



General Growth Properties, Inc. Announces Second Quarter 2009 Results of Operations

CHICAGO, Aug 04, 2009 (BUSINESS WIRE) -- General Growth Properties, Inc. (the Company) released today its second quarter 2009 operating results. For the second quarter of 2009, Core Funds From Operations (Core FFO) per fully diluted share were \$0.39, Funds From Operations (FFO) per fully diluted share were \$0.18 and Earnings per share - diluted (EPS) were a loss of \$0.51. In the comparable 2008 period, Core FFO per fully diluted share was \$0.70, FFO per fully diluted share were \$0.69 and EPS were \$0.12. Core FFO and FFO declined for the second quarter of 2009 as compared to the second quarter of 2008 primarily as a result of provisions for impairment in 2009 and reorganization costs related to our bankruptcy filings (discussed immediately below) in April 2009. A Supplemental Schedule of Significant FFO Items that Impact Comparability is provided with this release. In addition, the second quarter and year to date 2008 results have been restated from the amounts originally reported in 2008 to reflect the adoption of two accounting pronouncements as of January 1, 2009 that required retrospective application.

As previously reported, the Company and certain of our wholly-owned subsidiaries (representing approximately 166 of our regional malls, collectively, the "Debtors") have been operating since April 2009 as debtors-in-possession pursuant to the provisions of Chapter 11 of the U.S. Bankruptcy Code ("Chapter 11"). The Chapter 11 cases are being jointly administered in the Bankruptcy Court of the Southern District of New York (the "Bankruptcy Court"). However, our property management subsidiary, certain of our wholly-owned subsidiaries, and our joint ventures, either consolidated or unconsolidated, have not sought such Chapter 11 protection. Since the commencement of the Chapter 11 cases, the Debtors have continued their normal operations, as approved by Bankruptcy Court rulings, and have been developing a plan of reorganization that extends mortgage maturities, reduces overall leverage and that would allow the emergence from bankruptcy as quickly as possible while preserving the Company's integrated, national business operations.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- **Core FFO** is defined as Funds From Operations excluding the Real Estate Property Net Operating Income (NOI) from the Master Planned Communities segment and the provision for income taxes. Core FFO for the second quarter of 2009 was \$124.6 million or \$0.39 per fully diluted share as compared to \$222.1 million or \$0.70 per fully diluted share for the second quarter of 2008. Core FFO declines for the second quarter of 2009 as compared to the second quarter of 2008 were primarily due to a \$13.3 million reduction in NOI (due to occupancy declines and the overall weakness of the retail economy, both of which negatively influenced minimum and overage rents) and the approximately \$33.7 million of reorganization costs and the approximately \$27.9 million of additional restructuring costs (categorized as general and administrative costs) incurred in the second quarter of 2009 as compared to no such reorganization or restructuring costs incurred in the second quarter of 2008. In addition, while approximately \$26.5 million of impairments were recognized in the second quarter of 2009 (related to goodwill (\$19.4 million) and to proposed development projects that were terminated during the quarter (\$7.1 million)), no significant impairments were recognized in the second quarter of 2008.
- **FFO** per fully diluted share was \$0.18 in the second quarter of 2009. FFO for the quarter was \$58.2 million as compared to \$221.7 million in the second quarter of 2008. In addition to the Core FFO variance items listed above, during the second quarter of 2009 an impairment provision of approximately \$55.9 million was recorded at our Nouvelle at Natick condominium development. Reference is made to the attached Supplemental Schedule of Significant FFO Items that Impact Comparability for additional items impacting FFO comparability.
- **EPS** for the second quarter of 2009 were a loss of \$0.51 per share versus income of \$0.12 in the second quarter of 2008. Our second quarter 2009 EPS were significantly impacted by the FFO items discussed above. In addition, there were no significant sales of retail and other assets in 2009 whereas in the second quarter of 2008 we sold (in two separate transactions) three office buildings (two located in Maryland and one located in Las Vegas) resulting in gains of approximately \$30.8 million, net of approximately \$6.2 million attributable to non-controlling interests, or approximately \$0.12 per share.

SEGMENT RESULTS

Retail and Other Segment

- **NOI** for the second quarter of 2009 was \$615.8 million, a decrease of approximately 2.1% from the \$629.1 million reported in the second quarter of 2008. Minimum rents (including temporary tenant revenues), overage rents and other

revenues (including sponsorship, vending, parking and advertising) in the second quarter of 2009 declined as compared to the same period of 2008 due to the continued weakness in the economy and occupancy declines. In addition, we sold three office buildings in 2008, as discussed above, which also contributed to the decrease in NOI. Weaknesses in certain of our tenants' businesses also led to a \$3.9 million increase in our provision for doubtful accounts in the second quarter of 2009 as compared to the second quarter of 2008.

