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INCENTIVES MATTER

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Incentives Matter

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Pershing Square Capital Management, L.P.

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Funds managed by Pershing Square and its affiliates are invested in General Growth Properties, Inc. ("GGP") common stock and other securities related to GGP. Pershing Square manages funds that are in the business of trading – buying and selling – securities and financial instruments. It is possible that there will be developments in the future that cause Pershing Square to change its position regarding GGP. Pershing Square may buy, sell, cover or otherwise change the form of its investment in GGP for any or no reason. Pershing Square hereby disclaims any duty to provide any updates or changes to the analyses contained here including, without limitation, the manner or type of any Pershing Square investment.

General Growth Properties

Ticker: "GGP"

Stock price: $19.48 [(1)]

Dividend Yield: 2.3%

- **GGP is the world's second largest owner and operator of shopping malls**
  - Owns 133 regional malls in the U.S.
  - $533 tenant sales per square foot
  - 70 Class A malls account for over 70% of NOI
  - Owns 25 of the top 100 malls and 100 of the top 600 malls in the U.S.
- **Capitalization: [(2)]**
  - Enterprise value: $37.5 billion
  - Equity market value: $18.5 billion
- **Recent valuation multiples: [(2)]**
  - Implied Cap rate: 5.6%
  - '13e P / AFFO Per Share: 22.0x [(3)]

1) As of 9-28-12.
2) Source: Green Street weekly pricing update (9-28-12).
3) Adjusted Funds From Operations ("AFFO") is a commonly used REIT cash flow metric. It is similar to "cash EPS" for C-Corps.

Why GGP is a Great Business

Growth Annuity

- Long-term contracts (average lease life is ~8 years)
- Highly recurring revenue (~85%+)
- Leases contain guaranteed rent escalators (~3% per year)
- Inflation-protected due to percentage rent, rollover of 10-15% of leases per annum, and high proportion of fixed-rate debt (~90% of total)

Stable Free Cash Flow

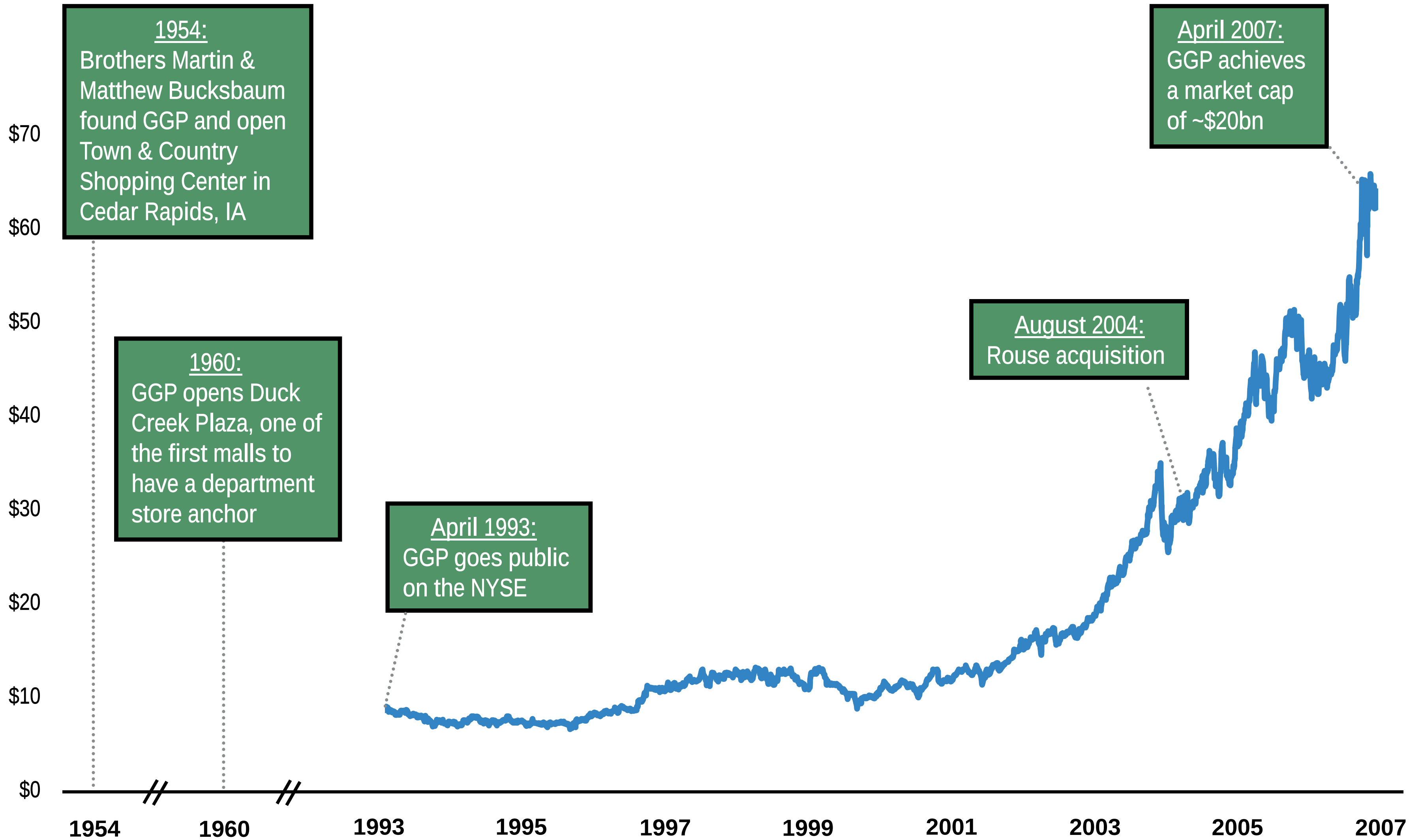
- During the Great Recession and GGP's bankruptcy, same-store NOI declined less than 10%
- Geographic diversity minimizes risk
- Largest tenant accounts for less than 3% of revenues
- Cash flows are senior-secured obligations of highly creditworthy tenants

High Barriers to Entry

- Extremely difficult to acquire and entitle land for new construction in high-quality locations
- Minimal new supply expected for next decade
- Long-lived, irreplaceable assets

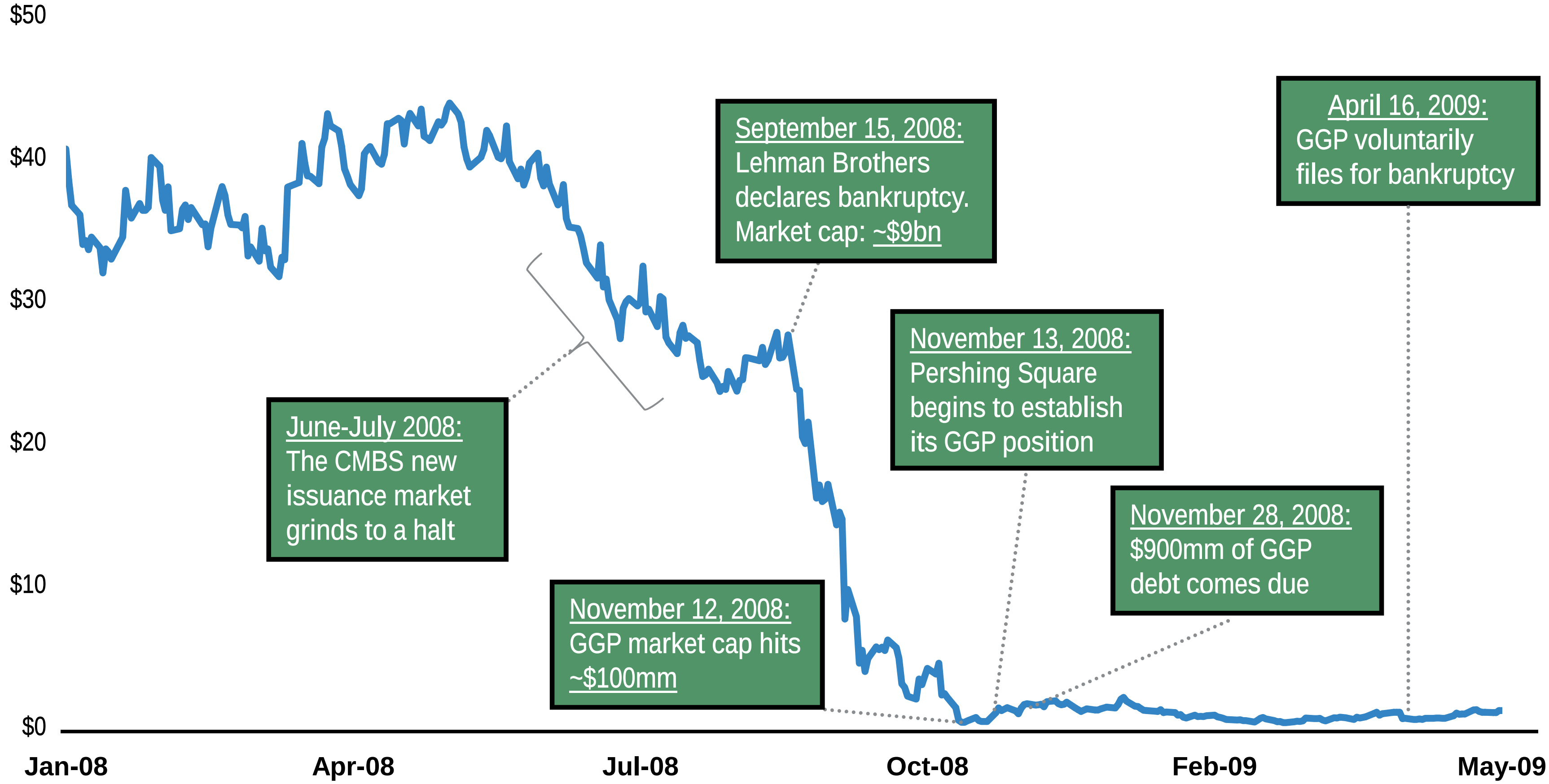
The Context

The Rise of GGP: 1954 – 2007



Note: The performance of GGP's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square Funds.

