Hearing Date and Time: May 27, 2010, 2:30 p.m. (EDT)
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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

STATEMENT OF LAW DEBENTURE TRUST COMPANY OF NEW YORK AS SUCCESSOR AGENT UNDER THE DIP CREDIT AGREEMENT, ON BEHALF OF THE LENDERS PARTY THERETO, IN SUPPORT OF ENTRY OF AN ORDER HOLDING THAT THE DEBTORS MUST TIMELY DELIVER A NOTICE TO CONVERT THE DIP LOAN INTO EQUITY OF REORGANIZED GGP OR, IF SUCH NOTICE IS NOT TIMELY DELIVERED, ANY RIGHT TO EXERCISE THE CONVERSION OPTION WILL EXPIRE

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

Law Debenture Trust Company of New York, as successor Agent (in such capacity, the "DIP Agent") under the DIP Credit Agreement,[1] on behalf of the lenders party thereto (the "DIP

[1] Law Debenture Trust Company of New York is the successor in interest to UBS AG, Stamford Branch as Agent on behalf of the lenders under that certain Senior Secured Debtor in Possession Credit, Security and Guaranty Agreement dated as of May 15, 2009 by and among General Growth Properties, Inc. and GGP Limited Partnership as Borrowers, the guarantors party thereto as Guarantors, UBS AG, Stamford Branch as Agent, UBS Securities LLC as Lead Arranger, and certain lenders from time to time as Lenders (as amended pursuant

[Footnote continued on next page]

Lenders"), by and through its undersigned counsel, hereby submits this statement (the "Statement") in support of an order (the "Order") (i) requiring General Growth Properties, Inc. ("GGP") to deliver to the DIP Lenders a notice (the "Conversion Notice") of its intent to convert the obligations under the DIP Credit Agreement (the "DIP Loan") to equity in reorganized GGP, or (ii) holding that if such Conversion Notice is not delivered within one (1) business day of the entry of the Order, any and all rights GGP may have had to convert the DIP Loan in the future in connection with a plan implementing the BFP Commitment (as defined below) has expired. Pursuant to the specific contractual language negotiated by the parties to the DIP Credit Agreement, GGP's obligation to deliver the Conversion Notice (or allow the Conversion Option, as defined below, to expire unexercised) was triggered when this Court entered its May 7, 2010 order (the "Approval Order") which, among other things, approved the motion (the "Motion") of the above-captioned debtors (the "Debtors") to enter into investment agreements with "Qualified Backstop Parties" in connection with a "potential Qualified Rights Offering" of reorganized GGP stock. In support of its Statement, the DIP Agent represents as follows:

PRELIMINARY STATEMENT

1. On May 15, 2009, the DIP Lenders entered into the DIP Credit Agreement with the Debtors, pursuant to which they agreed to provide the Debtors with a $400,000,000 credit facility, along with the unprecedented option to convert the DIP Loan, under certain circumstances, to equity in reorganized GGP at the end of the Debtors' cases (the "Conversion Option").

[Footnote continued from previous page]
to that certain Master Assignment and Resignation Agreement and Amendment No. 1 to Credit Agreement dated as of March 10, 2010, the "DIP Credit Agreement").

2. The Debtors' ability to exercise the Conversion Option is not unconditional. At the DIP Lenders' specific request, and in return for granting the Conversion Option, the DIP Credit Agreement contains several specifically negotiated provisions that protect the interests of the DIP Lenders in connection with the Conversion Option. One key protection is the Debtors' obligation to provide notice of their intent to exercise the Conversion Option by the earlier of several landmark events (the "Notice Provisions"),[2] including "the date an order is entered approving a Qualified Backstop Party[3] in connection with a potential Qualified Rights Offering."[4] See Exhibit A, Schedule ¶ 1 (emphasis added). If the Debtors fail to deliver the Conversion Notice immediately following a triggering event, the Conversion Option will expire and their right to convert the DIP Loan to equity in a reorganized GGP will terminate. This Notice Provision and Conversion Option expiry were so important to the DIP Lenders that it was expressly requested by them, and, when the clause was mistakenly omitted from a draft of the agreement that was presented to the Court for approval, the DIP Lenders specifically requested

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[2] The Notice Provisions are set forth in Schedule 3.1-A to the DIP Credit Agreement (the "Schedule"), a copy of which is attached hereto as Exhibit A.

[3] A "Qualified Backstop Party" is defined in the Schedule as an independent third party that (i) is not an Affiliate of GGP, and (ii) does not beneficially own more than 15% of the voting stock (which, with respect to Fairholme and Brookfield, has not been exceeded) including voting stock derivatives (including any swap or short sale) of GGP.

[4] A "Qualified Rights Offering" is defined in the Schedule as a rights offering to pre-petition stakeholders of GGP and/or its affiliates in connection with a plan of reorganization that meets the following qualifications: (i) subscribed to be sold to at least 50 ultimate purchasers who are not affiliated with each other (or 25 ultimate purchasers who are not affiliated with each other if such rights offering is made solely to creditors of GGP in their capacity as such); (ii) the offered shares shall be listed on the New York Stock Exchange or the NASDAQ Global Market within five trading days of completion of the rights offering; and (iii) the issue size is at least three times the sum of the outstanding principal, accrued and unpaid interest, and exit fee under the DIP Loan. If the rights offering is not backstopped by a Qualified Backstop Party in an amount exceeding at least 40% of the rights being offered, additional qualifications will apply.

that the clause be read into the record at the hearing to approve the DIP Loan (and embodied properly in the final agreement).

3. The Debtors' obligation to provide the Conversion Notice to the DIP Lenders, or allow their right to convert the DIP Loan to terminate, has now been triggered. On May 7, 2010, this Court approved the Debtors' Motion to enter into investment agreements with "Qualified Backstop Parties" in connection with a "potential Qualified Rights Offering" of reorganized GGP stock.

4. The commitments provided by affiliates of Brookfield Asset Management Inc. ("Brookfield"), Fairholme Capital Management, LLC ("Fairholme"), and Pershing Square Capital Management, L.P. ("Pershing"), contemplate a backstop on which the Debtors may rely in seeking to raise alternative funds (the economic proposal contemplated by these commitments, as the same may be amended from time to time, the "BFP Commitment"). One prime example of this backstop feature is that Pershing and Fairholme have agreed to provide a $3.8 billion equity investment, subject to the option of the Debtors to reduce the commitments thereunder by $1.9 billion if more attractive investment capital is identified. Additionally, the BFP Commitment was amended on May 3, 2010 to include what the Debtors characterize as an "additional backstop" by Brookfield and Pershing related to a potential additional $500 million equity rights offering. The consideration for providing such backstop commitments was approved pursuant the Approval Order and is not subject to any further motion or order.

5. There is no dispute that Brookfield and Fairholme are not affiliates of the Debtors and that neither beneficially owns voting stock of GGP in excess of 15%; thus, the Approval Order is an order "approving a Qualified Backstop Party." There is also no dispute that the Motion and the BFP Commitment contemplate the possibility of GGP raising capital pursuant to

a rights offering, and that such rights offering "might" constitute a Qualified Rights Offering. In briefing in support of the Motion, and at the related hearing (the "Approval Hearing"), the Debtors specifically and repeatedly referenced a rights offering as one of the options that they may pursue as a means to raise capital less expensive than that provided by the BFP Commitment. Indeed, in their reply brief in support of the Motion, the Debtors specifically conceded that they "might" utilize a Qualified Rights Offering. The Debtors' own statements confirm that the Debtors have entered into the BFP Commitment in contemplation of, among other things, a "potential Qualified Rights Offering."

6. Having agreed in the DIP Credit Agreement to make their decision concerning the Conversion Option now, and to give notice to the DIP Lenders of that decision, the Debtors seek to delay the expiration of the Conversion Option to provide themselves with the benefit of additional time for which they did not bargain, at considerable cost to the DIP Lenders. The Debtors focus on the word "potential" in the Notice Provisions, and argue that the Debtors need only provide the Conversion Notice when they actually launch a rights offering or return to the Court to seek approval of the terms of a rights offering.

7. While, pursuant to the Schedule, a Qualified Rights Offering must only be a possible path towards raising capital in order to trigger the Notice Provisions, the Debtors have, in fact, taken significant steps towards setting the framework for a potential Qualified Rights Offering. For example, the BFP Commitment establishes a range for a rights offering (up to $2.4 billion on a backstopped basis), effectively establishes a floor price for the rights offering ($10.50 per share), and provides a timeline for implementation of a rights offering.

8. Indeed, the Debtors' reading of this Notice Provision also ignores the fact that the DIP Credit Agreement provides the Debtors with the right to withdraw a timely delivered

Conversion Notice in the event that a potential Qualified Rights Offering does not become an actuality. This withdrawal right is designed to provide the Debtors with a safety valve where the potential paths towards raising capital include the possibility of a rights offering, but a final decision on the mechanic has not yet been made. The Debtors' reading of the Schedule would render moot the withdrawal right.

9. While the Debtors may wish they could ignore the Notice Provision at issue, well established canons of contract construction demand that the DIP Credit Agreement be read to give all its provisions meaning. Here, "potential" has an important meaning in modifying the defined term "Qualified Rights Offering."

10. Finally, the Debtors' misreading of the Schedule undermines the economic bargain of the parties. By requiring that the Debtors make their conversion decision at the time of the entry into a backstop arrangement, the DIP Lenders bargained for the economic protection that the Debtors and the new investors (the backstop parties) must exercise the Conversion Option at the net price per share set forth in the BFP Commitment, a price that the parties deem to be attractive today.[5] The Debtors did not negotiate the right to take a "second look" at the conversion decision in the event that the market had determined that the backstop commitment was overpriced. Indeed, the Notice Provision at issue was clearly intended to prevent the Debtors and the investors from gaming the deal in that way.

11. In addition to providing the Debtors with a windfall, permitting the Debtors to defer the decision related to the Conversion Option would result in serious harm to the DIP Lenders. Without a clear understanding of their treatment today, the DIP Lenders will be unable

[5] Pursuant to the Schedule, the equity conversion ratio is based on the lowest net price paid for the shares. Presumably that price will be the price paid by the backstop parties.

to properly protect their interests in the Debtors' bankruptcy cases. For example, the DIP Lenders would, as any reasonable investor, employ different risk management strategies depending on whether the investment were expected to result in cash or in equity. By extending this uncertainty past the date on which the DIP Lenders had bargained for certainty, the DIP Lenders will incur significant risks associated with managing both alternatives. In addition, the DIP Lenders will be deprived of the economic leverage of receiving a Conversion Notice now that they specifically negotiated as a *quid pro quo* for sacrificing their right to be paid in cash in full.

12. For the reasons set forth in this Statement, the DIP Agent respectfully requests that the Court find that the Notice Provisions have been triggered and that the Debtors must decide now whether they intend to convert the DIP Loan in connection with a plan based on the BFP Commitment, or see the Conversion Option expire and terminate.