- **Revenues from consolidated properties** were \$750.9 million for the second quarter of 2009 as compared to \$775.1 million for the same period in 2008, a decline of 3.1%. The majority of this decline is due to the items impacting FFO discussed above.
- **Revenues from unconsolidated properties**, at the Company's ownership share, decreased to \$149.8 million or 2.6% compared to \$153.8 million in the second quarter of 2008. This decrease was primarily due to declines in temporary tenant revenues and other income in the second quarter of 2009 as compared to the second quarter of 2008.
- **Total tenant sales** declined 8.4% and comparable tenant sales declined 9.5% in 2009, both on a trailing 12 month basis, compared to the same period last year.
- **Comparable NOI from consolidated properties** in the second quarter of 2009 declined by 2.7% compared to the second quarter of 2008. **Comparable NOI from unconsolidated properties** at the Company's ownership share in the second quarter of 2009 declined 4.7% compared to the second quarter of 2008. In the aggregate, comparable segment NOI decreased 3.0% as compared to the second quarter of 2008.
- **Retail Center occupancy** remained steady at 91.0% at June 30, 2009 as compared to 90.9% at March 31, 2009 but declined as compared to 93.2% at June 30, 2008.
- **Tenant sales per square foot** for second quarter 2009 (on a trailing twelve month basis) were \$417 versus \$427 for the first quarter 2009 and \$459 in the second quarter of 2008.

Master Planned Communities Segment

- **NOI** in the second quarter of 2009 for the Master Planned Communities segment was a loss of \$55.3 million for consolidated properties and income of \$4.7 million for unconsolidated properties as compared to income of \$0.6 million for consolidated properties and of \$6.6 million for unconsolidated properties, respectively, in the second quarter of 2008. As detailed in the Supplemental Schedule of FFO Items that Impact Comparability, the NOI loss in the second quarter of 2009 for consolidated properties is due primarily to the \$55.9 million provision for impairment related to the Natick at Nouvelle condominium development. Although the single bulk sale of substantially all of our remaining residential acreage at the Fairwood Community was completed in the second quarter of 2009, this transaction did not significantly impact NOI for the quarter as the final sales price was not materially different from the estimated sale price utilized for the computation of the \$52.8 million provision for impairment recorded in the first quarter of 2009. NOI remains negative for certain other communities as operating expenses cannot be completely eliminated despite the significant reduction in current sales revenues.
- **Land sale revenues** in the second quarter of 2009 were approximately \$22.4 million for consolidated properties (including approximately \$15.0 million of sales revenue related to the bulk sale of substantially all of our remaining land at Fairwood) and approximately \$13.4 million for unconsolidated properties, compared to \$15.9 million for consolidated properties and \$17.8 million for unconsolidated properties, in the second quarter of 2008 as current economic conditions continue to depress residential home building.

GGP INFORMATION/WEBSITE

The Company currently has ownership interest in, or management responsibility for, over 200 regional shopping malls in 44 states, as well as ownership in planned community developments and commercial office buildings. The Company's portfolio totals approximately 200 million square feet of retail space and includes over 24,000 retail stores nationwide. The Company's common stock is currently traded in the over-the-counter securities market operated by Pink OTC Markets Inc. using the symbol GGWPQ. For more information, please visit the Company website at <http://www.ggp.com>.

NON-GAAP SUPPLEMENTAL FINANCIAL MEASURES AND DEFINITIONS

FUNDS FROM OPERATIONS AND CORE FFO

The Company, consistent with real estate industry and investment community preferences, uses FFO as a supplemental measure of operating performance for a Real Estate Investment Trust (REIT). The National Association of Real Estate Investment Trusts (NAREIT) defines FFO as net income (loss) attributable to controlling interests (computed in accordance with Generally Accepted Accounting Principles (GAAP)), excluding gains (or losses) from cumulative effects of accounting changes, extraordinary items and sales of properties, plus real estate related depreciation and amortization and including adjustments for unconsolidated partnerships and joint ventures.

The Company considers FFO a supplemental measure for equity REITs and a complement to GAAP measures because it facilitates an understanding of the operating performance of the Company's properties. FFO does not give effect to real estate depreciation and amortization since these amounts are computed to allocate the cost of a property over its useful life. Since values for well-maintained real estate assets have historically increased or decreased based upon prevailing market conditions, the Company believes that FFO provides investors with a clearer view of the Company's operating performance. However, we believe that FFO is a less meaningful supplemental measure for the Master Planned Communities segment of our business. FFO does not facilitate an understanding of the operating performance of the Master Planned Communities segment of our business as our primary strategy in this segment is to develop and sell land in a manner that increases the value of the remaining land. In addition, the Master Planned Communities segment of our business is operated within taxable REIT subsidiaries and therefore our (provision for) benefit from income tax expense is largely attributable to this segment of the business. To isolate these parts of the Company from the Retail and Other segment, for which FFO is a relevant measure of operating performance, the Company also uses Core FFO as an operating measure. Core FFO is defined as FFO excluding the NOI from the Master Planned Communities segment and the (provision for) benefit from income taxes.

