General Growth Properties

Setting the Record Straight

December 29, 2009

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Our Goals

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- We are addressing a host of feedback and questions we have received following our December 15th presentation [1] on General Growth Properties.
- We believe there have been numerous misleading characterizations of our presentation and attribution of statements that are erroneous and/or inaccurate.
- We present our forthright views derived from fact-based analysis rather than speculative conjecture.
- We think investors benefit from having more analysis and intelligent, informed debate available in the public domain.
- **We would encourage investors to conduct their own analysis based on the extensive data available in the public realm and third-party independent data, as opposed to relying on the opinion of anyone, let alone an analysis performed by Pershing Square that relies upon "pro-forma" figures, undisclosed calculations, and speculations as to the future direction or perceived level of cap rates.**

(1) General Growth Properties, "Fool's Gold," Hovde Capital Advisors, LLC, December 15, 2009.

Calculation of NOI

Calculation of NOI – **We Believe Pershing Square Is Out of Touch**

Pershing Square Analysis*

In order to perform a comparable, apples-to-apples analysis with other publicly traded REITs, it is necessary to use the public mall REIT definition of NOI

Hovde

Net Operating Income Calculation (as of Q3-09)
(figures in 000s)

Consolidated & JV Share NOI (as reported)	$	585,203
Less: lease termination fees	$	3,859
Less: above/below-market rents	$	3,121
Less: straight lined rents	$	11,478
Less: tenant allowances & leasing costs	$	16,620
Less: capital expenditures	$	3,362
Plus: non-cash ground rent expense	$	1,823
Total NOI	$	548,586

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Plus: non-cash ground rent expense	$	1,823
Plus: non-cash tax stabilization expense	$	981
Cash NOI	$	573,408

- Like GGP and Simon, we include termination income in NOI. This is a cash item and, though unpredictable, is largely recurring. GGP has realized at least $3mm in termination fees in each of the past 13 consecutive quarters.(1) In fact, if anticipated store closures increase one would similarly expect an increase in this item going forward
- Like GGP and Simon, we do not include tenant allowances, leasing commissions and capital expenditures as part of our calculation of NOI as they are considered "below the line"

(1) Source: GGP operating supplements. Includes pro rata portion of GGP's termination income from unconsolidated entities.

6

Tenant Allowances & Leasing Costs – these are non-revenue generating recurring operating expenses and should be deducted.

From General Growth's Q3-09 supplemental: "Reflects only tenant allowances on currently operating properties or projects; allowances that relate to new and redevelopment projects are excluded (see Expansions, Redevelopments and New Developments Section)."

*Pershing Square Capital Management, L.P. LLC "A Detailed Response to Hovde's Short Thesis on General Growth Properties" December 22, 2009, page 6.

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(1) Source: GGP operating supplements. Includes pro rata portion of GGP's termination income from unconsolidated entities.

Recurring Capital Expenditures – these are non-revenue generating recurring maintenance operating expenses and should be deducted.

From General Growth's Q3-09 supplemental: "Reflects only non-tenant operating capital expenditures; tenant allowances (per (a) above) and capital expenditures that relate to new and redevelopment/renovation projects are excluded."

*Pershing Square Capital Management, L.P. LLC "A Detailed Response to Hovde's Short Thesis on General Growth Properties" December 22, 2009., page 6

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(1) Source: GGP operating supplements. Includes pro rata portion of GGP's termination income from unconsolidated entities.

Lease Termination Fees – these are non-recurring and portend higher vacancy and, thus, lower future NOI; thus, we feel these are not representative of the ongoing core business.

This is a circular argument, since, if there were more store closures, there would be higher vacancy and less rental income as a result. We believe these fees are considered to be non-recurring and should be deducted.

*Pershing Square Capital Management, L.P. LLC "A Detailed Response to Hovde's Short Thesis on General Growth Properties" December 22, 2009., page 6

Calculation of NOI – **We Believe Pershing Square Is Out of Touch**

Pershing Square Commentary*
▸ While new lease rents are down YoY, GGP's Q3'09 tenant allowances declined approximately 60% YoY. This largely offsets the cash flow impact of GGP's negative leasing spread and explains the lower face rent amounts

This is a contradiction - if tenant allowances are not deducted from NOI (per Pershing Square's view), then there is no benefit to NOI of lower tenant allowances. You can't have your cake and eat it too - you either have to include them along with the benefit of higher rents, or you have to exclude them and assume that rental rates would be lower without them.

*Pershing Square Capital Management, L.P. LLC "A Detailed Response to Hovde's Short Thesis on General Growth Properties" December 22, 2009, page 14.

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While lower tenant allowances may be an offset in the short term, these expenditures are incurred at the beginning of a lease and do not offset the impact of lower lease rates, which persist through the entirety of the multi-year lease term as illustrated below.

A $20/Sf. tenant allowance amortized over a 10-year lease is only $2/Sf. compared to a $20/Sf. reduction in face rent. Clearly the benefit of lower tenant allowances is only a short-term benefit compared to the reduction of face rents which persists over the long term.

*Pershing Square Capital Management, L.P. LLC "A Detailed Response to Hovde's Short Thesis on General Growth Properties" December 22, 2009, page 14.

ISI Group's Calculation of NOI

Start with…	
GAAP NOI from owned properties	$2,245,309
Straight-line rent adjustment/ FAS 141	($58,396)
Cash NOI from owned properties	$2,186,913
Recurring capital expenditures	($218,691)
Adjusted NOI from owned properties	* $1,968,222

Does Pershing Square believe the #1 ranked Institutional Investor sell-side analyst is calculating NOI incorrectly?

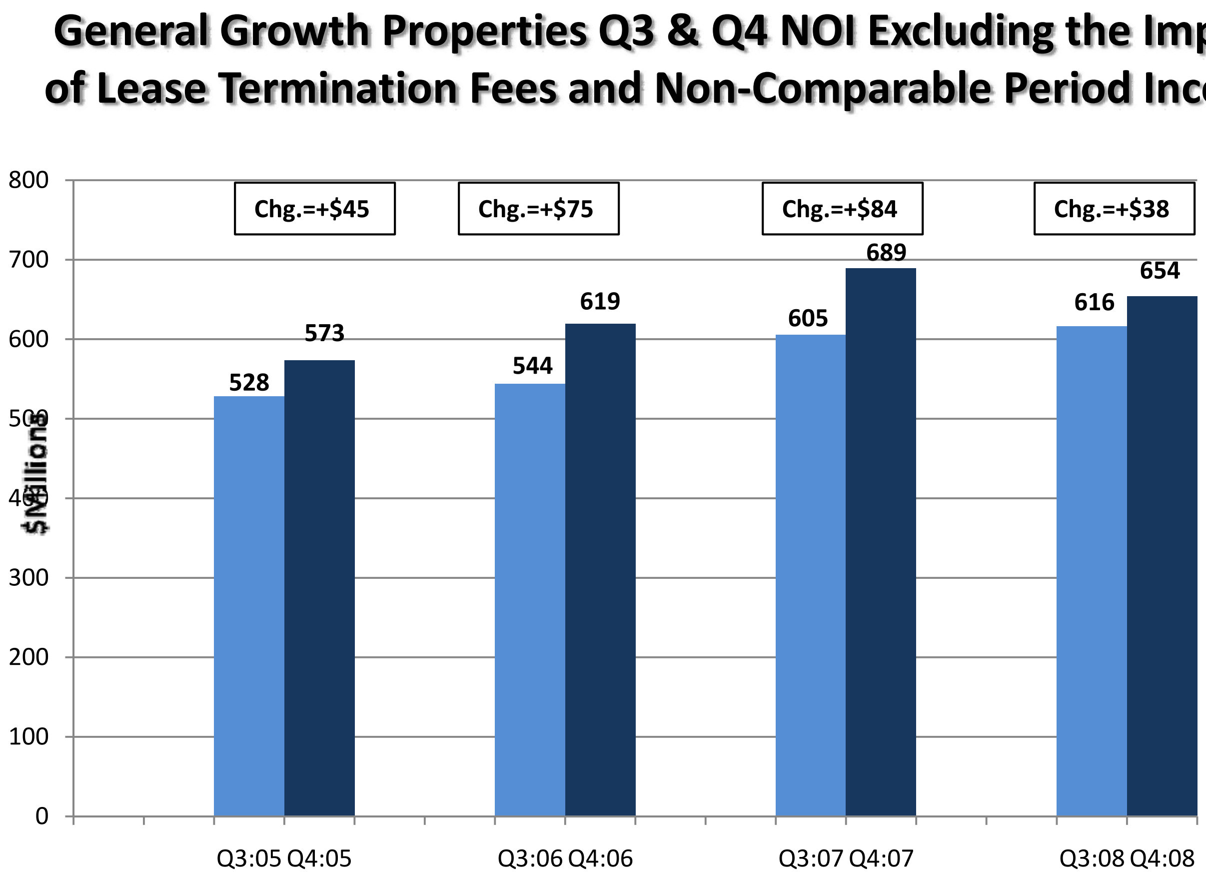
*"Update to General Growth NAV", ISI Group, 11/17/09.

Calculation of NOI – Seasonality and Non-Cash Items

- We agree that mall owners generally recognize more rent in the fourth quarter in a given year, given the recognition of percentage (or sometimes called overage) rents.
- Percentage rents are rents paid as a percentage of a retailer's sales above certain predetermined breakpoints.
- Given this year is likely to be a second year of declining sales for many mall-based retailers, and significantly so for some (see p. 10 of our presentation [1]), we do not believe many will achieve sales much above their threshold sales level that would trigger payment of percentage rents that are material in amount.
- The impact of percentage rents has been overstated in recent years due to the timing of acquisitions and development projects coming online as well as lease termination fee income.
- Given the current decline in rental rates and increasing vacancy, it appears very likely to us that future NOI will decline significantly - so we believe our estimate to be conservative.
- We deduct non-cash revenue and cost items from reported NOI to derive a cash NOI figure and adjust for recurring maintenance capital expenditures and re-leasing costs. We believe this conforms with industry convention and is consistent with the methodology used in the sell-side analysis that we have seen as well as convention in the real estate industry.
- We believe our NOI estimate is generous to the company's valuation and as accurate as we can be without more specific data from the company, and is consistent with the methodology used in sell-side analyst reports.

(1) General Growth Properties, "Fool's Gold," Hovde Capital Advisors, LLC, December 15, 2009.

