

**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)**
:
Reorganized Debtors. : **Jointly Administered**
:
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**STIPULATION OF FACTS CONCERNING OBJECTION
OF THE COMPTROLLER OF THE STATE OF
NEW YORK, AS TRUSTEE OF THE COMMON RETIREMENT FUND
TO CURE AMOUNT IN CONNECTION WITH ITS CLAIM**

South Street Seaport Limited Partnership, its parent, General Growth Properties, Inc. (“**GGP**”), and their reorganized debtor affiliates (collectively, “**General Growth**” or the “**Debtors**” or the “**Reorganized Debtors**”)¹ and the Comptroller of the State of New York as Trustee for of the Common Retirement Funds (the “**NYSCRF**”) hereby stipulate to the following facts in connection with the hearing on the Objection (as defined below), which facts, the Parties stipulate obviate the need for any additional factual discovery concerning the matters raised in the Objection and the Response (each as defined below):

1. On or about February 8, 2008, NYSCRF and GGP LP entered into that certain Promissory Note (the “**Homart Note**”) pursuant to which NYSCRF agreed to lend, and GGP LP agreed to borrow, \$254 million in principal amount. A copy of the Homart Note is annexed hereto as **Exhibit A**. The maturity date for the Homart Note is February 28, 2013. The

¹ A list of the Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, was originally filed with the Court at Docket No. 593 and is also available for free online at www.kccllc.net/GeneralGrowth. The Debtors identified therein are now Reorganized Debtors.



Homart Note is secured by a pledge of GGP LP's shares in the joint venture GGP/Homart II, LLC. A copy of the pledge agreement is annexed hereto as **Exhibit B**.

2. Commencing on April 16, 2009 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 are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"). The Debtors were 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. The Debtors are solvent.

3. As of the Petition Date, the Homart Note was not in default. Article 3 of the Homart Note, provides that the commencement of a bankruptcy case by GGP LP constitutes an immediate event of default. Article 3 of the Homart Note further provides that if the default is a result of a bankruptcy filing "the unpaid principal amount of the Promissory Note, together with accrued and unpaid interest, shall become immediately due and payable without any declaration or other act on the part of the Payee." Article 4 of the Homart Note further provides that the occurrence and continuance of an event of default will entitle NYSCRF to a 3% increase in the rate of interest owed on the balance of the unpaid principal for a total interest rate of 8.95% per annum (the "**Default Rate**"). The Reorganized Debtors stated in the Response that, as a standalone figure, the percentage of the Default Rate is not disproportionately higher than the non-default rate contained in the Homart Note.

4. On October 21, 2010, the Reorganized Debtors filed, and sought confirmation of, *Plan Debtors' Third Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, as Modified* [Docket No. 6232] (the "**TopCo Plan**").

5. Pursuant to the TopCo Plan, the Reorganized Debtors proposed to reinstate the Homart Note by paying any outstanding interest due to NYSCRF at the non-default rate provided in the Homart Note (or 5.95%). Further the TopCo Plan provides that, on the Effective Date, each holder of an Allowed General Unsecured Claim (as that term is defined in the TopCo Plan) would, “receive on account of such holder's Allowed General Unsecured Claim, payment in full, in cash, with postpetition interest calculated at the Federal Judgment Rate unless there is an applicable contractual interest rate.”

6. On October 7, 2010, the NYSCRF filed its Objection of the Comptroller of the State of New York as Trustee of the Common Retirement Fund to Cure Amount In Connection With Its Claim [Docket No. 6121] (the “**Objection**”).

7. On October 21, 2010, the Bankruptcy Court held a hearing to consider confirmation of the TopCo Plan and entered an order confirming the TopCo Plan with respect to the Plan Debtors [Docket No. 6240] (the “**TopCo Confirmation Order**”).

8. On November 9, 2010, the TopCo Plan became effective under its terms.

9. On the Effective Date, consistent with section 4.13 of the TopCo Plan, GGP made to NYSCRF a payment in cash of \$25,298,014.34, which included accrued interest at the non-default rate from March 1, 2009 to November 9, 2010 and professional fees, but did not include interest at the Default Rate. GGP and NYSCRF agreed to defer the dispute over whether additional interest was payable at the Default Rate until after GGP’s emergence from bankruptcy protection, if not previously settled.

10. NYSCRF contends that it is owed \$32,906,541 in interest at the Default Rate through October 7, 2010 plus per diem amounts at the Default Rate of 8.95% until payment.

As a result of the payments made by the GGP to NYSCRF on the Effective Date, the amount in dispute is approximately \$11.5 million.

11. To date, the Reorganized Debtors and NYSCRF have not been able to resolve the Objection consensually. Accordingly, on or about January 10, 2011, the Reorganized Debtors filed their Response to the Objection of the Comptroller of the State of New York, as Trustee of the Common Retirement Fund to Cure Amount In Connection With Its Claim [Docket No. 6529]. NYSCRF filed its Reply to the Reorganized Debtors' Response on February 22, 2011. On February 23, 2011, the Reorganized Debtors filed their Supplemental Statement in connection with the Objection and the Reply [Docket No. 6715].

Dated: February 23, 2011

February 23, 2011

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Exhibit A

Homart Note

PROMISSORY NOTE

\$254,000,000.00

February 8, 2008

FOR VALUE RECEIVED, **GGP LIMITED PARTNERSHIP**, a Delaware limited partnership ("**Maker**"), hereby promises to pay to the order of **THE COMPTROLLER OF THE STATE OF NEW YORK AS TRUSTEE OF THE COMMON RETIREMENT FUND**, a fund established pursuant to NY Retirement and Social Security Law §422, in the custody of the Comptroller of the State of New York ("**Payee**"), the principal sum of **TWO HUNDRED FIFTY-FOUR MILLION AND NO/100 DOLLARS (\$254,000,000.00)**, together with interest at the Regular Interest Rate (as defined below), to be paid in accordance with the terms of this Promissory Note (the "**Promissory Note**").

ARTICLE 1: PAYMENT TERMS

Maker hereby agrees to pay sums due under this Promissory Note as follows:

(A) **Payment of Interest.** Accrued interest only shall be paid on the first day of each June, September, December and March during the term of this Promissory Note, commencing on June 1, 2008 (each a "**Payment Date**").

(B) **Accrual of Interest.** The principal amount of this Promissory Note outstanding from time to time shall bear interest on and after March 1, 2008, at the Regular Interest Rate (or after the occurrence and during the continuance of an Event of Default (as defined below), at the Default Rate (as defined below)), provided that no interest shall accrue or be payable on the outstanding principal amount of this Promissory Note from the date hereof through February 29, 2008. Interest shall be calculated by multiplying (a) the actual number of days elapsed from and after the immediately preceding Payment Date (or, as to the first Payment Date, from and after March 1, 2008) to, but not including, the then current Payment Date by (b) a daily rate based on a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each by (c) the outstanding principal amount of this Promissory Note.

For purposes of this Promissory Note, "**Regular Interest Rate**" means, subject to the immediately succeeding sentence, (a) for the period commencing on March 1, 2008, and ending on May 29, 2008, six percent (6.0%) per annum and (b) from and after May 30, 2008, eight percent (8.0%) per annum. Notwithstanding the foregoing, from and after each Weighted Mortgage Rate Set Date (as defined below), if any, until the subsequent Weighted Mortgage Rate Set Date, if any, "**Regular Interest Rate**" means the Weighted Mortgage Rate (as defined below).