In order to provide a better understanding of the relationship between Core FFO, FFO and GAAP net income (loss), a reconciliation of Core FFO and FFO to GAAP net income (loss) attributable to controlling interests has been provided. Neither Core FFO nor FFO represent cash flow from operating activities in accordance with GAAP, neither should be considered as an alternative to GAAP net income (loss) attributable to controlling interests and neither is necessarily indicative of cash available to fund cash needs. In addition, the Company has presented FFO on a consolidated and unconsolidated basis (at the Company's ownership share) as the Company believes that given the significance of the Company's operations that are owned through investments accounted for on the equity method of accounting, the detail of the operations of the Company's unconsolidated properties provides important insights into the income and FFO produced by such investments for the Company as a whole.

REAL ESTATE PROPERTY NET OPERATING INCOME (NOI) AND COMPARABLE NOI

The Company believes that NOI is a useful supplemental measure of the Company's operating performance. The Company defines NOI as operating revenues (rental income, land sales, tenant recoveries and other income) less property and related expenses (real estate taxes, land sales operating costs, repairs and maintenance, marketing and other property expenses). As with FFO described above, NOI has been reflected on a consolidated and unconsolidated basis (at the Company's ownership share). Other REITs may use different methodologies for calculating NOI, and accordingly, the Company's NOI may not be comparable to other REITs.

Because NOI excludes general and administrative expenses, interest expense, retail investment property impairment or other non-recoverable development costs, depreciation and amortization, gains and losses from property dispositions, allocations to noncontrolling interests, reorganization items and extraordinary items, it provides a performance measure that, when compared year over year, reflects the revenues and expenses directly associated with owning and operating commercial real estate properties and the impact on operations from trends in occupancy rates, rental rates, land values (with respect to the Master Planned Communities) and operating costs. This measure thereby provides an operating perspective not immediately apparent from GAAP operating or net income attributable to controlling interests. The Company uses NOI to evaluate its operating performance on a property-by-property basis because NOI allows the Company to evaluate the impact that factors such as lease structure, lease rates and tenant base, which vary by property, have on the Company's operating results, gross margins and investment returns.

In addition, management believes that NOI provides useful information to the investment community about the Company's operating performance. However, due to the exclusions noted above, NOI should only be used as an alternative measure of the Company's financial performance. For reference, and as an aid in understanding management's computation of NOI, a reconciliation of NOI to consolidated operating income as computed in accordance with GAAP has been presented.

Comparable NOI excludes from both years the NOI of properties with significant physical or merchandising changes and those properties acquired or opened during the relevant comparative accounting periods.

PROPERTY INFORMATION

The Company has presented information on its consolidated and unconsolidated properties separately in the accompanying financial schedules. As a significant portion of the Company's total operations are structured as joint venture arrangements which are unconsolidated, management of the Company believes that operating data with respect to all properties owned provides important insights into the income produced by such investments for the Company as a whole. In addition, the individual items of revenue and expense for the unconsolidated properties have been presented at the Company's ownership share of such unconsolidated ventures. As substantially all of the management operating philosophies and strategies are the same regardless of ownership structure, an aggregate presentation of NOI and other operating statistics yields a more accurate representation of the relative size and significance of such elements of the Company's overall operations.

FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements. Actual results may differ materially from the results suggested by these forward-looking statements, for a number of reasons, including, but not limited to, the Debtors bankruptcy filings, our ability to refinance, extend or repay our near and intermediate term debt, our substantial level of indebtedness and interest rates, retail and credit market conditions, impairments, land sales in the Master Planned Communities segment, the cost and success of development and re-development projects and our liquidity demands. Readers are referred to the documents filed by General Growth Properties, Inc. with the Securities and Exchange Commission, which further identify the important risk factors which could cause actual results to differ materially from the forward-looking statements in this release. The Company disclaims any obligation to update any forward-looking statements.

