

Harrah's investors face mark downs

New York (Reuters) – Private equity firms TPG and Apollo Management LP are going to have to mark down their investments in Harrah's Entertainment, as the casino giant grapples with a soft economy and a heavy debt load, the Wall Street Journal reported on its website on Sunday.

TPG TPG.UL and Apollo APOLLO.UL bought Harrah's Entertainment, which operates nearly 40 casinos across the United States, for USD 31 billion in January.

The two firms each invested USD 1.3 billion and have written down their stakes by about 20 percent just months after the deal closed, the paper reported.

But the firms and their co-investors, including Blackstone Group which put in USD 275 million, will have to mark down their investments further, the paper said, citing unnamed sources familiar with the deal.

One co-investor, GoldenTree Asset Management, has written down its Harrah's investment by 75 percent, the Journal said.

TPG, Apollo, Blackstone and GoldenTree could not be immediately reached for comment.

The casino operator is also trying to negotiate more flexible terms with its lenders and bondholders, the paper said.

Harrah's has weighed using part of a USD 2 billion credit facility to buy back some debt in a move that would reduce interest expenses, it said.

It also tried to sell some assets but did not get good offers, the paper said.

Harrah's could not be reached immediately for comment.