The Fall of GGP: 2008 – Bankruptcy



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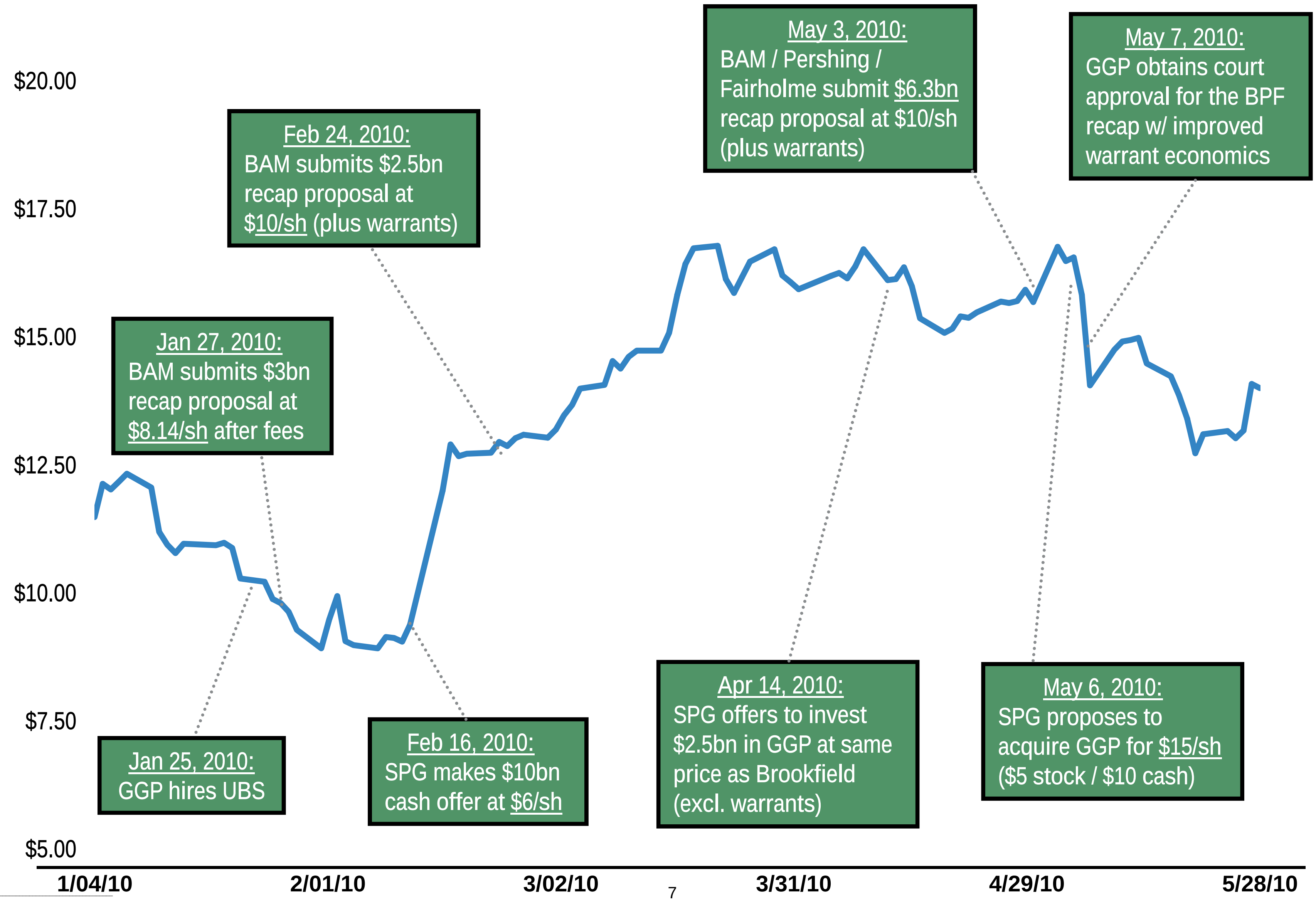
During Bankruptcy GGP was Subject to a Competitive Bidding Process



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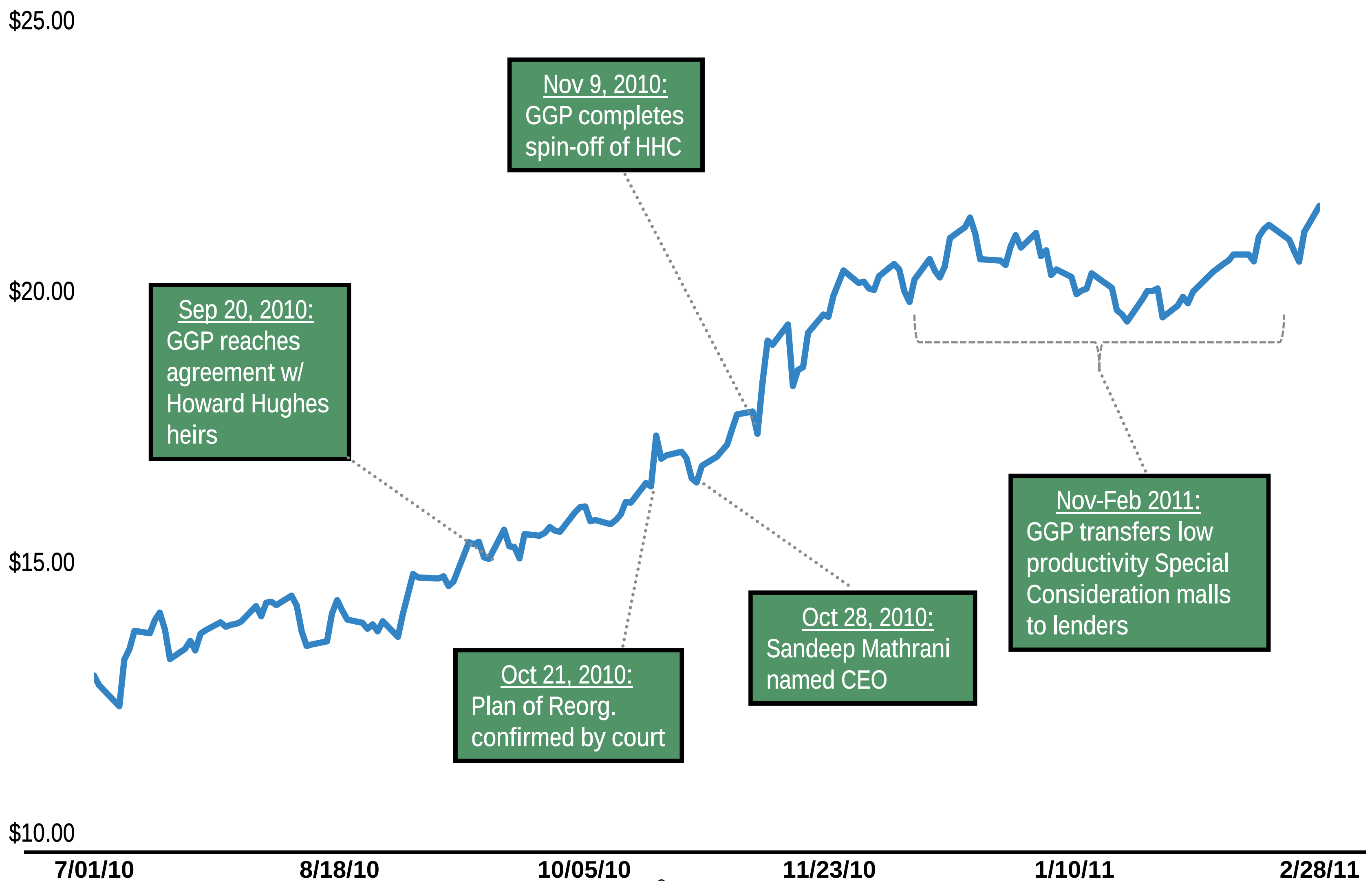
GGP Emerges from Bankruptcy*

** Stock chart adjusted to include HHC*



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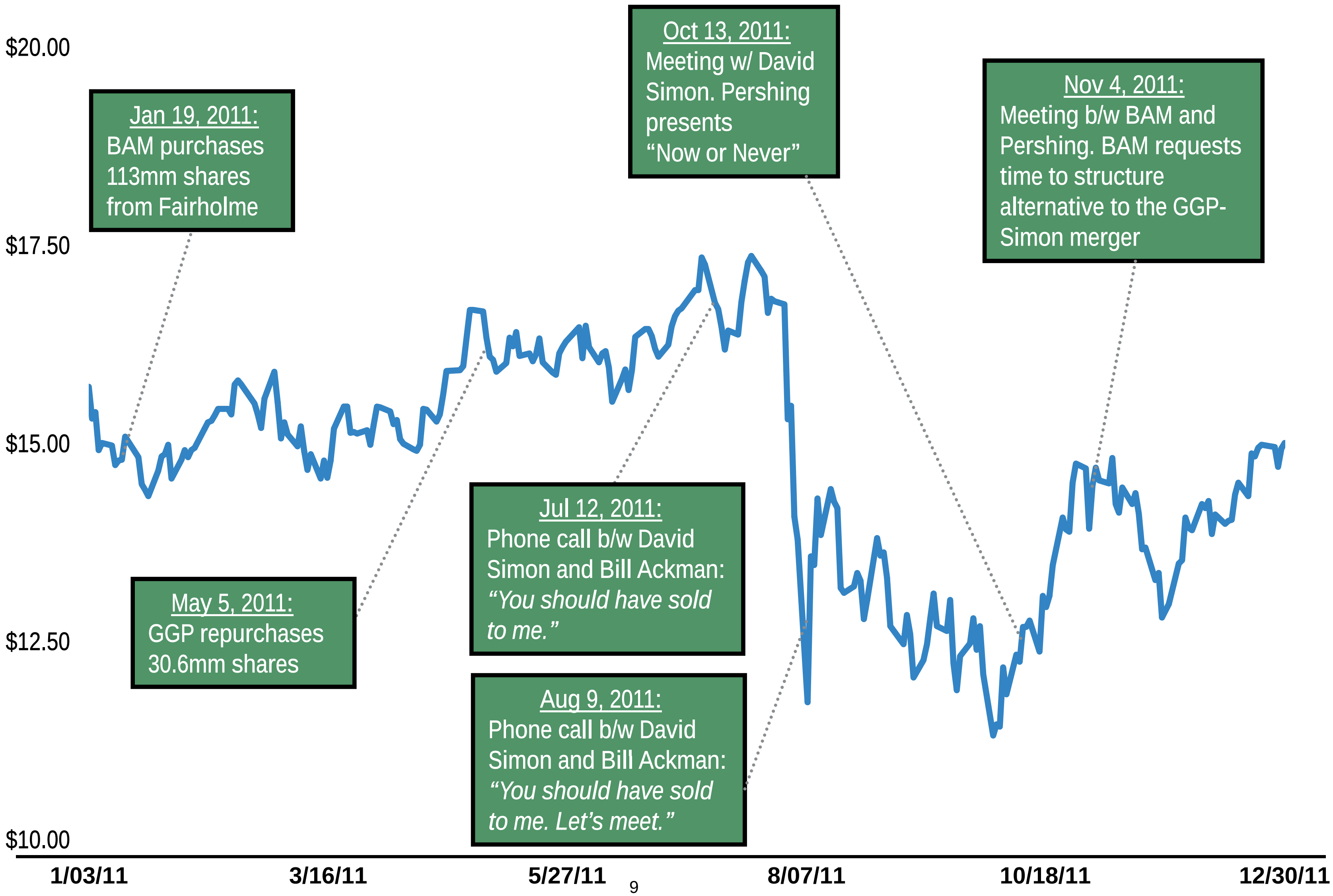
A Renewed Interest in GGP: 2011*

