

AKIN GUMP STRAUSS HAUER & FELD LLP  
One Bryant Park  
New York, New York 10036  
(212) 872-1000 (Telephone)  
(212) 872-1002 (Facsimile)  
Michael S. Stamer  
Dionisia Kaloudis

AKIN GUMP STRAUSS HAUER & FELD LLP  
1333 New Hampshire, N.W.  
Washington, DC 20036  
(202) 887-4000 (Telephone)  
(202) 887-4288 (Facsimile)  
James R. Savin  
David M. Dunn

*Proposed Counsel for the Official Committee of Unsecured Creditors*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X  
In re: : Chapter 11  
: :  
General Growth Properties, Inc., *et al.* : Case No. 09-11977 (ALG)  
: :  
Debtors. : (Jointly Administered)  
-----X

**STATEMENT OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS  
IN SUPPORT OF THE MOTION OF GOLDMAN SACHS MORTGAGE  
COMPANY AND BROOKFIELD FINANCIAL, LLC AND CERTAIN  
AFFILIATES FOR ALLOWANCE AND PAYMENT OF A CHAPTER 11  
ADMINISTRATIVE EXPENSE CLAIM AGAINST THE ESTATES  
PURSUANT TO BANKRUPTCY CODE SECTIONS 503(b)(3)(D) AND 503(b)(4)**

The Official Committee of Unsecured Creditors (the “Committee”) of General Growth Properties, Inc. and its affiliated debtors and debtors-in-possession (collectively, the “Debtors”), by and through its undersigned proposed counsel, submits this statement (the “Statement”) in support of the Motion of Goldman Sachs Mortgage Company (“GSMC”) and Brookfield Financial, LLC and Certain Affiliates (“Brookfield” and, collectively with GSMC, the “Joint Bidders”), as Proposed Lenders and Co-Arrangers of Debtor-in-Possession Financing (“DIP



Financing”), for Allowance and Payment of a Chapter 11 Administrative Expense Claim Against the Estates Pursuant to Bankruptcy Code Sections 503(b)(3)(D) and 503(b)(4) (the “Motion”).

In support of this Statement, the Committee respectfully represents as follows:

### **BACKGROUND**

1. On April 16, 2009, the Debtors filed a motion for approval of a DIP Financing package (the “Pershing DIP”) offered by a group led by Pershing Square Capital Management, L.P. (“Pershing”)

2. After several hearings before the Court and extensive discussions between the Debtors and the Committee, the Debtors held a competitive auction on May 11-12, 2009, during which Pershing, the Joint Bidders, and a group led by Farallon Capital Management, LLC (“Farallon”) submitted competing DIP Financing proposals. This Court subsequently approved the DIP Financing proposal offered by Farallon (the “Farallon DIP”).

3. On June 1, 2009, the Joint Bidders filed the Motion. By the Motion, the Joint Bidders originally sought allowance and payment of an administrative expense claim, in the aggregate sum of \$5,000,000, to be allocated 75% for GSMC (\$3,750,000) and 25% for Brookfield (\$1,250,000), plus reimbursement of expenses of \$779,030.09 of which GSMC sought \$419,162.08 and Brookfield sought \$359,868.01, pursuant to sections 503(b)(3)(D) and 503(b)(4) of the United States Bankruptcy Code, 11 U.S.C. §§ 101 et seq. (the “Bankruptcy Code”), on account of the Joint Bidders’ substantial contribution to the Debtors’ cases (the “Claim”).

4. Subsequent to the filing of the Motion, the Committee was advised that the Debtors and the Joint Bidders had reached an agreement whereby the Joint Bidders agreed to reduce the Claim to \$2,750,000 (the “Negotiated Claim”) and the Debtors agreed to support the

Joint Bidders' Motion.<sup>1</sup> The Committee has also been advised that the Debtors and the Joint Bidders intend to enter into a stipulation with respect to the Negotiated Claim (the "Stipulation"), and file the Stipulation with this Court prior to the hearing on the Motion.<sup>2</sup> On June 17, 2009, the Debtors filed a statement in support of the Joint Bidders' Negotiated Claim.