BACKGROUND

13. Beginning on April 16, 2009, the Debtors filed voluntary petitions for relief under title 11 of chapter 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Court"). The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

A. The DIP Credit Agreement And The Conversion Option

14. On May 14, 2009, following a hotly contested auction process (the "DIP Auction"), the Court entered a final order authorizing the Debtors to enter into the DIP Credit Agreement (the "Final DIP Order") [Docket No. 527]. Concurrently with the entry of that order, the DIP Lenders funded the DIP Loan.

15. One of the unique features of the DIP Credit Agreement, as compared to other debtor-in-possession loans of similar type and tenor, is the ability of the Debtors to exercise the Conversion Option, which permits the repayment of the DIP Loan, in full or in part, in equity of GGP or in "conversion debt," as such term is described in the DIP Credit Agreement.

16. The Conversion Option was important to the Debtors in selecting a suitor for their post-petition borrowing needs. See May 13, 2009 Hr'g Tr., p. 32 (discussing the importance of the Conversion Option to the Debtors).[6]

B. The Parties Negotiate Over The Trigger Notice Provisions

17. To accommodate the Debtors' demands, the DIP Lenders acceded to the inclusion of the Conversion Option in the DIP Credit Agreement. In so doing, the DIP Lenders surrendered the certainty of cash repayment, one of the most significant protections afforded to post-petition lenders under the Bankruptcy Code. Recognizing the significance of this concession, the DIP Lenders and their counsel spent numerous hours negotiating the express terms of the Schedule to ensure that the DIP Lenders were appropriately protected with respect to the possible exercise of the Conversion Option. See id., p. 81 (discussing the vigorous negotiations accompanying the entry into the DIP Loan). In these negotiations, a significant amount of the DIP Lenders' efforts were spent on limiting the instances in which the Conversion Option could be exercised, providing for its expiration, and on regaining some semblance of the certainty of treatment that had been sacrificed in consenting to the Conversion Option.

18. Ultimately, the DIP Lenders regained some of their lost certainty through heavily negotiated notice provisions which require GGP to alert the DIP Lenders in writing of its intent

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[6] A copy of excerpts from the May 13, 2009 hearing transcript are attached hereto as Exhibit B.

to exercise the Conversion Option upon the passage of certain benchmarks. In their final negotiated form, these Notice Provisions provided that GGP must deliver the Conversion Notice:

> [N]o later than the earlier of (x) the date that is 45 days prior to the Maturity Date [of the DIP Loan], (y) the time of the approval by the Bankruptcy Court of a disclosure statement for the [Debtors' plan of reorganization] and (iii) the date an order is entered approving a Qualified Backstop Party in connection with a potential Qualified Rights Offering.

See Exhibit A, Schedule ¶ 1 (emphasis added). The importance the DIP Lenders attached to prompt exercise of the Conversion Option is reflected in language governing the circumstances under which GGP may withdraw its Conversion Option once delivered: "[GGP] shall have the right to withdraw its conversion election … if [GGP] determines that the rights offering contemplated [above] is not, or is unlikely to be, a Qualified Rights Offering" (the "Withdrawal Right"). See Exhibit A, Schedule ¶ 1. The DIP Lenders specifically bargained for these Notice Provisions to ensure that, once one or more of these benchmarks have passed, the Conversion Option will expire and they will once again have certainty in their treatment.

19. As originally drafted, the Notice Provisions were not nearly as robust as they appear in the final version of the Schedule. The Notice Provisions were based on a prior version of the Schedule (the "Pershing Schedule")[7] which accompanied the Debtors' initial motion seeking interim and final orders approving entry into a debtor-in-possession credit agreement with affiliates of Pershing [Docket No. 9]. The Pershing Schedule provided only that the Debtors must deliver the Conversion Notice 30 days prior to the maturity of the DIP Loan. See Exhibit C, Pershing Schedule, ¶ 1.

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[7] A copy of the Pershing Schedule is attached hereto as Exhibit C.

C. The Debtors Agree To An Expiry Trigger Related To A Backstop Party In Connection With A Potential Qualified Rights Offering

20. In negotiations at the DIP Auction, the DIP Lenders demanded the inclusion of additional expiration events, including "the date a motion is filed seeking an order approving a backstop purchaser in connection with a potential Qualified Rights Offering, and subject to the entry of such order." The Debtors agreed to the inclusion of this requirement at the DIP Auction, but failed to update the Schedule accordingly when it was initially filed with the Court following the DIP Auction. See Docket No. 488, Exhibit 5, attached hereto as Exhibit D. Recognizing the absence of this key provision, the DIP Lenders, through their counsel, approached the Debtors and demanded that this provision be read into the record at the hearing related to entry of the Final DIP Order (the "DIP Hearing") – the Debtors agreed to this, and the additional trigger provision was read into the record. See Exhibit B, May 13, 2009 Hr'g Tr., pp. 161-62.

21. Following the DIP Hearing, the language of the Notice Provisions was further negotiated and ultimately entered by this Court in its current form as an exhibit to the Final DIP Order. See Docket No. 527, Exhibit 1, an excerpt of which is attached hereto as Exhibit A.

D. The Debtors Seek Entry Of An Order Approving A Qualified Backstop Party In Connection With A Potential Qualified Rights Offering

22. On March 31, 2010, the Debtors filed the Motion, which, *inter alia*, sought entry of an order, authorizing the Debtors to enter into three related agreements: (i) a Cornerstone Investment Agreement (as amended on May 3, 2010, the "Brookfield Investment Agreement") by and between GGP and an affiliate of Brookfield; (ii) a Stock Purchase Agreement (as amended on May 3, 2010, the "Fairholme Investment Agreement") by and between GGP and affiliates of Fairholme; and (iii) a Stock Purchase Agreement (as amended on May 3, 2010, the "Pershing Investment Agreement," and together with the Fairholme Investment Agreement, the

"F/P Investment Agreements," and together with the Brookfield Investment Agreement and the Fairholme Investment Agreement, the "Investment Agreements") by and between GGP and Pershing (together with Fairholme, the "F/P Investors," and together with Brookfield and Fairholme, the "Investors") [Docket No. 4874].

23. The Investment Agreements generally provide for a commitment by each of the Investors to purchase shares of reorganized GGP common stock (the "GGP Shares") in connection with a plan of reorganization.[8]

24. The F/P Investment Agreements provide GGP with the option to reduce the commitments of the F/P Investors if the GGP Shares are sold to a third party at a higher per-share price (such agreement to reduce the commitment, the "F/P Backstop"). See Fairholme Investment Agreement § 1.4; Pershing Investment Agreement § 1.4. Further, each of the Brookfield Investment Agreement and the Pershing Investment Agreement were amended on May 3, 2010 to incorporate "Additional Backstops," pursuant to which Brookfield and Pershing agreed to backstop a $500 million rights offering of GGP Shares to holders of current GGP equity (the "Additional Backstop"). See Brookfield Investment Agreement § 6.9; Pershing Investment Agreement § 6.9.

PROCEDURAL POSTURE OF THIS DISPUTE

25. On April 28, 2010, counsel to the DIP Agent delivered a letter (the "Early Warning Letter")[9] to counsel to the Debtors (following a telephonic conversation between the

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8 The Investment Agreements contain a Plan Summary Term Sheet (the "Term Sheet") which describes the treatment of creditor classes in connection with the proposed plan of reorganization of the Debtors. With regard to claims arising under the DIP Loan, the Term Sheet states that the DIP Loan will be paid in cash in full; however, it also states that: "[t]he Plan Debtors may, at their option, satisfy all or a portion of the DIP Loan Claims through a conversion to New Common Stock, provided GGP engages in a 'Qualified Rights Offering' in accordance with the terms of the order approving the DIP facility or on such other terms as the parties may agree."

firms on this issue) alerting the Debtors that, as described further below, the entry of an order approving the Motion would trigger the Debtors' obligation to deliver the Conversion Notice or, if such notice were not delivered, cause the Conversion Option to expire.

26. On May 3, 2010, the Debtors filed a reply brief (the "Reply") to the objections they had received to their Motion [Docket No. 5121]. Although the Reply attacked the Early Warning Letter and argued that the requirement to deliver the Conversion Notice was not triggered, the Debtors conceded that the Investment Agreements provide GGP with the option of raising capital through a rights offering, and that such rights offering "might" constitute a Qualified Rights Offering. See Reply ¶¶ 71, 72.

27. Attached to the Reply, and in response to the Early Warning Letter, the Debtors filed an amended version of the proposed Approval Order. By proposing a new finding by the Court, the Debtors sought what was, in essence and without initiating an adversary proceeding, a declaratory judgment that entry of the Approval Order did not trigger the Notice Provisions (the "Declaratory Finding") or the expiration of the Conversion Option.

28. On May 7, 2010, the Court held the Approval Hearing. At the Approval Hearing, counsel for the Debtors once again conceded that a capital raise through use of a rights offering, which the Investors would backstop, was "possible." See May 7, 2010 Hr'g Tr., p. 19 ("Specifically, Brookfield, Fairholme and Pershing have agreed to backstop an additional two billion dollars of capital to be available at closing. This includes 1-1/2 billion dollars of debt and

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[Footnote continued from previous page]

[9] A copy of the Early Warning Letter is attached hereto as Exhibit E.

a possible 500 million equity rights offering. When I say 'possible,' it's not clear that we would proceed that way, Your Honor, but that would be backstopped by the investment parties.").[10]

29. Following the Approval Hearing, the Court entered the Approval Order [Docket No. 5145], but specifically declined to include the Declaratory Finding sought by the Debtors. Instead, the Court ordered that the status quo be maintained pending a determination as to whether the entry of the Approval Order triggered the Notice Provisions (the "Freeze Period").

30. As of the date hereof, the Debtors have not provided the DIP Agent or DIP Lenders with the Conversion Notice.

STATEMENT

31. The Debtors' power to exercise the Conversion Option is not unlimited. Conversion of the DIP Loan to either debt or equity, in lieu of the cash repayment generally mandated by the Bankruptcy Code, is conditioned upon several strict requirements being satisfied – most notably, compliance with the Notice Provisions.

32. Based upon a plain reading of the Investment Agreements, it is clear that the Debtors "might" raise funds pursuant to a rights offering. Further, such rights offering "might" meet the criteria of a "Qualified Rights Offering." The Debtors have conceded as much in their Reply, and at the Approval Hearing. The "possibility" today that such Qualified Rights Offering might transpire in the future is all that is required to trigger the Debtors' obligation to deliver the Conversion Notice under the Schedule. By the express terms of the Schedule, a Qualified Rights Offering must only be a "potentiality" at the time of entry of an order approving a Qualified Backstop Party. The Debtors have bargained for no more expansive right.

