General Growth Properties, Inc.
Form 10-K
March 08, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(MARK ONE)

ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2010

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
COMMISSION FILE NUMBER 1-34948

GENERAL GROWTH PROPERTIES, INC.
(f/k/a New GGP, Inc.)

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**27-2963337** (I.R.S. Employer Identification Number)
110 N. Wacker Dr., Chicago, IL (Address of principal executive offices)	**60606** (Zip Code)

(312) 960-5000
(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class:	Name of Each Exchange on Which Registered:
Common Stock, $.01 par value	**New York Stock Exchange**

Securities Registered Pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding

12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer" and "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No ý

Indicate by check mark whether the registrant, the registrant's predecessor or its subsidiaries have filed all reports required to be filed by section 12, 13 or 15(d) of the Securities Exchange Act subsequent to the distribution of securities under a plan confirmed by a court. Yes ý No o

On June 30, 2010, the last business day of the most recently completed second quarter of the registrant's predecessor, the aggregate market value of the shares of common stock held by non-affiliates of such predecessor registrant was $4.2 billion based upon the closing price of the common stock on such date.

As of February 28, 2011, there were 964,138,156 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the annual stockholders meeting to be held on April 27, 2011 are incorporated by reference into Part III.

GENERAL GROWTH PROPERTIES, INC.
Annual Report on Form 10-K
December 31, 2010

TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS

All references to numbered Notes are to specific footnotes to the Consolidated Financial Statements of General Growth Properties, Inc. ("GGP", the "Successor" or the "Company") as included in this Annual Report on Form 10-K ("Annual Report"). The descriptions (and definitions, if not otherwise defined) included in such Notes are incorporated into the applicable Item response by reference. The following discussion should be read in conjunction with such Consolidated Financial Statements and related Notes. The terms "we," "us" and "our" may also be used to refer to GGP and its subsidiaries.

INTRODUCTION

GGP is a Delaware corporation, incorporated on July 1, 2010 as New GGP, Inc., and the successor registrant (the "Successor") by merger on November 9, 2010 (the "Effective Date") to GGP, Inc. ("Old GGP" or the "Predecessor"), which had operated as a self-administered and self-managed real estate investment trust, referred to as a "REIT" since 1986. We are principally a real estate developer and operator of regional malls with, at December 31, 2010, an ownership interest in 180 regional shopping malls (including "Special Consideration Properties" as defined below) in 43 states as well as ownership interests in other rental properties as more fully described below. As discussed in Note 7, the Successor will elect REIT status for its 2010 tax year and intends to maintain this status in future periods.

The Company began over 50 years ago as the owner of a single retail property in Cedar Rapids, Iowa. Through organic growth and strategic acquisitions, we now own some of the highest quality retail assets in the United States with many of our properties located in the fastest growing regions of the country. Our portfolio includes ownership interests in more than 169 million total square feet of regional mall retail. We also own stand-alone office properties, community shopping centers and hybrid mixed-use properties. A summary of our asset portfolio is presented in "Item 2 Properties."

Substantially all of our business is conducted through GGP Limited Partnership ("the Operating Partnership" or "GGPLP") in which we hold, through certain intermediate partnerships, a 1% general partnership interest and an approximate 98% limited partnership interest. We own 100% of many of our properties and a majority or controlling interest of certain others. As a result, these properties are consolidated under generally accepted accounting principles in the United States of America ("GAAP") and we refer to them as our "Consolidated Properties." Some properties are held through joint venture entities in which we own a non-controlling interest ("Unconsolidated Real Estate Affiliates") and we refer to those properties as our "Unconsolidated Properties." Collectively, we refer to the Consolidated Properties and Unconsolidated Properties as our "Company Portfolio."

We make all key strategic decisions for our Consolidated Properties. We are also the asset manager for most of our Company Portfolio, executing the strategic decisions and performing the day-to-day property management functions, operations, leasing, redevelopment, maintenance, accounting, marketing and promotional services. In connection with the Unconsolidated Properties, such strategic decisions are made jointly with the joint venture partners. With respect to jointly owned properties, we generally conduct the management activities through General Growth Management, Inc. ("GGMI"), one of our taxable REIT subsidiaries ("TRS") which manages, leases, and performs various services for the majority of the properties owned by our Unconsolidated Real Estate Affiliates. However, 20 of our properties owned by Unconsolidated Real Estate Affiliates (two of our regional malls and three of our community centers, located in the United States, and all of the 15 operating retail properties owned through our Brazil joint ventures) are unconsolidated and are managed by our joint venture partners.

