

**HD** Fund raising, M&a and innovation the Buzzwords For Global Malls

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Shopping centres around the world seem to be engaged in a bevy of M&A; activities to jump into the next level of growth. While global private equity giant Carlyle **Group** is all set to **buy** stakes in nine shopping malls, which belong to **China** Vanke**Group**, Singapore's sovereign wealth fund GIC has acquired 50 per cent controlling stake in Roma Est Shopping Centre from a fund managed by CBRE Global Investors. Post this **purchase**, GIC has become the sole owner of one of Italy's largest malls since it already has a 50 per cent controlling stake of Roma Est.

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Leading Australian shopping centre **company** Westfield saw a 5.3 per cent growth in operating income and now plans to progress with an US\$ 11.6 billion investment in global projects. The **Group** has already announced the launch of a project called Bespoke, which is 35,000 sq.ft. of co-working, demonstration and event space to be built within Westfield San Francisco Centre, in a setting of 200 traditional retailers and restaurants. This is the first project of its kind from Westfield, which has gained an international reputation for investing in technology. After two years of planning with partner Forest City, the project claims to be a heady experiment in the hotbed of retail-tech fervor.

## FUND RAISING & M&A; ACTIVITIES DOMINATE MALLS ACROSS THE GLOBE

Emaar Properties will launch an initial public offering for its retail business in Dubai in October. The Dubai-based developer said in a statement that it expects to sell at least 15 per cent of the **company**, known as Emaar Malls **Group**, in the offering. Like Emaar Properties, the new **company** will trade on the Dubai Financial Market. Emaar's retail business includes the vast Dubai Mall, which happens to be Middle East's biggest shopping centre. Emaar plans to make 30 per cent of the offering available to individual investors and the rest to institutional investors. The **company's** retail and malls arm recorded US\$ 340 million in revenue in the first six months of 2014. The Dubai government owns around a third of Emaar Properties, which has total assets of nearly US\$ 19 billion.

On the other hand, global private equity giant Carlyle **Group** is in advanced talks with **China** Vanke Co. Ltd., the country's largest developer, to **buy** stakes in nine of its shopping malls, according to latest media reports. The deal would give Carlyle access to **China's commercial** real **estate** market and enable Vanke to generate fast cash returns from **commercial** properties in a slumping **residential** market.

Also, GIC, Singapore's sovereign wealth fund, has acquired a 50 per cent stake in Roma Est Shopping Centre from a fund managed by CBRE Global Investors. With the **purchase**, GIC, which already owns 50 per cent of Roma Est through an affiliate, will become the sole owner of one of Italy's largest malls. GIC said in a press release that the acquisition demonstrates its confidence in the long-term prospects for Italy and in the future demand for prime regional centres. In addition to Roma Est's stable cash flows, GIC sees opportunities to add value to the centre through active asset management including leasing and refurbishment strategies. Roma Est is located in Lunghezza, about 14 km to the east of Rome, in a catchment area that includes well over 1 million people within a 30-minute drive.

## WESTFIELD GOES BESPOKE IN SAN FRANCISCO, REPORTS INCREASE IN OPERATING INCOME

Australian shopping centre giant Westfield Corp. reported a 5.3 per cent increase in first-half operating income and shared it was progressing with a US\$ 11.6 billion investment in global projects. The **firm**, which assumed Westfield **Group's** international operations after its Australian and New Zealand assets

were merged to form a new entity this year, said the results for the six months ended June 30, were 'in line with expectations'. "The operating performance of our preeminent portfolio of 40 shopping centres in the United States and United Kingdom remains strong, and in line with expectations," Westfield's co-chief executives Peter and Steven Lowy said in a statement. "Significant progress (was) made on the US\$ 11.6 billion pipeline of current and future developments," they added.

Westfield **Group**, one of the world's largest shopping centre operators, split its empire in July. Its Australian and New Zealand businesses, including 47 malls, merged with Westfield Retail Trust to form a new entity called Scentre **Group**. The entity has reported **property** net operating income growth in its Australian and New Zealand portfolio of 2.3 per cent for the half-year ended June 30. Westfield Corporation has interests in 44 shopping centres in the United States, Britain and Europe, with assets under management of US\$ 27.7 billion. Among its development pipeline, it said 'good progress' had been made on its US\$ 1.4 billion World Trade Centre project in New York, which is now 70 per cent leased and is expected to open late next year. The **firm** has also increased its share of its EUR 1.4 billion (US\$ 1.84 billion) Milan development from 50 per cent to 75 per cent, with Galeries Lafayette acting as the anchor tenant. "Our strategy is to continue the focus on creating and operating iconic assets in major markets that deliver great experiences for consumers and retailers," said their **company** statement.

Meanwhile, the **Group** has also announced the spring launch of Bespoke - a 35,000 sq.ft. of coworking, demonstration and event space to be built within Westfield San Francisco Centre, set amid the mall's 200 traditional retailers and restaurants. The Bespoke project comes at a time when mall developers are weathering the rise of nimble online retailers and struggling for relevance with the next generation. Westfield hopes to appeal to both shoppers looking for entertainment and to retailers - startups and established ones - hungry to test prototypes on their target customers. This is the first project of its kind from Westfield, the mall's owner, which has gained an international reputation for investing in technology. After two years of planning with partner Forest City, the national real **estate** developer, it is an experiment in the hotbed of retailtech fervour. According to experts, it is an approach that is thus far unique. While Westfield Corp.

Operates 40 malls around the world, Bespoke is a local idea. It is the brainchild of Westfield Corp.'s Co-CEO Steven Lowy working with Global Chief Digital Officer Kevin McKenzie, who runs Westfield Labs. Two years ago, Labs was formed to experiment with ways to link the digital shopper with the physical world, and Bespoke - its most high-profile project to date - was tailored to the types of startups with which Labs often meets. These might include developers of wearable tech, location-based apps and user-generated content platforms, and online only retailers and 'traditional' retailers looking to innovate. Bespoke's planned work space includes mall-facing 'conference rooms' that transition into pop-up storefronts, turning the mall into an ultimate retail laboratory and its 20 million yearly visitors into its test subjects. Shoppers will be able to test unreleased products, while entrepreneurs will have a chance to observe valuable real-world reactions without the commitment of a traditional storefront. Another key feature is the 18,000-sq.ft. event facility. Amid reports that suggest mall foot traffic is witnessing a slowdown in recent years, this might as well just be a pie-in-the-sky idea created in hopes of rescuing an outdated shopping trip. In fact, Bespoke comes at a time when malls are no longer just a place to **buy** stuff. Rather than using foot traffic numbers, mall operators now look at factors such as occupancy as indicators of health. In addition to observing retail-tech startups toiling in Bespoke's shared office spaces, visitors will be able to test products before they hit the market and attend fashion shows and speaker sessions behind the demo area's 30-ft. digital walls.

**CO** coldb : CBRE Group, Inc. | shenzv : China Vanke Company Limited | crlylg : The Carlyle Group

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