

Crown Agrees to Acquire Cannery Casino Resorts

2007-12-12

Crown Limited announced today that it had signed an agreement to acquire 100% of the equity interests in Cannery Casino Resorts LLC on a cash and debt free basis for US\$1,752 million plus acquisition costs (estimated to be approximately US\$49.6 million)

CCR currently operates four casinos in Nevada and Western Pennsylvania in the USA, catering to local and regional customers:

The Cannery Hotel and Casino in North Las Vegas, Nevada

Nevada Palace Casino on the Boulder Strip in East Las Vegas, Nevada

Rampart Casino in Summerlin (West Las Vegas), Nevada (operated under a management contract)

The Meadows Racetrack & Casino (temporary facility) located in Pittsburgh, Pennsylvania

CCR is also developing two casino/hotel complexes which are expected to be completed or substantially completed prior to financial close of the acquisition:

East Side Cannery in East Las Vegas, Nevada with an expected completion date of September 2008 (which will replace the existing Nevada Palace)

The Meadows Racetrack & Casino permanent facility with an expected completion date of April 2009 (which will replace the existing temporary facility)

At completion of these two construction projects, CCR will operate approximately 8,400 slots and 75 tables and over 720 hotel rooms throughout its properties.

CCR is owned by Millennium Gaming Inc (58%), which is a joint venture between Bill Paulos and Bill Wortman, and entities managed by Oaktree Capital Management, LP through affiliates (42%).

The Executive Chairman of Crown, Mr James Packer, said "CCR's existing shareholders -- Bill Paulos, Bill Wortman and Oaktree -- have created first class locals properties located in markets with attractive, long term growth prospects. Crown's skills and experience in operating successful locals casinos will enable us to grow the CCR business further."

CCR's joint CEO and part owner, Mr Bill Paulos, said, "Crown is a world class operator. We absolutely believe that Crown's acquisition of Cannery Casino Resorts is a great fit for our company and the future of our employees."

Transaction completion and financial close will not occur until Crown has received all of the necessary gaming approvals required to own and operate the casinos within the CCR portfolio. This includes approvals from the Nevada Gaming Commission, Pennsylvania Gaming Control Board and the Pennsylvania Harness Racing Commission. It is estimated that this process will take at least 12 months.

Accordingly finalisation of the acquisition of CCR is expected to occur after all construction on East Side Cannery is complete and The Meadows permanent facility is close to completion. The vendors are responsible for finalisation of the construction of East Side Cannery and The Meadows permanent facility and the purchase price paid by Crown will be reduced to the extent that there is any construction capital expenditure remaining to be spent at completion. The purchase price is also subject to an adjustment dependant on the actual timing of the receipt of the necessary gaming approvals.

Crown's CEO, Mr Rowen Craigie said, "The acquisition of CCR is strategically and financially compelling for Crown. CCR provides Crown with an entry point into the US locals casino industry via a well managed and successful company."

"CCR presents Crown with high quality new or near new facilities without exposure to construction risk and without high capital expenditure requirements," Mr Craigie said

On completion, the acquisition will be funded from Crown's existing cash reserves and is expected to be accretive to Crown's earnings per share.

Macquarie Securities (USA) and Global Leisure Partners, LLP acted as financial advisers and Skadden, Arps, Slate, Meagher & Flom LLP acted as legal adviser to Crown in this transaction.

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