OLD GGP BANKRUPTCY AND REORGANIZATION

On April 16, 2009, Old GGP and certain of its domestic subsidiaries filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code ("Chapter 11"). On April 22, 2009 (collectively with April 16, 2009, the "Petition Date"), certain additional domestic subsidiaries of Old GGP (collectively with Old GGP and the subsidiaries that sought Chapter 11 protection on April 16, 2009, the "Debtors") also filed voluntary petitions for relief (collectively, the "Chapter 11 Cases") in the bankruptcy court of the Southern District of New York (the "Bankruptcy Court"). However, none of GGMI, certain of our wholly-owned subsidiaries, nor any of our joint ventures, (collectively, the "Non-Debtors") either consolidated or unconsolidated, sought such protection. A total of 388 Debtors with approximately $21.83 billion of debt filed for Chapter 11 protection.

During the remainder of 2009 and to the Effective Date, the Debtors operated as "debtors in possession" under the jurisdiction of the Bankruptcy Court and the applicable provisions of Chapter 11 (Note 1). In general, as debtors in possession, we were authorized under Chapter 11 to continue to operate as an ongoing business, but could not engage in transactions outside the ordinary course of business without the prior approval of the Bankruptcy Court.

The bankruptcy petitions triggered defaults on substantially all debt obligations of the Debtors. However, under section 362 of Chapter 11, the filing of a bankruptcy petition automatically stays most actions against the debtor's estate. The Chapter 11 Cases provided the protections necessary for the Debtors to develop and execute a restructuring of the Debtors to extend mortgage maturities, reduce corporate debt and overall leverage and establish a sustainable long-term capital structure.

The first step of our reorganization was to extend our mortgage maturities by restructuring our property-level secured mortgage debt. During the period in 2010 prior to the Effective Date, 149 Debtors owning 96 properties with $10.23 billion of secured mortgage debt emerged from bankruptcy, while 113 Debtors owning 50 properties with $4.66 billion secured debt had emerged from bankruptcy as of December 31, 2009 (collectively, the "Emerged Debtors"). In addition, as the result of consensual agreements reached with lenders of certain of our corporate debt, Old GGP recognized $131.4 million of additional interest expense for the period in 2010 prior to the Effective Date. The plans of reorganization for such Emerged Debtors provided for, in exchange for payment of certain extension fees and cure of previously unpaid amounts due on the applicable mortgage loans (primarily, principal amortization otherwise scheduled to have been paid since the Petition Date), the extension of the secured mortgage loans at previously existing non-default interest rates. As a result of the extensions, none of these loans will mature prior to January 1, 2014. As of December 31, 2010 the weighted average remaining term of our corporate debt, including our ownership share of the debt of our Unconsolidated Real Estate Affiliates, is approximately 4.6 years. In conjunction with these extensions, certain financial and operating covenants and guarantees were created or reinstated, all effective with the bankruptcy emergence of the remaining Debtors (the "TopCo Debtors") on the Effective Date.

The second step of our reorganization was to establish a sustainable long-term capital structure by reducing our corporate debt and overall leverage. The key element of this step was entering into agreements (collectively, as amended and restated, the "Investment Agreements") with REP Investments LLC, an affiliate of Brookfield Asset Management Inc. (the "Brookfield Investor"), an affiliate of Fairholme Funds, Inc. ("Fairholme") and an affiliate of Pershing Square Capital Management, L.P. ("Pershing Square" and together with the Brookfield Investor and Fairholme, the "Plan Sponsors"), pursuant to which Old GGP would be divided into two companies, GGP and The Howard Hughes Corporation ("HHC"), a newly formed real estate company, and the Plan Sponsors would invest in the Company's standalone emergence plan. As a result of the Investment Agreements, Old GGP obtained equity commitments for $6.55 billion ($6.30 billion for New GGP, Inc. and $250 million for HHC) subject to the conditions set forth in such agreements. In addition, the Plan Sponsors entered into an agreement with The Blackstone Group ("Blackstone") whereby Blackstone subscribed for approximately 7.6% of the New GGP and HHC shares to be issued to the Plan Sponsors and received a pro rata portion of each Plan Sponsors' Permanent Warrants (as defined below). Finally, on September 21, 2010 we entered into a $300.0 million senior secured revolving facility (the "Facility") commencing on the Effective Date. This Facility, which was amended in February 2011 to provide for revolving loans of up to approximately $720 million (which may be increased, under certain conditions up to $1 billion) has not, as of March 7, 2010, been drawn upon.