For purposes of this Promissory Note:

"**Mortgage Loan**" shall mean any mortgage loan first closed and funded after January 11, 2008, and encumbering one or more of the Retail Properties (as defined below).

“Retail Properties” means, collectively:

- (a) the retail property commonly known as Altamonte Mall in Altamonte Springs, Florida (“Altamonte”);
- (b) the retail property commonly known as Natick West in Natick, Massachusetts (“Natick II”); and
- (c) the retail property commonly known as Otay Ranch Town Center in Chula Vista, California (“Otay”).

“Weighted Mortgage Rate” means the weighted average per annum interest rate for all Mortgage Loans, calculated on the following basis:

- (a) using for Altamonte:
 - (i) if, as of any Weighted Mortgage Rate Set Date, no Mortgage Loan encumbering Altamonte then has closed and is funded, (A) a per annum interest rate equal to (1) for the period commencing on March 1, 2008, and ending on May 29, 2008, six percent (6.0%) and (2) from and after May 30, 2008, eight percent (8.0%) and (B) a principal amount equal to \$150,000,000.00; and
 - (ii) otherwise, (A) a per annum interest rate equal to the per annum interest rate (regardless of whether floating or fixed) for the Mortgage Loan encumbering Altamonte as of the closing and funding of such Mortgage Loan, in the absence of any default, and (B) a principal amount equal to the original principal amount of such Mortgage Loan, without consideration being given to the length of the term of such Mortgage Loan;
- (b) using for Natick II:
 - (i) if, as of any Weighted Mortgage Rate Set Date, no Mortgage Loan encumbering Natick II then has closed and is funded, (A) a per annum interest rate equal to (1) for the period commencing on March 1, 2008, and ending on May 29, 2008, six percent (6.0%) and (2) from and after May 30, 2008, eight percent (8.0%) and (B) a principal amount equal to \$150,000,000.00; and
 - (ii) otherwise, (A) a per annum interest rate equal to the per annum interest rate (regardless of whether floating or fixed) for the Mortgage Loan encumbering Natick II as of the closing and funding of such Mortgage Loan, in the absence of any default, and (B) a principal amount equal to the original principal

amount of such Mortgage Loan, without consideration being given to the length of the term of such Mortgage Loan; and

(c) using for Otay:

- (i) if, as of any Weighted Mortgage Rate Set Date, no Mortgage Loan encumbering Otay then has closed and is funded, (A) a per annum interest rate equal to (1) for the period commencing on March 1, 2008, and ending on May 29, 2008, six percent (6.0%) and (2) from and after May 30, 2008, eight percent (8.0%) and (B) a principal amount equal to \$100,000,000.00; and
- (ii) otherwise, (A) a per annum interest rate equal to the per annum interest rate (regardless of whether floating or fixed) for the Mortgage Loan encumbering Otay as of the closing and funding of such Mortgage Loan, in the absence of any default, and (B) a principal amount equal to the original principal amount of such Mortgage Loan, without consideration being given to the length of the term of such Mortgage Loan.

“Weighted Mortgage Rate Set Date” means, each date of closing and funding of a Mortgage Loan (excluding any refinancing of a Mortgage Loan) encumbering one or more Retail Properties.

(C) **Payment at Maturity.** The principal amount of this Promissory Note, unless sooner repaid, together with any accrued and unpaid interest, shall be due and payable on February 28, 2013 (the **“Maturity Date”**).

(D) **Prepayment.**

(i) **Optional Prepayment.** From time to time, Maker may prepay the outstanding principal amount of this Promissory Note, in whole or in part, without premium or penalty, upon not less than two business days’ prior notice delivered to Payee. Such notice shall specify the date and amount of the principal prepayment. Optional partial prepayments shall be in a principal amount of \$1,000,000, or a whole multiple thereof, and shall be accompanied by all interest then accrued and unpaid on the principal amount then prepaid.

(ii) **Mandatory Prepayment.**

(a) From time to time, following the closing and funding of a Mortgage Loan and the distribution of excess net proceeds (exclusive of any member loan) thereof (each, a **“Distribution on Equity”**) made in respect of Maker’s membership interest in GGP/Homart II L.L.C. (**“Homart II”**) in accordance with the terms of the operating agreement of Homart II, Maker shall prepay the outstanding principal amount of this Promissory Note, without premium or penalty, in an amount equal to the lesser of (1) the amount of such

Distribution on Equity and (2) the outstanding principal amount of this Promissory Note, together with all interest then accrued and unpaid on the principal amount then prepaid.

(b) The entire outstanding principal amount of this Promissory Note, together with all interest then accrued and unpaid, shall be due and payable on the earlier to occur of (1) the dissolution of Homart II in accordance with the terms of the operating agreement of Homart II, (2) the sale of all or substantially all of the assets of Homart II, (3) the Transfer (as defined in the operating agreement of Homart II) or relinquishment (other than by reason of a pledge) by either Maker or Payee of all of its units of membership interest in Homart II to the other or Homart II and (4) the Transfer by Maker of all or any portion of its Class A Units of membership interest in Homart II to any person or entity other than (A) Payee or Homart II or (B) pursuant to Section 8.4(a)(i)(1) of the operating agreement of Homart II (provided that the transferee in any such Transfer pursuant to Section 8.4(a)(i)(1) of the operating agreement of Homart II shall execute in favor of Payee such documents and/or permit the filing of such UCC financing statements as Payee reasonably shall request in order to acknowledge and confirm the continuing security interest in the Class A Units so transferred to it of Payee created pursuant to the Pledge Agreement (as defined below)).

(E) **Method of Payment.** Each payment by Maker under this Promissory Note shall be made in lawful money of the United States of America by wire transfer to Payee on the date due in accordance with the wiring instructions set forth in Exhibit 1 hereto or by such other means as the holder hereof from time to time may designate in writing. For purposes of making payments hereunder, but not for purposes of calculating interest accruals, if the day on which a Payment Date occurs is not a business day, then amounts due on such Payment Date shall be due on the immediately succeeding business day.

(F) **Holder of Note.** Until notified in writing of the transfer of this Promissory Note (but subject to the terms of Article 7 below), Maker shall be entitled to deem Payee, or such person who has been so identified in writing by Payee to Maker as the holder of this Promissory Note, as the owner and holder of this Promissory Note.

ARTICLE 2: SECURITY; CERTAIN RECOURSE PROVISIONS

(A) **Security.** The obligations of Maker under this Promissory Note are secured by that certain Pledge and Security Agreement dated as of even date herewith between Maker and Payee (as amended or otherwise modified from time to time, the "**Pledge Agreement**"). Reference hereby is made to the Pledge Agreement for a statement of the covenants and agreements contained therein and the rights, remedies and security afforded thereby.

(B) **Certain Recourse Provisions.** Notwithstanding any term in this Promissory Note or the Pledge Agreement to the contrary, except as set forth in the last sentence of this Section 2(B), the liability of Maker under this Promissory Note and the Pledge Agreement shall be limited to Maker's interests in the Collateral (as defined in the Pledge Agreement) and Payee shall have no other recourse against Maker or any of its partners, principals or other affiliates.

