

Hearing Date: February 22, 2010 at 11:00 a.m. (prevailing Eastern Time)  
Objection Deadline: February 17, 2010 at 4:00 p.m. (prevailing Eastern Time)

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

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	:
<b>In re</b>	:
	:
<b>GENERAL GROWTH</b>	:
<b>PROPERTIES, INC., et al.,</b>	:
	:
<b>Debtors.</b>	:
-----X	

**NOTICE OF MOTION PURSUANT TO SECTION 1121(d) OF THE  
BANKRUPTCY CODE REQUESTING A SECOND EXTENSION  
OF EXCLUSIVE PERIODS FOR FILING A CHAPTER 11  
PLAN AND SOLICITING ACCEPTANCES THERETO**

**PLEASE TAKE NOTICE** that a hearing on the annexed motion (the "**Motion**") of General Growth Properties, Inc. and its affiliated debtors in the above-referenced chapter 11 cases (together, the "**Debtors**"), pursuant to section 1121(d) of chapter 11 of title 11 of the United States Code requesting a second extension of the exclusive periods for filing a chapter 11 plan and soliciting acceptances thereto, all as more fully described in the Motion, will be held before the Honorable Allan L. Gropper, United States Bankruptcy Judge, at the United States Bankruptcy Court, Alexander Hamilton Customs House, Courtroom 617, One Bowling Green,



New York, New York 10004 (the “**Bankruptcy Court**”) on **February 22, 2010 at 11:00 a.m.** (prevailing Eastern Time) (the “**Hearing**”).

**PLEASE TAKE FURTHER NOTICE** that objections, if any, to the Motion shall be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court for the Southern District of New York, shall set forth the name of the objecting party, the basis for the objection and the specific grounds thereof, shall be filed with the Bankruptcy Court electronically in accordance with General Order M-242 (which can be found at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov)) by registered users of the Bankruptcy Court’s case filing system and by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect, or any other Windows-based word processing format (with two hard copies delivered directly to the chambers of the Honorable Allan L. Gropper), and shall be served upon: (i) the chambers of the Honorable Allan L. Gropper, United States Bankruptcy Court for the Southern District of New York, One Bowling Green, Courtroom 617, New York, New York 10004; (ii) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10044 (Attn: Linda Riffkin and Greg Zipes, Esqs.); (iii) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Marcia L. Goldstein and Gary T. Holtzer, Esqs.), and 700 Louisiana Street, Suite 1600, Houston, Texas 77002 (Attn: Sylvia A. Mayer, Esq.), attorneys for the Debtors; (iv) Kirkland & Ellis LLP, 300 North LaSalle, Chicago, Illinois 60654 (Attn: Anup Sathy, P.C.), co-counsel for certain subsidiary Debtors and Debtors in Possession; (v) Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036 (Attn: Michael S. Stamer, Esq.), and 1333 New Hampshire Avenue, N.W., Washington, D.C. 20036 (Attn: James Savin, Esq.), attorneys for the Official Committee of Unsecured Creditors; (vi) Saul Ewing LLP, 400 Madison

Avenue, Suite 12B, New York, New York 10017 (Attn: John J. Jerome, Esq.), and Saul Ewing LLP, 500 E. Pratt Street, Suite 800, Baltimore, Maryland 21202 (Attn: Joyce A. Kuhns, Esq.), attorneys for the Official Committee of Equity Security Holders; and (vii) all parties who have requested notice in these chapter 11 cases; so as to be filed and received by no later than **February 17, 2010 at 4:00 p.m. (prevailing Eastern Time)** (the “**Objection Deadline**”).

**PLEASE TAKE FURTHER NOTICE** that if an objection to the Motion is not received by the Objection Deadline, the relief requested shall be deemed unopposed, and the Bankruptcy Court may enter an order granting the relief sought without a hearing.

**PLEASE TAKE FURTHER NOTICE** that objecting parties are required to attend the Hearing, and failure to appear may result in relief being granted or denied upon default.

Dated: January 29, 2010  
New York, New York

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and Debtors in Possession

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

-----X  
: **Chapter 11 Case No.**  
: **09-11977 (ALG)**  
: **(Jointly Administered)**  
: **Debtors.**  
: **Debtors.**  
-----X

**DEBTORS' MOTION PURSUANT TO SECTION 1121(d) OF THE  
BANKRUPTCY CODE REQUESTING A SECOND EXTENSION  
OF EXCLUSIVE PERIODS FOR FILING A CHAPTER 11  
PLAN AND SOLICITING ACCEPTANCES THERETO**

TO THE HONORABLE ALLAN L. GROPPER,  
UNITED STATES BANKRUPTCY JUDGE:

South Street Seaport Limited Partnership, its ultimate parent, General Growth Properties, Inc. ("**GGP**"), and their debtor affiliates, as debtors and debtors in possession (collectively, "**General Growth**" or the "**Debtors**"),<sup>1</sup> submit this motion (the "**Motion**") and respectfully represent as follows:

