

ASX RELEASE

30 January 2015

DONACO TO ACQUIRE STAR VEGAS RESORT & CLUB**KEY HIGHLIGHTS**

- Donaco has agreed to acquire the Star Vegas Resort & Club (“Star Vegas”) in Poipet, Cambodia
- Acquisition price of US\$360 million, representing a <6x CY14E EBITDA multiple
- The acquisition of Star Vegas provides Donaco with enhanced scale and diversification, as well as immediate and meaningful earnings per share accretion to Donaco shareholders

Donaco International Limited (ASX: DNA) (“Donaco”) is pleased to announce that it has executed a binding acquisition agreement with Star Vegas in Poipet, Cambodia.

Star Vegas is the newest luxury Poipet casino hotel, and is located on the Thailand border, with the primary clientele being Thai nationals. The acquisition is planned to be completed in April 2015, subject to completion of due diligence and customary conditions precedent. Full details of the property and the acquisition are provided in the Investor Presentation lodged with the ASX today.

Consideration for Star Vegas is US\$360 million which consists of the following:

- Equity issued to the Vendor: US\$120 million (~147m shares);
- Existing cash-on-hand US\$40 million;
- New bank debt facility US\$100 million; and
- Equity financing (Entitlement Offer): US\$100 million.

The vendor has also agreed to provide a warranty that EBITDA will total at least US\$60 million per annum for two years post completion of the acquisition, with any EBITDA shortfall to be made up by a cash payment from the vendor.

The acquisition provides significantly enhanced scale and diversification, as well as meaningful and immediate earnings per share accretion:

- Combined Last Twelve Months (“LTM”) revenue of ~A\$214m (increase of 613%)¹
- Combined LTM EBITDA of ~A\$92m (increase of 468%)
- Combined LTM NPAT of ~A\$82m (increase of 609%)

Managing Director and Chief Executive Officer, Mr Joey Lim, commented:

“This acquisition is a compelling opportunity for Donaco shareholders. Star Vegas is a well-established and highly successful business, with an enviable market position, and excellent growth prospects. Shareholders will receive substantial benefits from the increase in size and scale of the Company, and the diversification of our revenue streams.

“Donaco will soon have two market-leading casino properties in two rapidly growing markets in Southeast Asia. We have always said that Donaco is not intended to be a single property company. This transformational acquisition is the culmination of many months of work, and is a major step forward in our expansion strategy.”

EQUITY FUNDING

The acquisition will be funded from a variety of sources as outlined above and includes an equity financing in the form of an Entitlement Offer.

The equity component totalling approximately A\$132 million (equivalent to ~US\$100m or the Equity Financing component for the Star Vegas consideration) will be funded via a fully underwritten pro rata accelerated non-renounceable entitlement offer to raise \$132 million (“Entitlement Offer”). Key terms of the entitlement offer include:

- Ratio: eligible shareholders will be invited to subscribe for 10 New Shares for every 21 existing Donaco shares (“Entitlement”) held at the Record Date
- Record Date: 7pm (Sydney time) on Wednesday, 4 February 2015
- Amount: ~\$132 million

The offer price per share of \$0.60 (“Offer Price”) is a 19.4% discount to the 30-day Volume Weighted Average Price on the ASX of A\$0.74 per share, and a 10.1% premium to the closing price of Donaco shares on 22 January 2015 (the last trading day before the announcement of the Entitlement Offer). The Offer Price is a 6.6% premium to the Theoretical Ex Rights Price (“TERP”) of \$0.56.

The Entitlement Offer is fully underwritten by Canaccord Genuity (Australia) Limited. As the Entitlement Offer will be non-renounceable, Entitlements will not be tradeable.

1. Donaco Revenue figure is net of junket commission and gaming tax; Star Vegas’ Revenue figure is gross of junket commission and gaming tax. Donaco LTM figures based on audited financial results for FY14, plus consensus analyst’s forecasts; Star Vegas LTM figures based on audit reviewed management accounts.



ENTITLEMENT OFFER

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the institutional entitlement offer, which will take place on 30 January 2015 (**Institutional Entitlement Offer**). Eligible institutional shareholders can choose to take up all, part or none of their Entitlements. Institutional Entitlements cannot be traded on market.

Institutional Entitlements not taken up by the close of the Institutional Entitlement Offer, and Entitlements that would otherwise have been offered to ineligible institutional shareholders, will be allocated to the underwriter on 30 January 2015.

Retail Entitlement Offer

Eligible retail shareholders will be invited to participate in the retail entitlement offer (**Retail Entitlement Offer**) at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on or about Monday, 9 February 2015 and close at 7pm (Sydney time) on or about Monday, 23 February 2015, unless extended.

The Retail Entitlement Offer is non-renounceable and therefore shareholders cannot trade their Entitlements on market.

ENTITLEMENT OFFER TIMETABLE

The timetable below is indicative only and may be subject to change. Donaco reserves the right to amend any or all of these dates and times without notice subject to the *Corporations Act 2001* (Cth), the ASX Listing Rules and other applicable laws. In particular, Donaco reserves the right to extend the closing date of the Retail Entitlement Offer and to accept late applications under the Retail Entitlement Offer (either generally or in particular cases). Any extension of the closing date will have a consequential effect on the issue date of New Shares.

TIMETABLE

Event	Date
Institutional Entitlement Offer opens	Friday 30 January 2015
Institutional Entitlement Offer closes	Friday 30 January 2015
Announce results of Institutional Entitlement Offer, existing shares recommence trading	Tuesday 3 February 2015
Record Date for Entitlement Offer (Sydney time)	7.00pm, Wednesday, 4 February 2015
Retail Entitlement Offer booklet despatched	Monday, 9 February 2015
Retail Entitlement Offer opens	Monday, 9 February 2015
Settlement of Institutional Entitlement Offer	Tuesday, 10 February 2015
Allotment of New Shares issued under the Institutional Entitlement Offer	Wednesday, 11 February 2015
Quotation of New Shares under Institutional Entitlement Offer	Wednesday, 11 February 2015



Event	Date
Retail Entitlement Offer closes, unless extended (Sydney time)	7.00pm, Monday 23 February 2015
Allotment of New Shares issued under the Retail Entitlement Offer	Monday, 2 March 2015
New Shares under Retail Entitlement Offer commence trading	Tuesday, 3 March 2015
Despatch of holding statements	Wednesday, 4 March 2015

For further information:

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ABOUT DONACO INTERNATIONAL LIMITED (ASX: DNA)

Donaco International Limited operates leisure and entertainment businesses across the Asia Pacific region.

Our flagship business is the Aristo International Hotel, a successful boutique casino in northern Vietnam. Donaco operates the business and owns a 95% interest, in a joint venture with the Government of Vietnam.

Donaco is a pioneer casino operator in Vietnam. The business was established in 2002, and is located on the border with Yunnan Province, China. The property has recently been expanded to a brand new five star resort complex with 428 hotel rooms.

To learn more about Donaco visit www.donacointernational.com