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[10] A copy of excerpts from the May 7, 2010 hearing transcript are attached hereto as Exhibit F.

33. Failure to deliver the Conversion Notice today, while preserving optionality for the Debtors, will result in harm to the DIP Lenders which they have bargained to avoid. The DIP Lenders specifically negotiated the right to know whether they will be repaid in cash or equity as soon as a backstop party was approved in connection with a potential Qualified Rights Offering. The DIP Lenders granted the Debtors the option to designate the risk profile of their repayment, but only up to a point in these proceedings. That point has been reached, and the DIP Lenders are entitled to know where they stand. The Debtors must exercise the Conversion Option immediately, or see it expire.

A. The Express Terms Of The Schedule Require The Delivery Of The Conversion Notice Upon Entry Of The Approval Order Or The Conversion Option Expires

34. While the Debtors would like to preserve optionality with respect to the conversion of the DIP Loan, the closely negotiated terms of the Schedule expressly require the Debtors to serve the Conversion Notice no later than "the date on which an order is entered approving a Qualified Backstop Party in connection with a potential Qualified Rights Offering." See Exhibit A, Schedule ¶ 1.

35. The F/P Investment Agreements clearly contemplate both a Qualified Backstop Party (Fairholme, at a minimum)[11] and a potential Qualified Rights Offering (the F/P Backstop and the Additional Backstop); as such, the Conversion Notice must be delivered upon

[11] It is our understanding that Pershing would meet the definition of "Affiliate" under the DIP Credit Agreement, and thus would not satisfy the requirements of a "Qualified Backstop Party." However, to the extent that Pershing were deemed to not be an "Affiliate" of GGP, it too would be a Qualified Backstop Party which the Debtors sought to approve at the Approval Hearing.

termination of the Freeze Period in order for the Debtors to exercise the Conversion Option.[12]

36. Pursuant to the Schedule, the term "Qualified Backstop Party" is broadly defined to include any independent third party that is not an Affiliate (as such term is defined in the DIP Credit Agreement) of GGP, and does not beneficially own more than 15% of the voting stock (including voting stock derivatives) of GGP. Absent evidence to the contrary, Fairholme, at a minimum, would meet the requirements of this broadly defined term.[13]

37. Further, the Investment Agreements clearly contemplate a "potential Qualified Rights Offering," as such term is defined in the DIP Credit Agreement. Both the Fairholme Investment Agreement and the Pershing Investment Agreement contain a provision whereby Fairholme and Pershing have each agreed to reduce their commitment to purchase shares of reorganized GGP in the event that the Debtors are successful in selling shares of reorganized GGP common stock at a price exceeding $10.50 per share. See Fairholme Investment Agreement § 1.4; Pershing Investment Agreement § 1.4. In other words, Fairholme and Pershing have agreed to backstop a $1.9 billion capital raise in the event that the Debtors do not obtain some or all of this $1.9 billion from other parties at a more attractive price.

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[12] Nothing contained herein should be read to concede that, even if such Conversion Notice is delivered to the DIP Lenders, the exercise of the Conversion Option is otherwise permissible under the Schedule.

[13] Further, the Brookfield Investment Agreement (as amended) contains the Additional Backstop described above. It is our understanding that Brookfield is not an Affiliate of GGP, and would otherwise meet the criteria of a Qualified Backstop Party under the Schedule. As such, upon entry of the Approval Order, the Debtors additionally sought and received approval of Brookfield as a Qualified Backstop Party in connection with a potential Qualified Rights Offering.

B. The Debtors Seek To Rewrite The Express Provisions Of The DIP Credit Agreement In Their Reply

38. The Investment Agreements contemplate that Fairholme is a Qualified Backstop Party and it cannot seriously be argued otherwise. Nor can it be seriously argued that the F/P Backstop is not a backstop agreement. And, indeed, the Debtors did not contest these facts in their Reply.

39. Instead, the Debtors have sought to rewrite the express terms of the Schedule by replacing the word "potential" with the word "pending." They argue that, while one of the options available to the Debtors under the BFP Commitment is to pursue a Qualified Rights Offering, they are not required to pursue this option. Further, the Debtors argue that, even in the event that they pursue a rights offering in connection with their plan of reorganization, such rights offering may not meet the criteria of a Qualified Rights Offering. Each of these arguments, however, ignores the simple meaning of the word "potential."

40. In determining the plain and ordinary meaning of words to a contract, "it is common practice for the courts of [New York] to refer to the dictionary." Mazzola v. County of Suffolk, 533 N.Y.S. 2d 297, 297 (N.Y. App. Div. 1988) (referring to a dictionary for the meaning of the terms "condemned" and "condemnation"); see also Allied Chemical Corp. v. Alpha Portland Industries, Inc., 397 N.Y.S. 2d 480, 482 (N.Y. App. Div. 1977) (referring to a dictionary for the meaning of the term "quarry"). Black's Law Dictionary defines the word "potential" as "[c]apable of coming into being; possible." Black's Law Dictionary 1287 (9th ed. 2009) (emphasis added). It is indisputable that, based upon the terms of the Investment Agreements, not only is a Qualified Rights Offering capable of coming into being, the foundation for such a mechanism, in the form of the F/P Backstop and the Additional Backstop, has already been laid.

41. Indeed, the Debtors admit as much in their Reply – stating that they possess the option to raise capital pursuant to a rights offering, and that such rights offering "might" be a "Qualified Rights Offering." See Reply ¶¶ 71, 72. While the Debtors do not actually use the word "potential" in their Reply, their word choice is a mere distinction without a difference. Moreover, counsel for the Debtors conceded at the Approval Hearing that the use of a rights offering backstopped by the Investors was "possible," a synonym directly referenced in the definition of "potential." See Exhibit F, May 7, 2010 Hr'g Tr. p. 19.

42. The Debtors also attempt to argue that a rights offering will only become a "potential" Qualified Rights Offering once substantial steps towards its implementation are pursued. See Reply ¶ 73 (arguing that, *inter alia*, no term sheet or draft documents related to a Qualified Rights Offering have been produced). But no such requirement to trigger the Notice Provisions exists. A plain reading of the Schedule reveals that the trigger date is the date of entry of an order approving the Qualified Backstop Party, not the date of entry of an order approving the Qualified Rights Offering. In fact, not only does the Approval Order approve the backstop arrangements, but it also approves all consideration payable to the backstop parties (e.g. the interim and final warrants) and such consideration is not subject to any further motion or order.

43. The Debtors' reading of the Schedule conflates the word "pending" with the word "potential." While the Debtors may wish that they had drafted the words of the Schedule differently, they cannot attempt, at this juncture, to re-write its plain language. In any event, the Debtors have taken substantial steps towards implementing a rights offering. The Debtors have negotiated and consummated three agreements with the Investors which contain rights offering backstop elements – the F/P Backstop, and the Additional Backstop. While the Investment

Agreements do not address the more granular aspects of the potential rights offerings, such as which entity will serve as bookrunner, the significant groundwork for these rights offerings is evident.

C. The Presence Of The "Withdrawal Right" Disproves The Debtors' Argument That A Qualified Rights Offering Must Be More Than Merely "Possible"

44. The Schedule provides that "[GGP] shall have the right to withdraw its conversion election … if [GGP] determines that the rights offering contemplated [above] is not, or is unlikely to be, a Qualified Rights Offering." See Exhibit A, Schedule ¶ 1. As such, and subject to the exercise of their duties of good faith and fair dealing, the Withdrawal Right provides the Debtors with the ability to withdraw the Conversion Notice if a "potential" Qualified Rights Offering does not mature into an "actual" Qualified Rights Offering.

45. The Withdrawal Right disproves the Debtors' contention that a decision to proceed with a Qualified Rights Offering must be finalized in order to trigger the Notice Provisions. The Withdrawal Right is a safety valve for the Debtors in the event that they opt to deliver the Conversion Notice and exercise the Conversion Option at a time when raising capital through a Qualified Rights Offering is a possible course of action, but not a guaranteed course of action, and such Qualified Rights Offering never comes to fruition. In such situations, and subject to the Debtors' duties of good faith and fair dealing, the Debtors would be entitled to withdraw their Conversion Notice. In point of fact, the Withdrawal Right was intended to address situations – such as now – where the Debtors are confronted by a difficult choice in how to proceed.

46. In contrast to the Debtors' reading of the Schedule, the Withdrawal Right provides support for the proposition that a Qualified Rights Offering must merely be "potential," or "possible," and not "pending," or "imminent," in order to trigger the requirement to deliver

the Conversion Notice. The Debtors' reading of the Schedule would render the Withdrawal Right meaningless – if the Notice Provisions were not triggered until a time when proceeding pursuant to a Qualified Rights Offering was a foregone conclusion, there would never be an opportunity or need to withdraw the Conversion Notice. However, basic principles of contract interpretation under New York law require that a contract be read in a light that gives meaning to all of its provisions. See Ronnen v. Ajax Elec. Motor Corp., 88 N.Y.2d 582, 589 (1996) ("We have long and consistently ruled against any construction which would render a contractual provision meaningless or without force or effect."); see also CNR Healthcare Network, Inc. v. 86 Lefferts Corp., 59 A.D.3d 486, 489 (2d Dep't 2009).

D. The Notice Provisions Were Designed To Prevent The Precise Harm The DIP Lenders Now Face

47. The clarifying adjective "potential" does not appear in the Schedule by happenstance. Its inclusion was specifically negotiated by the DIP Lenders in order to obtain assurance of treatment no later than the juncture in which we now find ourselves. By permitting the Debtors to exercise the Conversion Option after its stated expiration, the Court would deprive the DIP Lenders of the economic leverage for which they had negotiated, and would allow the Debtors to reap a windfall on the backs of the DIP Lenders.

48. If the obligation to provide the Conversion Notice were deferred until the approval of the disclosure statement, the DIP Lenders would face several serious harms that they specifically bargained to protect themselves from. As an initial matter, the DIP Lenders will be caught in a "legal limbo" for the remainder of the Debtors' cases – without knowing whether they will receive cash or equity on account of the DIP Loan, the DIP Lenders will be unable to properly defend their interests in plan negotiations. The legal positions of a hypothetical

reasonable investor would assuredly differ depending on whether such investor was anticipating a return in equity or cash.

49. Moreover, expanding the timing of the Debtors' conversion right deprives the DIP Lenders of the economic leverage that they expected to receive in exchange for conceding the Conversion Option in the first place. The DIP Lenders agreed to provide the Debtors with the Conversion Option only if the Debtors were required to provide the Conversion Notice at a time when the Debtors and a third party backstop party deemed the conversion price to reflect a fair market price.

