

Sun International increases shareholding in Sun Dreams

Sun International has announced that, together with Nueva Inversiones Pacifico Sur Limitada (Pacifico), it would acquire The Rohatyn Group's 19.3% shareholding in Sun Dreams S.A. (Sun Dreams), held through Entretenimientos Del Sur Limitada (EDS), subject to obtaining the necessary regulatory approvals in Chile.



©Zdenek Maly via [123RF](#)

This follows an agreement reached with The Rohatyn Group (TRG) after it had notified Sun International that it wished to proceed with an IPO of Sun Dreams, which was provided for in the original 2015 merger agreement, approved by shareholders. Rather than proceed with the IPO, both Sun International acting with Pacifico, entered into negotiations to each acquire 50% of EDS's shareholding in Sun Dreams.

In addition, Sun International and Pacifico would also jointly acquire senior management's shares in Sun Dreams, amounting to approximately 0.565% of the company's issued share capital, following senior management's election to exercise their tag-along rights in terms of the stock option agreements executed in 2013.

The acquisition will increase Sun International's shareholding in Sun Dreams from 54.9% to 64.9%. The purchase price of just over \$63 million will be settled in cash, with funding to be procured from financial institutions in Chile.

Sun International CE Anthony Leeming commented that the proposed acquisition is aligned with the group's stated intention of growing its gaming and hospitality business offshore and in particular in Latin America.

Put options fall away

Furthermore and at the time that Sun International acquired Sun Dreams, both EDS and Pacifico were granted various put options against Sun International to dispose of their shareholdings in Sun Dreams. In March 2017, EDS requested Sun International to proceed with an IPO. As an alternative to listing Sun Dreams now, Sun International has agreed with EDS and Pacifico that EDS's shareholding in Sun Dreams should be acquired jointly by Sun Latam and Pacifico.

Consequently, and in consideration for allowing Pacifico to acquire 50% of EDS's shareholding in Sun Dreams both put options against Sun International will now fall away. However, Pacifico will retain the right to bring Sun Dreams to a listing at a future date and should Sun International elect at that stage not to proceed to an IPO then Pacifico will have a right to trigger a valuation process and to sell all of its shares in Sun Dreams to Sun International at the determined value.

Leeming remarked, "The acquisition also strengthens the partnership between Pacifico and Sun International in Sun Dreams, which positions us extremely well for the future."

Claudio Fisher, CE of Pacifico, said: "We have established a great partnership with Sun International and with our common interest in growing the business we look forward to a long and successful partnership."

Opportunity to create the leading gaming and hospitality platform in Latin America

Roberto Chute, MD of TRG, said: "We would like to thank our partners, Sun International and Pacifico, for the opportunity to create the leading gaming and hospitality platform in Latin America. We are confident that our partners, together with a highly experienced management team will continue delivering on this path of growth."

Sun Dreams is the largest gaming player in Latam and has the profile, critical mass, and balance sheet to expand into the rest of the continent, make meaningful acquisitions, and take on larger projects. Sun Dreams has a sizeable portfolio of assets situated across four countries, with 13 properties which between them have 6,500 slot machines, 300 table games, six hotels and 25 restaurants.

Said Leeming: "In line with our stated intentions, we will continue to explore all viable opportunities for expansion in the region. These include Peru as well as Brazil where licensed casinos may be introduced. The Chilean economy, although still experiencing low GDP growth, is showing signs of improvement with low inflation and interest rates. Although trading in the early part of 2017 was subdued, it is expected to pick up towards the end of the year."

Sun Dreams is planning on bidding to renew its two municipal licences in Chile, as well as bid for additional municipal licences in the territory.

For more, visit: <https://www.bizcommunity.com>