<sup>1</sup> A list of the Debtors originally included in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, is filed with the Court at Docket No. 593 and is also available for free online at [www.kccllc.net/GeneralGrowth](http://www.kccllc.net/GeneralGrowth). Certain of these Debtors have emerged from

## I.

### **PRELIMINARY STATEMENT**

1. The General Growth cases are the largest chapter 11 real estate filings in U.S. history. General Growth's operations span over 750 legal entities, 388 of which filed chapter 11 in April 2009. The filing was driven by broken capital markets that prevented refinancing approximately \$15 billion of commercial mortgage backed securities ("**CMBS**") and other property-level secured mortgage debt. At the time of the filing, General Growth's public stock was trading at around 80 cents per share and its approximately \$7 billion of corporate debt, residing at GGP, GGP Limited Partnership, GGPLP LLC, The Rouse Company LP, and a number of parent holding companies (collectively, "**TopCo**") was trading in the order of 10 to 30 cents on the dollar.

2. General Growth's objective is to develop a long-term sustainable capital structure. To meet this objective, General Growth has successfully pursued a deliberate two-stage strategy entailing the restructuring of its property-level secured mortgage debt in the first instance, followed by TopCo debt and General Growth's public equity. This strategy is predicated on the firmly-held belief that the path to maximizing value for all stakeholders requires that the marketplace have an opportunity to fairly value General Growth's enterprise. General Growth determined, in coordination with the official committee of unsecured creditors (the "**Creditors' Committee**") and the official committee of equity security holders (the "**Equity Committee**," and together with the Creditors' Committee, the "**Committees**"), that the best way to accomplish this strategy was to first establish a sustainable capital structure by

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bankruptcy protection). A list of these emerged Debtors is filed with the Court at Docket No. 4163 and is also available for free online at [www.kccllc.net/GeneralGrowth](http://www.kccllc.net/GeneralGrowth).

resolving property-level secured mortgage debt before restructuring TopCo debt and General Growth's public equity to obtain maximum value for all stakeholders in these chapter 11 cases.

3. In rapid fashion during the first few months of these cases, and following this Court's decisions on August 11, 2009 with respect to motions to dismiss a number of the property-level Debtor cases, General Growth consensually restructured over \$11.6 billion of mortgage debt with respect to 111 different loans. The terms of this restructuring secured an average loan maturity extension of five (5) years from January 1, 2010 at a fixed average interest rate of 5.37%. General Growth confirmed plans of reorganization for 216 Debtors which provided 100% payout to unsecured creditors and preserved equity value. As of January 27, 2010, General Growth closed 83 modified loans, representing approximately \$9.9 billion of secured (and now restructured) debt and emerged 189 Debtors from chapter 11. General Growth expects to close the remaining loans for Debtors with confirmed plans in the near future. General Growth has approximately 12 property-level loans remaining to be resolved, aggregating approximately \$3.3 billion. General Growth is actively pursuing multiple avenues to successfully restructure this debt for the benefit of all stakeholders.

4. While not necessarily determinative of long-term enterprise value in a chapter 11, in stark contrast to nine months ago, General Growth's stock now trades at approximately \$9.50 per share with an overall equity market capitalization of approximately \$3.0 billion. Not surprisingly, most of the \$7 billion of TopCo debt now trades close to or even above par.

5. While restructuring the remaining property-level debt remains a priority, General Growth believes that it has achieved substantial progress with respect to the first phase of its restructuring strategy and is now poised to begin the second phase – resolving the TopCo

capital structure. This effort will reorganize the TopCo capital structure while maximizing value for all stakeholders. General Growth intends to explore all potential alternatives to maximize value for stakeholders, including a standalone restructuring, which will include an evaluation of traditional and non-traditional forms of exit financing or capital, as well as potential merger and acquisition (“M&A”) or other change of control transactions with financial and strategic investors. General Growth expects to deliver its business plan to the Committees on or around February 15, 2010.

6. General Growth has determined that a successful standalone restructuring will require new capital. General Growth engaged UBS Securities LLC (“UBS”) as an additional financial advisor to assist in, among other things, raising exit capital from sources such as mutual fund, hedge fund, private equity, and other institutional investors in equity and equity-linked real estate securities (“REIT Investors”) that do not traditionally participate in chapter 11 capital raises. On January 25, 2010, General Growth filed a motion to obtain approval to employ and retain UBS in such a capacity. This motion is set for hearing on February 16, 2010. General Growth believes that this type of equity capital raise process presents a unique opportunity to maximize value for all stakeholders. General Growth and its advisors expect that this process could be launched as soon as late February or early March 2010, contemporaneous with the filing of year end reporting to the U.S. Securities and Exchange Commission.

