GENERAL GROWTH PROPERTIES
AND THE FINANCIAL CRISIS:
ONE MAN’S JOURNEY
A Brief History

Town and Country Shopping Center
Cedar Rapids, IA 1954

During its time as a Public Company
- GGP paid ~$4bn in dividends
- GGP refinanced or paid down ~$32bn of debt
- Until Q1'09, GGP never defaulted on a mortgage
GGP 2007

GGP REIT
Includes Retail & Office Properties
- Over 200 regional malls (>160mm sq ft) \(^{(1)}\) / outdoor shopping centers
- Over 30 grocery-anchored shopping centers
- Office properties in Arizona, Nevada and near Maryland / Washington D.C.
- 1.3bn mall visits per year
- >24,000 tenants
- >3,700 employees \(^{(2)}\)

GGMI
General Growth Management Inc.
- Provides management, leasing and marketing services
- Over 60% of revenue derived from third party (non-GGP) malls
- Manages many of GGP’s JV malls

MPC
Master Planned Communities
- Develops and sells land for residential and commercial use
- Land located near Maryland / Washington D.C., Summerlin, NV and Houston, TX
- ~18,000 saleable acres

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\(^{(1)}\) Includes anchor GLA and the Company’s pro rata share of JV malls.
\(^{(2)}\) >400,000 employees including retail tenants.
Why Investors Liked GGP

- High Quality Assets
- Diversified Geographical Footprint
- Inflation-Protected Stable Cash Flows
- Diverse Tenant Mix
- Embedded Growth Opportunity
- Quality Management

High Quality Business
High Quality Assets

Green Street assigns an ‘A’ grade to 73 malls in GGP’s portfolio

### GGP has seven malls considered "A+" in quality, comprised of:

<table>
<thead>
<tr>
<th>Mall Name</th>
<th>Mall Name</th>
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</thead>
<tbody>
<tr>
<td>Ala Moana</td>
<td>Oakbrook Center</td>
</tr>
<tr>
<td>Arrowood Towne Center</td>
<td>Tysons Galleria</td>
</tr>
<tr>
<td>Fashion Show</td>
<td>Water Tower Place</td>
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<tr>
<td>Grand Canal Shoppes</td>
<td></td>
</tr>
</tbody>
</table>

### Twenty nine properties fall under the "A"-quality umbrella, comprised of:

<table>
<thead>
<tr>
<th>Mall Name</th>
<th>Mall Name</th>
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<tbody>
<tr>
<td>Aidenwood Mall</td>
<td>Maine Mall</td>
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<tr>
<td>Baybrook Mall</td>
<td>Mall in Columbia</td>
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<tr>
<td>Blanchwood Place</td>
<td>Mayfair Mall</td>
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<tr>
<td>Bridgewater Commons</td>
<td>Mitter Park</td>
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<td>Christians Mall</td>
<td>Notch Collection</td>
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<tr>
<td>Fashion Place</td>
<td>North Star</td>
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<td>Grenades Gallery</td>
<td>Northbrook Court</td>
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<td>Kenwood Towne Center</td>
<td>Oyster Ranch Town Center</td>
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</tbody>
</table>

### Finally, thirty seven malls are estimated to be "A-" in quality, comprised of:

<table>
<thead>
<tr>
<th>Mall Name</th>
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</thead>
<tbody>
<tr>
<td>Bayfair Marketplace</td>
<td>Lynnhaven Mall</td>
</tr>
<tr>
<td>Boise Towne Square</td>
<td>Mall St. Matthews</td>
</tr>
<tr>
<td>Boulevard Mall</td>
<td>North Branch Mall</td>
</tr>
<tr>
<td>Carolina Place</td>
<td>North Point Mall</td>
</tr>
<tr>
<td>Clearwater Town Center</td>
<td>Northridge Fashion Center</td>
</tr>
<tr>
<td>Collin Creek Mall</td>
<td>Oak View Mall</td>
</tr>
<tr>
<td>Coral Ridge Mall</td>
<td>Oberi Center</td>
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<tr>
<td>Eden Prairie Center</td>
<td>Paramus Park</td>
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<td>Galleries of Tyler</td>
<td>Park &amp; Arlington</td>
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<tr>
<td>Jordan Creek Town Center</td>
<td>Pioneer Place</td>
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</tbody>
</table>

Source: Green Street

### Not Included

- Faneuil Hall Marketplace
- South Street Seaport
- Ward Centers (Honolulu, HI)

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GGP’s portfolio consists of many of the best malls in America
Ala Moana Mall
Fashion Show Mall
Grand Canal Shoppes
Jordan Creek Mall
The Shops at La Cantera
The Village at Merrick Park
The Natick Collection
The Woodlands Mall
Water Tower Place
GGP is geographically well-diversified with malls in 44 states. The Company also has interests in joint ventures in Brazil and Turkey.
**Diverse Tenant Base**

