

## Comcast appetite for park assets tested

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**Comcast** must decide within three months whether to buy **Blackstone** out of the Universal Orlando joint venture, in the first test of the cable group's appetite for the theme park assets it acquired when it bought [majority control of NBC Universal](#) in January.

Blackstone has informed Universal City Development Partners, the venture that operates the Universal Studios Florida and Universal's Islands of Adventure parks, that it has triggered a clause giving Comcast the first right of refusal over its 50 per cent stake.

Buying full control could cost Comcast \$2bn, according to Barclays Capital's \$3.9bn valuation of the park operator. Should it decide not to exercise its option by a deadline of June 12, a "drag-along" provision gives Blackstone the right to seek another buyer for the park within 270 days.

"We are studying the proposal and considering our options," NBC Universal said.

Most analysts believe it is more likely that Comcast, which owns Universal Studios in Hollywood outright, would allow a sale rather than buy Blackstone out of the parks.

"Given that the theme parks business is the part of the NBCU portfolio least likely to generate synergies with Comcast's cable operations, we would view a [sale] as the best outcome," Barclays Capital said.

A strong year, boosted by the opening of The Wizarding World of Harry Potter last June, may increase the parks' appeal to potential buyers. Paid theme park admissions jumped 40 per cent in the last six months of 2010, more than reversing a 5 per cent decline in the six months before the attraction opened.

The joint venture reported net income of \$148m on revenues of \$1.1bn last year.

Any transaction may be complicated by the venture's consultancy agreement with Steven Spielberg, the director of films from *Jaws* to *Indiana Jones*, which pays him a share of revenues that amounted to \$23m last year.

Mr Spielberg can terminate the agreement from 2017, and would be entitled to a one-off payment of \$160m to \$290m should he do so, the company said in a filing this week.

Should control pass to a third party, the parks could lose the right to use Universal's name and intellectual property, requiring it "to re-theme certain rides and attractions, which would be expensive and time consuming," the filing says. However, these would be locked in for 30 months after any change of control.

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