* Stock chart excludes HHC



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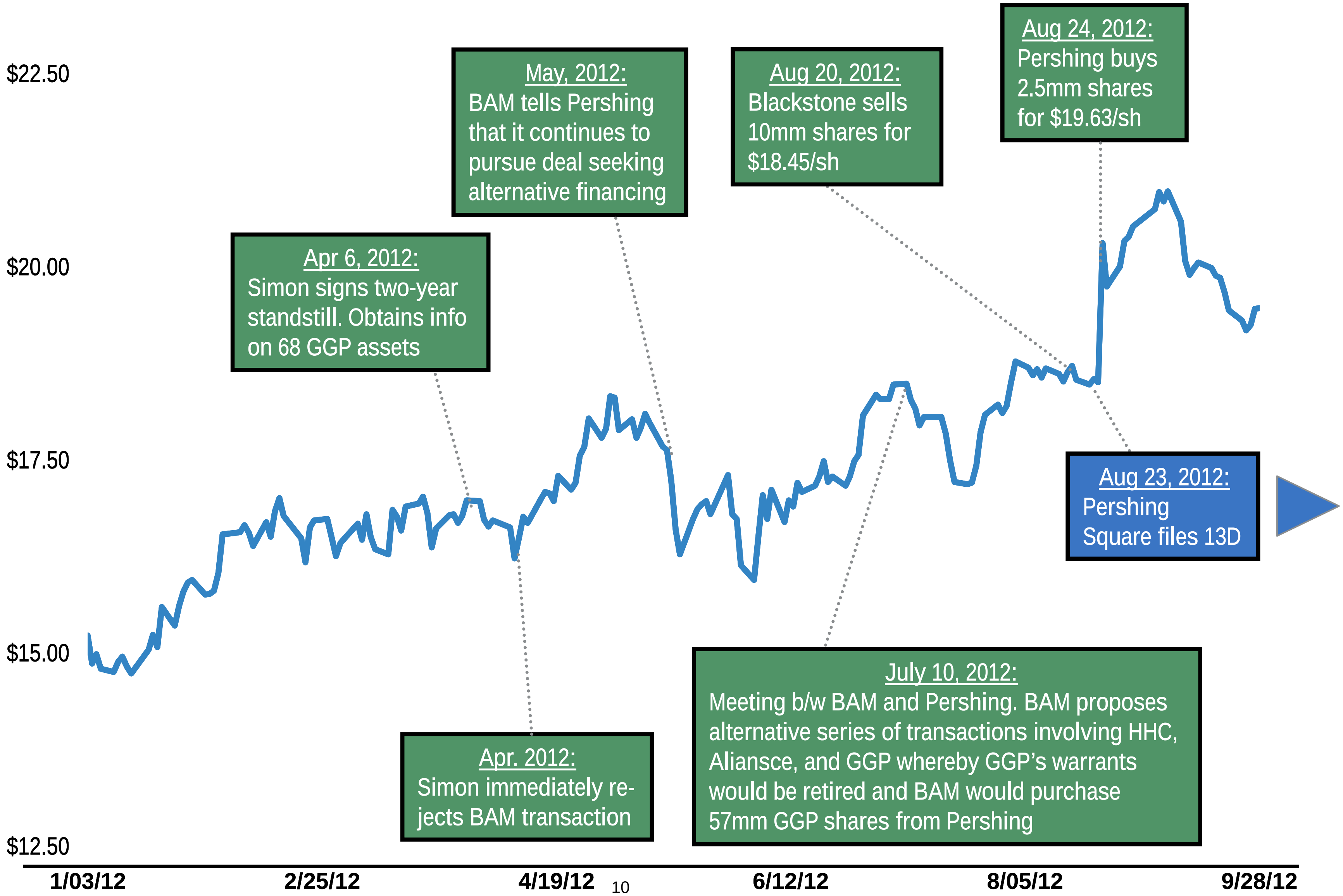
A Renewed Interest in GGP: 2012*

* Stock chart excludes HHC



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Pershing Square Writes Letter to GGP's Board

On August 23rd and 27th, Pershing Square files two 13Ds disclosing material facts relevant to GGP's Board of Directors

- **Since GGP emerged from bankruptcy, Brookfield has gone from owning 28.3% of the company to 42.2% today**
- **Because of GGP share repurchases and the anti-dilution feature of Brookfield's warrants, it is only a matter of time before Brookfield *de facto* controls the company**
- **During the past 12 months, Brookfield and Simon have been in active discussions to acquire the company**

In light of the foregoing, we requested that GGP's Board hire an independent financial advisor and form a special committee to evaluate a sale of the company

The Board Rejects Pershing Square's Requests

On September 10th, GGP CEO Sandeep Mathrani, on behalf of the Board of Directors, rejected the Pershing Square requests

Dear Mr. Ackman:

We have received your August 23 and 27, 2012 letters.

…

After reviewing your letters and giving the matters you raised serious consideration, the Board has unanimously determined that the best value for all shareholders will be achieved by GGP continuing to execute on its well-conceived business plan.

Finally, Brookfield Asset Management is bound by and has honored a shareholder agreement containing safeguards for control, which was negotiated in connection with the 2010 recapitalization plan.

On behalf of the Board of Directors,
Sandeep Mathrani
Chief Executive Officer

What's Wrong with GGP's Response?

1. The CEO of GGP wrote the letter

- **As CEO, Mr. Mathrani is conflicted in evaluating whether a sale of the company is in the best interest of GGP's shareholders**

2. The Board did not hire a financial advisor

- **Without independent financial advice, the Board relied on Brookfield and management for projections and financial advice**

3. The Board issued its response on a unanimous basis

- **This means that *at least* 4 of 9 are conflicted Board members – the three Brookfield representatives and Mr. Mathrani – who were involved in this decision process**

Director #5 of 9: Mark Patterson

- **Mr. Patterson joined GGP's Board after the departure of independent director Sheli Rosenberg. Mr. Patterson is nominally considered an "independent" GGP Board member. Is he independent of Brookfield?**

- **Mr. Patterson served as head of Merrill Lynch's real estate investment banking business, advising Brookfield on various transactions that generated material payments to the bank (and Mr. Patterson), e.g., BAM's $8bn deal for Trizec Properties, its $2bn deal for Longview Fibre Co., and the spin-off of Brookfield Infrastructure Partners**

- **Certain members of Brookfield's investment team worked with Mr. Patterson, including at Merrill Lynch, in the past**

- **We understand from people familiar with the matter that Mr. Patterson was appointed to the Board to replace Ms. Rosenberg at Brookfield's direction and that no formal search for alternatives was undertaken**

- **We understand that Mr. Patterson played a key role in GGP's recent decision not to hire an independent financial advisor**

Courts Take Loyalty Conflicts Seriously

Delaware Courts are sensitive to conflicts of loyalty when a director may be beholden to other directors and officers

- In re infoUSA, Inc. S'holders Litig., 953 A.2d 963, 991 (Del. Ch. 2007) (holding, in part, that a director's "receipt of a financial grant deriving from his relationship with [another director], as well as the presence of defendants on other boards that could affect his professional advancement, are sufficient to raise a reasonable inference necessary to call his independence into question.")

- In Re Freeport-McMoRan Sulphur, Inc. S'holder Litig., 2005 Del. Ch. LEXIS 96, at *44 (Del. Ch. June 30, 2005) (holding that a director who was previously employed by the defendant lacked independence because of the chance that the director felt a sense of "owingness" for the past benefits conferred on the director)

- In re The Limited., 2002 Del. Ch. LEXIS 28, at *24-27 (Del. Ch. Mar. 27, 2002) (holding that the plaintiff raised a reasonable doubt regarding the independence of a director who was also the president of a large university because an interested director had previously donated $25 million to the university which may have caused the director to feel a sense of "owingness" to the interested director)

- Kahn v. Tremont, 694 A.2d 422, 429-30 (Del. 1997) (observing that a special committee member was the "one most beholden" to the interested director because the member had received significant financial compensation or influential positions on the boards of the [interested director's] controlled companies)

Pershing Square's Motives

- **Pershing Square is a long-term investor**
  - **We have held our General Growth stock for four years**
  - **We rejected Simon's proposal to acquire GGP in bankruptcy in favor of a non-controlled recapitalization sponsored by Brookfield**

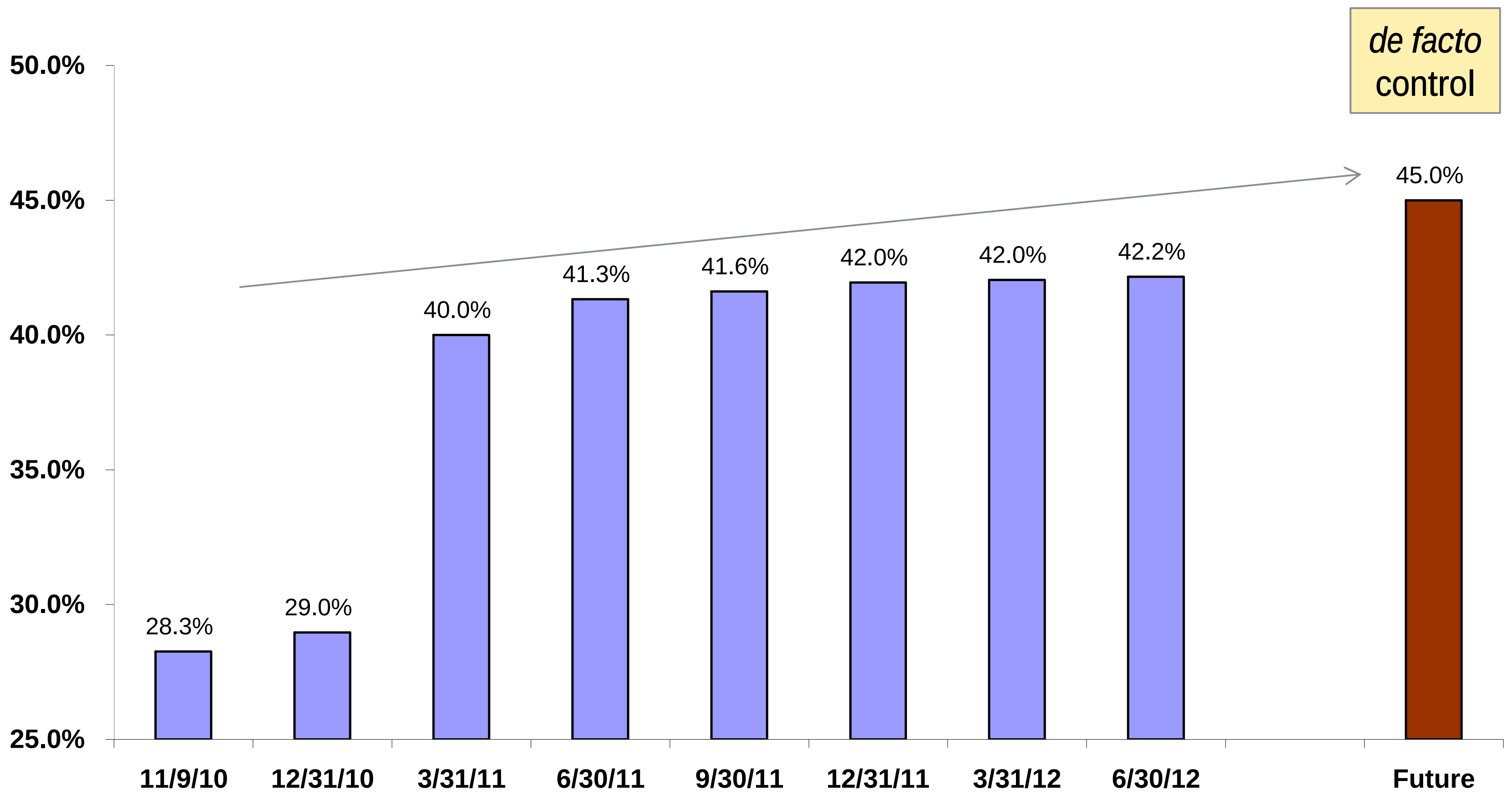
- **Our primary motivation is to ensure that GGP shareholders are not deprived of the control premium they fought so hard to maintain during GGP's bankruptcy**
  - *"The board weighed and considered numerous factors, both quantitative and qualitative, in reaching its decision. These factors included: the net price to be paid; the form of currency; the certainty of closing; the impact of long-term shareholder value;* ***the opportunity to complete a change-of-control transaction in the future…****"* – March 2010 GGP Bankruptcy hearing

- **Unless a business has reached the end of its strategic life, we prefer that the companies remain public and create value for all shareholders**

- **GGP is a unique situation. If the status quo is allowed to persist, control of GGP will effectively be transferred to Brookfield for no premium**

Brookfield's "Creeping Control"

Since emergence, Brookfield has increased its stake in GGP from 28.3% to 42.2%, including its warrants



Note: Represents Brookfield Asset Management Private Institutional Capital Adviser (Canada) LP common shares in GGP (per 13-F disclosures) combined with Brookfield's warrants (per GGP's quarterly supplements). The denominator is calculated by taking GGP's common shares outstanding and adding Brookfield's warrants.