GENERAL GROWTH PROPERTIES, INC.
OVERVIEW
(In thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2009	2008	2009	2008
Funds From Operations ("FFO")				
Company stockholders	\$ 56,863	\$ 185,666	\$ (105,038)	\$ 364,736
Operating Partnership unit holders	1,322	35,997	(2,693)	73,830
Operating Partnership	<u>\$ 58,185</u>	<u>\$ 221,663</u>	<u>\$ (107,731)</u>	<u>\$ 438,566</u>
(Decrease) increase in FFO over comparable prior year period	<u>(73.8)%</u>	<u>8.0 %</u>	<u>(124.6)%</u>	<u>(37.1)%</u>
FFO per share:				
Company stockholders - basic	\$ 0.18	\$ 0.69	\$ (0.34)	\$ 1.42
Operating Partnership - basic	0.18	0.69	(0.34)	1.42
Operating Partnership - diluted	0.18	0.69	(0.34)	1.42
Decrease in diluted FFO per share over comparable prior year periods	(73.9)%	- %	(123.9)%	(39.3)%
Core Funds From Operations ("Core FFO")				
Core FFO	\$ 124,552	\$ 222,080	\$ 1,664	\$ 442,405
(Decrease) increase in Core FFO over comparable prior year period	(43.9)%	5.0 %	(99.6)%	9.5 %
Core FFO per share - diluted	0.39	0.70	0.01	1.44
(Decrease) increase in diluted Core FFO per share over comparable prior year periods	(44.3)%	(1.4)%	(99.3)%	5.9 %
Dividends				
Dividends paid per share	\$ -	\$ 0.50	\$ -	\$ 1.00
Payout ratio (% of diluted FFO paid out)	- %	72.5 %	- %	70.4 %
Real Estate Property Net Operating Income ("NOI")				
Retail and Other:				
Consolidated	\$ 517,640	\$ 529,816	\$ 1,026,723	\$ 1,070,844
Unconsolidated	98,176	99,254	197,670	192,767
Total Retail and Other	<u>615,816</u>	<u>629,070</u>	<u>1,224,393</u>	<u>1,263,611</u>
Master Planned Communities:				
Consolidated	(55,325)	644	(109,720)	(210)
Unconsolidated	4,687	6,606	5,020	14,318
Total Master Planned Communities	<u>(50,638)</u>	<u>7,250</u>	<u>(104,700)</u>	<u>14,108</u>
Total Real estate property net operating income	<u>\$ 565,178</u>	<u>\$ 636,320</u>	<u>\$ 1,119,693</u>	<u>\$ 1,277,719</u>
	June 30,	December 31,		
	2009	2008		
Selected Balance Sheet Information				
Cash and cash equivalents	\$ 622,844	\$ 168,993		
Investment in real estate:				
Net land, buildings and equipment	\$ 22,204,972	\$ 22,723,390		
Developments in progress	958,298	1,076,675		
Net investment in and loans to/from				
Unconsolidated Real Estate Affiliates	1,900,074	1,837,635		
Investment property and property held for				

development and sale	1,723,556	1,823,362
Net investment in real estate	<u>\$ 26,786,900</u>	<u>\$ 27,461,062</u>
Total assets	\$ 29,120,257	\$ 29,557,330
Mortgages, notes and loans payable not subject to compromise	\$ 3,040,250	\$ 24,756,577
Mortgages, notes and loans payable subject to compromise (a)	21,834,582	-
Redeemable noncontrolling interests - Preferred	120,756	120,756
Redeemable noncontrolling interests - Common	38,170	379,169
Total equity	<u>1,667,503</u>	<u>1,860,407</u>
Total capitalization (at cost)	<u>\$ 26,701,261</u>	<u>\$ 27,116,909</u>

(a) Mortgages, notes and loans payable subject to compromise are for obligations of the Debtors which principal amounts may change depending on the outcome of our Chapter 11 cases.

GENERAL GROWTH PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2009	2008	2009	2008
Revenues:				
Minimum rents	\$ 498,708	\$ 507,099	\$ 997,816	\$1,032,041
Tenant recoveries	224,691	231,548	457,710	463,179
Overage rents	5,782	10,892	15,806	24,410
Land sales	22,448	15,855	31,435	24,921
Management and other fees	15,920	21,918	35,118	42,157
Other	24,546	28,306	42,850	59,232
Total revenues	<u>792,095</u>	<u>815,618</u>	<u>1,580,735</u>	<u>1,645,940</u>
Expenses:				
Real estate taxes	68,959	69,004	140,518	137,653
Repairs and maintenance	50,082	56,997	105,438	119,098
Marketing	6,906	8,776	14,482	21,052
Other property operating costs	98,497	104,198	202,199	215,718
Land sales operations	21,850	15,211	32,464	25,131
Provision for doubtful accounts	8,847	6,287	19,179	8,996
Property management and other costs	42,200	54,804	85,609	106,942
General and administrative	32,304	4,416	78,125	12,515
Provisions for impairment	82,388	236	413,480	608
Depreciation and amortization	186,472	191,242	391,087	375,501
Total expenses	<u>598,505</u>	<u>511,171</u>	<u>1,482,581</u>	<u>1,023,214</u>
Operating income	193,590	304,447	98,154	622,726
Interest income	501	1,449	1,231	2,006
Interest expense	(319,543)	(319,303)	(648,033)	(644,995)
Loss before income taxes, noncontrolling interests, reorganization items, and equity in income of Unconsolidated Real Estate Affiliates	(125,452)	(13,407)	(548,648)	(20,263)
Provision for income taxes	(15,742)	(6,866)	(4,228)	(16,257)
Equity in income of Unconsolidated Real Estate Affiliates	16,339	21,145	23,877	44,973
Reorganization items	(33,726)	-	(33,726)	-
(Loss) income from continuing operations	(158,581)	872	(562,725)	8,453
Discontinued operations - gain (loss) on dispositions	-	37,060	(55)	37,060
Net (loss) income	(158,581)	37,932	(562,780)	45,513
Allocation to noncontrolling interests	179	(9,180)	8,299	(13,400)
Net (loss) income attributable to common stockholders	<u>\$ (158,402)</u>	<u>\$ 28,752</u>	<u>\$ (554,481)</u>	<u>\$ 32,113</u>
Basic and Diluted (Loss) Earnings Per Share:				
Continuing operations	\$ (0.51)	\$ -	\$ (1.81)	\$ 0.03
Discontinued operations	-	0.12	-	0.12

