

Simon Property Group Announce Possible Purchase of General Growth Properties

Local News

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[Simon Property Group](#) Inc. offered to buy General Growth Properties Inc. for about \$10 billion as the world's largest shopping-mall operator seeks to absorb the No. 2 mall owner in the U.S. as it grapples with bankruptcy.

Although shopping-mall real-estate investment trusts have been struggling with declines in consumer spending, Simon is viewed as one of the healthiest. It reported better-than-expected quarterly results last month, and although Simon's business was still hurt by write-downs and lower occupancy rates, it predicted brighter days for 2010.

Meanwhile, Simon raised several billion dollars in the latter part of 2009 looking for opportunities to take advantage of woes in the commercial real-estate sector. Simon had said earlier this month it wasn't in active negotiations with General Growth.

The Chicago-based owner of 200 U.S. malls, filed for Chapter 11 bankruptcy protection in April, taking 166 of its malls into the case with it. Since then, it has restructured and extended the due dates of \$11.6 billion in mortgages on its malls. But it still needs to reach similar deals with holders of another \$3 billion of mortgages and to pay its \$7 billion of unsecured debt with either cash or equity.

Simon said Tuesday its proposed deal would accelerate General Growth's emergence from bankruptcy court. The offer gives creditors about \$7 billion in considerations by providing a 100% cash recovery of par value plus accrued interest and divided to holders of various debt and securities.

General Growth shareholders would receive more than \$9 as share, including \$6 in cash plus assets valued at more than \$3 a share. It is also prepared to offer Simon common shares instead of cash to General Growth holders interested in owning Simon stock.

Secured debt on General Growth's portfolio would remain in place.

A General Growth spokesman wasn't immediately available to comment.

Simon Property's stock closed Friday at \$72 and wasn't active premarket.