7. General Growth is cognizant of the need to balance two objectives: maintaining continued progress in these cases while conducting a comprehensive capital raise process to maximize value. General Growth submits that a six (6) month extension of exclusivity will enable it to continue to pursue these objectives. Having substantially completed



the restructuring of its property-level secured mortgage debt, General Growth and its advisors have carefully reviewed the timeline for running a concurrent M&A process, a process to source equity capital from more traditional sources in chapter 11, and a process to source equity capital from REIT Investors, that traditionally invest in public equities rather than companies in chapter 11. General Growth believes that it will take approximately six (6) months to pursue and finalize the choice of transaction and file a plan. This timeline includes approximately three (3) months for the capital raise process and to explore the possibility of an M&A or other change in control transaction, during which time General Growth and its advisors will be contacting investors, executing non-disclosure agreements, conducting due diligence, negotiating with parties to the point of commitment, and similar processes. General Growth allocated an additional three (3) months for evaluating, negotiating, and preparing a plan of reorganization and disclosure statement. The Debtors are mindful of the keen interest in their progress. To that end, the Debtors propose a case status conference in May 2010 to update the Court and interested parties as to their progress.

8. General Growth has had continuous discussions with both Committees. The Equity Committee supports General Growth's request for an six (6) month extension. General Growth is still discussing the requested extension with the Creditors' Committee. Given General Growth's successful restructuring of its property-level mortgage debt, any attempt to prevent General Growth from maximizing enterprise value under its planned restructuring strategy would undermine the foundational policies of chapter 11. The deliberate capital raise process General Growth has planned for the second phase of these cases is critical to maximizing value and hence recovery for all stakeholders.

9. General Growth has and continues to proceed along a strategically planned restructuring path that to date has yielded substantial value for its stakeholders. General Growth's approximately \$11.6 billion in restructured debt demonstrates the tremendous results that it can achieve for its enterprise under the phased restructuring plan. General Growth is poised to achieve equally impressive results with respect to maximizing stakeholder recovery in the second phase of the restructuring plan. The Debtors respectfully submit that the relief herein is appropriate and should be granted.

## II.

### **BACKGROUND**

10. Commencing on April 16, 2009 (the "**Commencement Date**") and continuing thereafter, the Debtors each commenced a voluntary case under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**"). The Debtors' chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"). The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

11. On April 24, 2009, the United States Trustee for the Southern District of New York (the "**U.S. Trustee**") appointed the Creditors' Committee.

12. On July 28, 2009, the Court entered an order extending the Debtors' exclusive periods for filing a chapter 11 plan and soliciting acceptances thereto to February 26, 2010 and April 23, 2010, respectively [Docket No. 1111].

13. On September 8, 2009, as subsequently amended on September 21, 2009 and September 24, 2009, following the requests of certain equity holders, and pursuant to section 1102(a)(2) of the Bankruptcy Code, the U.S. Trustee appointed the Equity Committee.

14. Additional information regarding the Debtors' business, capital structure, and the circumstances leading to these chapter 11 cases is contained in the Declaration of Adam S. Metz [Docket No. 12] and the Declaration of James A. Mesterharm Pursuant to Local Bankruptcy Rule 1007-2 in Support of First Day Motions [Docket No. 13].

### **III.**

#### **JURISDICTION**

15. This Court has subject matter jurisdiction to consider and determine this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

### **IV.**

#### **RELIEF REQUESTED**

16. The Debtors request that, pursuant to section 1121(d), the Court authorize an extension of the Debtors' exclusive periods to file a chapter 11 plan and solicit acceptances thereto through and including August 26, 2010 and October 26, 2010, respectively, without prejudice to the Debtors' right to seek further extension of such periods. A proposed order is attached hereto as **Exhibit "A"**.

### **V.**

#### **BASIS FOR RELIEF REQUESTED**

17. Section 1121(b) of the Bankruptcy Code provides for an initial period of 120 days after the commencement of a chapter 11 case during which a debtor has the exclusive right to propose and file a chapter 11 plan (the "**Plan Period**"). See 11 U.S.C. § 1121(b).

Section 1121(c)(3) of the Bankruptcy Code provides that, if a debtor files a plan within the 120-day Plan Period, it has a period of 180 days after the commencement of the case to obtain acceptance of such plan, during which time competing plans may not be filed (the “**Solicitation Period**” and together with the Plan Period, the “**Exclusive Periods**”). See id. at § 1121(c)(3). Pursuant to section 1121(d) of the Bankruptcy Code, where the initial 120-day and 180-day Exclusive Periods provided for in the Bankruptcy Code prove to be an unrealistic time frame for proposal and solicitation of a plan, the Court may extend a debtor’s Exclusive Periods for cause, up to a maximum of eighteen months and twenty months, respectively. See id. at § 1121(d).

