General Growth Properties (GGP)

Rating	NEUTRAL* [V]
Price (10 Sep 10, US$)	14.66
Target price (US$)	16.50[1]
52-week price range	16.80 - 2.97
Market cap. (US$ m)	4,651.68

**Stock ratings are relative to the relevant country benchmark.*
[1]Target price is for 12 months.
[V] = Stock considered volatile (see Disclosure Appendix).

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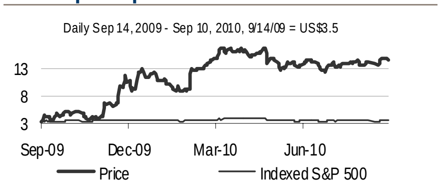
INITIATION

Getting Ready

- **Initiating Coverage with a Neutral Rating:** Our $16.50 target price on General Growth Properties is based on a sum–of-the-parts valuation of New GGP ($12.50) and Spinco ($4.00), the two companies that are to emerge from GGP after bankruptcy.
- **Distressed Cash Flows Could Improve in a Recovery:** GGP's bankruptcy distress appears to have hit its rent rolls: 9% of the company's square footage is in low-rent specialty leases, roughly twice the space as in Simon's (SPG) portfolio (see Exhibit 3). In a recovery, if these leases can be replaced with tenants paying full rent, meaningful earnings upside could be realized.
- **Catalysts: Appraisals and Index Inclusion:** In the near term, we believe that GGP will trade off of the resolution of the Hughes liability and the treatment of GGP in major indices. If the resolution of the Hughes claim is near the company's book value liability of $245 million, we believe the settlement will be viewed positively. GGP's new post-spinoff free float should be $5-6 billion, making it one of the top 10 REITs on this basis. (See Exhibit 19-Exhibit 21.)
- **Giving Spinco Some Value:** With no value to Spinco, GGP currently trades at 21x our 2011 New GGP AFFO estimate, in line with our coverage. However, after attributing $4.00 per share to Spinco, the new GGP currently trades at 15.0x 2011 AFFO, a 27% discount to REIT peers (See Exhibit 28.)

Share price performance



On 09/10/10 the S&P 500 index closed at 1109.55.

Quarterly FFO	Q1	Q2	Q3	Q4
2009A	-0.61	-0.02	0.36	-1.61
2010E	0.51	0.55	0.63	-1.55
2011E	0.22	0.22	0.23	0.26

Financial and valuation metrics

Year	12/09A	12/10E	12/11E	12/12E
FFO per share (US$)	-1.88	0.14	0.93	0.98
AFFRO per share (US$)	-2.14	-0.27	0.71	0.77
P/FFO per share	-7.80	104.77	15.74	15.02
P/AFFRO per share (x)	-6.9	-54.5	20.7	19.1
Revenue (US$ m)	2,927.9	2,894.0	2,764.1	2,701.5
Net operating income (US$ m)	1,933.4	1,891.8	1,835.3	1,800.4
EBITDA (US$ m)	1,762.6	37.6	1,813.5	1,782.6
Same-store NOI growth (%)	—	—	—	—
Fixed charge	—	—	—	—
Implied cap rate (%)	—	—	—	—
Implied value per SF/unit (US$)	—	—	—	—

Fully diluted shares (m)	319.6	NAV per share (12/10E, US$)	—
ROIC (12/09A)	—	Est. 3-yr. FFO growth (%)	—
Net debt (current, US$ m)	24,365.8	Dividend (current, US$)	0.04
Debt/total cap. (12/09A)	—	Dividend yield (%)	0.27

Source: Company data, Credit Suisse estimates.

Investment Summary

General Growth Properties (tk: GGP) is a company currently in bankruptcy that will soon undergo two major transactions.

1. A *split* of the current entity into two distinct companies:

   a. *A REIT* (the New GGP) comprised of 170 core regional malls and 65 additional properties (strip centers and offices that will be sold).

   b. *An operating company* (Spinco) focusing on the development of master planned communities (MPC) and shopping centers.

Exhibit 1 provides a summary of the two proposed companies.

Exhibit 1: Highlights of the Proposed New GGP and Spinco

	GGP Today	New GGP	Spinco
(E) Gross Asset Value ($B)	37.3	34.6	2.7
(E) Breakdown by Business Line			
Operating Real Estate	95.8%	99.6%	27.3%
Commercial Real Estate Development	13%	0.4%	16.8%
Master Planned Communities	2.9%	0%	55.9%

Source: Company data, Credit Suisse estimates.

2. A *recapitalization* by which $7 billion of equity will be raised to recapitalize the two entities. This recapitalization has already been committed to by a group of investors composed of Brookfield Asset Management, Pershing Square, Fairholme Partners, and Texas Teachers Retirement System. In addition, a Blackstone private equity fund will purchase a $500 million stake in the company from the previously mentioned investors upon closing. The company has filed an S-11 to issue $2.25 billion of equity to third-party investors to claw back some of this commitment.

GGP produced a timeline in July implying that these transactions should be completed by the end of October 2010. We believe the market is taking a *wait-and-see* view on the investment. We believe the key uncertainty surrounds the value of Spinco given its exposure to the moribund housing industry. However, Credit Suisse believes there currently is a modest value opportunity to invest in the stock, rather than wait for the completion of the recapitalization. With no value attributed to Spinco, GGP appears to be currently trading at 15.7x our 2011 FFO estimate for the new GGP, versus 16.6x and 14.8x our coverage universe and mall coverage, respectively. However, our sum-of-the-parts (SOTP) analysis estimates that Spinco is worth $4.00 per current GGP share. Including this Spinco value, the new GGP trades at 11.5x 2011 FFO, a 31% discount to our coverage universe.

We are initiating coverage of General Growth Properties a $16.50 target price, reflecting a 6.8% cap rate for the new GGP and $4.00 per share of value for Spinco. Our target price is based on an SOTP comprised of the following:

- We value the new GGP at $12.50 per share, based on a 6.8% cap rate on forward 12 months operating income. (See Exhibit 27) This is a 40-basis-point premium to (i.e., cheaper than) the mall peer group average of 6.4% as a result of a lack of a track record rather than portfolio quality, which appears to track similar on a relative basis .(See Exhibit 8).

- We value Spinco of at $4.00 per share (See Exhibit 46). Our analysis is based upon a 46% book value discount to the master planned community (MPC) business. We provide a sensitivity to our MPC valuation in Exhibit 30-Exhibit 35.

With a forecast forward-four-quarter yield of 0.3%, our target price implies a total return of 12.8%. This is above a flat return for the REIT sector implied by our current price targets. However, under the Credit Suisse ratings system, this total return implies a Neutral rating.

Catalysts

1. **Leasing.** As we will discuss below, GGP's public disclosures suggest that operations were negatively affected by bankruptcy events. Significant upside could arise if low rent short team leases can be replaced with higher rent long term leases.

2. **Index Events:** We anticipate ongoing pressure to the upside on the stock owing to buying from dedicated REIT investment funds, as New GGP, with an estimated market cap of over $10 billion, will be one of the largest companies in our coverage universe.

3. **Retail Environment:** It is still unclear whether the United States will continue into a double-dip economic decline or bounce back. GGP's portfolio caters to a range of incomes and geographies; therefore, the macro economic picture plays a significant role in total sales volume.

4. **Hughes Claim Settlement:** GGP has yet to resolve a payment with the Hughes heirs regarding an obligated payout related to the Summerlin MPC land tract in the suburbs of Las Vegas. (Please see our comments on the section titled *The CSA and Hughes Settlement* for further detail on this issue.) Similar to the tax liability issue previously described, the timing and the size of this resolution could affect stock trading and valuation. Our GGP valuation provides for a $100 million contingency beyond the $245 million carrying value currently on the GGP balance sheet.

5. **Outcome of Management Positions.** Senior management positions in both GGP and Spinco are currently in flux. The resolution of these positions, and the caliber of the replacements could materially impact the stock.

The Two Parts

As previously highlighted, GGP currently is an amalgamation of two proposed future companies, the new GGP and Spinco. We describe each of them in turn herein.

What Is GGP? (Estimated Value of $12.50 Per Share, 76% of Credit Suisse Price Target)

Upon emergence from bankruptcy General Growth Properties will operate 170 shopping centers consisting of 62.3 million square feet (msf) in 43 states. Exhibit 2 details the company's mall locations by geographic exposure. The largest state exposures are Texas and California.

Exhibit 2: New GGP Regional Presence

State	% of Portfolio square footage
Texas	10.7%
California	9.1%
Florida	6.1%
Georgia	5.4%
Illinois	3.8%
Other	64.9%
Total	**100%**

Source: Company data, Credit Suisse estimates. Excludes Special Consideration Properties. Includes Anchors.

Exhibit 3 shows GGP's properties are well diversified, with 21% of tenants operating specialty stores and 14% selling family apparel.

Exhibit 3: GGP Tenant Diversification by Sector

Tenants	% of Mall GLA
Specialty (includes personal services)	21%
Family Apparel (includes unisex)	14%
Women's Apparel	13%
Teen Apparel	11%
Shoes	9%
Restaurants	8%
Home Entertainment and Electronics	3%
Home Furnishings	3%
Sporting Goods	3%
Children's Merchandise	3%
Personal Care	3%
Gifts (includes stationery, cards, gifts and novelty)	3%
Jewelry	2%
Fast Food/Food Court	2%
Specialty Food (includes health, candy and coffee)	2%

Source: 2009 GGP 10-K.

Exhibit 4 displays GGP's major tenant exposure. Similar to other mall REITs (see Exhibit 5), the new GGP's largest tenants will primarily be well capitalized public retailers. Limited Brands, Inc. (2.9%), The Gap, Inc. (2.8%), and Abercrombie & Fitch (2.3%) are the three largest tenants of GGP.

Exhibit 4: GGP Top Tenants by % of Mall GLA as of June 30, 2010

	U.S. Regional Mall Top Tenants	% of Mall GLA	Ticker	YTD Performance	Debt Rating	Store Openings (net of closures)		Same Store Sales		
						2009	2Q10	2008A	2009A	2Q10A
1	Limited Brands, Inc.	2.9%	LTD	35.9%	Ba2/BB	-43	-25	-9.0%	-4.0%	7.0%
2	The Gap, Inc.	2.8%	GPS	-15.4%	BB+	-54	-19	-12.0%	-3.0%	1.0%
3	Abercrombie & Fitch Stores, Inc.	2.3%	ANF	0.9%	N/A	-1	-44	-13.0%	-23.0%	5.0%
4	Foot Locker, Inc.	2.3%	FL	14.1%	Ba3/B+	-141	-24	-3.2%	-6.3%	2.5%
5	Golden Gate Capital	1.7%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	American Eagle Outfitters, Inc.	1.5%	AEO	-28.6%	N/A	5	-22	-10.0%	-4.0%	-1.0%
7	Forever 21, Inc.	1.3%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8	Macy's Inc.	1.3%	M	20.6%	Ba1/BB+	3	0	-4.6%	-5.3%	4.9%
9	Luxottica Retail North America Inc.	1.3%	LUX	-2.4%	N/A	N/A	N/A	N/A	N/A	N/A
10	American Multi-Cinema, Inc.	1.2%	N/A	-9.1%	N/A	N/A	N/A	N/A	N/A	N/A

Source: Company data, Credit Suisse estimates. Golden Gate Capital owns a number of retailers including Express and Eddie Bauer.

Exhibit 5: GGP Top Tenant Comparison as of June 30, 2010

	GGP (1)	SPG (2)	MAC (3)
1	Limited Brands, Inc.	The Gap, Inc.	Gap Inc.
2	The Gap, Inc.	Limited Brands, Inc.	Limited Brands, Inc.
3	Abercrombie & Fitch Stores, Inc.	Abercrombie & Fitch Co.	Forever 21, Inc.
4	Foot Locker, Inc.	Foot Locker, Inc.	Foot Locker, Inc.
5	Golden Gate Capital	Luxottica Retail North America Inc.	Abercrombie and Fitch Co.
6	American Eagle Outfitters, Inc.	Zale Corporation	AT&T Mobility LLC
7	Macy's Inc.	American Eagle Outfitters, Inc.	Luxottica Retail North America Inc.
8	Forever 21, Inc.	Genesco, Inc.	American Eagle Outfitters, Inc.
9	Luxottica Retail North America Inc.	Express LLC	Macy's, Inc.
10	American Multi-Cinema, Inc.	Phillips-Van Heusen	Signet Group PLC

Source: Company data, Credit Suisse estimates. (1) By percent of minimum rents, tenant recoveries and other. (2)By percent of total Simon Group square footage (3) By percent of total rents.

As shown in Exhibit 6, Macy's, Sears, and JC Penney are the company's largest anchor tenants.

Exhibit 6: GGP Retail Anchor Tenants (1)

	Total Stores	Square Feet (000's)	% of Anchor Sq/Ft
Macy's, Inc.	142	23,468	24.3%
Sears Holdings Corporation	127	18,532	19.2%
JCPenney Company, Inc.	131	15,809	16.4%
Dillard's Inc.	81	13,557	14.0%
Bon-Ton Department Stores, Inc.	21	2,304	2.4%
Target Corporation	17	2,182	2.3%
Other	257	20,648	21.4%
Total	**776**	**96,500**	**100.0%**

Source: Company data, Credit Suisse estimates, (1)Pro Rata for Joint Ventures.

How Does GGP Stack Up?

We compare GGP with the mall REIT sector on the following metrics.

1. **Sales Productivity:** GGP owns a diverse portfolio of mall properties. The company divides its mall portfolio into three tiers: tier I, tier II, and Other. Tier I malls have sales above $450 per square foot. Tier II malls usually generate sales above $300 per square foot. Other malls generally have sales per square foot of $200-300. As seen in Exhibit 7, GGP's 47 Tier I malls generate sales per square foot of almost $600 and approximately 48% of mall net operating income (NOI) excluding malls to be defaulted. The company's

56 Other malls generate sales of just $270 per square foot and 21% of mall NOI. Tier I malls generate roughly three times the amount of NOI per square foot as the Other mall category. Special consideration properties are expected to be returned to the lenders upon exit from bankruptcy.

