

## CORPORATE NEWS

# Taubman seeks Asia deal

## U.S. firm joins bid by Harrah's, Keppel for Singapore resort

By Aries Poon

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HONG KONG—U.S. mall owner Taubman Centers Inc. said it has tied up with the consortium of Harrah's Entertainment Inc. and Keppel Land Ltd. bidding for Singapore's first casino resort at Marina Bay.

Taubman, along with U.S.-based private developer Gordon Group Holdings LLC, will build and manage the retail component of the resort if the Harrah's-Keppel group wins the bid, said Morgan Parker, president of Taubman's Asia operation.

"Casino-related retail is a very, very high yielding subcategory of the retail sector, because casinos generate traffic [of people], and the shoppers do have good feelings in casinos and want to spend more," Mr. Parker said.

In 2004, retail sales for shops linked to casinos in the U.S. were US\$1,000 per square foot per year, which is higher than the industry's average of \$366, Mr. Parker said. He declined to elaborate on the size of the retail part of the proposed development or the investment amount.

"If this was just a stand-alone shopping center in Singapore with no great partners or just an average site, it is not the type of project we would prioritize," Mr. Parker said.

Singapore lifted a ban on casinos in April, hoping to draw more tourists. The bidders for the casino license, the first of two, have to submit their proposals for the project by the end of March, with the casino expected to open in 2009 or 2010.

In addition to the Harrah's-Keppel consortium, there are four more bidding groups: Las Vegas Sands Corp. of the U.S. and Sin-

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gapore's City Developments Ltd.; Malaysia's Genting International PLC and Star Cruises Ltd.; U.S.-based MGM Mirage and Singapore developer CapitaLand Ltd.; Australia's Publishing & Broadcasting Ltd. and Hong Kong's Melco International Development Ltd.

According to a research report by Merrill Lynch released in early

December, the projected cost of developing the Marina Bay casino project will be about \$3.1 billion, the world's most expensive. Australian gaming and casino company Tabcorp Holdings Ltd. withdrew its bid for the Marina Bay project Dec. 9, citing escalating development costs. "I don't think this project is expensive, it's just of a large scale," Mr. Parker said.

Taubman has some exposure to casino-related retailing. The company is the retail adviser for MGM Mirage's City Center project on the Strip in Las Vegas.

Casino-related retailing "is one of the things our company is focused on...This is the perfect type of opportunity we want," Mr. Parker said. He declined to name the next likely destinations for Taubman in Asia.

Taubman has been building and managing malls in the U.S. for around half a century, and in July set up an Asian headquarters in Hong Kong to focus on investing in malls in the region.

Taubman in November, 2004, signed a letter of interest with Morgan Stanley Real Estate Funds and Gale International to form a joint venture to develop the retail component of New Songdo City in South Korea. The deal hasn't been finalized, Mr. Parker said.