

Major purchase at The Citadel

Arkansas-based firm buys Springs mall as part of multistate package deal

By **JIM BAINBRIDGE THE GAZETTE**

January 03, 2007

Newly formed Midwest Mall Properties LLC waited until just after the holiday shopping rush to make the biggest purchase of all at The Citadel — it bought the whole mall.

The Arkansas-based company paid \$390 million for the 35-year-old midtown mall and two others from the Macerich Co.'s holdings, Northwest Arkansas Mall in Fayetteville and the Crossroads Mall in Oklahoma City.

The Citadel represented the largest portion of the sale price, about \$150 million, said Brock Martin of Orion Capital Partners in Little Rock, Ark., which represented Midwest Mall Properties in the transaction.

It ranks among the largest real estate deals in El Paso County history and is about \$42 million more than Macerich of Santa Monica, Calif., paid for the property when the company bought it from TriState Joint Venture in December 1997.

“Midwest took ownership when the deal closed on Dec. 29,” Martin said, “and we are operating with the Macerich management staff. Without a doubt all of the staff of 30 will be retained. We were buying a functioning business and one of the things that encouraged us to make the deal was the way the mall is run.”

Arkansas real estate developers Doyle Rogers, Sam Mathias and John Flake, a principle at Orion Capital Partners, formed Midwest Mall Properties for the purpose of completing this transaction.

The three partners had first approached Macerich about the 823,000-square-foot Northwest Arkansas Mall in 2001, but negotiations were on-again, off-again until Macerich offered all three malls in a package deal last summer.

“We view this as a tremendous investment opportunity,” Rogers said in a statement. “These are all class ‘A’ properties, each 90 percent or more leased. All three are anchored by nationally renowned retailers and are in fast-booming population centers. Each mall is in excellent condition and each has maximum potential for continued success.”

With The Citadel's sale, Macerich is left with three malls in Colorado, Flatiron Crossing in Broomfield, Mesa Mall in Grand Junction and Twenty Ninth Street Mall in Boulder.

It has 68 malls nationwide.

“We have thoroughly enjoyed our nine years in the community as owners of The Citadel,” said Charles Waldron, Macerich senior vice president for property management. “We constantly evaluate the balance within our portfolio and from, time to time, we decide to adjust our holdings, both regionally and in terms of property type, when we find the right buyer.

“The Citadel is in very good hands with its new owners, who will bring a fresh outlook to maximize

opportunities at the center.”

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CITADEL FACTS

- The 1-million-square-foot facility is anchored by department stores Macy’s, J.C. Penney and Dillard’s. Burlington Coat Factory will move its Citadel Crossing store to the former Mervyn’s anchor spot in early March. - The Citadel had an occupancy rate of 89.87 percent through the first three quarters of 2006 and surpassed 9 million visitors last year, more than 2 million in November and December alone.