

# Mall giant rejects Simon's \$10 billion bid

By Chavon Sutton, CNNMoney.com staff reporter

NEW YORK (CNNMoney.com)—General Growth Properties Inc., a mall operator, on Thursday rejected Simon Property's \$10 billion bid.

In a letter declining Simon's offer, General Growth said, "our objective is to maximize value for the company and its stakeholders, and we are engaging in a process that is intended to accomplish that result in an expeditious manner."

General Growth added that Simon (SPG)'s objectives are "not aligned with ours."

Simon Properties, the largest U.S. mall operator, on Tuesday offered General Growth \$10 billion, which would have paid off the company's \$7 billion in debt and given \$2 billion to its shareholders. The remaining \$1 billion would have paid for other assets.

Chicago, IL-based General Growth, the second-largest U.S. mall operator, filed for bankruptcy in April after failing to raise the funds needed to service its debt.

In a letter on Wednesday, Simon's Chairman and CEO David Simon, urged General Growth to seriously consider his offer.

"Your lack of urgency should deeply concern creditors and shareholders," he wrote. "Time is passing and General Growth is inappropriately speculating with creditors' money."

He also added: "I want to reiterate that our offer is not open-ended, and we have a number of other opportunities under consideration."

General Growth could be holding out for a better offer from Simon or another suitor, according to Ivan L. Friedman, president and CEO of RCS Real Estate Advisors, including Brookfield Properties, a mall developer with head offices in New York and Toronto.

"I think it's a smart move. No one's first offer is their best," said Friedman.

Still, Friedman thinks that Simon would be the likely victor, if General Growth ultimately decides to sell. "David Simon has the reputation that when he has his mind set on something, given his prior acquisition history, he gets it," he said.

If the deal went through, Simon, which already operates more than 380 U.S. locations, including Sawgrass Mills and Town Center in Sunrise, Fla., and Roosevelt Field and The Westchester in suburban New York, would add more than 200 additional properties to its portfolio.

Simon's shares closed at \$77.22, up 1.81% on the day. Shares were down to \$76.00 after hours. ■