Total basic and diluted (loss) earnings per share \$ (0.51) \$ 0.12 \$ (1.81) \$ 0.15

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

(In thousands)

	Three Months Ended June 30, 2009		
	Consolidated Properties	Unconsolidated Properties	Segment Basis
Retail and Other			
Property revenues:			
Minimum rents	\$ 498,708	\$ 97,043	\$ 595,751
Tenant recoveries	224,691	38,722	263,413
Overage rents	5,782	975	6,757
Other, including noncontrolling interests	21,750	13,013	34,763
Total property revenues	<u>750,931</u>	<u>149,753</u>	<u>900,684</u>
Property operating expenses:			
Real estate taxes	68,959	12,263	81,222
Repairs and maintenance	50,082	8,027	58,109
Marketing	6,906	1,275	8,181
Other property operating costs	98,497	28,206	126,703
Provision for doubtful accounts	8,847	1,806	10,653
Total property operating expenses	<u>233,291</u>	<u>51,577</u>	<u>284,868</u>
Retail and other net operating income	<u>517,640</u>	<u>98,176</u>	<u>615,816</u>
Master Planned Communities			
Land sales	22,448	13,419	35,867
Land sales operations	<u>(21,850)</u>	<u>(8,732)</u>	<u>(30,582)</u>
Master Planned Communities net operating income before provision for impairment	598	4,687	5,285
Provision for impairment	<u>(55,923)</u>	<u>-</u>	<u>(55,923)</u>
Master Planned Communities net operating (loss) income	<u>(55,325)</u>	<u>4,687</u>	<u>(50,638)</u>
Real estate property net operating income	462,315	102,863	<u>\$ 565,178</u>
Management and other fees	15,920	4,396	
Property management and other costs	(42,200)	(9,254)	
General and administrative	(32,304)	(2,482)	
Provisions for impairment	(26,465)	(1,761)	
Depreciation on non-income producing assets, including headquarters building	(2,395)	-	
Interest income	501	1,015	
Interest expense	(319,543)	(41,991)	
(Provision for) benefit from income taxes	(15,742)	13	
Preferred unit distributions	(2,336)	-	
Other FFO from noncontrolling interests	1,330	31	
Reorganization items	<u>(33,726)</u>	<u>-</u>	
FFO	5,355	52,830	
Equity in FFO of Unconsolidated Properties	<u>52,830</u>	<u>(52,830)</u>	
Operating Partnership FFO	<u>\$ 58,185</u>	<u>\$ -</u>	

	Three Months Ended June 30, 2008		
	Consolidated Properties	Unconsolidated Properties	Segment Basis
Retail and Other			
Property revenues:			
Minimum rents	\$ 507,099	\$ 94,544	\$ 601,643
Tenant recoveries	231,548	39,522	271,070
Overage rents	10,892	1,723	12,615
Other, including noncontrolling interests	25,539	18,012	43,551
Total property revenues	<u>775,078</u>	<u>153,801</u>	<u>928,879</u>
Property operating expenses:			
Real estate taxes	69,004	11,990	80,994
Repairs and maintenance	56,997	8,945	65,942
Marketing	8,776	1,590	10,366

Other property operating costs	104,198	31,534	135,732
Provision for doubtful accounts	6,287	488	6,775
Total property operating expenses	<u>245,262</u>	<u>54,547</u>	<u>299,809</u>
Retail and other net operating income	<u>529,816</u>	<u>99,254</u>	<u>629,070</u>
Master Planned Communities			
Land sales	15,855	17,802	33,657
Land sales operations	<u>(15,211)</u>	<u>(11,196)</u>	<u>(26,407)</u>
Master Planned Communities net operating income	644	6,606	7,250
Real estate property net operating income	530,460	105,860	<u>\$ 636,320</u>
Management and other fees	21,918	5,477	
Property management and other costs	(54,804)	(10,092)	
General and administrative	(4,416)	(2,464)	
Provisions for impairment	(236)	-	
Depreciation on non-income producing assets, including headquarters building	(2,603)	-	
Interest income	1,449	1,363	
Interest expense	(319,303)	(41,876)	
Provision for income taxes	(6,866)	(801)	
Preferred unit distributions	(2,903)	-	
Other FFO from noncontrolling interests	1,470	30	
FFO	164,166	57,497	
Equity in FFO of Unconsolidated Properties	57,497	(57,497)	
Operating Partnership FFO	<u>\$ 221,663</u>	<u>\$ -</u>	