The Origin of the 45% Brookfield Cap

The shareholder agreement GGP's Board negotiated with Brookfield during bankruptcy limited BAM's ownership to 45%

- **GGP was in bankruptcy, and the clock on debtor exclusivity was ticking**
- **GGP's Board chose the lesser of three evils: (i) a one-third cash, two-thirds stock deal with Simon at an inadequate premium, (ii) a highly dilutive deal with the unsecured creditors, and (iii) a recap whereby Brookfield would own ~29% of the newly emerged enterprise**
- **The recap was structured to avoid a sale of control to BAM. This allowed the Board to choose Brookfield's recapitalization at $10 per share instead of Simon's higher offer at $15 per share sale(1)**
- **The Board now has the opportunity to reassess the situation to preserve and maximize value for all shareholders**

The preexisting arrangement with Brookfield is inadequate to protect GGP shareholders from a creeping takeover and the loss of the opportunity for shareholders to obtain a change of control premium

(1) Excluding HHC.

Brookfield "Creep"

How has Brookfield accumulated a near-controlling stake in GGP?

- **The table to the right shows the quarterly increases in the holdings of Brookfield Asset Management Private Institutional Capital Adviser (Canada) LP ("BAMPICA") as reflected in its Schedule 13F filings**
- **The SEC requires "insiders" including officers, directors and owners of more than 10% of a public company's shares to file a Form 4 with the SEC within two days of any acquisition or disposition**
- **Brookfield has made regular acquisitions of GGP shares without filing required Form 4 filings, which would have alerted the market to its purchases on a timely basis**

Date	Shares
as of12/31/10	230.9
Plus: Fairholme	113.3
Plus: Other	6.0
as of 3/31/11	350.2
Plus: Other	1.9
as of 6/30/11	352.1
Plus: Other	1.7
as of 9/30/11	353.8
Plus: Other	1.9
as of 12/31/11	355.7
Plus: Other	1.9
as of 3/31/12	357.7
Plus: Other	-
as of 6/30/12	357.7

Oct 14, 2011
GGP issues 8-K noting the Company has released BAM from its commitment to participate in the DRIP

Brookfield Does Not Control GGP... Yet

Director Elections: Brookfield Must Vote Proportionately with other Shareholders

Due to Brookfield's "mirror voting" provisions in the election of independent directors, only 49% of non-BAM, non-Pershing GGP shareholders would be needed to support the election of new independent directors

- **GGP's Board consists of 9 members, of which Brookfield is entitled to designate 3**
- **GGP is obligated to nominate the Brookfield designees as part of its slate of directors and use its reasonable best efforts to have such persons elected to the Board**
- **Brookfield may vote all of its shares for its own 3 designees**
- **A plurality of shares voted is required to elect a director in a contested election**

For the remaining 6 Board positions, Brookfield may only vote up to 10% of its shares as it wishes. Its shares above that amount must be voted in proportion to the other votes cast (which excludes shares of a shareholder contractually required to vote in proportion with votes cast)

	Pct. Common Shares	Vote For	Vote Against	Ratio For	Comments
Ownership					
Brookfield	38.2%	15.7%	22.5%	41.0%	All shares over 10% have to be voted proportionately w/ non-BAM shares
Pershing Square	8.0%	8.0%	0.0%	100.0%	Illustrative assumption; excludes swap shares
Free Float	53.8%	26.3%	27.4%	49.0%	Only 49% of the Free Float needed to support an alternative independent director
Total	**100.0%**	**50.0%**	**50.0%**		All that is needed is 50% plus one share
Pershing + Float	61.8%	34.3%	27.4%	55.6%	This ratio determines how BAM votes its shares over 10%

Note: This analysis is illustrative. For the sake of simplicity, assumes 100% of shares are voted.

One-Step Merger

The impact of "dead voting" in a one-step merger process means that Brookfield's current 38.2% common equity stake in GGP is likely sufficient to block a one-step merger

- **A majority (50.1%) of votes cast by the holders of outstanding shares (on the record date) are required to approve a merger**
- **D.F. King & Co., Inc. has advised that, based on its historical experience, approximately 20% of outstanding shares do not vote in a typical merger transaction – due to a combination of factors including the effect of shares being sold after the record date and before the vote ("dead votes") and the failure or certain shareholders provide voting instructions. Non-votes have the same effect as no votes**
- **The impact of non-votes, together with Brookfield's significant ownership stake, makes it unlikely that a single-step transaction supported by non-Brookfield shareholders would receive the requisite shareholder approval**

Non-BAM Shares Voted		Non-BAM Shares		Votes For		Votes Needed
(1 - 20%)	X	(1 - 38.2%)	=	49.4%	<	50.1%

Two-Step Merger

Fortunately, Brookfield does not have a large enough voting ownership stake at 38.2% to block a tender or exchange offer (two-step merger)

- **D.F. King has advised that, based on its historical experience, tender / exchange offers routinely obtain 90%+ of shares tendered / exchanged**

- **There is no "dead voting" impact in a two-step merger**

The Brink: 45% Likely Gives Brookfield Control

Assuming Brookfield exercises its warrants, a 42.2% stake in GGP is insufficient to block a two-step merger. Shareholder approval becomes much more difficult at 45%

<u>Current:</u>
Brookfield Diluted Ownership (42.2%)

Non-BAM Shares Exchg'd/ Tendered		Non-BAM Shares		Total Shares Exchg'd/ Tendered		Shares Needed
90%	**X**	**(1 - 42.2%)**	**=**	**52.0%**	**>**	**50.1%**

BAM lacks the shares necessary to block a tender / exchange offer

The Brink of Control

<u>At Cap:</u>
Brookfield Diluted Ownership (45.0%)

Non-BAM Shares Exchg'd/ Tendered		Non-BAM Shares		Total Shares Exchg'd/ Tendered		Shares Needed
90%	**X**	**(1 - 45.0%)**	**=**	**49.5%**	**<**	**50.1%**

BAM may be able to block a tender / exchange offer at 45%

GGP’s Minority Shareholders Would Be Materially Harmed If Brookfield Is Allowed To Acquire De Facto Control Of The Company

If Brookfield is allowed to acquire de facto control of GGP:

(1) GGP shareholders will have fore-gone their control premium, and

(2) GGP will trade at an embedded discount to its mall peers (“the Brookfield Discount”)

Brookfield-Controlled Entities Historically Trade at a Discount.

Why?

Case Study: BPO Acquisition

BPO acquires A$3.8bn Australia office portfolio (“Multiplex”) from BAM in a related party transaction

Announcement Date: July 30, 2010

Transaction Details: BPO acquired an interest in a portfolio of 16 office properties in Australia from BAM for approximately A$1.6B (properties had total value of A$3.8B)

Financing: Sources of funding from available BPO liquidity and a $750M subordinate acquisition facility from BAM

BPO Rationale:

- Strategic repositioning to transform into a global pure-play office property company
- Plan included the divestment of BPO’s residential land and housing business (to Brookfield Homes Corporation)

BPO’s stock price declined nearly 9% in the week subsequent this announcement

Sell-Side Reaction to the Multiplex Deal

- **Brookfield Properties, UBS equity research, *"Lack of Control Warrants a Discount,"* August 2, 2010**

  - "Overpayment to BAM highlights the challenge of owning a minority stake. We see BPO's Australia portfolio acquisition from parent company BAM as a great deal for the seller, with a cap rate (6.7%) that is below the in-place cost of debt (7.4%) and prevailing market cap rates… We think BPO shares, which is 51% owned by BAM, warrant a discount to NAV to reflect the risks and conflicts of interest created by BPO shareholders' status as BAM's minority partner and the dual role served by BPO CEO Ric Clark, who is also head of real estate for BAM… Additionally, our $14.25 (-$1.25) target is now based on a 5% discount to our forward NAV to account for the risks arising from the common equity's minority status."

