

# BUSINESS

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David L. Aubuchon

Analyst on how Simon is viewed by those in retail industry

## Simon makes bid for developer

### \$1.6B offer made to mall builder

By TOM MURPHY  
THE ASSOCIATED PRESS

#### INDIANAPOLIS

Simon Property Group Inc. and Farallon Capital Management LLC said Monday they are offering \$24 per share in cash, or more than \$1.6 billion, for mega-mall developer Mills Corp., topping a previous \$1.35 billion deal from Canadian investor Brookfield Asset Management.

In a letter to Mills, Simon Property and Farallon said they will each provide \$650 million of equity for the transaction. Funds managed by Farallon currently own about 10.9 percent of Mills outstanding shares, making it the largest reported Mills shareholder.

Simon Property and Farallon said their proposed tender offer would give Mills' shareholders payment at least six months faster than the Brookfield deal.

Simon Property said it also obtained an option to buy about 2.8 million Mills' shares from Stark Master Fund Ltd. for \$24 per share, effective when the tender offer begins.

Earlier this month, Mills, which is struggling under heavy debt and widespread accounting problems, agreed to a deal with Brookfield Management that represented an 18 percent premium to Mills' Jan. 16 closing price.

Chevy Chase, Md.-based Mills, which owns 38 malls across the country, has warned it could face bankruptcy if it didn't find a buyer or refinance the \$1 billion it still owes on a loan from Goldman Sachs Mortgage Co. The real estate investment trust also has revealed numerous accounting mistakes that will force it to restate earnings as far back as 2001. The Securities and Exchange Commission is investigating.

The Simon-Farallon proposal gives Simon a chance to acquire assets at a deep discount compared to what the portfolio would be worth if it was run by a better operator, said David L. Aubuchon, an analyst who covers Simon for St. Louis-based A.G. Edwards & Sons Inc.

"I think Simon is generally recognized as one of the better operators, if not the best in the retail industry," he said.

The Mills malls emphasize a focus on entertainment with some housing attractions such as skating rinks and miniature go-cart tracks. That would give Simon's mall portfolio a different twist, Aubuchon said.

Indianapolis-based Simon owns or has an interest in 286 properties in the United States. It also has an interest in 53 European shopping malls and five premium outlets in Japan, said Simon spokeswoman Stephanie Pillersdorf.

The Mills properties would "fit perfectly" with Simon's portfolio, she said, noting that "Simon's got the resources to maximize value for these assets."

A Mills spokesman did not immediately return a call seeking comment.

Hedge fund Farallon Capital, together with Israeli real estate firm Gazit-Globe Ltd., previously offered to invest millions in Mills, with Farallon suggesting a \$499 million recapitalization plan at \$20 per share, and Gazit's \$1.8 billion offer including a \$500 million stock sale at an average \$21 per share. Gazit later raised its offer to an average of \$22 per share.

Aubuchon said the market expects a response from Brookfield.

"I think this is a situation that is far from over," he said.

But another analyst, Rich Moore of RBC Capital Markets, said he didn't expect a bidding war: Mills called Simon the "only logical buyer here." He also said the Simon-Farallon deal was closer to his estimate of Mills' value of between \$25 to \$45 per share.

"I think they are gone," he said of Brookfield. "I think this (\$24 per share) may be your number."

## Service sector rises for 46th straight month

By EILEEN ALT POWELL  
THE ASSOCIATED PRESS

#### NEW YORK

The U.S. service sector expanded at a faster rate in January than in the previous month, a trade group said Monday, signaling a strong start to economic growth this year.

The Institute for Supply Management, which is based in Tempe, Ariz., said its index of business activity in the service sector advanced to 59.0 in January from 56.7 in December. Wall Street analysts had expected a reading of 57 for the latest month.

A reading above 50 indicates expansion, while one below that indicates contraction.

January marked the 46th consecutive month of business activity increase, the trade group said.

The service industries covered by the ISM report represent about 80 percent of the nation's economic activity, and economists are looking for the sector to be a driver of growth in 2007 as the manufacturing sector struggles with weakness in the automotive and housing industries.

There was little discernible reaction in the stock market,

where shares were mixed in morning trading.

The Dow Jones industrial average rose 8.25 to end at 12,661.74. Broader stock indicators were low, the Standard & Poor's 500 index was down 1.40 at 1,446.99, and the Nasdaq composite index fell 5.28 to 2,470.60.

Bonds rose slightly, with the yield on the benchmark 10-year Treasury note down to 4.81 percent from 4.82 percent late Friday.

Mark Vitner, senior economist with Wachovia Securities in Charlotte, N.C., noted that the trade group's most recent report

on the manufacturing sector indicated that it was contracting in January while non-manufacturing continued to show growth.

