

# Gold Reef says in exclusive USD 1.4 bln buyout talks

Johannesburg (Reuters) – South African casino operator Gold Reef Resorts is in exclusive talks with a private equity consortium about a cash takeover that values the firm at about ZAR 9.85 billion (USD 1.37 billion).

Gold Reef said on Monday a consortium led by Ethos Private Equity Fund V and including management and black investors might make an offer of 34 rand per share in cash. Gold Reef said that implied an enterprise value of ZAR 11.6 billion.

The price represents a 20 percent premium to Friday's closing level and the news pushed Gold Reef shares up 10.2 percent to ZAR 31.30 by 0609 EDT, outpacing a slightly firmer Johannesburg index of Mid-cap stocks.

Gold Reef said investors holding 76 percent of the company's shares, including its biggest shareholders, had irrevocably undertaken to back such an offer.

Gold Reef operates the Gold Reef City theme park and casino in Johannesburg and other casinos and hotels around the country.

A firm offer is contingent upon the black investor group drawing up a shareholder agreement and finalizing funding, and on the board recommending the offer to shareholders.

Fuelled by buoyant consumer spending and a burgeoning black middle class, South Africa's casino companies have racked up impressive profits since gambling was legalized after apartheid fell in 1994.

A takeover of Gold Fields would follow a wave of private equity and management buyouts of consumer companies in South Africa.

Gold Fields said in May it had received several approaches from potential buyers and was in exploratory talks with selected parties.