

APRIL 29, 2005

PROJECT PLATO

Valuation discussion materials

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Transaction overview

TRANSACTION OVERVIEW

Transaction type	<ul style="list-style-type: none"> 100% cash acquisition; management-led buyout (MBO) 																
Offer price per share	<ul style="list-style-type: none"> \$81.00 per share 15.1% premium to share price of \$70.36¹ 18.7% premium to 30-day average share price of \$68.25¹ 20.3% premium to 60-day average share price of \$67.35¹ 																
Implied enterprise value of \$3,840	<ul style="list-style-type: none"> 17.9x EV/2006E EBITDA (based on upside case) 																
Acquirer total equity contribution of approximately \$1,500mm	<table border="1"> <thead> <tr> <th>Contributor</th> <th>Source</th> </tr> </thead> <tbody> <tr> <td>Istithmar</td> <td>New/Rollover</td> </tr> <tr> <td>Whitehall</td> <td>New</td> </tr> <tr> <td>Colony</td> <td>New</td> </tr> <tr> <td>Sol Kerzner</td> <td>Rollover</td> </tr> <tr> <td>Butch Kerzner</td> <td>Rollover</td> </tr> <tr> <td>The Related Companies</td> <td>New</td> </tr> <tr> <td>Providence</td> <td>New</td> </tr> </tbody> </table>	Contributor	Source	Istithmar	New/Rollover	Whitehall	New	Colony	New	Sol Kerzner	Rollover	Butch Kerzner	Rollover	The Related Companies	New	Providence	New
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Butch Kerzner	Rollover																
The Related Companies	New																
Providence	New																
New debt financing of approximately \$2,480mm	<ul style="list-style-type: none"> Approximately 65% of total transaction value Max leverage of 76% total debt/EBITDA in 2007 (EBITDA-capex)/interest coverage less than 1x until 2008 																

¹ Share price data as of 3/17/06; last trading day before public announcement

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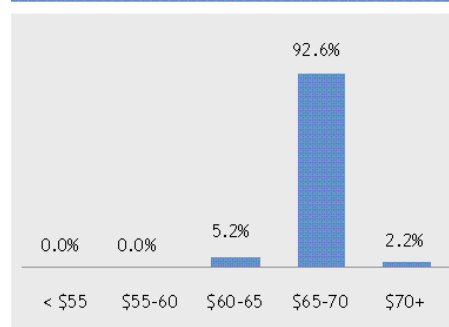
Public market overview

Trading summary (\$ millions, except per share data)

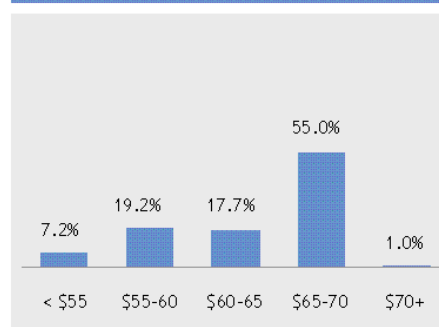
		Street		Upside Case		
		Metric ³	Multiple	Metric	Multiple	
Price prior to original announcement (3/17/06)	\$70.36					
52-week intraday high (12/19/05)	\$70.69					
% of 52-week high	99.5%					
52-week intraday low (10/12/05)	\$52.49					
% over 52-week low	34.0%					
Diluted shares (mm) ¹	38.6					
Equity value	\$2,717					
Plus: Debt (as of 6/30/06) ²	697					
Less: Cash (as of 6/30/06)	(35)					
Firm value	\$3,379					
		Firm value/EBITDA				
		2006E	\$229	14.8x	\$214	15.8x
		2007E	293	11.5	251	13.5
		2008E	NM	NM	330	10.2
		Price/Earnings				
		2006E	\$2.80	25.1x	\$2.78	25.3x
		2007E	3.37	20.9	2.73	25.8
		2008E	NM	NM	4.13	17.0
		Long-term growth		20.0%		

Based on 3/17/06 closing share price before original announcement

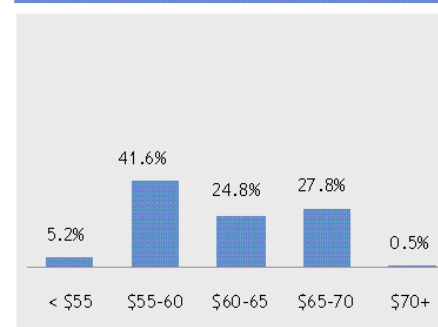
Last 3 months



Last 6 months



Last 12 months



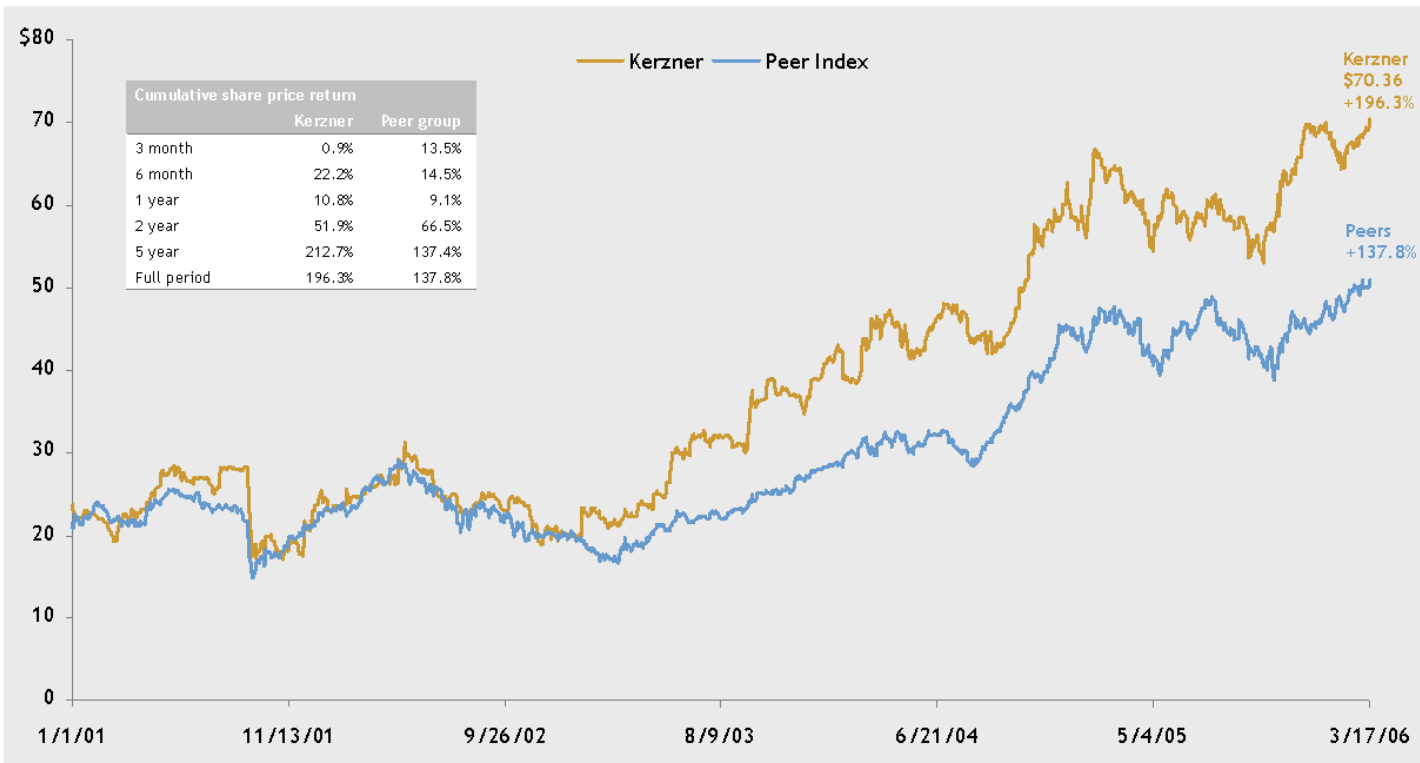
¹ \$230 million of converts treated as debt, includes incremental in-the-money dilution treated as equity (net shares settled)

