

Delayed Mint Hill mall project faces new challenge

Co-developer faces serious debt issues, considering bankruptcy

BY CAROLYN STEEVES

MINT HILL — First it was the endangered Carolina heelsplitter mussel that delayed the proposed Bridges at Mint Hill mall. Now, serious financial problems with the co-developer have raised concerns about when, and if the mall will be built.

This week, General Growth Properties Inc., a Chicago-based mall developer, told investors that it was facing mounting debt, a reluctant credit market and might have to file for bankruptcy protection. After General Growth, the second-largest mall owner in the U.S., made the announcement as part of a quarterly earnings report with the Securities and Exchange Commission its stock nose-dived to under \$1 a share and as low as 24-cents during trading on Tuesday and Wednesday.

The company was even removed from the S&P 500 Index on Wednesday due largely to the share price decline. General Growth shares opened in trading on the New York Stock Exchange at \$2.10 on Monday. In January, shares were as high \$51.24.

One of General Growth's developments is the proposed 1.3-million square foot Bridges at Mint Hill retail development in Mint Hill. The company is developing the mall along with Charlotte-based Childress Klein Properties.

The mall, first proposed in 2005, was originally slated to open in 2007, but was postponed due to concerns over environ-

mental impact concerns the development would have on the heelsplitter mussel.

And, now, in its SEC filing, General Growth raised more questions about the Bridges at Mint Hill project's future as the company looks to possibly shed properties, projects and restructure its debt.

In the Charlotte area, the company also owns the Carolina Place mall.

In the filing, the General Growth said that "The Company's significant maturing debt in 2008 and 2009 and the recent virtual closure of the credit markets has caused our Board of Directors and management to undertake a comprehensive examination of all of the financial and strategic alternatives for the Company, including, but not limited to, both core and non-core asset sales, the sale of joint venture interests, a corporate level capital infusion and/or strategic business combinations."

According to the report, General Growth has \$900 million in property debt due Nov. 28 and an additional \$58 million in corporate debt due by Dec. 1. The company is working to extend the maturity dates and generate capital. However, it cautioned investors, that in 2009 an additional \$3.07 billion in debt will mature.

One of the other steps the company has taken is to defer "construction, development or the opening of certain near and intermediate term new development and redevelopment projects" along with deferring future development expenditures, except for expenditures near completion and projects that have been approved at jointly-owned properties.

Despite the trouble at General Growth, Chris Thomas a partner with Childress Klein in the Charlotte Retail

Division, said it "won't really impact the project itself."

"We are continuing our plans for the project, we do intend to proceed with the project," Thomas said.

He added though that "It's not happening as quickly as any of us would like."

The Bridges at Mint Hill project was announced in early 2005. At the time it was projected to open in Spring of 2007. Thomas explained they had to jump a few hurdles, including some environmental issues, which "put additional time into the schedule." In early 2008, grading work began on the site, but it was halted in June.

Thomas said that they are working on roadwork and offsite improvements and so are "not really losing any time due to an announcement like that."

The SEC filing also said that "(General Growth Properties') potential inability to address our 2008 or 2009 debt maturities in a satisfactory fashion raises substantial doubts as to our ability to continue as a going concern."

Despite General Growth Properties' substantial doubt, Thomas said that "We are continuing to work together as we always have and we do intend to carry this project forward."

When asked what would happen if General Growth Properties was unable to pay off its debt, Thomas deferred the question to General Growth.

General Growth Properties could not be reached for comment.

Carolyn Steeves is a staff writer for **The Mecklenburg Times**. E-mail her at carolyn.steeves@mecktimes.com