### **STATEMENT**

5. As previously stated on the record by the Committee's proposed counsel, the Committee believes that the Joint Bidders have made a substantial contribution to these chapter 11 cases and are, therefore, entitled to the allowance and payment of the Negotiated Claim as an administrative expense pursuant to Bankruptcy Code sections 503(b)(3)(D) and 503(b)(4). As this Court is well aware, the Committee vigorously opposed the Pershing DIP on the grounds that it contained, among other things, egregious economic terms as well as inappropriate control provisions. In contrast, the Joint Bidders' subsequently proposed DIP Financing: (i) provided for an equity pledge rather than second liens on the Debtors' project level properties;<sup>3</sup> (ii) did not include the objectionable warrant package contained in the Pershing DIP; (iii) offered lower interest rates than the Pershing DIP; (iv) included a \$100 million delayed draw provision; (v) provided for a longer term than the Pershing DIP; and (vi) offered a broad exit facility convertibility option, all of which ultimately significantly reduced the Debtors' DIP Financing costs and enabled the Debtors to secure the Farallon DIP on far more favorable terms than the Pershing DIP or DIP Financing from Farallon without competition from the Joint Bidders.

---

<sup>1</sup> For the avoidance of doubt, the Committee is filing this Statement in support of the Negotiated Claim.

<sup>2</sup> Notwithstanding this Statement, the Committee reserves the right to review and comment on the Stipulation, as necessary.

<sup>3</sup> This provision alone rendered moot DIP Financing objections from a plethora of the Debtors' so-called "project level lenders."

6. It is the Committee's belief that, without the Joint Bidders' efforts with respect to providing alternative DIP Financing, the Debtors may have very well gone forward with the onerous Pershing DIP to the detriment of the Debtors' estates and their creditors. Further, without the Joint Bidders' involvement, the Committee believes that it is unlikely that an auction would have taken place at all and, without the leverage provided by the Joint Bidders' multiple DIP Financing proposals, the vastly superior economic and structural terms achieved under the Farallon DIP (versus the Pershing DIP) would likely have been significantly less favorable. The Joint Bidders contribution also mooted numerous and extensive objections (from the Committee and other parties-in-interest) that would otherwise have resulted in expensive and time-consuming litigation. In sum, by offering economic and structural terms that provided the Debtors with a more attractive DIP Financing option, the Joint Bidders provided the Debtors with the necessary leverage to secure a DIP Financing outcome that exceeded expectations.

7. Under any measure, the value contributed by the Joint Bidders to the DIP Financing process, and the corresponding benefits derived by the Debtors, their estates and their creditors, constitute a "substantial contribution" under Bankruptcy Code sections 503(b)(3)(D) and 503(b)(4). Accordingly, the Committee supports the Joint Bidders' request for the allowance and payment of the Negotiated Claim.

*[remainder of page intentionally left blank]*

**CONCLUSION**

For the reasons set forth above and in the Motion, the Committee supports the allowance and payment of the Joint Bidders' Negotiated Claim as an administrative expense claim pursuant to Bankruptcy Code sections 503(b)(3)(D) and 503(b)(4).

Dated:           New York, New York  
                  June 19, 2009

AKIN GUMP STRAUSS HAUER & FELD LLP

By:       /s/ Michael S. Stamer        
Michael S. Stamer  
Dionisia Kaloudis  
One Bryant Park  
New York, New York 10036  
(212) 872-1000 (Telephone)  
(212) 872-1002 (Facsimile)  
[mstamer@akingump.com](mailto:mstamer@akingump.com)  
[dkaloudis@akingump.com](mailto:dkaloudis@akingump.com)

James R. Savin  
David M. Dunn  
1333 New Hampshire, N.W.  
Washington, DC 20036  
(202) 887-4000 (Telephone)  
(202) 887-4288 (Facsimile)  
[jsavin@akingump.com](mailto:jsavin@akingump.com)  
[ddunn@akingump.com](mailto:ddunn@akingump.com)

*Proposed Counsel for the Official Committee  
of Unsecured Creditors*