On August 17, 2010, Old GGP filed with the Bankruptcy Court its third amended and restated disclosure statement and the plan of reorganization, supplemented on September 30, 2010 and on October 21, 2010 (the "Plan") for the 126 TopCo Debtors. On October 21, 2010, the Bankruptcy Court entered an order confirming the Plan. Pursuant to the Plan, on the Effective Date, Old GGP merged with a wholly-owned subsidiary of New GGP, Inc. and New GGP, Inc. was re-named General Growth Properties, Inc. Also pursuant to the Plan, prepetition creditor claims were satisfied in full and equity holders received newly issued common stock in New GGP, Inc. and in HHC. After such distribution, HHC became a publicly-held company, majority-owned by Old GGP's previous stockholders. GGP does not have any ownership interst in HHC as of, or subsequent to, the Effective Date. HHC assets, all formerly owned by Old GGP, on the Effective Date consisted primarily of the following:

- four master planned communities;
- nine mixed-use development opportunities;
- four mall developmental projects;
- seven redevelopment-opportunity retail malls; and
- interests in eleven other real estate assets or projects.

Pursuant to the Investment Agreements, the Plan Sponsors and Blackstone purchased, on the Effective Date, $6.3 billion of GGP common stock at $10.00 per share and $250.0 million of HHC stock at $47.61904 per share. In addition, pursuant to an agreement with the Teachers Retirement System of Texas ("Texas Teachers"), Texas Teachers purchased on the Effective Date $500.0 million of GGP common stock at $10.25 per share.

In lieu of the fees that would be customary in similar transactions, pursuant to the Investment Agreements, interim warrants were issued to the Brookfield Investor and Fairholme to purchase approximately 103 million shares of Old GGP at $15.00 per share (the "Interim Warrants") on May 10, 2010. The Interim Warrants vested: 40% upon issuance and the remaining were scheduled to vest in installments thereafter to December 31, 2010. The Interim Warrants could only be exercised if the Brookfield Investor or Fairholme Investment Agreements were not consummated. The Investment Agreements further provided that all Interim Warrants (whether vested or not) would be cancelled and warrants to purchase equity of HHC and New GGP, Inc. would be issued to the Plan Sponsors (the "Permanent Warrants") upon consummation of the Investment Agreements. As the Investment Agreements were consummated and the Interim Warrants cancelled, no expense has been recognized for the issuance of the Interim Warrants. With respect to the Permanent Warrants (including the Permanent Warrants issued to Blackstone), eight million warrants to purchase equity of HHC at an exercise price of $50.00 per share and 120 million warrants to purchase equity of New GGP, Inc. at an exercise price of $10.75 per share, in the case of the Brookfield Investor, and an exercise price of $10.50, in the case of Fairholme and Pershing Square, were issued and with respect to Blackstone, one-half of its Permanent Warrants were issued at $10.50 per share and the remaining were issued at $10.75 per share. The estimated $861.6 million fair value of the Permanent Warrants was recognized as a liability on the Effective Date. Subsequent to the Effective Date, changes in the fair value of the Permanent Warrants have been recognized in earnings and adjustments to the exercise price and conversion ratio of the Permanent Warrants have been made as of a result of stock dividends.

As the Bankruptcy Court had approved the final set of plans of reorganization for the TopCo Debtors that remained in bankruptcy, the TopCo Debtors emerged from bankruptcy on the Effective Date. The structure of the Plan Sponsors' investments triggered the application of the acquisition method of accounting, as the Plan and the consummation of the Investment Agreements and the Texas Teachers investment agreement constituted a "transaction or event" in which an acquirer obtains control of one or more "businesses" or a "business combination" requiring such application. New GGP, Inc. is the acquirer that obtains control as it obtains all of the common stock of Old GGP (a business for purposes of applying the acquisition method of accounting) in exchange for issuing its stock to the Old GGP common stockholders on a one-for-one basis (excluding fractional shares).