50. The DIP Lenders did not agree to permit the Debtors a "second look" at the Conversion Option once the price had been market tested. If, contrary to what the parties bargained for, the Debtors are permitted to retain the Conversion Option until approval of the disclosure statement, the DIP Lenders can only be harmed by negative market movements, and cannot receive the commensurate benefit of positive movements. The Debtors will reap a windfall, on the backs of the DIP Lenders, from a second look at whether $10 per share (minus the value of the warrants) was a fair purchase price on May 7, 2010. No market investor is entitled to "wait and see" how the market moves unless it has specifically negotiated for that right (e.g. an option contract).

51. Here, no such right was negotiated by the Debtors – by contrast, the history of negotiation of the express language of the Notice Provisions proves the opposite. Recognizing the risks accompanying the Conversion Option, the DIP Lenders spent numerous hours establishing boundaries to circle-fence these risks. Understandably, the Debtors did not want to surrender their right to a second look at the conversion price, and, despite the fact that the Debtors agreed to this Notice Provision at the DIP Auction, it took the DIP Lenders several

attempts before the provision actually appeared in the Schedule. Now, even after the long history accompanying this Notice Provision, the Debtors continue to fight for their second look.

52. Notwithstanding the Debtors' understandable desire to continue to retain the Conversion Option indefinitely, such desire, by itself, does not give rise to a legal right. The express terms of the Schedule require the Debtors to deliver the Conversion Notice upon entry of the Approval Order. The DIP Lenders should be entitled to the benefit of their bargain.

RESERVATION OF RIGHTS

53. The DIP Agent and the DIP Lenders expressly reserve all rights to assert that the Debtors have failed to satisfy any or all of the conditions to exercising the Conversion Option, including but not limited to the right to assert that an Event of Default (as defined in the DIP Credit Agreement) has occurred and is continuing, and nothing contained herein should be deemed a waiver of any such Default or Event of Default.

* * *

WHEREFORE, Law Debenture Trust Company of New York respectfully requests that the Court grant the relief requested herein and such other and further relief as it deems just and proper.

Dated: May 21, 2010
New York, New York

Respectfully Submitted,

GIBSON, DUNN & CRUTCHER LLP

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EXHIBIT A

Schedule 3.1-A

Loan Conversion Terms

Capitalized terms used herein and not otherwise defined shall have the meanings attributed to them in the Agreement.

1. The General Partner (on its own behalf and on behalf of the other Borrower) shall have the right by delivering written notice to the Lenders no later than the earlier of (x) the date that is 45 days prior to the Maturity Date, (y) the time of the approval by the Bankruptcy Court of a disclosure statement for the POR and (z) the date an order is entered approving a Qualified Backstop Party in connection with a potential Qualified Rights Offering, to elect (which election shall be irrevocable unless (i) otherwise consented to by all Lenders or (ii) the POR with respect to which such election applies is not approved by the Bankruptcy Court) to pay on the Plan Date (a) all or a portion of the sum of (i) the outstanding principal amount of the Term Loan, (ii) accrued and unpaid interest due and owing on the Plan Date and (iii) the Exit Fee then due and payable by issuing to the Lenders the Conversion Shares; provided, however, that in no event shall such conversion result in the Lenders' receipt in the aggregate of Common Stock in connection herewith equaling more than (A) 8.0% (on a Fully-Distributed Basis) of the aggregate amount of Common Stock distributed in connection with the POR or (B) 9.9% of the aggregate amount of Common Stock actually distributed in connection with the POR on the Plan Date (without giving effect to any Common Stock the distribution of which is subject to any contingency, holdback or other similar arrangement) (herein, the "Maximum Conversion Shares"); and/or (b) all or a portion of the outstanding principal amount of the Term Loan by issuing to the Lenders conversion debt. Notwithstanding the prior language, the General Partner shall have the right to withdraw its conversion election made in accordance with (z) above, or if (y) and (z) occur substantially concurrently, (y) and (z), and such election shall be of no further force and effect, if the General Partner determines that the rights offering contemplated by clause (z) in the first sentence is not, or is unlikely to be, a Qualified Rights Offering.

2. The right of the General Partner to make the election and effect the conversion described in paragraph 1 above is subject to all of the following conditions precedent having been satisfied on the Plan Date (except if and to the extent that any such condition has been expressly waived in writing by the Majority Lenders):

a. There is no continuing Event of Default;

b. In the case of conversion of any portion of the Term Loan to Conversion Shares, and only in such case, the Common Stock is, or all necessary and appropriate actions have been taken, including receipt of approval for listing, such that the Common Stock will be, within five Business Days after the Plan Date, quoted on the New York Stock Exchange or The NASDAQ Global Market;

c. The Plan Date occurs within 24 months of the date hereof;

d. The General Partner and its direct and indirect consolidated subsidiaries ("Consolidated GGP") shall not have divested assets (after giving effect to transactions contemplated to be made in the POR, and including foreclosures after the commencement of the Case) that generated more than 20% of the net operating income of Consolidated GGP in its fiscal year 2008;

e. The Exit Fee then due and payable shall have been paid in full at or prior to the time of such conversion; and

f. In the case of conversion of all or any portion of the Term Loan to conversion debt, and only in such case, conversion debt shall have the following terms: (i) principal amount shall be less than or equal to six times the last twelve months net operating income of real property on which the Lenders have a first lien ("First Lien Properties"), provided that no tenant shall represent greater than 10% of the aggregate rent of the First Lien Properties in the last twelve months; (ii) collateral shall be comprised of the first mortgage liens on the First Lien Properties and related personal property, Borrowers' wholly-owned land and a lien on the Borrowers' cash collateral account; (iii) interest rate and other economic terms shall be the same as the Term Loan, provided that the Borrowers shall not be required to pay an origination, commitment, extension, exit or other comparable or substitute fee, or any prepayment premium, penalty or fee; (iv) non-economic terms of the conversion debt shall be substantially similar to the terms of the Term Loan provided that the bankruptcy concepts shall be generally removed and, in the case of the Subsidiaries owning the First Lien Properties, there shall be no or minimal baskets for indebtedness, liens and asset sales; (v) the General Partner and Lenders shall negotiate loan conversion documents in good faith; and (vi) Borrowers' direct parent and subsidiaries shall provide guarantees reasonably satisfactory to the Lenders that carve out all of the Negative Pledge Debtors, provided that such Persons grant no guarantees to other creditors.

3. If and to the extent there is a Value Differential, the General Partner shall be obligated to pay an amount in cash and/or Common Stock ("Value Differential Shares"), at the General Partner's election, ratably to the Lenders, equal to such Value Differential. The General Partner shall make its election as to the form of consideration in which it intends to pay the Value Differential, if any, and publicly announce the same by filing (or furnishing) a Form 8-K with the Securities and Exchange Commission, no later than the open of trading on the third Trading Day preceding the Value Differential Valuation Period (indicating its election and the percentages, if any, of the Value Differential to be paid in cash and through the issuance of Value Differential Shares). That portion of the Value Differential, if any, payable in cash shall be paid not later than 30 calendar days following the Trading Valuation Date. The number of Value Differential Shares issuable in respect of that portion of the Value Differential, if any, payable in Value Differential Shares shall be determined on the seventh Trading Day following the Trading Valuation Date, subsequent to market close on such date, and such Value Differential Shares shall be issued no later than 10:00 AM Eastern Time on the tenth Trading Day following the Trading Valuation Date. The number of Value Differential Shares issuable shall be determined by dividing (x) the dollar amount of the Value Differential payable in Value Differential Shares by (y) the product of (i) 97.0%

multiplied by (ii) the average of each Trading Day's volume-weighted average price with respect to trading of the Common Stock during normal trading hours (9:30 AM to 4:00 PM Eastern Time) for the period beginning on the first Trading Day following the Trading Valuation Date and ending on the seventh Trading Day following the Trading Valuation Date. If payment of the Value Differential is not made in full when due, any amount not paid on such date shall be overdue and shall bear interest at the Default Rate from such payment date to the date payment is made (it being understood that the foregoing shall not in any way be construed as a limitation on any legal remedies to which the Lenders may be entitled as a result of any failure by the General Partner to pay the Value Differential when due). No Value Differential Shares shall be issuable to any Lender, and no Lender shall have any right to receive Value Differential Shares, to the extent that the issuance or potential issuance thereof would result in such Lender beneficially owning (within the meaning of Section 13(d) under the Securities Exchange Act of 1934) more than 9.9% of the Common Stock; provided, however, that no Lender shall be deemed to beneficially own more than 9.9% of the Common Stock due to a group, trust, account, agreement, or other arrangement, implicit or explicit, with any other Lender solely as a result of any relationship created by this Schedule 3.1-A unless such Lenders reasonably conclude, based on advice of counsel, that such Lenders are or would be a group (within the meaning of Section 13(d) under the Securities Exchange Act of 1934) with respect to the Common Stock and that such Lenders could, depending on the number of Value Differential Shares issuable, be required to disclose on a Schedule 13D that each such Lender beneficially owns more than 9.9% of the Common Stock as a result of receiving Value Differential Shares. To the extent any Lender is precluded from receiving Value Differential Shares to which it would be entitled but for the restriction set forth in the immediately preceding sentence, such Lender shall be entitled to receive cash in lieu of any Value Differential Shares that would otherwise have been issuable but for such restriction. Notwithstanding anything herein to the contrary, no payment shall be made in respect of a Value Differential if a Qualified Rights Offering has been made. If there is no Qualified Rights Offering, then no Lender shall, during the Value Differential Valuation Period, sell, assign or dispose of Common Stock or Common Stock derivatives in an amount greater than 10.0% of such Lender's Conversion Shares on any one Trading Day.

4. The General Partner shall take all necessary and appropriate measures to cause the Conversion Shares and any Value Differential Shares to be freely tradable, upon issuance to the Lenders, without registration (e.g., pursuant to Section 1145 of the Bankruptcy Code). If and to the extent the Majority Lenders determine in good faith that Conversion Shares and/or any Value Differential Shares will or may not be freely tradable, upon issuance to the Lenders, without registration, the General Partner covenants and agrees that following written notification by the Majority Lenders to the General Partner of such determination no later than 30 Business Days after the Plan Date (such date, the "Request Date"), the General Partner shall, at its expense, prepare and file with the Securities and Exchange Commission a registration statement on Form S-3, if available (or, if not available, on Form S-1 or another appropriate form), covering the shares of Common Stock of the Lenders received by such Lenders as a result of the conversion described in paragraph 1(a) hereof and any Value Differential Shares that may be issuable in satisfaction of the Value Differential (collectively, the "Registrable

Shares"), and, to the extent the registration statement has not theretofore been declared effective or is not automatically effective upon such filing, the General Partner shall use commercially reasonable efforts to cause such registration statement to be declared or become effective as promptly as practicable, but in no event later than 180 days after the Request Date, and will use commercially reasonable efforts to keep such registration statement effective and usable for the resale of such Registrable Shares from the date of its initial effectiveness until such time as all Registrable Shares have been sold pursuant to the registration statement or all remaining Registrable Shares may otherwise be freely resold under the Securities Act without limitation or restriction. The registration contemplated by this paragraph 4 shall be effected only once. The registration rights contemplated by this paragraph 4 shall be effected pursuant to the terms of Schedule 3.1-B.

