

(Translation)

November 21, 2014

Dear Sirs,

Name of Company: SEGA SAMMY HOLDINGS INC.
Name of Representative: Hajime Satomi,
Chairman, President and Representative Director (CEO)
(Code No. 6460, Tokyo Stock Exchange 1st Section)
Further Inquiry: Seichiro Kikuchi,
Executive Officer
Division Manager,
Group Executive Office
(TEL: 03-6215-9955)

Notice of Construction Start on PARADISE CITY

SEGA SAMMY HOLDINGS INC. (the “Company”), hereby announced that on Thursday, November 20, PARADISE SEGASAMMY Co., Ltd. (Representative: Choi, Jong Hwan), a joint venture established by the Company with Paradise Co., Ltd. (Representative: Phil-Lip Chun, Chairman), which conducts operation of casinos and management of hotels and spas in the Republic of Korea, held a groundbreaking ceremony for PARADISE CITY that will be South Korea’s first-ever fully-fledged integrated resort (IR), and commenced construction work with the aim of beginning operations in the first half of 2017.

For further information, please refer to press release of the Company.

Attached material: Press Release of SEGA SAMMY HOLDINGS INC.

“Notice of Construction Start on PARADISE CITY, South Korea’s First Fully Integrated Resort (IR) Facility Scheduled to Open in Incheon International Airport Area in First Half of 2017”

N E W S R E L E A S E

(Translation)

November 21, 2014

SEGA SAMMY HOLDINGS, INC.

Dear Sirs,

Notice of Construction Start on PARADISE CITY
South Korea's First Fully Integrated Resort (IR) Facility
Scheduled to Open in Incheon International Airport Area in First Half of 2017

On Thursday, November 20, PARADISE SEGASAMMY Co., Ltd. (Representative: Choi, Jong Hwan) ("PARADISE SEGASAMMY"), a joint venture established by SEGA SAMMY HOLDINGS INC. (Headquarters: Minato-ku, Tokyo: Hajime Satomi, Chairman of the Board and Chief Executive Officer) (the "Company") with Paradise Co., Ltd. (Representative: Phil-Lip Chun, Chairman) ("Paradise"), which conducts operation of casinos and management of hotels and spas in the Republic of Korea, held a groundbreaking ceremony for PARADISE CITY that will be South Korea's first-ever fully-fledged integrated resort (IR), and commenced construction work with the aim of beginning operations in the first half of 2017.

A total of around 400 guests and stakeholders attended the groundbreaking ceremony, including Yoo Jeong-bok, Mayor of Incheon Metropolitan City; Kyung-su No, Chair of the Incheon Metropolitan Council; Wan-su Park, President & CEO of Incheon International Airport Corporation; and Phil-Lip Chun, Chairman of Paradise Co., Ltd., from the South Korean side, and Koro Bessho, Ambassadors Extraordinary and Plenipotentiary at Embassy of Japan in Korea; Hirotsugu Ishiyama, Chairman of the Seoul Japan Club; and Hajime Satomi, Chairman of the Board and Chief Executive Officer of the Company, from the Japanese side.

The aim is for PARADISE CITY, which will be developed in South Korea's Incheon International Airport International Business Center, to be an entirely new and unique integrated resort combining the experience and expertise that Paradise has accumulated over 40 years in diverse sectors, such as casino facility operation and the tourism business, with the Company's capacity to plan and develop a wide range of entertainment. Bringing together a luxury hotel, boutique hotel, casino, commercial facility, convention hall, premium spa and more on its 330,000m² site, it is scheduled to open in the first half of 2017 as South Korea's first fully integrated resort able to be enjoyed by everyone, from children to adults.

PARADISE CITY will feature outstanding transportation access such as being located a 10-minute walk from Incheon International Airport—Asia's largest hub airport, boasting 41.67 million passengers per year—and a direct rail connection is also planned to run from the airport. Furthermore, it will be equipped with the functions required to hold meetings, incentives, conferences and exhibitions (MICE), including a 711-guest room luxury hotel, South Korea's largest casino for foreigners and a convention hall. It will also function as a major center for promoting Korean culture—for example, by providing Korean pop culture content through live events at a culture hall, a shopping zone and the like.

Thanks to the customer-attracting capacity of an international hub airport, the outstanding accessibility of the site, and facilities that can accommodate all kinds of travelers (business, leisure, etc.), PARADISE

CITY aims to become a central presence in Northeast Asia, visited not only by South Koreans but also by many tourists from other countries, including China and Japan.

Having identified the integrated resort (IR) business as a future growth field, the Company aims to gain significant profit from PARADISE CITY. In addition, it intends to build up the diverse know-how and expertise required to develop and operate integrated resorts within the group through this project, leading to further expansion of its business and revenues.

■ Comments from Representatives of the Company and Paradise

○**Hajime Satomi, Chairman of the Board and Chief Executive Officer, SEGA SAMMY HOLDINGS INC.**

“We’re convinced that PARADISE CITY will achieve great development and become a driver of South Korea’s tourism industry as a major presence in the northeast Asian region along with Incheon International Airport, which is growing in stature as an Asian hub airport. In 2017, we promise to open PARADISE CITY as a world-class site that will excite and amaze everyone who visits.”

○**Phil-Lip Chun, Chairman, Paradise Co., Ltd.**

“We will build a true integrated resort that meets today’s needs while giving sincere consideration to culture, arts and people’s daily lives. PARADISE CITY demonstrates direction on how to achieve a “creative economy” that produces new added value by combining industry and culture, and it will become a Renaissance space that will produce new value unlike any other.”

■ Photos from the groundbreaking ceremony



■ Renderings of PARADISE CITY



■ PARADISE CITY: Facility Overview

Facility name	PARADISE CITY
Operating company	PARADISE SEGASAMMY Co., Ltd.
Facility address	IBC-1 2nd Phase District, Woonseo-dong, Jung-gu, Incheon, Republic of Korea
Site area	330,000m ²
Investment amount	Approx. 1,300 billion KRW (amount invested by Sega Sammy: 142.9 billion KRW; shareholding ratio: 45%)
Facility composition	Casino (table games: 160 units, electronic table games: 388 units, slot machines: 350 units)
	Hotel (711 rooms; additional facilities: restaurant, banquet hall, indoor and outdoor pools, etc.)
	Commercial facility, cultural center
	Upscale spa (hot bath facility)
	Boutique hotel (103 rooms; additional facilities: fitness center)
Opening	Scheduled for First half of 2017

■ PARADISE SEGASAMMY: Company Overview

Business name	PARADISE SEGASAMMY Co., Ltd.
Address	Daewoo Theoville 407, 2850-7 Woonseo-dong, Jung-gu, Incheon, Republic of Korea
Capital	140.6 billion KRW
Incorporated	2012
Representative	Choi, Jong Hwan
Principal business	Tourism business development, tourist hotel accommodation business, leisure industry, casino business, etc.

■ Paradise Co., Ltd.: Company Overview

Business name	Paradise Co., Ltd.
Address	Dongho-ro 268, Jung-gu, Seoul, Republic of Korea
Capital	47 billion KRW
Incorporated	1972
Representative	Phil-Lip Chun
Principal business	Casino operation business "Paradise Walkerhill" etc., facility operation business (hotels, spas, etc.), travel agency business, construction business, etc.

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