Any action by Payee to enforce the payment and performance obligations, liability and indebtedness of Maker under this Promissory Note and/or the Pledge Agreement shall be limited to a foreclosure action or other appropriate action or proceeding solely to enable Payee to enforce and realize upon its security interest in the Collateral and any judgment in any such action or proceeding shall be enforceable against Maker (but not any partner, principal or other affiliate of Maker) only to the extent of Maker's interests in the Collateral. Notwithstanding anything to the contrary contained in the preceding two sentences of this Section 2(B), the liability of Maker hereunder and under the Pledge Agreement shall be recourse against Maker to the extent of any loss, damage, reasonable out-of-pocket cost, liability or other obligation actually incurred by Payee (including out-of-pocket attorneys' fees and costs reasonably incurred) arising out of or in connection with the following: (i) a breach in any material respect of a representation or warranty made by Maker in this Promissory Note or the Pledge Agreement, (ii) actions taken by Maker that cause the pledge under the Pledge Agreement no longer to constitute a valid, binding and enforceable obligation of Maker or the pledge under the Pledge Agreement not to constitute a first priority (subject, however, to liens, if any, arising pursuant to the terms of the operating agreement of Homart II) perfected security interest in such Collateral, or (iii) Maker shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or consent to the entry of an order for relief in an involuntary case under any such law.

ARTICLE 3: DEFAULT AND ACCELERATION

The occurrence of any one or more of the following events shall constitute an event of default (an "**Event of Default**") hereunder:

(A) any payment required to be made pursuant to this Promissory Note is not paid on or prior to the date when due (provided, however, that Maker shall be entitled to a grace period of two (2) business days following written notice to Maker of such failure to make a required payment hereunder, but Maker shall not be entitled to any such notice more than once every twelve (12) months); or

(B) the payment due on the Maturity Date is not paid when due; or

(C) except as set forth in the other clauses of this Article 3, any default shall occur, or Maker shall fail to comply with or to perform any of its covenants under, this Promissory Note or the Pledge Agreement and such default or failure shall continue for more than thirty (30) days after written notice thereof delivered by Payee to Maker; or

(D) any representation or warranty made by Maker in this Promissory Note or the Pledge Agreement proves to have been incorrect in any material respect when made; or

(E) a court shall enter a decree or order for relief in respect of Maker in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Maker or for any substantial part of the property of Maker or ordering the winding up or liquidation of the affairs of Maker, and such decree or order shall remain unstayed and in effect for a period of ninety (90) consecutive days; or

(F) Maker shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Maker or for any substantial part of the property of Maker, or Maker shall make any general assignment for the benefit of creditors.

After the occurrence and during the continuance of an Event of Default under clauses (A) through (D) hereunder, the entire unpaid principal amount of this Promissory Note, together with accrued and unpaid interest, shall, at the option of Payee, upon notice, become immediately due and payable. If an Event of Default described in clauses (E) or (F) above shall occur, the unpaid principal amount of this Promissory Note, together with accrued and unpaid interest, shall become immediately due and payable without any declaration or other act on the part of Payee.

ARTICLE 4: DEFAULT INTEREST

Maker hereby agrees that, upon the occurrence and during the continuance of an Event of Default, Payee shall be entitled to receive and Maker shall pay interest on the entire unpaid principal balance of this Promissory Note at a rate (the "**Default Rate**") equal to the Regular Interest Rate plus three percent (3.0%). The Default Rate shall be computed from the occurrence of the Event of Default until the earlier of the date upon which the Event of Default is cured or waived by Payee or the date upon which the outstanding principal balance of this Promissory Note, together with accrued and unpaid interest, is paid in full.

ARTICLE 5: NO ORAL CHANGE; WAIVERS

This Promissory Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Maker or Payee, but only by an agreement in writing signed by both Maker and Payee, and no provision hereof or breach thereof may be waived except in writing by Payee. No failure or delay on the part of Payee in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power.

ARTICLE 6: SAVINGS CLAUSE

In no event shall the amount of interest due or payable hereunder (including interest calculated at the Default Rate) exceed the maximum rate of interest designated by applicable laws (the "**Maximum Amount**"), and in the event such excess payment is inadvertently paid by Maker or inadvertently received by Payee, then such excess sum shall be credited as a payment of principal of this Promissory Note, without penalty or premium, and if in excess of the outstanding principal amount of this Promissory Note, shall be immediately returned to Maker upon such determination. It is the express intent hereof that Maker not pay and Payee not receive, directly or indirectly, interest in excess of the Maximum Amount.

ARTICLE 7: TRANSFER

Payee may not sell, transfer or otherwise assign this Promissory Note or its rights hereunder and under the Pledge Agreement, whether in whole or in part, without the prior written consent of Maker, such consent not to be unreasonably withheld.

ARTICLE 8: GOVERNING LAW

This Promissory Note is governed by and shall be construed and enforced in accordance with the laws of the State of Delaware (without regard to its conflicts of laws principles) and any applicable law of the United States of America.

ARTICLE 9: TRIAL BY JURY

EACH OF MAKER AND, BY ITS ACCEPTANCE HEREOF, PAYEE HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT NOW OR HEREAFTER SHALL EXIST WITH REGARD TO THIS PROMISSORY NOTE, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION HEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY MAKER AND PAYEE, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY OTHERWISE WOULD ACCRUE. EACH OF MAKER AND PAYEE HEREBY IS AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY MAKER AND PAYEE.

ARTICLE 10: MISCELLANEOUS

(A) **Headings and Pronouns.** The descriptive headings of the respective sections and subsections of this Promissory Note are inserted for convenience of reference only and shall not be deemed to modify or affect the construction of the provisions that follow them. Any references to sections contained herein shall be deemed to refer to the sections hereof unless otherwise specified.

(B) **Business Day.** As used in this Promissory Note, the term "business day" means any day that is not a Saturday, Sunday or other day on which commercial banks in Delaware are authorized or required by applicable law to remain closed.

(C) **Expenses.** Maker shall pay all reasonable out-of-pocket costs and expenses, including but not limited to, reasonable attorneys' fees, incurred by Payee in collection of this Promissory Note after the occurrence and during the continuance of an Event of Default.

(D) **Notices.** Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given shall be in writing and personally served or sent by registered or certified mail or overnight courier and shall be deemed to have been given when delivered in person or by overnight courier or three (3) business days after deposit in the mail, registered or certified, with postage prepaid and properly addressed as follows:

To Maker: GGP Limited Partnership
c/o General Growth Properties, Inc.
110 North Wacker Drive
Chicago, Illinois 60606
Attention: Chief Financial Officer

With a copy to: GGP Limited Partnership
c/o General Growth Properties, Inc.
110 North Wacker Drive
Chicago, Illinois 60606
Attention: General Counsel

To Payee: The Comptroller of the State of New York
as Trustee of the Common Retirement Fund
Division of Pension Investments and Cash Management
59 Maiden Lane
30th Floor
New York, New York 10038-4502
Attention: Assistant Comptroller for Real Estate
Investments

With a copy to: The Comptroller of the State of New York
as Trustee of the Common Retirement Fund
Division of Legal Services
59 Maiden Lane
30th Floor
New York, New York 10038-4502
Attention: Assistant Counsel for Real Estate

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Maker has duly executed this Promissory Note as of the day and year first above written.