Q4 Impact of Percentage Rents Has Been Overstated and Is Declining



This trend suggests to us that Q4-09 percentage rents are likely to be immaterial and percentage rents are not likely to have as significant an impact on Q4 results until retail sales return to 2007 levels, which does not appear to be likely in the foreseeable future.

Source: General Growth Properties Supplemental reports.

Q4 Impact of Percentage Rents Has Been Overstated

Fourth Quarter Development/Redevelopment/Expansion Projects and Acquisitions Have Inflated Q4 Income in Recent Years

(figures in millions)*	Development/ Redevelopment/ Expansion Projects	Acquisitions
Q4:2005	$ 112	$ 85
Q4:2006	$ 232	$ -
Q4:2007	$ 372	$ 2,000 (1)
Q4:2008	$ 245	$ -

*Source: General Growth Properties Supplemental reports.

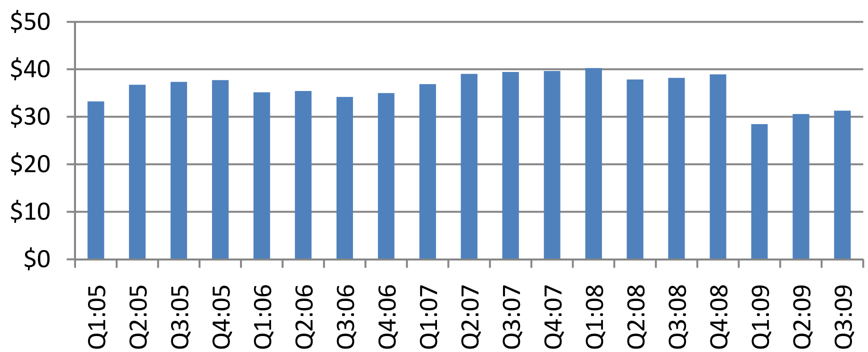
(1) Hovde commentary: Acquisition of JV interest in Homart occurred in July 2007: therefore, the full quarter run-rate was not reflected in Q3-07 reported results.

Rental Rates and Leasing Spreads

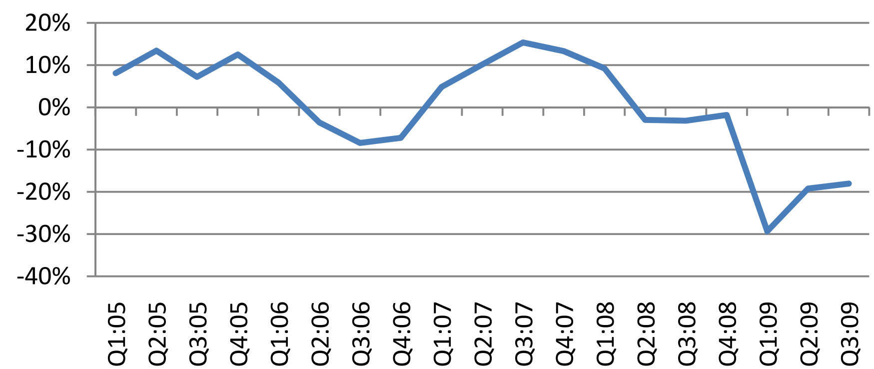
Rental Rates Are Seasonal – But Still Declining Significantly Year Over Year

Pershing Square cites sequential improvements in new lease rates, contending this is evidence of improving fundamentals. This ignores what is a seasonal pattern to rental rates throughout the course of the year. As seen in the chart below, rates often are higher in the second half of the year versus the first half. This is not indicative of improving fundamentals in our view. A year over year comparison is more useful, which in Q3 showed an 18% decline versus the prior year, effectively unchanged from the 19% decline in Q2.

YTD Rental Rates on New/Renewal Leases



Yr/Yr Change in YTD Rental Rates on New/Renewal Leases



Source: General Growth Properties Q3-09 Supplemental report.

Leasing Spreads Are Increasingly Negative

- Pershing Square contends GGP's current negative leasing spreads are only down 11% in comparison to expiring rents (which were signed 5-10 years ago), which is not as bad as the 33% decline in comparison to the portfolio average. We believe this view is largely irrelevant when viewed in the context of future lease expirations.
- Unless rents begin to increase dramatically, and we believe that there are no indications this will happen anytime soon, the company will be facing accelerating declines on new rents versus expiring leases as seen in the expiration schedule below, which will continue to drive NOI lower.

	Consolidated *			
	Sum of Rent and Recoverable Common Area Costs	Square Footage	Sum of Rent and Recoverable Common Area Costs/Sq. Ft.	% Change Versus Q3 YTD Rents on New/Renewal Leases
2009	41,915	854	49.08	-36%
2010	181,019	3,928	46.08	-32%
2011	182,575	3,842	47.52	-34%
2012	235,185	4,487	52.41	-40%
2013	175,824	3,182	55.26	-43%
2014	195,475	3,541	55.20	-43%
2015	181,567	2,878	63.09	-50%
2016	199,096	2,948	67.54	-54%
2017	199,812	2,924	68.34	-54%
2018	235,771	3,188	73.96	-58%
Subsequent	221,055	3,243	68.16	-54%
Specialty Leasing w/ terms in excess of 12 months	60,844	3,611	16.85	
Total at Share	$ 2,110,138	38,626	$ 54.63	
All Expirations	$ 2,110,138	38,626	$ 54.63	

*General Growth Properties Q3-09 Supplemental report.

How Can NOI Grow?

In light of the data on the previous two pages, how could a reasonable analyst project flat, much less growing, NOI for this company over the foreseeable future?

Leverage, Cash Flow, and Debt Service

Debt Service Is Not Just Interest –

Pershing Square Ignores Amortization and Unsecured Debt Interest

Hovde fails to adjust GGP's interest expense for its post-emergence capital structure. Assuming GGP converts its unsecured debt to equity, GGP will emerge with a ~2.2x interest coverage ratio. This is well in excess of the 1.2x interest coverage ratio Hovde relies on to state that GGP's interest coverage is unsustainable

This is not even remotely accurate as seen on the following pages

($ in millions)	
LTM Adjusted Pro Rata EBITDA (Q3'09) (1)	$2,390
Pro Forma Interest Expense (2)	$1,092
Interest Coverage Ratio	**2.2x**

Pro Forma GGP will have a better interest coverage ratio than most publicly traded REITs

This ignores recurring maintenance capex and tenant allowances

(1) See previous page for details.
(2) Assumes unsecured debt converts to equity in bankruptcy for illustrative purposes. As of Q3'09, GGP had $21.3bn of secured debt (Source: Q3'09 operating supplement). Deducts $400mm for the DIP and $400mm for amortization that GGP is currently paying through normal course operations and debt paydown associated with GGP's secured debt restructuring (illustrative). Assumes a 5.33% cash interest expense on secured debt per the 12/15/09 GGP press release.

Pershing Square contradicts itself

Principal amortization in accordance with the terms of restructuring for the secured debt will add nearly $400 million of annual principal amortization in addition to annual interest on the unsecured debt, which is roughly $400 million (assumes 30-year amortization on $12 billion in secured debt included in the plan of emergence[(1)]), therefore debt service coverage will be far less than most REITS.

Even using Pershing Square's inflated cash flow number, debt service coverage would be 1.2x after factoring principal amortization and interest on the unsecured bonds.

Source: Pershing Square Capital Management, L.P. LLC "A Detailed Response to Hovde's Short Thesis on General Growth Properties" December 22, 2009, page 10.

(1) Source: "General Growth Judge Approves Plan for Restructuring Debt" Bloomberg, 12/16/09. Calculation: $1.9 billion of amortization over 6 years = ~$300 million/year, divide this by $10.25 billion in debt = 3%/year, add this to the all-in interest rate of 5.5% = 8.5%. Assumes incremental $1.7 billion of secured loans included in the plan of emergence – source: Business Wire, "General Growth Properties Announces Bankruptcy Court Confirmation of Plans of Reorganization for approximately $10.25 Billion of Secured Mortgage" 12/15/09.

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Interest Coverage Ratio	**2.2x**

Hovde Analysis	
Factoring in Amortization, Recurring Capex, and Tenant Allowances	
LTM Adjusted Pro Rata EBITDA*	$2,390
Recurring Maintenance Capex & Tenant Allowances (LTM) (1)	($108)
Interest Expense (LTM) (1)	$1,488
Principal Amortization (2)	$400
Debt Service Coverage	**1.21x**

Even assuming the unsecured bonds converted to equity, debt service coverage would still only be 1.5x and the worst of any public mall REIT.

*Pershing Square Capital Management, L.P. LLC "A Detailed Response to Hovde's Short Thesis on General Growth Properties" December 22, 2009, page 10.
(1) Source: General Growth Q3-09 and Q4-08 Supplemental packages.
(2) Source: "General Growth Judge Approves Plan for Restructuring Debt" Bloomberg, 12/16/09. Calculation: $1.9 billion of amortization over 6 years = ~$300 million/year, divide this by $10.25 billion in debt = 3%/year, add this to the all-in interest rate of 5.5% = 8.5%. Assumes incremental $1.7 billion of secured loans included in the plan of emergence – source: Business Wire, "General Growth Properties Announces Bankruptcy Court Confirmation of Plans of Reorganization for approximately $10.25 Billion of Secured Mortgage" 12/15/09.

Simon Property Group is investment grade-rated and half as leveraged as GGP - To suggest GGP should trade at a LOWER cap rate than SPG is LAUGHABLE in our view

Our analysis is not the only one that shows General Growth sporting a double-digit leverage ratio and lowest in class fixed charge coverage (prior to restructuring that requires amortization).

