash costs were well controlled, and were limited to an increase of 4,5%.

EBITDA grew by 10.3%.

SLIDE 4.9: Segment revenue and EBITDA - Graceland

GGR increased by 6,2% and hotel and resort revenues increased by 8,1% as compared to the prior period, mainly driven by increased average room rates.

The increase in cash costs of 3,4% was well below inflation. A key contributor to the costs savings was the decrease in property costs which is mainly attributable to energy savings achieved through the conversion of boilers from gas powered to solar powered.

SLIDE 4.9: Segment revenue and EBITDA - Umfolozi

GGR increased by 6,6% and hotel and resort revenues increased by 8,1% as hotel occupancies increased to 66%.

The increase in cash costs was contained at 5,4%, resulting in a 10,5% growth in EBITDA for the year.

SLIDE 4.9: Segment revenue and EBITDA - Mmabatho Palms

GGR remained steady at R70,2 million as the growth in tables activity was offset by a decline in slots revenues. Hotel and resort revenues increased by 3,1% in the current year.

Cash costs increased by 0,2% with inflationary increases being offset by costs savings, primarily on marketing and entertainment expenses.

EBITDA increased by 4,1%. In spite of the moderate revenue performance, the resort's cost savings resulted in the EBITDA margin increasing from 20,5% to 21,2%.

SLIDE 4.9: Segment revenue and EBITDA - Khoroni

Our Khoroni property in Limpopo continues to do well, with revenues increasing by 7,7%. Cash costs increased by 8,9% and were adversely affected by a significantly increased rate of gaming levies in the Limpopo province, effective for the full year.

EBITDA increased by 5,7%.

SLIDE 4.9: Segment revenue and EBITDA - Frontier

Our Frontier property in the Eastern Free State delivered a fantastic performance, with GGR increasing by 14,1% driven by an increase in slots revenues and hotel and resort revenues growth of 15,3%. This higher base will be challenging to maintain.

SLIDE 4.9: Segment revenue and EBITDA - Head Office and management companies

Finally, at our head office, management fee income increased by around 7%. Current year revenue also includes R2,8 million relating to rental income

received on the previous head office building for eight months, accounting for the remainder of the 8,5% revenue growth.

Head office cash costs include an accrual of R10,7 million in the fourth quarter for additional remuneration payable to the top 19 group senior executives for the 2012 year, resulting from a review by the remuneration committee to ensure that the total remuneration of executives is market related. This impacted the growth in EBITDA for HO, which was limited to 2,3% as a result.

SLIDE 4.10: Group replacement capex and maintenance 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 6 years we have invested R1 328 million in capex at our properties, comprising R847 million in replacement capex and R481 million in expansion capex. This amounts to an annual average of R141 million in replacement capex and R80 million in expansion capex.

Furthermore, we have spent an average of R43 million per annum out of operating expenditure budgets to maintain our properties.

I now hand you over to Grant Robinson to talk in more depth about our 2012 financial performance.

Good morning

SLIDE 5: Financial Results

SLIDE 5.1: Group consolidated income statement

2012 was characterised by a focus on revenue generation throughout the group, following the tight focus on cost containment during 2011, particularly at

Emperors Palace, our flagship property.

Group revenue increased by 7,1% overall from R2 669 million to R2 857 million.

Our efforts to increase revenues have met with some success, particularly at

Emperors Palace which generated revenue growth of 8,1% during 2012 as a

result of the reasons mentioned by Anthony earlier.

Revenue growth from the balance of the group's operations was 5,3%, impacted

by the decline in Botswana's revenues by 2,2% in Pula terms or an increase of

0,7% in Rand terms. Revenue growth from the balance of our South African

operations was largely in line with expectations, and amounted to 6,9%.

As a result of the 8,8% growth in cash costs, relative to revenue growth of 7,1%

overall, group EBITDAR for 2012 increased by 4,8% to R1 088 million and group

EBITDA increased by 4,4% to R1 060 million.

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

In 2012, other income included a R0,9 million gain relating to the sale of the right

to acquire an investment in the Mmabatho staff complex. The 2011 results

included a net gain of R5,9 million on the disposal of right of use of servitude land

at Frontier and an impairment of goodwill at Mondazur amounting to R2,8 million.

These capital items were adjusted out of our cash costs and EBITDA figures.

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The taxation and deferred taxation credit results mainly from the taxation shield arising from the taxable losses after net finance costs at Peermont and some of its operations. In the current year this was partially offset by the deferred taxation effect of the increase in the capital gains taxation rate for companies in South Africa from an effective 14,0% to 18,7% as announced by the Minister of Finance during February 2012.