MAKER:

**GGP LIMITED PARTNERSHIP, a Delaware
limited partnership**

By: General Growth Properties, Inc., a Delaware
corporation, its general partner


By: 
Name: Ronald L. Gem
Title: Senior Vice President

EXHIBIT 1
To Promissory Note

WIRING INSTRUCTIONS FOR PAYEE

ACCOUNT TITLE: New York State Common Retirement Fund for credit to P-55070

ACCOUNT NUMBER: 900-0-000127

BANK NAME: Chase Manhattan

BANK ABA #: 021000021

Exhibit B

Pledge Agreement

PLEDGE AND SECURITY AGREEMENT

This **PLEDGE AND SECURITY AGREEMENT** (this "**Pledge Agreement**"), dated as of February 8, 2008, is made by **GGP LIMITED PARTNERSHIP**, a Delaware limited partnership ("**Pledgor**"), in favor of **THE COMPTROLLER OF THE STATE OF NEW YORK AS TRUSTEE OF THE COMMON RETIREMENT FUND**, a fund established pursuant to NY Retirement and Social Security Law §422, in the custody of the Comptroller of the State of New York ("**Secured Party**").

RECITALS

WHEREAS, Pledgor, as Maker, has executed in favor of Secured Party, as Payee, a Promissory Note, dated of even date herewith (the "**Promissory Note**"), in the principal amount of **TWO HUNDRED FIFTY-FOUR MILLION AND NO/100 DOLLARS (\$254,000,000.00)**;

WHEREAS, Pledgor is the legal and beneficial owner of 50 Class A Units representing fifty percent (50.0%) of the issued and outstanding membership interests in GGP/Homart II L.L.C., a Delaware limited liability company ("**Homart II**"); and

WHEREAS, Secured Party has requested that Pledgor secure, and Pledgor has agreed to secure, pursuant to the terms of this Pledge Agreement, its obligations under the Promissory Note.

NOW, THEREFORE, in consideration of the premises and to induce Secured Party to accept the Promissory Note, Pledgor hereby agrees with Secured Party as follows:

1. Defined Terms. As used in this Pledge Agreement, the following terms have the meanings set forth in or incorporated by reference below:

"**Certificate**" has the meaning ascribed to such term in Section 3 hereof.

"**Code**" means the Uniform Commercial Code from time to time in effect in the State of Delaware or, as the context may require, in the State or States in which any Collateral is located.

"**Collateral**" has the meaning ascribed to such term in Section 2 hereof.

"**Event of Default**" has the meaning ascribed to such term in the Promissory Note.

"**Homart II**" has the meaning ascribed to such term in the Recitals.

"**Pledge Agreement**" means this Pledge and Security Agreement, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"**Pledged Securities**" means the membership interest of Pledgor in Homart II listed on Schedule 1 hereto, together with all membership interest certificates, if any, options or rights of any nature whatsoever now existing or which hereafter may be issued or granted by Homart II to

Pledgor in respect or on account of such membership interest while this Pledge Agreement is in effect.

“**Pledgor**” has the meaning ascribed to such term in the introductory paragraph.

“**Proceeds**” means all “proceeds” as such term is defined in Section 9-102(a)(64) of the Uniform Commercial Code in effect in the State of Delaware on the date hereof and, in any event, shall include, without limitation, all dividends or other income from the Pledged Securities, collections thereon or distributions with respect thereto.

“**Promissory Note**” has the meaning ascribed to such term in the Recitals.

“**Secured Party**” has the meaning ascribed to such term in the introductory paragraph.

(a) The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Pledge Agreement shall refer to this Pledge Agreement as a whole and not to any particular provision of this Pledge Agreement, and section, subsection, schedule and exhibit references are to this Pledge Agreement unless otherwise specified.

(b) The word “including” when used in this Pledge Agreement shall be deemed to be followed by the words “but not limited to.”

2. Pledge; Grant of Security Interest. As collateral security for: (i) the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of all obligations, liabilities and indebtedness (including, without limitation, principal, interest, reasonable out-of-pocket fees and indemnities, if any) of Pledgor whether now existing or hereafter incurred under the Promissory Note and this Pledge Agreement; (ii) any and all sums advanced by Secured Party in order to preserve the Collateral (as hereinafter defined) or preserve its security interest in the Collateral; (iii) in the event of any proceeding for the collection or enforcement of any indebtedness, obligations or liabilities of Pledgor secured hereby, after the occurrence and during the continuance of an Event of Default, the reasonable out-of-pocket expenses of Secured Party incurred for purposes of retaking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the Collateral, or of any exercise by Secured Party of its rights hereunder, together with reasonable out-of-pocket attorneys’ fees and court costs; and (iv) all amounts paid by Secured Party as to which Secured Party has the right to reimbursement under the Promissory Note or this Pledge Agreement, Pledgor hereby pledges and grants to Secured Party, a security interest in all of Pledgor’s right, title and interest in and to the following (collectively, the “**Collateral**”) (the parties hereby acknowledging that the loan proceeds received by Pledgor as the result of a member loan made by Homart II to Pledgor are not, and shall not constitute, Collateral) :

(a) all Pledged Securities and all capital, revenue, profit, income, gain or other property or proceeds, return on contribution or otherwise with respect to the Pledged Securities;

(b) all securities, moneys or property representing dividends or interest on any of the Pledged Securities, or representing a distribution in respect of the Pledged

Securities, or resulting from a split-up, revision, reclassification or other like change of the Pledged Securities or otherwise received in exchange therefor, and any subscription warrants, rights or options issued to the holders of, or otherwise in respect of, the Pledged Securities;

(c) all right, title and interest of Pledgor in, to and under any policy of insurance payable by reason of loss or damage to the Pledged Securities and any other Collateral;

(d) all other payments due or to become due to Pledgor in respect of the Pledged Securities whether under any limited liability company agreement or otherwise, whether as contractual obligations, damages or otherwise;

(e) all "accounts", "general intangibles", "instruments" and "investment property" (in each case as defined in the Code) constituting or relating to the foregoing;

(f) all Proceeds of any of the foregoing property of Pledgor (including, without limitation, any proceeds of insurance thereon, all "accounts", "general intangibles", "instruments" and "investment property", in each case as defined in the Code, constituting or relating to the foregoing); and

(g) all other property hereafter delivered in substitution for any of the foregoing, all certificates and instruments representing or evidencing such other property and all cash, securities, interest, dividends, rights and other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all thereof.

3. Certificates. There currently exists one (1) membership certificate (Certificate No. 1-A) representing the Pledged Securities (the "**Certificate**"). Pledgor covenants that it will not permit the issuance of, and it will cause Homart II and each other issuer, if any, of Pledged Securities not to issue, any additional certificates representing the Pledged Securities unless first consented to in writing by Secured Party and unless Pledgor delivers to Secured Party all such certificates (which certificates, if issued, shall constitute "security certificates" (as defined in the Code)), in each case indorsed, at Secured Party's sole option, in blank or to Secured Party, together with a duly executed undated limited liability company membership power covering each such certificate duly executed in blank in the form of Exhibit 2 attached hereto.