Exhibit 7: GGP Malls by Tier

	Year Ended December 31, 2009				
Category	**Number of Properties**	**Mall and Freestanding GLA (msf)**	**Average Annual Tenant Sales per Square Foot ($)**	**Mall and Other Rental NOI ($ millions)**	**Occupancy (%)**
Tier I Malls	47	20.5	581	999.7	95.5
Tier II Malls	57	20.9	367	712.7	93.2
Other Malls	68	20.9	294	448.8	86.1
Special Consideration Properties	13	3.3	267	63.4	85.8
Total Regional Malls(1)	**172**	**62.3**	**413**	**2,161.2**	**92.0**
Other Rental Properties	64	8.2	N/A	110.3	86.7
Total	**249**	**73.80**	**410**	**2,271.60**	**91.3**

(1) Excludes special consideration properties. Source: September 8 S-11, page 2

Exhibit 8 shows GGP's reported sales per square foot relative to peers. The new GGP would rank in the middle of the pack in terms of productivity, behind TCO and SPG, but ahead of the likes of CBL and PEI.

Exhibit 8: Sales Per Square Foot Comparison (Trailing Twelve Months Through June 30 Unless Noted)

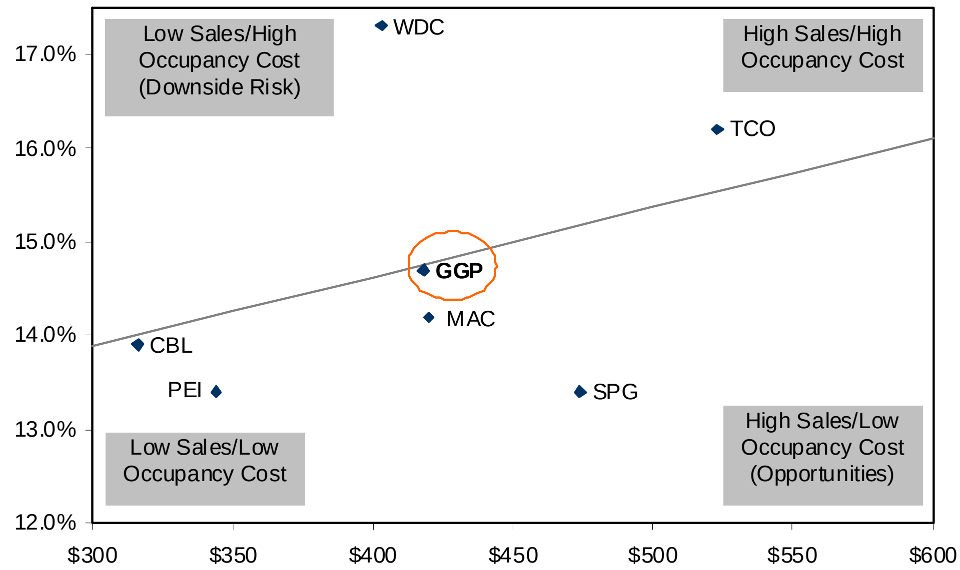
Company	Ticker	Sales per Sq/Ft
Taubman Centers	TCO	**523**
Simon Property Group	SPG	474
Estimated New GGP	**GGP**	**423**
The Macerich Company	MAC	420
Estimated Existing GGP, 12/31/09	**GGP**	**413**
Westfield	WDC.AX	403
Pennsylvania REIT	PEI	344
Glimcher Realty Trust	GRT	342
CBL & Associates Properties	CBL	316
GGP Malls to be Defaulted	**NA**	**267**

Source: Company data, Credit Suisse estimates. Existing GGP, 12/31/09 excludes SCP.

In Exhibit 9, we compare occupancy cost and sales per square foot. We believe this is an important comparison, as the greater the sales volume the greater the occupancy cost can be for a tenant. GGP appears to be near the regression line, implying that the leasing upside in GGP leases open for at least one year is similar to the sector average. The portfolio with the lowest occupancy cost relative to sales appears to be Simon. Part of this low occupancy cost is a function of Simon's 20% of NOI exposure to the outlet business, which historically has operated with a lower occupancy cost than traditional malls. However, this analysis may suggest there is more gas in the tank in SPG's outlet portfolio to bring occupancy costs closer to those of enclosed malls.

Exhibit 9: Occupancy Cost and Sales per Square Foot Comparison

GGP occupancy costs appear in line with expected levels from company sales



Source: Company data, Credit Suisse estimates

2. **Rollover:** The current GGP lease rollover schedule (prior to Spinco spinoff) is shown in Exhibit 10. GGP has relatively even lease expirations through 2018 of 9-11% annually.

Exhibit 11 displays average lease rental rates for the mall sector. GGP is similar to its peers in that it does not face high rent lease expirations relative to its overall portfolio until 2015.

Exhibit 10: GGP Lease Expiration Schedule

	Total Pro Rata at Share			
	Rent & CAMs	**Sq/Ft**	**Total per Sq/Ft**	**Total Lease Expirations as % of Rent & CAMs**
2010	$91,387	1,749	$52.25	4%
2011	217,663	4,685	$46.46	9%
2012	268,287	5,070	$52.92	11%
2013	221,462	4,196	$52.78	9%
2014	236,749	4,198	$56.40	9%
2015	247,877	4,069	$60.92	10%
2016	246,052	3,585	$68.63	10%
2017	257,010	3,648	$70.45	10%
2018	285,382	3,840	$74.32	11%
2019	208,023	2,674	$77.79	8%
Subsequent	182,459	2,838	$64.29	7%
Specialty Leasing w/ terms > 12 months	$68,703	4,089	$16.80	3%
Total at Share	**$2,531,054**	**44,641**	**$56.70**	**100%**

Source: Company data, Credit Suisse estimates.

Exhibit 11: Average Rental Rate of Lease Expirations

	GGP*	MAC	SPG	TCO	WDC*
2010	$ 36.16	$ 37.02	$ 37.50	$ 31.32	$ 31.00
2011	$ 32.15	$ 37.01	$ 33.15	$ 36.02	$ 32.60
2012	$ 36.62	$ 35.29	$ 33.89	$ 38.67	$ 43.64
2013	$ 36.53	$ 37.15	$ 38.20	$ 35.78	$ 42.47
2014	$ 39.03	$ 35.87	$ 37.84	$ 36.94	$ 42.68
2015	$ 42.16	$ 37.53	$ 38.89	$ 38.13	$ 40.71
2016	$ 47.50	$ 40.11	$ 42.49	$ 40.18	$ 49.26
2017	$ 48.76	$ 40.57	$ 44.04	$ 42.32	$ 51.97
2018	$ 51.43	$ 40.79	$ 47.13	$ 43.62	$ 48.16
2019	$ 53.84	$ 43.21	$ 45.63	$ 38.75	$ 48.47
Thereafter	$ 44.49	N/A	$ 39.73	N/A	N/A
Average	**$ 42.61**	**$ 38.46**	**$ 39.86**	**$ 38.17**	**$ 43.10**

*Source: Company data, Credit Suisse estimates. *Estimated after removing CAM from rental revenue, calculation available upon request. *Westfield reflects 12/31/09.*

Similar to peers, GGP does not appear to face "tough comps" until 2015

The differentiation in GGP's leasing upside may be found in a comment in the S-11 (page 135) regarding 2009 leasing, "Approximately 35% of our leases were short-term leases and expire between 2010 and 2012. Market rent renewals during 2009 for short-term leases were executed at discounted re-leasing spreads." As shown in Exhibit 12, GGP has a significantly greater concentration of these low rate leases than SPG or WDC. Of GGP's rents and square footage, 2.7% and 9.2%, respectively, are covered by specialty leases, roughly double that of Simon. If these spaces can be replaced with higher-rent-paying long-term tenants, the upside potential is substantial.

Exhibit 12: Summary of Specialty Lease Exposure as of June 30, 2010

Company	Ticker	Rents	Square Footage	Rate per Foot
General Growth	**GGP**	**2.7%**	**9.2%**	**16.80**
Simon	SPG	1.2%	5.2%	14.46

Source: Company data, Credit Suisse estimates. (1) GGP rental rate includes CAM, SPG excludes CAM.

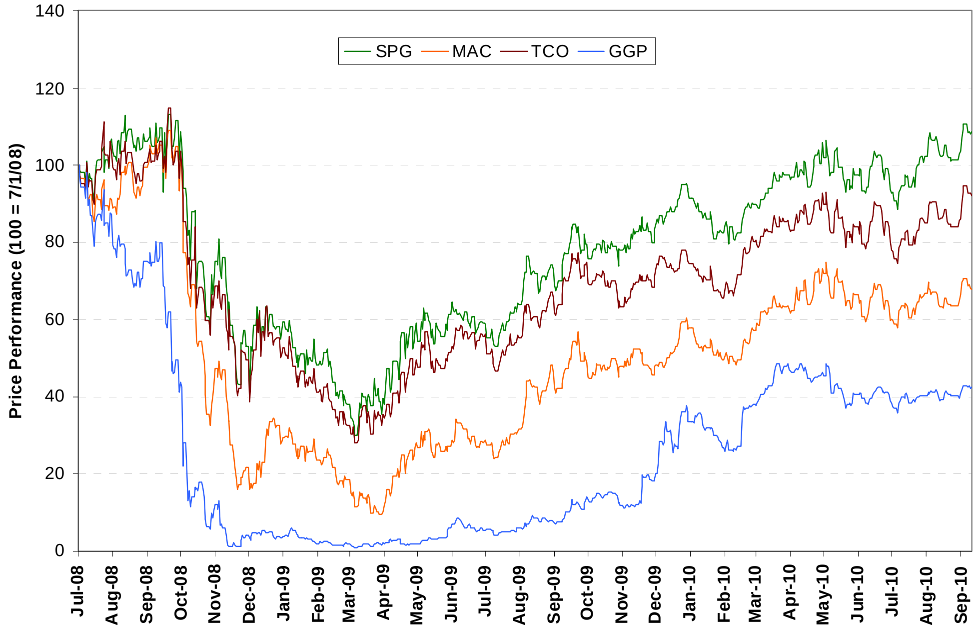
Of GGP square footage, 9% is leased to specialty tenants, nearly double that of Simon

Stock Price Performance

GGP has returned 27% year to date, following a 796% return in 2008, rising from $1.28 on December 31, 2008, and closing at $11.56 on December 31, 2009.

Exhibit 13 shows stock price performance from 2008 to the present. GGP has been a massive underperformer versus its peers.

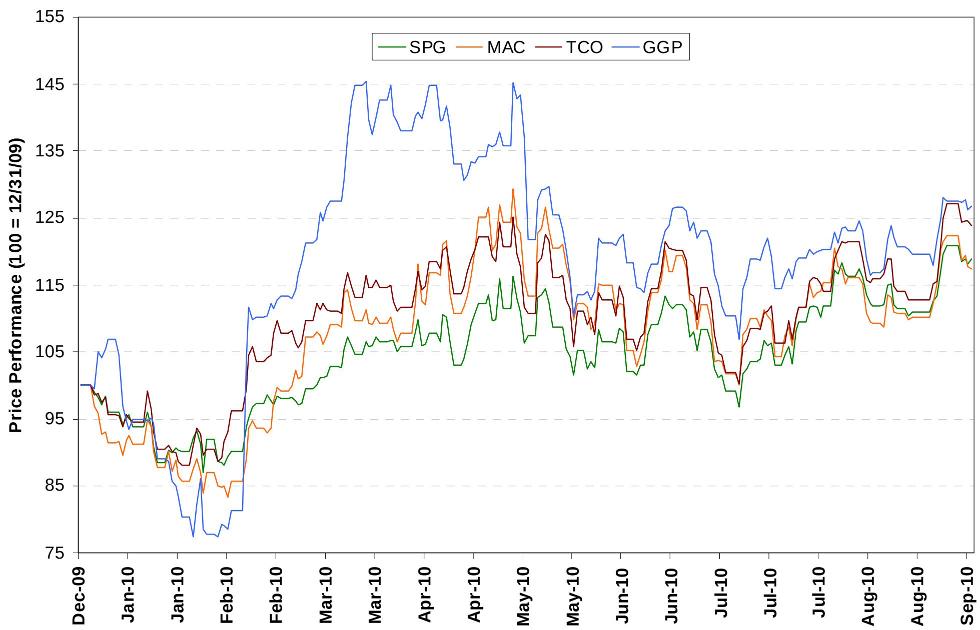
Exhibit 13: Mall Stock Price Performance, 7/1/08 through 9/10/10



Source: FactSet, Company data, Credit Suisse estimates.

Exhibit 14 shows GGP stock price performance versus mall REIT peers. GGP has outperformed each of our mall REIT coverage on a year-to-date basis. However, the relative performance has subsided considerably since May 2010, when Simon abandoned a bid to purchase the company. (Please see the *Investment Risks* section.)

Exhibit 14: Year-to-Date Mall Stock Price Performance through 9/10/10



Source: FactSet, company data, Credit Suisse estimates.

Company Strategy

The following are additional key components to the General Growth strategy:

Vanilla

The proposed Spinco spinoff will make the new GGP a *what you see is what you get* REIT. As noted in Exhibit 1, we estimate that over 90% of GGP's gross asset value is attributable to rent-paying real estate, with little development or nonincome producing businesses.

Joint Ventures and Partners

General Growth Properties is invested in a number of joint ventures that contribute significantly to the company's NOI. Herein is a description of major joint ventures and investments.

Aliansce ($58.6 Million of Pro Rata NOI / 2.6% of Company Total)

GGP owns a 31.4% stake in the Brazilian mall owner Aliansce Shopping Centers S.A. (ALSC3). Aliansce owns, operates, and develops shopping centers in Brazil, currently owning 13 malls with three under development. Aliansce is a third party manager of eight properties. At the current market cap of $921 million, GGP's stake in the company is worth $286 million as of August 19, 2010.

Exhibit 15: Aliansce Shareholder Structure

Shareholders	Shares	%
GGP	**43,842,428**	**31.4%**
Rique Empreendimentos	17,674,914	12.7%
GBFIP	4,667,515	3.3%
Officers	1,782,313	1.3%
Free Float	71,500,000	51.3%
Total	**139,467,170**	**100.0%**

Source: Company data, Credit Suisse Aliansce Initiation Report

Teacher's Retirement System of the State of Illinois (GGP-TRS, L.L.C.)

GGP has a 50% ownership stake in GGP-TRS. The joint venture owns six retail properties that generated approximately $54 million of NOI in the first half of 2010.

New York State Common Retirement Fund (GGP/Homart II, L.L.C.)

GGP Homart II owns 11 retail properties and 1 office building, generating approximately $118 million of NOI in the first half of 2010. GGP has a 50% stake in the venture.

Disposition of Noncore Assets

GGP anticipates divesting of 35 strip shopping centers totaling 5.5 msf across 12 states and 30 office buildings totaling 2.7 million square feet. The majority of the office buildings are located in Las Vegas, Nevada, and Columbia, Maryland. According to page 129 of the S-11/A, the strip center assets generated $45.4 million of NOI in 2009 , while the office assets contributed $30.3 million of NOI. At a 7.5% blended cap rate, we estimate the portfolio would sell for approximately $1.0 billion. We currently are uncertain of the potential proceeds derived from the disposition of these assets, as we are not familiar with the liabilities of these entities.