Defined Terms:

"Common Stock" means the common stock of the General Partner.

"Common Stock Equivalent" means any security or instrument that (i) directly or indirectly is convertible into or exercisable or exchangeable for Common Stock, (ii) by its terms is expressly linked to the price or performance of the Common Stock or (iii) by its terms expressly participates in dividends or distributions in respect of, or votes as a class with, the Common Stock; provided, however, that "Common Stock Equivalent" excludes (a) any security or instrument issued in the ordinary course of business pursuant to board approved employee benefits plans of the General Partner (an "Employee Benefits Plan") or any other option, warrant or other security or instrument issued or issuable in the ordinary course of business to employees, officers or directors of the General Partner pursuant to a General Partner board-approved incentive, retention, benefit or similar compensation plan and (b) any rights issued pursuant to the General Partner's shareholder rights plan (provided such rights have not separated from the Common Stock and no triggering event under the rights plan has occurred).

"Conversion Amount" means the sum of (i) the outstanding principal of the Term Loan, (ii) accrued and unpaid interest due and owing on the Plan Date and (iii) the Exit Fee then due and payable that is repaid by the issuance of shares of Common Stock on the Maturity Date in accordance with this Schedule 3.1-A.

"Conversion Shares" means that number of shares of Common Stock determined by dividing the Conversion Amount, stated in U.S. dollars, by the lowest of (i) the value of one share of Common Stock based on the value attributable to one such share in the POR, (ii) the lowest net price per share received from any other purchaser of Common Stock or Common Stock Equivalents in connection with the POR (other than as a result of settling Claims, and provided that any reinstatement or reaffirmation of any Common Stock or Common Stock equivalents of the General Partner in conjunction with the POR shall be treated as an issuance at the lesser of the POR or market value), whether by public offering, private placement, or pursuant to a rights offering to the pre-petition stakeholders of the General Partner in connection with the POR, and (iii) the lowest net price per share received by the General Partner from any issuance of Common Stock or

Common Stock Equivalents to any unaffiliated third party for cash or in exchange for assets in connection with the POR (other than Claims) (such lowest price, which may be the Qualified Rights Offering Price Per Share, the "Initial Conversion Price"). Any fractional share resulting from such calculation shall be paid in cash. For purposes of this definition and for purposes of the second sentence of the definition of "Value Differential" below, "per share" when used with respect to the issuance of any Common Stock Equivalents shall mean the price per share of Common Stock implied by such Common Stock Equivalent determined using a customary methodology agreed between the Majority Lenders and the General Partner; provided that, in the event that the Majority Lenders and the General Partner are unable to agree on such a methodology, each of the Majority Lenders and the General Partner shall select an independent valuation expert, and such independent valuation experts shall in turn jointly select a third independent valuation expert, who shall determine an appropriate valuation methodology and apply such methodology to determine the price per share.

"Fully-Distributed Basis" means, with respect to any class of Common Stock of the kind or class having power generally to vote in the election of directors, the Common Stock that would be distributed after giving effect to the distribution of all Plan Distributable Securities.

"Plan Distributable Securities" means all Common Stock and all Common Stock Equivalents (including any Common Stock and Common Stock Equivalents of the General Partner that are reinstated or reaffirmed in conjunction with the POR) which will be exercised or exchanged or otherwise converted to Common Stock prior to or concurrently with distribution of such security under the POR with respect to which an entitlement to distribution exists under the POR (whether or not such entitlement is subject to contingency, holdback or other similar arrangement).

"POR" means the plan of reorganization with respect to the Debtors as confirmed by the Bankruptcy Court.

"Qualified Backstop Party" means an independent third party that (i) is not an Affiliate of the General Partner, and (ii) does not beneficially own more than 15% of the voting stock including voting stock derivatives (including any swap or short sale) of the General Partner.

"Qualified Rights Offering" means a rights offering to pre-petition stakeholders of the General Partner and/or its Affiliates in connection with the POR that meets the following qualifications: (i) subscribed to be sold to at least 50 ultimate purchasers who are not affiliated with each other (or 25 ultimate purchasers who are not affiliated with each other if such rights offering is made solely to creditors of the General Partner debtors in their capacity as such); (ii) the offered shares shall be listed on the New York Stock Exchange or The NASDAQ Global Market within five Trading Days of completion of the rights offering; (iii) the issue size is at least three times the Conversion Amount; (iv) the rights offering is conducted by a nationally known financial advisor at a price representing a discount to POR reorganization value designed to achieve a fully subscribed offering at such price as may be determined by such nationally known

financial advisor and a nationally known financial advisor selected by the Agent (acting at the direction of the Majority Lenders) (and, if such financial advisors are unable so to agree, such financial advisors shall select another nationally recognized financial advisor, which third financial advisor shall determine the amount of the discount); and (v) if and to the extent applicable, the offered shares are priced with reference to the trading market for the Common Stock prior to the commencement of the rights offering. Notwithstanding the foregoing, if a Qualified Backstop Party agrees to a contractual backstop of at least 40% of the rights being offered in such rights offering meeting the criteria of clauses (i), (ii) and (iii) of this definition, such rights offering shall be deemed to be a Qualified Rights Offering for all purposes except that the Qualified Rights Offering Price Per Share in such case shall be deemed to be equal to the lowest price per share (which shall be calculated net of any fees and other payments made to such third party in connection with the backstop arrangements) of Common Stock obtained by the General Partner and/or its Affiliates in such Qualified Rights Offering from any Qualified Backstop Party or any other purchaser in such rights offering.

"Qualified Rights Offering Price Per Share" means the lower of (i) the lowest price per share (which shall be calculated net of any fees and other payments made to such third party in connection with the backstop arrangements) of Common Stock obtained by the General Partner and/or its Affiliates in a Qualified Rights Offering from any Qualified Backstop Party or any other purchaser in such rights offering and (ii) the POR reorganization value per share.

"Trading Day" means a trading day consisting of a full trading session with respect to which the Common Stock is registered under the Exchange Act and traded on the New York Stock Exchange or The NASDAQ Stock Market.

"Trading Valuation Date" means the fortieth Trading Day following confirmation of the POR.

"Value Differential" means the amount derived (if a positive number) by subtracting (i) the product of (A) the number of shares of Common Stock issued as Conversion Shares multiplied by (B) the lesser of (x) the average of each Trading Day's volume-weighted average price with respect to trading of the Common Stock during normal trading hours (9:30 AM to 4:00 PM Eastern Time) for the period (the "Value Differential Valuation Period") beginning on the twentieth Trading Day following confirmation of the POR and ending on the fortieth Trading Day following confirmation of the POR and (y) the Subsequent Issuance Price (if any) (as defined below), from (ii) the product of (A) the number of shares of Common Stock issued as Conversion Shares multiplied by (B) the Initial Conversion Price. The term "Subsequent Issuance Price" shall mean the lowest net price per share received by the General Partner in respect of any issuance by the General Partner of Common Stock or Common Stock Equivalents subsequent to the issuance of the Conversion Shares and on or prior to the Trading Valuation Date; provided that such calculation shall exclude (i) the effect of any Common Stock or Common Stock Equivalents to the extent previously included in the calculation of the Conversion Price, (ii) any issuances of Common Stock or Common Stock Equivalents in the ordinary course of business in connection with an Employee

Benefits Plan and (iii) any issuances of rights in connection with General Partner's shareholder rights plan (provided such rights have not separated from the Common Stock and no triggering event under the rights plan has occurred). In no event shall the General Partner issue or propose to issue Common Stock or Common Stock Equivalents during the period beginning on the tenth Trading Day prior to the Value Differential Valuation Period and ending on the tenth Trading Day following the Valuation Differential Valuation Period (other than (i) any issuance of Common Stock pursuant to a Common Stock Equivalent to the extent such Common Stock Equivalent was previously outstanding on the tenth Trading Day prior to the Valuation Differential Valuation Period, (ii) any issuance of Common Stock or Common Stock Equivalents in the ordinary course of business in connection with an Employee Benefits Plan and (iii) any issuance of rights in connection with General Partner's shareholder rights plan (provided such rights have not separated from the Common Stock and no triggering event under the rights plan has occurred)).

EXHIBIT B

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

Case No. 09-11977

- -x

In the Matter of:

GENERAL GROWTH PROPERTIES, INC., et al.

Debtors.

- -x

United States Bankruptcy Court

One Bowling Green

New York, New York

May 13, 2009

11:26 AM

B E F O R E:

HON. ALLAN L. GROPPER

U.S. BANKRUPTCY JUDGE

we have no second lien collateral in connection with this DIP financing. There will be -- the nonobligors will be the subject to a negative pledge that is also required by the DIP lender.

The interest rate will be LIBOR plus twelve percent with a LIBOR floor of 1.5 percent. There's only one additional fee, a 3.75 percent exit fee.

There will be an administrative agent fee of 30,000 dollars per month which, unless it's changed, will be paid for the year in advance. The loan may be assigned by the lenders to eligible assignees and the debtors and the lending group have agreed on the requirements for an eligible assignee and have agreed on the list of assignees that would not be acceptable to either.

Voting in connection with the DIP loan would be by majority lender vote, more than fifty percent of the aggregate loans or commitments. There will continue to be a feature important to the debtors, the debtors' option to convert any outstanding amounts under the DIP loan to equity. This is purely an option by the debtor. There's no forced conversion of the DIP loan and that can be converted up to a maximum of eight percent of the fully diluted equity.

Your Honor, I think that from the standpoint of the at least high level provisions of this DIP loan -- obviously, it's a very long document. I believe those are the provisions

entitled to receive adequate protection as set forth in the proposed order.

Mr. Buckfire would testify that the ability of the debtors to continue to operate their business and reorganize under Chapter 11 will be significantly enhanced by the financing memorialized in the revised noteholders DIP credit agreement.

Mr. Buckfire would testify that the debtors' option to convert the DIP loan into equity or debt removes a significant condition to a successful plan of reorganization. Further, the debtors operations and chances of a successful reorganization will be improved by the enhanced liquidity provided by this DIP loan. The liquidity provided by the loan will further give the debtors an enhanced ability to main and selectively improve its properties through increased capital spending and maintenance during the course as well as to operate in the ordinary course of business.

Mr. Buckfire would further testify that throughout this process the terms of the revised noteholders DIP loan, as were the others, were vigorously negotiated at arm's length and in good faith. And based upon his experience and understanding of the current financing markets, the debtors could not have obtained more favorable overall terms and certainly not on an unsecured basis, secured only with junior liens or with a superpriority claim.

