

Penn National Gaming buys Vegas' M Resort - Philadelphia Inquirer

Written by Administrator
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Penn National Gaming Inc. said Friday that it had taken ownership of the M Resort, a hotel casino just off the Las Vegas Strip, for \$230.5 million.

The company, based in Wyomissing, Berks County, said it had bought

all the casino's debt, as well as \$160 million of subordinated debt formerly held by MGM Resorts International, from Royal Bank of Scotland P.L.C.

The acquisition finally gives Penn National the major-market beachhead it had long coveted. Up to now, it had no presence in Las Vegas or Atlantic City, the nation's two biggest casino towns.

"This transaction represents a great opportunity for Penn National, M Resort, its customers, and employees . . ." Peter M. Carlino, chief executive officer of Penn National, said in a statement Friday. "The M Resort is a beautiful, fresh, upscale local and destination-oriented casino resort, which provides an excellent customer experience."

The third-largest publicly traded gaming company in the United States, Penn National is known primarily as a regional operator of racetrack casinos in Pennsylvania, West Virginia, and Maryland. It also is co-owner, with Greenwood Racing Inc., of Freehold Raceway in Freehold, N.J.

Its signature brand is the art deco Hollywood-theme casino, such as the one outside Harrisburg. Another opened in Cecil County, Md., on Sept. 30.

M Resort, 10 miles from the Vegas Strip with access to Interstate 15, opened last year, just as visits to Las Vegas began to slump. The resort has 390 rooms and more than 92,000 square feet of gambling space.

"This is truly a one-of-a-kind property," said Penn National spokesman Eric Schippers. "With our growing database of 12 million regional gaming customers from across the country, we're looking forward to being in position to drive incremental visitation to M Resort, while generating long-term value for our shareholders."

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Earlier this year, Penn National weighed the possibility of taking control of the Fontainebleau Las Vegas, a stalled casino-hotel development on the Strip, but pulled out of the bidding. (Billionaire financier Carl Icahn ultimately acquired the property in bankruptcy court.)

But the company, with a reputation for having one of the industry's strongest balance sheets, with little debt and strong cash flow, continues to expand.

Through a joint venture, Penn National is developing a full casino at Kansas Speedway in Kansas City, Mo., that is expected to open in the first half of 2012. It also is developing two Ohio casinos, with targeted 2012 openings, and will operate three parimutuel operations in Texas.

Company shares closed Friday at \$31.67, up 0.81 cents (2.63 percent).

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