² Does not include non-recourse Palmilla and Reethi Rah debt of \$164 million

³ I/B/E/S median estimates as of 3/17/06

Share price performance

Historical price performance



Source: Tradeline as of 3/17/06

Note: Peer index (simple weighted) has been indexed to Kerzner price, includes MGM Mirage, Harrah's Entertainment, Wynn Resorts, Las Vegas Sands, Orient-Express Hotels, Gaylord Entertainment, Starwood Hotels & Resorts and Hilton Hotels

Kerzner analyst commentary and stock price

Wall Street estimates (I/B/E/S)					
Revision date	Analyst (firm)	Recommendation	EPS estimate		12-month
			2006E	2007E	target price
2/22/2006	Joseph Greff (Bear Stearns)	Buy	\$2.11	\$3.21	\$75.00
2/20/2006	Lawrence Klatzkin (Jefferies & Co)	Buy	2.61	2.63	81.00
2/15/2006	Steven Kent (Goldman Sachs)	Hold	2.82	3.52	NA
2/13/2006	William Schmitt (CIBC)	Hold	2.80	3.90	71.00
12/7/2005	Marc Falcone (Deutsche Bank)	Buy	3.40	NA	79.00
High			\$3.40	\$3.90	\$81.00
Low			\$2.11	\$2.63	\$71.00
Mean			\$2.75	\$3.32	\$76.50
Median			\$2.80	\$3.37	\$77.00

Source: Equity research, I/B/E/S

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Introduction

- We used the management Upside Case as the basis for our valuation analysis
 - The Upside Case includes certain projects that management believes are likely to occur
- For the purpose of the negotiations with the buyer, JPMorgan also created an Adjusted Upside Case:
 - 10% upside in 2006 on Atlantis, Paradise Island over management's Upside Case EBITDA projections
 - Management's upside case EBITDA projections for 2006 and 2007 are below I/B/E/S consensus street estimates
- However, management has informed us that they may be below budget for Paradise Island for Q1 2006

Key operating assumptions

Kerzner Base Case

- Atlantis, Phase III
 - Opens in 2007
 - Total capital expenditures of \$730mm
- Atlantis, PI (incl. Phase III) performance from 2006 to 2007 (when Phase III opens)
 - Average room rate grows 6.2% to \$298.76
 - Occupancy rate drops 1.8% to 80.3%
 - F&B per occupied room grows approx. 5% to \$270.90
 - Win/table/day grows 12.7% to \$3,172
 - Win/slot/day grows 14.6% to \$238
- Atlantis, the Palm, Dubai
 - Opens in 2009
 - Total development/construction costs of \$1.5bn
 - Year 1 key assumptions
 - Average room rate of \$313
 - Occupancy of 78%
 - 5,000 daily waterpark visitors
 - 1,863 daily entertainment village visitors
- Morocco
 - Opens in 2008
 - Total development/construction costs of \$300mm
 - Year 1 key assumptions
 - Average room rate of \$140
 - Occupancy of 60%
 - Win/table/day of \$1,967
 - Win/slot/day of \$131

Kerzner Upside Case

- Kerzner Base Case plus the following:
 - Condotel development cost of \$400 million; 50/50 JV with Turnberry
 - \$45mm development of golf course on Athol Island completed in 2007
 - Development of Harborside - Phase II
 - Two villa expansion of Palmilla
 - Marginally more aggressive assumptions on casino revenues in Morocco
 - Cost synergy assumption of \$5mm in LBO analysis

Adjusted Upside Case (created by JPMorgan)

- Kerzner Upside Case plus the following:
 - 10% upside on Atlantis, PI over management's Upside Case EBITDA projections in 2006
 - Based on analysis of Kerzner management budgets vs. actual property results in 2003, 2004 and 2005
 - Over the past three years, Kerzner has outperformed its 1-year forward budget by 12.4%
 - Management's upside case EBITDA projections for 2006 and 2007 are below I/B/E/S consensus street estimates
 - Kerzner Upside Case EBITDA growth in 2007 and thereafter

Paradise Island land value

- 64.1 acres of undeveloped land
- Valued at \$2–6mm/acre with a 5% annual appreciation

Projection cases

\$ millions, except per share data					
Base Case	2006E	2007E	2008E	2009E	2010E
EBITDA	\$214	\$254	\$305	\$345	\$366
<i>% growth</i>		18.5%	20.4%	13.0%	6.0%
EPS	\$2.78	\$2.79	\$3.52	\$4.52	\$5.20
<i>% growth</i>		0.2%	26.3%	28.5%	14.9%
Upside Case	2006E	2007E	2008E	2009E	2010E
EBITDA	\$214	\$251	\$330	\$381	\$404
<i>% growth</i>		17.3%	31.4%	15.3%	6.1%
EPS	\$2.78	\$2.73	\$4.13	\$5.47	\$6.21
<i>% growth</i>		(1.8%)	51.0%	32.5%	13.5%
Adjusted Upside Case	2006E	2007E	2008E	2009E	2010E
EBITDA	\$232	\$267	\$349	\$400	\$424
<i>% growth</i>		14.8%	30.7%	14.8%	6.0%
EPS	\$3.26	\$3.13	\$4.59	\$5.96	\$6.71
<i>% growth</i>		(3.9%)	46.7%	29.7%	12.6%
I/B/E/S median¹	2006E	2007E	2008E	2009E	2010E
EBITDA	\$229	\$293			
<i>% growth</i>		27.9%			
EPS	\$2.80	\$3.37			
<i>% growth</i>		20.4%			

