

**SUI**  
**Sun International Limited –**  
**Business Update for the quarter to 30 September 2008**

The group has, in the first quarter, achieved overall revenue growth of 3% over last year which is reflective of the current economic environment.

Casino and rooms revenues were 1% and 13% ahead of last year respectively, while food, beverage and other was up 8%.

At the casino operations, Carnival City, Meropa and Morula performed well, achieving revenue growth of 7%, 10% and 11% respectively.

Following the opening of the lodge at Golden Valley, the unit had an excellent quarter with revenue up 42% on last year.

GrandWest and Boardwalk experienced negative growth of 6% and 4% respectively, while Sibaya's revenue was in line with the prior period.

Amongst the hotels and resorts, the Table Bay and Zambian properties achieved excellent results, with revenue growth of 25% and 23% respectively.

Sun City achieved a modest revenue growth of 2% due to the high base in the prior year resulting from higher group convention bookings. The average room occupancy for the quarter at 76% was 2 percentage points down on the previous year.

The overall EBITDA margin of 33,5% is 1,5% lower than the comparative quarter last year, mainly due to the lower revenue performances from the major casino properties.

However, given the pressures on costs due to the current inflationary environment, this is a satisfactory achievement.

**Developments**

The second phase of the Sun City Main Hotel refurbishment comprising 170 rooms and certain back of house areas is progressing well and is due for completion this month.

Eastern Cape casino licences

The Wild Coast Sun's casino licence expires in August 2009.

The group has submitted its application for a new licence at the Wild Coast Sun, which includes a R340 million upgrade and expansion of the resort, and is awaiting the announcement of the successful bidder from the Eastern Cape Gambling and Betting Board (ECGBB).

The Boardwalk's licence expires in October 2010. The Final Request for Proposal (RFP) has been issued and contains a number of substantial changes to the draft RFP. These include the extension of the proposed licence period from 10 to 15 years and the elimination of the R750 million minimum investment requirement.

Submissions for this licence are due on 13th January 2009 and the announcement of the preferred bidder is scheduled for June 2009.

## **Chile**

The Monticello casino, located to the south of Santiago in Chile, opened on 8 October 2008 as planned.

Despite this only being a "soft opening" the number of visitors to date is very pleasing and the sign ups to the group's MVG casino loyalty programme are encouraging. The important West access road and further parking is still under construction and therefore the casino will not trade at full capacity for the ensuing three to four months.

The retail and entertainment elements will open around March 2009 and the 155 room hotel in June 2009. The project is within the overall cost of US\$236 million previously advised.

## **Nigeria**

The group is currently managing the Federal Palace Towers Hotel on Victoria Island, Lagos, and the refurbished 150 room Federal Palace Hotel was officially opened on 1 August 2008. The gaming licence is expected to be issued shortly, following which the group will acquire a 49,5% equity interest in the business for US\$38 million.

The development of the temporary casino will commence shortly thereafter and is anticipated to open by end March 2009, where after the Federal Palace Towers hotel will be closed for renovation. The total expected cost of the project remains unaltered at \$167 million.

## **Outlook**

Trading in the group's casinos in South Africa for the remainder of the first half is expected to remain challenging as a result of the difficult economic climate. However this will be offset to some extent by the stronger growth in hospitality revenue.