Significant Investors in GGP

Under the terms of the restructuring, Brookfield Asset Management, Pershing Square Capital Management, Fairholme Partners, and Texas Teachers Retirement System have committed to invest $6.8 billion of equity according to Exhibit 16 below.

Exhibit 16: Potential New GGP Ownership Excluding Clawbacks and Prior to Blackstone Allocation (1)

Investor	Investment	Share Price	New Shares
Brookfield Equity Investment	2,500,000	10.00	250,000
Fairholme Capital Management Equity Investment	2,714,200	10.00	271,420
Pershing Square Capital Management Equity Investment	1,085,800	10.00	108,580
Teacher Retirement System of Texas Equity Investment	500,000	10.25	48,780
Total	**6,800,000**		**678,780**
Projected Total GGP Common Shares (1)			1,035,244
% Ownership excluding existing shares owned			**65.6%**

Source: Company data, Credit Suisse estimates. (1) See below. (1) May not tie to Credit Suisse model due to different assumptions.

The positions of Fairholme, Pershing Square, and Texas Teachers are subject to a 50% clawback. The company plans a $2.25 billion equity offering, which would reduce the holdings of Pershing, Fairholme, and Texas Teachers. In Exhibit 17, we show the GGP ownership positions subsequent to the clawback.

Exhibit 17: New GGP Ownership Concentration (Millions) Subsequent to Proposed Clawback but Prior to Blackstone Allocation

Investor*	Investment	Share Price	New Shares
Brookfield Equity Investment	2,500,000	$10.00	250,000
Fairholme Capital Management Equity Investment	1,357,100	$10.00	135,710
Pershing Square Capital Management Equity Investment	542,900	$10.00	54,290
Teacher Retirement System of Texas Equity Investment	250,000	$10.25	24,390
Total	**4,650,000**		**464,390**
Projected Total GGP Common Shares			1,035,244
% Ownership excluding existing shares owned			**44.9%**

**Only Common Shares. Source: Company data, Credit Suisse estimates.*

We estimate the investment consortium collectively will own 45% of the new GGP, excluding its current ownership positions. Brookfield Asset Management will be the largest shareholder, with approximately 25% common stock ownership (before warrants). Blackstone Real Estate Partners recently announced a $500 million investment in which the company would purchase 7.6% of the new GGP common stock, Spinco common stock, as well as warrants from the aforementioned investors. The recent S-11 noted “The plan Sponsors have entered into agreements with Blackstone Real Estate Partners VI L.P. (“Blackstone”) whereby Blackstone has subscribed for approximately 7.6% of the New GGP common stock and 7.6% of the Spinco common stock to be issued to each of the Plan Sponsors on the Effective Date (for the same price to be paid by such Plan Sponsors) and will receive an allocation of each Plan Sponsor’s Permanent Warrants (the “Blackstone Designation”). If Blackstone does not purchase such New GGP common stock or Spinco common stock for any reason, the Plan Sponsors remain obligated to fund the full amount of their respective commitments under the Investment Agreements.”

Brookfield Asset Management, Pershing Square Capital Management, Fairholme Partners and Blackstone will also own 120 million warrants to purchase stock at $10.50-10.75 per share. We include the potential dilution from these warrants in our valuation section. Exhibit 18 displays the warrant distribution among the cornerstone investors.

Exhibit 18: **Warrant Distribution**

	Brookfield	Fairholme	Pershing Square	Blackstone
New GGP Warrants	57,500,000 @ $10.75	41,070,000 @ $10.50	16,430,000 @ $10.50	5,000,000@$10.50 - $10.75
Spinco Warrants	3,830,000 @ $50.00	1,920,000 @ $50.00	1,920,000 @ $50.00	330,000 @ $50.00

Source: GGP S-11, page 201

The CSA and Hughes Settlement

In 2004, General Growth purchased The Rouse Company, a company with an enclosed mall and Master Planned Community (MPC) business. As part of this transaction, GGP inherited a contingent stock agreement (CSA) with the heirs of Howard Hughes. In 1996, Rouse purchased the Summerlin land tract (which we will describe in further detail in our Spinco valuation) from the Hughes heirs for an upfront cash settlement as well as periodic stock payments, as this land was developed. A final distribution to the Hughes heirs was to occur on December 31, 2009. According to page 33 of the GGP reorganization documents, this final valuation is to be decided by a three appraisal process (one for GGP, one for the heirs, and a third independent). The document notes that the Hughes heirs filed a motion in bankruptcy court seeking relief from the requirement to participate in this process. On July 22, the court authorized the parties to proceed with the appraisal. The court has adjourned the estimation motion, but indicated it would be necessary to avoid delay of the bankruptcy process. The heirs and GGP have retained appraisers.

We believe the timing (resolution is always better than uncertainty) and the size of the settlement of this liability will have a significant impact to GGP trading and valuation. GGP reflects a $245 million liability related to this claim (increased by $178 million from March 31) on its June 30 balance sheet based on its most recent estimate of what is needed to satisfy the liability. Our earnings model and net asset value (NAV) include contingencies (which we will describe further below) to safeguard against potential overruns in these costs.

Index Issues—How Big?

General Growth has the potential to become a significant REIT in terms of equity capitalization on its first date of inclusion. GGP would have the fourth-highest market cap behind SPG and PSA if all common stock is included in the index calculations. (See Exhibit 19.) Our market cap is net of value attributable to Spinco, which will be a separate company and not a REIT.

Exhibit 19: **GGP Market Cap Based on Post split Price Assuming All Investor Stock Is Included**

Company	Ticker	Market Cap (Billions)
Simon	SPG	33.3
Public Storage	PSA	17.3
Equity Residential	EQR	14.2
Boston Properties	BXP	11.8
HCP	HCP	11.3
New General Growth Properties	**New GGP**	**10.7**

(1) Net of $4 per share value for Spinco.Pricing as of 9/8/10. Source: Company data, Bloomberg, Credit Suisse estimates.

However, this market cap may not be as substantial on a free float basis after accounting for cornerstone investors. If Brookfield and Pershing Square shares are excluded due to their board seats, then GGP would be the seventh-largest REIT by market cap. (See Exhibit 20) If Brookfield, Pershing Square, Fairholme, and Texas Teachers are excluded, then GGP would be the ninth-largest REIT by market cap (See Exhibit 21).

Exhibit 20: GGP Market Cap Assuming Holdings by Board Members Are Excluded

Company	Ticker	Market Cap (Billions)
Simon	SPG	27.2
Public Storage	PSA	14.4
Equity Residential	EQR	13.2
Boston Properties	BXP	11.8
HCP	HCP	11.3
AvalonBay	AVB	9.0
Ventas	VTR	8.2
Brookfield Properties	BPO	7.5
General Growth Properties	**New GGP**	**7.5**

(1) Net of $4 per share value for Spinco. Pricing as of 9/8/10. Source: Company data, Bloomberg, Credit Suisse estimates

Exhibit 21: GGP Market Cap Assuming Holdings by Strategic Investors Are Excluded

Company	Ticker	Market Cap
Simon	SPG	27.2
Public Storage	PSA	14.3
Equity Residential	EQR	13.2
Boston Properties	BXP	11.8
HCP	HCP	11.3
AvalonBay	AVB	9.0
Ventas	VTR	8.2
Brookfield Properties	BPO	7.5
KIMCO	KIM	6.3
General Growth Properties	**New GGP**	**5.8**

(1) Net of $4 per share value for Spinco. Pricing as of 9/8/10. Source: Company data, Bloomberg, Credit Suisse estimates

The following are considerations for various important indices.

S&P 500 Inclusion

Our index team believes that the S&P generally looks for four quarters of financial viability (typically defined as positive FFO for REITs) before index reentry. Based on these two factors, our index team does not expect GGP to be added to the S&P 500 index within the first 12 months following emergence from bankruptcy.

Russell

GGP is currently in the Russell 1000. There are two ways the index could adjust for the new equity when calculating the index float. If the clawback equity offering is treated as a reorganization, then no adjustment in the float will occur. If the issuance is treated as an offering, the index weight will initially increase, but could drop upon a subsequent float review. As the index attempts to avoid heavy turnover, it may choose to follow the first method rather than the second.

IYR—Dow Jones REIT Index

GGP could potentially be added to the IYR index (an important proxy for REIT exchange traded funds) the month after the company emerges from bankruptcy, as Dow Jones conducts monthly reviews for additions and deletions.

RMZ—MSCI U.S. REIT Index

The MSCI U.S. REIT index is rebalanced quarterly and may entail a purchase of 5-6 million shares the quarter following emergence from bankruptcy.

Overall Index Impact

Our index team anticipates the impact from index fund purchases upon emergence from bankruptcy to be 8-10 million shares. This is on a total share count of 1 billion shares and a free float of approximately 450-550 million shares. Our index team also believes that GGP will become a top-ten player in REIT indices for active managers. We believe announcements on index inclusion will be modest technical positives when they occur.

New GGP Board of Directors

The board of directors of the new GGP will have nine positions. Brookfield will have three seats and Pershing Square will have one seat. Brookfield has board designation rights for three directors if it beneficially owns at least 20% of the new GGP common stock, two directors if it beneficially owns at least 15% but less than 20%, and one director if it beneficially owns at least 10% and less than 15%. If Brookfield owns less than 10%, it will lose the right to designate a director. Pershing Square will have no board designation rights after the initial designation upon emergence from bankruptcy.

Management

Adam Metz is chief executive officer of General Growth Properties, Inc. and will remain as CEO for up to one year or until a replacement is identified. Prior to joining GGP, Mr. Metz had a long tenure in the mall business, previously working at Polaris Capital LLC, Rodamco North America, and Urban Shopping Centers, Inc. He also held positions in the capital markets group at JMB Realty and the commercial real estate lending group at The First National Bank of Chicago.

Tom Nolan is president and chief operating officer for General Growth Properties, Inc. Similar to Mr. Metz, Mr. Nolan will remain with GGP until his replacement is found or up to one year post emergence from Bankruptcy. Mr. Nolan previously held positions at Trefethen & Co. and AEW Capital Management LP. During his time at AEW, he served as president and senior portfolio manager of AEW Partners Group, the firm’s private equity division.

Steven J. Douglas is GGP’s current CFO and will be CFO of New GGP. Prior to joining GGP, Mr. Douglas held a variety of positions at Brookfield Properties and Brookfield Asset Management, most recently as president of Brookfield Properties. He also held positions at Falconbridge Limited and Ernst & Young.

We believe the uncertainty regarding new GGP management impacts merited valuation. The uncertainty is magnified due to the control Brookfield Asset Management has over the company given their three board seats and large ownership stake. Investors may be concerned that Brookfield will put in place a management team looking out for Brookfield’s interests rather than the company’s best interests. The announcement of a strong, independent CEO with a track record would most likely provide a boost to the shares as concern over Brookfield’s control will be alleviated.

Balance Sheet Position

As of June 30, 2010, the current GGP has approximately $27 billion of net debt. However, the post reorganization GGP is expected to have roughly $21 billion of debt. This reduction is expected to occur owing primarily to a projected $6.8 billion equity offering to reduce debt outstanding.

Our model estimates that the new GGP’s initial liabilities to EBITDA will be 9.3x. This estimate is much higher than the company’s pro forma 2009 net debt to EBITDA estimate of 7.6x, provided on page 19 of the July S-11 (we could not locate this calculation in the September 8 S-11/A). However, our new GGP estimated liabilities include contingency costs that we will discuss later in this report and nondebt liabilities. On an apples-to-apples comparison, GGP's net liabilities to EBITDA would initially be at the high end of our coverage universe average. New GGP has noted its goal to bring net debt to EBITDA below a multiple of 7.0x on a long-term basis. As a result, our analysis and company commentary suggests additional deleveraging will occur. Our model will explicitly reflect this deleveraging in our earnings section. As Exhibit 22 shows, our model assumes GGP's net liabilities to EBITDA will fall another 100 basis points to a multiple of 8.2x by year-end 2012.

Exhibit 22: Credit Suisse Coverage Universe Liabilities to EBITDA

Company	Ticker	Liabilities to EBITDA
Public Storage	PSA	0.1x
PS Business Parks	PSB	0.6x
Digital Realty Trust	DLR	4.7x
Ventas	VTR	5.3x
Realty Income	O	5.4x
BioMed Realty	BMR	6.0x
HCP	HCP	6.4x
Highwoods	HIW	6.5x
Washington REIT	WRE	6.8x
Regency	REG	6.8x
Simon	SPG	7.0x
Taubman Centers	TCO	7.2x
Kilroy Realty	KRC	7.2x
AvalonBay	AVB	7.6x
BRE Properties	BRE	7.7x
Boston Properties	BXP	7.8x
New GGP-End of 2012	**GGP**	**8.2x**
Brookfield Properties	BPO	8.4x
Essex	ESS	8.5x
Equity Residential	EQR	8.5x
Macerich	MAC	8.6x
First Industrial	FR	9.0x
New GGP Post Spin/Recap	**GGP**	**9.3x**
Equity One	EQY	9.5x
Alexandria Real Estate	ARE	9.5x
KIMCO	KIM	9.6x
SL Green	SLG	10.6x
AMB Property Corp	AMB	11.0x
Maguire Properties	MPG	17.0x
Market Cap Weighted Average		**7.4x**
Average		**7.8x**

Source: Company data, Credit Suisse estimates

In our view, a post recap GGP will have little risk of worthlessness (in contrast to its $0.33 closing price on March 6, 2009). We believe the new GGP would have a zero NAV at an implied cap rate of 11.0%, as compared with 13.0% for TCO, 13.5% for MAC, and 16.0% for SPG.

Upon emergence from bankruptcy, the new GGP is expected to have limited capital funding needs for two reasons. First, debt has been restructured such that only $1.1 billion of debt will mature through 2013. Second, development projects will be shifted to Spinco, reducing the need for cash required to fund such activities.

Investment Pros

1. **Pure-Play Mall Investment:** As part of the exit plan, the company is spinning off development sites and difficult-to-value residential development land. In addition, GGP is liquidating its holdings of strip centers and office buildings. We view this as a positive

for investors, as valuing the company should be more straightforward following the Spinco spinoff.

2. **Limited Development Risk:** There currently are no ground up developments in progress, with construction risk limited to seven redevelopment projects. The limited amount of development activity reduces the downside risk profile of the company, which we view as a positive, as GGP regains its footing following its bankruptcy.

