

# Bankers lined up to arrange loans for Macau casino deal

Lai Sun Development Co, a Hong Kong real estate developer, and its media unit have hired Deutsche Bank AG and Morgan Stanley to arrange USD 1.7 billion in loans for a casino project in Macau.

The loans will be used to fund development and construction of the hotel, retail and entertainment portions of Macao Studio City, a 3.65 million square-foot project, Lai Sun and ESun Holdings Ltd said in a joint statement to Hong Kong's stock exchange on Friday. The site is located in Macau's Cotai district, the companies said.

„It's a positive sign that progress has been made,“ Jonathan Galaviz, a partner at Globalysis Ltd, a Las Vegas-based gambling research company, said in an interview with Bloomberg News. „Now that the project financing is formally in place, the management can really focus on executing the development plan.“

Las Vegas Sands Corp, Wynn Resorts Ltd and other international casino operators are staking at least USD 25 billion in the city, which last year overtook the Las Vegas Strip as the world's biggest gaming hub. Macau's economy expanded 25.6 percent in the first quarter, the fastest pace in three years, as rising incomes in China fuel gaming growth.

Two new casinos have been launched this year, while Las Vegas Sands' 3,000-room Venetian Macau is scheduled to open in the second half. Seven new casinos opened in Macau in 2006.

Hong Kong-listed ESun and partners including Silver Point Capital LLC are spending USD 4 billion on Macao Studio City, one of the latest projects in the only Chinese city where casinos are legal.

The first phase of the project will be completed in 2009 and the second phase by 2011, ESun said in January. The „Las Vegas-style“ casino will have more than 400 gaming tables and the hotels will have 2,000 rooms.

Macao Studio City is being built next to the Lotus Bridge, which will link Macau and the mainland city of Zhuhai. It will include a film studio, a million-square-foot shopping mall and gaming and convention facilities.

CapitaLand Ltd, Singapore's biggest property developer, said in January it would pay USD 84.4 million for a 20 percent stake in Macao Studio City.

New Cotai Development Ltd, a venture between Silver Point Capital LLC and former Las Vegas Sands executive David Friedman, earlier this year paid ESun HKD 2.97 billion (USD 380 million) for 40 percent of the venture under the name Cyber One Agents Ltd.

Lai Fung Holdings Ltd, a developer of real estate in China, pulled out of the venture in August after the Macau government rejected the previous plan because it included residential apartments.

Macau's gambling revenue started to surge in 2004, when Sheldon Adelson's Las Vegas Sands and Galaxy Casino SA opened resorts there, ending the four-decade monopoly of billionaire Stanley Ho.