The net result is a loss for the year after finance charges of R691 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 decreased by R197 million from the prior year. The variance to the prior year was mainly due to a lower foreign exchange gain of R382 million on the SRSs to hedge the SSN liability and related coupon payments as compared to the gain of R580 million in the prior year.

Finance expenses decreased by R248 million from the prior year. This decrease is mainly as a result of the lower foreign exchange loss on the restatement of the SSN liability at R275 million for 2012 as compared to R711 million 2011. This decrease was partially offset by increased interest payable on the SSNs and the deeply subordinated shareholder loans.

SLIDE 5.3: Group cash cost structure

Since revenue growth in 2012 was largely driven by increased levels of footfall and occupancy, additional payroll costs and volume-driven consumable and service costs were incurred to service the increased levels of business activity.

Property and equipment rentals increased by 21,4% to R27,8 million as a result of the accrual of P4,6 million (R5,1 million) in performance rental payable by PGB in respect of the lease of the Gaborone International Convention Centre and the head office rental.

During 2012, the increased levels of customer activity required an additional investment in promotions and marketing costs to sustain forward momentum, particularly during the second half of the year.

Despite higher regulated energy tariffs, we managed to contain the increase in overall property and utility costs to 5,6%, due to lower electricity usage as a result of our energy savings programmes.

Other operational costs were well contained and reflected an increase of 4,8%.

Gaming levies and VAT grew by 7,6%, in excess of the 6,7% growth in gaming revenues as a result of higher gaming levy rates imposed by various provincial governments.

While the overall operating cost growth of 8,2% was somewhat disappointing, it should be borne in mind that this cost growth was largely driven by higher activity levels off an already low cost base.

SLIDE 5.3: Group cash cost structure cont.

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

SLIDE 5.4: Group statement of financial position

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.

Current assets increased in 2012 due to the classification of the previous head office building at 152 Bryanston Drive as held-for-sale to reflect the pending disposal of the property in the short term. The increase in trade and other receivables will be discussed on the next slide and the remainder of the increase in the current assets is largely cash driven.

If one looks at the interest-bearing borrowings and the non-current assets on the slide, you will note an increase on both the assets as the derivative instruments hedging the capital portion of the SSNs has moved into an asset category.

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 2012 were the following:

- An increase in trade and other receivables which includes R10,3 million receivable raised with regards to the sale of our right to acquire an investment in the Mmabatho staff complex; R11,0 million prepayment in respect of certain Bally equipment; and, R16,3 million in deferred restructure costs incurred at head office; and,
- An increase in trade and other payables including the earlier mentioned executive management remuneration accrual of R10,7 million; and, a provision for the performance rental payable in respect of the GICC of R5,1 million.

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 R5 012 million and was equal to 4,7 times EBITDA of R1 060 million. This compares to 6,2 times at the date of issue of the notes.

The credit statistics, net of cash and derivatives, are reflected on the next slide.

Total gross debt through the PIK Notes was R6 956 million at 6,6 times EBITDA.

At 31 December 2012 we had utilised approximately R60 million of our revolver facility for the issue of guarantees to gambling boards, suppliers and other institutions and we were in a net positive cash position of approximately R54 million. 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 R485 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 cash or overdraft position.

This gives the user a true picture of the Senior Net Debt to EBITDA ratio at 4,6 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 2012, 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 2,2 times.

Similarly, the ratio for the Total Net Debt through the PIK Notes Loan to EBITDA is 6,4 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 can be found in the Financial Statements.

Cash from operations exceeded R1 billion in 2012. After finance and taxation cash flows, net cash from operating activities is above 2011 at R296,1 million, mainly due to increased cash generated from operations.

Our gross replacement capex for the year, including expenditure on intangible assets, amounted to R167 million. The main components of this were the replacement of slot machines at R64 million; acquisition of equipment in preparation for the new gaming system at R27 million; and, P14 million (R15 million) relating to refurbishment at two of our Botswana properties

The normal net maintenance capex at 5,8% of total revenues is around the expected level.

Expansion capex of R11 million was spent on the addition of a new Chinese restaurant and spa under construction at the Grand Palm resort in Gaborone.

Cash flows used in financing activities include R9 million of normal redemption of debt by group companies and R12 million relating to the redemption of preference shares at PGB.

The net cash position at R54 million is an improvement on the net RCF utilisation of R41 million at the end of 2011.

SLIDE 5.9: Group free cash flow

The 2012 reported EBITDA of R1 060 million after taking into account the net cash inflow from working capital and taxation paid, results in cash from operations of R1 052 million.