18. Although the Bankruptcy Code does not define the term “cause,” the legislative history indicates it is intended to be a flexible standard to balance the competing interests of a debtor and its creditors. See H.R. Rep. No. 95-595, at 231-32 (1978), reprinted in 1978 U.S.C.C.A.N. 5787, 6191 (noting that Congress intended to give bankruptcy courts flexibility to protect a debtor’s interests by allowing unimpeded opportunity to negotiate settlement of debts without interference from other parties in interest).

19. In determining whether cause exists to extend the Exclusive Periods, a court may consider a variety of factors to assess the totality of circumstances in each case. See In re Adelphia Commc’ns Corp., 352 B.R. 578, 587 (Bankr. S.D.N.Y. 2006) (stating that the decision to extend or terminate exclusivity for cause is within the discretion of the bankruptcy court, and is fact-specific); In re McLean Indus., Inc., 87 B.R. 830, 834 (Bankr. S.D.N.Y. 1987) (identifying the factors used by courts to determine whether cause exists to extend exclusivity); In re Dow Corning Corp., 208 B.R. 661, 664, 670 (Bankr. E.D. Mich 1997); In re Express One Int’l, Inc., 194 B.R. 98, 100 (Bankr. E.D. Tex. 1996). Those factors include, without limitation:

- (a) the size and complexity of the debtor’s case;
- (b) the fact that the debtor is paying its bills as they come due;

- (c) the existence of good-faith progress towards reorganization;
- (d) existence of an unresolved contingency; and
- (e) a finding that the debtor is not seeking to extend exclusivity to pressure creditors “to accede to [the debtors’] reorganization demands.”

See, e.g., Adelphia Commc’ns Corp., 352 B.R. at 587 (noting that while the elements that constitute “cause” are not outlined in the Bankruptcy Code, case law has identified certain factors that normally are considered when determining whether “cause” exists to reduce or increase the Debtor's exclusivity period and citing, among others, those factors enumerated above); McLean Indus., 87 B.R. at 834 (citations omitted); accord In re Express One Int’l, Inc., 194 B.R. at 100 (identifying four of the five above-quoted factors, among others, as relevant in determining whether “cause” exists to extend exclusivity); In re United Press Int’l, Inc., 60 B.R. 265, 269 (Bankr. D.D.C. 1986) (holding that the debtor showed “cause” to extend its exclusivity period based upon certain of above-quoted factors).

20. The primary objective of a chapter 11 case is the formulation, confirmation, and consummation of a chapter 11 plan. The Exclusive Periods are intended to afford a debtor a full and fair opportunity to propose a plan and solicit acceptances of such plan without the deterioration and disruption that is likely to be caused by the filing of competing plans by non-debtor parties. To terminate the Exclusive Periods in these chapter 11 cases when the process of plan negotiation already has begun, and is continuing on a strategically planned path that is designed both to maximize value for stakeholders and streamline the otherwise administratively burdensome process of confirming separate plans for each of the remaining Debtors, is to defeat the very purpose of section 1121 of the Bankruptcy Code. Courts in this district and others have, on numerous occasions, granted extensions of the exclusive periods in complex chapter 11 cases. See, e.g., In re Pilgrims Pride Corporation, et al., Case No. 08-45664

(DML) (Bankr. N.D. Tex. Mar. 26, 2009) [Docket No. 3530]; In re Lehman Brothers Holdings Inc., et al., Case No. 08-13555 (JMP) (Bankr. S.D.N.Y. Jan. 15, 2009) [Docket No. 4449]; In re Tronox Inc., et al., Case No. 09-10156 (ALG) (Bankr. S.D.N.Y. May 6, 2009) [Docket No. 959]; In re SemCrude, L.P., et al., Case No. 08-11525 (BLS) (Bankr. D. Del. Dec. 8, 2008) [Docket Nos. 3696 and 5954]; In re Steve & Barry's Manhattan LLC, et al., Case No. 08-12579 (ALG) (Bankr. S.D.N.Y. Oct. 16, 2008) [Docket No. 1775]; In re Lexington Precision Corp., et al., Case No. 08-11153 (MG) (Bankr. S.D.N.Y. Jul. 31, 2008) [Docket No. 289]; In re Frontier Airlines Holdings, Inc., Case No. 08-11298 (RDD) (Bankr. S.D.N.Y. Apr. 10, 2008) [Docket No. 853]; In re Quebecor World (USA) Inc., Case No. 08-10152 (JMP) (Bankr. S.D.N.Y. Jan 28, 2008) [Docket No. 1666]; In re Dana Corp., Case No. 06-10354 (BRL) (Bankr. S.D.N.Y. Mar. 6, 2006) [Docket No. 4398]; In re Calpine Corp., Case No. 05-60200 (BRL) (Bankr. S.D.N.Y. Dec. 20, 2005) [Docket No. 3223] ; In re The Museum Company, Inc., Case No. 02-10112 (SMB) (Bankr. S.D.N.Y. Aug. 8, 2002) [Docket No. 269]; In re Iridium Operating LLC, et al., Case No. 99-45005 (CB) (Bankr. S.D.N.Y. Jan. 6, 2000) [Docket No. 236].