Ticker	REIT	Total Market Capital	Total Adjusted Capital	Recurring EBITDA	Total Debt/Market Capital	Total Debt/Adj. Capital	Debt+ Preferred/ Market Cap.	Debt+ Preferred/ Adj. Cap.	Secured Debt/ Adj. Cap.	Recurring EBITDA Coverage: Interest Expense	Recurring EBITDA Coverage: Interest Incurred	Recurring EBITDA Coverage: Fixed Charges	Total Debt/ LTM Recurring EBITDA	Maturing debt (4Q09-2012) / Total debt
SPG	Simon Property	$42,559,467	$30,029,610	$644,795	43.9%	62.2%	44.3%	62.8%	22.1%	2.7x	2.6x	2.6x	6.9x	41.5%
GGWPQ	General Growth Properties	$26,433,771	NA	$459,409	93.7%	NA	94.1%	NA	NA	1.5x	1.5x	1.5x	12.2x	N/A
KIM	Kimco Realty	$9,541,437	$9,903,882	$153,463	41.6%	40.1%	48.3%	46.5%	11.3%	2.7x	2.4x	2.0x	6.6x	26.1%
DDR	Developers Diversified	$7,249,058	$10,031,000	$113,867	71.3%	51.5%	78.9%	57.0%	25.1%	2.1x	1.9x	1.6x	10.5x	71.4%
WRI	Weingarten	$5,648,405	$5,431,527	$93,191	48.2%	50.2%	57.0%	59.3%	21.9%	2.6x	2.4x	1.9x	9.1x	32.4%
FRT	Federal Realty	$5,829,388	$4,138,576	$87,788	35.0%	49.3%	35.2%	49.6%	13.1%	3.3x	3.1x	3.1x	5.6x	38.8%
REG	Regency Centers	$5,376,350	$4,573,549	$88,442	39.2%	46.1%	44.3%	52.1%	8.7%	3.1x	2.5x	2.2x	6.2x	40.1%
O	Realty Income	$4,362,736	$3,465,031	$75,412	30.9%	39.0%	38.7%	48.7%	0.0%	3.5x	3.5x	2.7x	4.5x	0.0%
NNN	National Retail Properties	$2,838,828	$2,768,688	$48,738	34.7%	35.6%	38.0%	38.9%	0.9%	3.3x	3.2x	2.9x	5.0x	22.9%
EQY	Equity One	$2,407,602	$2,360,410	$46,826	44.0%	44.8%	44.0%	44.8%	25.3%	2.3x	2.3x	2.3x	7.0x	26.0%
SKT	Tanger Factory Outlet	$2,386,057	$1,443,141	$29,888	24.3%	40.2%	27.5%	45.4%	2.4%	4.3x	4.3x	3.8x	3.9x	55.9%
Average		$10,421,191	$7,414,541	$167,438	46.1%	45.9%	50.0%	50.5%	13.1%	2.8x	2.7x	2.4x	7.0x	35.5%

Source: “REIT 2010 Outlook,” JP Morgan, 12/07/09.

Simon Property Group is investment grade-rated and half as leveraged as GGP - To suggest GGP should trade at a LOWER cap rate than SPG is LAUGHABLE in our view

	Credit Rating(1)	Debt/ EBITDA(2)	Fixed Charge Coverage(2)
Simon Property Group	A-	6.8x	2.4x
Taubman Centers	NR	7.5x	2.3x
Macerich	NR	11.2x	1.8x
CBL & Associates	NR	8.6x	2.2x
Pennsylvania Real Estate Investment Trust	NR	10.5x	1.7x
General Growth Properties (5)	**NR**	**12.2x**	**1.5x**

Who In Their Right Mind Would Compare Baa Yields to Mall REIT implied cap rates?

(1) Source: Bloomberg.
(2) Source: “REIT Valuation Chartbook” Morgan Stanley, 11/9/09.
(3) Source: “REIT 2010 Outlook,” JP Morgan, 12/07/09.

Cash Flow Barely Services the Debt

General Growth Properties, Inc. * — Exhibit 3

Cash Forecast

($ in Millions)

	Transaction Dec-09	*Forecast* Jan-10	*Forecast* Feb-10	*Forecast* Mar-10	*Forecast* Apr-10	*Forecast* May-10	*Forecast* Jun-10	*Forecast* Jul-10	*Forecast* Aug-10	*Forecast* Sep-10	*Forecast* Oct-10	*Forecast* Nov-10	*Forecast* Dec-10	Jan - Dec 2010
Consolidated Cash Flow Before Debt Service and Plan Related Distributions	-	$73.7	$109.8	$97.5	$100.2	$90.9	$89.2	$99.6	$99.6	$91.4	$95.3	$105.1	$107.0	$1,159.5
Debt Service	-	(91.2)	(91.3)	(90.6)	(91.8)	(91.6)	(92.2)	(93.2)	(92.7)	(93.0)	(93.0)	(93.5)	(93.4)	(1,107.4)
Restructuring & Settlement Related Distributions	(315.8)	-	-	-	-	-	-	-	-	-	-	-	(181.9)	(181.9)
Pre Petition Amounts	(107.4)	-	-	-	-	-	-	-	-	-	-	-	-	-
Consolidated Cash Flow	(423.2)	(17.5)	18.5	6.9	8.4	(0.7)	(2.9)	6.5	6.9	(1.6)	2.4	11.7	(168.3)	(129.8)

Per GGP's bankruptcy filings, projected 2010 debt service coverage on the $10.25 billion of secured debt included in the plan of emergence is expected to be only 1.0x.

*General Growth bankruptcy filing 12/7/09, exhibit 3.

Capitalization Rates

Capitalization Rates

- Quite frankly, we were surprised at the amount of debate surrounding cap rates. We do not presume to know where cap rates will go in the future and that is not part of our analysis; nor have we ever claimed such prescient ability.

- The capitalization rates we use in our analysis are based on observed actual transactions as opposed to hypothetical speculations. The comps are the only private market comps we believe to be available in the asset class; thus, we believe they are valid and not out of date, since the most recent of the cited transactions closed less than three months ago.

- There is a chart that is referenced in a December 7, 2009 Pershing Square presentation (1) that implies cap rates will move lower. This chart does not specify the source of its data or specify what is included in the underlying data. We surmise the chart is attempting to illustrate implied cap rates for publicly traded equities of regional mall REITs. If so, we believe this picture would be very misleading since it would be significantly influenced by the exceptionally low implied capitalization rate derived by the stock price of **Simon Properties Group (NYSE:SPG), which is the only investment grade-rated regional mall REIT.**

- We show in our analysis that the implied capitalization rate of publicly traded equities of regional mall REITs is directly correlated with the amount of financial leverage. **As our analysis indicates on the following page, the level of leverage likely at General Growth, even assuming the conversion of unsecured debt, would be indicative of a capitalization rate higher than 8%.**

(1) Pershing Square Capital Management, L.P. LLC, "If You Wait For The Robins, Spring Will Be Over*", December 7, 2009.

Leverage Is a Significant Valuation Factor – SPG Is Not the Right Comp In Our View

Leverage and Valuation Comparison*

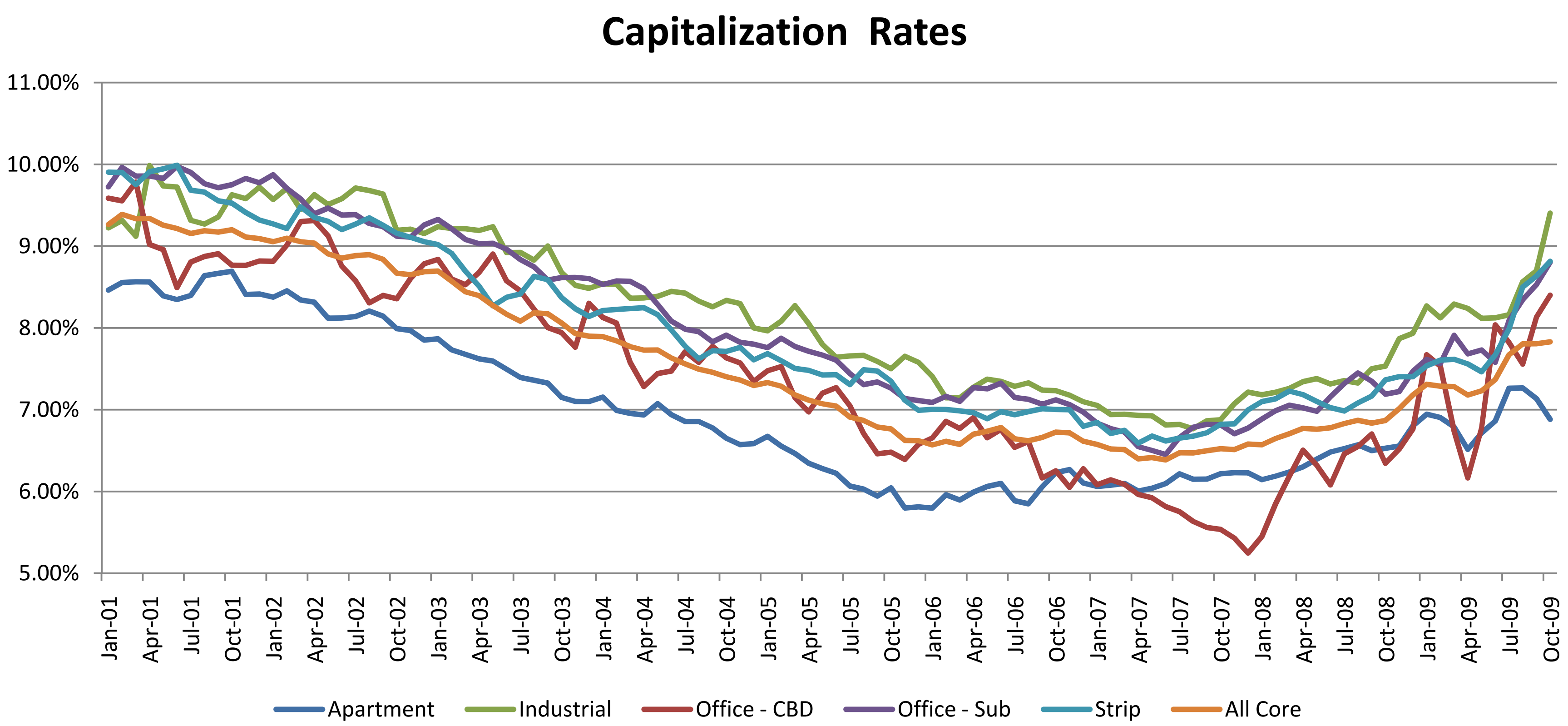
	Implied Cap Rate Average	Leverage (Debt/EBITDA) Average
CBL & Associates	8.9%	9.0x
Macerich	7.9%	8.2x
Pennsylvania Real Estate Investment Trust	9.6%	10.8x
Simon Property Group	7.3%	7.3x
Taubman Centers	7.4%	7.3x
Average	**8.2%**	**8.5x**
General Growth Properties	**?**	**12.2x(1)**

*Source: "2010-The Year Ahead: Deal or no deal" Bank of America Merrill Lynch, 12/15/09.

(1) "REIT 2010 Outlook" JP Morgan, 12/07/09.

Despite Speculation to the Contrary, Cap Rates for All Property Types Are Moving Higher, Not Lower

Does Pershing Square Believe These Transactions Did Not Happen?



Source: Real Capital Analytics.