¹ As of 3/17/06

Valuation summary



Note: Valuation based on the Upside Case projections provided by management, sensitized for valuation assumptions

¹ Implied equity value discounted to 2006 using an estimated equity cost of capital of 12.5% (midpoint of sensitivity range)

² Assumes full consolidation of Palmilla & Reethi Rah EBITDA and debt; based on "GAAP EBITDA" as detailed in the EBITDA build-up in the appendix

³ Based on "Adjusted cash EBITDA" as detailed in the EBITDA build-up in the appendix

⁴ Represents the incremental value potential of the Adjusted Upside Case

⁵ Assumed land value appreciation of 5% per year until sold in exit year

⁶ Represents additional value potential from two additional large development projects over 10 years (see detail in appendix)

⁷ Share price data as of 3/17/06; last trading day before public announcement

VALUATION SUMMARY



Leveraged buyout analysis

Assumptions

- Max leverage assumed to be 67% of transaction value
- Five-year hold period
- \$5 million of annual cost synergies
- Sponsor IRR threshold range of 18.0%–22.0%
- Management promote of 10% of terminal equity value in excess of initial equity contribution in the Upside Case; Promote level rises to 15% in the Adjusted Upside Case
- 8.25–8.75% cost of LBO debt
- Exit FV/EBITDA range of 11.5–13.5x on 2011E EBITDA
- \$140 million of transaction fees, including bond breakage costs as per Kerzner management guidance
- \$76mm Reethi Rah notes receivable monetized in 2008
- 64.1 acres of undeveloped land valued at \$2–6 million per acre with 5% annual value appreciation

Summary results (equity value per share)

		Upside Case, 67% leverage			Adjusted Upside Case, 67% leverage			
		Exit FV/EBITDA multiple			Exit FV/EBITDA multiple			
	IRR:	11.5x	12.5x	13.5x	IRR:	11.5x	12.5x	13.5x
High Case ¹	18.0%	\$72.01	\$76.32	\$80.63	18.0%	\$75.11	\$79.56	\$84.02
	20.0%	68.59	72.74	76.88	20.0%	71.46	75.74	80.03
	22.0%	65.21	69.20	73.18	22.0%	67.87	71.98	76.09
Low Case ²	18.0%	\$67.02	\$71.28	\$75.53	18.0%	\$70.22	\$74.62	\$79.02
	20.0%	63.83	67.93	72.02	20.0%	66.82	71.04	75.27
	22.0%	60.67	64.61	68.55	22.0%	63.45	67.51	71.57

VALUATION SUMMARY



Note: Analysis based on "Adjusted cash EBITDA" as detailed in the EBITDA build-up in the appendix

¹ "High Case" assumes high end of land value sensitivity range (\$6mm per acre) and low end of cost of LBO debt range (8.25%)

² "Low Case" assumes low end of land value sensitivity range (\$2mm per acre) and high end of cost of LBO debt range (8.75%)

Discounted cash flow analysis

Assumptions

- Ten year projection period
 - 3% revenue growth assumed each year after 2010 until 2015
 - EBITDA margin improvement of 0.25% assumed in each year after 2010 until 2015
- No synergies
- \$76mm Reethi Rah notes receivable monetized in 2008
- Estimate of developable Paradise Island land value added to enterprise value to derive implied equity value
 - 64.1 acres of undeveloped land valued at \$2–6 million per acre
- Perpetuity growth rate of 3.0%–3.5% on terminal year free cash flow
- WACC of 9.5–10.5%

Summary results (equity value per share)

		Upside Case			Adjusted Upside Case			
		Terminal growth rate			Terminal growth rate			
		3.00%	3.25%	3.50%	WACC:	3.00%	3.25%	3.50%
High Case ¹	WACC:				9.50%	\$95.34	\$97.39	\$99.61
		\$88.62	\$90.51	\$92.56	10.00%	88.70	90.39	92.21
		82.46	84.02	85.70	10.50%	82.92	84.33	85.84
Low Case ²	WACC:				9.50%	\$89.42	\$91.47	\$93.69
		\$82.70	\$84.59	\$86.64	10.00%	82.78	84.47	86.29
		76.54	78.10	79.78	10.50%	77.00	78.41	79.92