3. **Undemanding Valuation.** As we will review below, GGP's valuation is discounted to mall REIT peers and the REIT sector as a whole if a modest amount of value is allocated to Spinco.

4. **Extended Debt Maturities:** Upon exiting bankruptcy, GGP will have an average debt maturity of five years with only $1.1 billion of consolidated debt maturing before 2013, according to the company's reorganization presentation. Please note, however, this "advantage" may be smaller today than it was months ago, due to the falling market rate on REIT debt costs (please see "Your Model is Stale" dated September 7 for more detail). Interestingly, the merger mark to market on debt was an *increase* in the September 8 S-11 of $566 million (please see page 77) versus a *reduction* of $200 million as of July 15 (please see page 67).

5. **Substantial Secured Mortgage Debt:** Upon exiting from bankruptcy, GGP (per page 66 of the S-11) is expected to have $17 billion of secured mortgage debt on a fair value basis, representing 91% of total company debt. We believe secured debt provides an advantage to a company, as it is able to give back poorly performing individual properties to the lender while dramatically reducing the risk of a corporate bankruptcy by the parent. The company already expects to default on debt secured by special consideration assets, an assumption we will explicitly use in our earnings and valuation section.

6. **Opportunity to Improve Leasing Rates:** As previously noted, we think GGP was forced to sign a greater number of low-rent specialty leases than its peers. As these low-rent leases roll off, we believe the upside potential to properties is meaningful.

Investment Risks

1. **Macro/Double-Dip Potential:** Job growth has not materialized in 2010 as many economists had anticipated. We believe a double-dip recession is not out of the question. This scenario would negatively affect GGP's business, given its diverse range of mall quality and leverage.

2. **Middle- and Lower-Income Consumers Do Not Bounce Back in a Recovery:** In the first quarter 2010 supplemental GGP noted, "the majority of the negative NOI performance is concentrated in our malls with tenant sales below $350 per square foot. The NOI for malls with tenant sales above $350 per square foot remained essentially flat. We are optimistic that NOI will grow as the economic environment continues to improve and we complete our restructuring."

3. **Low-End Malls Are Underperforming the High-End Ones:** If the economy continue to deteriorate, GGP may face more pressure than competitors TCO and SPG, who have outlet mall and high-end mall exposure. However, especially after the jettison of low-rent special consideration assets, GGP will be less exposed to a low-end consumer weakening than certain mall REIT peers (such as CBL, PEI, and GRT). Exhibit 23 and Exhibit 24 are from our recent visit to the West Valley Mall in Tracy, California. West Valley is included in the "Other Assets" mall category, indicating sales of less than $300 per sq/ft. This asset had a signficant amount of vacancies but it appeared to have few if any specialty leases indicating the property may be sacrificing occupancy to maintain tenant quality. We would also note that a Macy's anchor will be opening in October.

Exhibit 23: **West Valley Mall in Tracy, CA**

Source: Credit Suisse

Exhibit 24: **West Valley Mall in Tracy, CA**

Source: Credit Suisse

4. **Earnings Headwinds from Deleveraging.** The deleveraging efforts of GGP will not be completed with this reorganization. As a result, the company will face an earnings headwind from deleveraging that other fully recapitalized companies will not have.
5. **SEC Investigation:** On April 21, 2010, the SEC notified GGP that it was conducting a formal investigation into insider trading by certain former and current officers and directors. The company does not believe the outcome will have a material adverse effect on its financial condition or results of operation. Given the nonpublic nature of the investigation, we are unable to evaluate the downside risk facing GGP.
6. **A Lack of Yield.** According to page 65 of the S-11, New GGP anticipates a 90% stock dividend policy through 2011, and our model presumes a low long term dividend to assist in company deleveraging. This is consistent with the company's five year dividend projection. A lack of yield may deter some investors. However, we are not certain New GGP will be punished if it can give a good rationale for this policy. As a comparable, SL Green (tk: SLG) offers a yield of only 0.7%, but trades at one of the highest AFFO multiples in the sector (31x versus 21x for our coverage).
7. **Is Maximizing Return the Company Priority?** At the beginning of 2010, General Growth received multiple offers from Simon (tk: SPG) to purchase the company, the largest being a total bid value of $20 per share ($15 per share for the mall business and an implied $5 per share for a version of Spinco). GGP rebuffed all of these bids. As we highlight herein, the relative performance of GGP has suffered since these bids were fought off.
8. **Ownership Concentration (more of an issue if the Clawback is not Successful).** As noted above, New GGP is expected to have material ownership concentration at its origin. Moreover, a review of the S-11 (page 54) found only one of these investors subject to a lock-up (Brookfield, on a rolling basis for 6-18 months). We think the overhang risk is mitigated if the clawback described above is successful.
9. **Who is at the Wheel?** As noted in the management section above, General Growth does not have a long term senior management team in place. Please note that this factor can be a negative when comparing to REITs with highly regarded management teams (such as Unibail, Westfield and Simon), but not for all REITs. Indeed, we believe the market would have a positive view if some entrenched REIT managements showed a willingness to step aside. Appointments of family members to senior management is particularly common in the mall REIT sector, regardless of whether senior management had a founding role in the company.

   At first glance, we thought no management was a relative disadvantage to other REIT managements. Then we reviewed other REIT managements.

   As we write this report, we are also uncertain as to who will be the chairman of New GGP. The August 17 reorganization statement highlighted Bruce Flatt, the CEO of

Brookfield Asset Management (tk: BAM) (p. 178 of the PDF count). However, the proposed Chairman in the September 8 S-11/A does not appear to be clear.

10. **Is This a Brookfield Satellite? If So, What Does That Mean?** Upon emergence from bankruptcy, Brookfield Asset Management will own an estimated 250 million shares (25% of company equity) and have 60 million warrants to purchase shares at $10.75. In addition to the ownership stake, the company will have three seats on the board of directors. In addition, New GGP's CFO, Steven Douglas, was the president of Brookfield Properties Corporation.

    If GGP is now a Brookfield satellite, investors may raise caution as to whether there can be potential conflicts of interest between BAM and the companies under its effective control. This issue has received additional focus in the market after the recent Brookfield Properties (BPO) announcement that it would acquire $3.4 billion of Australian assets (gross asset value, $1.4 billion of net equity) from BAM. The location of the assets came as a surprise, but also the pricing. The going-in cash cap rate (6.7%) appears full relative to implied cap rates of 7.6% and 7.7% for Dexus (DXS) and Commonwealth Office (CPA) respectively, both Australian office REITs. The transaction cap rate is on par with the Credit Suisse implied cap rate estimate for BPO.

    Also, if GGP is a Brookfield satellite, should it also have a Brookfield satellite discount? As an example, BPO currently trades at an implied cap rate of 6.7%, about a 180- and 150-basis-point implied cap rate premium to (i.e., cheaper than) Boston Properties (BXP) and SL Green (SLG), respectively. If this valuation discount is at least in part due to corporate structure, could it also apply to GGP? Perhaps investors will ask for some valuation discount to avoid the risk of awaking to find out GGP just purchased a portfolio of Brazilian malls from BAM.

    If GGP changed its name to Brookfield Retail, we do not think the market would view the event in a positive light

    We think the Brookfield satellite analogy can be taken too far. As previously noted, BAM is one of many large institutional investors in GGP. Pershing Square itself is entitled to one board seats. As a result, there will be considerable representation to see to it that GGP is run in the best interests of GGP, rather than a parent company.

Earnings

We provide our earnings forecast with a sense of humility. Although GGP itself has provided a five year FFO forecast for New GGP (please see page 447 of the reorganization plan), the scale of moving parts create reasonable room for error. With this proviso, we show our key assumptions and our earnings estimates for 2010-14 in Exhibit 25. We assume the following events occur at formation.

Given moving parts, GGP earnings forecasts have considerable margin for error

- We presume $3.1 and $1.4 billion of current GGP assets and liabilities (on a consolidated basis), respectively, will be spun into Spinco per page 77 of the September 8 New GGP S-11/A.
- We presume a $6.9 billion recapitalization is completed at $10.42 a share. This assumes that clawback equity is issued at $11.25 per share. The excess proceeds due to issuance above $10 is allocated to unforeseen expenses in the recapitalization. This could include the Hughes liability, which the company estimates to be at $245 million (please see page F-138 of the September 8 S-11/A), as well as other issues.
- We assume that GGP is required to fund $460 million of formation costs, as a result of the recapitalization, per guidance given on page 82 in the sources and uses of the September 8 S-11/A.
- We assume that the $303 million of tax indemnification for Spinco (see further detail below) is realized and paid in cash.
- Our model assumes an additional $100 million in contingency costs for any unforeseen expenses in the transaction.

- We assume the 13 special consideration properties along with two additional assets are defaulted on the first day of 2011. This leads to lower net operating income, but also a reduction in debt due to default.
- None of our analysis presumes any impact of mark to market accounting related to the merger.

Beyond the initial period, our key assumptions are as follows.

- We assume a 2% same store operating income growth over the course of our study period. This is much lower than the company suggested in its reorganization forecast. In this document, the company estimates -0.5% operating income growth in 2011, with 7.2%, 3.5%, 6.6%, and 6.3% over the next four years, respectively. (We do not know if these are same store assumptions or assume any redevelopment contributions.) Per our specialty leasing commentary, we believe there is reason for optimism the current GGP cash flows are depressed and could see meaningful realized upside in a recovery. However, as this is a company emerging from bankruptcy and lacking a strong track record, we keep a *wait-and-see* attitude toward leasing upside potential.
- Our model assumes *continued deleveraging* through the following sources.

1. **A Low Dividend Payout:** As noted in our risks section above, GGP is not anticipated to be a high yielding entity. We estimate that GGP will pay only a $0.04 dividend in 2011 versus a $0.71 adjusted funds from operations (AFFO) estimate. On a cumulative basis, we estimate GGP's AFFO will exceed distributions by approximately $3 billion between to 2011 and 2014. Our model and return forecast exclude any stock dividends, both in terms of dilution and value creation.
2. **Additional Asset Sales:** We estimate the new GGP will sell $1.0 billion of assets at the beginning of 2012 at a 7.5% cap rate.

Exhibit 25: GGP Earnings Assumptions

	2011	2012	2013	2014
FFO	$0.93	$0.98	$1.04	$1.10
Key Drivers				
FFO Growth		4.8%	6.2%	6.6%
Same Store NOI Growth	2.0%	1.9%	2.1%	1.9%
Dispositions	$954,100	$1,009,333	$0	$0
Cap Rate	6.6%	7.5%	7.0%	7.0%
Annual Dividend	$0.04	$0.16	$0.18	$0.26
G&A % of Total Revenue	1.00%	1.00%	1.00%	1.00%
Key Initial Capitalization Assumptions	7.00%			

Source: Company data, Credit Suisse estimates.

Earnings Sensitivity

We provide the following earnings sensitivities:

1. **What if There Is an NOI Hockey Stick?** If GGP manages to produce 6% rather than 2% NOI growth in 2011, the resulting FFO would be $0.98, about 5% higher than our forecast.
2. **What if Some of the Day One Contingencies Are Too High?** As noted in our earnings comments, our model includes $100 million of contingent costs not included in the sources and uses of the recapitalization document. If no contingency is needed, the company would have lower debt costs equal to 0.5% of our FFO forecast.

Exhibit 26: 2011 FFO Sensitivity to NOI Growth and Contingencies

	Same Store NOI Growth		
GGP Contingency	**-3%**	**2%**	**6%**
$0	-10.5%	0.5%	9.3%
$100,000	-11.0%	0.0%	8.8%
$1,000,000	-15.5%	-4.5%	4.4%

Source: Company data, Credit Suisse estimates.

New GGP Valuation

We offer the following metrics to value General Growth:

New GGP Net Asset Value

Similar to our earnings section, the margin for error in the New GGP Net Asset Value is large given fluid event surrounding bankruptcy emergence. We show our GGP NAV in Exhibit 27. We estimate the value of the new GGP on an NAV basis to be approximately $12.50 per share. Our new GGP valuations assume the formation events described in the earnings section of this report. Beyond these formation transactions, our NAV has the following key assumptions.

1. For the *operating assets*, we apply a 6.8% cap rate on forward-12-month operating income. This cap rate is 40 basis points wide of the Macerich (tk: MAC) implied cap rate despite similar sales characteristics of the two portfolios and arguably a more depressed cash flow stream from GGP as a result of bankruptcy-related disruption described in our earnings section.
2. We value *development assets* at book value. This methodology is consistent across our entire coverage universe.
3. With the following exceptions, *other assets* are generally assumed to be at June 30, 2010, book value after adjusting for the impact of the recapitalization and the Spinco spinoff:

- We give zero value to deferred expenses and goodwill, in-line with GGP's S-11 recapitalization assumptions. (Please see notes 5 and 6 of the S-11, page 72 for more detail.)
- We presume *prepaid expenses* are worth 54% of the June 30, 2010, carrying value.

1. For *debt and other liabilities*, we assume June 30, 2010, book values after reflecting the Spinco spinoff, equity offering, and defaulted properties described in our earnings section, with the following adjustments:

- Our *debt* balance is on a principal basis and excludes any mark to markets prior to June 30 2010.
- We treat the $303 million *indemnification asset* on the Spinco pro forma balance sheet as a liability for GGP.
- We include a $100 million *contingency* for potential additional deal costs.
- Our *other liabilities* gave 0 value to deferred gains and below market leases

Our analysis implies a new GGP asset value of $12.50 and that 85% of GGP's current value can be attributable to a valuation of the new GGP. Can we see the other 15% from Spinco?

Exhibit 27: New GGP NAV ($ billions excluding per share values)

	As Adjusted	Comments
Real Estate (1)	33.2	6.8% Cap Rate on $2.3 Billion of Operating Income. Excludes NOI from Special Consideration Properties
Development Assets/Land Held for Sale	0.1	Book
Goodwill	0	No Value
Other Assets	1.3	No value to deferred expenses, part of prepaids
Total Assets	**$34.6**	
Total Liabilities (2)	**21.7**	No mark to markets are included. Includes $100 million contingent liability
Net Equity	13.0	
Preferred	0.1	
Common and OP Unit Equity	12.8	
Shares	1.0	Presumes $7 billion equity offering at $10.42 plus option dilution that would result at $12.50 according to the treasury method.
NAV per Share	$12.52	
Current Price	$14.66	
(E) Spinco Value	$3.99	
(E) Value to New GGP	$10.67	
(E) New GGP EV	32.7	
EV to RE	31.4	
NOI	2.3	
Implied Cap Rate	7.2%	

Source: Company data, Credit Suisse estimates. (1) 100% of investment affiliates, grossed up for the pro rata debt, included in real estate. (2) Grossed up for off balance sheet value.