4. Representations and Warranties. Pledgor represents and warrants as of the date hereof that:

(a) Pledgor has full limited partnership power and authority to execute, deliver and perform this Pledge Agreement and to create the collateral security interest for which this Pledge Agreement provides;

(b) this Pledge Agreement constitutes the legal, valid and binding obligation of Pledgor, enforceable against Pledgor in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally and general principles of equity;

(c) the execution, delivery and performance by Pledgor of this Pledge Agreement does not and will not result in the breach of any indenture or other material agreement to which Pledgor is a party, any law or statute, or any judgment, degree or order entered into in a proceeding to which Pledgor is or was a party;

(d) no authorization, consent of or notice to any other person or entity (including, without limitation, any member, partner or creditor of Pledgor or Homart II) that has not been obtained or given, as applicable, is required in connection with the execution, delivery and performance of this Pledge Agreement by Pledgor, or the validity or enforceability of this Pledge Agreement against Pledgor, including, without limitation, the assignment and transfer by Pledgor of any of the Collateral to Secured Party pursuant to the terms hereof;

(e) Pledgor is the record and beneficial owner of, and has good title to, the Pledged Securities, free of any and all liens or options in favor of, or claims of, any other person or entity, except (i) the lien created by this Pledge Agreement and (ii) liens, if any, arising pursuant to the terms of the operating agreement of Homart II, and the Pledged Securities are not subject to any outstanding assignment, pledge or encumbrance (except (A) pursuant to this Pledge Agreement and (B) pursuant to the terms of the operating agreement of Homart II);

(f) the Pledged Securities (a) have been duly and validly authorized and issued and are fully paid and nonassessable, (b) constitute 50.0% of the issued and outstanding units of membership interest (and all other equity interests) in Homart II, and (c) are evidenced by the Certificate;

(g) upon delivery to Secured Party of the Certificate evidencing the Pledged Securities and the filing of the UCC-1 financing statement referred to in Section 12 hereof with the Delaware Secretary of State, the lien granted by Pledgor pursuant to this Pledge Agreement will constitute a valid, first priority (subject, however, to liens, if any, arising pursuant to the terms of the operating agreement of Homart II) perfected lien on the (i) Pledged Securities and (ii) the other Collateral, each to the extent located and continued to be located in a jurisdiction that has adopted laws governing the perfection of security interests that are substantially identical to those in Sections 9-305 and 9-312 of the Uniform Commercial Code, enforceable as such against creditors of Pledgor and any persons or entities purporting to purchase any Collateral from Pledgor;

(h) the principal place of business and chief executive office of Pledgor is located at c/o General Growth Properties, Inc., 110 North Wacker Drive, Chicago, Illinois 60606;

(i) the exact name of Pledgor is GGP Limited Partnership; and

(j) Pledgor is organized or formed under the laws of the State of Delaware.

5. Covenants. Pledgor covenants and agrees with Secured Party that, from and after the date of this Pledge Agreement until the Promissory Note is paid in full:

(a) If, solely on account of the Collateral, Pledgor shall become entitled to receive or shall receive any additional membership interests or membership certificate (including, without limitation, any certificate representing a dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or rights, whether in addition to, in substitution of, as a conversion of, or in exchange for any portion of the Pledged Securities, or otherwise in respect thereof, the same shall be subject to the terms of this Pledge Agreement, as additional collateral for the obligations of Pledgor under the Promissory Note. Any sums paid upon or in respect of the Pledged Securities upon the liquidation or dissolution of Homart II shall be paid over to Secured Party to be held by it hereunder as additional security for the obligations of Pledgor under the Promissory Note, and in case any property shall be distributed upon or with respect to the Pledged Securities pursuant to the recapitalization or reclassification of the capital of Homart II or pursuant to the reorganization thereof, the property so distributed shall be subject to the terms hereof, as additional security for the obligations of Pledgor under the Promissory Note. If any sums of money so paid or distributed in respect of the Pledged Securities shall be received by Pledgor, Pledgor shall, until such money is paid or delivered to Secured Party, hold such money in trust for Secured Party, segregated from other funds of Pledgor, as additional security for the obligations of Pledgor under the Promissory Note.

(b) Without the prior written consent of Secured Party, Pledgor shall not, directly or indirectly (i) vote to enable, or take any other action to permit, Homart II to issue any membership interests or to issue any other securities convertible into or granting the right to purchase or exchange for any membership interests in Homart II, (ii) sell, assign, transfer, exchange or otherwise dispose of, or grant any option with respect to, the Collateral (other than to or in favor of Secured Party pursuant to this Pledge Agreement or liens, if any, arising pursuant to the terms of the operating agreement of Homart II), (iii) create, incur, authorize or permit to exist any lien or option in favor of, or any claim of any person or entity with respect to, any of the Collateral, or any interest therein, except for (A) the lien provided for by this Pledge Agreement and (B) liens provided for by the operating agreement of Homart II, (iv) authorize or permit to be filed or to be on file, in any jurisdiction, any financing statement, or file or authorize any like instrument, with respect to the Collateral in which Secured Party is not named as the sole secured party, other than any such financing statement or like instrument relating to liens, if any, arising pursuant to the terms of the operating agreement of Homart II, or (v) permit or cause Homart II to amend its certificate of formation, operating agreement or any other organizational documents or reorganize, transfer assets, consolidate, merge, dissolve, issue or sell any securities or take any other voluntary action, if the same would reasonably be expected to cause Homart II to opt out of Article 8 of the Code or to dilute or impair, in any material respect, Secured Party's security interest in the Collateral. Pledgor shall defend the right, title and interest of Secured Party in and to the Collateral against the claims and demands of all persons and entities whomsoever (other than persons or entities claiming by or through Secured Party).

(c) At any time and from time to time, upon the written request of Secured Party, and at the sole expense of Pledgor, Pledgor shall promptly and duly give, execute, deliver file

and/or record such further instruments and documents and take such further actions as Secured Party reasonably may request for the purposes of obtaining, creating, perfecting, validating or preserving the full benefits of this Pledge Agreement and the rights and powers herein granted including without limitation filing UCC financing or continuation statements, provided that the amount of the obligations of Pledgor under the Promissory Note shall not be increased thereby. Pledgor hereby authorizes Secured Party to file any such financing statement or continuation statement without the signature of Pledgor to the extent permitted by law. If any amount payable to Pledgor under or in connection with any of the Collateral shall be or become evidenced by any promissory note, other instrument or chattel paper, such note, instrument or chattel paper promptly shall be delivered to Secured Party, duly endorsed in a manner satisfactory to Secured Party, to be held as Collateral pursuant to this Pledge Agreement.

(d) Pledgor will not create, incur or permit to exist, will defend the Collateral against, and will take all such other action as is necessary to remove, any lien or claim on or to the Collateral, other than (i) the lien created hereby and (ii) liens, if any, pursuant to the operating agreement of Homart II, and will defend the right, title and interest of Secured Party in, to and under the Collateral against the claims and demands of all persons and entities whomsoever (other than persons or entities claiming by or through Secured Party).

(e) Pledgor will furnish to Secured Party from time to time statements and schedules further identifying and describing the Collateral as Secured Party reasonably requests, all in reasonable detail.

(f) Pledgor will give not less than thirty (30) days' prior written notice to Secured Party of any (i) change of the location of Pledgor's chief executive office or principal place of business from that specified in Section 4(h) hereof, or (ii) change of Pledgor's name, identity or structure or (iii) reorganization or reincorporation of Pledgor under the laws of another jurisdiction.

(g) Pledgor shall pay, and save Secured Party harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with the transaction contemplated by this Pledge Agreement.

(h) Pledgor represents and warrants that Pledgor has requested that the pledge and grant of a security interest in the Pledged Securities be duly registered on the books and records of Homart II, and that Homart II has duly registered such pledge and grant of a security interest on its books and records.

6. Certain Understandings of Parties. The parties acknowledge and agree that all of the Pledged Securities are "securities" governed by Article 8 of the Code and, during the term of this Pledge Agreement, the Pledged Securities are and will be deemed securities under Article 8 and Article 9 of the Code. Pledgor covenants and agrees that, during the term of this Pledge Agreement, it shall not cause or permit Homart II to opt out of Article 8 of the Code.