VALUATION SUMMARY

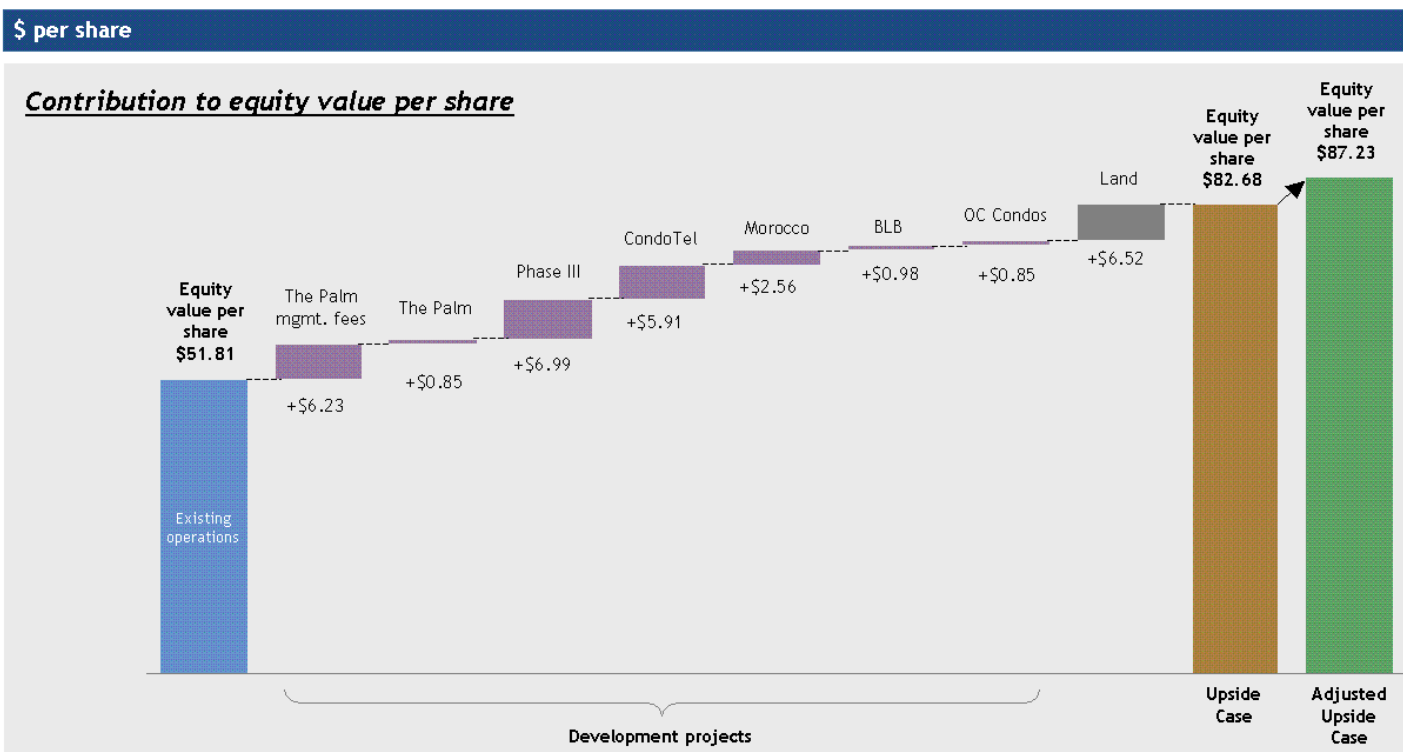


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² "Low Case" assumes low end of land value sensitivity range (\$2mm per acre)

Sum-of-the-parts analysis



Note: Detailed analysis located in the appendix; all metrics represent the midpoint of the assumed valuation range

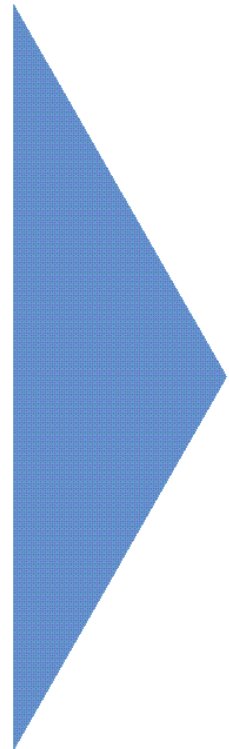
Franchise opportunities

Brand

Design

Development
expertise

Growth
opportunities



**Ability to develop and operate more
Atlantis properties worldwide**

Key business risks

Hurricane	<ul style="list-style-type: none">■ A material disruption in operations on Paradise Island would have a severe negative impact on Kerzner's operating performance
New supply	<ul style="list-style-type: none">■ Impact of proposed Baha Mar development on Cable Beach may be significant■ Demand for Atlantis, the Palm in light of plans for an additional 30 hotels on the Palm■ Impact of proposed new supply in Massachusetts may be significant on Lincoln Park
Atlantis Phase III	<ul style="list-style-type: none">■ Uncertainty around feasibility of projected casino and F&B revenue per occupied room■ Uncertainty around success of dolphin attraction■ Uncertainty around demand for condotel units at projected prices■ Condotel financing gets renegotiated in light of degradation of credit from LBO
Construction costs	<ul style="list-style-type: none">■ Risks associated with escalating building materials and labor costs<ul style="list-style-type: none">■ Vast majority of development budget in Dubai is not at fixed cost■ Potential cost overruns at Lincoln Park and in Morocco
Political	<ul style="list-style-type: none">■ Future cooperation of Dubai government and other foreign jurisdictions where development is expected
Terrorism	<ul style="list-style-type: none">■ Terrorist event in the U.S. could significantly impact leisure travel■ Large destination resorts could be targets for terrorist organizations

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Selected public market comparables

Gaming companies: Market information

Company	04/27/06	% of	Equity	Total	Price/EPS ³		Aggregate value/EBITDA ⁴	
	share price	52-week high	market value ¹	market cap. ²	2006E	2007E	2006E	2007E
Las Vegas Sands Corp	\$64.64	96.6%	\$22,902.2	\$24,535.4	NM	NM	NM	NM
Harrah's Entertainment	79.95	98.9%	14,718.2	25,795.6	21.9x	19.0x	9.7x	8.8x
Starwood Hotels & Resorts ⁵	56.88	99.8%	12,782.2	16,292.2	26.1	21.3	12.6	11.5
MGM Mirage	44.60	95.4%	12,700.2	25,055.7	24.0	19.7	9.9	9.4
Hilton Hotels ⁶	26.99	99.4%	11,032.5	18,786.5	26.0	20.9	11.5	9.7
Wynn Resorts Ltd ⁷	75.65	94.3%	7,546.4	9,652.7	NM	NM	NM	NM
Gaylord Entertainment ⁸	43.76	89.4%	1,773.4	2,373.7	NM	NM	15.0	12.9
Orient Express Hotels	41.00	97.0%	1,615.0	2,187.4	33.1	22.4	15.6	12.6
Average			\$10,633.8	\$15,584.9	26.2x	20.7x	12.4x	10.8x
Median			\$11,866.4	\$17,539.4	26.0x	20.9x	12.0x	10.6x
Gaming—median			\$13,709.2	\$24,795.5	22.9x	19.4x	9.8x	9.1x
Lodging—median			\$6,402.9	\$9,332.9	26.1x	21.3x	13.8x	12.1x

¹ Includes common shares, common share equivalents (excluding options)

² Equals the sum of equity market value, minority interests, debt outstanding and preferred stock at liquidation preference

³ Estimates for EPS are from equity research

⁴ Aggregate value is total market capitalization less cash and cash equivalents. EBITDA estimates from analyst reports

⁵ Starwood Hotels pro forma for announced transaction with Host Marriott

⁶ Hilton Hotels pro forma for announced acquisition of Hilton plc assets

⁷ Wynn Resorts pro forma for \$900 million sale of Macau casino rights

⁸ Total debt as of 12/31/05 for Gaylord Entertainment excludes \$613 million associated with the Company's secured forward exchange contract

Selected public market comparables (cont'd)

Gaming companies: Credit information

Company	04/27/06 share price	Equity market value ¹	Total market cap. ²	Debt-to- total market capitalization	Debt + prfd./ total market capitalization	Debt-to- total book capitalization ³	Debt/ LTM EBITDA	LTM EBITDA/ interest	Senior debt ratings Moody's/S&P
Las Vegas Sands	\$64.64	\$22,902.2	\$24,535.4	6.7%	6.7%	50.4%	2.8x	6.1x	B1/BB-
Harrah's Entertainment	79.95	14,718.2	25,795.6	42.8%	42.8%	44.1%	5.7	4.0	NA/BBB-
Starwood Hotels & Resorts	56.88	12,782.2	16,292.2	21.4%	21.4%	32.7%	2.5	5.9	Ba2/BB
MGM Mirage	44.60	12,700.2	25,055.7	49.3%	49.3%	50.1%	6.2	3.0	B2/B+
Hilton Hotels	26.99	11,032.5	18,786.5	41.3%	41.3%	64.8%	6.8	4.4	BB/Ba2
Wynn Resorts	75.65	7,546.4	9,652.7	21.8%	21.8%	57.4%	9.9	2.1	BB+/Ba1
Gaylord Entertainment	43.76	1,773.4	2,373.7	25.3%	25.3%	30.2%	4.8	1.7	B/B3
Orient Express Hotels	41.00	1,615.0	2,187.4	26.0%	26.0%	40.3%	5.2	3.6	NR/NR
Average				29.3%	29.3%	46.2%	5.5x	3.9x	
Median				25.6%	25.6%	47.1%	5.5x	3.8x	