Valuation to Peers—Is Spinco Worthless?

We show the GGP valuation matrix in Exhibit 28 attributing (1) 100% of GGP's current value to the new GGP and (2) our estimated value for Spinco (which we will review later in this report). We note the following.

- **With no Value to Spinco, Modest Value Can Be Seen Relative to the Rest of the REIT Sector, but no Value Relative to Mall REITs:** On this basis, we estimate that GGP currently trades at 21x our 2011 AFFO estimate, in line with our REIT coverage. However, GGP's AFFO multiple is a 16% *premium* to the mall REIT sector average.

- **With no Value to Spinco, GGP Shows Little Value on 2014 Estimates:** As we highlighted in our earnings section, we believe the new GGP will still have deleveraging activities to execute. As a result, the company's earnings growth rate is lower than a largely recapitalized REIT sector. We estimate that GGP with no value to Spinco currently trades at 16.3x 2014 AFFO, a 6% premium to the sector, on 2014 estimates.

- **With the Credit Suisse Estimated Spinco Value, GGP Screens Opportunistic to the Sector:** Presuming a $4.00 per share value for Spinco (which we will describe further in our report), the stub new GGP currently trades at only $10.66 per share. At this price, GGP currently trades at only 15.0x 2011 AFFO, a 26.8% and 15.5% discount to our REIT coverage and the mall REIT sector, respectively. Moreover, the new GGP remains inexpensive even with a lower earnings growth rate relative to peers.

Exhibit 28: GGP Valuation Matrix

	New GGP Valuation with no Value to Spinco			New GGP Valuation with Spinco at $4		
	GGP	**US REIT Coverage**	**Difference**	**GGP**	**US REIT Coverage**	**Difference**
Current Share Price	*$14.66*			*$10.67*		
2011 Multiples						
FFO Multiple	15.7x	16.6x	**-5%**	11.5x	16.6x	**-31%**
AFFO Multiple	20.7x	20.5x	**1%**	15.0x	20.5x	**-27%**
2012 Multiples						
FFO Multiple	15.0x	15.3x	**-2%**	10.9x	15.3x	**-28%**
AFFO Multiple	19.1x	18.4x	**3%**	13.9x	18.4x	**-25%**
2013 Multiples						
FFO Multiple	14.2x	14.2x	**0%**	10.3x	14.2x	**-27%**
AFFO Multiple	17.7x	16.5x	**7%**	12.9x	16.5x	**-22%**
2014 Multiples						
FFO Multiple	13.3x	13.3x	**0%**	9.7x	13.3x	**-27%**
AFFO Multiple	16.3x	15.3x	**6%**	11.9x	15.3x	**-23%**
Implied Cap Rate - w/ G&A	6.3%	6.1%	**0.2%**	**7.2%**	**6.1%**	**1.1%**
Implied Cap Rate - w/o G&A	6.0%	5.6%	**0.4%**	**6.8%**	**5.6%**	**1.2%**

Source: Company data, Credit Suisse estimates.

What Is Spinco? (Estimated Value of $4.00 Per Share, 24% of Current Credit Suisse Price Target)

Upon emergence from bankruptcy, Spinco will spin off of the new GGP with MPCs as well as development and redevelopment projects; 5.25 million shares of Spinco will be sold at $47.62 per share resulting in gross proceeds of $250 million. In addition, GGP shareholders will receive one share of Spinco for every ten shares of GGP owned. Exhibit 29 breaks down the assets Spinco will own.

Exhibit 29: : **Value Breakdown of Spinco Assets**

Master Planned Communities (E) 38% of Credit Suisse Spinco Gross Asset Value Estimate	Strategic Development (E) 30% of Credit Suisse Spinco Gross Asset Value Estimate	
	Mixed Use Development Opportunities	**Mall Development Projects**
1 Summerlin (49% of acreage)	**Premier**	1 Bridges at Mint Hill
2 Bridgeland (36%)	1 Landmark Mall (Alexandria, VA)	2 Circle T Ranch and Power Center
3 The Woodlands (14%)	2 South Street Seaport (NY,NY)	3 Elk Grove Promenade
4 Maryland Communities (1%)	3 Ward Centers (Honolulu, HI)	4 The Shops at Summerlin Centre
	Other Development Opportunities	**Redevelopment**
	1 Ala Moana Air Rights	1 Alameda Plaza
	2 Allen	2 Century Plaza Mall
	3 Cottonwood Mall	3 Cottonwood Square
	4 Kendall	4 Park West
	5 West Wndsor	5 Rio West
	6 80% Interest in Fashion Show Air Rights	6 Riverwalk Marketplace
		7 Village at Redlands
	Other Interests	
	1 Note representing AZ Office Lease Payments	
	2 Lakemoor (Volo) Land	
	3 Maui Ranch Land	
	4 Hexalon (Minority Interest in Head Acquisition)	
	5 Min. Int. in Summerlin Hospital Med. Center	
	6 Nouvelle at Natick's Condominium	
	7 Residual Payments from Golf Courses at Summerlin and the Canyons	
	8 110 N. Wacker Ground Lease	

Source: Company data, Credit Suisse estimates. (1) Other assets are deferred tax indemnification and cash

Master Planned Communities

Exhibit 30 shows the Spinco MPCs. The largest MPC area in terms of acreage is in Summerlin, near Las Vegas, Nevada, (49% of total acreage) followed by Bridgeland in Houston (36%). Las Vegas home prices have declined 49.4% according to the National Association of Realtors from 4Q 2004 to 2Q 2010, while Houston home prices have appreciated 15% during this period.

Exhibit 30: Spinco Master Planned Communities

Community	Location	Ownership %	Book Value	Total/Gross Acres	People Living in Community	Remaining Saleable Acres Residential	Commercial	Total	% of Total Acreage	Projected Sell-Out Date	Market Change in Median Home Prices since December 31, 2004
Summerlin	Las Vegas, NV	100.0%	1,231,744	22,500	100,000	6,559	625	7,184	48.9%	2039	-49.4%
Bridgeland	Houston, TX	100.0%	388,398	11,400	3,250	3,981	1,246	5,227	35.5%	2036	15.1%
The Woodlands	Houston, TX	52.5%		28,400	94,000	1,063	1,018	2,081	14.2%	2017	15.1%
Maryland Communities											
Gateway	Howard County, MD	100.0%		630	0	0	121	121	0.8%	2013	14.1%
Emerson	Howard County, MD	100.0%		520	2,000	12	68	80	0.5%	2013	14.1%
Fairwood	Prince George's County, MD	100.0%		1,100	2,300	0	11	11	0.1%	2013	-7.6%
Columbia	Howard County, MD	100.0%	121,720	14,200	100,000	0	0	0	0.0%	2035	14.1%
TOTAL				**78,750**	**301,550**	**11,615**	**3,089**	**14,704**			

Source: National Association of Realtors, Company data, Howard County Prices reflect Baltimore MSA, Prince George's County Prices reflects Washington D.C. MSA.

**Individual Community Book values as of December 31, 2009.*

Overview of Spinco Major Housing Markets

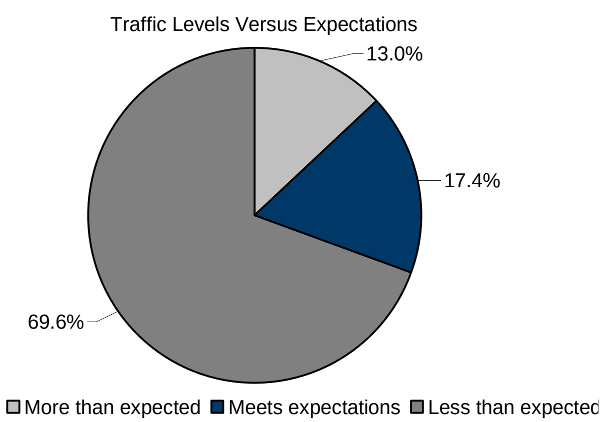
According to our homebuilding team, the U.S. housing market remains under considerable pressure. The following are summaries of major Spinco markets, Las Vegas and Houston, from the Credit Suisse Home Builder team's *Monthly Survey of Agents* dated 8 September:

Las Vegas

Slight uptick in traffic, from depressed levels. Our buyer traffic index rebounded slightly from a nearly two-year low in August, improving to 22 from 18 in July, although these levels still indicate weak overall traffic below agents' expectations (any reading below 50). Agents said that the slightly better traffic levels in August were due to the combination of lower prices and mortgage rates, which helped to draw some buyers back into the market. However, the majority of agents still cited weakness in traffic levels, noting a climate of uncertainty and fear. Additionally, some said that the market is still dealing with the hangover following a significant pull-forward in demand ahead of the tax credit expiration. One agent said, "There is uncertainty due to failed government programs," and, "Everybody already bought." Another commented, "Continued high unemployment, bad economic news keeps potential buyers away. They feel that prices will continue to decline." Another agent agreed, saying traffic was weaker than expected due to, "fear of job loss and lower prices."

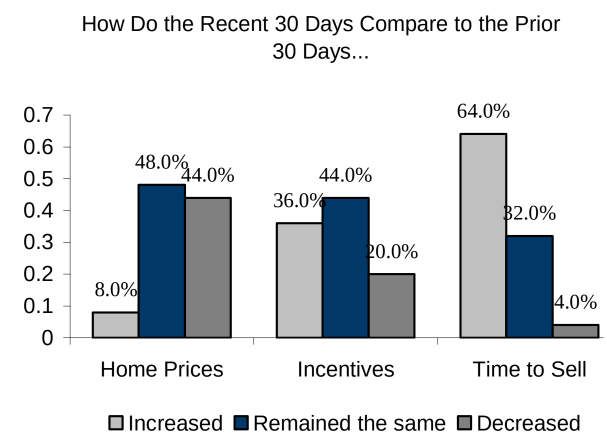
Prices fall again as inventory builds. Home prices continued to fall in August – the third straight month of declines – as our home price index fell to 32 from 36 in July (readings below 50 indicate sequentially lower prices). We think prices will likely fall further in the coming months as inventory is on the rise once again after shrinking consistently for more than a year. Our home listings index dropped to 18 in August from 34 in July, the lowest level for Vegas in our survey since fall 2007 (readings below 50 suggest higher inventory levels). This is a sharp reversal from the trends seen this spring, when our home listings index reached 86 in April (low numbers indicate rising inventory, high numbers indicate falling inventory). Our fear is that the increase in inventory is coming from the rising level of foreclosures, which will pressure prices even further without enough buyers to absorb these as they come to market, especially since foreclosure pricing often serves as the main comparison for traditional sales these days.

Exhibit 31: Las Vegas Home Buyer Traffic



Source: Company data, Credit Suisse estimates

Exhibit 32: Las Vegas Sales Metrics



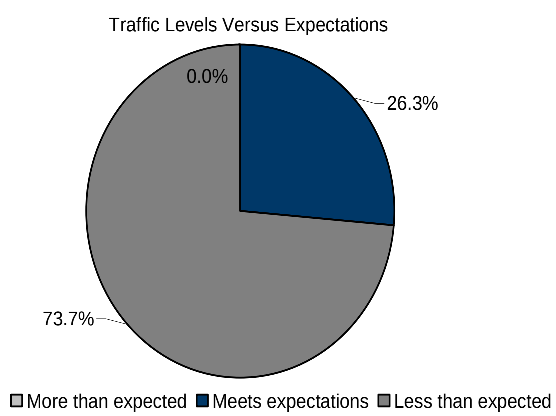
Source: Company data, Credit Suisse estimates

Houston

Buyer traffic continues to deteriorate. Buyer traffic fell further in August, coming in far below agents' expectations, as our traffic index slipped to 13 from 15 in July (readings below 50 indicate traffic below agents' expectations). This is the lowest reading in our survey since November 2008. Similar to the past several months, agents said that buyers continue to lack confidence, fearful of the economic and employment picture. In addition, agents continued to blame the hangover from the end of the homebuyer tax credit for the weak traffic levels, even though this is now the fourth month without the credit. One agent commented, "I expected we would have a tax credit hangover and that is exactly what we have and will have through the end of the year." Job concerns are also clearly at the forefront. One agent noted, "No buyers. No one knows if they will have a job next month." Other agents also said that challenges getting buyers approved for mortgages continue to limit the pool of buyers.

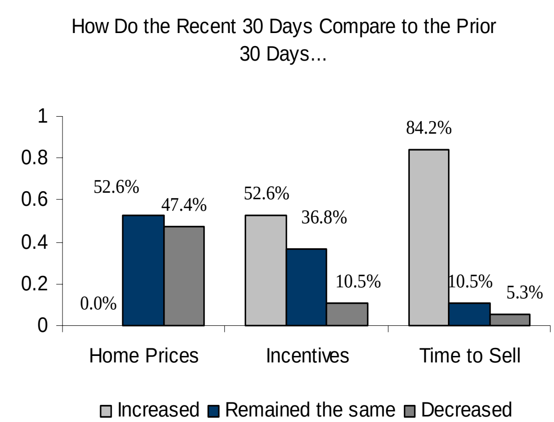
Lack of demand leads to lower prices. Home prices declined again in August, according to agents, as our home price index came in at 26, up from 22 in July but well below a neutral reading of 50 (any reading below 50 indicates lower home prices over the past 30 days). On top of the weak demand, inventories also appear to be rising, as our home listings index improved to 29 in August from 22 in July but fell short of a neutral reading (readings below 50 point to higher inventory levels over the past 30 days). In addition, our time to sell index, which reflects a combination of demand and inventory trends, came in at 11 in August (from 5 in July), indicating a longer time needed to sell a home. We view the longer time needed to sell as a negative indicator for future pricing trends.

Exhibit 33: Houston Home Buyer Traffic



Source: Company data, Credit Suisse estimates

Exhibit 34: Houston Sales Metrics



Source: Company data, Credit Suisse estimates

Exhibit 35 shows 2009-2010 lot sale and profitability by market. Mirroring the weak housing market of Las Vegas previously described, Summerlin has seen little sales activity and has been operating at a loss.