21. An application of the aforementioned standards to the facts of these chapter 11 cases demonstrates sufficient “cause” to grant the Debtors’ requested extension of the Exclusive Periods so that they may have a full and fair opportunity to continue to propose a consensual plan to the extent possible and solicit acceptances thereon.

## VI.

### **CAUSE EXISTS TO EXTEND THE DEBTORS’ EXCLUSIVE PERIODS**

#### **A. The Debtors’ Chapter 11 Cases are Large and Complex**

22. The most common basis upon which courts grant an extension of the exclusive periods is the size and complexity of the chapter 11 case. See, e.g., Express One Int’l, 194 B.R. at 100; In re Texaco Inc., 76 B.R. 322, 326 (Bankr. S.D.N.Y. 1987) (finding cause to

extend exclusivity merely by sheer size of case); In re Manville Forest Prods. Corp., 31 B.R. 991, 995 (S.D.N.Y. 1983) (“[T]he sheer mass, weight, volume and complications of the Manville filings undoubtedly justify a shakedown period.”). Indeed, Congress expressly recognized that courts would need to extend the exclusive periods if a debtor’s case is unusually large or complex. H.R. Rep. No. 95-595, at 231, 232, 406 (1978), reprinted in 1978 U.S.C.C.A.N. 5787, 6191, 6362 (“[I]f an unusually large company were to seek reorganization under Chapter 11, the Court would probably need to extend the time in order to allow the debtor to reach an agreement.”).

23. It is beyond question that these chapter 11 cases, which represent the largest real estate filings in U.S. history, are both large and complex. These chapter 11 cases originally included 388 jointly administered Debtors. GGP, along with its approximately 750 wholly owned Debtor and non-Debtor subsidiaries and affiliates (collectively, the “**GGP Group**”),<sup>2</sup> comprise one of the largest shopping center real estate investment trusts in the United States, measured by the number of shopping centers it owns and manages. Indeed, the GGP Group owns a portfolio of more than two-hundred regional shopping centers located in forty-three states. As such, GGP Group constitutes the second largest owner of regional shopping centers in the United States. In addition to its core shopping center business, the GGP Group also owns and develops large-scale, long-term master planned communities, office buildings and other mixed use commercial, retail and residential projects. The GGP Group employs approximately 3,500 people. As of September 30, 2009, the GGP Group as a whole reported approximately \$29.0 billion in total assets and approximately \$27.3 billion in total liabilities.

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<sup>2</sup> GGP owns 96% of GGP LP, and outside parties hold the remaining 4%. Consequently, while the Debtors refer to subsidiaries owned directly or indirectly by GGP and GGP LP as “wholly owned,” a small percentage of GGP LP actually is held by outside parties.

For 2008, the GGP Group reported revenue of approximately \$3.4 billion and net cash from operating activities of \$556.4 million.

24. The Debtors' reorganization strategy is deliberate and complex, and involves multiple phases, including a first phase consisting of the resolution of property-level secured mortgage debt, and a second phase consisting of the simultaneous pursuit of a M&A process, a process to source equity capital from more traditional sources in chapter 11, and a process for one or more equity capital raises to investors that do not traditionally invest in companies in chapter 11, but rather in public equities. This strategy requires additional time to reach fruition. Thus, like other large and complex reorganization cases, absent extension of the Debtors' Exclusive Periods, they would not have adequate time to fully execute and implement a comprehensive restructuring strategy. These chapter 11 cases are indisputably of the size and complexity that Congress and the courts have recognized warrant multiple extensions of the Exclusive Periods.

**B. The Debtors Are Paying Their Bills as They Come Due**

25. Courts considering an extension of exclusivity may also assess a debtor's liquidity and solvency. See In re Texaco Inc., 76 B.R. at 322. Here, the Debtors have sufficient liquidity and are paying their bills as they come due. Since the Commencement Date, the Debtors have taken numerous affirmative steps towards a successful rehabilitation of their business. Through prudent business decisions and cash management, the Debtors have sufficient resources (approximately \$490 million as of January 28, 2010) to meet all required postpetition payment obligations and have been doing so including, when appropriate, funding emergence costs for certain property-level Debtors. The Debtors are managing their business effectively and preserving the value of their assets for the benefit of creditors.



**C. Good Faith Progress Has Been Made Towards  
Reorganization and Development of a Consensual Plan**

*Stabilizing the Business and Managing Use of Cash*

26. The Debtors' primary focus during the first 60 days of their cases was to stabilize their business and implement a process for managing their use of cash. To that end, the Debtors sought and obtained certain critical relief with respect to DIP financing and use of cash collateral, their cash management system, employee compensation and benefits, insurance programs, utility providers, taxes and other fees, critical service providers, and tenant obligations, among other issues. Indeed, the Debtors completed a competitive DIP financing and obtained use of cash collateral process in one of the most challenging economic climates in history. The post-filing DIP financing and cash collateral process lasted for one month, involved filing three separate DIP Credit Agreements with two different DIP Lenders, involved negotiations with potential DIP Lenders, certain of the Debtors' Property Lenders (all as defined in the Cash Collateral/DIP Motion),<sup>3</sup> the Creditors' Committee, and other parties in interest, and culminated with a competitive auction lasting several days where the Debtors ultimately selected a DIP Lender.