7. Cash Dividends; Voting Rights. Unless an Event of Default shall have occurred and is continuing, Pledgor shall be permitted to receive all membership interest cash

distributions or cash dividends paid by Homart II and to exercise all voting and membership rights with respect to the Pledged Securities, provided that no vote shall be cast or right exercised or other action taken which would reasonably be expected to impair the Collateral in any material respect or which would be inconsistent with or result in any violation of any provision of the Promissory Note or this Pledge Agreement.

8. Rights of Secured Party.

(a) If an Event of Default shall occur and is continuing, Secured Party shall have the right to receive any and all income, cash dividends, distributions, proceeds or other property (exclusive of the loan proceeds received by Pledgor as the result of a member loan made by Homart II to Pledgor) received or paid in respect of the Pledged Securities and make application thereof to the obligations of Pledgor under the Promissory Note in the following order:

- (i) first, to the payment of all amounts owing to Secured Party of the type described in clauses (ii), (iii) and (iv) of Section 2;
- (ii) second, to Default Interest (as defined in the Promissory Note) then accrued and unpaid;
- (iii) third, to interest at the Regular Interest Rate then accrued and unpaid; and
- (iv) fourth, to the principal amount then outstanding under the Promissory Note.

If an Event of Default shall occur and is continuing, then all such Pledged Securities, at Secured Party's option, shall be registered in the name of Secured Party or its nominee (if not already so registered) and, for so long as such Event of Default shall continue, but subject to Section 8(g), Secured Party or its nominee thereafter may exercise (i) all voting and all membership and other rights pertaining to the Pledged Securities, and (ii) any and all rights of conversion, exchange, and subscription and any other rights, privileges or options pertaining to such Pledged Securities, as if it were the absolute owner thereof (including, without limitation, the right to exchange at its discretion any and all of the Pledged Securities upon the merger, consolidation, reorganization, recapitalization or other fundamental change in the organizational structure of Homart II or upon the exercise by Pledgor or Secured Party of any right, privilege or option pertaining to such Pledged Securities, and in connection therewith, the right to deposit and deliver any and all of the Pledged Securities with any committee, depositary, transfer agent, registrar or other designated agency upon such terms and conditions as it may determine), all without liability except to account for property actually received by it, but Secured Party shall have no duty to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(b) Subject to Section 8(g), the rights of Secured Party under this Pledge Agreement shall not be conditioned or contingent upon the pursuit by Secured Party of any right or remedy against Pledgor or against any other person or entity which may be or become liable in respect of all or any part of the obligations of Pledgor under the Promissory Note or against any other security therefor, guarantee thereof or right of offset with respect thereto. Secured

Party shall not be liable for any failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so, nor shall it be under any obligation to sell or otherwise dispose of any Collateral upon the request of Pledgor or any other person or entity or to take any other action whatsoever with regard to the Collateral or any part thereof.

(c) Upon satisfaction in full of the obligations of Pledgor under the Promissory Note, Secured Party's rights under this Pledge Agreement shall terminate, Secured Party shall execute and deliver to Pledgor a UCC-3 termination statement or similar documents and agreements to terminate all of Secured Party's rights under this Pledge Agreement and Secured Party shall deliver to Pledgor the certificates, if any, evidencing the Pledged Securities.

(d) Pledgor also authorizes Secured Party, at any time and from time to time, to execute, in connection with the sale provided for in Section 9 or 10 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(e) The powers conferred on Secured Party hereunder are solely to protect Secured Party's interest in the Collateral and shall not impose any duty upon Secured Party to exercise any such powers. Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or lenders shall be responsible to Pledgor for any act or failure to act hereunder, except for its or their gross negligence or willful misconduct.

(f) If Pledgor fails to perform or comply with any of its agreements contained herein and Secured Party, as provided for by the terms of this Pledge Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the reasonable out-of-pocket expenses of Secured Party incurred in connection with such performance or compliance, together with interest at the Default Rate (as defined in the Promissory Note) if such expenses are not paid promptly after demand, shall be payable by Pledgor to Secured Party after demand and shall constitute obligations secured hereby.

(g) Notwithstanding the rights and remedies available to Secured Party, after the occurrence and during the continuance of an Event of Default, Secured Party shall not cause or permit (in the absence of consent by Pledgor) any change in the terms of the Pledged Securities or the voting, management, membership or other rights, privileges or options pertaining to the Pledged Securities (each, a "**Change in Pledged Securities**") until the interests of Pledgor therein have been foreclosed or otherwise terminated in accordance with the terms of this Pledge Agreement and applicable law (the parties hereby acknowledging that this Section 8(g) shall not limit Secured Party's right, after the occurrence and during the existence of an Event of Default, to exercise voting rights pertaining to the Pledged Securities, so long as no Change in Pledged Securities thereby shall result).

9. Remedies. Subject to Section 8(g) and provided that no sale or other disposition of the Collateral shall be conducted on less than forty-five (45) days notice to Pledgor (which forty-five (45) day notice hereby is acknowledged by Pledgor to be reasonable)]:

(a) If an Event of Default shall occur and is continuing, Secured Party may exercise, in addition to all other rights and remedies granted in this Pledge Agreement and in any other instrument or agreement securing or evidencing the obligations of Pledgor under the Promissory Note:

(i) all rights and remedies of a secured party under the Code (whether or not said Code is in effect in the jurisdiction where the rights and remedies are asserted) and such additional rights and remedies to which a secured party is entitled under the laws in effect in any jurisdiction where any rights and remedies hereunder may be asserted, including, without limitation, the right, to the maximum extent permitted by law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral as if Secured Party were the sole and absolute owner thereof (and Pledgor agrees to take all such action as may be appropriate to give effect to such right);

(ii) Secured Party may make any reasonable compromise or settlement deemed desirable with respect to any of the Collateral and may extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, any of the Collateral; and

(iii) Secured Party in its discretion may, in its name or in the name of Pledgor or otherwise, demand, sue for, collect, direct payment of or receive any money or property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so.

(b) Without limiting the generality of the foregoing, Secured Party, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below or otherwise required hereby) to or upon Pledgor, Homart II or any other person or entity (all and each of which demands, presentments, protests, advertisements and notices, or other defenses, are hereby waived by Pledgor to the extent permitted under applicable law), may in such circumstances collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may sell, assign, give option or options to purchase or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, in the over-the-counter market, at any exchange, broker's board or office of Secured Party or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best in its sole discretion, for cash or on credit or for future delivery without assumption of any credit risk. Secured Party shall have the right, without notice or publication, to adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for such sale, and any such sale may be made at any time or place to which the same may be adjourned without further notice. Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption of Pledgor, which right or equity of redemption is hereby waived or released. Secured Party shall apply any Proceeds from time to time held by it and the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable out-of-pocket costs and expenses of every kind incurred therein or incidental to the care or safekeeping of any of the Collateral, to the payment of the obligations

of Pledgor under the Promissory Note, in the order set forth in Section 8(a), and only after such application and after the payment by Secured Party of any other amount required by any provision of law, including, without limitation, Sections 9-610 and 9-615 of the Code, need Secured Party account for the surplus, if any, to Pledgor. To the extent permitted by applicable law, Pledgor waives all claims, damages and demands it may acquire against Secured Party arising out of the exercise by Secured Party of any of its rights hereunder, except for any claims, damages and demands it may have against Secured Party arising from the willful misconduct or gross negligence of Secured Party or its affiliates, or any agents or employees of the foregoing. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least forty-five (45) days before such sale or other disposition.

