

Private Equity Group to Buy Gold Reef for USD 1.4 Bln

London (Reuters) – South African casino operator Gold Reef Resorts agreed to be acquired by a group including Ethos Private Equity and Goldman Sachs for 34 rand a share, or about ZAR 9.85 billion (USD 1.37 billion).

Gold Reef, which operates the Gold Reef City theme park and casino in Johannesburg and other casinos and hotels around the country, said on Monday after markets had closed that the deal implied an enterprise value of ZAR 11.6 billion.

Fueled by buoyant consumer spending and a burgeoning black middle class, South Africa's casinos have racked up larger profits since gambling was legalised after apartheid fell in 1994.

The company said Aug. 13 it was in exclusive talks with the buyout group, which also includes Gold Reef management and black investors, though Goldman Sachs's involvement was not disclosed at the time.

The price represents a 20 percent premium to its closing price Aug. 10, the last trading day before the talks and the price were revealed. They closed on Monday at ZAR 31.75.

Goldman Sachs and Nedbank Corporate have agreed to provide financing for the deal amid a difficult climate to raise debt for leveraged buyouts because of a massive backlog for banks fighting through a credit crunch.

Gold Reef has ended all talks for competing bids, and under the agreement will inform the bidding group if it receives an unsolicited approach.

The offer is conditional on receiving 90 percent of Gold

Reef's shares before Jan. 31, 2008, the company said in a statement.

Existing shareholders eligible to vote on the deal holding 77 percent of Gold Reef's shares, or shares to be issued, already have irrevocably undertaken to back the offer if no competing bid at least 10 percent higher comes along.