

Will spurned Harrah's kiss goodbye to Sentosa, too?

Even as the triumphant Las Vegas Sands' camp popped the champagne after bagging Singapore's first casino site on Friday, its bruised rivals nursed their wounds and counted their losses over a sombre weekend.

Rebuffed in Marina Bay, the alliance of Harrah's Entertainment and Keppel Land appears less enthusiastic over bidding for Singapore's second integrated resort (IR) licence in Sentosa.

Just a month ago, it had picked up a proposal kit on Sentosa. But the camp now says it hasn't decided on whether to proceed with a Sentosa bid.

In response to queries, a Harrah's-Keppel spokesperson said: „Our focus to date has been on Marina Bay. We have not yet made a decision on Sentosa. We will make a statement on this site in due course.“

The first hint of a possible withdrawal from Sentosa came in its media statement on Friday, after it had lost the race for Marina Bay.

Unlike its rivals Genting International and CapitaLand, who sealed their commitment to Sentosa that evening, Harrah's statement read like a farewell note to Singapore.

It thanked its 13 non-equity partners for Marina Bay, and said it would continue to pursue its interests elsewhere, including in the Bahamas and Spain. Significantly, there was no mention of Sentosa.

Punters – who had figured that Temasek-linked companies would have an edge in the race – have started registering their disappointment through the stock market.

The shares of Keppel Land and CapitaLand slumped yesterday after gaining over 50 per cent since the casino ban was lifted last year.

Keppel Land slumped 7.4 per cent to USD 4.28 while CapitaLand, which had partnered MGM Mirage, lost 7.2 per cent to USD 4.10.

Even in Sentosa, punters may no longer assume that a Temasek link is a natural advantage.

The guessing game has already begun. With Harrah's possible dropout, there remain four other consortiums in the contest – Genting, Kernzer-CapitaLand, Eighth Wonder and Sun International. A fifth, Australia's Village Roadshow, a theme park operator, has also picked up the proposals but hasn't said whom it may partner.

Bidders who didn't participate in the first round have until this Friday to submit USD 400,000 in probity fees. Others, like Harrah's, have a July 31 deadline to pay USD 100,000 for investigations to commence.

Kernzer, which has a 60-per cent-stake in an alliance with CapitaLand, paid its dues „a couple of weeks“ ago, said its representative Ian Douglas.

Interestingly, the fact that its partner didn't win the Marina Bay bid gives the Bahamas-based casino player reasons to smile.

Some observers felt that if CapitaLand had gotten lucky with Marina Bay, it could have spoiled Kernzer's chances in Sentosa. It would have been too much to expect CapitaLand to win both casino licences.

Analysts now expect Kernzer/CapitaLand to slug it out with Malaysia-based Genting, said to be a front-runner for the family-themed Sentosa IR, with its Universal Studios theme park and Star Cruises partner.

Said Merrill Lynch analyst Sean Monaghan: „The result of Marina Bay only proves that the Singapore Government looks to the real capability of the bidders, not their Temasek linked status. Genting International is well placed to win on Sentosa.“

Compared to Kerzner, Genting has greater expertise in Asian high-end play and a proven track record in theme park development, he said. But it remains to be seen whether CapitaLand can be frozen out a second time. The winner will be picked by the end of the year.

Meanwhile, Sands will be sending its team of executives this week to Singapore to „advance the development planning process“ for its Marina Bay catch, said chairman Sheldon Adelson.

The Marina Bay Sands will hire 10,400 workers, 75 per cent of them Singaporeans. As other industries ride the IR effect, by 2015, more than 30,000 jobs will be created as a result of the project.

Said Mr Adelson: „Now it is time to get our team on the ground and help the Singapore Government meet the objectives they have laid out for us.“