(c) The rights, powers, privileges and remedies of Secured Party under this Pledge Agreement are cumulative and shall be in addition to all rights, powers, privileges and remedies available to Secured Party at law or in equity. All such rights, powers and remedies shall be cumulative and may be exercised successively or concurrently without impairing the rights of Secured Party hereunder.

10. Certain Sales. (a) Pledgor recognizes that Secured Party may be unable to effect a public sale of any or all of the Pledged Securities, by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. Pledgor acknowledges and agrees that any such private sale may result in prices and other terms less favorable to Secured Party than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall not be deemed to have been made in a commercially unreasonable manner solely by virtue of being a private sale. Secured Party shall be under no obligation to delay a sale of any of the Pledged Securities for the period of time necessary to permit Homart II or Pledgor to register such securities for public sale under the Securities Act of 1933, as amended, or under applicable state securities laws, even if Homart II or Pledgor would agree to do so.

11. Limitation on Duties Regarding Collateral. Subject to Section 8(g), Secured Party's duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the Code or otherwise, shall be to deal with it in the same commercially reasonable manner as Secured Party deals with similar securities and property for its own account. Neither Secured Party nor any of its directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of Pledgor or otherwise.

12. Financing Statement; Other Documents. Pledgor hereby authorizes Secured Party to file a UCC-1 financing statement with respect to the Collateral. Pledgor agrees to deliver any other document or instrument which Secured Party reasonably requests with respect to the Collateral for the purposes of obtaining or preserving the full benefits of this Pledge Agreement and the rights and powers herein granted.

13. Attorney-in-Fact. Without limiting any rights or powers granted by this Pledge Agreement to Secured Party, but subject to Section 8(g), Secured Party is hereby appointed, which appointment as attorney-in-fact is irrevocable, coupled with an interest and exercisable upon and after the occurrence and during the continuance of an Event of Default, the attorney-in-fact of Pledgor for the purpose of carrying out the provisions of this Pledge Agreement and taking any action and executing any instruments which Secured Party deems necessary or advisable to accomplish the purposes hereof.

14. Certain Recourse Provisions. Notwithstanding any term in the Promissory Note or this Pledge Agreement to the contrary, except as set forth in the last sentence of this Section 14, the liability of Pledgor under the Promissory Note and this Pledge Agreement shall be limited to Pledgor's interests in the Collateral and Secured Party shall have no other recourse against Pledgor or any of its partners, principals or other affiliates. Any action by Secured Party to enforce the payment and performance obligations, liability and indebtedness of Pledgor under the Promissory Note and/or this Pledge Agreement shall be limited to a foreclosure action or other appropriate action or proceeding solely to enable Secured Party to enforce and realize upon its security interest in the Collateral and any judgment in any such action or proceeding shall be enforceable against Pledgor (but not any partner, principal or other affiliate of Pledgor) only to the extent of Pledgor's interests in the Collateral. Notwithstanding anything to the contrary contained in the preceding two sentences of this Section 14, the liability of Pledgor under the Promissory Note and hereunder shall be recourse against Pledgor to the extent of any loss, damage, reasonable out-of-pocket cost, liability or other obligation actually incurred by Secured Party (including out-of-pocket attorneys' fees and costs reasonably incurred) arising out of or in connection with the following: (i) a breach in any material respect of a representation or warranty made by Pledgor in the Promissory Note or this Pledge Agreement, (ii) actions taken by Pledgor that cause the pledge under this Pledge Agreement no longer to constitute a valid, binding and enforceable obligation of Pledgor or the pledge under this Pledge Agreement not to constitute a first priority (subject, however, to liens, if any, arising pursuant to the terms of the operating agreement of Homart II) perfected security interest in such Collateral, or (iii) Pledgor shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or consent to the entry of an order for relief in an involuntary case under any such law.

15. Miscellaneous.

(a) Any provision of this Pledge Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(b) The headings used in this Pledge Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

(c) Neither Pledgor nor Secured Party shall by any act (except a written instrument pursuant to Section 15(d) hereof), delay, indulgence, omission or otherwise be

deemed to have waived any right or remedy hereunder or to have acquiesced in any default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of Pledgor or Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by Pledgor or Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Pledgor or Secured Party otherwise would have on any future occasion. The rights, remedies, powers and privileges herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any rights, remedies, powers or privileges provided by law.

(d) None of the terms or provisions of this Pledge Agreement may be waived, amended, or otherwise modified except by a written instrument executed by the party against which enforcement of such waiver, amendment, or modification is sought. This Pledge Agreement shall be binding upon and shall inure to the benefit of Pledgor and its successors and assigns and shall inure to the benefit of Secured Party and its successors and assigns; provided that Pledgor shall not have any right to assign its rights hereunder. The rights of Secured Party under this Pledge Agreement shall automatically be transferred to any permitted transferee to which Secured Party transfers the Promissory Note (subject to Article 7 of the Promissory Note).

(e) Notices to be effective shall be in writing and personally served or sent by registered or certified mail or overnight courier and shall be deemed to have been given when delivered in person or by overnight courier or three (3) business days after deposit in the mail, registered or certified, with postage prepaid and properly addressed as follows:

To Pledgor: GGP Limited Partnership
 c/o General Growth Properties, Inc.
 110 North Wacker Drive
 Chicago, Illinois 60606
 Attention: Chief Financial Officer

With a copy to: GGP Limited Partnership
 c/o General Growth Properties, Inc.
 110 North Wacker Drive
 Chicago, Illinois 60606
 Attention: General Counsel

To Secured Party: The Comptroller of the State of New York
 as Trustee of the Common Retirement Fund
 Division of Pension Investments and Cash Management
 59 Maiden Lane
 30th Floor
 New York, New York 10038-4502

Attention: Assistant Comptroller for Real Estate
Investments

With a copy to:

The Comptroller of the State of New York
as Trustee of the Common Retirement Fund
Division of Legal Services
59 Maiden Lane
30th Floor
New York, New York 10038-4502
Attention: Assistant Counsel for Real Estate

(f) THIS PLEDGE AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE (WITHOUT REGARD TO ITS CONFLICTS OF LAWS PRINCIPLES) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF PLEDGOR AND SECURED PARTY HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS PLEDGE AGREEMENT AND THE PROMISSORY NOTE.

(g) Secured Party may employ agents and attorneys-in-fact in connection herewith and shall not be responsible for their actions except for the gross negligence or willful misconduct of any such agents or attorneys-in-fact selected by it in good faith.

(h) Pledgor hereby authorizes and instructs Homart II to comply with any instruction received by it from Secured Party in writing that (i) states that an Event of Default has occurred and is continuing and (ii) is otherwise in accordance with the terms of this Pledge Agreement, without any other or further instructions from Pledgor, and Pledgor agrees that Homart II shall be fully protected in so complying.

(i) This Pledge Agreement may be executed in any number of counterparts and all the counterparts taken together shall be deemed to constitute one and the same instrument.