Barclay's View on GGP

"In General Growth's instance, current equity levels imply a cap rate of 7.9%, <u>potentially a rich valuation</u> in our view given the uncertainty of an equity cram down by the unsecured holders."

- Barclay's, "GGP and SPG: An Update" 12/22/09

ISI Group's View on GGP

"Based on GGP's most recent quarterly data, the average sales productivity of its malls is \$410/sf vs. \$438/sf for SPG, \$497/sf for TCO and \$317/sf for CBL. <u>Based on these most recent comps, we assumed a range of cap rates for GGP's assets from 7.5% to 8.0%.</u>"

- ISI Group, "Update to General Growth NAV", 11/17/09

GGP is in Bankruptcy

Pershing Square Commentary*
▶ Given Macerich's liquidity situation at the time, its property sale transactions were executed under distress

We would remind investors that GGP is in bankruptcy; we are aware of no greater indication of distress.

*Pershing Square Capital Management, L.P. LLC "A Detailed Response to Hovde's Short Thesis on General Growth Properties" December 22, 2009, page 17.

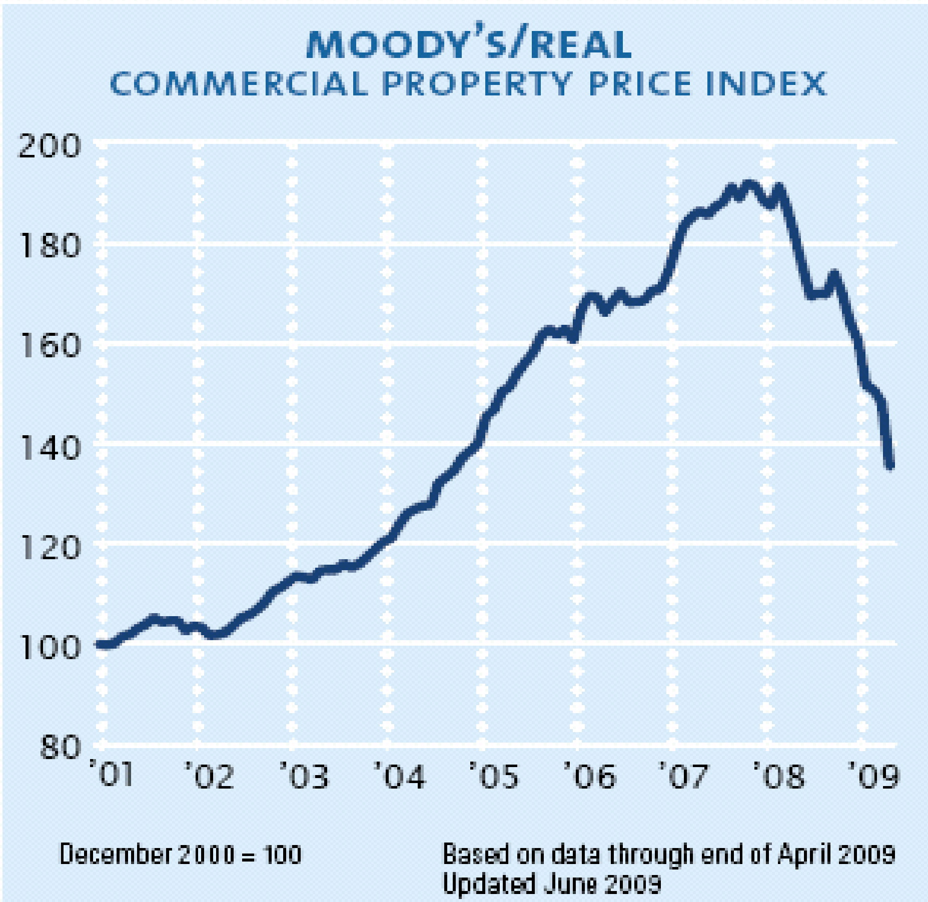
Based on Observed Transactional Data We Believe Current Cap Rates Are Higher Than Pershing Square Argues

The acquisition of Prime Outlets by Simon Property Group (NYSE:SPG), announced on December 8th, was estimated to be priced at an 8.0%-8.4% cap rate on in-place NOI based on some Wall Street estimates.(1)

This is the most recent comparable for a large, high quality portfolio transaction

(1) Deutsche Bank estimate 8.4% (report dated 12/8/09, titled "SPG Acquiring Prime Outlets"). Sandler O'Neil estimates ~8% cap rate (report dated 12/8/09, titled "SPG: Stocking Up Before the Holidays; SPG to Acquire Prime Outlets."

Commercial Real Estate Values Have Dropped 43% Since the Peak, and Have Not Stopped Declining



Does Pershing Square believe regional mall cap rates and asset values have diverged from all other commercial real estate property types ?

Source: Moodys/REAL Commercial Property Index, Real Capital Analytics.

Review of Pershing Square Assumptions

Pershing Square Does Not Use Consistent Assumptions

- For purposes of calculating the company's leverage, Pershing Square assumes unsecured debt converts to equity.(1)

> (2) Assumes a 5.33% cash interest rate for GGP's secured debt. Assumes GGP's $10.3bn extension announcement applies to its remaining secured debt ("Key provisions of the plans include maturity date extensions resulting in an average loan duration of approximately 6.4 years from Jan 1, 2010, with no loan maturing prior to January 2014"). Assumes GGP unsecured debt converts to equity as a result of the bankruptcy for illustrative purposes. Source: GGP 12/15/09 press release.

- For purposes of calculating the valuation of the equity, Pershing Square does not assume the conversion of unsecured debt to equity.(2)

(1) Source: Pershing Square Capital Management, L.P. LLC "A Detailed Response to Hovde's Short Thesis on General Growth Properties" December 22, 2009, page.25
(2) Source: Pershing Square Capital Management, L.P. LLC "A Detailed Response to Hovde's Short Thesis on General Growth Properties" December 22, 2009, page.26

Calculation of NOI – **We Believe Pershing Square Is Out of Touch**

General Growth Properties - Estimated NOI

ISI Group[1]	**$2.0 billion**
Hovde	**$2.2 billion**
Barclay's [2]	**$2.3 billion**
Pershing Square [3]	**$2.5 billion**

(1) Source: "Update to General Growth NAV" ISI Group, 11/17/09.
(2) Source: "GGP and SPG: An Update" Barclay's Capital, 12/22/09.
(3) Source: "A Detailed Response to Hovde's Short Thesis on General Growth Properties" Pershing Square Capital Management, L.P. LLC , December 22, 2009, p.26.

Assumed Cap Rate– **We Believe Pershing Square Is Out of Touch**

General Growth Properties – Estimated Cap Rates

ISI Group[1]	**7.5%-8.0%**
Hovde	**7.5%-8.5%**
Barclay's [2]	**7.5%**
Pershing Square [3]	**6.21%-7.21%**

(1) Source: "Update to General Growth NAV" ISI Group, 11/17/09.
(2) Source: "GGP and SPG: An Update" Barclay's Capital, 12/22/09.
(3) Source: "A Detailed Response to Hovde's Short Thesis on General Growth Properties" Pershing Square Capital Management, L.P. LLC , December 22, 2009, p.26.

Master Planned Community Segment

Master Planned Community Segment

- We state (p. 14 of our presentation[1]) that we believe there is little, if any value, in the master planned community business given the purchase of these assets was near what we view as peak prices and the subsequent decline in land prices.
- This is our view and we welcome empirical data which challenges us to reconsider our view.
- The heirs of the Hughes estate hold a contingent claim related to the valuation of these assets. If there is significant value in these assets, the resolution of this claim could result in a substantial unfunded liability, which Pershing Square has failed to include in its analysis[2].

(1) General Growth Properties, "Fool's Gold," Hovde Capital Advisors, LLC, December 15, 2009.
(2) Source: company SEC filings. 2008 10-K, p.53: "Pursuant to the CSA and based on the current market price of our common stock, the final distribution would result in the Beneficiaries holding substantially all of our common stock."

Master Planned Community Segment

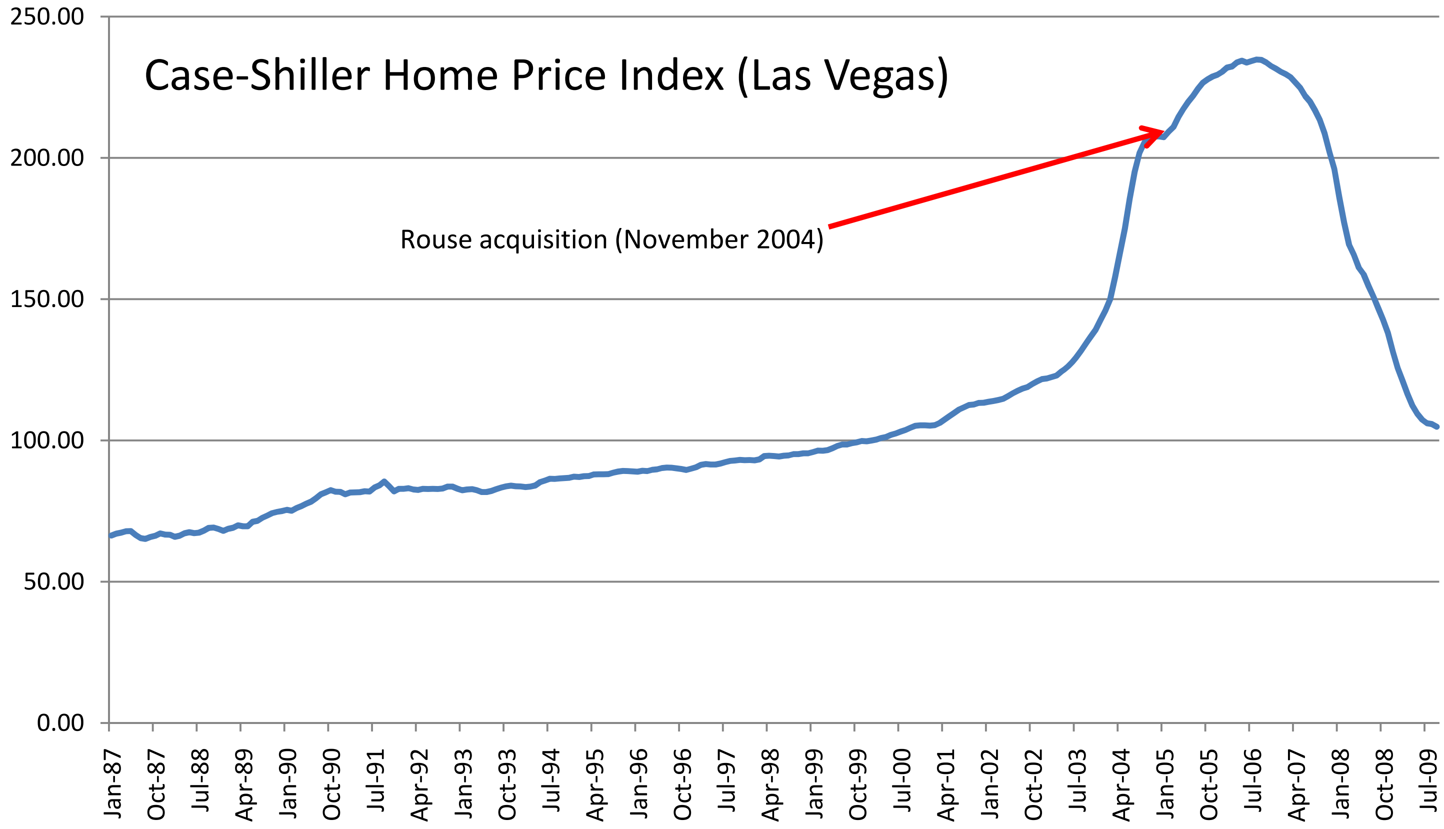
Pershing Square commentary*
▶ GGP's Master Planned Communities segment is currently cash flow negative, but it generated ~$200mm of net cash flow in 2006. When the housing market recovers, the MPC segment should generate substantial additional cash flow (1)