¹ Includes common shares, common share equivalents (excluding options)

² Equals the sum of equity market value, minority interests, debt outstanding and preferred stock at liquidation preference. Does not include restricted cash

³ Book capitalization equals the sum of debt outstanding, preferred stock at liquidation preference, minority interests and shareholders' equity

Comparable precedent transactions

Private and public - target transactions

Date announced	Acquirer / Target	Description of target	Size (mm)	Forward EBITDA multiple
4/25/2006 ¹	Ameristar Casinos/ Aztar	Aztar Corporation owns and operates three land-based casinos and two riverboat casinos, including the Tropicana Atlantic City and Tropicana Las Vegas. Aztar owns 34-acres of Las Vegas Strip land, considered prime land for redevelopment	\$2,421	10.8x
1/30/2006	Colony Capital & Kingdom Hotels/ Fairmont Hotels & Resorts	Fairmont is a leading owner/operator of luxury hotels and resorts. Fairmont's managed portfolio consists of 87 luxury and first-class properties	3,900	15.8x
6/14/2005	Blackstone/Wyndham	Wyndham International offers upscale and luxury hotel and resort accommodations in the U.S., Canada, Mexico, the Caribbean, and Europe	3,240	12.6x
10/24/2004	Blackstone/Boca Resorts	Boca Resorts owns 5 luxury resorts and 4 golf clubs located in South Florida	1,184	11.8x
7/15/2004	Harrah's Entertainment/ Caesars Entertainment	Caesars Entertainment owns 22 properties on three continents, more than 25,000 hotel rooms, two million square feet of casino space and 50,000 employees.	9,440	8.5x
6/4/2004	MGM Mirage/Mandalay Resort Group	Mandalay Resort Group owns and operates 11 properties in Nevada as well as casino's in Mississippi, Illinois and Michigan	7,750	9.5x
2/12/2004	CNL Hospitality/KSL Recreation Corporation	KSL's portfolio consists of leading resorts in Hawaii, Arizona and other vacation destinations	2,160	13.1x
Lodging - median				12.9x
Gaming - median				9.5x

¹ Represents Ameristar's \$47 per share offer announced 4/25/06

Observations

- Kerzner is a blend of lodging and gaming
- Kerzner has a lower tax rate than most of its peers

Sum-of-the-parts analysis – Upside Case

\$ millions, except per share data												
Existing operations		Development projects										
	Low	High	BLB		Phase III	Morocco		The Palm		50% of	50% of	CondoTel
			2007	2009	2008	2008	2009	2009	2009	OC Condos	CondoTel	2008
Paradise Island (excl. Phase III)												
2006 E EBITDA	\$170	\$170										
Multiple	10.0x	11.0x										
Enterprise value	\$1,701	\$1,872										
Ocean Club												
2006 E EBITDA	\$13	\$13										
Multiple	14.0x	15.0x										
Enterprise value	\$176	\$189										
Mohegan												
PV of annuity	\$211	\$225										
Less: CT tax @ 7%	(15)	(16)										
Enterprise value	\$196	\$210										
One & Only												
Gross O&O fees	\$24	\$24										
Less: Expenses	(13)	(13)										
Net O&O fees	\$11	\$11										
Multiple	18.0x	20.0x										
Enterprise value	\$200	\$222										
Harborside												
Fees	\$4	\$4										
Multiple	8.0x	10.0x										
Enterprise value	\$33	\$41										
Corporate												
2006 E adj. corp. expense	(\$38)	(\$38)										
Multiple	9.0x	10.0x										
Enterprise value	(\$344)	(\$382)										
Equity earnings												
Equity income	\$14	\$14										
Less: Palmilla equity earnings	(3)	(3)										
Adjusted equity earnings	\$11	\$11										
Multiple	20.0x	25.0x										
Enterprise value	\$218	\$272										
Enterprise value	\$2,181	\$2,423										
Less: Net debt	(355)	(355)										
Plus: Equity value of Palmilla	85	95										
Equity value	\$1,911	\$2,163										
Diluted shares ¹	39.3	39.3										
Equity value per share	\$48.60	\$55.03										
Plus: Undeveloped land	3.26	9.78										
Plus: Development projects	21.08	27.76										
Equity value per share	\$72.94	\$92.56										

Palmilla		
	Low	High
2006 E EBITDA	20	20
Multiple	14.0x	15.0x
Enterprise value	280	300
Less: Net debt	(110)	(110)
Equity value	\$170	\$190
% ownership	50.0%	50.0%
Equity value	\$85	\$95

Undeveloped land		
	Low	High
Acres (mm)	64.1	64.1
\$/mm per acre	\$2	\$6
Total value	\$128	\$385
Diluted shares	39.3	39.3
Equity value per share	\$3.26	\$9.78

Development projects total		
	Low	High
Enterprise value	\$21.08	\$27.76

Development project valuation ranges				
	EBITDA multiple		Discount rate	
	Low	High	Low	High
Mohegan			11.5%	13.5%
BLB	7.5x	8.5x	11.5%	13.5%
Phase III	10.0x	11.0x	11.5%	13.5%
Morocco	8.0x	9.0x	11.5%	13.5%
Morocco Fees	13.0x	15.0x	11.5%	13.5%
The Palm	9.5x	10.5x	11.5%	13.5%
The Palm Fees	13.0x	15.0x	11.5%	13.5%
OC Condos			11.5%	13.5%
CondoTel			11.5%	13.5%
CondoTel Fees	9.5x	10.0x	11.5%	13.5%
Land (\$ per acre)	\$2.0	\$6.0		

APPENDIX



Note: Development projects valuation multiples represents the midpoint of each project's assumed valuation range

