



# GOLD REEF

R E S O R T S

Gold Reef Resorts Limited  
Incorporated in the Republic of South Africa  
(Registration number 1989/002108/06)  
Share code: GDF ISIN: ZAE000028338

## **MERGER OF GOLD REEF AND TSOGO**

Creation of a pre-eminent gaming and hotel company in South Africa

Gold Reef Resorts Limited ("Gold Reef") and Tsogo Sun Holdings (Pty) Limited ("Tsogo") have entered into an agreement to merge their respective gaming and hotel businesses. The proposed merger will be effected through an acquisition by Gold Reef of the Tsogo shares held by Tsogo Investment Holding Company (Pty) Limited ("TIH") and SABSA Holdings (Proprietary) Limited ("SABSA") in exchange for the issue of new Gold Reef shares to form a merged company, which will be listed on the JSE Limited.

The merged company will be a pre-eminent gaming and hotel company in South Africa and have a significant ranking, by market capitalisation, amongst listed emerging market peers in the Europe, Middle East and Africa region. Gold Reef shareholders and investors will gain direct access to Tsogo's quality gaming and hotel assets. All shareholders will benefit from the geographical and market segment diversification of the merged company.

Steven Joffe, CEO of Gold Reef said:

***"This merger gives Gold Reef shareholders direct access to Tsogo's attractive portfolio of assets. It creates a company of significant scale and diversification across geographies and markets. As a larger and stronger company, we will be well positioned to pursue attractive growth opportunities in new markets."***

Gold Reef will issue circa 889 million new Gold Reef shares as consideration for the acquisition of Tsogo resulting in TIH and SABSA, the current Tsogo shareholders, owning 41.3% and 39.7% in the merged company respectively, with the remaining 19% being held by the current Gold Reef shareholders. Based on the closing price of R19.25 per Gold Reef share on Friday, 29 January 2010, being the last trading day prior to the release of the Gold Reef cautionary announcement, this implies a value of R17.1 billion for Tsogo. The merged company will therefore have an expected market capitalisation of about R21 billion.

Gold Reef shareholders on the register on the dividend record date will be entitled to receive the final dividend of not more than 65 cents per Gold Reef share in respect of the year ended 31 December 2009 to be declared on or about Monday, 29 March 2010.

The merger is dependent on the fulfillment or waiver of certain conditions prior to implementation including *inter alia* the passing of various resolutions by the Gold Reef, TIH and HCI shareholders in general meetings as well as the approvals of the Competition Authorities and relevant Gambling Boards. A circular containing full details of the proposed merger will be posted to Gold Reef shareholders in due course.

Due to Tsogo's material shareholding in Gold Reef, an independent opinion relating to the fairness of the terms and conditions of the proposed merger is required. Gold Reef has appointed Grant Thornton to provide this fairness opinion. On a preliminary basis, Grant Thornton has advised that the terms and conditions of the proposed merger are fair to Gold Reef shareholders.

The board and management of the merged company are currently under consideration and further details will be published in the circular. No redundancies at the operational level are expected from the merger.

Jabu Mabuza, CEO of Tsogo, said:

***"This transaction heralds the creation of a significant entity in the gaming and hotel industry and in corporate South Africa. The merger of two quality portfolios and listing on the JSE provides investors with exposure to diversified markets and geographies. We will look to capitalise on the new growth opportunities that this merger brings."***

Steven Joffe concluded:

***"We believe this transaction is a great outcome for our shareholders to participate in a larger and more diversified group. It opens up a number of growth opportunities as well as improves access to capital and new talent. It is a win-win outcome for all concerned."***

18 February 2010

**Gold Reef:**

Gold Reef is a gaming and entertainment company that operates resorts and entertainment complexes throughout South Africa. Gold Reef has an interest in the following resorts (Gold Reef percentage ownership is indicated in brackets):

- Gold Reef City Casino and Theme Park, Gauteng (100.00%)
- Silverstar Casino, Gauteng (100.00%)
- Golden Horse Casino, KwaZulu-Natal (100.00%)
- Goldfields Casino, Free State (100.00%)
- Garden Route Casino, Western Cape (85.00%)
- Mykonos Casino, Western Cape (70.36%)
- Queens Casino, Eastern Cape (25.10%)

Gold Reef generated R1.1 billion in revenue and R0.4 billion in earnings before interest, tax, depreciation, amortisation and rentals ("EBITDAR") for the six months ended 30 June 2009.

Gold Reef is listed on the securities exchange operated by the JSE with a market capitalisation of R5.3 billion (excluding treasury shares) as at Friday, 29 January 2010.

For more information visit [www.goldreefresorts.com](http://www.goldreefresorts.com)

**Tsogo:**

Tsogo is a hotel, gaming and entertainment company with operations throughout Africa, the Middle East and the Seychelles. Tsogo's operations are held through two wholly-owned subsidiaries, Tsogo Sun Gaming (Proprietary) Limited, representing Tsogo's gaming interests, and Southern Sun Hotels (Proprietary) Limited ("Southern Sun"), representing Tsogo's hotel interests (collectively the "Tsogo Group").

Tsogo Sun Gaming has an interest in the following resorts (Tsogo's percentage ownership is indicated in brackets):

- Montecasino, Gauteng (100.00%)
- Suncoast Casino and Entertainment World, KwaZulu-Natal (73.50%)
- The Ridge Casino, Mpumalanga (100.00%)
- Emnotweni Casino, Mpumalanga (100.00%)
- Caledon Casino, Western Cape (100.00%)
- Century Casino, KwaZulu-Natal (100.00%)
- Hemmingways Casino, Eastern Cape (80.00%)

Southern Sun is one of the largest hotel groups in South Africa and is also one of the largest timeshare operators in South Africa. By the end of 2010, the Tsogo Group expects to operate 90 hotels with 14,438 rooms in 9 countries across Africa and the Middle East. Southern Sun is the only South African hotel group to operate across the deluxe to budget segments of the hotel market with brands including Southern Sun Garden Court, Sun Square and StayEasy.

For the six months ended 30 September 2009, Tsogo generated revenue of R2.9 billion and EBITDAR of R1.1 billion.

For more information visit **[www.tsogosun.co.za](http://www.tsogosun.co.za)**