

# Caesar's Palace owner buys into British casinos

The American owner of the world-famous Caesar's Palace casino in Las Vegas has swooped on the rapidly liberalising UK gambling market, striking a deal to buy smaller operator London Clubs for GBP 293.3 million in cash.

The deal, backed by the board at London Clubs, gives Harrah's Entertainment, which also operates the Horseshoe brand, access to six existing casinos and licences to develop a further five.

In one step, Harrah's, currently the world's biggest casino operator, has secured a major foothold in the British market. On top of its existing sites, London Clubs is actively competing for the rights to build a new wave of Vegas-style casinos in Britain, as the Government moves swiftly to deregulate the highly lucrative gambling industry.

News of the 125p a share agreed offer sent shares in London Clubs rocketing by almost a third, up 32p to 130.75p.

But the deal represents a setback for Stanley Leisure, which told the stock market towards the end of June that it was holding takeover talks with London Clubs. Stanley said this morning that talks have now ended, although rampant investor enthusiasm for the acquisition nevertheless pushed its shares up 30p to 648.5p, a rise of nearly 5 per cent.

Harrah's, which is carrying out the takeover through its Dagger Holdings special investment vehicle, said it had been looking for a way in to the British market for some time and had approached London Clubs following the disclosure of the talks with Stanley Leisure.

It said it expected management at the casino group, led by

non-executive chairman Michael Beckett, to stay on and play an active part in the enlarged group following completion of the takeover.

Gary Loveman, chairman of Harrah's, which operates 37 casinos, said: „London Clubs International is a highly attractive way for Harrah's Entertainment to establish its presence in the UK market.

„We are excited by its current development projects and believe that Harrah's Entertainment's skills and access to capital will assist London Clubs International in its planned expansion.“

Greg Feehely, an analyst at Altium Securities, described today's agreement as excellent for London Clubs shareholders and predicted that it was unlikely that Stanley Leisure would return with a higher offer given the size of Harrah's.

But Mr Feehely added: „This offer clearly highlights that a de-regulated market in the UK is an attractive place for overseas investors and one should not rule out future interest from other overseas casino operators.“