MR. SAMSON: Let's just roll it over. As for first days it's probably moot now anyway. And let's see if we can all work together to come up with something that everyone can live with. And just for the record, I'm Paul Samson or Riemer & Braunstein for the 2008 facility lenders.

MR. STROCHAK: That's certainly acceptable to us, Your Honor, so long as the record is so ordered that the existing confidentiality protections will be maintained with respect to anything that we have shared already.

THE COURT: I think that goes without saying, but I'll also order that.

MR. STROCHAK: Thank you, Your Honor.

THE COURT: All right. And we'll put this on for May 27th at 11.

MR. STROCHAK: Very good.

THE COURT: And let's see if we can get the last clause.

(Pause)

MR. HOLTZER: Okay, Your Honor, let me try to put the last point on the record. Again for the record, Gary Holtzer, Weil, Gotshal & Manges for the company. This is a change Schedule 3.1A to the loan conversion terms.

In paragraph 1 there is a clause that ends with -- clause Y that ends with the term "for the POR". We would insert in that clause a new clause that would say in clause Z,

"The date a motion is filed seeking an order approving a backstop purchaser in connection with a potential qualified rights offering, and subject to the entry of such order." We would insert that in the first part.

And then we would add language at the end of that sentence, after the defined term "maximum conversion shares", and that language would say, "Notwithstanding the prior language, the general partner shall have the right to withdraw its conversion election, and such election shall be of no further force and effect if the general partner determines that the rights offering contemplated by clause Z in the first sentence is not or is unlikely to be a qualified rights offering."

THE COURT: All right.

MR. FELDMAN: We're agreed on the language, just I think it befitting that I end the hearing with -- just to be clear, we reserve our rights in connection with what is or isn't a qualified rights offering. And I think we have that, but I just want to make it clear that we had that right. Thank you, Your Honor.

THE COURT: As I understand it, rights offerings were a thing of the past, but they may come back again in the future, is that correct?

MR. FELDMAN: Maybe, we'll see.

THE COURT: We'll see.

EXHIBIT C

Schedule 3.1

Loan Conversion Terms

Capitalized terms used herein and not otherwise defined shall have the meanings attributed to them in the Loan Agreement. As used in this Schedule 3.1, "Agent" shall mean Pershing Square Capital Management, L.P.

1. The General Partner (on its own behalf and on behalf of the other Borrowers) shall have the right, by delivering written notice to the Lenders no less than 30 days prior to the Maturity Date, to elect to pay on the Plan Date all or a portion of the sum of (i) outstanding principal amount of the Term Loan and (ii) accrued and unpaid interest due and owing on the Plan Date by issuing to the Lenders the Conversion Shares; *provided, however,* that in no event shall such conversion result in the Lender's receipt of Common Stock in connection herewith equaling more than 5.0% of the Common Stock on a Fully-Diluted Basis (herein, the "Maximum Conversion Shares").

2. The right of the General Partner to make the election in paragraph 1 above is subject to all of the following conditions precedent having been satisfied on the Plan Date (except if and to the extent that any such condition has been expressly waived in writing by the Agent):

    a. Either (i) there is no continuing Event of Default, or (ii) if there is a continuing Event of Default, then the Lenders have not exercised their rights under clauses (A) (if applicable), (B) and (C) in the second sentence of Section 11.2(a) of this Agreement;

    b. Either Adam Metz continues to serve as the Chief Executive Officer of the General Partner or Thomas Nolan continues to serve as the President and/or Chief Operating Officer of the General Partner, unless the Agent has consented in writing to a qualified replacement executive, such consent not to be unreasonably withheld, delayed or conditioned;

    c. The Common Stock is, or is expected to be within five Business Days after the Plan Date, regularly quoted for purchase or sale on the New York Stock Exchange or The NASDAQ Stock Market;

    d. The Plan Date occurs within 18 months of the date hereof; and

    e. The General Partner and its direct and indirect consolidated subsidiaries ("Consolidated GGP") shall not have divested assets (after giving effect to transactions contemplated to be made in the POR, and including foreclosures after the commencement of the Case) that generated more than 20% of the net operating income of Consolidated GGP in its fiscal year 2008.

3. If and to the extent there is a Value Differential, the General Partner shall be obligated to pay an amount in cash, or, at the option of the General Partner, in Common Stock (valued based on the volume-weighted average price of the closing prices of the Common Stock during the period beginning on the twentieth Trading Day following confirmation of the POR and ending on the fortieth Trading Day following confirmation of the POR), to the Agent equal to such Value Differential not later than five Business Days following the Trading Valuation Date. If such payment is not made in full on the fifth Business Day following the Trading Valuation Date, any amount not paid on such date shall be overdue and shall bear interest at the Default Rate from such payment date to the date payment is made. Notwithstanding anything herein to the contrary, no payment shall be made in respect of a Value Differential if a Qualified Rights Offering has been made.

4. In the event of a rights offering to prepetition stakeholders of the General Partner and/or its Affiliates in connection with the POR (whether or not such rights offering meets the definition of Qualified Rights Offering), the Conversion Amount shall be automatically converted into Conversion Shares upon completion of such rights offering; *provided, however*, (i) that in no event shall such conversion result in the Lender's receipt of more than the Maximum Conversion Shares and (ii) the conditions precedent in paragraph 2 above must have been met or waived in writing by the Agent or such Conversion shall not be made. Further, in the event that, prior to the consummation of the POR, all or any portion of the sum of (i) principal amount of the Term Loan and (ii) interest thereon shall have been repaid (herein, the "Retired Debt"), the General Partner shall have the right, to be exercised upon written notice at least 10 Business Days in advance of such rights offering and to cause the Lenders to purchase up to the lesser of (i) $375.0 million and (ii) the Retired Debt in aggregate amount of securities offered in such rights offering in cash and otherwise on the same terms and conditions (including timing) of such rights offering, provided that the conditions precedent in paragraph 2 above have been satisfied. The right of the General Partner set forth in the preceding sentence shall expire on the Maturity Date.

5. Subject to the receipt by the General Partner of customary representations, warranties and covenants from the Warrantholders, Lenders and their applicable Affiliates and transferees intended to (x) protect the REIT status of the General Partner and (y) ensure that the General Partner can properly fulfill its federal income tax reporting obligations, the General Partner shall amend or grant waivers of provisions of its certificate of incorporation, bylaws and other comparable governing documents as necessary so as to permit the Agent and/or the Lenders to acquire and own the Conversion Shares and to provide that such ownership, taken together with (i) the ownership of other shares of the General Partner pursuant to the issuance, exchange or conversion of the Warrants and (ii)

the reinstatement of Securities of the General Partner and its Subsidiaries owned by the Lenders and their Affiliates as of the date hereof, shall not have any adverse consequences under any shareholder rights plan or similar arrangement.

6. If and to the extent the Agent determines in good faith that the Conversion Shares (and any shares to be issued on the Plan Date in connection with the Value Differential) will not be freely tradable upon issuance to the Agent pursuant to Section 1145 of the Bankruptcy Code or otherwise, the Agent shall notify the General Partner of such determination no less than 10 Business Days prior to the Plan Date. If the Agent delivers such notice to the General Partner, the General Partner shall prepare and deliver to the Agent on the Plan Date a registration rights agreement with respect to such shares containing provisions substantially equivalent to those contained in Article IV of the Warrant Agreement.

Defined Terms:

"Common Stock" means the common stock of the General Partner.

"Conversion Amount" means the sum of (i) outstanding principal of the Term Loan and (ii) accrued and unpaid interest due and owing on the Plan Date that is repaid by the issuance of shares of Common Stock on the Maturity Date in accordance with this Schedule 3.1.

"Conversion Shares" means that number of shares of Common Stock determined by dividing the Conversion Amount, stated in U.S. dollars, by the lowest of (i) the value of one share of Common Stock based on the value attributable to one such share in the POR, (ii) if a rights offering to the prepetition stakeholders of the General Partner (other than a Qualified Rights Offering) has been made in connection with the POR, the rights offering price per share, and (iii) the net proceeds to the General Partner of any issuance of Common Stock to any unaffiliated third party for cash or in exchange for assets (other than Claims) (such lowest price, the "Initial Conversion Price"). If there is a Qualified Rights Offering, "Conversion Shares" means that number of shares of Common Stock determined by dividing the Conversion Amount, stated in U.S. dollars, by the Qualified Rights Offering Price Per Share. Any fractional share resulting from such calculation shall be paid in cash.

"Fully-Diluted Basis" means, with respect to any class of Common Stock of the kind or class having power generally to vote in the election of directors, the Common Stock that would be outstanding after giving effect to the conversion, exchange or exercise of all the Warrants and all other outstanding securities of the General Partner that are convertible or exchangeable into Common Stock, and the exercise of all outstanding Rights to Purchase Voting Securities, in each case, whether or not presently convertible, exchangeable, or exercisable.

"POR" means the plan of reorganization with respect to the Debtors as confirmed by the Bankruptcy Court.

"Qualified Rights Offering" means a rights offering to prepetition stakeholders of the General Partner and/or its Affiliates in connection with the POR that meets the following qualifications: (i) subscribed to be sold to at least 50 ultimate purchasers; (ii) the offered shares shall be listed on the New York Stock Exchange or The NASDAQ Stock Market within five Business Days of completion of the rights offering; (iii) the issue size is at least three times the Conversion Amount; (iv) the rights offering is conducted by a nationally known financial advisor and (v) if and to the extent applicable, the offered shares are priced with reference to the trading market for the Common Stock prior to the commencement of the rights offering.

"Qualified Rights Offering Price Per Share" means that price per share of Common Stock obtained by the General Partner and/or its Affiliates in a Qualified Rights Offering.

"Rights to Purchase Voting Securities" means options, warrants, and rights issued by the General Partner (whether presently exercisable or not) to purchase Common Stock of the kind or class having power generally to vote in the election of directors or securities of the General Partner that are convertible or exchangeable (whether presently convertible or exchangeable or not) into or exercisable (whether presently exercisable or not) for such Common Stock but, for the avoidance of doubt, not including a stockholders rights plan.

"Trading Day" means a day upon which the Common Stock is registered under the Exchange Act and traded on the New York Stock Exchange or The NASDAQ Stock Market.

"Trading Valuation Date" means the fortieth Trading Day following confirmation of the POR.

"Value Differential" means the amount derived (if a positive number) by subtracting (i) the product of (A) the number of shares of Common Stock issued as Conversion Shares multiplied by (B) the volume-weighted average price of the closing prices of the Common Stock for the period beginning on the twentieth Trading Day following confirmation of the POR and ending on the fortieth Trading Day following confirmation of the POR from (ii) the product of (A) the number of shares of Common Stock issued as Conversion Shares multiplied by (B) the Initial Conversion Price.

EXHIBIT D

Schedule 3.1-A

Loan Conversion Terms

Capitalized terms used herein and not otherwise defined shall have the meanings attributed to them in the Agreement.