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

	Six Months Ended June 30, 2009		
	Consolidated Properties	Unconsolidated Properties	Segment Basis
Retail and Other			
Property revenues:			
Minimum rents	\$ 997,816	\$ 194,434	\$ 1,192,250
Tenant recoveries	457,710	79,541	537,251
Overage rents	15,806	2,191	17,997
Other, including minority interest	37,207	25,641	62,848
Total property revenues	<u>1,508,539</u>	<u>301,807</u>	<u>1,810,346</u>
Property operating expenses:			
Real estate taxes	140,518	24,844	165,362
Repairs and maintenance	105,438	16,745	122,183
Marketing	14,482	2,750	17,232
Other property operating costs	202,199	56,744	258,943
Provision for doubtful accounts	19,179	3,054	22,233
Total property operating expenses	<u>481,816</u>	<u>104,137</u>	<u>585,953</u>
Retail and other net operating income	<u>1,026,723</u>	<u>197,670</u>	<u>1,224,393</u>
Master Planned Communities			
Land sales	31,435	18,520	49,955
Land sales operations	<u>(32,464)</u>	<u>(13,500)</u>	<u>(45,964)</u>
Master Planned Communities net operating (loss) income before provision for impairment	(1,029)	5,020	3,991
Provision for impairment	<u>(108,691)</u>	<u>-</u>	<u>(108,691)</u>
Master Planned Communities net operating (loss) income	(109,720)	5,020	(104,700)
Real estate property net operating income	917,003	202,690	<u>\$ 1,119,693</u>
Management and other fees	35,118	7,929	
Property management and other costs	(85,609)	(18,300)	
General and administrative	(78,125)	(6,743)	
Provisions for impairment	(304,789)	(3,207)	
Depreciation on non-income producing assets, including headquarters building	(4,877)	-	
Interest income	1,231	1,932	

Interest expense	(648,033)	(83,584)	
Provision for income taxes	(4,228)	(467)	
Preferred unit distributions	(4,671)	-	
Other FFO from noncontrolling interests	2,666	59	
Reorganization items	(33,726)	-	
FFO	(208,040)	100,309	
Equity in FFO of Unconsolidated Properties	100,309	(100,309)	
Operating Partnership FFO	\$ (107,731)	\$ -	
Six Months Ended June 30, 2008			
	Consolidated	Unconsolidated	Segment
	Properties	Properties	Basis
Retail and Other			
Property revenues:			
Minimum rents	\$ 1,032,041	\$ 187,236	\$ 1,219,277
Tenant recoveries	463,179	78,613	541,792
Overage rents	24,410	3,035	27,445
Other, including minority interest	53,731	31,552	85,283
Total property revenues	<u>1,573,361</u>	<u>300,436</u>	<u>1,873,797</u>
Property operating expenses:			
Real estate taxes	137,653	23,581	161,234
Repairs and maintenance	119,098	18,246	137,344
Marketing	21,052	3,778	24,830
Other property operating costs	215,718	61,281	276,999
Provision for doubtful accounts	8,996	783	9,779
Total property operating expenses	<u>502,517</u>	<u>107,669</u>	<u>610,186</u>
Retail and other net operating income	<u>1,070,844</u>	<u>192,767</u>	<u>1,263,611</u>
Master Planned Communities			
Land sales	24,921	40,920	65,841
Land sales operations	(25,131)	(26,602)	(51,733)
Master Planned Communities net operating (loss) income before provision for impairment	(210)	14,318	14,108
Real estate property net operating income	<u>1,070,634</u>	<u>207,085</u>	<u>\$ 1,277,719</u>
Management and other fees	42,157	10,508	
Property management and other costs	(106,942)	(19,830)	
General and administrative	(12,515)	(4,719)	
Provisions for impairment	(608)	-	
Depreciation on non-income producing assets, including headquarters building	(5,399)	-	
Interest income	2,006	3,071	
Interest expense	(644,995)	(80,986)	
Provision for income taxes	(16,257)	(1,690)	
Preferred unit distributions	(5,806)	-	
Other FFO from noncontrolling interests	2,791	61	
FFO	<u>325,066</u>	<u>113,500</u>	
Equity in FFO of Unconsolidated Properties	<u>113,500</u>	<u>(113,500)</u>	
Operating Partnership FFO	<u>\$ 438,566</u>	<u>\$ -</u>	

