

SE News
HD **\$70M ROLL OF THE DICE**
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WC 376 words
PD 24 January 2014
SN The Courier-Mail
SC COUMAI
ED CourierMail
PG 30
LA English
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TOURISM OPERATOR'S BIG PLAY FOR TOWNSVILLE CASINO

A NEW player in the Australian casino market could emerge as owner of Townsville's gaming venue next week, although one expert warns buyers will be taking a risk.

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The 20-table, 320-gaming machine casino, Jupiter's Townsville, is owned by Echo Entertainment.

Echo late last year revealed it was aiming to sell the tourist drawcard, with a murmured \$75 **million** price tag.

Sources with knowledge of the transaction yesterday confirmed reports a deal could be sealed next week for about \$70 **million**.

The potential buyer was also rumoured to be a domestic entity with an understanding of high-end tourism, but not any existing casino operation.

Yet industry chatter tossed in other names yesterday, including New Zealand's SkyCity, which has Adelaide and Darwin casinos, Singapore-listed Lasseters International, with an Alice Springs casino, or interests linked to **Hong Kong** tycoon Tony Fung, who is behind a move on Cairns' casino.

Echo declined to comment on the buyer.

However, the **sale's** reasons were flagged in November by chief executive John Redmond, who said "the size and breadth of appeal of the Townsville market means more limited opportunity for the creation of a large-scale integrated resort".

Echo has been focusing on Brisbane and **Gold** Coast markets.

Mr Redmond in November also said Townsville had posted a "positive performance". But trends have been tough. Echo's latest results bunched Jupiters' **Gold** Coast and Townsville **operations**, showing earnings for the two had fallen from \$59.2 **million** in 2012 to \$25.5 **million** in 2013. **Gold** Coast is understood to account for a large chunk of earnings.

Dr Sudhir Kale, of GamePlan Consultants and Bond University's business faculty, said Townsville was constrained by its market potential, as it did not have substantial food and beverage earnings, nor VIP gaming, plus it was known as attracting "the grind market" where people bet in smaller sums.

It would be a "gamble" for whoever bought the casino, he said. A new buyer would need to do something meaningful to change the appeal, he said, such as a more upscale hotel, restaurants or gaming. "They need some unique selling point," he said.

NS gcat : Political/General News

RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania
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