

CFO Parks Cash in Shopping-Mall REIT

By ALEXANDER EULE

LATE LAST WEEK, ahead of the weekend, **General Growth Properties'** Chief Financial Officer Bernard Freibaum purchased \$27 million in shares of the shopping-mall operator.

From Thursday to Friday, Freibaum, also a General Growth director and executive vice president, purchased 425,000 shares at prices ranging from \$61.98 to \$63.12, according to a Securities and Exchange Commission filing. The transaction increases his total stake to 7.16 million shares, or approximately 2.9% of the company's outstanding shares.

General Growth, the nation's second-largest publicly traded real-estate investment trust, owns or manages over 200 regional shopping malls across 45 states.

Freibaum's buy comes on a small dip for General Growth shares, which fell 4.8% last week following the REIT's first-quarter earnings report. Shares remain up 36% over the last 12 months compared with 19% for the DJ U.S. REIT index.

The CFO's last transaction came in mid-March, when Freibaum bought 25,000 shares at an average cost of \$64.41 per share. Over the last 18 months, meanwhile, he has bought \$38.4 million in shares at an average price of \$49.18 per share, according to InsiderScore.com.

Freibaum has served as CFO since October 1993 and been on the General Growth board since 2003. He declined through a representative to comment for this story.

RBC Capital Markets analyst Rich Moore says, "It shows that management has confidence. Any time you spend \$27 million on something you think there's value there." Moore qualifies the buying, though, given Freibaum's already-large stake in General Growth.

Overall, insider sentiment is positive at General Growth, according to Michael Painchaud, managing director of research for Market Profile Theorems. The REIT rates at the top of Painchaud's 10-point scale, with a 28-month historical range of five to 10. (REITs, in general, historically score between six and nine, Painchaud says.)

Given Freibaum's history of buying, Painchaud also tempers the bullish signal coming from his latest purchase. "It's not something that represents a real sharp change in insider attitudes," he says.

RBC Capital's Moore, in general, says he is rather bearish on General Growth and he expects mall REITs Simon Property Group and Macerich to outperform General Growth over the next 12 months.

Moore, who rates General Growth at Underperform with a \$60 price target, says General Growth's land and development unit, which builds infrastructure for planned communities and then sells lots to builders, is likely to drag on the company's overall performance. "With the housing market hitting the skids," Moore says, "demand for the lots has dried up."

Deutsche Bank Securities is more positive on the stock, however. Analyst Lou Taylor rates General Growth at Buy with a \$70 price target.

"With core operations healthy and sustainable," Taylor wrote in a research report last week, "and a robust development pipeline to add incremental growth, we believe there is still value that is not yet priced into the shares."

General Growth's CFO would seem to agree.