

MGM, Dubai World Refinancing \$1.8 Billion CityCenter Bank Loan - Bloomberg

Written by Administrator
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Fountains spray water in front of the Aria resort and casino during the MGM Mirage CityCenter complex's grand opening in Las Vegas. Photographer: Ronda

Churchill/Bloomberg

[MGM Resorts International](#) and Dubai World, owners of the CityCenter development on the Las Vegas Strip, are seeking to refinance the property's \$1.8 billion loan to extend maturities.

MGM Resorts, the biggest casino operator on the Strip, would like to own all of CityCenter eventually, Chief Executive Officer [Jim Murren](#) said today in an interview. No buyout talks have been held with Dubai World, but the partnership has a five-year agreement that gives MGM the right to purchase the other's half if it's sold, Murren said.

CityCenter, the \$8.5 billion joint venture that opened in Las Vegas in December after skirting potential bankruptcy, includes hotels, condominiums, the Aria casino and Crystals mall. MGM Resorts said this month CityCenter's [cash flow](#) turned positive in the third quarter, after losing money for the first six months. In August, the joint venture's equity value was written down to \$2.65 billion.

"I certainly would like to own it long term," Murren said in the interview in New York. "CityCenter and Aria specifically are already showing the signs that it's going to emerge as one of the profit leaders in the market."

MGM and other casino companies including Harrah's Entertainment Inc. and Boyd Gaming Corp. are tapping public markets and refinancing debt as a record slump in Las Vegas eases and casino bonds rally.

New Loans

The partners are "in the market now" to replace CityCenter's loan with new financing that matures in five to eight years, Murren said. The refinancing will be completed before the end of March, because CityCenter will "most likely" not be compliance with covenants on the existing

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debt after that, he said.

The new financing will probably consist of a first-lien loan and a second-lien piece, Murren said. Bank of America Corp. is the lead bank for the existing facility.

“We’re going to put together a capital structure that’s much more long term, and more in keeping with a project like that,” Murren said in an interview with Bloomberg TV. It “takes that uncertainty off the table and puts CityCenter in a very solid capital structure going forward.” Parts of the interview will be broadcast tomorrow morning at 7:45 a.m. in New York on “Inside Track” with Deirdre Bolton.

MGM Debt

MGM Resorts this month raised \$511 million by selling equity and issued \$500 million bonds to repay some of its almost \$13 billion in [debt](#). Investors are betting on a Las Vegas recovery after Strip gambling revenue jumped 21 percent in August.

The Las Vegas-based company will use the proceeds and some cash to repay \$1.2 billion to banks “as early as next week,” Murren said. MGM Resorts has extended the rest of the senior credit facility, \$3.6 billion, to 2014 from its original October 2011 maturity.

MGM Resorts addressed solvency concerns in May 2009 after refinancing debt when it sold more than \$1 billion in common stock and \$1.5 billion in senior secured notes as part of a recapitalization. The company has subsequently tapped capital markets when investor demand for junk debt and casino stocks has rallied, including a \$1 billion convertible note sale in April.

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