¹ Based on the midpoint of the valuation range

Sum-of-the-parts analysis – Adjusted Upside Case

\$ millions, except per share data												
Existing operations		Development projects										
	Low	High		BLB	Phase III	Morocco	Morocco Fees	The Palm	The Palm Fees	50% of OC Condos	50% of CondoTel	CondoTel Fees
Paradise Island (excl. Phase III)												
2006 E EBITDA	\$187	\$187	First stabilized year	2007	2009	2008	2008	2009	2009	2009	2008	2008
Multiple	10.0x	11.0x	EBITDA	\$75	\$103	\$34	\$6	\$141	\$24			\$24
Enterprise value	\$1,872	\$2,059	Multiple	8.0x	10.5x	8.5x	14.0x	10.0x	14.0x			9.8x
Ocean Club			Enterprise value	\$597	\$1,080	\$290	\$80	\$1,413	\$329			\$238
2006 E EBITDA	\$14	\$14	Less: Project net debt	(433)	(711)	(152)	0	(1,124)	0			0
Multiple	14.0x	15.0x	Equity value	\$164	\$369	\$138	\$80	\$289	\$329			\$238
Enterprise value	\$194	\$208	Discount years	0.5	2.5	1.5	1.5	2.5	2.5			1.5
Mohegan			Discount rate	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%			12.5%
PV of annuity	\$211	\$225	Present value of equity	\$154	\$275	\$116	\$67	\$215	\$245	\$33	\$75	\$199
Less: CT tax @ 7%	(15)	(16)	Percentage ownership	38%	100%	50%	100%	50%	100%	100%	100%	100%
Enterprise value	\$196	\$210	Pro rata equity value	\$58	\$275	\$58	\$67	\$108	\$245	\$33	\$75	\$199
One & Only			PV of remaining funding	(19)	0	(24)	0	(74)	0	0	(41)	0
Gross O&O fees	\$24	\$24	Net equity value	\$38	\$275	\$34	\$67	\$33	\$245	\$33	\$34	\$199
Less: Expenses	(13)	(13)	Diluted shares	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5
Net O&O fees	\$11	\$11	Equity value per share (midpoint)	\$0.97	\$6.96	\$0.85	\$1.70	\$0.84	\$6.19	\$0.84	\$0.85	\$5.03
Multiple	18.0x	20.0x	Low	\$0.63	\$5.86	\$0.66	\$1.55	\$0.13	\$5.63	\$0.84	\$0.83	\$4.84
Enterprise value	\$200	\$222	High	\$1.31	\$8.10	\$1.05	\$1.84	\$1.58	\$6.79	\$0.85	\$0.86	\$5.23
Harborside												
Fees	\$4	\$4	Palmilla				Development projects total					
Multiple	8.0x	10.0x	Low	20	20	Low	20	High	20	High	\$20.97	\$27.61
Enterprise value	\$33	\$41	Multiple	14.0x	15.0x	Enterprise value	280	300	Enterprise value	280	300	
Corporate			Less: Net debt	(110)	(110)	Equity value	\$170	\$190	% ownership	50.0%	50.0%	
2006 E adj. corp. expense	(\$38)	(\$38)	Equity value	\$85	\$95	Undeveloped land						
Multiple	9.0x	10.0x										
Enterprise value	(\$344)	(\$382)										
Equity earnings												
Equity income	\$14	\$14										
Less: Palmilla equity earnings	(3)	(3)										
Adjusted equity earnings	\$11	\$11										
Multiple	20.0x	25.0x										
Enterprise value	\$218	\$272										
Enterprise value												
Less: Net debt	(355)	(355)										
Plus: Equity value of Palmilla	85	95										
Equity value	\$2,098	\$2,369										
Diluted shares ¹	39.5	39.5										
Equity value per share	\$53.09	\$59.95										
Plus: Undeveloped land	3.24	9.73										
Plus: Development projects	20.97	27.61										
Equity value per share	\$77.31	\$97.29										

APPENDIX

Note: Development projects valuation multiples represents the midpoint of each project's assumed valuation range

¹ Based on the midpoint of the valuation range

Financial buyer cost synergy analysis

Cost synergies opportunities (\$ thousands)			
Corporate salaries	2006E budget ¹	Synergies %	Synergies - \$
Corporate	\$4,860	-	-
Executive bonus plan	3,750	(100.0%)	(3,750)
Finance, accounting and legal	5,463	-	-
Public relations	1,902	(33.0%)	(628)
Human resources	1,860	-	-
Additional	-	-	(945)
Total	\$17,835		\$5,000

¹ Source: Kerzner management

Paradise Island land

Kerzner's total usable, undeveloped land on Paradise Island

	Acres
Main Club Med (including Option land)	39.4
Lot 1 (Hart House)	0.5
Lot 2,3 + (Mcweeney House)	1.8
West of Phase III (formerly Club Med)	41.7
South of Phase III (Trailer park and Helipad)	8.5
Hurricane Hole (excluding Marina)	7.1
East of Riu on Beach (Parcels F & E)	6
PI Colony Lot East of Car Park structure	0.8
Total acreage	64.1

Source: Kerzner management

Comparable transactions

	Acres	\$mm	\$mm/acre
Melk Property - beachfront, adjacent to Ocean Club Estates	7.5	\$15.0	\$2.0
Hurricane Hole Marina	7.0	14.0	2.0 ¹
Ocean Club Condo Property	9.0	18.0	2.0
Club Med (adjacent to Phase III)	41.0	40.0	1.0
Weighted average			\$1.4

Source: Kerzner management

¹ Hurricane Hole transaction included a marina with \$1mm of annual EBITDA. Total transaction value of \$24mm assumes a 10x purchase multiple for marina

Potential value from additional development projects (value not reflected in valuation analyses on page 11)

Additional Atlantis developments (Analysis assumes 100% probability of success)

	Atlantis resort	Management fees	
Assumed opening day	1/1/09	1/1/09	
EBITDA	\$141	\$24	
Multiple	10.0x	14.0x	
Enterprise value	1,413	329	
Less: Net debt held at project	(1,124)	0	
Equity value	\$289	\$329	
Discount period	2.5	2.5	
Equity cost of capital	12.5%	12.5%	
PV of Equity	215	245	
Percentage ownership	50%	100%	
Owned equity value	\$108	\$245	
Less: Present value of remaining funding	(74)	0	
Net equity value at 6/30/06	\$33	\$245	
Total equity value at 6/30/06		\$278	
	6/30/06E	2013E	2017E
Equity value ¹	\$278	\$347	\$391
Discount period		7.5	11.5
Equity cost of capital		12.5%	12.5%
Present value of Atlantis projects		\$143	\$101
Total additional equity value			\$244
Diluted shares (current)			38.6
Total additional equity value per share			\$6.33

¹ Equity value of additional Atlantis resorts grown by inflation

Proposed Singapore development (Analysis assumes 25% probability of success)

	Singapore resort
Assumed opening day	1/1/09
EBITDA	\$375
Multiple	10.0x
Enterprise value	\$3,750
Less: project cost	(3,000)
Equity value	\$750
Discount period	2.5
Equity cost of capital	12.5%
PV of Equity	\$559
Probability of success	25%
Prob. weighted PV of Equity	\$140
Percentage ownership	60%
Net equity value at 6/30/06	\$84
Diluted shares (current)	38.6
Total additional equity value per share	\$2.17