Exhibit 35: Lot Sales and Profitability by Region, 2009–2010

		Lot Sales and Pricing		**Acreage**	
		6 Months end 6/30/10	12 Months end 12/31/09	Total Gross Acres	Remaining Saleable Acres
Maryland Properties					
Residential	acres sold		250.2		12
	Price/Acre		$86		
Commercial	acres sold		0		
	Price/Acre		$0		291
Total				**16,450**	**303**
Summerlin					
Residential	acres sold		0.3		
	Price/Acre		$1,661		6559
Commercial	acres sold		4.4		625
	Price/Acre		$999		
Total				**22,500**	**7,184**
Bridgeland					
Residential	acres sold	24.3	40.8		3981
	Price/Acre	$255	$251		
Commercial	acres sold		14.8		1246
	Price/Acre		$50		
Total				**11,400**	**5,227**
The Woodlands					
Residential	acres sold	114.6	135.1		1063
	Price/Acre	$346	$379		
Commercial	acres sold	24.7	75.6		1018
	Price/Acre	$328	$196		
Total				**28400**	**2,081**
Grand Total				**78,750**	**14,795**

Source: Spinco Form 10, Credit Suisse

Our Credit Suisse team recently toured the master planned community of Summerlin in Las Vegas, NV. Unlike in other parts of Vegas, inventory appeared to be relatively low with few homes for sale. We believe this is in part due to the drop in home prices into the low $300s making it uneconomical for homebuilders. As seen above, interest in lots at Summerlin was nonexistent until the recent auction described below.

Exhibit 36: **Summerlin MPC**

Source: Credit Suisse

Recent Land Sales

As seen above in Exhibit 35, the Summerlin MPC sold just 1/3 of an acre of residential land between December 31, 2008 and June 30, 3009. Recently GGP sold 63.5 acres to Pulte Homes and MDC Holdings (Richmond American Homes) for $38 million, $598,000 per acre. A picture of the lots from our recent trip to Summerlin is included below as Exhibit 37.

Exhibit 37: **Recent Land Purchase in Summerlin MPC**

Source: Credit Suisse

Development and Redevelopment

Spinco will own a number of development and redevelopment projects, with current net book value of the projects amounting to approximately $836 million (pg. 11 of Form 10). The largest of these development projects by current book value are the following:

- Ward Centers ($319.1 million book value) is a 60-acre parcel located along Ala Moana Beach Park in Honolulu. The property includes 6 specialty centers with over 135 retailers, restaurants, and a 16-screen movie theater. A parking garage designed for 800 vehicles is 70% complete. A 15-year master plan has been approved. The plan calls for a maximum of 9.3 msf for residential, retail, restaurants, entertainment, and commercial use; 7.6 msf can be residential, 5 msf can be retail, restaurant or entertainment, 4 msf can be commercial, and 0.7 msf square feet can be industrial. It appears that Spinco will have significant flexibility in determining the final mix, given the square footage ranges in the master plan.

- Park West ($83.8 million book value) is a 166,000 open-air lifestyle center outside of Phoenix, Arizona. The property opened in 2007 with a capacity for approximately 250,000 square feet of GLA. Approximately 90,000 square feet of capacity is raw space available for completion and occupancy. Spinco has entitlements for future development of approximately 100,000 additional square feet for retail, restaurant, and hotel use.

Exhibit 38: **Spinco Redevelopment Projects**

Asset	Location	Existing GLA	Size (Acres)	Net Book Value ($ millions)	Acquisition date
Park West	Peoria, AZ	102,171	48	83.8	Oct-06
Riverwalk Marketplace	New Orleans, LA	194,228	11	79.7	Nov-04
Century Plaza	Birmingham, AL	16,706	63	17.4	May-97
Rio West Mall	Gallup, NM	332,447	50	11.4	1981
Village at Redlands/Redlands Promenade	Redlands, CA	79,248	15	9.8	Jan-04
Cottonwood Square	Holladay, UT	77,079	6	5.3	Jul-02
Alameda Plaza	Pocatello, ID	190,341	5	2.4	Jul-02
Total		**992,220**	**198**	**209.8**	

Source: Company data, Credit Suisse estimates.

Exhibit 39: **Spinco Mixed Use Projects**

Asset	Location	Existing Gross Leasable Area (GLA)	Size (Acres)	Net Book Value ($ Millions)	Acquisition Date
Ward Centers	Honolulu, HI	1,151,912	60	319.1	May-02
Landmark Mall	Alexandria, VA	859,710	22	48.3	Nov-10
Allen	Dallas, TX	0	238	26.0	Mar-06
Ala Moana Tower Air Rights	Honolulu, HI	0	0	22.8	
West Windsor	Princeton, NJ	0	653	20.5	Nov-04
Cottonwood Mall	Holladay, UT	220,954	54	20.3	Jul-02
Kendall	Miami, FL	0	91	13.7	Nov-04
South Street Seaport	New York, NY	285,849	11	2.9	Nov-10
80% of Fashion Show Air Rights	Las Vegas, NV	0	0	0.0	
Total		**2,518,425**	**1129**	**473.6**	

Source: Company data, Credit Suisse estimates

Exhibit 40: Spinco Mall Development Projects

Asset	Location	Size (Acres)	Net Book Value ($ Millions)	Acquisition Date
The Shops at Summerlin Center	Summerlin, NV	106	37.2	Nov-04
Bridges at Mint Hill	Charlotte, NC	162	12.2	Oct-06
Elk Grove Promenade	Elk Grove, CA	107	10.9	Nov-03
Circle T Ranch and Power Center	Dallas / Ft. Worth, TX	279	9.0	Oct-05
Total		**654**	**69.3**	

Source: Company data, Credit Suisse estimates.

Significant Investors in Spinco

Spinco will have significant initial ownership concentrations from the same cornerstone investors as the new GGP. Exhibit 41 and Exhibit 42 shows the pro forma ownership of these investors. The largest owner of Spinco will be Pershing Square (9.4%), followed by Brookfield (6.4%). Assuming all warrants are exercised, the largest owners would be Brookfield (13.7%), Pershing (12.0%) and Fairholme (6.8%). Similar to New GGP, Blackstone will purchase 7.6% of the common share offering from the strategic investors. If Blackstone backs out of the deal the strategic investors are responsible for the full amount.

Exhibit 41: Spinco, Key Investor Common Equity Ownership (After Reflecting Blackstone Stake)

Investor	Investment	(E) Share Price	Total Shares	Ownership Percentage
Brookfield	$139,431	47.62	2,928	6.4%
Fairholme Capital Management	69,716	47.62	1,464	3.2%
Pershing Square Capital Management	204,790	47.62	4,300	9.4%
Total	**413,937**		**8,692**	**19.0%**

Source: Spinco Form 10, p. 50, Credit Suisse estimates. Reflects $250 million investment and existing stakes in GGP.

The strategic investors are purchasing 5.25 million shares of Spinco in the initial capitalization of the company resulting in an estimated 37.75 million common shares outstanding. They will also receive 8.0 million warrants to purchase shares at $50 with a term of 7 years. This amount (21% of the pro forma share count) creates considerable incentive for cornerstone investors to support Spinco's success, but also implies considerable dilution if the entity's value is above $50 a share.

Major investors have warrants over 21% of Spinco's stock, giving them considerable incentive to see the company perform

Exhibit 42: Spinco Warrants (Thousands, or Per Share)

Investor	Exercise Price	Warrants	% Ownership if Exercised
Brookfield	$50.00	3,830	13.7%
Fairholme Capital Management	$50.00	1,920	6.8%
Pershing Square Capital Management	$50.00	1,920	12.0%
Blackstone Real Estate Partners VI	$50.00	330	NA
Total Warrants		**8000.0**	**8000.0**

Source: Company data, Credit Suisse estimates.

Spinco Valuation

We believe that a Spinco NAV can vary considerably in the hands of different investors. Our methodology is based upon the following principals.

1. **Conservatism:** Any transaction not yet consummated with considerable moving parts has added risk. As a result, we would like to use our Spinco sum-of-the-parts valuation as a place to leave room in the valuation of the current GGP to avoid risk.

2. **Consistency:** We wish to treat our valuation of GGP consistently with those of other companies under Credit Suisse coverage. Our valuation and ratings should be relative to other investments. For example, we do not include value for under leased assets in our REIT coverage. As a result, we do not include such value for Spinco.

With these principals in mind, we use the following value for Spinco.

1. For the *operating assets*, we apply a 6.8% cap rate on 2009 operating income.

2. We value *development assets* at book value. This methodology is consistent with our REIT coverage universe valuation.

We believe our estimate may be conservative in light of the following cross-comparisons:

- We estimate our gross asset value of development and operating properties ($0.8 billion) is a 25% discount to gross book. Most REITs currently trade at a premium to gross accounting book value (e.g., Simon trades at 2x gross book value), reflecting the long-term appreciation of U.S. real estate assets.

- This gross book value has already taken a considerable haircut. We estimate the Strategic Development division has taken $0.8 billion of writedowns, or about 43% of gross book value. Elk Grove is currently carried at $10.9 million, despite $186.2 million of initial development spend (please see Exhibit 43 below). Again, a relative comparison to other REITs is useful. Although the size of historical writedowns vary considerably between REITs, we believe many other trusts have been more reticent to write down development than GGP. As an example, we estimate through June 30 Macerich (tk: MAC) has written down only 6% of the company CIP balance as of December 31 2007.

Exhibit 43: Elk Grove Promenade Located South of Sacramento, California as of August 31

Source: Credit Suisse.

3. The *master planned communities* are perhaps both the hardest and most controversial component of GGP to value. To complete this process, we used a book value methodology. The average homebuilder under Credit Suisse coverage has written inventory down 46% since year-end 2006, versus only 17% for GGP (please see Exhibit 44 below).

Exhibit 44: Impairments as a % of 2006 Inventory, Credit Suisse Homebuilders Coverage versus GGP

	BZH	DHI	HOV	KBH	LEN	MDC	MTH	NVR	PHM	RYL	TOL	**Average**	**GGP**
Cumulative Impairments	$1,541	$5,001	$2,246	$2,898	$4,866	$1,214	$1,005	$607	$5,646	$1,216	$2,199		$277
% of Average '06 Inventory	43%	44%	50%	38%	48%	39%	56%	36%	52%	42%	35%	46%	16.7%

Source: Company data, Credit Suisse estimates.

For GGP, we have reduced book value an additional $0.9 billion, implying $1 billion in impairments since the end of 2006, or 66% of book value at that time. We think a higher adjustment than the home builder average is appropriate for the following reasons:

- GGP's assets are primarily in land rather than finished assets. Given land values are more volatile than in process or completed assets, we think it is appropriate to use a greater discount. Please note that the lack of writedowns on land is a function of accounting, as impairments of in process and finished homes are more visible.
- 71% of the consolidated (excluding The Woodlands) book value of Spinco's land is in the Las Vegas suburbs. As can be seen in our comments above, the Las Vegas housing market is underperforming relative to the United States as a whole.

Exhibit 45: Impact of Spinco Valuation if Book Value Is Adjusted to Homebuilder Levels

(in $ billions)	
(E) GGP 2006 Inventory	**$1.7**
Total Impairments, 07-10	**($0.3)**
% of 2006 Inventory	15.5%
CS Builder Coverage	45.6%
Difference (A)	(30%)
CS Adjustment (Extra) (B)	(15%)
CS Adjustment (Overall) (A+B)	(50%)
CS Adjustment to current book($)	(0.9)
(E) Gross Book Value	1.9
Less CS Adj.	(0.9)
CS Adj. MPC Book	**$1.0**

Source: Company data, Credit Suisse estimates.

Another way to allocate our book value discount is on a market by market basis. We note the following:

- Most of Spinco's land had a mark to market in 2004 as a result of the GGP acquisition of Rouse.
- In that period, the prices of Homes in Houston and Columbia have risen slightly (see Exhibit 30 above). As a result, it would seem reasonable that land values may be stable relative to that period.
- On the same principal, if home values have fallen 49.5% in Las Vegas, land values should be down further.

- If we assumes all of our book value reduction is attributable to Summerlin (and other land values are in line with 2004 levels), our book value discount implies a 73% Summerlin discount.

This section will lead to a hot debate on both sides. One will likely hear the following at REIT cocktail parties.

Investors assuming Spinco is worthless are using the "New Math"

- The *bigger discount* crew will highlight the rapid deceleration in home sales in the wake of the expiration of the first time home buyers credit (please see "New Homes Sales" dated August 25 for more detail). The only issue one runs into is laws of arithmetic. Spinco has a pro forma debt to assets and liabilities to assets leverage of 8% and 20% respectively. As a result, the book value of assets need to be written down to near nothing to wipe out the equity value of the company. Even if we value Summerlin at $0, our Spinco valuation would still be $3.00 a share.

- The *smaller discount* camp will note that the appraised market value of the land was as high as $3.9 billion at year-end 2005, per the company's fourth quarter 2006 supplemental (page 21). If book value is considered understated on the MPC business at the market's peak, perhaps the comparison with other home builders is a bit apples to pears. Also, GGP recently sold 63.5 acres of land to Pulte Homes and MDC Holdings for $38.0 million. If this value—$598,000 per acre—is correct, it makes our implied $69,000 per acre valuation appear shallow. However, the comparison of land with better location or a higher level of predevelopment can make this comparison challenging.

- *Other assets* are included at pro forma book value and include the $303.75 million GGP indemnification for Spinco's deferred tax liabilities.

Exhibit 46: Credit Suisse Spinco Net Asset Value Estimate

	Estimated Value	Comments
Real Estate	0.5	7% cap rate on strategic development adjusted EBITDA
Development Assets	0.3	Book
Property Held for Development and Sale	1.0	Reduced by 66% of year end 2006 book value (home builder average is 46%)
Other Assets	0.8	Primarily indemnification and cash from offering
Total Assets	**2.7**	
Debt	0.5	Pro forma
Deferred Tax	0.2	Assumes pro forma-HUGE drop from 6/30
Other Liabilities	0.2	Pro forma
Contingency	0.2	
Total Liabilities	**1.2**	
Net Equity	**1.5**	
Shares	0.4	
Value per Share	**$3.99**	

Source: Company data, Credit Suisse estimates.

- *Liabilities* are at book value with an additional $200 million contingency. This amount could cover additional unanticipated costs, including a disputed tax claim with the IRS.

Target Price and Conclusion

With this report, we are initiating coverage of GGP with a $16.50 target price and a Neutral rating. We note the following.

1. Our target price implies a new Spinco valuation of $4.00 per share. We estimate this is a 44% discount to the pro forma book value per share, versus the Credit Suisse homebuilders current valuation of 1.15x book.
2. Our target price would value the new GGP at 13.4x 2011 FFO after accounting for $4 of Spinco value, a 19% discount to our coverage universe average and an 8% discount to mall REIT peers.

We think all of these discounts are appropriate, given the poor track record of the company, and the uncertainties surrounding recapitalization. However, even after including the contingencies that we embedded into our NAVs and the discounts we assume the company will face, we believe that the stock can produce a forward twelve month return near 13%.