27. Simultaneously, the Debtors dedicated significant resources to managing the impact of filing 388 entities. Given the interconnectivity among the 388 Debtors and the approximately 362 non-debtors, this process involved the implementation of an extensive

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<sup>3</sup> On April 16, 2009, the Debtors filed the Debtors' Motion Requesting (I) Entry of (A) Interim and Final Orders (1) Authorizing the Debtors' Use of Cash Collateral and Granting Adequate Protection Therefor Pursuant to Sections 361 and 363 of the Bankruptcy Code and Bankruptcy Rule 4001, and (2) Modifying the Automatic Stay, and (B) a Final Order Authorizing Borrowing with Priority Over Administrative Expenses and Secured by Liens on Property of the Estates Pursuant to Section 364(c) of the Bankruptcy Code, and (II) Scheduling of a Final Hearing on Each Requested Final Order (the "**Cash Collateral/DIP Motion**"). Final relief on the Cash Collateral/DIP Motion was granted on May 14, 2009 [Docket No. 527].

compliance system to ensure that the Debtors meet the requirements set forth in the Court's orders. Further, the size of these chapter 11 cases resulted in a deluge of inquires and other matters raised by tenants, employees, vendors, taxing authorities, utility companies, holders of mechanics' liens, and other parties in interest. This management process is ongoing and continues to date.

*Defending Against Motions to Dismiss*

28. Beginning on or about May 4, 2009, several property-level secured debt lenders filed motions to dismiss their respective borrowers' chapter 11 cases on the grounds that, among other things, such bankruptcy filings were unnecessary, premature, or improperly authorized. The Debtors devoted significant attention to defending against these motions. Litigation of these issues required the sustained focus of the Debtors' management and professionals. On August 11, 2009, this Court entered an order denying the motions to dismiss. Since this Court's ruling, the Debtors have pushed forward with the swift resolution of these chapter 11 cases, resulting in a multi-billion dollar restructuring less than four months later – facilitating the emergence of approximately 189 Debtors from bankruptcy.

*Addressing Postpetition Operational Matters and the Claims Process*

29. The Debtors have, and continue to, work diligently on a number of time-consuming tasks necessary to the administration of these chapter 11 cases. Indeed, the Debtors have spent a considerable amount of time addressing and obtaining relief with respect to a variety of postpetition operational matters. These matters include, but are not limited to, establishing procedures for (i) addressing tenant obligations, (ii) alternative dispute resolution, (iii) settlement of prepetition mechanics' liens, and (iv) de minimus asset sales, obtaining authority to enter into certain transactions with department store owners, and developing and

obtaining authority to enter into a key employee incentive program. Also, the Debtors worked intensely on the arduous task of preparing their schedules of assets and liabilities and statements of financial. Further, the Debtors have been engaged in the massive undertaking of analyzing and determining the outstanding claims with respect to their tens of thousands of executory contracts and unexpired leases. Finally, the Debtors and their professionals have and continue to dedicate substantial resources to the task of reviewing and addressing issues related to the approximately 9400 proofs of claims, filed in these chapter 11 cases.

*Continuing Operational Focus and Creating Long-Term Business Value*

30. The Debtors have maintained an operational focus with respect to running their properties on a day-to-day basis notwithstanding a difficult, albeit recently improving, environment for retail sales. Indeed, since the commencement of these cases, the Debtors have executed thousands of lease documents, maintained occupancy at their malls, and otherwise operated their properties so that the restructuring process is invisible to consumers. Further, the Debtors continue to concentrate on building long-term enterprise value. These efforts include the reinvestment of capital in their properties, streamlining of operations, addition of new board members to GGP, completion of new department store agreements, and substantial progress towards obtaining the approval of municipalities for future development projects, a process that can take years. General Growth has also made progress restructuring the debt at its non-Debtor joint venture properties. For example, General Growth recently announced the successful completion of an out-of-court restructuring for approximately \$155 million in secured property-level debt, with a four (4) year maturity extension at the contract rate of interest, at Carolina Place L.L.C, a non-Debtor joint venture.

*Restructuring Property-Level Debtors*

31. The Debtors effectively executed the first phase of their restructuring strategy by substantially resolving the property-level secured mortgage debt. As of the date of this Motion, the Debtors have confirmed consensual plans of reorganization for 216 property-level Debtors, thereby restructuring approximately \$11.6 billion of debt for 111 loans and obtaining maturity extensions of, on average, five (5) years from January 1, 2010. The Debtors have already closed 83 modified loans, representing approximately \$9.9 billion of secured debt, and emerged 189 Debtors from bankruptcy. The Debtors plan to complete this process with respect to the remaining loans and entities in the near future.