EBITDA build-up – Upside Case

\$ millions											
	2004A	2005A	'06Q1	'06Q2	'06Q3	'06Q4	2006E	2007E	2008E	2009E	2010E
EBITDA:											
Paradise Island	144	162	57	55	34	25	170	143	172	182	191
Ocean Club	10	12	5	4	2	2	13	13	14	14	15
Phase III	2	2	2	2	2	2	9	74	93	103	107
Paradise Island	156	176	64	61	37	29	191	231	278	299	312
CondoTel	0	0	0	0	0	0	0	0	21	23	24
CondoTel Fees	0	0	0	0	0	0	0	0	0	0	0
Harborside Fees	3	4	1	1	1	1	4	4	3	4	4
The Palm	0	0	0	1	1	1	2	4	4	24	26
Dome	0	0	0	0	0	0	0	0	0	0	0
UK Gaming	(2)	(5)	(2)	(2)	(1)	(2)	(7)	(4)	(2)	0	0
Mohegan	37	39	9	9	10	10	39	37	38	39	40
Catskills	0	0	0	0	0	0	0	0	0	0	0
Morocco	0	0	0	0	0	0	0	1	1	7	9
O&O Management Fees	14	18	8	5	3	8	24	23	26	29	30
O&O Development Fees	1	(0)	(0)	0	0	0	0	1	1	0	0
Total Segment EBITDA	210	233	80	74	52	47	254	296	371	425	446
Corporate Expenses	(29)	(27)	(8)	(8)	(8)	(8)	(31)	(33)	(34)	(40)	(42)
New Project Expenses	(4)	(9)	(2)	(2)	(2)	(1)	(7)	(5)	(5)	(5)	(5)
Corp. Stock Comp Amort.	(2)	(3)	(4)	(4)	(4)	(4)	(18)	(16)	(19)	(17)	(17)
O&O Expenses	(14)	(13)	(3)	(3)	(3)	(3)	(13)	(14)	(15)	(16)	(16)
Corporate and O&O Expenses	(49)	(52)	(18)	(18)	(18)	(16)	(69)	(68)	(73)	(77)	(80)
Minority Interest	(2)	(2)	(1)	(0)	(0)	(1)	(2)	(4)	(5)	(6)	(7)
Adjusted consolidated EBITDA	160	179	62	56	34	31	183	225	294	341	359
EBITDA adjustments¹											
Adjusted cash EBITDA											
Plus: Corp. Stock Comp. Amort.	2	3	4	4	4	4	18	16	19	17	17
Plus: Equity earnings, Net	2	12	6	2	0	5	14	10	17	22	27
Cash EBITDA	163	194	72	63	39	40	214	251	330	381	404
Plus: Non-recurring adjustments	(15)	(75)	(6)	9	11	12	26	34	11	(3)	0
Plus: Land sales	0	0	0	0	0	0	0	5	5	0	0
Adjusted cash EBITDA	148	120	66	72	50	52	240	290	347	378	404
GAAP EBITDA											
Plus: Corp. Stock Comp. Amort.	2	3	4	4	4	4	18	16	19	17	17
Plus: Equity earnings, Net	2	12	6	2	0	5	14	10	17	22	27
Plus: Palmilla EBITDA	0	0	5	5	5	5	20	21	22	23	24
Plus: Reethi Rah EBITDA	0	(2)	2	2	2	2	9	10	11	12	13
Less: Palmilla equity earnings	6	(0)	(2)	(1)	1	(1)	(3)	(3)	(5)	(5)	(8)
Less: Reethi Rah equity earnings	0	7	0	4	4	1	9	8	7	6	5
GAAP EBITDA	169	200	77	73	51	48	249	288	365	416	437

¹ Adjustments made to "Adjusted consolidated EBITDA"

EBITDA build-up – Adjusted Upside Case

10% upside on Atlantis, Paradise Island and Ocean Club over management's Upside Case EBITDA projections

\$ millions											
	2004A	2005A	'06Q1	'06Q2	'06Q3	'06Q4	2006E	2007E	2008E	2009E	2010E
EBITDA:											
Paradise Island	144	162	63	60	37	27	187	157	189	200	210
Ocean Club	10	12	5	5	2	2	14	14	15	16	16
Phase III	2	2	2	2	2	2	9	74	93	103	107
Paradise Island	156	176	70	67	41	31	210	246	297	319	333
CondoTel	0	0	0	0	0	0	0	0	21	23	24
CondoTel Fees	0	0	0	0	0	0	0	0	0	0	0
Harborside Fees	3	4	1	1	1	1	4	4	3	4	4
The Palm	0	0	0	1	1	1	2	4	4	24	26
Dome	0	0	0	0	0	0	0	0	0	0	0
UK Gaming	(2)	(5)	(2)	(2)	(1)	(2)	(7)	(4)	(2)	0	0
Mohegan	37	39	9	9	10	10	39	37	38	39	40
Catskills	0	0	0	0	0	0	0	0	0	0	0
Morocco	0	0	0	0	0	0	0	1	1	7	9
O&O Management Fees	14	18	8	5	3	8	24	23	26	29	30
O&O Development Fees	1	(0)	(0)	0	0	0	0	1	1	0	0
Total Segment EBITDA	210	233	86	80	55	50	272	312	390	445	467
Corporate Expenses	(29)	(27)	(8)	(8)	(8)	(8)	(31)	(33)	(34)	(40)	(42)
New Project Expenses	(4)	(9)	(2)	(2)	(2)	(1)	(7)	(5)	(5)	(5)	(5)
Corp. Stock Comp Amort.	(2)	(3)	(4)	(4)	(4)	(4)	(18)	(16)	(19)	(17)	(17)
O&O Expenses	(14)	(13)	(3)	(3)	(3)	(3)	(13)	(14)	(15)	(16)	(16)
Corporate and O&O Expenses	(49)	(52)	(18)	(18)	(18)	(16)	(69)	(68)	(73)	(77)	(80)
Minority Interest	(2)	(2)	(1)	(0)	(0)	(1)	(2)	(4)	(5)	(6)	(7)
Adjusted consolidated EBITDA	160	179	68	62	38	33	201	240	312	361	380
EBITDA adjustments¹											
Adjusted cash EBITDA											
Plus: Corp. Stock Comp. Amort.	2	3	4	4	4	4	18	16	19	17	17
Plus: Equity earnings, Net	2	12	6	2	0	5	14	10	17	22	27
Cash EBITDA	179	212	78	69	42	43	232	267	349	400	424
Plus: Non-recurring adjustments	(15)	(75)	(6)	9	11	12	26	34	11	(3)	0
Plus: Land sales	0	0	0	0	0	0	0	5	5	0	0
Adjusted cash EBITDA	163	137	72	78	53	55	258	306	365	397	424
GAAP EBITDA											
Plus: Corp. Stock Comp. Amort.	2	3	4	4	4	4	18	16	19	17	17
Plus: Equity earnings, Net	2	12	6	2	0	5	14	10	17	22	27
Plus: Palmilla EBITDA	0	0	5	5	5	5	20	21	22	23	24
Plus: Reethi Rah EBITDA	0	(2)	2	2	2	2	9	10	11	12	13
Less: Palmilla equity earnings	6	(0)	(2)	(1)	1	(1)	(3)	(3)	(5)	(5)	(8)
Less: Reethi Rah equity earnings	0	7	0	4	4	1	9	8	7	6	5
GAAP EBITDA	184	217	84	79	55	50	268	303	384	436	457