1. The General Partner (on its own behalf and on behalf of the other Borrower) shall have the right by delivering written notice to the Lenders no later than the earlier of (x) the date that is 45 days prior to the Maturity Date and (y) the time of the approval by the Bankruptcy Court of a disclosure statement for the POR, to elect (which election shall be irrevocable unless (i) otherwise consented to by all Lenders or (ii) the POR with respect to which such election applies is not approved by the Bankruptcy Court) to pay on the Plan Date (a) all or a portion of the sum of (i) the outstanding principal amount of the Term Loan, (ii) accrued and unpaid interest due and owing on the Plan Date and (iii) the Exit Fee then due and payable by issuing to the Lenders the Conversion Shares; provided, however, that in no event shall such conversion result in the Lenders' receipt in the aggregate of Common Stock in connection herewith equaling more than (A) 8.0% (on a Fully-Distributed Basis) of the aggregate amount of Common Stock distributed in connection with the POR or (B) 9.9% of the aggregate amount of Common Stock actually distributed in connection with the POR on the Plan Date (without giving effect to any Common Stock the distribution of which is subject to any contingency, holdback or other similar arrangement) (herein, the "Maximum Conversion Shares"); and/or (b) all or a portion of the outstanding principal amount of the Term Loan by issuing to the Lenders conversion debt.

2. The right of the General Partner to make the election and effect the conversion described in paragraph 1 above is subject to all of the following conditions precedent having been satisfied on the Plan Date (except if and to the extent that any such condition has been expressly waived in writing by the Majority Lenders):

a. There is no continuing Event of Default;

b. In the case of conversion of any portion of the Term Loan to Conversion Shares, and only in such case, the Common Stock is, or all necessary and appropriate actions have been taken, including receipt of approval for listing, such that the Common Stock will be, within five Business Days after the Plan Date, quoted on the New York Stock Exchange or The NASDAQ Global Market;

c. The Plan Date occurs within 24 months of the date hereof;

d. The General Partner and its direct and indirect consolidated subsidiaries ("Consolidated GGP") shall not have divested assets (after giving effect to transactions contemplated to be made in the POR, and including foreclosures after the commencement of the Case) that generated more than 20% of the net operating income of Consolidated GGP in its fiscal year 2008;

e. The Exit Fee then due and payable shall have been paid in full at or prior to the time of such conversion; and

f. In the case of conversion of all or any portion of the Term Loan to conversion debt, and only in such case, conversion debt shall have the following terms: (i) principal amount shall be less than or equal to six times the last twelve months net operating income of real property on which the Lenders have a first lien ("First Lien Properties"), provided that no tenant shall represent greater than 10% of the aggregate rent of the First Lien Properties in the last twelve months; (ii) collateral shall be comprised of the first mortgage liens on the First Lien Properties and related personal property, Borrowers' wholly-owned land and a lien on the Borrowers' cash collateral account; (iii) interest rate and other economic terms shall be the same as the Term Loan, provided that the Borrowers shall not be required to pay an origination, commitment, extension, exit or other comparable or substitute fee, or any prepayment premium, penalty or fee; (iv) non-economic terms of the conversion debt shall be substantially similar to the terms of the Term Loan provided that the bankruptcy concepts shall be generally removed and, in the case of the Subsidiaries owning the First Lien Properties, there shall be no or minimal baskets for indebtedness, liens and asset sales; (v) the General Partner and Lenders shall negotiate loan conversion documents in good faith; and (vi) Borrowers' direct parent and subsidiaries shall provide guarantees reasonably satisfactory to the Lenders that carve out all of the Negative Pledge Debtors, provided that such Persons grant no guarantees to other creditors.

3. If and to the extent there is a Value Differential, the General Partner shall be obligated to pay an amount in cash and/or Common Stock ("Value Differential Shares"), at the General Partner's election, ratably to the Lenders, equal to such Value Differential. The General Partner shall make its election as to the form of consideration in which it intends to pay the Value Differential, if any, and publicly announce the same by filing (or furnishing) a Form 8-K with the Securities and Exchange Commission, no later than the open of trading on the third Trading Day preceding the Value Differential Valuation Period (indicating its election and the percentages, if any, of the Value Differential to be paid in cash and through the issuance of Value Differential Shares). That portion of the Value Differential, if any, payable in cash shall be paid not later than 30 calendar days following the Trading Valuation Date. The number of Value Differential Shares issuable in respect of that portion of the Value Differential, if any, payable in Value Differential Shares shall be determined on the seventh Trading Day following the Trading Valuation Date, subsequent to market close on such date, and such Value Differential Shares shall be issued no later than 10:00 AM Eastern Time on the tenth Trading Day following the Trading Valuation Date. The number of Value Differential Shares issuable shall be determined by dividing (x) the dollar amount of the Value Differential payable in Value Differential Shares by (y) the product of (i) 97.0% multiplied by (ii) the average of each Trading Day's volume-weighted average price with respect to trading of the Common Stock during normal trading hours (9:30 AM to 4:00 PM Eastern Time) for the period beginning on the first Trading Day following the Trading Valuation Date and ending on the seventh Trading Day following the Trading Valuation Date. If payment of the Value Differential is not made in full when due, any amount not paid on such date shall be overdue and shall bear interest at the Default Rate

from such payment date to the date payment is made (it being understood that the foregoing shall not in any way be construed as a limitation on any legal remedies to which the Lenders may be entitled as a result of any failure by the General Partner to pay the Value Differential when due). No Value Differential Shares shall be issuable to any Lender, and no Lender shall have any right to receive Value Differential Shares, to the extent that the issuance or potential issuance thereof would result in such Lender beneficially owning (within the meaning of Section 13(d) under the Securities Exchange Act of 1934) more than 9.9% of the Common Stock; provided, however, that no Lender shall be deemed to beneficially own more than 9.9% of the Common Stock due to a group, trust, account, agreement, or other arrangement, implicit or explicit, with any other Lender solely as a result of any relationship created by this Schedule 3.1-A unless such Lenders reasonably conclude, based on advice of counsel, that such Lenders are or would be a group (within the meaning of Section 13(d) under the Securities Exchange Act of 1934) with respect to the Common Stock and that such Lenders could, depending on the number of Value Differential Shares issuable, be required to disclose on a Schedule 13D that each such Lender beneficially owns more than 9.9% of the Common Stock as a result of receiving Value Differential Shares. To the extent any Lender is precluded from receiving Value Differential Shares to which it would be entitled but for the restriction set forth in the immediately preceding sentence, such Lender shall be entitled to receive cash in lieu of any Value Differential Shares that would otherwise have been issuable but for such restriction. Notwithstanding anything herein to the contrary, no payment shall be made in respect of a Value Differential if a Qualified Rights Offering has been made. If there is no Qualified Rights Offering, then no Lender shall, during the Value Differential Valuation Period, sell, assign or dispose of Common Stock or Common Stock derivatives in an amount greater than 10.0% of such Lender's Conversion Shares on any one Trading Day.

4. The General Partner shall take all necessary and appropriate measures to cause the Conversion Shares and any Value Differential Shares to be freely tradable, upon issuance to the Lenders, without registration (e.g., pursuant to Section 1145 of the Bankruptcy Code). If and to the extent the Majority Lenders determine in good faith that Conversion Shares and/or any Value Differential Shares will or may not be freely tradable, upon issuance to the Lenders, without registration, the General Partner covenants and agrees that following written notification by the Majority Lenders to the General Partner of such determination no later than 30 Business Days after the Plan Date (such date, the "Request Date"), the General Partner shall, at its expense, prepare and file with the Securities and Exchange Commission a registration statement on Form S-3, if available (or, if not available, on Form S-1 or another appropriate form), covering the shares of Common Stock of the Lenders received by such Lenders as a result of the conversion described in paragraph 1(a) hereof and any Value Differential Shares that may be issuable in satisfaction of the Value Differential (collectively, the "Registrable Shares"), and, to the extent the registration statement has not theretofore been declared effective or is not automatically effective upon such filing, the General Partner shall use commercially reasonable efforts to cause such registration statement to be declared or become effective as promptly as practicable, but in no event later than 180 days after the Request Date, and will use commercially reasonable efforts to keep such registration statement effective and usable for the resale of such Registrable Shares from the date of

its initial effectiveness until such time as all Registrable Shares have been sold pursuant to the registration statement or all remaining Registrable Shares may otherwise be freely resold under the Securities Act without limitation or restriction. The registration contemplated by this paragraph 4 shall be effected only once. The registration rights contemplated by this paragraph 4 shall be effected pursuant to the terms of Schedule 3.1-B.

Defined Terms:

"Common Stock" means the common stock of the General Partner.

"Common Stock Equivalent" means any security or instrument that (i) directly or indirectly is convertible into or exercisable or exchangeable for Common Stock, (ii) by its terms is expressly linked to the price or performance of the Common Stock or (iii) by its terms expressly participates in dividends or distributions in respect of, or votes as a class with, the Common Stock; provided, however, that "Common Stock Equivalent" excludes (a) any security or instrument issued in the ordinary course of business pursuant to board approved employee benefits plans of the General Partner (an "Employee Benefits Plan") or any other option, warrant or other security or instrument issued or issuable in the ordinary course of business to employees, officers or directors of the General Partner pursuant to a General Partner board-approved incentive, retention, benefit or similar compensation plan and (b) any rights issued pursuant to the General Partner's shareholder rights plan (provided such rights have not separated from the Common Stock and no triggering event under the rights plan has occurred).

"Conversion Amount" means the sum of (i) the outstanding principal of the Term Loan, (ii) accrued and unpaid interest due and owing on the Plan Date and (iii) the Exit Fee then due and payable that is repaid by the issuance of shares of Common Stock on the Maturity Date in accordance with this Schedule 3.1-A.

"Conversion Shares" means that number of shares of Common Stock determined by dividing the Conversion Amount, stated in U.S. dollars, by the lowest of (i) the value of one share of Common Stock based on the value attributable to one such share in the POR, (ii) the lowest net price per share received from any other purchaser of Common Stock or Common Stock Equivalents in connection with the POR (other than as a result of settling Claims, and provided that any reinstatement or reaffirmation of any Common Stock or Common Stock equivalents of the General Partner in conjunction with the POR shall be treated as an issuance at the lesser of the POR or market value), whether by public offering, private placement, or pursuant to a rights offering to the pre-petition stakeholders of the General Partner in connection with the POR, and (iii) the lowest net price per share received by the General Partner from any issuance of Common Stock or Common Stock Equivalents to any unaffiliated third party for cash or in exchange for assets in connection with the POR (other than Claims) (such lowest price, which may be the Qualified Rights Offering Price Per Share, the "Initial Conversion Price"). Any fractional share resulting from such calculation shall be paid in cash. For purposes of this definition and for purposes of the second sentence of the definition of "Value Differential" below, "per share" when used with respect to the issuance of any Common

Stock Equivalents shall mean the price per share of Common Stock implied by such Common Stock Equivalent determined using a customary methodology agreed between the Majority Lenders and the General Partner; provided that, in the event that the Majority Lenders and the General Partner are unable to agree on such a methodology, each of the Majority Lenders and the General Partner shall select an independent valuation expert, and such independent valuation experts shall in turn jointly select a third independent valuation expert, who shall determine an appropriate valuation methodology and apply such methodology to determine the price per share.

