

SUN INTERNATIONAL SELLS ITS STAKE IN SUN DREAMS CASINO

South African hotel chain divests casino in Chile

Chile's CMS Carey & Allende has helped local investment group Nueva Inversiones Pacifico Sur (ISP) buy the remaining shares in Chile's largest casino operator, giving it full ownership of the company.

ISP bought the shares from South African hotel chain Sun International for US\$160 million. The seller relied on Carey for the deal, which closed on 20 August.

Chile's ISP, which already owned a 35% stake in local casino group Sun Dreams, bought the remaining 65% in the entertainment company.

The purchase puts an end to a dispute between the two parties, in which the South African hospitality group had filed an arbitration claim against ISP in January, arguing that the Chilean company had failed to make a US\$85 million payment for its previously announced acquisition of a 15% share in casino business Sun Dreams. After that, ISP stated it had approached Sun International with an offer to purchase a 50% stake in the casino, but Sun International denied those claims. The case was expected to be handled in an arbitration court in 2021, but the latest development has settled the dispute.

Sun International's sale follows on from a string of recent challenges for the casino business. Sun Dreams faced financial uncertainty after social unrest erupted in Chile at the end of last year, while the recent covid-19 crisis further exacerbated concerns over business expenses.

Sun International will use the proceeds of the sale to pay existing

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debt obligations relating to its other businesses in Latin America, as well as to fund its operations in South Africa.

Sun Dreams was created in 2016 when Sun International entered a joint venture with Chilean casino operator Dreams. Sun International operates casinos in Chile, Panama and Peru among others, while its operations in South Africa account for around 42% of the casino industry there. ISP is a family-owned investment company.

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