

Wave of Capital Fuels Global Gaming Sector, According to Ernst & Young Report

US Still Outpaces Other Countries in Terms of Casino Sector Growth; Rest of World Now Surpasses North America in Number of Casinos

LONDON AND NEW YORK, 22 May 2007 – A wave of capital flowing into the gaming sector, worldwide, is fueling massive growth in casino and other gaming properties from Macau to Manchester, England to Michigan and all points in between, according to a report published today by Ernst & Young. Now in its 25th year, Ernst & Young's annual *Gaming Bulletin* reported that the gaming industry – fueled by billions in new capital for development, mergers and acquisitions – has undergone a transformation in the last year, creating a truly global gaming industry.

“In the last year, we’ve seen Macau surpass Las Vegas as the leading gaming center in the world, and we’ve seen the rest of the world surpass North America in terms of total number of gaming properties,” said Brian Ford, Global Gaming Services Leader, Ernst & Young. “We’ve also seen a strong flow of capital into the gaming sector in the US and witnessed the steady expansion of the North American gaming businesses abroad through mergers and acquisitions as well as the emergence of new markets in Europe and Asia.”

While the US is still the largest single gaming market with 1,496 casino and gaming properties, the rest of the world has now sharply overtaken North America in terms of casino expansion with 1,822 properties.

Much of the growth in the gaming sector has come in Asia, where Macau has been a major success story with 23 percent annual growth last year and US\$6.9 billion in annual revenue in 2006, surpassing the Las Vegas strip (US\$6.7 billion). Further regional growth is anticipated in the next 12 to 24 months with Singapore projected to open its first gaming properties in 2009 and Japan discussing whether to lift a longtime ban on casinos.

Other regions that saw significant growth in their gaming sectors in 2006 include South America – where Argentina, with 79 casinos has more gaming activity than any other country in the region – and Africa, where South Africa dominates with 44 casinos and 37,599 slots. The report predicts that other emerging nations such as Russia, which has more casinos (169) than any other country in Eastern Europe, and India may also see strong future expansion of their gaming sectors in the next few years, though both markets currently have certain restrictions in place. Even in more mature markets, such as the United Kingdom, which for many years has had sports betting, slots and other gaming properties, pending legislation will result in the controlled expansion of the casino sector with 17 new licenses to be granted, including one for a regional super casino in Manchester.

“Increasingly, sovereign nations and municipalities are viewing gaming as a catalyst for tourism, their entertainment industries and economic development,” said Ford. “As a result, we don’t see any immediate let-up in the current rate of gaming growth in the US or around the world,” he concluded.

Additional Regional Highlights

- Australia’s casino industry is expected to generate US\$3 billion in 2006-07.
- In Australia, New South Wales leads the states in total gambling expenditure, with US\$5,429 million, followed by Victoria with US\$3,428 million.
- Gross gaming win from French casinos hit US\$3,459 million in 2006.
- In 2005, the French region, Provence-Alpes-Cote d’Azur, had the most gross gaming win with US\$583 million.
- Approximately 40% of Macau’s GDP is sourced from the gaming industry.
- 2006 gaming revenue in Macau was US\$6,869 million.
- In the UK, 66% of the adult population takes part in some form of gambling.
- Total US gaming revenues in 2005 were US\$84.7 billion.
- Nevada was the top gaming market in the US in 2006, with revenues of US\$12,194 million.

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About the survey

The Ernst & Young Gaming Bulletin has tracked the development of the gaming industry in the US for the last 25 years. This is the first year that the Bulletin has covered development of the gaming industry on a global basis.

A copy of the full report may be downloaded from www.ey.com/us/realestate.

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