GGP has over 24,000 tenants, with its largest tenant accounting for only 2.7% of revenue

<table>
<thead>
<tr>
<th>TOP TEN LARGEST TENANTS (COMPANY RETAIL PORTFOLIO)</th>
<th>Percent of Minimum Rents, Tenant Recoveries and Other</th>
<th>Memo: Market Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gap, Inc.</td>
<td>2.7 %</td>
<td>$11.8bn</td>
</tr>
<tr>
<td>Limited Brands, Inc.</td>
<td>2.7</td>
<td>4.0bn</td>
</tr>
<tr>
<td>Abercrombie &amp; Fitch Co.</td>
<td>2.2</td>
<td>2.4bn</td>
</tr>
<tr>
<td>Foot Locker, Inc.</td>
<td>2.2</td>
<td>1.8bn</td>
</tr>
<tr>
<td>Macy's, Inc.</td>
<td>1.7</td>
<td>5.0bn</td>
</tr>
<tr>
<td>American Eagle Outfitters, Inc.</td>
<td>1.4</td>
<td>3.0bn</td>
</tr>
<tr>
<td>Express, LLC</td>
<td>1.2</td>
<td>Private</td>
</tr>
<tr>
<td>Forever 21, Inc.</td>
<td>1.1</td>
<td>Private</td>
</tr>
<tr>
<td>Luxottica Group S.P.A.</td>
<td>1.1</td>
<td>Private</td>
</tr>
<tr>
<td>J.C. Penney Company, Inc.</td>
<td>1.1</td>
<td>6.0bn</td>
</tr>
</tbody>
</table>
The Problem

Over the past decade, GGP was a significant issuer of CMBS with ~$15bn of CMBS debt. In mid-2008, the CMBS market shut down.
GGP’s bankruptcy was the result of the unprecedented disruption in the credit markets coinciding with large near-term debt maturities.
The Fall of GGP: 2008-2010

March 28, 2008:
GGP raises $822mm in a stock offering priced at $36 per share, implying a market cap of ~$12bn. ~$100mm is purchased by an affiliate of the Bucksbaum family.

June-July, 2008:
The CMBS new issuance market grinds to a halt.

October 15, 2008:
CEO forced resignation.

September 15, 2008:
Lehman Brothers declares bankruptcy. Market cap: ~$9bn.

November 12, 2008:
GGP market cap hits ~$100mm.

November 28, 2008:
$900mm of GGP debt comes due.

April 16, 2008:
GGP voluntarily files for bankruptcy.

October 15, 2008:
GGP voluntarily files for bankruptcy.
The “Simple Solution” to Returning to Value Creation

- A seven-year extension of GGP’s secured and unsecured loans at their existing interest rate would provide the Company with sufficient time to use cash flow from operations to delever its balance sheet. With a seven-year extension the Company would be able to repay existing creditors in full.

Benefits of this Approach:

- Secured and unsecured lenders receive 100% of the present value of their claims
- Prevents the liquidation of assets at “fire-sale” prices
- Preserves value for equity holders
- GGP platform remains intact
- Preserves jobs
The Return of GGP: 2010...
The Return of HHC: 2010...
Could The Problem Have Been Prevented?

• Equity should have been issued sooner – we treat it too preciously.
• Debt maturities were allowed to compress into too short of durations.
• “Just in time financing” was no longer a solution.
• Trust one’s instincts. Sale of GGP?
• The Board, including myself should have been more concerned about the CFO and his margin account.
Bankruptcy Issues
What Was Learned?

• You must be your own advocate.
• Don’t trust anyone!
• Everyone gets rich but you.
• What do you really think of equity?
• Who is serving whom?
• How important is the judge?
• Equity Committee
• Faith/Transparency
A Lonely Journey
Feelings/Emotions
Six months
Night

😊
Journey Con’t.

Are you suicidal?
Journey Con’t.

• Problems that the business downfall created
  – Family issues
    • Immediate family
      – Wife and kids
      – Parents and sister
    • Cousins
Journey Con’t.

• Friends
  – YPO response
  – Latin School
  – Childhood
  – College
  – Athletics'
  – Business/Professional
    • ICSC mtg. NYC and Las Vegas
    • People in this room

• Importance of contacting people
• People can be very good and very bad
• Family/health cliché
  – Garage door
What Was Key? What Was Learned?

– Learning that you are never done learning. The last two years have been invaluable to me as I reflect on my management style and leadership abilities.
– Knowing that I/we would get through this process
– Ability to connect with people – no running and no hiding
– Friends and family support
– Therapist
– Rabbi
– Holding head high
– Keeping my routine
– Sharing!!
Is There A Happy Ending?