

# British Permira to pay USD 838 million for Macau casino stake

British private equity fund Permira will buy 20 percent of casino operator Galaxy Entertainment Group Ltd for USD 838 million, the Hong Kong firm said on Thursday, getting in on a Macau gambling boom.

Permira will buy 452 million shares from Galaxy shareholder K.Wah International Holdings Ltd for USD 490 million, and acquire another 323 million new shares from Galaxy for USD 348 million, Galaxy said in a statement on Thursday.

In addition, Galaxy will issue 150 million new shares to other institutional investors.

With its deep understanding of Asian gaming, it has become a leader in Macau, and has captured a substantial market share in less than three years.

The company operates a number of highly successful casinos in Macau including its flagship StarWorld, which recently announced record results and accelerating market share in the prized VIP segment, the largest and fastest growing segment in the Macau gaming market.

For the half year ended 30 June 2007, Galaxy recorded revenues of us\$ 816 million and an EBITDA of USD 95 million, representing year-on-year increases of 385% and 300%, respectively.

Galaxy's rapid and sustained growth in Macau has also been supported by Dr Che-woo Lui and the Lui family's 30 year history in real estate development in Greater China and significant experience of international hotel operation, as

well as the company's proven focus on sound capital management and ROI.

On completion, the 2,500 room, suite and villa Cotai Mega Resort in Macau will feature the world's second largest casino. Galaxy also has a further 10 million sq.ft. of approved gross floor area for future expansion in areas 2, 3 and 4 of its Cotai site.

Permira is a leading international private equity firm with a track record of more than twenty years of helping to build outstanding businesses. Over this time, Permira has raised 19 funds totaling approximately USD 30 billion. This is the Permira Funds' first investment in Greater China, giving them an important stake in Galaxy, a leader in the world's largest gaming market, as well as a strong platform for future growth across Asia.

Galaxy and Permira believe that there are significant benefits to be gained from combining their expertise. The leisure, retail and consumer sectors represent 40% of the investments made by the Permira Funds over the last decade, with portfolio companies including Cortefiel, Ferretti, Hugo Boss, and Valentino. In particular, Permira has deep expertise in the international gaming sector through its investments in Gala Coral, Europe's largest gaming company, and in Sisal, the second largest lotto operator in Italy.

Che-woo Lui, Chairman of Galaxy, said: „We are delighted that Permira has chosen to join us in continuing to build Galaxy's future in Macau and Asia. I look forward to welcoming Martin Clarke and Guido Paolo Gamucci as non-executive Directors to the Board and to working with them to realize our vision for Galaxy. We believe that this investment not only endorses our strategy but further enables us to deliver on our mission to be one of Asia's leading gaming and entertainment groups, to the benefit of all our stakeholders.“

Martin Clarke, Partner at Permira, commented: „We have been deeply impressed by the success of Galaxy and the vision of the Lui family and look forward to partnering with one of Asia’s leading gaming and entertainment groups. Galaxy has a unique blend of high quality project development and gaming expertise and an unrivalled understanding of the Asian culture and the Chinese market. With the Permira Funds’ financial strength and its successful track record of investing in gaming, retail and hospitality businesses we look forward to working with Galaxy, and in the process helping it to realize its clear vision in Asia.“

Francis Lui, Vice Chairman of Galaxy, added: „We are excited to welcome such a prestigious shareholder to Galaxy and delighted to be Permira’s first major investment in Greater China. I look forward to working closely with Permira and with Dr. Martin Clarke and Guido Paolo Gamucci, to leverage the opportunities this transaction brings and to realize our shared vision for Galaxy’s exciting developments in Cotai and beyond.“