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Beau up for sale

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BILOXI — News that the Beau Rivage Resort and Casino is for sale reverberated across the Coast and the country Monday.

The Peoples Bank Chairman Chevis Swetman said he read the story in the Sun Herald and the Wall Street Journal, and saw a report on CNBC.

Swetman said the reports confirmed a long-circulating rumor about the sale. Beau Rivage did not return the Sun Herald's phone calls.

The Wall Street Journal first reported MGM Mirage, the parent company of Beau Rivage, has hired Morgan Stanley to find buyers for the Biloxi casino and the MGM Grand in Detroit, Mich. The sale could potentially net the company \$2 billion, the report said.

"Whoever gets it is a lucky company," said Len Blackwell, former chairman of the Mississippi Gaming Commission. He said Beau Rivage will be the flagship casino on the Coast for the foreseeable future. Blackwell said the sale is a reflection of the state of the parent company, not the Gulf Coast casino market.

MGM Mirage, the second largest casino operator, is trying to raise capital to meet its debt payments and complete CityCenter, a 67-acre mixed residential, retail and resort complex on the strip in Las Vegas.

While the company needs to raise cash, it doesn't have to sell Beau Rivage if it doesn't get a fair price, Swetman said. "I don't think you're going to see a fire sale price on it."

The Wall Street Journal listed the EBITDA, or the casino's Earnings Before Interest, Taxes, Depreciation and Amortization, as \$131 million for Detroit and \$100 million for Beau Rivage, Swetman said, showing the two casinos are steady revenue producers in an otherwise slumping market.

"I think it's a good operation. We're glad to have it," Swetman said.

Even in the down economy, "There are some investors out there capable of making major purchases," said Joseph Weinert, senior vice president of Spectrum Gaming Group in Atlantic City.

In December, MGM Mirage agreed to sell its Treasure Island Casino in Las Vegas to Ruffin Acquisition for \$775 million. If a company has the money, the downturn in real estate prices makes this is a great time to buy, Weinert said.

Beau Rivage is a very attractive property that commands respect nationally, despite being outside one of the "glamor markets," he said.

Among the potential buyers mentioned are casino mogul and Beau Rivage developer Steve Wynn.

"That wouldn't surprise me," said Swetman, who recalls Wynn having a strong hand in building Beau Rivage in the late 1990s.

Penn National is one of the few casino companies that has money to buy, said Weinert.

The company was paid \$1.5 billion last summer when a private equity firm pulled out of a deal to take the company private. Penn National is the parent company of Hollywood Casino Bay St. Louis and Boomtown Casino Biloxi.

For the sake of the Gulf Coast, Weinert said he hopes the new owner will be as good a steward of Beau Rivage as MGM.

"I don't think MGM Mirage is eager to leave the Gulf Coast market," he said. "These are unusual times," and he said companies are forced to make changes.