32. Developing and implementing these consensual plans was a colossal undertaking. The Debtors engaged in constant dialogue with their secured lenders, including traditional bank lenders and insurance companies, CMBS special servicers, the Committees, each of their respective professionals, the U.S. Trustee, and other parties in interest. These consensual plans also required the negotiation and drafting of thousands of pages of amended loan documents with respect to the restructured loans. The extensions obtained pursuant to the loan modifications terms were critical to maximizing the value of the General Growth enterprise. In addition to avoiding a potential “fire sale” scenario which would have been catastrophic for all stakeholders, the property-level debt restructuring provided a firm platform to move forward with a long-term sustainable capital structure that includes a staggered maturity ladder and amortization consistent with the Debtors’ objective to reduce leverage.

33. The Debtors have and continue to engage in extensive negotiations with their secured lenders to consensually resolve their remaining property-level debt. In the event

that an agreement is not reached, the Debtors are prepared to move forward with nonconsensual plans of reorganization as rapidly as possible.

**D. Unresolved Contingencies Exist**

34. Courts have also recognized the need to resolve an important contingency as justification for extending the debtor's exclusivity periods. Despite the progress made thus far in these chapter 11 cases, unresolved contingencies still exist. Having achieved substantial progress with respect to the restructuring of the property-level entities, the Debtors are ready to address the reorganization of TopCo. The Debtors are focused on maximizing value for all stakeholders, and as such remain open to all restructuring options and capital sources. In particular, the Debtors' will track two simultaneous options – a standalone restructuring and a potential M&A or other change of control transaction. An infusion of capital will be required to effectively execute a standalone restructuring. As such, the Debtors are exploring both traditional and non-traditional exit financing or capital. The Debtors' engaged UBS to assist in reaching out to REIT Investors, entities that generally invest in public equities rather than in companies in chapter 11. The Debtors believe they could begin this process as early as late February or early March 2010, and the Debtors have been in regular communications with the official Committees as well as the ad-hoc committees in these chapter 11 cases regarding this strategy.

35. The Debtors and its advisors estimate that the TopCo restructuring process will take approximately six (6) months. This includes the time the Debtors will need to pursue and finalize the choice of transaction and file a plan. Specifically, the Debtors allocate around three (3) months to select a transaction type and source financing. As part of the selection process, the Debtors will, among other things, contact investors, prepare and execute non-

disclosure agreements, engage in due diligence, and negotiate with counterparties. An additional three (3) months will be used for evaluating, negotiating, and preparing a plan of reorganization and disclosure statement. Maintaining exclusivity will ensure that the Debtors' resources are not diverted and remain focused on resolving these contingencies and finalizing the last stage of their restructuring process.

**E. The Debtors Require an Exclusivity Extension to Maximize Value**

36. The requested extension of the Exclusive Periods is neither an attempt to pressure creditors to accede to the Debtors' demands nor a negotiation tactic. Simply put, the Debtors require additional time to complete the restructuring process – a strategy that has already borne fruit. The Debtors' reorganization has proceeded, and continues to proceed, at an extraordinarily fast pace. Given the size and complexity of these cases, it is imperative that the Debtors maintain this momentum. The extension of exclusivity will allow the Debtors to execute the remainder of their restructuring strategy and is not be an excuse for the Debtors to delay or unnecessarily extend the reorganization process.

37. Throughout these cases, regular and open communication with their creditors has been and remains a fundamental goal of the Debtors. The Debtors have been diligent in their efforts to keep creditors and other parties in interest apprised and informed of all developments. Indeed, the Debtors have regularly communicated with the Creditors' Committee, the Equity Committee, and the U.S. Trustee on issues ranging from day-to-day administration to long term strategy and have considered input from these constituencies.

38. Affording the Debtors a meaningful opportunity to complete the implementation of their restructuring strategy through an extension of the Exclusive Periods will not harm or prejudice the Debtors' creditors or other parties in interest. To the contrary, an

extension of the Exclusive Periods will facilitate an orderly, efficient and cost-effective plan process for the benefit of all creditors and equity holders. Indeed, TopCo has a number of large creditors with disparate interests and the Debtors are best positioned to reconcile these interests and create a plan of reorganization that maximizes values for all stakeholders. A further six (6) month extension will not prejudice the Debtors' stakeholders (who retain the right to request termination of the Exclusive Periods pursuant to section 1121(d)(1) of the Bankruptcy Code), and will allow the Debtors to avoid unnecessary expenditures of time and resources in seeking multiple shorter extensions.