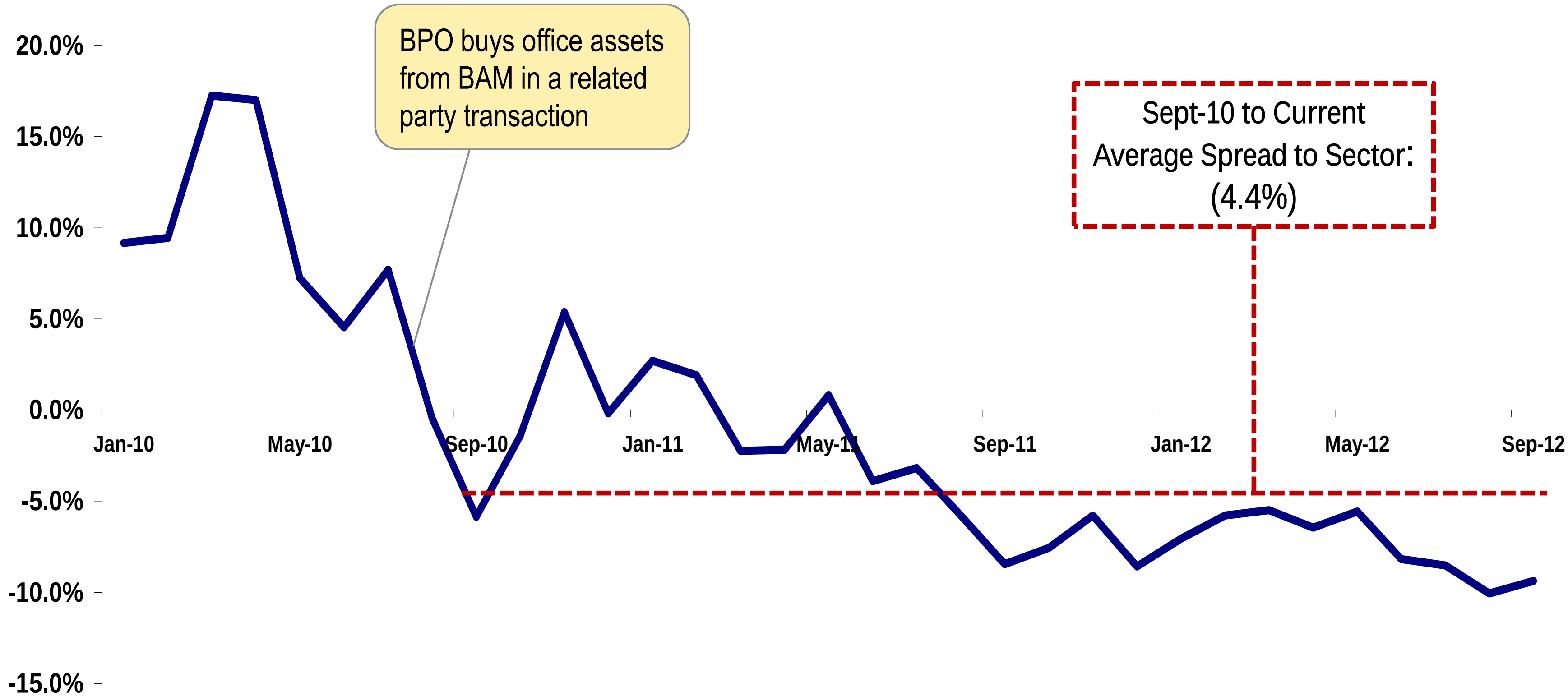
- **Brookfield Properties, Green Street research, *"Bad 'Carma',"* August 17, 2010**

  - "Weighing the strategic merit of these transactions is important, but takes a back seat to the overarching themes of these deals: conflicts of interest and related-party dealing. Conflicts of this magnitude are nowhere to be found at 99% of REITs or other public real estate companies… Three structural factors work against the company's valuation in the public market: 1) balance sheet; 2) high level of complexity; and 3) BAM's control/ influence (i.e., public market is a minority investor)."

The Brookfield Discount

Following the Multiplex transaction, Brookfield Properties has traded at a meaningfully larger discount to NAV than its office REIT peers

Observed Premium / Discount to NAV: Brookfield Properties Spread to Office Sector (1)



(1) Source: Green Street. Office sector includes BXP, BDN, BPO, OFC, CUZ, DEI, HW, KRC, CLI, PDM, SLG, VNO and WRE.

Brookfield's Minority Co-Investors Frequently Cite Conflicts

Brookfield's history is replete with suits alleging abuse

- Plymouth County Retirement Assoc. v. Brookfield Homes Corp., C.A. No. 6062-CS, Delaware Court of Chancery – Minority shareholders of Brookfield Homes (BHC) alleged self dealing by Brookfield Asset Management (BAM) when BAM structured a merger between BHC and Brookfield Properties, another BAM affiliate. The action involves BAM as a controlling stockholder who allegedly made key valuation designations that had the impact of inflating BAM's stake. This action is currently pending.

- Trilogy Portfolio Co., LLC v. Brookfield Real Estate Fin. Partners. LLC, 2012 Del. Ch. LEXIS 14 (Jan. 13, 2012), Delaware Court of Chancery – Participants in a loan securitization alleged that Brookfield's subsidiary had "abused its position as Controlling Holder by negotiating a deal that [would] provide it with a potentially valuable equity interest in the Borrower while transferring substantial risk to the rest of the Participants." The Court entered a **temporary restraining order** enjoining the transaction proposed by the Brookfield subsidiary. In so holding the Court observed that "[the **Brookfield subsidiary] failed to** identify any contractual or legal principal that would **explain why they alone should enjoy the opportunity to assume control** of the Borrower as part of the proposed restructuring of the Loan. . . If the Proposed Transaction is allowed to close, the Participants senior to [Brookfield's subsidiary] **permanently** may be **deprived** of their opportunity to receive the Borrower's equity and participate in the management and upside potential of the Borrower, which may prove lucrative in the future." The action was dismissed after Brookfield terminated the proposed transaction.

- Bond v. Brookfield., Court File No: 10-cv-410910, Ontario Superior Court of Justice (2010) – Minority shareholders allege that Brookfield pushed Birch Mountain, a company in which a Brookfield subsidiary owned convertible debentures, in to bankruptcy. Plaintiffs allege that Brookfield used **manipulative trading tactics** that caused a share price collapse and avoided required shareholder approvals as part of a **scheme to unfairly acquire Birch Mountain assets.** This action is still pending, with the issue of proper forum on appeal.

Brookfield's checkered track record with minority shareholders is cause for alarm

Considerations for GGP's Board of Directors

Delaware Directors Have a Duty to Protect Share-holders from a "Creeping Takeover"

- **The Delaware Supreme Court has instructed that directors have a "fundamental duty" to protect stockholders from a threat, whether that threat "originates from third parties or other shareholders."** ***Unocal Corp. v. Mesa Petroleum Co*.**

- **Where issues of "fundamental corporate change" are concerned, the directors may not sit idly by as a "passive instrumentality."** ***Pure Res., Inc. S'holders Litig*.**

  - Directors have a duty to defend its stockholders against threats that are "perceived as being contrary to the best interests of the corporation and its shareholders." *MacAndrews & Forbes Hldgs, Inc. v. Revlon, Inc*. ("*Revlon*")

Delaware Directors Have a Duty to Protect Share-holders from a "Creeping Takeover" (Cont'd)

- **In a change of control transaction, stockholders are entitled to receive a control premium for their surrender of control.**
  Paramount Commcn's v. QVC Network

- In such a situation, directors have a duty to take steps that are calculated to deliver the greatest value reasonably available for the transfer of control

- Failing to act to prevent a stockholder from obtaining control without paying a control premium supported a reasonable inference that the directors breached their duty of loyalty. *La. Mun. Police Emps. Ret. Sys. v. Fertitta*

- Heightened scrutiny of directors' actions is mandated where "an asset belonging to public stockholders (a control premium) is being sold and may never be available again" *Paramount Commcn's v. QVC Network*

Majority Interest is Not Required for Control

- **Under Delaware law, a stockholder owning less than an absolute majority of a company's shares will be deemed to "control" the company where the stockholder exerts sufficient influence over the board in regard to board actions.** ***Kahn v. Lynch Commc'n Sys.***

- **Delaware Courts have considered stockholders with more than 43% of the company's voting shares to be a controlling stockholder**

  - 45.16% stockholder was a controlling stockholder where there were no other "substantial" stockholders and the 45.16% holder had the power to control the affairs of the corporation; *Weinstein Enters., Inc., v. Orloff*

  - Stockholder was controlling where it owned 43.3% of the stock, designated five of the eleven board members and where the evidence showed the board deferred to the stockholder because of its significant position; *Kahn v. Lynch Commc'n Sys.*

- **Court held that a stockholder was a "controlling stockholder" where he and his family members collectively owned 40% of the company's voting shares, the stockholder was both the Chairman of the board of directors and CEO of the subject company, and two of his close family members held executive positions at the company.** ***Cysive, Inc., S'holders Litig.***

Enhanced Scrutiny under Revlon is Triggered upon an Effective Change of Control

- **Delaware courts have held that a change of control has occurred for purposes of triggering enhanced scrutiny under *Revlon* where the directors approve a transaction or series of transactions that effectively result(s) in a change of control or play(s) a necessary part in formation of a control block where one did not previously exist [(1)]**

  - *Revlon* would apply to an issue of warrants that, if exercised, would give the holder voting control over the corporation; *Equity-Linked Investors, L.P. v. Adams*

  - A restructuring that increased a group's stock ownership from 4% to 39% constituted an effective change of control that warranted the payment of a control premium to the public stockholders; *Robert M. Bass Group, Inc. v. Evans*

  - A proposed recapitalization plan constituted a sale of the company for purposes of *Revlon* where the Plan would permit management the ability to exercise options granting them control without requiring further approval by the stockholders; *Black & Decker Corp. v. Am. Standard, Inc*.

(1) *Binks v. DSL.net* (applying *Revlon* scrutiny to review a financing transaction that did not immediately result in a change in control, but paved the way to an eventual short form merger).

Why Risk a Violation of Fiduciary Duties?

Brookfield acquired approximately 29% of GGP during the 2010 restructuring, below what is generally needed for control – a critical factor for choosing the BAM deal rather than Simon

Brookfield purchased Fairholme's entire equity stake in early 2011, increasing its total ownership from approximately 29% to approximately 40%

Brookfield has since been silently accumulating shares of GGP without filing Form 4s

GGP had not established a special committee to consider Brookfield's increasing control and to determine whether the company could achieve greater value by pursuing a transaction with another acquirer

When we raised this issue with GGP, the Board issued a <u>unanimous</u> determination – all directors, including Brookfield's, participated in the decision – that it was not interested in pursuing a transaction at that time

Over time, Brookfield has been able to increase its stake to over 42% without paying a control premium

The GGP Board could reduce the risk of violating its fiduciary duties by forming a special committee to determine whether it would unlock greater value for the shareholders prior to losing control of the company

Even at 45%, All Hope is Not Lost

- **There is precedent for companies negotiating dilutive share issuances to facilitate shareholder approval for transactions that are in the best interest of shareholders**
  - **Quest/Dell (2012) – During a go-shop period for Quest, Dell conditioned its proposal on the receipt of (1) a voting agreement by Quest's CEO or (2) a 19.9% stock option. On that basis, Quest granted Dell an exclusivity period, during which the parties negotiated a definitive transaction and obtained the initially opposing CEO's support**
  - **Silicon Storage Technology (SST)/Microchip Technology (MT) (2010) – SST was put up for sale and, after a bidding war initially triggered during a go-shop period, MT emerged as the acquiror after insisting on receiving 19.9% of SST's stock**
  - **Bear Stearns/JP Morgan (2008) – JPM received a 19.9% option on Bear's common stock. A later revised deal included the exchange of 39.5% of Bear's stock for JPM stock to ensure success of the deal**

But, Is Simon Interested in General Growth?

Simon Says

One day after GGP’s Board issued its response to Pershing Square, Steve Sterrett, CFO of Simon Property Group, made the following statement

“Before I open it up to Q&A -- and it's a point -- I mentioned the opportunistic but disciplined acquirer. I would like -- there has been a fair bit of speculation and inquiry lately about General Growth and our rumored interest in that company. And I think it is important to respond and to set the record straight.

We have not made an offer for General Growth or its properties since 2010 during GGP's bankruptcies. Nor have we subsequently agreed to any value for the company. <u>We have no interest in General Growth and as a result I really don't think there is any need to respond to any questions on the matter.</u> I don't think I can be [any] clearer than I was.”

– Steve Sterrett, Simon Property Group , EVP & CFO, September 11, 2012

Is Simon Really Not Interested in General Growth?