GENERAL GROWTH PROPERTIES, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP FINANCIAL MEASURES
(In thousands)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2009	2008	2009	2008
Reconciliation of Real Estate Property Net Operating Income ("NOI") to GAAP Operating Income				
Real estate property net operating income:				
Segment basis	\$ 565,178	\$ 636,320	\$ 1,119,693	\$ 1,277,719
Unconsolidated Properties	(102,863)	(105,860)	(202,690)	(207,085)
Consolidated Properties	<u>462,315</u>	<u>530,460</u>	<u>917,003</u>	<u>1,070,634</u>

Management and other fees	15,920	21,918	35,118	42,157
Property management and other costs	(42,200)	(54,804)	(85,609)	(106,942)
General and administrative	(32,304)	(4,416)	(78,125)	(12,515)
Provisions for impairment	(26,465)	(236)	(304,789)	(608)
Depreciation and amortization	(186,472)	(191,242)	(391,087)	(375,501)
Noncontrolling interest in NOI of Consolidated Properties and other	2,796	2,767	5,643	5,501
Operating income	<u>\$ 193,590</u>	<u>\$ 304,447</u>	<u>\$ 98,154</u>	<u>\$ 622,726</u>

Reconciliation of Core FFO to Funds From Operations ("FFO") and to GAAP Net (Loss) Income Attributable to Controlling Interest

Core FFO	\$ 124,552	\$ 222,080	\$ 1,664	\$ 442,405
Master Planned Communities net operating (loss) income	(50,638)	7,250	(104,700)	14,108
Provision for income taxes	(15,729)	(7,667)	(4,695)	(17,947)
Funds From Operations - Operating Partnership	58,185	221,663	(107,731)	438,566
Depreciation and amortization of capitalized real estate costs	(220,584)	(225,010)	(462,679)	(438,665)
Discontinued operations - gain (loss) on dispositions	-	37,060	(55)	37,060
Noncontrolling interests in depreciation of Consolidated Properties and other	893	828	1,768	1,653
Redeemable noncontrolling interests	3,104	(5,789)	14,216	(6,501)
Net (loss) income attributable to common stockholders	<u>\$(158,402)</u>	<u>\$ 28,752</u>	<u>\$(554,481)</u>	<u>\$ 32,113</u>

Reconciliation of Equity in NOI of Unconsolidated Properties to GAAP Equity in Income of Unconsolidated Real Estate Affiliates

Equity in Unconsolidated Properties:				
NOI	\$ 102,863	\$ 105,860	\$ 202,690	\$ 207,085
Net property management fees and costs	(4,858)	(4,615)	(10,371)	(9,322)
Net interest expense	(40,976)	(40,513)	(81,652)	(77,915)
General and administrative, provisions for impairment income taxes and noncontrolling interest in FFO	(4,199)	(3,235)	(10,358)	(6,348)
FFO of unconsolidated properties	52,830	57,497	100,309	113,500
Depreciation and amortization of capitalized real estate costs	(36,507)	(36,371)	(76,469)	(68,562)
Other, including gains on sales of investment properties	16	19	37	35
Equity in income of Unconsolidated Real Estate Affiliates	<u>\$ 16,339</u>	<u>\$ 21,145</u>	<u>\$ 23,877</u>	<u>\$ 44,973</u>

Reconciliation of Weighted Average Shares Outstanding

Basic:				
Weighted average number of shares outstanding - FFO per share	319,601	319,202	319,596	307,903
Conversion of Operating Partnership units	(7,264)	(51,833)	(7,990)	(51,836)
Weighted average number of Company shares outstanding - GAAP EPS	<u>312,337</u>	<u>267,369</u>	<u>311,606</u>	<u>256,067</u>
Diluted:				
Weighted average number of shares outstanding - FFO per share	319,601	319,430	319,596	308,089
Conversion of Operating Partnership units	(7,264)	(51,833)	(7,990)	(51,836)
Weighted average number of Company shares outstanding - GAAP EPS	<u>312,337</u>	<u>267,597</u>	<u>311,606</u>	<u>256,253</u>

GENERAL GROWTH PROPERTIES, INC.
SUPPLEMENTAL DISCLOSURE OF CERTAIN NON-CASH REVENUES AND EXPENSES
REFLECTED IN FFO
(In thousands)

	Three Months Ended June 30, 2009		Three Months Ended June 30, 2008	
	Consolidated Properties	Unconsolidated Properties	Consolidated Properties	Unconsolidated Properties
Minimum rents:				
Above- and below-market tenant leases, net	\$ 2,502	\$ 1,214	\$ 2,812	\$ 2,144
Straight-line rent	10,058	2,747	9,961	2,137
Real estate taxes:				
Real estate tax stabilization agreement	(981)	-	(981)	-
Other property operating costs:				
Non-cash ground rent expense	(1,576)	(481)	(1,820)	(231)
Provisions for impairment	(82,388)	(1,761)	(236)	-
Interest expense:				

