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Mall Operator Westfield Sells Itself For $15.7 Billion

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Australian mall operator Westfield has agreed to sell itself to European property company Unibail-Rodamco for $15.7 billion, it said on Tuesday. The deal brings together two of the planet's biggest mall companies at a time when online shopping has put significant pressure on brick-and-mortar retailers.

Westfield owns 35 shopping centers in the United States and United Kingdom, including locations at the World Trade Center in New York City and Century City in Los Angeles.

It has focused on wealthier enclaves, where flagship stores feature high-end stores and upscale amenities like restaurants, valet parking and gyms. The combined company will own property valued at some $72.2 billion, with locations in 27 cities around the world.

"The acquisition of Westfield is a natural extension of Unibail-Rodamco's strategy of concentration, differentiation and innovation. It adds a number of new attractive retail markets in London and the wealthiest catchment areas in the United States," said Christophe Cuvillier, CEO of Unibail-Rodamco, in a statement.

Westfield shareholders will receive a combination of cash and stock in Unibail-Rodamco, with the deal valuing each share of Westfield at $7.55, representing an 18% premium to the company's last closing price.

Westfield was started by Holocaust survivor Frank Lowy in 1959 with a single shopping center in Sydney. Lowry, who will step down as chairman, is now worth an estimated $5.9 billion from his stake in the international mall operator. His sons Peter and Steven will retire as Westfield's co-CEOs.

The combined company will be based in Paris and the Netherlands, with two regional headquarters in Los Angeles and London. Cuvillier will retain the top job at the combined company.

The transaction has been unanimously recommended by both boards of directors and is expected to close in the first half of next year.

Including debt, the deal is valued at $24.7 billion.

Lior Regenstreif,
Senior Managing Director Investments