

Packer swoops on a third Macau casino-hotel site

James Packer is putting more chips on the table in the fast-growing Chinese gaming mecca of Macau, moving to buy a AUD 255 million development site to build a third casino-hotel complex.

Mr Packer's Publishing & Broadcasting Ltd and its Hong Kong partner Melco have leapt at an opportunity to buy a 6480sqm site in the traditional casino precinct on the Macau peninsula.

Many of PBL-Melco's rivals in Macau are also developing three casinos in different parts of the former Portuguese colony, which is expected to surpass Las Vegas this year in gaming revenue.

In April next year PBL-Melco plans to open its first casino development, Crown Macau, a AUD 300 million six-star high-roller facility in Macau's Taipa area.

A ground-breaking ceremony was held last month for the second project, the AUD 1.4 billion mass-market City of Dreams on reclaimed land in the Cotai Strip.

The joint-venture partners can now build as many casino projects in Macau as they deem prudent due to their purchase of the last available casino sub-concession from US casino king Steve Wynn for USD 900 million (AUD 1.18 million).

The new land purchase is due to be settled in the first quarter of 2007 if a series of conditions are met.

PBL-Melco and the vendor will have to negotiate with the Macau Government not to take possession of the land, because the site should have been developed by last October under a land

lease grant, according to documents filed by Melco in Hong Kong yesterday.

If the conditions are not met, PBL-Melco will be refunded a HKD 100 million (AUD 17 million) deposit and the transaction will not proceed.

PBL-Melco said the scale of the development had not been determined, but the land plot was slightly bigger than the Crown Macau site.

The land is in the same area as Macau's landmark Casino Lisboa, owned by gaming godfather Stanley Ho, the father of Melco chief Lawrence Ho.

Despite a black day on the market, PBL shares closed 43c up at AUD 19.08.

Shaw Stockbroking analyst Greg Fraser said yesterday that PBL-Melco's first full year of earnings, expected to be 2008-09, could be between \$ 200 million and AUD 300 million.

Analysts' estimates for PBL's investment in the joint venture range from AUD 900 million to AUD 2.3 billion.