

Revel Casino returns to Wall St. seeking financing - Philadelphia Inquirer

Written by Administrator
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ATLANTIC CITY - The group behind the stalled \$2 billion Revel Casino made another run at Wall Street banks Tuesday to secure financing to complete the project.

Kevin DeSanctis, chief executive officer

of Revel Entertainment Group L.L.C., traveled to New York to sell the partially built casino at the north end of the Boardwalk, next to Showboat.

The call with banks took place about 12:30 p.m., according to industry sources.

"The meeting went very well," DeSanctis said late Tuesday. "We had a lot of interest and a very good response to our presentation."

Last week, he offered insight into the status of the project, which still needs about \$1.4 billion in loans.

"We are going to give it another try [with the banks]," he said. "The reality is, we are very close . . . to coming to a conclusion as to whether we can complete the financing or not. . . . We're close to a decision on this."

He added: "This is a very huge issue for Atlantic City. We need some certainty . . . someone has to build this thing."

Though the exteriors are complete, all interior work for the Revel casino - including its restaurants, retail shops, and a spa - came to a halt in January 2009, when the money ran out.

An analysis released Friday by Linwood, N.J.-based Spectrum Gaming Group L.L.C. said one of Atlantic City's biggest hurdles was that there was nothing new to generate buzz as regional competition siphons its gambling business.

The Spectrum report predicted that Atlantic City's casino revenue would fall more than 13

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percent this year, while the seven casinos in eastern Pennsylvania, along with those in New York, Delaware, and Maryland, would see revenue increase nearly 27 percent. It projected 2011 revenue for Atlantic City would fall to \$3.09 billion from \$3.57 billion last year, a 13.3 percent decline.

"A lot of the reason for that grim forecast is there's no catalyst in sight to turn that around," said Shawn McCloud, director of financial analysis, who wrote the Spectrum report. "There's no new casino opening this year, no one is adding a major hotel expansion. There's no spark for Atlantic City this year."

If completed, Revel would represent the only major development to move forward here at a time when lending is tight and other major gambling companies, including Pinnacle Entertainment Inc. and MGM Resorts International, both based in Las Vegas, have bolted.

Analysts sized Revels' credit facility at about \$850 million: a \$700 million, six-year first-lien term loan and a \$150 million, 61/2-year second-lien term loan.

In early November, JPMorgan Chase & Co. had a similar call with banks to sell them on the project. But financing fell short and talks stalled last month, and DeSanctis said he had to make another attempt to pitch the project to Wall Street.

Many are watching closely, including several casino operators who consider Revel's completion critical.

"The city needs it," said Dennis Gomes, who recently purchased the struggling Resorts casino, just a few doors down from Revel, for less than \$32 million.

"It's a gorgeous property, and when it's finished, something that Atlantic City has never seen. It will bring the crowds back."

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