

Written by Administrator
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Two private equity groups, including one of the co-owners of Caesars Entertainment, are in discussions with Palms owner George Maloof to take over a controlling stake in the off-Strip casino.

Bloomberg News reported Thursday morning that Los Angeles-based Leonard Green & Partners and TPG Capital of Fort Worth, Texas, acquired most of a loan backed by the Palms at a discount last year. The

groups are looking to take an equity stake in the hotel-casino as part of the restructuring, according to unnamed sources who talked with Bloomberg.

A spokesman for the Palms declined comment on the story Thursday morning.

TPG owns Caesars Entertainment along with Apollo Global Management Group. The two firms acquired the company, then known as Harrah's Entertainment, in a buyout worth more than \$29 billion

Leonard Green is reportedly the buyer of MGM Resorts International's 50 percent stake in the Borgata in Atlantic City. The deal is still pending New Jersey regulatory approval.

According to Bloomberg, Maloof, who opened the Palms in 2001, may partner with the private equity firms to remain the operator with a reduced ownership stake. The property is backed by a revolving credit facility, originally for \$400 million, that came due in October and wasn't refinanced.

Wells Fargo Securities gaming analyst Carlo Santarelli said the potential deal shows that private equity groups remain interested in the gaming industry.

"Should a deal be completed, given the would be ownership structure of Palms, we would anticipate the property being rolled into the Caesars portfolio," Santarelli told investors this morning. "We believe this would have a positive impact for both the Palms via its inclusion in the Total Rewards program, and for Caesars, given Palms status as a differentiated Las Vegas

Equity groups seek controlling stake in Palms casino - Las Vegas Review - Journal

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asset when compared with its existing portfolio."

The Palms has 95,000 square feet of casino space and is marketed as both a celebrity hangout and a place for local slot machine players.

Contact reporter Howard Stutz at hstutz@reviewjournal.com or 702-477-3871.

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