Target Price Sensitivity

We offer the following sensitivities to our target price.

- **Sensitivity 1—To Cap Rate and NOI Growth:** Perhaps the largest sensitivity to GGP valuation is the cap rate placed on the new GGP portfolio. For investors willing to place a 6.6% cap rate on GGP, we can support an $18.50 target price, $2 above our estimate. At a cap rate 50 basis points wider than our estimate of 7% would drop the inherent value to $14.42, within 5% of the level at which the stock currently trades.

Exhibit 47: Target Price Sensitivity to Cap Rate and NOI Growth

	2011 NOI Growth		
Cap Rate	**-3%**	**2%**	**6%**
6.3%	$18.94	$19.04	$19.13
6.8%	$16.40	**$16.51**	$16.59
7.3%	$14.21	$14.32	$14.40

Source: Company data, Credit Suisse estimates.

- **Sensitivity 2—To GGP Contingency and MPC Discount:** Our GGP target price includes a $255 million contingency charge on the new GGP side. If we were to assume this contingency to be zero, this would add $0.25 to our target price. If one were to give no value to the MPC business, the inherent value of the stock would be $12.96, some 8% below the level at which the stock currently trades.

Exhibit 48: Target Price Sensitivity to GGP Contingency and MPC Discount

	Book Discount on MPC		
GGP Contingency	**0%**	**-47%**	**-100%**
$0	$19.30	$16.60	$13.90
$100,000	$19.20	**$16.51**	$13.81
$1,000,000	$16.10	$13.40	$10.70

Source: Company data, Credit Suisse estimates.

Event Sensitivity

Our price target and rating will continue to evolve as events play out surrounding the company's proposed $2.3 billion offering and October emergence from bankruptcy. Key events would include the following:

1. **Management.** If General Growth hires a management team (both a CEO and COO) that are both independent and well-regarded, the merited value discount to

other REITs could shrink considerably. A good manager could come from an existing REIT, or potentially a former leader of a REIT that successfully privatized in 2005-2007 while GGP was leveraging itself. If anyone would like a list of such managers, we offer our list from the May 13th “Good Eggs” conference (please see “Eggs Over Easy” dated May 13th for more detail).

2. **Value Visibility from Spinco.** Spinco’s large trove of non-income producing properties has limited valuation visbility. In the event that large asset sales occur that are different from our assumptions, we will rapidly review our price target. Our analysis also came up with a number of anomalies that might imply value. For example, South Street Seaport, 285,000 square feet in downtown Manhattan, carries a book value of only $2.9 million. If the company can prove such valuations are understated, the upside to Spinco could be substantial. Also, if the recent Summerlin sales are a better comparable to the overall land bank than our valuation suggests, we think it is in the company’s interest to highlight the investment opportunity.

3. **Outstanding Liability Resolution.** As highlighted in our sensitivities above, changes in our contingency estimate have a material impact to our price target. Our price target includes $100 and $200 million of contingency for New GGP and Spinco respectively-$0.10 and $0.53 per share on the two vehicles. Resolution of certain liabilities-deferred tax, the Hughes settlement-will create additional clarity on the size of the contingency needed.

4. **Comps.** Our New GGP valuation is dependent upon the valuation of peers. This valuation has been supported by the strong run of REITs generally and mall REITs in particular. If this run continues, GGP’s relative valuation will improve. If the REIT rally stalls-perhaps in order to fund the clawback-GGP’s merited valuation could also suffer.

We believe GGP will soon be making its investment case to the market, which in turn will improve disclosure. We plan to react promptly to this information to shape our investment opinion.

Model

Exhibit 49: GGP Income Statement

Income Statement	2009A			2010E			2011E	2012E
$ in thousands	Full Year	1QA	2QA	3QE	4QE	Full Year	Full Year	Full Year
"NAREIT" FFO per Share	**($1.88)**	**$0.76**	**$0.29**	**$0.63**	**($1.55)**	**$0.13**	**$0.93**	**$0.98**
Minimum Rents	$1,992,046	$492,758	$484,459	$504,156	$501,522	$1,982,895	$1,839,554	$1,781,461
Tenant Recoveries	883,595	214,251	215,587	217,040	208,845	855,723	855,723	855,723
Overage Rents	52,306	10,346	7,447	10,720	26,874	55,387	68,814	64,355
Total Rental Revenue	**$2,927,947**	**$717,355**	**$707,493**	**$731,916**	**$737,240**	**$2,894,005**	**$2,764,092**	**$2,701,539**
Real Estate Taxes	($280,895)	($72,095)	($71,062)	($72,023)	($72,567)	($287,746)	($290,885)	($269,770)
Repairs & Maintenance	(232,624)	(35,844)	(26,188)	(58,166)	(72,835)	(193,034)	(194,268)	(181,150)
Marketing	(34,363)	(7,081)	(6,250)	(7,579)	(12,899)	(33,808)	(34,019)	(31,719)
Other Property Operating Costs	(416,332)	(127,071)	(128,201)	(111,249)	(99,658)	(466,179)	(387,993)	(398,443)
Provision for Doubtful Accounts	(30,331)	(6,327)	(3,619)	(6,103)	(5,384)	(21,433)	(21,667)	(20,098)
Total Operating Costs	**($994,545)**	**($248,418)**	**($235,320)**	**($255,120)**	**($263,342)**	**($1,002,200)**	**($928,832)**	**($901,180)**
Net Operating Income	**$1,933,402**	**$468,937**	**$472,173**	**$476,797**	**$473,898**	**$1,891,805**	**$1,835,260**	**$1,800,359**
Land Sales	$45,997	$5,070	$59,965	$0	$0	$65,035	$0	$0
Land Sale Operations	(50,807)	(10,167)	(59,065)	0	0	(69,232)	0	0
Land Sale NOI	**($4,810)**	**($5,097)**	**$900**	**$0**	**$0**	**($4,197)**	**$0**	**$0**
GGMI Fees	$65,268	$18,086	$15,902	$14,935	$16,120	$65,043	$65,762	$60,975
GGMI Expenses	(176,876)	(35,432)	(48,517)	(37,338)	(29,821)	(151,108)	(61,602)	(50,155)
Other Revenue	96,602	20,726	21,957	22,796	31,596	97,075	93,204	89,896
Headquarters/Regional Costs	0	0	0	0	0	0	(91,452)	(91,452)
General & Administrative Expense	(150,954)	(7,638)	(5,668)	(7,319)	(1,840,406)	(1,861,032)	(27,641)	(27,015)
EBITDA	**$1,762,632**	**$459,582**	**$456,747**	**$469,871**	**($1,348,614)**	**$37,586**	**$1,813,531**	**$1,782,607**
Depreciation & Amortization	($755,161)	($177,302)	($175,318)	($193,757)	($194,254)	($740,631)	($746,557)	($732,807)
Interest Income	3,321	676	137	1,167	844	2,824	5,245	13,750
Interest Expense	(1,311,283)	(335,278)	(301,726)	(298,457)	(256,004)	(1,191,465)	(1,016,591)	(979,256)
Income Allocated to Minority Interests	20,138	(4,185)	1	(431)	0	(4,615)	(4,372)	(4,351)
Income Taxes, Primarily Deferred	14,610	(3,650)	(14,234)	0	(4,000)	(21,884)	0	0
Equity in Net Income of Unconsolidated Affiliates	4,635	33,751	16,901	19,618	20,459	90,729	87,645	96,891
Other	(1,144,961)	78,062	(100,034)	0	(4,000)	(25,972)	0	0
Income from Continuing Operations	**($261,108)**	**$51,656**	**($117,526)**	**($1,989)**	**($1,785,570)**	**($1,827,457)**	**$138,901**	**$176,834**
Income from Operations	$0	$0	$0			$0	$0	$0
Gain on Disposition	(966)	0	0			0	0	0
Income from Discontinued Operations	**($966)**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Net Income	**($1,407,035)**	**$51,656**	**($117,526)**	**($1,989)**	**($1,785,570)**	**($1,853,429)**	**$138,901**	**$176,834**
Topic D-42 Charges	$0	$0	$0			$0	$0	$0
Preferred Dividends	0	0	0	0	0	0	0	0
Net Income Available To Common Stockholders	**($1,407,035)**	**$51,656**	**($117,526)**	**($1,989)**	**($1,785,570)**	**($1,853,429)**	**$138,901**	**$176,834**
Income from Discontinued Operations including Gain on Sale	$966	$0	$4,194	$0	$0	$4,194	$0	$0
Allocations to Operating Partnership Unitholders	(3,716)	(1,142)	(3,519)	(3,519)	(3,519)	(11,699)	(14,076)	(14,076)
FFO from Discontinued Operations	(95,031)	(5,955)				(5,955)	0	0
Depreciation & Amortization of Capitalized Real Estate Costs	899,317	203,605	210,458	211,730	212,227	838,020	820,921	828,137
Funds From Operations -- "NAREIT"	**($605,499)**	**$248,164**	**$93,607**	**$206,222**	**($1,576,862)**	**($1,028,869)**	**$945,746**	**$990,895**
Topic D-42 Charges	$0	$0	$0	$0	$0	$0	$0	$0
Early Retirement of Debt	0					0	0	0
Impairment Losses / Gains on Real Estate	0	11,350	20,344			31,694	0	0
Other Accounting Adjustments	0	(10,702)	9,311			(1,391)	0	0
Total Accounting Adjustments	$0	$648	$29,655	$0	$0	$30,303	$0	$0
Other Non-Recurring Adjustments	0	(89,412)	58,085			(31,327)	0	0
Funds From Operations -- "Normalized"	**($605,499)**	**$159,400**	**$181,347**	**$206,222**	**($1,576,862)**	**($1,029,893)**	**$945,746**	**$990,895**
Straight-Line Rent	($38,160)	($12,919)	($11,245)	($10,979)	($11,059)	($46,201)	($41,461)	($40,523)
Maintenance Capital Expenditures	0	(15,308)	(11,347)	(24,075)	(24,075)	(74,805)	(113,800)	(100,000)
Tenant Improvements / Leasing Commissions	(78,832)	(5,955)	(17,645)	(17,645)	(18,456)	(59,701)	(61,597)	(61,597)
FAS 141-142 Adjustments	(11,420)	(1,288)	(1,883)	(3,186)	(2,004)	(8,362)	(7,986)	(7,785)
Stock-Based Compensation Expense	0					0	0	0
Amortization of Deferred Financing Costs	45,637	9,269	7,919				0	0
Gain / Loss on Sale of Un-Depreciated Real Estate	4,810	5,097		0	0	5,097	0	0
Adjusted Funds from "Rental" Operations	**($683,464)**	**$138,296**	**$147,146**	**$150,337**	**($1,632,456)**	**($1,196,677)**	**$720,902**	**$780,991**
Shares & Units Outstanding -- End of Period	275,069	275,069	275,069	275,069	964,460	447,417	964,460	964,460
"Normalized" FFO / share	**($1.89)**	**$0.49**	**$0.56**	**$0.63**	**($1.55)**	**$0.13**	**$0.93**	**$0.98**
"NAREIT" FFO / share	**($1.89)**	**$0.76**	**$0.29**	**$0.63**	**($1.55)**	**$0.13**	**$0.93**	**$0.98**
Excluding Land Sales FFO / share	**($1.88)**	**$0.51**	**$0.55**	**$0.63**	**($1.55)**	**$0.14**	**$0.93**	**$0.98**
Adjusted "Rental" FFO / share	**($2.14)**	**$0.43**	**$0.45**	**$0.46**	**($1.61)**	**($0.27)**	**$0.71**	**$0.77**
Earnings / Share	**($4.51)**	**$0.16**	**($0.37)**	**($0.01)**	**($1.77)**	**($1.99)**	**$0.14**	**$0.18**
Dividend / Share	**$2.25**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.04**	**$0.16**

Source: Company data, Credit Suisse estimates.

Exhibit 50: GGP Balance Sheet

Consolidated Balance Sheet *$ in thousands*	12/31/09E	03/31/10A	06/30/10E	09/30/10E	12/31/10E	12/31/11E	12/31/12E
"NAREIT" FFO per Share	**($1.61)**	**$0.51**	**$0.55**	**$0.63**	**($1.55)**	**$0.26**	**$0.27**
Assets							
Land	$3,327,447	$3,330,049	$3,326,837	$3,326,837	$3,331,732	$3,105,133	$2,903,267
Buildings & Equipment	22,851,511	22,816,895	22,788,677	22,830,397	22,892,508	22,161,510	21,515,640
	$26,178,958	**$26,146,944**	**$26,115,514**	**$26,157,234**	**$26,224,240**	**$25,266,643**	**$24,418,906**
Less: Accumulated Depreciation	(4,494,297)	(4,617,965)	(4,733,556)	(4,927,313)	(5,053,468)	(5,573,426)	(6,104,365)
Developments in Progress	417,969	434,449	425,864	444,827	98,867	114,915	116,069
	$22,102,630	**$21,963,428**	**$21,807,822**	**$21,674,748**	**$21,269,639**	**$19,808,133**	**$18,430,610**
Investment in & Loans from Unconsolidated Real Estate Affiliates	$1,979,313	$1,990,367	$1,991,782	$2,011,400	$2,031,859	$2,119,504	$2,216,394
Properties Held for Sale	$1,753,175	$1,768,098	$1,913,655	$1,913,655	$1,913,655	$1,913,655	$1,913,655
Cash & Cash Equivalents	$654,396	$573,120	$548,265	$673,842	$209,341	$311,066	$746,532
Marketable Securities	0	0	0				
Tenant Accounts Receivable, net	404,041	393,405	372,621	365,045	367,700	358,665	343,687
Insurance Recovery Receivable	0	0	0	0	0	0	0
Goodwill	199,664	199,664	199,664	199,664	199,664	199,664	199,664
Deferred Expenses, net	301,808	286,394	264,985	264,985	264,985	264,985	264,985
Prepaid Expenses & Other Assets	754,747	716,158	738,589	738,589	738,589	738,589	738,589
Total Assets	**$28,149,774**	**$27,890,634**	**$27,837,383**	**$27,841,927**	**$26,995,432**	**$25,714,261**	**$24,854,116**
Liabilities							
Mortgage Notes & Other Debt Payable	$25,068,025	$24,641,398	$23,920,006	$23,920,006	$17,955,794	$16,548,260	$15,641,145
Investment in & Loans to Unconsolidated Real Estate Affiliates	$38,289	$39,329	$40,536	$40,536	$40,536	$40,536	$40,536
Deferred Tax Liability	$866,400	$859,144	$787,798	$787,798	$791,798	$791,798	$791,798
Provision for Doubtful Accounts	0	0	0	6,103	11,487	33,154	53,252
Accounts Payable, Accrued Expenses & Liabilities subject to compromise	1,122,888	1,190,597	2,047,921	2,047,921	2,047,921	2,047,921	2,047,921
Total Liabilities	**$27,095,602**	**$26,730,468**	**$26,796,261**	**$26,802,364**	**$20,847,536**	**$19,461,669**	**$18,574,652**
Preferred Units	$120,756	$120,756	$120,756	$120,756	$120,756	$120,756	$120,756
Common Units	$86,077	$116,890	$97,851	$98,282	$98,282	$102,654	$107,006
Stockholders' Equity							
Preferred Stock	$0	$0	$0	$0	$0	$0	$0
Common Stock	3,138	3,188	3,188	3,188	3,188	3,188	3,188
Additional Paid-In Capital	3,729,453	3,753,998	3,771,167	3,771,167	10,665,069	10,665,069	10,665,069
Retained Earnings (Accumulated Deficit)	(2,832,627)	(2,780,971)	(2,898,498)	(2,900,487)	(4,686,057)	(4,585,734)	(4,563,213)
Notes Receivable-Common Stock Purchase							
Unearned Compensation-Restricted Stock	0	0	0	0	0	0	0
Accumulated Other Comprehensive Income (Loss)	(249)	(763)	(504)	(504)	(504)	(504)	(504)
Common Stock in Treasury	(76,752)	(76,752)	(76,752)	(76,752)	(76,752)	(76,752)	(76,752)
Total Stockholders' Equity	**$822,963**	**$898,700**	**$798,601**	**$796,612**	**$5,904,945**	**$6,005,267**	**$6,027,788**
Noncontrolling interests in consolidated real estate affiliates	24,376	23,820	23,914	23,914	23,914	23,914	23,914
Total Liabilities & Stockholders' Equity	**$28,149,774**	**$27,890,634**	**$27,837,383**	**$27,841,927**	**$26,995,432**	**$25,714,261**	**$24,854,116**

Source: Company data, Credit Suisse estimates.