This, in conjunction with total replacement capex expenditure during the year resulted in free cash flow of R885 million. After expansion capital expenditure, cash flow available to service debt was R874 million.

SLIDE 5.10: Group cash conversion

The group EBITDA cash conversion, excluding expansion capital expenditure, remains high in 2012 at 83%.

SLIDE 5.11: Estimated capex

We have set out the current expected maintenance capex for 2013 and the forecast for 2014. As mentioned last year, we think it is more appropriate to guide for replacement capex in the order of 6% of revenues going forward for the group overall.

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

SLIDE 6: Key Initiatives and Strategy

SLIDE 6.1: Strategy

In the short term we are focusing on the refinance/restructure our long-term liabilities due in 2014 and 2015 on a sustainable basis, as covered in our update of our capital restructuring discussions.

As part of our operational strategy we will continue increasing existing guest spend and attracting new guests by refining and increasing our product offerings and continuing to introduce the latest gaming products and systems. The roll out of the Bally gaming system throughout the group's casinos is currently underway and the system was successfully installed at our Botswana properties in September 2012, our Graceland property in January 2013 and Emperors Palace in March 2013. Our other properties are scheduled to follow later during the year. We are also continuing the successful development and widening of our top end player base, inter alia through the launch of our new black card to reward these loyal players and ongoing exclusive promotions designed for this group of guests. We are also hosting new events, such as the WPT which attracts new players from the wider region.

Our medium term strategy revolves around creating equity growth through maintaining margins, steady de-gearing and selectively expanding our operations. Over the last six years, we have consistently generated group EBITDA margins exceeding 36,0%, despite increases in gaming taxes, utility and municipal costs. For the year ended 31 December 2012, we generated a group EBITDA margin of 37,1%. We have been able to generate these strong margins by carefully managing our personnel costs, and aligning discretionary expenditures, such as those related to complimentary food and beverage offered to guests, with gaming volume, by taking advantage of purchasing efficiencies and new technologies. We intend to continue to build upon this successful track record.

Our longer term strategy includes reducing our dependence on Emperors Palace by growing our portfolio of quality assets such that the EBITDA contribution of our other operations exceeds 50% of the total group.

SLIDE 6.2: Capital structure review

We are now at the stage where holders of approximately 90% of the PIK notes and the majority of the PIK Equity Loan have restricted themselves and "come across the wall" to engage in direct discussions with the company regarding its capital structure. This has helped us to progress our discussions at a quicker pace. We are informed that these subordinated debt holders collectively also hold the majority of the SSNs, though we are not seeking to specifically engage with SSN holders at this stage.

Following engagement with the company, these restricted subordinated debt holders are currently engaging with the MIC, our controlling shareholder regarding the proposed terms of a capital restructure. Once formal agreement is reached between the MIC and these subordinated debt holders, the engagement process will probably widen to include the remaining shareholders and other subordinated debt holders.

In parallel, and subject to a successful restructuring of its subordinated debt, the company is also engaging with local banks regarding a new local term debt package to facilitate the refinancing of the existing senior debt.

SLIDE 6.3: Key outcomes targeted for capital structure

The Company's stated objective remains 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, growth projects and the group's requirements to maintain level 2 contributor status (under BBBEE Codes of Good

Practice and Gambling Board requirements), the currently targeted key outcomes of the capital structure review are:

- The equitisation of PIK Equity Loan;
- The roll-over/conversion of PIK Notes on more favourable terms: and
- Refinancing of the SSNs and deferred hedging loan, preferably using a local debt package and supplemented by further cash investment from equity and subordinated debt holders to the extent required.

Ultimately though, this is a matter to be decided upon between shareholders and debt holders. The Board'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: Latest developments

To touch on the latest results after our 2012 year-end:

SLIDE 7.1: Revenue growth - Provisional

We are very pleased with our preliminary results in the first quarter of 2013. The overall revenue growth for the group amounted to approximately 6% in January, 14% in February and 13% in March 2013.

The provisional revenue growth for the March quarter is approximately 11%.

SLIDE 8: 2012 Highlights

To recap overall highlights for 2012:

- Group revenues and EBITDA increased by 7,1% and 4,4% respectively and group EBITDAR increased by 4,8%.
- For the year as a whole, EBITDA and EBITDAR margins at 37,1% and 38,1% remained at top end of our industry.
- Cash inflows from operating activities increased by 8.4%.

- Revenue at Emperors Palace increased by 8,1%, representing real growth in revenues for the first time in five years.
- Revenue growth for the rest of the group was at 5,3%.
- Footfall was significantly improved at our South African operations.

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