



InterGaming

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CITY CENTER LEADS THE WAY

EVERYTHING IN ONE PLACE

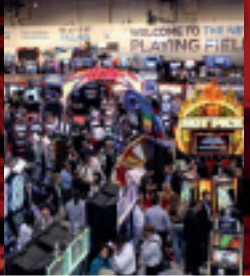


THE OPERATORS' NUMBER ONE CHOICE

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INTERVIEW: LLOYD NATHAN

PREVIEW: G2E LAS VEGAS

FOCUS: AUTOMATED POKER

COVER STORY: CITY CENTER ROSARIO




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“ WE ARE COMPELLED TO INVENT AND PROMOTE NEW MARKETING STRATEGIES BECAUSE THE GAMING OFFER IS NO LONGER ENOUGH TO ATTRACT PEOPLE ”



LLOYD NATHAN, CHIEF EXECUTIVE OFFICER, ASIAN COAST DEVELOPMENT



IN April last year, Lloyd Nathan took the exciting step of leaving MGM Resorts International to accept a role as chief executive officer of Asian Coast Development, a Canadian company masterminding the creation of a new integrated gaming and resort zone in the Ho Tram region of Vietnam.

"I had a 20-year history with MGM, had learned a great deal from some very talented people and have many good friends there," he tells *InterGaming*, "but the opportunity to create a global gaming platform from the ground up does not come along very often and it was a challenge that proved irresistible."

And it is a project that even by Asia's standards is challenging. Through its wholly-owned subsidiary, Ho Tram Project Company, ACDL has outlined impressive plans to transform 400 acres of land along two kilometers of pristine beach into the region's next major gaming and tourism destination. Few are as well placed to lead such a project as Nathan who, during his time with MGM Resorts, served as president of global gaming development and was assigned to Hong Kong in 2007. Although his grandfather founded and owned the Metropole hotel and casino - one of the first legal casinos in the UK - his introduction to the gaming industry came after emigrating to the US to work as a dual-qualified UK and California lawyer at law firm Glaser Weil in Los Angeles. The firm was outside counsel to MGM Grand and MGM Studios, both owned by Kirk Kerkorian at the time.

"I got to know many of the key people, including spending some time with Mr Kerkorian, who I also acted for in relation to some potential acquisitions in Europe," Nathan reveals. "I was struck by his humility and generosity with his time, given his incredible abilities and immense success."

It was here that his interest in the gaming business model and the integrated resort model that was arriving in Las Vegas at the time began.

"At the same time, Wall Street money began to finance those resorts and a new corporate wave began to take a keen interest in Las Vegas and gaming. It all resonated."

The enthusiasm shown by investors towards gaming in the US enabled the likes of Kerkorian and his fellow Las Vegas pioneers to look beyond the domestic market to achieve their ambitions of becoming truly global corporations. The opening of Macau to foreign operators also paved the way for new opportunities elsewhere in the burgeoning Asian marketplace. Nathan had by this stage left the practice of law to join MGM in a new business capacity and it was these new growth opportunities that he was keen to explore.

"We were building the MGM Grand Macau and we were looking to expand our footprint further in Asia," Nathan explains. "What was true then remains true today: there are few short to medium-term opportunities within Asia to establish a large-scale integrated resort."

Vietnam was identified as a key priority and ACDL at that time was the country's sole licence holder.

"After significant due diligence, we entered into a technical services agreement with Asian Coast to provide design, construction and pre-opening services as well as a management agreement to brand and operate the first resort. A couple of years later the company approached me about becoming CEO."

Real progress has been made in just over a year, with ACDL securing and closing the equity and debt financing required for the \$400m first phase of the MGM Grand Ho Tram resort and full-scale construction work getting under way. US-based developer Pinnacle Entertainment is now committed to developing the second resort complex through the acquisition of a 26 per cent stake in Asian Coast.

This, says Nathan, has put the Ho Tram Strip on the global



stage, ensuring that as the only large-scale integrated resort development under construction in Asia, it is now spoken of as the next destination opportunity after Macau and Singapore.

"Both those markets have shown in different ways how to maximise the benefits of the integrated resort business model and how gaming can operate as a viable and powerful engine for economic growth. This has not been lost on other governments in the region and we are certainly seeing steps being taken to introduce the same business model in certain jurisdictions, most notably in Taiwan."

Having engaged with governments throughout the world regarding integrated resorts, Nathan believes the Vietnamese government is among the most knowledgeable in this area and is keen to embrace the benefits the Ho Tram project will bring to the economy.

"For an integrated resort to be established, a large number of stars need to align including governmental, regulatory, fiscal, demographic and infrastructure," he continues. "In Vietnam, this is happening and we are a part of it. Vietnam has a government that is committed to getting it right and has been highly supportive."

The location of such a project is crucial, and he suggests that in Ho Tram, the resort's position is second to none. Accessible from throughout Asia and within easy reach of Ho Chi Minh City with its population of more than 10 million people, the development lies at the heart of a tourism masterplan that will eventually see the construction of a new international airport and additional infrastructure.

"Vietnam also benefits from high and sustained GDP growth and a large, young and well-educated population that provides an excellent workforce and a growing consumer base for the hotel and other non-gaming amenities in the Ho Tram Zone. This population has ever-increasing disposable income and limited high-end venues to go to spend it.

"Vietnam has strong overseas visitation, not just in terms of numbers, which are over five million per year, but also in terms of the increasing spend within that group. Again, there are limited high-end venues for them to visit."

There is growing interest in involvement in the project, both from within Asia and elsewhere. Despite the downturn of 2009 and the current instability within the global economy presenting challenges for such developments around the world, Nathan is confident ACDL will achieve its goal of building five new resorts in the Ho Tram Zone.

"We weathered the storm where others gave up and will continue to do so," he says. "I am delighted that our site is proceeding to plan and we remain on track to open the first resort in the first quarter of 2013. Our successes have been numerous both in terms of construction and company growth."

Having two substantial institutional and corporate sponsors on board, namely Harbinger Capital Partners and Pinnacle Entertainment, as well as a list of best-in-class partners from MGM to Steelman Partners, suggests the ambitious project will continue to attract serious investment. The Ho Tram Strip, says Nathan, is where Asian gaming is going next.

"With half of the world's population, five per cent of the world's gaming licences and a pent-up demand for gaming, there is a significant demand/supply imbalance in Asia and it continues to set the pace for the world in terms of growth in our industry. People forget that some doubted that Singapore could be a success and yet it has exceeded all expectations.

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