Simon M&A Case Study: Acquisition of Mills

David Simon is a disciplined investor with a track record of creating shareholder value through acquisitions

- **<u>February 2006:</u>** **Mills' Board publicly announces exploration of strategic alternatives**
- **<u>June 2006:</u>** **in response to the Company's request for proposals: "Simon orally advised the Company it was not prepared to make any proposals at that time"(1)**
- **<u>January 17th:</u>** **the Company announced a transaction with Brookfield at $21 per share**
- **<u>February 4th:</u>** **"Simon and Farallon submitted to Mills an unsolicited proposal to acquire Mills for $24.00 in cash"(1)**
- **<u>February 4th – 16th:</u>** **Simon and Brookfield submitted competing bids, which ultimately resulted in a deal with Simon at $25.25**

As highlighted by Simon's acquisition of Mills in 2007, Simon has a history of changing course when facts and circumstances change

(1) Source: Mills Proxy.

The Ebb and Flow of Simon's Interest in GGP

		Interested in GGP?
2/5/10	*"And last thing, David, on General Growth, are you in active negotiations with those guys while they wander through this bankruptcy process?"* – Rich Moore *"No."* – David Simon, Q4'09 Earnings Call	***NO***
2/16/10	Simon Property Group Makes $10 Billion Offer to Acquire General Growth Properties – Press Release	***YES***
6/10/10	*"We took all of those concerns and we addressed them repeatedly in all sorts of different fashions to give [GGP's] management, the Board, the comfort that we were there to close and we would have closed. So what can I tell you?"* – David Simon "And so now I know you're saying never say never, but it's done, finished?" – Michael Bilerman *"I stand by what I said. We have moved on."* – David Simon	***NO***
10/13/11	David Simon meets with Pershing Square to discuss a joint Simon / Brookfield acquisition of GGP – Pershing Square 13D	***YES***
Early '12	Simon enters into a standstill agreement to explore a transaction with Brookfield to purchase 68 of GGP's malls	***YES***
9/11/12	"We have no interest in General Growth and as a result I really don't think there is any need to respond to any questions on the matter. I don't think I can be [any] clearer than I was." – Steve Sterrett	***NO***

The Bottom Line

- **Simon made four offers to acquire GGP while it was in bankruptcy**
  - ***February 16, 2010:*** ***Simon Property Group Makes $10 Billion Offer to Acquire General Growth Properties***
  - ***April 14, 2010:*** ***Simon Property Group Offers to Invest $2.5 Billion in General Growth Reorganization at Same Per Share Price as Existing Brookfield-Sponsored Proposal***
  - ***April 22, 2010:*** ***Simon Property Group Makes Improved Proposal for General Growth Recapitalization***
  - ***May 6, 2010:*** ***Simon Property Group Proposes to Acquire General Growth for $6.5 Billion or $20.00/sh***

- **On April 6, 2012, Simon signed a two-year standstill enabling it to obtain GGP confidential information for it to consider a joint Simon/Brookfield acquisition of GGP**

- **We believe Simon would be extremely interested in an economically attractive acquisition of GGP**

Let's Examine the Board's Unanimous Decision that GGP Should Remain Independent

Framing the Discussion

- **<u>GGP Board:</u> "unanimously determined that the best value for all shareholders will be achieved by GGP continuing to execute on its well-conceived business plan."**

- **<u>Brookfield:</u> "the strategy that GGP is now following holds the promise of enormous upside potential over the next three to five years."**

- **<u>Pershing Square:</u> we agree that significant upside potential exists in an independent GGP**

GGP Has Come a Long Way Since 2010

Since Simon's offer for GGP in early 2010, GGP has become a significantly more attractive acquisition candidate

- **<u>September 20, 2010:</u>**
  GGP reaches agreement with heirs of Howard Hughes regarding Summerlin

- **<u>October 21, 2010:</u>**
  General Growth Plan of Reorganization confirmed by bankruptcy court

- **<u>November 9, 2010:</u>**
  General Growth completes spinoff of the Howard Hughes Corporation

- **<u>December 20, 2011:</u>**
  GGP approves spinoff of Rouse Properties

- **<u>February 23, 2011:</u>**
  General Growth acquires 11 Sears anchor pads

- **<u>August 15, 2012:</u>**
  General Growth increases investment in Aliansce Shopping Centers

- **<u>2010 – 2012:</u>**
  GGP refinances over $5bn of debt and divests several non-core assets

GGP Then & Now

Time of Simon's First Offer Q1 2010		Q2 2012	
Balance Sheet:		**Balance Sheet:**	
Total Debt & Preferred:	$27.6bn	Total Debt & Preferred:	$19.5bn
Wtd Interest Rate:	5.6%	Wtd Interest Rate:	5.1%
Debt / EBITDA: (1)	12.1x	Debt / EBITDA: (1)	9.2x
Aliansce Stake:	31.4%	Aliansce Stake:	45.5%
Hughes Heir Liability?	Yes	Hughes Heir Liability?	No
MPC Division?	Yes	MPC Division?	No
Operations:		**Operations:**	
# of Malls: (2)	~180	# of Malls: (2)	133
Mall Grade:	A- / B+	Mall Grade:	A / A-
% Leased:	90.5%	% Leased:	94.3%
Occupancy Cost:	14.6%	Occupancy Cost:	13.0%
SS NOI Growth:	(3.0%)	SS NOI Growth:	5.5%
Sales Per Sq Ft:	$411	Sales Per Sq Ft:	$533
10yr Treasury:	4.0%	10yr Treasury:	1.6%

(1) Source: Green Street.
(2) Excludes International, office and strip properties.

GGP Standalone: Upside Remains

Despite this progress, GGP remains cheap relative to its high-quality mall peers and the 10-yr Treasury

	GGP	SPG	MAC	TCO	10yr Tsy
Price (as of 9/28/12)	$19.48	$151.81	$57.23	$76.73	NM
'13e AFFO (1)	$0.89	$6.90	$2.69	$2.74	NM
Multiple	22.0x	22.0x	21.3x	28.0x	62.9x
Q2'12 SPSF	$533	$554	$513	$672	NM
'13 AFFO Yield	**4.6%**	**4.5%**	**4.7%**	**3.6%**	**1.6%**
'13-'17 AFFO/sh Growth (1)	**11.3%**	**9.4%**	**8.3%**	**11.9%**	**0.0%**

(1) Source: Green Street.

Framing the Discussion

- **We agree significant upside exists in GGP. This is not, however, sufficient justification to preclude a merger with Simon**
  - **The question is not whether there is upside in a standalone General Growth**
- **The question the Board should consider is:**
  - **Will GGP shareholders earn a higher return with less risk as an independent entity or in a merger with Simon?**

Framing the Discussion (Cont'd)

- **Factors to consider:**
  - **The significant synergies,**
  - **Minimal differences between GGP and Simon's forecasted cash flow growth, and**
  - **The likely premium in a transaction**

A Simon merger is substantially superior to GGP remaining independent

Observation 1: GGP and Simon Projected NOI and AFFO Growth

Based on Green Street projections for GGP and Simon, GGP's AFFO is expected to grow only 3% faster than Simon through 2017, while NOI growth rates are comparable

($ in mms)	2012e	2013e	2014e	2015e	2016e	2017e	'13e-'17e CAGR
NET OPERATING INCOME							
GGP	**$2,185**	**$2,274**	**$2,384**	**$2,506**	**$2,629**	**$2,770**	**5.1%**
Growth		4.1%	4.8%	5.1%	4.9%	5.4%	
Simon	**$4,215**	**$4,439**	**$4,696**	**$4,986**	**$5,290**	**$5,567**	**5.8%**
Growth		5.3%	5.8%	6.2%	6.1%	5.2%	
ADJUSTED FUNDS FROM OPERATIONS							
GGP	**$760**	**$897**	**$1,028**	**$1,160**	**$1,290**	**$1,431**	**12.4%**
Growth		18.0%	14.6%	12.8%	11.2%	10.9%	
Simon	**$2,312**	**$2,504**	**$2,749**	**$3,014**	**$3,313**	**$3,598**	**9.5%**
Growth		8.3%	9.8%	9.6%	9.9%	8.6%	

GGP and Simon Projected AFFO Growth (Cont'd)

- **GGP's AFFO per share growth is higher than Simon's through 2017. Why?**
  - **GGP will benefit from the ramping up of below-market leases that were entered into during the bankruptcy process. However, this simply allows GGP to "keep up" with Simon on an unlevered cash flow basis[(1)]**
  - **GGP has more leverage than Simon, which amplifies the growth in unlevered earnings**
- **Over the long-term, however, as GGP's leasing activity normalizes and the company deleverages, there is little reason to believe GGP can achieve faster growth than Simon**

(1) Per Green Street's projections.

Observation 2: Warrants Reduce AFFO/sh Growth

GGP's warrants reduce AFFO growth per share by approximately 1.1% per annum. The number of warrants outstanding increase as GGP pays dividends and as its share price appreciates

($ in mms)	2012e	2013e	2014e	2015e	2016e	2017e	'13e-'17e CAGR
NOI	**$2,185**	**$2,274**	**$2,384**	**$2,506**	**$2,629**	**$2,770**	**5.1%**
AFFO	**$760**	**$897**	**$1,028**	**$1,160**	**$1,290**	**$1,431**	**12.4%**
Avg FDSO	1,006	1,020	1,032	1,042	1,051	1,060	
AFFO / Share	**$0.76**	**$0.88**	**$1.00**	**$1.11**	**$1.23**	**$1.35**	**11.3%**
Shares/Units/Options	948	949	950	950	951	951	
TSM Warrants (1)	66	77	87	97	105	114	
FDSO (EOY)	1,014	1,026	1,037	1,047	1,056	1,065	
GGP price for TSM (2)	$18.52	$20.82	$23.26	$25.64	$28.19	$30.91	
Tranche I	67	69	71	73	75	77	
Tranche II	67	69	71	73	75	77	
Subtotal	135	138	142	146	150	155	
Less: TSM	(69)	(61)	(55)	(50)	(45)	(41)	
TSM Warrants	66	77	87	97	105	114	
Tranche I Strike	$9.56	$9.31	$9.06	$8.81	$8.56	$8.32	
Tranche II Strike	$9.34	$9.09	$8.85	$8.60	$8.36	$8.12	

(1) Total warrants outstanding grow as GGP issues cash dividends. Assumes a 57.5% AFFO payout ratio.

(2) Based on GGP's unaffected share price of $18.52 as of 8-22-12. Assumes fwd multiple remains constant through 2017. Warrants expire in Nov-17.

