

Star Cruises Hires Banks for USD 750 Million Singapore Casino Loan

Star Cruises Ltd., chosen to build a USD 3.4 billion Singapore casino, hired CommerzBank AG and two other lenders to arrange a USD 750 million loan, said three bankers involved in the deal.

Asia's largest cruise operator will use the funds to build a casino on Sentosa island with its parent Genting Bhd., said the bankers, who declined to be named before a public announcement. A Star Cruises official, who declined to be identified because of company policy, confirmed the amount of the loan.

Casino operators are getting loans to expand in Asia, where industry growth is outpacing the rest of the world. Annual gaming revenue from the region will double to USD 23 billion by 2010, up from USD 11.9 billion last year, according to a June report by PricewaterhouseCoopers LLP. Globally, casinos will take in USD 125 billion, 52 percent more than last year.

Star Cruises will borrow USD 500 million for eight years and USD 250 million for five years, according to the bankers. DnB NOR ASA, Norway's biggest bank, and Aseambankers Malaysia Bhd. will arrange the loan along with CommerzBank, they said.

Company Chairman Lim Kok Thay, and Chief Financial Officer Gerard Lim, both based in Kuala Lumpur, couldn't immediately be reached for comment.

The five-year borrowing is a revolving credit, which means the money can be lent again once it has been paid back, and the eight-year facility is a so-called term loan, the bankers said.

The term loan will pay interest of as much as 1.20 percentage points more than the London interbank offered rate, or Libor, a benchmark for borrowing costs, according to bankers said. The revolving credit will pay up to 1.40 percentage points more than Libor, the bankers said.

Standard & Poor's said on Dec. 11 it may cut its rating on Star Cruises' bonds because the operator plans to sell more securities. S&P rates the cruise ship operator's debt BB-, three levels below investment grade.