¹ Adjustments made to "Adjusted consolidated EBITDA"

WACC analysis

WACC calculation

Risk free rate	5.06%
Unlevered Beta	1.30
Levered Beta	1.75
Equity risk premium	4.08%
Cost of equity (Re)	12.20%
Pre-tax cost of debt (YTW) (Rd)	6.55%
Effective tax rate	0.0%
Post-tax cost of debt	6.55%
Target debt/total capital	35.0%
Target debt/equity	53.8%
WACC	10.22%
WACC (rounded)	10.20%
Leverage (% of TMC)	35.0%
Debt	35.0
Equity	65.0
Debt/equity	53.8%

Estimated peer beta analysis

Company	Predicted beta	Total debt	Equity mkt. cap	Debt/capital	Tax rate	Unlevered beta
MGM Mirage	1.50	\$12,355	12,700	49%	35%	1.14
Harrah's Entertainment	1.25	11,077	14,718	43%	35%	0.98
Wynn Resorts	1.75	NM	NM	NM	NM	NM
Las Vegas Sands	1.60	NM	NM	NM	NM	NM
Gaylord Entertainment	1.50	600	1,773	25%	35%	1.29
Orient Express Hotels	1.50	572	1,615	26%	35%	1.28
Starwood Hotels & Resorts	1.25	3,510	12,782	22%	35%	1.10
Hilton Hotels	1.25	7,754	11,032	41%	35%	0.99
Mean	1.45	5,978	9,104	34%	35%	1.13
Median	1.50	5,632	11,866	34%	35%	1.12

WACC sensitivity by beta and cost of debt

		Cost of debt				
		6.05%	6.30%	6.55%	6.80%	7.05%
Beta	1.50	9.38%	9.47%	9.56%	9.65%	9.73%
	1.75	10.05%	10.13%	10.22%	10.31%	10.40%
	2.00	10.71%	10.80%	10.88%	10.97%	11.06%

Value of NOLs

- Kerzner has \$279.8mm of U.S. NOLs outstanding in its Kerzner International North America, Inc. (“KINA”) subsidiary
 - \$0.5mm are restricted in use
 - \$279.3mm are unrestricted
- In a change of control transaction, Kerzner’s NOLs will be subject to certain restrictions
 - Limit on using more than (4.36% * equity value of KINA) of NOLs in any given year
- Only exception is that if Kerzner sells any assets within KINA where the sale price is greater than the basis, Kerzner may be able to utilize the NOLs without limitation to shield any capital gains

Kerzner model – Key drivers

	2004A	2005A	2006E	2007E	2008E	2009E	2010E
Room Margin	78.1%	79.0%	78.8%	78.6%	78.8%	78.8%	78.8%
% growth	0.2%	0.8%	(0.2%)	(0.1%)	0.1%	(0.0%)	0.0%
RevPAR	\$207.00	\$221.09	\$230.76	\$239.89	\$255.67	\$269.02	\$279.77
% growth	2.9%	6.8%	4.4%	4.0%	6.6%	5.2%	4.0%
ADR	\$257.06	\$271.52	\$281.20	\$298.76	\$316.32	\$328.80	\$341.94
% growth	2.1%	5.6%	3.6%	6.2%	5.9%	3.9%	4.0%
Occupancy	80.5%	81.4%	82.1%	80.3%	80.8%	81.8%	81.8%
% growth	0.7%	0.9%	0.6%	(1.8%)	0.5%	1.0%	0.0%
Phase I # of Rooms	1,116	1,116	1,116	1,116	1,116	1,116	1,116
Phase II # of Rooms	1,201	1,201	1,201	1,201	1,201	1,201	1,201
Phase III # of Rooms				600	600	600	600
Total Rooms	2,317	2,317	2,317	2,917	2,917	2,917	2,917
Win/Table/Day	\$2,636	\$2,788	\$2,814	\$3,172	\$3,452	\$3,587	\$3,694
% growth	(12.0%)	5.8%	0.9%	12.7%	8.8%	3.9%	3.0%
Slot Win/Day	\$177	\$213	\$208	\$238	\$258	\$268	\$276
% growth	8.4%	20.6%	(2.5%)	14.6%	8.2%	4.0%	3.0%
<u>% of revenue</u>							
Food	72.4%	71.5%	72.2%	72.2%	72.2%	72.2%	72.2%
Beverage	26.2%	26.9%	26.8%	26.7%	26.8%	26.8%	26.8%
Food COGS	27.9%	27.8%	27.7%	27.8%	27.7%	27.7%	27.7%
Beverage COGS	19.8%	18.9%	18.9%	18.9%	18.9%	18.9%	18.9%
Payrol & related	32.3%	31.8%	31.7%	31.7%	31.7%	31.7%	31.7%
Telephone expense	40.6%	32.3%	33.7%	40.9%	40.6%	40.7%	40.7%
F&B margin	29.9%	29.7%	30.9%	30.9%	30.9%	30.9%	30.9%
% growth	10.9%	(0.5%)	4.1%	(0.3%)	0.3%	(0.0%)	0.0%
F&B/occupied room night	\$189.33	\$207.71	\$257.93	\$270.90	\$284.38	\$298.60	\$313.53
% growth	6.6%	9.7%	24.2%	5.0%	5.0%	5.0%	5.0%
Food/occupied room night	\$137.03	\$148.54	\$186.10	\$195.60	\$205.18	\$215.45	\$226.22
% growth	6.9%	8.4%	25.3%	5.1%	4.9%	5.0%	5.0%
Beverage/occupied room night	\$49.52	\$55.79	\$69.01	\$72.35	\$76.09	\$79.89	\$83.88
% growth	5.1%	12.7%	23.7%	4.8%	5.2%	5.0%	5.0%
Telephone/occupied room night	\$13.18	\$10.86	\$11.17	\$11.39	\$11.85	\$12.20	\$12.56