On the Effective Date, the Plan Sponsors, Blackstone and Texas Teachers owned a majority of the outstanding common stock of GGP. The Old GGP common stockholders held approximately 317 million shares of GGP common stock at the Effective Date; whereas, the Plan Sponsors, Blackstone, Texas Teachers held approximately 644 million shares of GGP common stock on such date. Notwithstanding such majority ownership, the Plan Sponsors entered into certain agreements that limited their discretion with respect to affiliate, change of control and other stockholder transactions or votes.

The Investment Agreements with Fairholme and Pershing Square permitted us to repurchase (within 45 days of the Effective Date) up to 155 million shares in the aggregate issued to such investors at a price of $10.00 per share. We had a similar right to repurchase up to 24.4 million shares issued to Texas Teachers at a price of $10.25 per share (collectively, the "Clawback"). Pursuant to such rights, on October 11, 2010, we gave notice to Fairholme, Pershing Square and Texas Teachers of our election to reserve the eligible shares under the Clawback and agreed to pay on the Effective Date, as provided by the Investment Agreements, $38.75 million to Fairholme and Pershing Square for such reservation. No such fee was required to be paid to Texas Teachers. On November 19, 2010 (and November 23, 2010 with respect to the underwriters option to purchase additional shares), we sold an aggregate of approximately 154.9 million common shares to the public at $14.75 per share and repurchased an equal number of shares from Fairholme and Pershing Square as permitted under the Clawback. We also used a portion of the offering proceeds to repurchase approximately 24.4 million shares from Texas Teachers, as permitted under the Clawback. In addition, in January 2011, in a transaction valued at approximately $15.10 per share, the Brookfield Investor purchased substantially all of Fairholme's common share holding in GGP, with Fairholme retaining its share of the Permanent Warrants originally issued to them.

The emergence from bankruptcy by Old GGP and the substantial equity investment and restructuring pursuant to the Investment Agreements and the Plan constitutes a new beginning for the Company. Our current business plan contemplates the continued ownership and operation of most of our retail shopping centers and divestiture of non-core assets. It also contemplates the transfer of certain non-performing retail assets to applicable lenders in satisfaction of secured mortgage debt.

During 2008 and 2009, we were focused on preservation of capital and maintenance of occupancy levels at our retail and other rental properties to stabilize our business and maintain the profitability of our operating properties. We were able to consensually modify and extend certain of our mortgage debt and we entered into the Investment Agreements as described above to facilitate our bankruptcy emergence. Prior to 2008, development projects and acquisitions were a key contributor to our growth. In such regard, we acquired The Rouse Company in November 2004 (the "TRC Merger") and in July 2007 the fifty percent interest owned by New York State Common Retirement Fund ("NYSCRF") in the GGP/Homart I portfolio of 19 regional shopping malls, one community center and three regional shopping malls owned with NYSCRF. As these acquisitions and other activities were largely funded through debt, the resulting capital structure was not, in hindsight, flexible enough to withstand the 2008 and 2009 credit crisis.

FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

Reference is made to Note 15 for information regarding our segments.

NARRATIVE DESCRIPTION OF OUR BUSINESS

Retail and Other Segment

After the Effective Date, we operate in a single segment, which we term the Retail and Other segment, which consists of retail centers, office and industrial buildings and mixed-use and other properties. Our portfolio of regional malls and other rental properties represents a collection of retail offerings that are targeted to a range of market sizes and consumer tastes. The tables below summarize certain information with respect to our rental properties as of December 31, 2010 and 2009, excluding de minimis properties and other corporate non-property interests. In addition, malls classified as held for sale or disposition, principally the eleven Special Consideration Properties held at December 31, 2010 (as defined below), have also been excluded from these tables. As our new management team believes that categorizing the remaining malls into groups (or "Tiers") based on criteria, such as tenant sales, NOI or GLA, does not provide meaningful incremental information for investors, such presentation below reflects a change from our previous categorization or presentation of our portfolio:

	2010					
	Number of Properties	**GLA(2) (In Thousands)**	**Average Annual Tenant Sales Per Square Foot(3)**	**NOI(4) ($ thousands)**	**Occupancy(5)**	**Average Rent & Common Area Costs Per Square Foot(6)**
Regional Malls	167	67,237	$ 446	$ 2,160,433	92.9%	$ 55.09
Third Party Managed and International Properties(1)	17	6,182	n/a	35,282	97.3%	n/a
Stand Alone Community Centers and Office Buildings	54	6,884	$ 216	56,354	88.6%	$ 22.28
Total	238	80,303		$ 2,252,069		

	2009					
	Number of Properties	**GLA(2) (In Thousands)**	**Average Annual Tenant Sales Per Square Foot(3)**	**NOI(4) ($ thousands)**	**Occupancy(5)**	**Average Rent & Common Area Costs Per Square Foot(6)**
Regional Malls	167	66,343	$ 419	$ 2,205,553	92.9%	$ 54.11
Third Party Managed and International Properties(1)	17	6,182	n/a	33,457	95.3%	n/a
Stand Alone Community Centers and Office Buildings	54	6,884	$ 200	62,372	89.9%	$ 22.42
Total	238	79,409		$ 2,301,382		

(1) These properties are owned by certain of our Unconsolidated Real Estate Affiliates and are managed by the respective venture partners, including two regional malls in the United States.

(2) Includes the gross leasable area ("GLA") of mall shop and freestanding retail locations (locations that are not attached to the primary complex of buildings that comprise a shopping center), and excludes anchor stores.

5

(3)

Average annual tenant sales per square foot is the sum of comparable sales for the year divided by the comparable square footage for the same period. We include in our calculations of comparable sales and comparable square footage properties that have been owned and operated for the entire time during the twelve month period and exclude properties at which significant physical or merchandising changes have been made.

(4)

Our total NOI for the years ended December 31, 2010 and 2009 was $2.25 billion and $2.29 billion, respectively (Note 15) and is presented on a combined, proportionate share basis. NOI presented in the table above reflects our NOI from operating properties for the years ended December 31, 2010 and 2009 but excludes $5.6 million and $7.0 million, respectively of NOI attributable to sold properties owned by certain Unconsolidated Real Estate Affiliates (recorded as equity in earnings) and not included in discontinued operations and $(11.6) million and $(15.1) million, respectively, representing a nominal loss from other corporate non-property interests for the year ended December 31, 2010 and 2009, respectively. For a description of the calculation of NOI, see "Item 6. Selected Financial Data."

(5)

Occupancy represents Gross Leasable Occupied Area ("GLOA") divided by GLA (mall shop and freestanding retail) for spaces less than 10,000 square feet. GLOA is the sum of: (1) tenant occupied space under lease, (2) all leases signed, whether or not the space is occupied by a tenant and (3) tenants no longer occupying space, but still paying rent. Occupancy for community centers and office buildings reflects only leased retail space.

(6)

Average rent and common area costs per square foot reflect weighted average rent of mall stores less than 10,000 square feet.

Our Regional Malls

Our regional malls are located in major and middle markets throughout the United States. For the year ended December 31, 2010, the geographic concentration of our regional malls as a percentage of our total regional mall NOI of $2,160,433 presented above was as follows: east coast (33%), west coast and Hawaii (33%), north central United States (20%), and Texas and surrounding states (14%).

We own 25 malls that we believe are the premier regional malls in their market areas when measured against the top 100 leading malls in the United States. These high quality malls typically have average annual tenant sales per square foot of $600 or higher and several are iconic in nature, e.g., Ala Moana in Honolulu, Fashion Show in Las Vegas, the Natick Collection in Natick (Boston) Massachusetts, Tysons Galleria in Washington D.C., Park Meadows in Lone Tree (Denver), Colorado and Water Tower Place in Chicago. These properties are well-known by consumers in the local market and we believe are in highly desirable locations for tenants. For example, Tysons Galleria is anchored by Neiman Marcus, Saks Fifth Avenue and Macy's. In 2010, the center was producing tenant sales of over $750 per square foot. Tysons Galleria is comprised of a significant number of luxury tenants including Chanel, Bottega Veneta, Salvatore Ferragamo and Versace. The center is located in the greater Washington, D.C. market and we believe that Tyson's Galleria is the premier destination for luxury retail consumers in its market.