We don't believe a rational person would find it reasonable to make comparisons to cash flow levels generated during the height of one of the greatest housing bubbles in the history of the United States, particularly given that Las Vegas is one of weakest markets in the country.

*Pershing Square Capital Management, L.P. LLC "A Detailed Response to Hovde's Short Thesis on General Growth Properties" December 22, 2009, page 11.

Master Planned Community Segment

Las Vegas Single Family Median Home Prices Have Collapsed



Source: S&P Case-Shiller Home Price Index, data is as of September per the November 24th release.

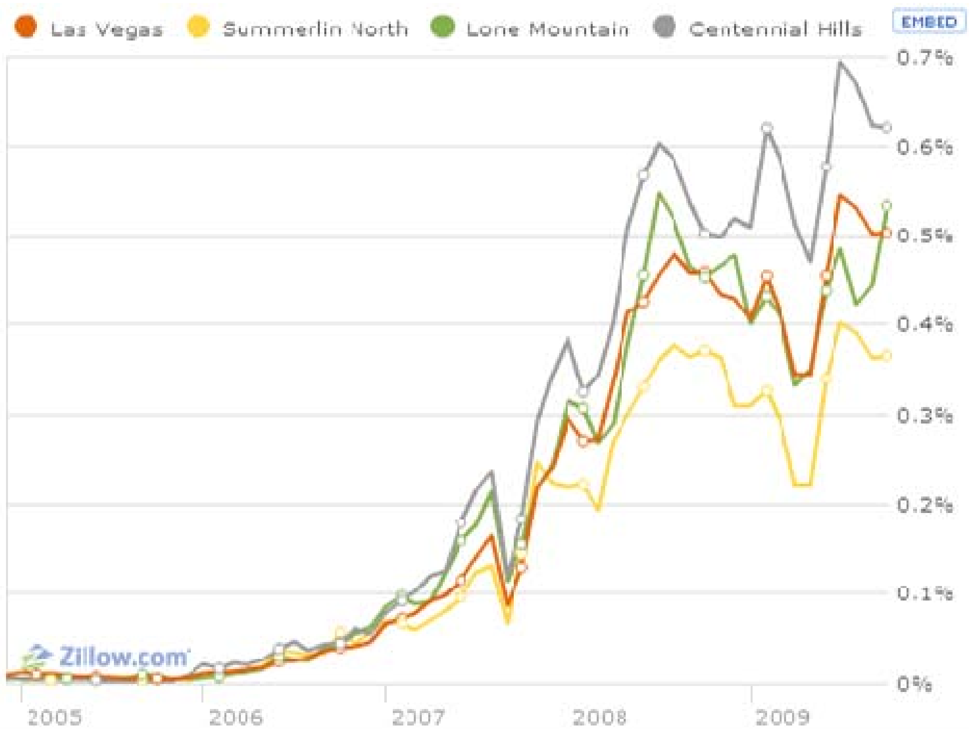
Master Planned Community Segment

"Las Vegas had the highest U.S. foreclosure rate in the third quarter, followed by cities in California and Florida, as unemployment left more borrowers unable to make their mortgage payments, RealtyTrac Inc. said."

"Las Vegas Leads U.S. With Highest Foreclosure Rate" – Bloomberg, 10/28/09.

Master Planned Community Segment

Las Vegas - % of Homes in Foreclosure



Source: Zillow.com, data as of 12/1/09.

General Growth Management Inc.

General Growth Management Inc.

- Pershing Square bases their valuation of the management business **on an internal profitability estimate that is not explained or justified and assumes what we consider to be a very high valuation multiple**.
- Based on financial data provided by General Growth Properties shown on the following slide, it is not clear to us that the company's property management operations are even profitable and appear to be loss-generating (see highlighted line items on following page). **As such, we believe the value of this business is likely not material in estimating a value for the overall enterprise.**

Source: "The Buck's Rebound Begins Here" dated May 27, 2009 – Pershing Square Capital Management, L.P. (p. 59).

General Growth Management Inc.

GENERAL GROWTH PROPERTIES, INC.
PORTFOLIO RESULTS AND FUNDS FROM OPERATIONS ("FFO")
(In thousands)

	Three Months Ended September 30, 2009		
Retail and Other	**Consolidated Properties**	**Unconsolidated Properties**	**Segment Basis**
Property revenues:			
Minimum rents	$ 489,472	$ 94,264	$ 583,736
Tenant recoveries	217,040	39,718	256,758
Overage rents	10,408	1,442	11,850
Other, including noncontrolling interests	19,476	12,172	31,648
Total property revenues	736,396	147,596	883,992
Property operating expenses:			
Real estate taxes	69,925	11,775	81,700
Repairs and maintenance	56,472	8,784	65,256
Marketing	7,358	1,484	8,842
Other property operating costs	108,009	27,518	135,527
Provision for doubtful accounts	5,925	1,539	7,464
Total property operating expenses	247,689	51,100	298,789
Retail and other net operating income	488,707	96,496	585,203
Master Planned Communities			
Land sales	7,409	7,800	15,209
Land sales operations	(9,582)	(8,647)	(18,229)
Master Planned Communities net operating loss	(2,173)	(847)	(3,020)
Real estate property net operating income	486,534	95,649	$ 582,183
Management and other fees	14,500	4,267	
Property management and other costs	(44,876)	(8,660)	
General and administrative	(11,652)	(1,390)	
Provisions for impairment	(60,940)	-	
Depreciation on non-income producing assets, including headquarters building	(2,328)	-	
Interest income	523	1,040	
Interest expense	(326,357)	(36,811)	
Benefit from (provision for) income taxes	14,430	(31)	
Preferred unit distributions	(2,336)	-	
Other FFO from noncontrolling interests	1,246	30	
Reorganization items	(22,597)	-	
FFO	46,147	54,094	
Equity in FFO of Unconsolidated Properties	54,094	(54,094)	
Operating Partnership FFO	$ 100,241	$ -	

Source: General Growth Properties Q3-09 Supplemental report.

Net Asset Value

We Believe Our Analysis Is Generous Towards the Company and That It Is Questionable Whether There Is Equity for Current Shareholders

This is from 2008

This is Q3 annualized NOI, and rents are rolling down sharply (-33%), which will drive lower NOI.

Cash will be paid to creditors in fees and recovery of legal expenses.

Pershing Square Analysis Framework*

($ in millions, except per share data)	Low	High	More Realistic Hovde Scenario	
LTM Cash NOI	$ 2,524	$ 2,524	$ 2,200 (1)	$ 2,200 (1)
Cap Rate	8.5%	7.5%	8.5%	7.5%
Implied Value of GGP's REIT	29,694	33,653	25,882	29,333
Pro Rata for JVs:				
Less: Total Debt	(28,174)	(28,174)	(28,174)	(28,174)
Less: Preferred Debt	(121)	(121)	(121)	(121)
Less: Other Liabilities	(1,585)	(1,585)	(1,585)	(1,585)
Plus: Cash	722	722	0	0
Plus: Other Assets	1,777	1,777	1,777	1,777
Plus: Development Pipeline	603	603	603	603
Implied Equity Value	$ 2,916	$ 6,875	$ (1,618)	$ 1,833
Per Share	**$ 9.11**	**$ 21.50**	**$ (5.06)**	**$ 5.73**

(1) See calculation of NOI on page 30 of General Growth Properties, "Fool's Gold," Hovde Capital Advisors, LLC, December 15, 2009.

*"The Buck's Rebound Begins Here" dated May 27, 2009 – Pershing Square Capital Management, L.P. (p. 56) and Hovde Capital Advisors analysis.

We Believe Our Analysis Is Generous Towards the Company and That It Is Questionable Whether There Is Equity for Current Shareholders

Worst Case Scenario - Assumes 10% Decline From Hovde Base Case NOI (1)

Pershing Square Analysis Framework (2)		
($ in millions, except per share data)	**Low**	**High**
Cash NOI(3)	$ 2,000	$ 2,000
Cap Rate	**8.5%**	**7.5%**
Implied Value of GGP's REIT	23,529	26,667
Pro Rata for JVs:		
Less: Total Debt	(28,174)	(28,174)
Less: Preferred Debt	(121)	(121)
Less: Other Liabilities	(1,585)	(1,585)
Plus: Cash (3)	-	-
Plus: Other Assets	1,777	1,777
Plus: Development Pipeline	603	603
Implied Equity Value	**$ (3,971)**	**$ (833)**
Per Share	**$ (12.42)**	**$ (2.61)**

(1) See calculation of NOI on page 30 of General Growth Properties, "Fool's Gold," Hovde Capital Advisors, LLC, December 15, 2009.
(2) Analysis taken from "The Buck's Rebound Begins Here" dated May 27, 2009 – Pershing Square Capital Management, L.P. (p. 56).
(3) Hovde Capital Advisors analysis assumes cash NOI of $2.0 billion, and unlike Pershing Square, assumes cash is paid out in fees to secured and unsecured creditors.