GGP Standalone: $31 in 2017

Assuming a constant forward AFFO multiple, GGP's share price will increase commensurate with the growth in AFFO per share. This suggests GGP will be worth $31 in 2017

	2012e	2013e	2014e	2015e	2016e	2017e
AFFO / Share	**$0.76**	**$0.88**	**$1.00**	**$1.11**	**$1.23**	**$1.35**
Fwd Multiple (1)	21x	21x	21x	21x	21x	21x
Illustrative Price	**$19**	**$21**	**$23**	**$26**	**$28**	**$31**

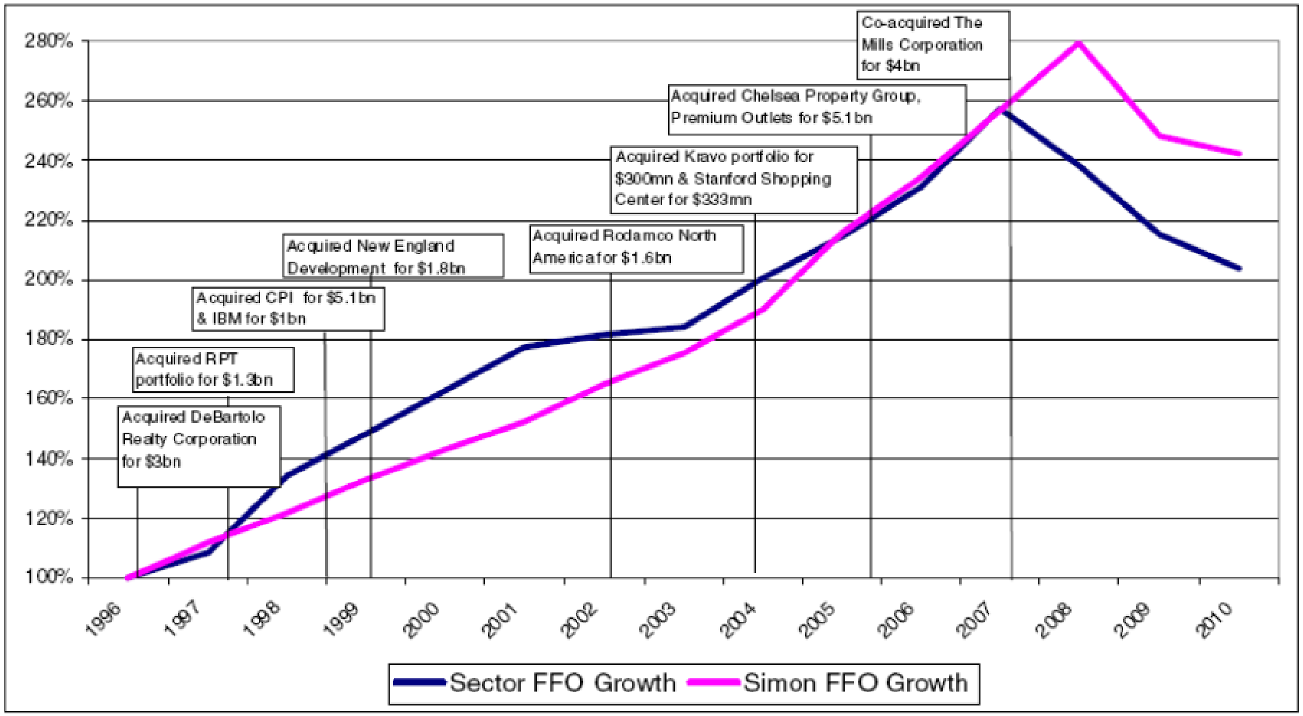
(1) Based on GGP's unaffected share price of $18.52 as of 8-22-12. Assumes fwd multiple remains constant through 2017. Warrants expire in Nov-17.

Strategic Rationale for a Merger with Simon

Simon Acquisition History

Since 1996, Simon has spent nearly $28bn on acquisitions,(1) a little less than half of its current enterprise value. We believe this acquisition strategy has been a key reason for Simon's outperformance versus the Dow Jones REIT Index

Exhibit 3: Time Series of SPG FFO per Share Growth and Acquisitions versus Sector FFO Growth



Source: Credit Suisse equity research (12-21-09).

(1) "Since our IPO in 1993, we've bought about $28 billion of assets." Steve Sterrett, Barclays Capital Financial Services Conference, Sept. 14, 2010.

Simon has Created Significant Shareholder Value through Acquisitions

Notably, 23 of Simon's top 25 properties on a sales per square foot basis were acquired over the past 15 years

#	Mall / Outlet	SPSF	Acquired?	Acquired From:
1	Forum Shops at Caesars	$1,400	No	
2	Orlando Premium Outlets	1,300	Yes	Chelsea Property Group
3	Aventura Mall	1,100	Yes	DeBartolo Realty Corporation
4	Fashion Valley Mall	1,040	Yes	Lend Lease
5	Houston Galleria	1,040	Yes	Rodamco North America
6	Roosevelt Field	1,040	Yes	Corporate Property Investors
7	Stanford Shopping Center	1,040	Yes	Stanford University
8	Fashion Centre at Pentagon City	1,040	No	
9	Town Center at Boca Raton	1,040	Yes	Corporate Property Investors
10	Copley Place	1,000	Yes	Rodamco North America
11	Dadeland Mall	1,000	Yes	Prime Property Fund
12	Desert Hills Premium Outlets	1,000	Yes	Chelsea Property Group
13	The Westchester	1,000	Yes	Retail Property Trust
14	Lenox Square	950	Yes	Corporate Property Investors
15	Sawgrass Mills	950	Yes	Mills Corporation
16	King of Prussia	900	Yes	Rodamco North America
17	Mall at Chestnut Hill	900	Yes	Rodamco North America
18	SouthPark Mall (NC)	900	Yes	Rodamco North America
19	The Florida Mall	900	Yes	DeBartolo Realty Corporation
20	Brea Mall	800	Yes	Corporate Property Investors
21	Phipps Plaza	800	Yes	Corporate Property Investors
22	The Domain	800	Yes	Endeavor
23	The Shops at Mission Viejo	800	Yes	DeBartolo Realty Corporation
24	Walt Whitman Mall	800	Yes	Corporate Property Investors
25	Burlington Mall	780	Yes	Corporate Property Investors
	Total Acquired		**23**	
	Percent		**92%**	

A large portion of Simon's current ~$80bn enterprise value can be attributed to properties the Company acquired over the past 15 years for less than $30bn

Source: Green Street mall database (September, 2012) and public company filings.

Because of Simon's Size, Only Acquisitions Can Materially Increase Shareholder Value

Sell-side analysts have few negative things to say about Simon, yet a key concern is the Company's ability to find future acquisitions

Successfully finding large acquisition opportunities could move the earnings needle at SPG in 2010/2011. However, in our opinion, more opportunities like Prime Outlets or GGP may be hard to come by as there are few sellers and several buyers interested in buying not just mall, but other retail real estate assets such as value centers, premium outlets, lifestyle centers, and community centers. As evidenced by the ongoing bidding war for General Growth Properties (GGP), pricing for Class A malls has become aggressive. Despite the higher than industry average leverage that has been applied to retail real estate in general, we also find that a much improved capital market is resulting in less distressed sales within the retail real estate sector. This has dramatically diminished the ability to buy retail real estate at attractive prices. Most sales in 2010/2011 will likely be because of strategic reasons. Given the size of SPG ($25.9 billion in assets), a meaningful amount of acquisitions will need to be executed to move the needle in regards to creating meaningful earnings accretion at the company. This may prove to be unattainable.

Jefferies, April 16, 2010

- **Moving the Needle:** Relative to peers, it is more difficult for SPG to move the needle through external growth. That said, the company has a number of positive development and redevelopment projects in the pipeline and has been a shrewd and disciplined acquirer.

Green Street, April 16, 2010

GGP is a "Once-in-a-generation" Opportunity

A disproportionate share of the value Simon has created for shareholders over the past 15 years can be attributed to its track record as a consolidator. An acquisition of GGP is the next logical step in this sequence of value creation

The opportunity to acquire General Growth's assets is truly a once-in-a-generation event due to the significant concentration of ownership in the mall sector. A cornerstone of SPG's growth over the past 15 years has been an astute deal-making bent and an ability to integrate new acquisitions and derive further value from synergies. Bigger is often better in the mall business. Seeking further consolidation can be perceived as an important strategic goal for a large owner, although it is not a guarantee of success. Hence, there is no surprise that SPG proves to be a bidder for General Growth.

Green Street, February 16, 2010

Does a Simon-GGP Merger Make Sense?

Synergy Analysis

Incremental Rent

An increase of 25 to 50 basis points of occupancy cost at New Simon's <10,000 square feet in-line space would result in an incremental $110 to $210mm of NOI. We believe this is achievable given Simon's leasing expertise and scale

NOI Synergies (Rent)	($ in mms) **Low**	**High**
New Simon SPSF	$550	$550
<10,000 sq ft GLA (occupied) (000s)	90,000	90,000
<10,000 sq ft Tenant Sales	$49,500	$49,500
Incremental Occupancy Cost	0.25%	0.50%
Incremental Rent	$124	$248
Note: Excludes >10k sq ft, SL, anchors		
Contribution margin	85.0%	85.0%
Incremental NOI	**$110**	**$210**
Memo:		
2012e New Simon Rent / TRs (1)	$8,700	$8,700
Incremental rent as a % of revenue	1.4%	2.8%

(1) Represents annualized Q2 revenue for Simon and GGP (annualized at 24%).

Incremental Other Income

Simon generates a much larger share of Other Income as a percentage of revenue than GGP. We assume this is largely due to the disproportionate success of Simon Brand Ventures and Simon Business Network relative to GGP's similar programs

Other Income Synergies Analysis

	2010a	Q1'11a	Q2'11a	Q3'11a	Q4'11a	Q1'12a	Q2'12a	Comments
Simon (Consolidated):								
Other Income: Other	$112	$24	$30	$34	$37	$31	$41	Assumed to be SBV / SBN; Add'l SBV / SBN revenue is recorded in minimum rent
Revenue (excl other)	$3,745	$973	$988	$1,027	$1,122	$1,068	$1,136	
% SBV / SBN	**3.0%**	**2.4%**	**3.1%**	**3.3%**	**3.3%**	**2.9%**	**3.6%**	
						Total	**3.1%**	
GGP:								
Other income	$85	$17	$17	$21	$31	$22	$24	Includes vending, parking, gains / losses on dispositions
Less: Non-sponsorship / Network	(43)	(8)	(8)	(10)	(16)	(11)	(12)	Pershing Square assumption
Sponsorship / Network Revenues	$43	$8	$8	$10	$16	$11	$12	
Revenue (excl other)	$3,209	$789	$749	$778	$841	$724	$720	
% Sponsorship / Network	**1.3%**	**1.1%**	**1.1%**	**1.3%**	**1.9%**	**1.6%**	**1.7%**	
						Total	**1.4%**	

Source: GGP public filings, SPG public filingsn, Pershing Square assumptions.

"We were also the first organization to bring what I would call entertainment to the mall. One of the adjuncts of that was in 1997, we launched something called Simon Brand Ventures, which has been a very profitable and very successful enterprise. It's basically using the mall as a marketing medium. And if you think about the mall, in the middle of the mall with all the throughput that goes, in terms of traffic, it's a wonderful place for people to advertise, mostly because it's very close to the actual point of purchase.

I mentioned a bit earlier Simon Brand Ventures and our using the mall as a marketing medium. We have alliances with people like Coke, American Express, Visa. We are the largest mall-based gift card program. <u>We sell about $500mm a year of Simon-branded gift cards</u>."