More broadly, we own 125 of the top 600 regional malls in the country which represent 87% of Company NOI. A significant number of these malls are either the only one in their market areas, or as part of a cluster of malls, may receive relatively high consumer traffic. Deerbrook Mall, one of five high quality malls that we own in the Houston area, is demonstrative of this group of malls. Deerbrook Mall is located in a favorable trade area featuring high population density and convenient access to Interstate 59. Another example is Maine Mall in Portland. The Maine Mall is anchored by Macy's, JCPenney and Sears with its in-line tenant offering comprised of moderately priced mainstream retailers and is the only regional mall in Portland, Maine.

As part of the Emerged Debtor loan modification agreements, we identified 13 underperforming properties that we refer to as "Special Consideration Properties." We believe that the long-term strategic value of these regional malls, as compared to our other opportunities to deploy capital throughout our portfolio, do not justify retaining them. We expect that this group of regional malls will be given back to the applicable respective lenders within the next nine months and in such regard, five of these thirteen malls have been transferred as of March 7, 2011. Until such transfers, we have agreed to work with the applicable respective lenders as they market such properties for sale to third parties as an alternative to the lenders taking back title to the properties. Accordingly, the remaining eleven Special Consideration Properties at December 31, 2010 are included in the 180 regional malls referred to above.

A detailed listing of the principal properties in our Retail Portfolio is included in Item 2 of this Annual Report.

The following table reflects the ten largest tenants in our regional malls as of December 31, 2010.

Top Ten Largest Tenants (Regional Malls)	DBA	Percent of Minimum Rents, Tenant Recoveries and Other	Square Footage (in thousands)	Number of Locations
The Gap, Inc.	Gap, Banana Republic, Old Navy	2.9%	2,470	237
Limited Brands, Inc.	Victoria's Secret, Bath & Body Works	2.9%	1,831	315
Abercrombie & Fitch Stores, Inc.	Abercrombie, Abercrombie & Fitch, Hollister	2.3%	1,591	226
Foot Locker, Inc.	Footlocker, Champs Sports, Footaction USA	2.3%	1,516	384
Golden Gate Capital	Express, J. Jill, Eddie Bauer	1.7%	1,336	178
American Eagle Outfitters, Inc.	American Eagle, Aerie, Martin + OSA	1.6%	922	161
Forever 21, Inc.	Forever 21, Gadzooks	1.4%	1,600	100
Macy's Inc.	Macy's, Bloomingdale's	1.4%	22,665	145
Luxottica Retail North America, Inc.	Lenscrafters, Sunglass Hut, Pearle Vision	1.3%	639	321
Genesco, Inc.	Journeys, Lids, Underground Station, Johnston & Murphy	1.2%	552	372

For the year ended December 31, 2010, our largest tenant (based on common parent ownership) accounted for approximately 3% of consolidated rents. Of the approximately 71 million square feet of GLA, which includes our Special Consolidation Properties and excludes anchor tenants such as Macy's, reported above, four tenants occupied, in the aggregate, at least 10% of our GLA in 2010.

Our Other Rental Properties

In addition to regional malls, as of December 31, 2010, we own 28 community shopping centers totaling 4.3 million square feet, primarily in the Western regions of the United States, as well as 26 stand-alone office buildings totaling 2.2 million square feet, concentrated in Columbia, Maryland and Las Vegas, Nevada. Many of our community shopping centers are anchored by national grocery chains and drug stores such as Albertsons, Safeway, Rite Aid and Long's Drugs. Other tenants include leading retailers such as Target, Best Buy and Lowe's. We believe the majority of the community shopping centers are located in the growth markets of the western regions of the United States (generating approximately 80% of total 2010 NOI attributable to community shopping centers). In 2010, the community shopping centers had an overall occupancy of 89% and generated $32.3 million of NOI. On average, three retailers occupied 10% or more of the rentable square footage in our other rental properties in 2010.