39. Termination of the Exclusive Periods, on the other hand, could give rise to market confusion, and an unfocused process for the capital raise and M&A alternative, the threat of multiple plans and a contentious confirmation process, unnecessarily distract senior management, and increase the cost and length of these chapter 11 cases, consequently diminishing returns to the Debtors' creditors and equity holders. Moreover, such termination could significantly delay confirmation of plans for the remaining Debtors in these chapter 11 cases. To maintain the momentum, good will, and streamlined processes that the Debtors have achieved in their chapter 11 cases thus far, the Debtors' exclusivity should continue. Accordingly, the Debtors request that the Court extend the Exclusive Periods as provided herein.

## **VII.**

### **NOTICE**

40. No trustee or examiner has been appointed in these chapter 11 cases. The Debtors have served notice of this Motion on: (i) the Office of the U.S. Trustee, Attn: Greg M. Zipes; (ii) attorneys for the Creditors' Committee, Akin Gump Strauss Hauer & Feld LLP, Attn: Michael S. Stamer and James Savin; (iii) attorneys for the Equity Committee, Saul Ewing LLP,

Attn: John Jerome; and (iv) parties entitled to receive notice in these chapter 11 cases pursuant to Bankruptcy Rule 2002. The Debtors submit that no other or further notice need be provided.

WHEREFORE the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as it deems just and proper.

Dated: January 29, 2010  
New York, New York

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Co-Attorneys for Certain Subsidiary  
Debtors and Debtors in Possession

**Exhibit A**

**Proposed Order**

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X  
In re : Chapter 11 Case No.  
GENERAL GROWTH :  
PROPERTIES, INC., et al., : 09-11977 (ALG)  
 : (Jointly Administered)  
Debtors. :  
-----X

**ORDER PURSUANT TO SECTION 1121(d) OF THE  
BANKRUPTCY CODE APPROVING A SECOND EXTENSION OF  
EXCLUSIVE PERIODS FOR FILING A CHAPTER 11  
PLAN AND SOLICITING ACCEPTANCES THERETO**

Upon the motion, dated January 29, 2010 (the "**Motion**")<sup>1</sup> of South Street Seaport Limited Partnership, its ultimate parent, General Growth Properties, Inc. ("**GGP**"), and their debtor affiliates, as debtors and debtors in possession (collectively, "**General Growth**" or the "**Debtors**"), pursuant to section 1121(d) of title 11 of the United States Code (the "**Bankruptcy Code**"), requesting the extension of the period during which each of the Debtors has the exclusive right to file a chapter 11 plan to August 26, 2010 (the "**Exclusive Filing Period**") and extension of the period during which each of the Debtors may solicit acceptances thereto to and October 26, 2010 (the "**Solicitation Period**" and together with the Exclusive Filing Period, the "**Exclusive Periods**"), all as more fully described in the Motion; and the Court having jurisdiction to consider the Motion and grant the requested relief in accordance with 28 U.S.C. §§ 157 and 1334 and the Standing Order M-61 Referring to Bankruptcy Judges for the Southern District of New York Any and All Proceedings Under Title 11, dated July 10, 1984 (Ward, Acting C.J.); and consideration of the Motion being a core proceeding pursuant to 28 U.S.C.

<sup>1</sup> Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Motion.

§ 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the Debtors having provided notice of the Motion and Hearing (as defined below) to: (i) the Office of the United States Trustee for the Southern District of New York, Attn: Greg M. Zipes, Esq.; (ii) attorneys for the Creditors' Committee, Akin Gump Strauss Hauer & Feld LLP, Attn: Michael S. Stamer, Esq. and James Savin, Esq.; (iii) attorneys for the Equity Committee, Saul Ewing LLP, Attn: John J. Jerome, Esq. and Joyce A. Kuhns, Esq.; and (iv) parties entitled to receive notice in these chapter 11 cases pursuant to Bankruptcy Rule 2002; and the Court having held a hearing to consider the requested relief (the "**Hearing**"); and the record of the Hearing, and all of the proceedings before the Court, the Court finds and determines that the requested relief is in the best interests of the Debtors, their estates, creditors, and all parties in interest; the Debtors have provided due and proper notice of the Motion and Hearing and no further notice is necessary; the legal and factual bases set forth in the Motion establish just and sufficient cause to grant the requested relief herein; and therefor, it is

ORDERED that the Motion is granted to the extent set forth herein; and it is further

ORDERED that, pursuant to section 1121(d) of the Bankruptcy Code, each of the Debtor's Exclusive Filing Period is extended through and including August 26, 2010; and it is further

ORDERED that, pursuant to section 1121(d) of the Bankruptcy Code, each of the Debtor's Solicitation Period is extended through and including October 26, 2010; and it is further

ORDERED that, the extension of the Exclusive Periods granted herein is without prejudice to such further requests that may be made pursuant to section 1121(d) of the Bankruptcy Code; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Order.

Dated: \_\_\_\_\_, 2010

New York, New York

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THE HONORABLE ALLAN L. GROPPER  
UNITED STATES BANKRUPTCY JUDGE