

# New deal to speed casino OK

The Victorian casino regulator said yesterday its investigation into James Packer's Macau joint venture would probably be finalised more quickly if the operational role of gaming godfather Stanley Ho's company was scrapped.

Victorian Commission for Gambling regulation chief executive Peter Cohen said a major restructure of the Publishing & Broadcasting venture with Melco International, announced on Monday, „might result in streamlining our assessment“.

„If SJM (Mr Ho's company Sociedade de Jogos) is no longer involved and if that was going to slow things down, then you would expect things could speed up,“ he said. „But until we've got more information from PBL we can't make a final decision.“

For the past two years regulators in Western Australia and Victoria have been conducting probity checks on the original Macau arrangements under which the two casinos being built by the joint venture would be operated by SJM.

But PBL-Melco announced on Monday it would acquire its own sub-concession, from Las Vegas casino king Steve Wynn, for USD 900 million (AUD 1.2 billion), enabling the joint venture partners to run the casinos themselves. PBL shares hit a record high yesterday, closing up 5c at AUD 17.52, after adding 40c on Monday.

The deal has been hailed in the US as a „windfall“ for Mr Wynn – famous for founding the Bellagio casino in Las Vegas – with PBL paying well over the amount US analysts had expected for the sub-concession. Shares in Wynn Resorts jumped by almost 13 per cent.

Advertisement:

Prudential Equity Group analyst William Lerner said he was „stunned“ by the USD 900 million figure. He expected Wynn to

get USD 350-USD 500 million.

Another analyst said the deal meant that Mr Wynn was basically getting his USD 1.1 billion Macau casino for free.

„It’s nice to have the USD 900 million,“ Mr Wynn told the US press overnight, two weeks after announcing another loss for his company. He said he had been discussing the deal with James Packer for several months.

Mr Wynn indicated that the Macau authorities had given the „all clear“ for the Packer link, although the actual deal still had to be approved.

The PBL-Wynn deal comes two weeks after Nevada gaming officials confirmed they were investigating the Macau casino joint venture between US casino company MGM Mirage and Stanley Ho’s daughter Pansy.

MGM Mirage had sought approval for its planned USD 975 million casino project, a move triggering the probe into MGM’s links with Mr Ho.

Other US operators have shied away from any links with Mr Ho, a 30-year veteran of the Macau industry who has been suspected of links to Chinese organised crime.

The Victorian commission has been investigating PBL’s joint venture since late 2004 to satisfy itself that the partners of PBL are of good standing.

PBL said SJM has agreed to waive its rights with the joint venture, although Mr Ho, with an 11 per cent stake, will continue to act as Melco chairman. Melco is run and controlled by his son Lawrence Ho.

UBS analysts said they expected the restructure – which means SJM will no longer receive about 50 per cent of profits – would result in a net benefit to the joint venture of about AUD 200 million a year once the two casinos were up in

running.

Citigroup analysts said the sub-concession „removes the nagging doubts“ over the joint venture, and increased their valuation of the joint venture to PBL by just over USD 400 million to USD 1.6 billion. This would mean the USD 1.2 billion investment would be returned within six years.