We desire to sell our non-core community shopping centers and stand-alone office buildings. Our stand-alone office buildings are a legacy of The Rouse Company acquisition in 2004. The properties are located in two main areas: Summerlin, Nevada, near Las Vegas, and Columbia, Maryland, near Baltimore and Washington D.C. Both locations are office hubs in their respective Metropolitan Statistical Areas. In 2010, the office buildings had an overall occupancy of 66% and generated

$24.1 million of NOI. The Las Vegas, Nevada assets had an overall occupancy of 55% and contributed 51% of NOI attributable to office buildings. The Columbia, Maryland assets had an overall occupancy of 67% and contributed 38% of NOI attributable to office buildings. Until these assets are sold, we will continue to implement a proactive leasing strategy focused on creditworthy national branded tenants in order to maximize value at the time of divestiture.

We also currently hold non-controlling ownership interests in a public Brazilian real estate operating company, Aliansce Shopping Centers, and a large regional mall (Shopping Leblon) in Rio de Janeiro (Note 5).

Master Planned Communities Segment

The Master Planned Communities segment was, pursuant to the Plan, distributed to the Old GGP common stockholders in November 2010 and accordingly, is presented as discontinued operations in the accompanying financial statements.

OTHER BUSINESS INFORMATION

Competitive Strengths

We believe that we distinguish ourselves through the following competitive strengths:

High Quality Properties. As discussed above, we own 125 of the top 600 regional malls in the country. These malls are located in core markets defined by large population density, strong population growth and household formation, and high-income consumers. Approximately one of every three U.S. households with an income of greater than $100,000 a year is located within 10 miles of one of these malls. We frequently are able to offer "first-to-market" stores (the first location of a store in a particular region or city) in these core markets that enhance the reputation of our regional malls as premier shopping destinations. For example, in 2010, the first Diane von Furstenberg and Tory Burch stores opened in our Ala Moana Center in Honolulu, Hawaii.

Second Largest Regional Mall Owner in the United States. Based on the number of malls in our portfolio, we are the second largest owner of regional malls in the United States. Our malls, located in major and middle markets nationwide, receive an average of approximately 1.9 billion consumer visits each year, and we are the #1 or #2 largest landlord to 40 of what we believe are America's premier retailers. We believe there has been a limited supply of new mall space in the last five years, that the lack of new development should help us improve occupancy levels in coming years, and that the size and strength of our portfolio is attractive to tenants.

Strategic Relationships and Scale with Tenants and Vendors. We believe that the size, quality and geographical breadth of our regional mall portfolio provide competitive advantages to our tenants and vendors. We believe that our national tenants benefit from the high traffic at our malls as well as the efficiency of being able to negotiate leases at multiple locations with just one landlord. We also maintain national contracts with certain vendors and suppliers for goods and services, such as security and maintenance, at generally more favorable terms than individual contracts.

Flexible Capital Structure. As of December 31, 2010, we had approximately $18.05 billion aggregate principal amount of our consolidated debt (excluding the Special Consideration Properties) and approximately $2.67 billion aggregate principal amount of our share of unconsolidated debt. We believe that most of our Unconsolidated Properties are generally well-capitalized and can support their portion of the indebtedness. On December 31, 2010, the weighted average interest rate on our total debt (excluding the Special Consideration Properties) was approximately 5.35% and the average maturity of our total debt (excluding the Special Consideration Properties) was 4.7 years. In addition, we have flexible terms on our property-level debt, allowing us, for example, to prepay certain recently restructured mortgage debt, which constitutes a majority of our consolidated debt, without incurring any prepayment penalties.

Business Strategy

Our business strategy is to further improve our financial position and maximize the value of our mall properties to tenants and consumers. We intend to improve our performance by capitalizing on our reorganized financial position and combining the appropriate merchandising mix with excellent physical property conditions in attractive locations. We believe that this will, in turn, increase consumer traffic, retailer sales and rents. We intend to pursue the following objectives in order to implement our business strategy:

- Develop a mall-specific strategic leasing plan that improves our permanent occupancy ratio and maximizes profitability.

- Opportunistically refinance our portfolio and reduce overall leverage.

- Position our business development team to anticipate vacancies and mitigate our occupancy and revenue exposure.

- Improve our occupancy cost recovery revenues, particularly at our higher quality regional malls.

- Be disciplined in our capital expenditures to maximize returns on capital employed.

