

SUN INTERNATIONAL STAFF DETAINED IN NIGERIA

Sun International confirmed today that four of its employees in Nigeria, three of whom are South African expatriates, have been detained by the Nigerian Economic and Financial Crimes Commission (EFCC) since Thursday without being formally charged. The company has been provided access, from time to time, to provide the detainees with blankets, food, water and toiletries.

Sun International has immediately engaged with the relevant South African government authorities and is receiving their full support. Sun International is unaware of any criminal conduct on its part, in particular anything that could be the subject of an investigation by the EFCC and said that the safety of its employees was paramount and that it would take all legal and diplomatic action available to it to protect its commercial interests and its employees.

In 2006 Sun International purchased 49.3% of the Nigerian Stock Exchange listed Company Tourist Company of Nigeria Plc (TCN) making it the largest single shareholder. The purchase was approved by the directors and shareholders of TCN and all required regulatory approvals were obtained.

At the time of purchase the six-storey Federal Palace Hotel had been closed for 10 years for an extensive refurbishment, which had stalled due to financial issues and funds from the sale of the shares to Sun International enabled the refurbishment of the Federal Palace Hotel to be completed. TCN also entered into a management contract with Sun International for management of the property and hotels which was registered and approved authorising Sun International to perform management services in Nigeria.

The Federal Palace Hotel refurbishment was completed and the hotel reopened in July 2008. A casino licence was issued to TCN under the new Lagos State Gaming regulations and the casino was opened in 2009. Further expansion was completed by Sun International in 2010.

To date, Sun International has invested some US\$50-million in its Nigerian operations.

Over recent years, Sun International has been drawn into a long standing family dispute between its fellow shareholders, the Ibru family that between them control a 49% share in TCN (the remaining 2% being held by the public through a listing on the Nigerian Stock Exchange). The Ibru family dispute has delayed further development of the property to its full potential including a proposed investment by third party investors of some US\$450 million to renovate the adjacent Towers hotel as well as a real estate development. Sun International has made several attempts to intervene and resolve the stalemate amicably but in recent months has itself become a target of unfounded allegations that it has behaved unlawfully. In response Sun International has offered an opportunity to be independently audited to verify all aspects of the transaction relating to the acquisition by Sun International of its interest in TCN. This offer to verify the facts has to date not been taken up by the disputing party.

In 2012, the EFCC requested certain documentation relating to TCN and this was immediately supplied. On other occasions enquiries have been launched by the EFCC into the validity of expatriate work permits and in each instance the company has been in compliance.

In parallel with the Ibru family dispute and the various EFCC interactions there has recently been an escalation of industrial action, in particular after the dismissal of five employees in 2015, despite such dismissal following due process.

During the industrial action, the two Unions which represent the staff who work at the hotel behaved in a very aggressive manner and invoked various methods of intimidation. The unions have on more than one occasion issued demands and made false claims in writing, and have circulated their letters to various Nigerian government authorities.

In December 2015 the South African expatriate General Manager was requested to attend a meeting with the EFCC but he had already returned home for the Christmas holiday and postponed the meeting to his return in 2016. The EFCC was informed of his willingness and availability to meet but in a surprise move on 21 January they instead moved to detain four other staff members. Three of the detainees are South African expatriates, seconded by Sun International to TCN, all of whom have valid work permits to be employed in Nigeria.

As its employees look likely to enter a 5th night in detention (without being charged for any wrong doing), Sun International continues all efforts to have them released. Despite this incident and the difficulty of trading experienced in Nigeria over the recent past, Sun International is a committed foreign investor and has confidence in the Nigerian economy. To grow TCN to its full operating potential, Sun International has continued to work on further expansion and development plans which have been proposed to and were accepted by the TCN Board and by the majority of shareholders present and voting at the recent November 2015 AGM.

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