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Iao Kun Group Holding Company Limited Provides Additional Details on Its Announced Acquisition of the Jeju Sun Hotel & Casino in Jeju, Korea

HONG KONG--(BUSINESS WIRE)-- Iao Kun Group Holding Company Limited ("IKGH") (NASDAQ:IKGH), which operates through its subsidiaries and related promotion entities that act as VIP room gaming promoters and a collaborator, today provided additional details on its announced acquisition of the Jeju Sun Hotel & Casino in Jeju, Korea.

Consideration and Financing

The acquisition consideration includes the real property, on which the Jeju Hotel & Casino is situated, as well as a non-expiring gaming license, which allows for an unlimited number of gaming tables that may be installed, subject to regulatory approval. IKGH shall be the first Macau gaming operator to have a gaming license in Jeju, and ownership of the gaming license will be an additional valuable asset for IKGH as it can be transferred to other potential locations in Jeju.

IKGH expects to finalize its funding arrangements for the acquisition within the next few weeks. The company expects hotel and gaming operations to generate positive cash flow post-acquisition. Further, IKGH believes that the funding structure to be finalized should cause the acquisition to be accretive to earnings per share.

Selecting Jeju

IKGH has consistently noted that it has been seeking to diversify its operations outside of Macau. After a comprehensive review of opportunities, the company focused its efforts on the rapidly expanding market of Jeju, Korea. Jeju provides excellent accessibility from the Chinese Mainland, with many daily flights from the major Chinese cities. In addition, all Mainland Chinese can travel to Jeju visa-free, making it an ideal destination for Chinese travelers and casino patrons. Jeju also has a low gaming tax rate compared to other jurisdictions (the gaming tax is paid net of junket commissions and other expenses and will be typically be below 15% of net gaming revenue).

In addition, IKGH sees significant potential to rapidly grow VIP operations on the island, given that VIP gaming in Jeju is currently underdeveloped. Upon reviewing potential opportunities, IKGH determined that the acquisition of the Jeju Sun Hotel & Casino and obtaining the non-expiring gaming license was the optimal way to diversify outside of Macau given the quality of the property and its close proximity (five-minute drive) to Jeju International Airport.

Hotel and Casino Management

In order to ensure a successful and value-added acquisition, it is imperative to have the proper teams in place to properly manage the property and casino and provide the customer with a first-class experience. In addition to the Jeju Sun Hotel management team that will continue to run the property as previously discussed, IKGH is currently negotiating and is confident that it will have a deeply experienced professional gaming team in place to manage the casino operation post-acquisition.

Forward-Looking Statements

This press release includes forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Forward-looking statements are statements that are not historical facts. Such forward-looking statements, based upon the current beliefs and expectations of IKGH's management, are subject to risks and uncertainties, which could cause actual results to differ from the forward-looking statements. The gaming industry is characterized by an element of chance. Theoretical win rates for IKGH's promotion entities' VIP gaming room operations depend on a variety of factors, some beyond their control. In addition to the element of chance, theoretical win rates are also affected by other factors, including gaming patrons' skill and experience, the mix of games played, the financial resources of gaming patrons, the spread of table limits, the volume of bets placed by IKGH's promotion entities' gaming patrons and the amount of time gaming patrons spend on gambling — thus VIP gaming rooms' actual win rates may differ greatly over short time periods, such as from quarter to quarter, and could cause their quarterly results to be volatile. These factors, alone or in combination, have the potential to negatively impact the VIP gaming rooms'

win rates. Investors and potential investors should consult all of the information set forth herein and should also refer to the risk factors set forth in IKGH's Annual Report on Form 20-F filed in March 2016, and other reports filed or to be filed from time-to-time with the Securities and Exchange Commission.

About Iao Kun Group Holding Company Limited

IKGH is a holding company which operates through its subsidiaries and related promotion entities that act as VIP room gaming promoters and a collaborator, and is entitled to receive all of the profits of the VIP gaming promoters and a collaborator from VIP gaming rooms. IKGH's VIP room gaming promoters and collaborator currently participate in the promotion of five major luxury VIP gaming facilities in Macau, China, the largest gaming market in the world. One VIP gaming room is located at the top-tier 5-star hotel, the StarWorld Hotel & Casino in downtown Macau, and another is located in the luxury 5-star hotel, the Galaxy Macau™ Resort in Cotai, each of which is operated by Galaxy Casino, S.A. Additional VIP gaming rooms are located at the Sands Cotai Central and City of Dreams Macau, both in Cotai, and Le Royal Arc Casino, located in NAPE, Downtown Macau. IKGH recently started trial operations to the Australian casinos (Crown Perth Casino in Perth, Australia and the Crown Melbourne Casino in Melbourne, Australia) to gain a greater understanding of the preferences of its junket agents and VIP players and the logistics of the market.

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