We Believe Our Analysis Is Generous Towards the Company and That It Is Questionable Whether There Is Equity for Current Shareholders

($ in millions, except per share data)	Best Case - Assuming Conversion Conversion Price Range $5-$8				Realistic Scenario - Assuming Conversion Conversion Price Range $3-$6			
	Best Case				**Realistic Case**			
Annualized Cash NOI (1)	$ 2,200	$ 2,200	$ 2,200	$ 2,200	$ 2,200	$ 2,200	$ 2,200	$ 2,200
Cap Rate	**7.5%**	**7.5%**	**7.5%**	**7.5%**	**8.5%**	**8.5%**	**8.5%**	**8.5%**
Implied Value of GGP's REIT	29,333	29,333	29,333	29,333	25,882	25,882	25,882	25,882
Pro Rata for JVs:								
Less: Total Debt	(21,174)	(21,174)	(21,174)	(21,174)	(21,174)	(21,174)	(21,174)	(21,174)
Less: Preferred Debt	(121)	(121)	(121)	(121)	(121)	(121)	(121)	(121)
Less: Other Liabilities	(1,585)	(1,585)	(1,585)	(1,585)	(1,585)	(1,585)	(1,585)	(1,585)
Plus: Cash (2)	-	-	-	-	-	-	-	-
Plus: Other Assets	1,777	1,777	1,777	1,777	1,777	1,777	1,777	1,777
Plus: Development Pipeline	603	603	603	603	603	603	603	603
Implied Equity Value	**$ 8,833**	**$ 8,833**	**$ 8,833**	**$ 8,833**	**$ 5,382**	**$ 5,382**	**$ 5,382**	**$ 5,382**
Per Share	**$ 5.14**	**$ 5.94**	**$ 6.69**	**$ 7.39**	**$ 2.03**	**$ 2.60**	**$ 3.13**	**$ 3.62**
Assumed conversion price:	$ 5.00	$ 6.00	$ 7.00	$ 8.00	$ 3.00	$ 4.00	$ 5.00	$ 6.00

(1) See calculation on page 24 of General Growth Properties, "Fool's Gold," Hovde Capital Advisors, LLC, December 15, 2009. **Assumes unsecured debt would require a moderate discount to convert, although it is questionable in our view whether there will be any value for existing shareholders given that we believe the value of the debt exceeds that of the assets.**
(2) Assumes cash is paid out to creditors in forbearance fees and reimbursement of legal expenses.

Strategic Acquisition Potential

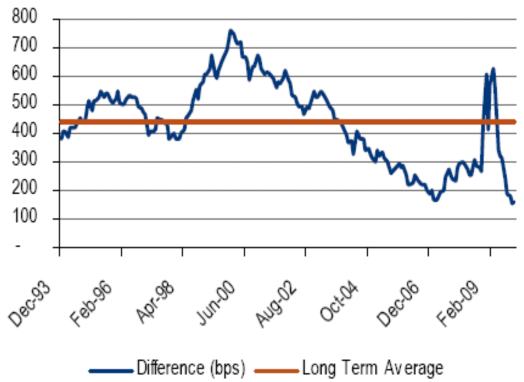
Strategic Acquisition Potential?

- We are cognizant of the recent press reports suggesting General Growth may be the target of a potential strategic acquirer; however, we believe investors have been too carried away in evaluating this scenario as it relates to the equity of General Growth.
- We do not believe this acquisition makes tremendous sense for Simon Properties. In our view:
  - Simon is already the dominant player in key markets – **"why buy the cow to get the filet?"**
  - Simon would assume significant problem and non-core assets that may be costly to resolve.
  - While the interest rate on General Growth's debt is low, the amortization now required under the company's plan of emergence makes the debt service cost of approximately 8.5% (1) unattractive in today's environment and we are of the opinion that many of the assets are not in a position to be refinanced at current debt levels given the decline in asset values.
  - **We believe Simon's acquisition of General Growth could raise anti-trust concerns**, given the combined company would hold 30% market share of total malls in the United States and as much as 50% of the higher quality malls in the country (2).
  - We do believe Simon may have interest in certain assets as they have stated publicly.
- Simon has taken positions in General Growth's unsecured debt, suggesting that if Simon were to try and gain control of General Growth, Simon likely do not view the equity as the most effective approach or are perhaps uncertain of the ultimate value.
- Simon and Westfield acquired positions in the company's unsecured debt as opposed to acquiring the common stock while it was trading below $2 for more than six months. Is this not telling? Why would they be inclined to buy the stock now at over $10?
- There may be other interested parties that would have interest in acquiring all or part of General Growth; however, we do believe other serious professional investors would be willing to pay a price that, at the current share price, we believe is unreasonable for these assets. Barclay's recently published a report that concurs with this conclusion(3).

(1) Source: "General Growth Judge Approves Plan for Restructuring Debt" Bloomberg, 12/16/09. Calculation: $1.9 billion of amortization over 6 years = ~$300 million/year, divide this by $10.25 billion in debt = 3%/year, add this to the all-in interest rate of 5.5% = 8.5%.
(2) Source: "Next steps in General Growth's emergence from bankruptcy" Bank of America Merrill Lynch, 12/8/09.
(3) Source: "GGP and SPG: An Update" Barclay's Capital, 12/22/09.

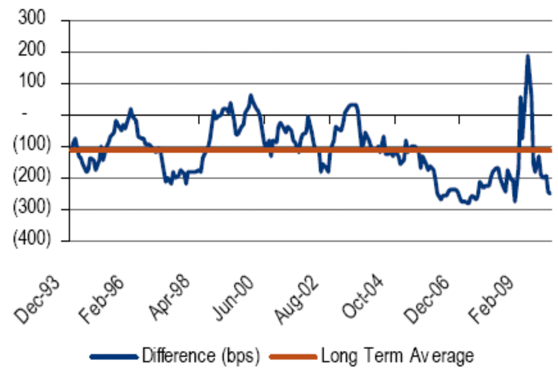
Strategic Acquisition Potential?

Chart 11: REIT dividend yield vs. S&P 500 yield



Source: FactSet, BofA Merrill Lynch Global Research

Chart 13: REIT dividend yield vs. average US corporate BAA yield



Source: FactSet, BofA Merrill Lynch Global Research

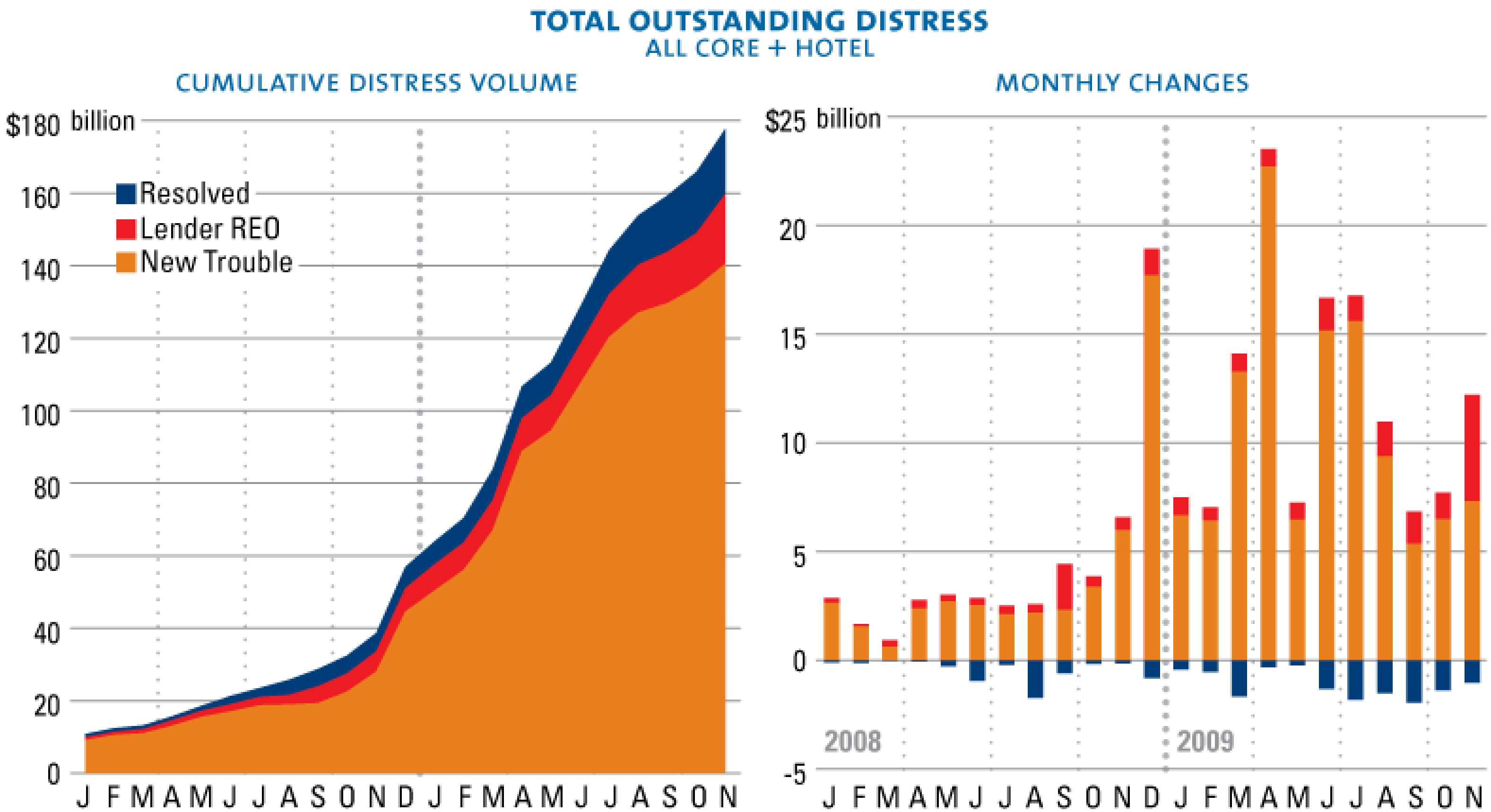
Chart 12: REIT dividend yield vs. S&P Utility yield

Source: FactSet, BofA Merrill Lynch Global Research

- Given the spread between private market values, we believe it is unlikely real estate investors would choose to pay a premium for a public company while assets can be purchased in the private market at substantially more favorable prices.
- **Public REITs are trading near historical extreme high valuations while private market asset values are declining precipitously (see section on cap rates).**

Strategic Acquisition Potential?

Why Would a Buyer Pay a Premium for an Over-Leveraged Capital Structure When There Is So Much Inventory of Distressed Assets to Choose From?