(j) EACH OF PLEDGOR AND SECURED PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL ON ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS PLEDGE AGREEMENT. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH OF PLEDGOR AND SECURED PARTY ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO IT TO ENTER INTO A BUSINESS RELATIONSHIP

WITH THE OTHER PARTY. EACH OF PLEDGOR AND SECURED PARTY REPRESENTS AND WARRANTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT SUCH WAIVER IS KNOWINGLY AND VOLUNTARILY GIVEN FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED, EITHER ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, REPLACEMENTS, REAFFIRMATIONS, SUPPLEMENTS OR MODIFICATIONS TO THIS PLEDGE AGREEMENT. IN THE EVENT OF LITIGATION, THIS PLEDGE AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

WITH RESPECT TO ANY ACTION ARISING OUT OF OR RELATING TO THIS PLEDGE AGREEMENT, EACH OF PLEDGOR AND SECURED PARTY SHALL AND HEREBY DOES SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF DELAWARE AND THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA LOCATED IN THE STATE OF DELAWARE (AND ANY APPELLATE COURTS TAKING APPEALS THEREFROM). EACH OF PLEDGOR AND SECURED PARTY HEREBY WAIVES AND AGREES NOT TO ASSERT, AS A DEFENSE IN ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS PLEDGE AGREEMENT (A) THAT IT IS NOT SUBJECT TO SUCH JURISDICTION OR THAT SUCH ACTION, SUIT OR PROCEEDING MAY NOT BE BROUGHT OR IS NOT MAINTAINABLE IN THOSE COURTS OR THAT THIS PLEDGE AGREEMENT MAY NOT BE ENFORCED IN OR BY THOSE COURTS OR THAT IT IS EXEMPT OR IMMUNE FROM EXECUTION, (B) THAT THE ACTION, SUIT OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM OR (C) THAT THE VENUE OF THE ACTION, SUIT OR PROCEEDING IS IMPROPER. IN THE EVENT ANY SUCH ACTION, SUIT, PROCEEDING OR LITIGATION IS COMMENCED, EACH OF PLEDGOR AND SECURED PARTY AGREES THAT SERVICE OF PROCESS MAY BE MADE, AND PERSONAL JURISDICTION OVER IT OBTAINED, BY SERVICE OF A COPY OF THE SUMMONS, COMPLAINT AND OTHER PLEADINGS REQUIRED TO COMMENCE SUCH LITIGATION UPON IT AT THE ADDRESS AND TO THE ATTENTION OF SUCH PERSON AS SET FORTH IN THIS SECTION 15.

(k) Pledgor shall cause Homart II to execute and deliver to Secured Party an Acknowledgment and Consent with respect to this Pledge Agreement in the form of Exhibit 1.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of Pledgor and Secured Party has duly executed this Pledge Agreement as of the day and year first above written.

PLEDGOR:

**GGP LIMITED PARTNERSHIP, a
Delaware limited partnership**

By: General Growth Properties, Inc., a Delaware
corporation, its general partner

By: _____

Name: Ronald L. Gern

Title: Senior Vice President

SECURED PARTY:

**THE COMPTROLLER OF THE STATE OF NEW
YORK AS TRUSTEE OF THE COMMON
RETIREMENT FUND, a fund established pursuant to
NY Retirement and Social Security Law §422, in the
custody of the Comptroller of the State of New York**

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF, each of Pledgor and Secured Party has duly executed this Pledge Agreement as of the day and year first above written.

PLEDGOR:


**GGP LIMITED PARTNERSHIP, a
Delaware limited partnership**

By: General Growth Properties, Inc., a Delaware
corporation, its general partner

By: _____
Name: Ronald L. Gern
Title: Senior Vice President

SECURED PARTY:

**THE COMPTROLLER OF THE STATE OF NEW
YORK AS TRUSTEE OF THE COMMON
RETIREMENT FUND, a fund established pursuant to
NY Retirement and Social Security Law §422, in the
custody of the Comptroller of the State of New York**

By: 
Name: Nick Smirensky
Title: Deputy Comptroller

**SCHEDULE 1
To Pledge Agreement**

DESCRIPTION OF PLEDGED SECURITIES

<u>Issuer</u>	<u>Owner</u>	<u>Description of Membership Interest</u>	<u>Membership Certificate Number</u>
GGP/Homart II L.L.C., a Delaware limited liability company	Pledgor	50 Class A units of membership interest	1-A

EXHIBIT 1

FORM OF ACKNOWLEDGMENT AND CONSENT

Homart II hereby acknowledges receipt of a copy of the Pledge and Security Agreement, dated as of February 8, 2008 (the "Pledge Agreement"), executed between **GGP LIMITED PARTNERSHIP**, as Pledgor ("**Pledgor**"), and **THE COMPTROLLER OF THE STATE OF NEW YORK AS TRUSTEE OF THE COMMON RETIREMENT FUND**, as Secured Party ("**Secured Party**"), and that Pledgor is bound thereby. Homart II consents to such pledge and has registered such pledge on Homart II's books and records. Homart II agrees to notify Secured Party promptly in writing of the occurrence of any of the events described in Section 5(a) of the Pledge Agreement. Homart II confirms that the Certificate evidences all of Pledgor's membership interest in Homart II. Homart II agrees that it will not issue any additional certificates representing the Pledged Securities unless first consented to in writing by Secured Party. Homart II confirms that it has opted into Article 8 of the Code and agrees that, during the term of the Pledge Agreement, it shall not opt out of Article 8 of the Code.

Capitalized terms used herein but not otherwise defined herein shall have the meaning given to such terms in the Pledge Agreement.

Dated: as of February 8, 2008

**GGP/HOMART II L.L.C., a Delaware
limited liability company**

By: _____
Name: _____
Title: _____

EXHIBIT 2

**FORM OF LLC POWER
WITH RESPECT TO PLEDGED SECURITIES**

ASSIGNMENT OF INTEREST

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ (print or typewrite name of transferee), _____ (insert Social Security or other taxpayer identification number of transferee), the following specified percentage of membership interest in GGP/Homart II L.L.C. (the "**Company**"): _____ (identify the percentage interest being transferred) effective as of the date specified in the Application for Transfer of Interest below, and irrevocably constitutes and appoints _____ and its authorized officers, as attorney-in-fact, to transfer the same on the books and records of the Company, with full power of substitution in the premises.

Dated: _____

Signature: _____
(Transferor)

Address: _____

APPLICATION FOR TRANSFER OF INTEREST

The undersigned applicant (the "**Applicant**") hereby (a) applies for a transfer of the number of units and percentage of membership interest in the Company described above (the "**Transfer**") and applies to be admitted to the Company as a substitute member of the Company, (b) agrees to comply with and be bound by all of the terms and provisions of the Operating Agreement of the Company, as amended or supplemented (the "**Operating Agreement**"), (c) represents that the Transfer complies with the terms and conditions of the Operating Agreement, (d) represents that the Transfer does not violate any applicable laws and regulations, and (e) agrees to execute and acknowledge such instruments (including, without limitation, a counterpart of the Operating Agreement), in form and substance satisfactory to the Company, as the Company reasonably deems necessary or desirable to effect the Applicant's admission to the Company as a substitute member of the Company and to confirm the agreement of the Applicant to be bound by all the terms and provisions of the Operating Agreement with respect to the membership interest in the Company described above.

The Applicant directs that the foregoing Transfer and the Applicant's admission to the Company as a substitute member shall be effective as of _____.

Dated: _____

Signature: _____
(Transferee)

Address: _____

The Company has determined (a) that the Transfer described above is permitted by the Operating Agreement, (b) hereby agrees to effect such Transfer and the admission of the Applicant as a substitute member of the Company effective as of the date and time directed above, and (c) agrees to record, as promptly as possible, in the books and records of the Company the admission of the Applicant as a substitute member.

**GGP/HOMART II L.L.C., a Delaware
limited liability company**

By: _____

Name: _____

Title: _____