Mark-to-market adjustments on debt	3,816	944	4,354	754
Amortization of deferred finance costs	(4,084)	(400)	(3,490)	(441)
Amortization of discount on exchangeable notes	(6,757)	-	6,360	-
Termination of interest rate swaps	10,061	-	-	-
Statutory interest expense on Glendale judgment	-	-	(2,225)	-
Debt extinguishment costs:				
Write-off of mark-to-market adjustments	-	-	-	-
Write-off of deferred finance costs	(578)	-	(1)	(244)
Totals	<u>\$ (69,927)</u>	<u>\$ 2,263</u>	<u>\$ 14,734</u>	<u>\$ 4,119</u>

Six Months Ended June 30, 2009		Six Months Ended June 30, 2008	
Consolidated Properties	Unconsolidated Properties	Consolidated Properties	Unconsolidated Properties

Minimum rents:				
Above- and below-market tenant leases, net	\$ 3,356	\$ 2,932	\$ 8,747	\$ 4,280
Straight-line rent	18,694	6,525	21,903	4,934
Real estate taxes:				
Real estate tax stabilization agreement	(1,962)	-	(1,962)	-
Other property operating costs:				
Non-cash ground rent expense	(3,163)	(681)	(3,555)	(462)
Provisions for impairment	(413,480)	(3,207)	(608)	-
Interest expense:				
Mark-to-market adjustments on debt	6,063	1,331	8,520	1,466
Amortization of deferred finance costs	(24,215)	(825)	(12,230)	(821)
Amortization of discount on exchangeable notes	(13,450)	-	12,658	-
Termination of interest rate swaps	18,675	-	-	-
Statutory interest expense on Glendale judgment	-	-	(4,457)	-
Debt extinguishment costs:				
Write-off of mark-to-market adjustments	-	-	-	-
Write-off of deferred finance costs	(578)	-	207	(244)
Totals	<u>\$ (410,060)</u>	<u>\$ 6,075</u>	<u>\$ 29,223</u>	<u>\$ 9,153</u>

WEIGHTED AVERAGE SHARES
(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	Basic	312,337	267,369	311,606
Diluted	312,337	267,597	311,606	256,253
Assuming full conversion of Operating Partnership units:				
Basic	319,601	319,202	319,596	307,903
Diluted	319,601	319,430	319,596	308,089

GENERAL GROWTH PROPERTIES, INC.
SUPPLEMENTAL SCHEDULE OF SIGNIFICANT FFO ITEMS THAT IMPACT COMPARABILITY (a)
(In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	Operating Partnership FFO	<u>\$ 58,185</u>	<u>\$ 221,663</u>	<u>\$ (107,731)</u>
Operating Partnership FFO per share - diluted	<u>\$ 0.18</u>	<u>\$ 0.69</u>	<u>\$ (0.34)</u>	<u>\$ 1.42</u>
Significant items that affect comparability increase (decrease)				
Provisions for impairment:				
Operating properties	-	-	121,422	-
Non-recoverable development costs	8,865	236	57,824	608
Goodwill	19,361	-	128,750	-
Core FFO Impairments	28,226	236	307,996	608
Master planned communities impairment - net of tax (b)	55,923	-	86,394	-

Total impairments	84,149	236	394,390	608
Restructuring costs (c)	4,784	-	43,084	-
Financing costs - proposed transactions (d)	20,929	-	20,929	-
Termination of interest rate swaps	34,813	-	34,813	-
Reorganization items (e)	33,726	-	33,726	-
Termination income	(11,286)	(7,477)	(20,553)	(28,483)
Operating Partnership FFO as adjusted for comparability	<u>\$ 225,300</u>	<u>\$ 214,422</u>	<u>\$ 398,658</u>	<u>\$ 410,691</u>
Adjusted Operating Partnership FFO per share - diluted	<u>\$ 0.70</u>	<u>\$ 0.67</u>	<u>\$ 1.25</u>	<u>\$ 1.33</u>

(a) Includes consolidated and unconsolidated properties.

(b) Master planned communities impairment is presented net of tax. The amount for the three months ended June 30, 2009 relates to an impairment charge at our Nouvelle at Natick condominium project, although there is no net tax benefit related to this impairment charge due to a valuation allowance on the related deferred tax asset as a result of filing for Chapter 11 protection.

(c) The Restructuring costs amount reflects fees and expenses incurred for various consultants and advisors that assisted in the development of strategic alternatives relating to our liquidity and financing situation prior to filing for Chapter 11 protection on April 16, 2009.

(d) The Financing costs - proposed transactions amount reflects the write off of various financing costs on proposed transactions which were not completed.

(e) The Reorganization items amount reflects bankruptcy-related costs incurred after filing for Chapter 11 protection on April 16, 2009.

SOURCE: General Growth Properties, Inc.

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