Source: Real Capital Analytics, both charts represent data from 1/08-11/09.

Barclay’s View on GGP & SPG

“While we agree that Simon will be an industry consolidator going forward, we continue to believe that transactions will be challenging and that an outright acquisition of General Growth is unlikely. To the extent Simon can work out a means to acquire some of General Growth’s better assets out of bankruptcy, we believe that it would provide long term value for the company. Overall, we believe that given management’s track record that when Simon does execute on a deal, it will be economic for the company and shareholders.”

- Barclay’s, “GGP and SPG: An Update” 12/22/09.

Hovde Commentary
We agree, and believe that Simon is a sophisticated investor and allocator of capital, and would not likely have interest in acquiring GGP anywhere near current levels.

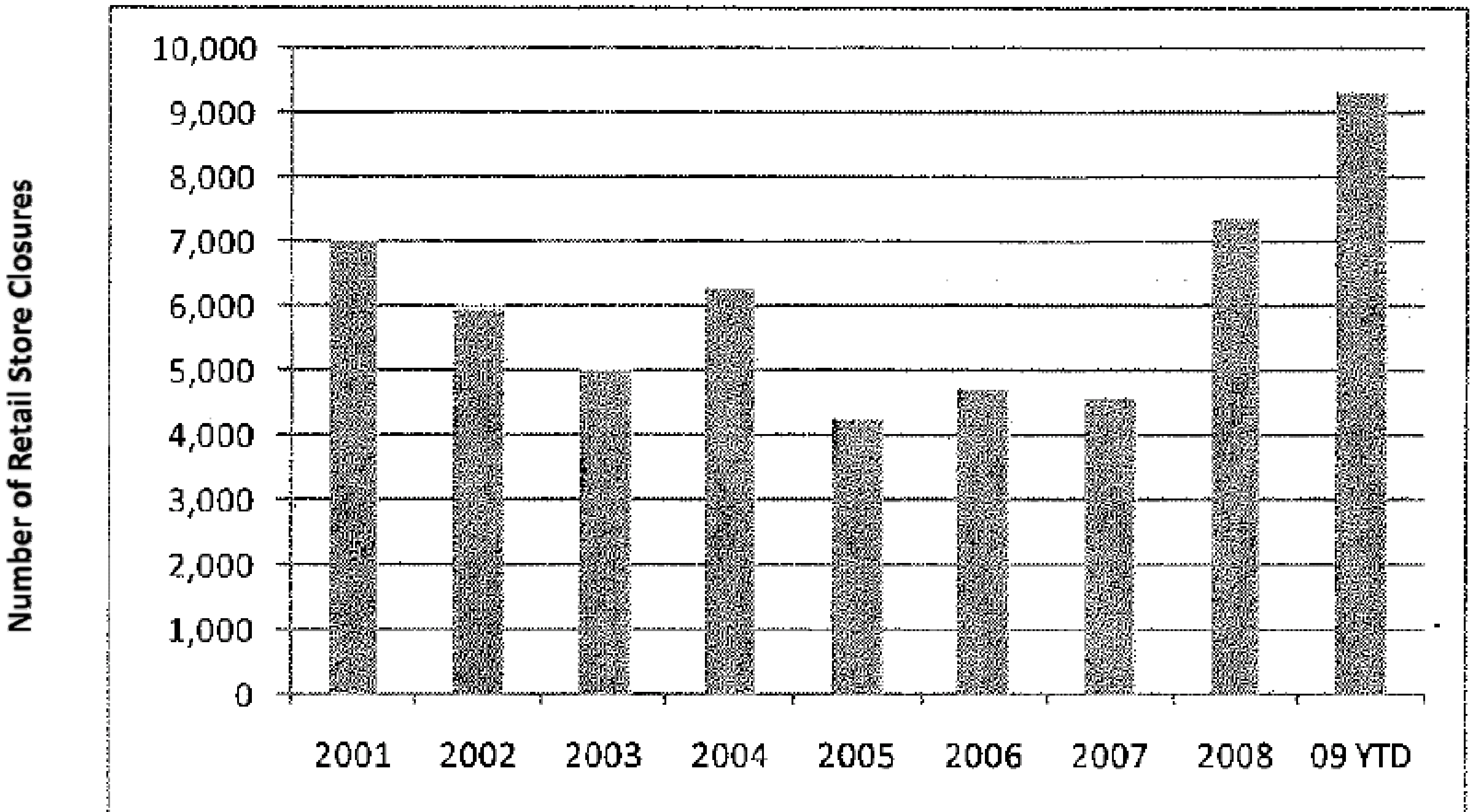
Retail Store Closures

Holiday Sales Continue to Struggle

"Following a relatively subdued last-minute shopping rush before Christmas, retailers were hoping to entice consumers to keep on buying after the holiday. More retailers planned Internet sales this year in an attempt to cash in on the growth of e-commerce, one of the few bright spots in an otherwise lackluster holiday shopping season."

Retailers Turn to Internet to Spur Postholiday Business – Wall Street Journal 12/28/09

Retail Store Closures Continue to Surge



Source: ISI Group

Consumers Continue to Save

"The recession has caused a seismic shift in the consumer culture, converting die-hard spenders into savers. A growing number of people, either smarting from a job loss or spooked by the financial crises of others, are scrambling to get out of debt, establish emergency funds, and add to their retirement and savings accounts.

After having taken the first plunge by cutting holiday spending, many are seeking more substantial ideas on how to sustain their frugality."

"Weak economy motivates Americans to save more" – Washington Post 12/27/09

We Believe Pershing Square Is Out of Touch

Liquidations Should Ultimately Be Good For Malls*

Hovde wonders how?

Retailers with successful concepts are acquiring leases from liquidating retailers, allowing malls to refresh their product offerings with concepts that should drive increased traffic

How is 201 stores going dark in this example going to drive increased traffic?

Selected Liquidations	Strategic Acquirer(s)	Comments
Gottschalks *Jan-09*	**Forever 21** *Jun-09*	▸ Gottschalks auctioned to liquidation company, Great American Group ▸ 13 retail spaces sold to Forever 21 on June 10, 2009
Joe's Sports *Mar-09*	**Dick's Sporting Goods** *Jul-09*	▸ Joe's Sports sold to liquidator Gordon Brothers for $61mm ▸ 6 retail spaces sold to Dick's Sporting Goods in July, which will be opened by year-end
Mervyn's *Jul-08*	**Forever 21 / Kohls** *Dec-08*	▸ In December, Kohls and Forever 21 acquired 46 Mervyn's leases for $6.25mm ▸ Forever 21 primarily focused on Mervyn's mall-based locations ▸ Speculation that Forever 21 has acquired additional Mervyn's spaces since December

This company had 61 locations, so this means 48 go dark.

This company had 30 locations, so this means 24 go dark.

This company had 175 locations, so this means 129 go dark.

*Pershing Square Capital Management, L.P. LLC "A Detailed Response to Hovde's Short Thesis on General Growth Properties" December 22, 2009, page 39.

The State of Retail

- Does Pershing Square not think the greatest economic downturn since the great depression, the implosion of perhaps the greatest consumer credit bubble in history, and one of the greatest periods of wealth destruction in United States history has not impaired consumer spending habits for the foreseeable future?
- Does Pershing Square not believe the internet is a more cost-effective retail distribution channel that continues to gain share away from traditional physical retail?
- Does Pershing Square really believe discount big-box, non-mall retailers are not more price competitive than specialty, mall-based retailers and are gaining market share?
- We would encourage investors to perform their own diligence and walk their local malls. We would encourage investors to have discussions with mall-based retailers to find out what is happening with sales trends as well as lease negotiations with landlords.

Analysis of T2 Partners Commentary

T2 Partners Cash Flow Analysis Flaws

- We want to highlight what we believe is an error in an analysis published by T2 Partners that derived a $22 per share value for the equity of General Growth.
- This analysis used the following calculation:
  - NOI: $2.4 billion (as we have stated, we believe this is too high and $2.2 billion is a more accurate projection)
  - Debt Service: $1.1 billion – we believe this is an error because:
  - The company's annual debt service is $1.5 billion (pre-plan of emergence) and now an additional $1.9 billion of principal amortization will be added over 6 years, or approximately $300 million per year, which brings the debt service figure to $1.8 billion and the resulting "cash flow" estimate to $300 million as opposed to the $1.0 billion cited by T2 Partners.
  - Not only is the debt service figure inaccurate in the "cash flow" calculation, but the comparable multiple is based on an FFO multiple, which is after general and administrative and other expenses, which we believe would conservatively represent $100 million annually based on pre-bankruptcy levels of G&A (per company supplemental financial reports for 2007 and 2008).
  - Uses a 14x multiple, referencing Simon Properties as the comparable benchmark, but we would argue that, based on leverage levels, Macerich (NYSE:MAC), which trades at 11x, is a more appropriate comparison.
- Using the correct debt service figure, this analysis would lead you to a negative value for the company's equity: $300mm x 14 = $4.2 billion, less $7 billion in unsecured debt = NEGATIVE $2.8 billion.
- **Based on the points above, we believe the T2 Partners analysis is flawed.**

(1) T2 Partners "General Growth Properties: Rebutting the Bears" Seeking Alpha, 12/16/09.

Portfolio Risks

A Few Diamonds, But There's An Awful Lot of Hair Too

- Over 58 million square feet of vacant anchor tenant space.
- 29% of portfolio is in markets with significantly above average unemployment (CA, FL, GA, MI, NV).
- $273 million of unfunded development and redevelopment projects.
- Hughes Estate heirs contingent payment – this could represent an substantial unfunded liability (see p.4).

Source: General Growth SEC filings:, US Bureau of Labor Statistics.