"Manufacturing is weakening as domestic auto manufacturers cut back and as residential construction declines," he said. "The growth is in non-manufacturing."

He added: "The message to take away from the two is that economic growth will slow, but there will be growth."

Anthony Nieves, chairman of the group's non-manufacturing business survey committee, noted that new orders and employment

increased at slower rates in January than the previous month and that the price index also eased.

Still, he added, "The overall indication in January is continued economic growth in the non-manufacturing sector at a faster pace than in December."

The new orders index weakened slightly to 55.4 in January from 55.6 in December, while the backlog of orders strengthened to 49.0 from 48.0 the previous month.

Prices increased at a slower rate, with the prices index registering 55.2 in January, down from 59.7 in December.

## BRIEFS BUSINESS

#### Ohio man purchases Trafalgar business

An Ohio resident now owns a Trafalgar business. John Burns of Albany, Ohio, purchased Hoosier Veneer LLC, 718 E. Park St. The custom-cutting veneer mill will allow companies or individuals who buy or oversee logging to bring their logs in for cutting.

Hoosier Veneer has nearly 50 employees and expects to see an increase of 20 to 50 additional employees within the next six months. Information: 878-4887

#### Bakery will cater to individuals, businesses

A new bakery has opened in Franklin. Sweet Intentions, owned by Minta Dolph-Rather, will offer baking services for businesses, weddings, birthdays and individual customers.

The bakery recently celebrated an open house, and has been in business since September.

Dolph-Rather and her husband, Bill, live in Franklin with their 3-year-old daughter. Information: 412-4054

#### Accounting firm promotes employees

An accounting firm recently promoted two employees.

Larry E. Nunn and Associates promoted Wendy Wiederhoeft to manager and Jed Shoaf to supervisor.

William Holder was hired as a staff accountant.

The firm also hired three spring-semester interns: IUPUC student Daniel Quintero; Marcus Schiefer from Indiana State University and James Wolf from Franklin College.

Larry E. Nunn & Associates has offices in Columbus, Plainfield and Seymour. Information: (812) 376-3071

#### Martial arts facility hires teacher

A new martial arts teacher has joined a Greenwood facility.

Gerald Laird, a master of Tai-Chi Chaun, joined the Bushido Martial Arts Academy at 916 E. Main St. in Greenwood.

Laird has 30 years experience. His teachings will include relaxation techniques and body dynamics. Information: 784-5424

#### Financial consultant completes training

A Greenwood financial consultant with A.G. Edwards & Sons in Greenwood recently earned a new title.

Lyle E. Pettigrew completed training and earned the title of retirement planning consultant.

Pettigrew finished about 100 hours of study, which addressed subjects such as retirement-saving needs analysis, qualified retirement plan design, Social Security and Medicare.

He lives in Greenwood with his wife and has been with A.G. Edwards since Sept. 26, 2003. Information: 881-2220

#### Employee finishes consultant training

Tara Leck recently completed the curriculum and testing to obtain the title of certified QuickBooks pro advisor.

Certification is awarded to individuals who demonstrate expertise with QuickBooks small business accounting software.

Leck is a consultant with Greenwood-based QuickBooks

Café, which is a consulting division of Shaub CPA Group. She can be reached at 888-2047.

#### Payroll company creates position

AccuPay, a local payroll company in Greenwood, has appointed Tamara Clookey to the new position of client care director.

She will meet with existing and new clients to ensure their needs are met and to make employers aware of all payroll products available from AccuPay.

Clookey has worked at AccuPay as a payroll processor for three years and can be reached at 885-7600.

#### Direct mailer hires account representative

A direct mail business has hired an account representative.

Sheila Stewart joined the staff of Martin Direct Inc. as an account representative for Money Mailer. She and her husband, Randy, have lived in southern Johnson County.

Stewart has more than 15 years experience in advertising. Information: 919-0483

#### Realtor hires Franklin resident

RE/MAX Select in Greenwood has hired a sales associate.

Franklin resident Suzanne Lane will provide services to Johnson County and surrounding areas. She is a graduate of Franklin College.

Lane also coaches girls soccer and basketball for Franklin Community High School.

RE/MAX Select is located at 48 N. Emerson Ave. in Greenwood. Information: 881-3700

#### Neighborhood center in Bargersville fully leased

A center designed for Bargersville residents has been fully leased.

The Pavilion, owned by Jim and Liz Anderson, is located next to Chicago's Pizza on State Road 135 in Bargersville.

Tenants include Las Chalupas (previously known as El Nino), Accutax Services Inc., and Somewhere In Bargersville, a sports bar that will open this year.

Construction of a second building began at the beginning of this year. This phase will provide 7,600 square feet of retail/office space.

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