Exhibit 51: GGP Statement of Cash Flows

Cash Flow Statement *$ in thousands*	2009E Full Year	2010E 1QA	2010E 2QA	2010E 3QE	2010E 4QE	2010E Full Year	2011E Full Year	2012E Full Year
"NAREIT" FFO per Share	**($1.88)**	**$0.51**	**$0.55**	**$0.63**	**($1.55)**	**$0.14**	**$0.93**	**$0.98**
Cash Flow from Operating Activities								
Net Income	**($1,407,035)**	**$51,656**	**($117,526)**	**($1,989)**	**($1,785,570)**	**($1,853,429)**	**$138,901**	**($1,486,898)**
Adjustments								
Minority Interest, Including Discontinued Operations	($20,138)	$4,185	($1)	$431	$0	$4,615	$4,372	$4,425
Equity in Income of Unconsolidated Affiliates	0	(33,751)	(16,901)			(50,652)	0	0
Provision for Doubtful Accounts, Including Discontinued Operations	30,331	6,327	3,619	6,103	5,384	21,433	21,667	21,673
Distributions Received from Unconsolidated Affiliates	0	8,726	9,593			18,319	0	0
Depreciation, Including Discontinued Operations	755,161	165,405	164,778	193,757	194,254	718,194	746,557	746,923
Amortization, Including Discontinued Operations	0	11,897	10,541			22,438	0	0
Amortization of Debt Market Rate Adjustment	0	12,391	14,912			27,303	0	0
(Gain) Loss on Disposition	0			0	(68,099)	(68,099)	(47,705)	(47,705)
Participation Expense Pursuant to Contingent Stock Agreement	0					0	0	0
Land Development & Acquisition Expenditures	0	(16,120)	(16,323)			(32,443)	0	0
Cost of Land Sales	0	1,326	48,898			50,224	0	0
Debt Assumed by Purchasers of Land	0					0	0	0
Deferred Income Taxes	(14,610)			0	4,000	4,000	0	0
Proceeds from the Sale of Marketable Securities, Including Defined Contribution Plan Assets	0					0	0	0
Straight-Line Rent Amortization	0	(10,547)	(8,570)			(19,117)	0	0
Above & Below Market Lease Amortization	0					0	0	0
Other Intangible Amortization	0	1,049	(1,434)			(385)	0	0
Changes in Assets & Liabilities	0					0	0	0
Accounts & Notes Receivable	(18,707)	14,850	26,278	7,576	(2,655)	46,049	9,035	11,133
Prepaid Expenses & Other Assets	80,708	30,000	11,437	0	0	41,437	0	(5,503)
Deferred Expenses	32,093	(8,087)	(8,257)	0	0	(16,344)	0	0
Accounts Payable & Accrued Expenses	(416,261)	53,206	64,726	0	0	117,932	0	(448,952)
Other, net	0	(103,053)	(26,154)			(129,207)	0	0
Net Cash Flows from Operating Activities	**($978,458)**	**$189,460**	**$159,616**	**$205,878**	**($1,652,687)**	**($1,097,733)**	**$872,827**	**($382,597)**
Cash Flow from Investing Activities								
Acquisition/Development of Real Estate & Property Additions/Improvements	($533,440)	($53,402)	($59,767)	($60,683)	($61,542)	($235,394)	($191,445)	($162,750)
Proceeds from Sale of Investment Property	$0	$7,450	$94	$0	$340,496	$348,040	$954,100	$1,009,333
Increase in Investments in Unconsolidated Affiliates	($109,384)	($5,882)	($4,622)	($19,618)	($20,459)	($50,581)	($87,645)	($96,891)
Increase (decrease) in Restricted Cash	$0	($1,914)	($2,533)			($4,447)	$0	$0
Insurance Recoveries	$0					$0	$0	$0
Distributions Received from Unconsolidated Affiliates in Excess of Income	0	7,876	7,973			15,849	0	0
Loans to Unconsolidated Affiliates, Net	0					0	0	0
Other, Net	0	(1,350)	(1,372)			(2,722)	0	0
Net Cash Flow in Investing Activities	**($642,824)**	**($47,222)**	**($60,227)**	**($80,301)**	**$258,496**	**$70,746**	**$675,010**	**$749,692**
Cash Flow from Financing Activities								
Cash Distributions Paid to Common Stockholders	($602,560)	($5,957)	$0	$0	$0	($5,957)	($38,288)	($153,151)
Cash Distributions Paid to Holders of Common Units	($17,147)	$0	$0	$0	$0	$0	($291)	($1,162)
Cash Distributions Paid to Holders of Perpetual & Convertible Preferred Units	0	0	0	0	0	0	$0	$0
Proceeds from Issuance of Common Stock, Including from Common Stock Plans	0	0	0	0	6,893,902	6,893,902	0	0
Purchase of Treasury Stock	0	0	0	0	0	0	0	0
Proceeds from Issuance of Mortgage Notes and Other Property Debt Payable	3,835,053	0	0	0	0	0	0	0
Principal Paymanets on Mortgage Notes & Other Property Debt Payable	(3,265,411)	(134,158)	(88,329)	0	(5,964,212)	(6,186,699)	(1,407,534)	(907,115)
Deferred Finance Costs	0	8,857	7,495			16,352	0	0
Other, Net	0	(92,256)	(43,410)			(135,666)	0	0
Net Cash Flows by Financing Activities	**($50,065)**	**($223,514)**	**($124,244)**	**$0**	**$929,690**	**$581,932**	**($1,446,112)**	**($1,061,429)**
Increase (Decrease) in Cash		($81,276)	($24,855)	$125,577	($464,501)			
Balance At Beginning Of Period		$654,396	$573,120	$548,265	$673,842			
Balance At End Of Period		**$573,120**	**$548,265**	**$673,842**	**$209,341**			

Source: Company data, Credit Suisse estimates.

Companies Mentioned *(Price as of 10 Sep 10)*
Abercrombie & Fitch Co. (ANF, $34.85)
Alexandria Real Estate Equities, Inc. (ARE, $70.35, NEUTRAL [V], TP $63.00)
Aliansce Shopping Centers (ALSC3, $6.56, OUTPERFORM [V], TP $8.00)
AMB Property Corporation (AMB, $25.40, NEUTRAL [V], TP $26.00)
American Eagle Outfitters, Inc. (AEO, $14.34)
AT&T (T, $27.83, NEUTRAL, TP $27.00)
AvalonBay Communities, Inc. (AVB, $107.09, UNDERPERFORM [V], TP $87.00)
BioMed Realty Trust Inc. (BMR, $18.30, NEUTRAL [V], TP $17.00)
Boston Properties, Inc. (BXP, $85.20, NEUTRAL [V], TP $72.00)
BRE Properties, Inc. (BRE, $41.41, NEUTRAL [V], TP $36.00)
Brookfield Asset Management (BAM, $27.09, OUTPERFORM, TP $32.00)
Brookfield Properties Corporation (BPO, $15.23, NEUTRAL [V], TP $14.00)
CBL & Associates Properties, Inc. (CBL, $13.01)
Commonwealth Property Office Fund (CPA.AX, A$.98, UNDERPERFORM, TP A$.97)
Dexus Property Group (DXS.AX, A$.84, NEUTRAL, TP A$.88)
Digital Realty Trust, Inc. (DLR, $61.93, NEUTRAL, TP $68.00)
Dillard's Inc. (DDS, $23.53, NEUTRAL [V], TP $24.00)
Equity One (EQY, $16.44, NEUTRAL [V], TP $18.00)
Equity Residential (EQR, $47.63, NEUTRAL [V], TP $40.00)
Essex Property Trust, Inc. (ESS, $109.49, UNDERPERFORM [V], TP $81.00)
First Industrial Realty Trust, Inc. (FR, $4.92, OUTPERFORM [V], TP $6.50)
Foot Locker, Inc. (FL, $13.02, UNDERPERFORM, TP $10.00)
Gap, Inc. (GPS, $17.37)
General Growth Properties (GGP, $14.66, TP $16.50)
Glimcher Realty Trust (GRT, $6.22)
HCP (HCP, $36.45, NEUTRAL [V], TP $30.00)
Highwoods Properties, Inc. (HIW, $32.07, NEUTRAL [V], TP $30.00)
JC Penney (JCP, $21.15, NEUTRAL [V], TP $32.00)
Kilroy Realty Corp. (KRC, $33.21, NEUTRAL [V], TP $32.00)
Kimco Realty Corporation (KIM, $15.55, NEUTRAL [V], TP $15.00)
Limited Brands, Inc. (LTD, $25.38)
Luxottica (LUX.MI, Eu19.42)
Macy's Inc. (M, $20.80, NEUTRAL [V], TP $20.00)
MPG Office Trust, Inc. (MPG, $2.43, NEUTRAL [V], TP $3.50)
Penn Real Estate Invest Tst (PEI, $11.72)
PS Business Parks, Inc. (PSB, $58.49, OUTPERFORM [V], TP $62.00)
Public Storage (PSA, $102.16, OUTPERFORM [V], TP $105.00)
Realty Income Corporation (O, $33.07, UNDERPERFORM, TP $26.00)
Regency Centers Corporation (REG, $39.56, NEUTRAL [V], TP $35.00)
Sears Holding Corp. (SHLD, $66.80, UNDERPERFORM [V], TP $60.00)
Simon Property Group, Inc. (SPG, $94.85, OUTPERFORM [V], TP $108.00)
SL Green Realty Corp. (SLG, $61.68, UNDERPERFORM [V], TP $49.00)
Target Corporation (TGT, $53.06, OUTPERFORM, TP $64.00)
Taubman Centers, Inc. (TCO, $44.46, NEUTRAL [V], TP $45.00)
The Macerich Company (MAC, $42.21, NEUTRAL [V], TP $40.00)
Ventas, Inc. (VTR, $52.15, NEUTRAL [V], TP $47.00)
Washington REIT (WRE, $30.90, NEUTRAL [V], TP $29.00)
Westfield (WDC.AX, A$12.67, UNDERPERFORM, TP A$13.00)

Disclosure Appendix

Important Global Disclosures

I, Andrew Rosivach, CFA, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

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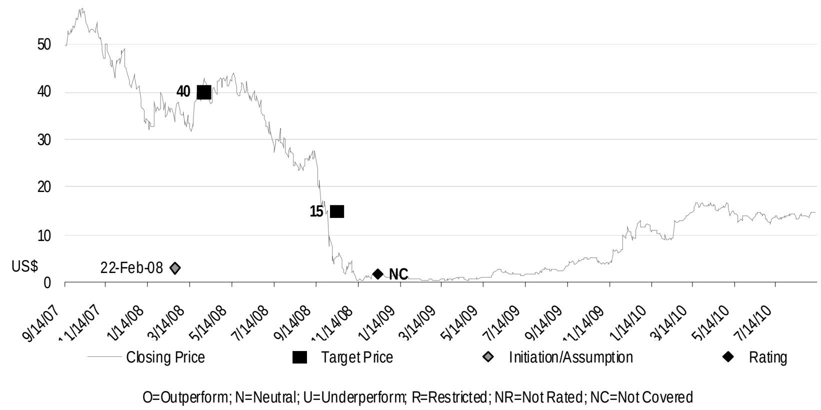
3-Year Price, Target Price and Rating Change History Chart for GGP

GGP Date	Closing Price (US$)	Target Price (US$)	Rating	Initiation/ Assumption
2/22/08				X
4/3/08	43.08	40		
10/13/08	5.65	15		
12/12/08	1.8		NC	



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***An analyst's coverage universe consists of all companies covered by the analyst within the relevant sector.*

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Underweight: Industry expected to underperform the relevant broad market benchmark over the next 12 months.

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Neutral/Hold*	40%	(59% banking clients)
Underperform/Sell*	12%	(51% banking clients)
Restricted	2%	

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Price Target: (12 months) for (GGP)

Method: Our target price for General Growth Properties (tk: GGP) of $16.50 is based on a valuation of the "new" GGP at 17.7 times 2011 Funds From Operation (FFO), a 6.7% premium to our coverage universe average and a 20% premium to mall REIT peers, and an Earnings Before Interest & Taxes (EBIT) implied cap rate of 6.8%.

Risks: Risks to our $16.50 target price include GGP failing to emerge from bankruptcy or strategic investors withdrawing equity commitments. A significant decline in retail purchasing or tenant bankruptcies would also have a negative impact on GGP. If the company emerges from bankruptcy the key risk will be a macroeconomic slow down impacting retailers, causing an increase in vacancies.

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