We have a liquidity and operating plan designed to protect our leading position in the regional mall sector. We are committed to further improving our balance sheet. To further this strategy to build liquidity and flexibility, as discussed in Item 7, we have increased the size of our revolving credit facility to approximately $720 million, with the potential to increase it to up to $1.0 billion in the future if certain conditions are satisfied. We desire to reduce our outstanding debt and eliminate cross-collateralizations and credit enhancements through a combination of opportunistically selling non-core assets, refinancings and debt paydowns pursuant to our restructured amortization schedule. Our financing strategy is to maintain our non-recourse investment grade financing at the current level, extending maturities wherever possible.

- *Schedule debt principal amortization:* our total consolidated and applicable joint venture debt has an amortization schedule of approximately $1.8 billion from 2011 through 2015.

- *Asset sales:* we intend to seek opportunities to dispose of assets that are not core to our business, including the opportunistic sale of our strip shopping centers, stand-alone office buildings and certain regional malls, in order to optimize our portfolio and reduce leverage.

We believe there is a synergy between our tenants and the consumers who visit our malls in that better malls lead to the best tenant mix for each market, which leads to a better shopping experience for the consumer, thereby increasing consumer traffic and consumer loyalty.

- *Reinvestment and Attracting Additional Quality Tenants.* We are committed to maintaining high quality properties and attracting and retaining quality tenants. To that end, we have a multi-year plan for operating capital expenditures for each property that considers the state of repair and time since previous capital investment projects were undertaken. We also intend to refocus our efforts on providing allowances for tenant improvements. We believe that the results of these improvement projects and investments will attract and retain quality tenants, which can increase consumer traffic, as well as tenant sales, at our malls.

- *Increase Consumer Traffic and Enhance the Consumer Experience.* We believe that quality tenants situated in attractive, well-maintained malls enhance the consumers' shopping experience. A key ingredient of our success is our understanding of the evolving marketplace and the consumer. We plan to create shopping experiences that exceed consumer expectations by attracting the optimal tenant mix for the market area.

Optimize Tenant Mix. We believe that malls that receive high levels of consumer traffic attract the optimal retail tenants in those markets. We intend to continue to proactively optimize the merchandising mix within our regional mall portfolio by matching it to the consumer shopping patterns and needs and desires of the demographics in a particular market area, which we believe will strengthen our competitive position. We will also continue to strive to provide as many exclusive retailers as possible to maintain a distinct appeal and regional draw. In addition, we believe that our scale with premier national retailers enhances our ability to bring the optimal mix of retailers into our malls.

Increase Consumer Sales to Support Increased Rents. We believe that we have the potential to increase rents from tenants upon natural lease expiration, particularly in malls where tenant sales are expected to grow in future years. In addition, we believe our occupancy costs are generally at or below those of our competitors.

In addition, we believe that we can eliminate certain indebtedness and further improve our credit profile by deeding back to lenders in lieu of renegotiating the respective debt of our Special Consideration Properties, which represent some of our less profitable, more highly leveraged properties and accounted for $644.3 million of our indebtedness as of December 31, 2010, and two other regional mall properties (identified as underperforming and owned by Unconsolidated Real Estate Affiliates), which accounted for $196.7 million of our indebtedness, at our proportionate share, as of December 31, 2010.

We believe that corporate overhead and operational issues are closely intertwined, and this belief has guided our operating philosophy to invest in items that maximize the consumer experience, while streamlining our costs in areas that we do not believe will negatively impact the consumer or mall experience. We believe in an organization with minimal layers between the "doers" and the "decision makers", where there is a culture of meritocracy.

Competition

The nature and extent of the competition we face varies from property to property within each segment of our business. Our direct competitors include other publicly-traded retail mall development and operating companies, retail real estate companies, commercial property developers and other owners of retail real estate that engage in similar businesses.

Within our portfolio of retail properties, we compete for retail tenants. We believe the principal factors that retailers consider in making their leasing decision include:

- consumer demographics;
- quality, design and location of properties;
- total number and geographic distribution of properties;
- strength and diversity of retailers and anchor tenants at shopping center locations;
- management and operational expertise; and
- rental rates.

Based on these criteria, we believe that the size and scope of our property portfolio,