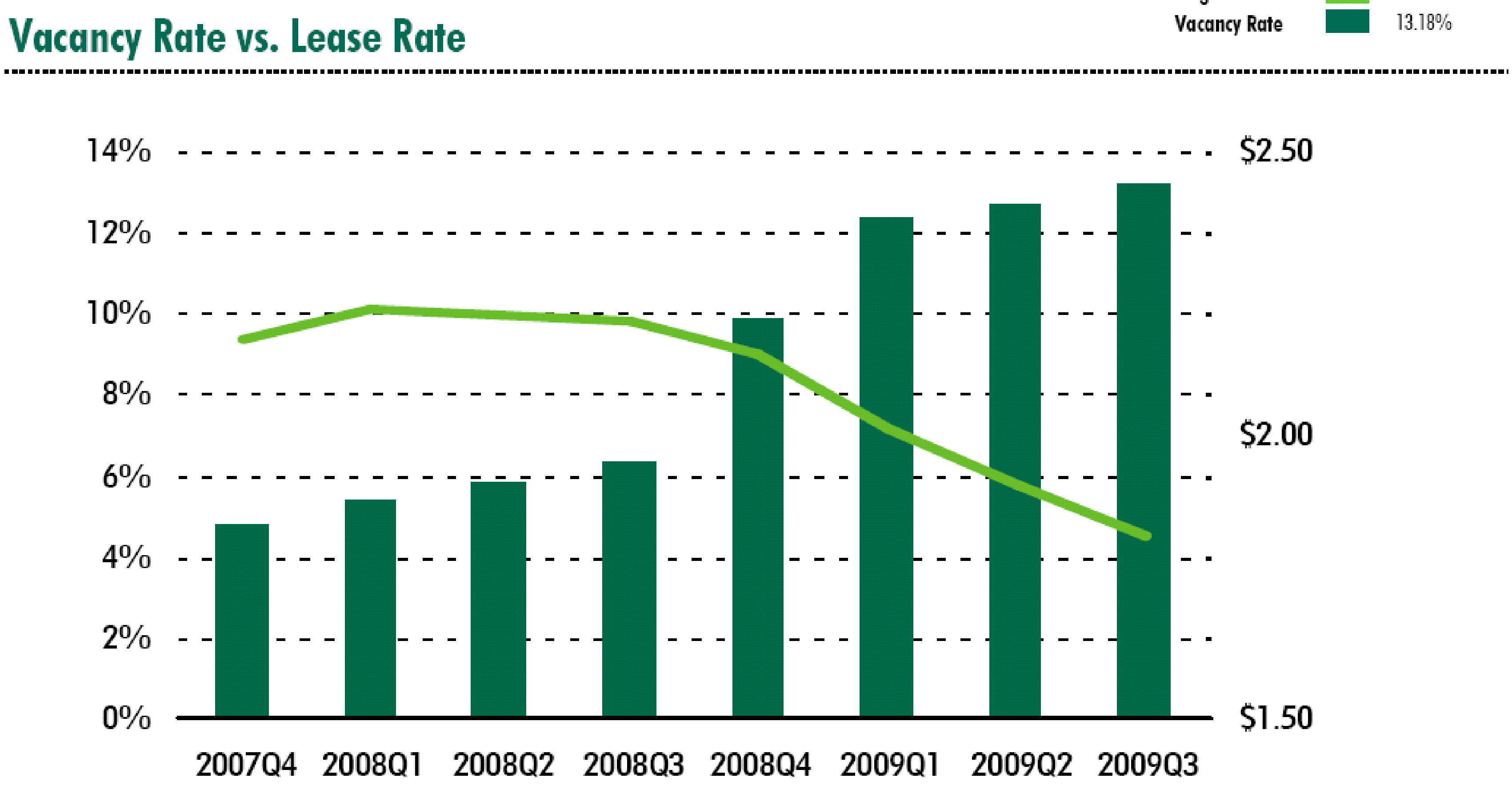
The Unemployed Don't Shop Much

State	% of GGP GLA[(1)]	Unemp. Rate
CA	9.1%	14.7%
MI	6.0%	12.3%
FL	5.9%	11.5%
GA	4.5%	10.2%
NV	3.8%	12.3%
US		**10.0%**

Source: US Bureau of Labor Statistics, as of November 2009.
(1) General Growth SEC filings.

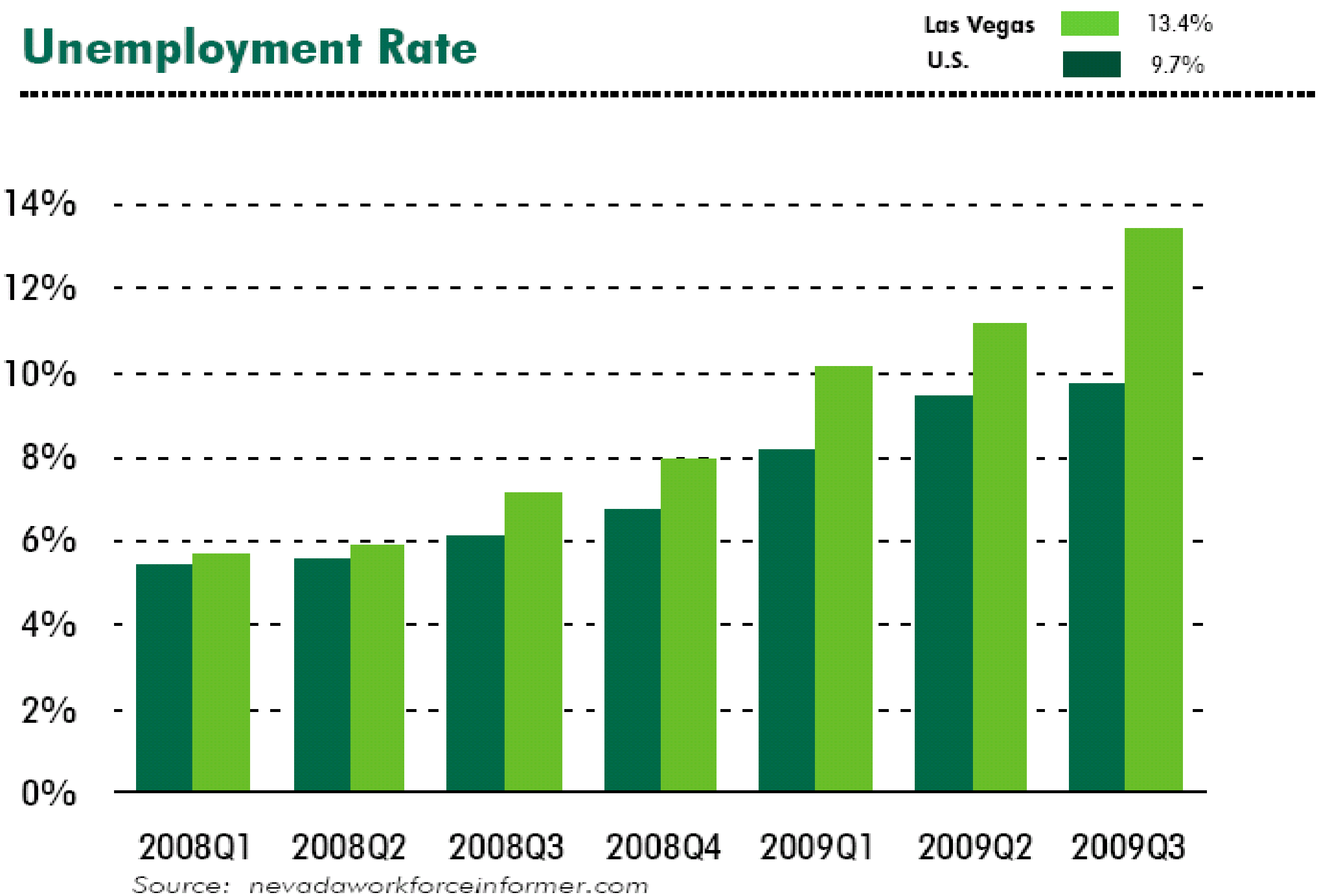
Las Vegas (3.8% of GGP GLA)

Retail



Source: CB Richard Ellis.

Las Vegas (3.8% of GGP GLA)



Source: CB Richard Ellis.

Don’t Take Our Word - Use Independent Third-Party Data Sources

- We would encourage investors to conduct their own research on commercial real estate and regional mall fundamentals to better understand what is happening in private markets.
- In addition to vast amounts of data available from public companies, there are numerous sources of independent third-party data providers that track demographic and employment trends as well as trends in real estate fundamentals (occupancy, rents, transactional data, etc.), such as CB Richard Ellis, Jones Lang LaSalle, Reis, and Real Capital Analytics - to name a few.

Summary

Summary

- **We would encourage investors to conduct their own analysis based on the extensive data available in the public realm and third-party independent data, as opposed to relying on the opinion of anyone, let alone an analysis performed by Pershing Square that relies upon "pro-forma" figures, undisclosed calculations, and speculations as to the future direction or perceived level of cap rates. We believe when investors do their own homework, they will arrive at a conclusion similar to ours.**
- We believe our calculation of NOI is accurate and in line with consensus estimates by sell-side analysts and that Pershing Square's estimate is not consistent with the methodology used by most Wall Street analysts, and in our opinion, is not based on reasonable assumptions.
- Continued significant declines in rental rates and leasing spreads are likely to drive substantially lower NOI for the foreseeable future, making our NOI estimate generous in our view.
- Given that the purchase of the master planned community segment assets was near what we view as peak prices and the subsequent decline in land prices, we think there is little, if any, value in these assets. Furthermore, the heirs of the Hughes estate hold a contingent claim related to the valuation of these assets, and, if there is significant value in these assets, the resolution of this claim could result in a substantial unfunded liability, which Pershing Square has failed to include in its analysis
- As we have demonstrated, we believe the value of the General Growth Management Inc. business segment is immaterial to the analysis of the General Growth enterprise given its apparent negative operating earnings.

Summary (Continued)

- Despite the commentary of Pershing Square, we believe that market-based, observable data points and comparable analysis suggest that capitalization rates for General Growth assets are not below 8% in our view.
- Leverage at General Growth is not sustainable in our view and debt service coverage appears minimal based on the company's own projections, suggesting deleveraging is required and that lower portions of the capital structure may be at risk of significant dilution of their claims. We would encourage equity investors to thoroughly research the extent of non-equity claims to understand the potential risk of dilution.
- The potential for the company to be acquired by a strategic suitor seems uncertain, though the likelihood of a transaction at current equity price levels appears remote in our view, given that the parties that are purported to be the acquirers of the company have acquired the unsecured debt but apparently lack interest in the equity at much lower prices.
- Retail store closures are continuing to accelerate and poor holiday sales are likely to lead to further tenant distress and store closures that will pressure the operating fundamentals of General Growth and malls in general.
- **We stand by our original analysis and believe it is questionable whether there will be any value for current shareholders in GGP common stock. We have no interest in continuing a public dialogue on this company and would again encourage investors to perform their own investigation into the facts.**

Disclosures

- Funds advised by Hovde Capital Advisors, LLC and one of its principals have established short positions in the common stock of General Growth Properties (OTC: GGWPQ) and in the common stock of Macerich (NYSE: MAC). Their positions in these stocks and others may change without further notice.
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