"Fully-Distributed Basis" means, with respect to any class of Common Stock of the kind or class having power generally to vote in the election of directors, the Common Stock that would be distributed after giving effect to the distribution of all Plan Distributable Securities.

"Plan Distributable Securities" means all Common Stock and all Common Stock Equivalents (including any Common Stock and Common Stock Equivalents of the General Partner that are reinstated or reaffirmed in conjunction with the POR) which will be exercised or exchanged or otherwise converted to Common Stock prior to or concurrently with distribution of such security under the POR with respect to which an entitlement to distribution exists under the POR (whether or not such entitlement is subject to contingency, holdback or other similar arrangement).

"POR" means the plan of reorganization with respect to the Debtors as confirmed by the Bankruptcy Court.

"Qualified Backstop Party" means an independent third party that (i) is not an Affiliate of the General Partner, and (ii) does not beneficially own more than 15% of the voting stock including voting stock derivatives (including any swap or short sale) of the General Partner.

"Qualified Rights Offering" means a rights offering to pre-petition stakeholders of the General Partner and/or its Affiliates in connection with the POR that meets the following qualifications: (i) subscribed to be sold to at least 50 ultimate purchasers who are not affiliated with each other (or 25 ultimate purchasers who are not affiliated with each other if such rights offering is made solely to creditors of the General Partner debtors in their capacity as such); (ii) the offered shares shall be listed on the New York Stock Exchange or The NASDAQ Global Market within five Trading Days of completion of the rights offering; (iii) the issue size is at least three times the Conversion Amount; (iv) the rights offering is conducted by a nationally known financial advisor at a price representing a discount to POR reorganization value designed to achieve a fully subscribed offering at such price as may be determined by such nationally known financial advisor and a nationally known financial advisor selected by the Agent (acting at the direction of the Majority Lenders) (and, if such financial advisors are unable so to agree, such financial advisors shall select another nationally recognized financial advisor, which third financial advisor shall determine the amount of the discount); and (v) if and to the extent applicable, the offered shares are priced with reference to the trading market for the Common Stock prior to the commencement of the rights offering.

Notwithstanding the foregoing, if a Qualified Backstop Party agrees to a contractual backstop of at least 40% of the rights being offered in such rights offering meeting the criteria of clauses (i), (ii) and (iii) of this definition, such rights offering shall be deemed to be a Qualified Rights Offering for all purposes except that the Qualified Rights Offering Price Per Share in such case shall be deemed to be equal to the lowest price per share (which shall be calculated net of any fees and other payments made to such third party in connection with the backstop arrangements) of Common Stock obtained by the General Partner and/or its Affiliates in such Qualified Rights Offering from any Qualified Backstop Party or any other purchaser in such rights offering.

"Qualified Rights Offering Price Per Share" means the lower of (i) the lowest price per share (which shall be calculated net of any fees and other payments made to such third party in connection with the backstop arrangements) of Common Stock obtained by the General Partner and/or its Affiliates in a Qualified Rights Offering from any Qualified Backstop Party or any other purchaser in such rights offering and (ii) the POR reorganization value per share.

"Trading Day" means a trading day consisting of a full trading session with respect to which the Common Stock is registered under the Exchange Act and traded on the New York Stock Exchange or The NASDAQ Stock Market.

"Trading Valuation Date" means the fortieth Trading Day following confirmation of the POR.

"Value Differential" means the amount derived (if a positive number) by subtracting (i) the product of (A) the number of shares of Common Stock issued as Conversion Shares multiplied by (B) the lesser of (x) the average of each Trading Day's volume-weighted average price with respect to trading of the Common Stock during normal trading hours (9:30 AM to 4:00 PM Eastern Time) for the period (the "Value Differential Valuation Period") beginning on the twentieth Trading Day following confirmation of the POR and ending on the fortieth Trading Day following confirmation of the POR and (y) the Subsequent Issuance Price (if any) (as defined below), from (ii) the product of (A) the number of shares of Common Stock issued as Conversion Shares multiplied by (B) the Initial Conversion Price. The term "Subsequent Issuance Price" shall mean the lowest net price per share received by the General Partner in respect of any issuance by the General Partner of Common Stock or Common Stock Equivalents subsequent to the issuance of the Conversion Shares and on or prior to the Trading Valuation Date; provided that such calculation shall exclude (i) the effect of any Common Stock or Common Stock Equivalents to the extent previously included in the calculation of the Conversion Price, (ii) any issuances of Common Stock or Common Stock Equivalents in the ordinary course of business in connection with an Employee Benefits Plan and (iii) any issuances of rights in connection with General Partner's shareholder rights plan (provided such rights have not separated from the Common Stock and no triggering event under the rights plan has occurred). In no event shall the General Partner issue or propose to issue Common Stock or Common Stock Equivalents during the period beginning on the tenth Trading Day prior to the Value Differential Valuation Period and ending on the tenth Trading Day following the Valuation Differential

Valuation Period (other than (i) any issuance of Common Stock pursuant to a Common Stock Equivalent to the extent such Common Stock Equivalent was previously outstanding on the tenth Trading Day prior to the Valuation Differential Valuation Period, (ii) any issuance of Common Stock or Common Stock Equivalents in the ordinary course of business in connection with an Employee Benefits Plan and (iii) any issuance of rights in connection with General Partner's shareholder rights plan (provided such rights have not separated from the Common Stock and no triggering event under the rights plan has occurred)).

EXHIBIT E

GIBSON DUNN

Gibson, Dunn & Crutcher LLP

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Client Matter No.: C 56686-00001

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April 28, 2010

Marcia L. Goldstein, Esq.
Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153

Re: General Growth Properties – Conversion of Loans Under the DIP Credit Agreement

Dear Marcia:

Reference is made to that certain Senior Secured Debtor in Possession Credit, Security and Guaranty Agreement dated as of May 15, 2009 by and among General Growth Properties, Inc. ("GGP", and together with its debtor affiliates, the "Debtors") and GGP Limited Partnership as Borrowers, the guarantors party thereto as Guarantors, UBS AG, Stamford Branch as Agent, UBS Securities LLC as Lead Arranger, and certain lenders from time to time as Lenders (the "DIP Lenders") (as amended pursuant to that certain Master Assignment and Resignation Agreement and Amendment No. 1 to Credit Agreement dated as of March 10, 2010, the "DIP Credit Agreement", and the obligations arising thereunder, the "DIP Loans").

Reference is also made to the Debtors' Motion for Entry of an Order Pursuant to Sections 105(a) and 363 of the Bankruptcy Code (A) Approving Bidding Procedures, (B) Authorizing the Debtors to Enter into Certain Agreements, (C) Approving the Issuance of Warrants, and (D) Granting Related Relief (the "Approval Motion", and any order related thereto, the "Approval Order"), filed on March 31, 2010 with the Bankruptcy Court for the Southern District of New York, which seeks, *inter alia*, authorization to enter into certain investment and stock purchase agreements with affiliates of Brookfield Asset Management Inc., Fairholme Capital Management, L.P., and Pershing Square Capital Management, L.P. (as such agreements may be amended or modified, the "Brookfield Proposal").

As you know, my firm represents Law Debenture Trust Company of New York as Successor Agent for the DIP Lenders under the DIP Credit Agreement. We are writing to you as a follow-up to our discussion on April 20, 2010 with your partners Sylvia Mayer and Mary Korby. As we pointed out on our call with your colleagues, the DIP Credit Agreement provides that in order for the Debtors to convert the DIP Loans to equity of reorganized GGP, the Debtors must provide written notice to the DIP Lenders of their intent to convert the DIP Loans (the "Conversion Notice") no later than the earliest to occur of (i) 45 days prior to the maturity of the DIP Loans, (ii) the date of entry of an order approving a

disclosure statement for a plan of reorganization of the Debtors, and (iii) "the date an order is entered approving a Qualified Backstop Party in connection with a potential Qualified Rights Offering".

In light of the relief sought in the Approval Motion, in order to preserve any right to convert the DIP Loans to equity of reorganized GGP, the Debtors must send the Conversion Notice prior to entry of the Approval Order.[1] In the event that the Debtors fail to send the Conversion Notice in connection with the entry of the Approval Order, the DIP Lenders reserve the right to contest any subsequent attempted conversion in connection with the Brookfield Proposal.

Please feel free to contact me if you would like to discuss this issue further.

Best regards,

David M. Feldman

DMF/dmf

CC: Michael Scott Stamer, Esq.
Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, NY 10036
Email: mstamer@akingump.com

[1] Nothing contained herein should be read to concede that, even if such Conversion Notice is delivered to the DIP Lenders prior to entry of the Approval Order, the exercise of the option to convert the DIP Loans to equity of GGP is otherwise permissible under the DIP Credit Agreement.

EXHIBIT F

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

Case No. 09-11977 (ALG)

- -x

In the Matter of:

GENERAL GROWTH PROPERTIES, INC., et al.,

Debtors.

- -x

U.S. Bankruptcy Court

One Bowling Green

New York, New York

May 7, 2010

10:04 AM

B E F O R E:

HON. ALLAN L. GROPPER

U.S. BANKRUPTCY JUDGE

effect, today seeking approval to purchase an insurance policy which would guarantee certainty of funding and therefore certainty of closing in connection with confirmation of a plan.

I'd like to address the revisions to the Brookfield transaction since it was originally filed. General Growth is very pleased with this transaction as it secures a 6.55 billion dollar equity investment as well as a 2 billion dollar capital backstop. It contains material improvements over the initial transaction that was filed. Specifically, Brookfield, Fairholme and Pershing have agreed to backstop an additional two billion dollars of capital to be available at closing. This includes 1-1/2 billion dollars of debt and a possible 500 million equity rights offering. When I say "possible", it's not clear that we would proceed that way, Your Honor, but that would be backstopped by the investment parties.

The interim warrants would be issued to the investment parties as part of -- excuse me, the interim warrants which would be issued to the investment parties would vest over time rather than immediately. The permanent warrants will include 120 million seven-year warrants for reorganized GGP stock at a strike price of $10.50 for Pershing and Fairholme and, as I mentioned previously, $10.75 for Brookfield, and 80 million seven-year warrants for GGO at a strike price of 5 dollars. Brookfield has agreed to enter into a strategic relationship agreement with General Growth whereby General Growth will be