–Steve Sterrett, CFO, Barclays Capital Services Conference (9/14/10)

GGP-Branded Gift Card Sales: ~$70mm

Incremental Other Income (Cont'd)

Increasing GGP's advertising, sponsorship and network-related income to Simon's levels as a percentage of revenue would result in an incremental $30 to $60mm of NOI

NOI Synergies (Other Income)

	($ in mms)	
% of Revenue from Sponsorship & Related:	**Low**	**High**
Simon (LTM)	3.0%	3.5%
GGP (LTM)	1.5%	1.2%
Other Income Delta	1.5%	2.3%
2012e GGP Revenue	$3,000	$3,000
Times: Other Income Delta	1.5%	2.3%
Incremental Revenue	$45	$69
Assumed Margin	75.0%	80.0%
Incremental NOI	**$30**	**$60**

COGS Savings

Reducing GGP's cost of goods sold 3% to 6% would result in an incremental $20 to $40mm of NOI. Sources of savings could include lower janitorial costs, security costs, marketing costs, and increasing the energy efficiency of GGP's malls

COGS Savings	*($ in mms)*	
	Low	**High**
GGP COGS (ex tax)	$625	$625
% Savings	3.0%	6.0%
Incremental NOI	**$20**	**$40**

"You can add a lot to the bottom line while at the same time being a good corporate citizen. We have actually reduced the electricity usage in our malls since 2003 by 22% on an annual basis just by being smarter about how we use our energy. That represents $34mm in cost savings that's falling almost dollar for dollar to the bottom line."

–Steve Sterrett, Simon CFO, Barclays Capital Services Conference (9/14/11)

Overhead Savings

A reduction of GGP's overhead expenses of 50% to 60% would result in an incremental $110 to $150mm of FFO

Overhead Savings	*($ in mms)*		
	Low	**High**	**Comments**
GGP Overhead	$225	$250	Includes G&A, property management and other costs
% Savings	50.0%	60.0%	
Incremental FFO	**$110**	**$150**	

Financing Synergies

GGP has approximately $19bn of debt. Reducing the weighted average interest expense by 25 to 50 basis points would result in incremental FFO of $50 to $90mm. We believe this would be achievable given that New Simon will have a lower leverage ratio, larger scale, and more diversity than GGP

Financing Synergies	*($ in mms)*		
	Low	**High**	**Comments**
GGP Secured Debt	$17,100	$17,100	Wtd. Avg Interest: 5.0%
GGP Rouse Debt	1,650	1,650	Wtd. Avg Interest: 6.8%
Secured Debt + Rouse	$18,750	$18,750	
Financing Synergies (%)	0.25%	0.50%	Note: SPG CDS is 91bps
Incremental FFO	**$50**	**$90**	

Capex Synergies

Reducing New Simon's maintenance capex by 5% to 6% would result in an additional $30 to $40mm of AFFO

Capex Synergies

($ in millions)		% Savings		Incremental AFFO	
Maintenance Capex		**Low**	**High**	**Low**	**High**
Simon (1)	$430				
GGP (2)	232				
New Simon	**$662**	**5.0%**	**6.0%**	**$30**	**$40**

Note: Green Street includes tenant allowances in maintenance capex.

(1) Source: Simon 2012e maintenance capex per Green Street.

(2) Source: GGP 2012e maintenance capex per Green Street.

Large Synergy Potential

All in, we estimate the combination of Simon and GGP would result in $350 to $590mm of AFFO synergies. Given Simon's current forward AFFO multiple of ~22x, this translates to $7 to $14bn of incremental value creation

($ in mms)

	Low	**High**
Revenue Synergies (rent)	$110	$210
Revenue Synergies (other income)	30	60
COGS Synergies	20	40
Total NOI Synergies	**$160**	**$310**
Overhead Synergies	110	150
Financing Synergies	50	90
Total FFO Synergies	**$320**	**$550**
Capex Synergies	30	40
Total AFFO Synergies	**$350**	**$590**
Illustrative AFFO Multiple	20.0x	24.0x
Incremental Value	**$7,000**	**$14,160**

Does a Simon-GGP Merger Make Sense?

Accretion Analysis

Illustrative Transaction Assumptions

A September 11th, 2012 Citigroup research report suggested a deal for GGP at $24 would be accretive and would make sense for Simon shareholders. Therefore, we employ an illustrative $24 merger price, a 29% premium to GGP's unaffected share price of $18.52. In addition, we make the following assumptions:

- **Simon's stock price of $152 as of September 28th, 2012 is used to calculate the exchange ratio (GGP shareholders to receive 0.1580 shares of Simon)**
- **$200mm of transaction expenses**
- **86% stock / 14% cash**
- **14% cash consideration is composed of $600mm of cash (New Simon will have over $1bn of cash), and $3bn of debt**
- **We assume a 3.5% interest rate on the incremental debt issuance (Simon's credit facility is at L + 100; Simon issued 15yr fixed rate debt at 3.4% in March)**
- **We use the low end of our synergy range ($350mm) and illustratively ramp synergies up to 50% in 2013e and 100% in 2014e**

Sources & Uses

SOURCES	Amt.
Merger Price	**$24.00**
PF GGP FDSO Buildup:	
Basic shares	938
OP Units (1)	7
Options (TSM)	5
Warrants (2)	84
PF GGP FDSO	1,034
Transaction value	$24,818
Transaction costs	200
Total Sources	**$25,018**

(1) OP units on an as-converted basis.

(2) Warrants are presented on a share-equivalent basis. Includes make-whole at 20 points of implied volatility per the Warrant Agreement.

USES	Amt.	Int.
Cash (3)	$600	0.2%
Debt	3,000	3.5%
Stock	21,418	
Total Uses	**$25,018**	
% Stock	86%	
Exchange Ratio	0.1580x	
Memo:		
Simon Price	$152	
Incremental shares	141	

(3) Simon had $638mm of consolidated cash and $843mm of pro rata cash as of June 30, 2012.

GGP shareholders will own approximately 28% of New Simon

Illustrative Accretion / (Dilution)

On an AFFO basis, an 86% stock transaction to acquire GGP at $24 per share would be 5.4% accretive in 2014 using our low-end synergy estimate

($ in mms)	Simon (1)			PF GGP (1)			Synergies (2)			Incremental Interest			New Simon		
	2012e	2013e	2014e	2012e	2013e	2014e	2012e	2013e	2014e	2012e	2013e	2014e	2012e	2013e	2014e
Cash NOI	$4,215	$4,439	$4,696	$2,185	$2,274	$2,384	$80	$80	$160	-	-	-	$6,480	$6,794	$7,241
Cap Rate	5.3%	5.6%	5.9%	NM	5.3%	5.5%							NM	5.5%	5.9%
EBITDA	4,147	4,360	4,607	2,019	2,109	2,219	135	135	270	-	-	-	6,301	6,604	7,096
Net Debt / EBITDA	6.5x	6.2x	5.9x	9.2x	8.6x	8.2x							7.8x	7.4x	6.9x
FFO	2,824	3,034	3,303	992	1,138	1,281	160	160	320	(106)	(106)	(106)	3,870	4,226	4,798
AFFO	2,312	2,504	2,749	760	897	1,028	175	175	350	(106)	(106)	(106)	3,141	3,470	4,021
FDSO	361	363	363												504
FFO / Share	$7.83	$8.36	$9.09												$9.51
Accretion / (Dilution)															4.6%
AFFO / Share	$6.41	$6.90	$7.57												$7.97
Accretion / (Dilution)															5.4%

(1) Source: Green Street.

(2) The low end of Pershing Square estimates.

Sensitivity Analysis

At the high end of our synergy range, the merger could be materially more accretive

	86% STOCK DEAL						
Price	**Synergies**						
	$250	**$300**	**$350**	**$400**	**$450**	**$500**	**$590**
$24.00	2.8%	4.1%	5.4%	6.7%	8.0%	9.3%	11.7%
$25.00	1.3%	2.6%	3.9%	5.2%	6.5%	7.8%	10.1%
$26.00	(0.1%)	1.2%	2.5%	3.7%	5.0%	6.3%	8.6%
$27.00	(1.4%)	(0.2%)	1.1%	2.3%	3.6%	4.8%	7.1%
$28.00	(2.8%)	(1.5%)	(0.3%)	1.0%	2.2%	3.4%	5.7%
$29.00	(4.1%)	(2.8%)	(1.6%)	(0.4%)	0.8%	2.1%	4.3%
$30.00	(5.3%)	(4.1%)	(2.9%)	(1.7%)	(0.5%)	0.7%	2.9%

A Win-Win Transaction

Using the midpoint of the synergy range and Green Street's 2014e forecast for GGP and Simon, New Simon could achieve a $181 share price by the end of 2013 at its current AFFO multiple. This is the equivalent of $29 per share for GGP shareholders

Year-end 2013e New Simon Share Price

($ in mms)	**Low**	**Mid**	**High**
New Simon AFFO Buildup:			
Simon	$2,749	$2,749	$2,749
GGP	1,028	1,028	1,028
Synergies	350	470	590
Interest	(106)	(106)	(106)
2014e New Simon AFFO	$4,021	$4,141	$4,261
New Simon FDSO	504	504	504
2014e AFFO Per Share	$7.97	$8.21	$8.45
Multiple	21.0x	22.0x	23.0x
New Simon Share Price	**$167**	**$181**	**$194**
Exchange Ratio	0.158x	0.158x	0.158x
GGP Equivalent	**$26**	**$29**	**$31**

This analysis excludes dividends

Does a Simon-GGP Merger Make Sense?

Will GGP shareholders earn a higher return with less risk as an independent entity or in a merger with Simon?

	2012e	2013e	2014e	2015e	2016e	2017e	Comments
GGP Standalone							
AFFO / Share	$0.76	$0.88	$1.00	$1.11	$1.23	$1.35	Source: Green Street
Fwd Multiple	21x	21x	21x	21x	21x	21x	GGP's current fwd AFFO
Standalone GGP Price	**$19**	**$21**	**$23**	**$26**	**$28**	**$31**	Multiple at $18.52/sh
New Simon - Low Synergies							
AFFO / Share	$6.26	$7.24	$7.97	$8.75	$9.59	$10.43	
Fwd Multiple	22x	22x	22x	22x	22x	22x	SPG's current fwd AFFO
New Simon	$159	$175	$193	$211	$229	$249	Multiple at $152/sh
Exchange Ratio	0.158x	0.158x	0.158x	0.158x	0.158x	0.158x	
Deal GGP Price	**$25**	**$28**	**$30**	**$33**	**$36**	**$39**	
Premium to Standalone	**36%**	**34%**	**31%**	**31%**	**29%**	**28%**	

No matter the timeframe, GGP shareholders do better in a deal with Simon than if GGP remains a standalone entity

Dividend Analysis

GGP shareholders would benefit from a 51% higher dividend yield in a merger with Simon

GGP Dividend	$0.44
Simon Dividend	$4.20
Exchange Ratio	0.1580x
Adj GGP Dividend	$0.66
Yield Premium	**51%**

Other Considerations

Other Considerations for Simon Shareholders

- **At Simon's current forward AFFO multiple of 22x, Simon is projected to appreciate to $167 per share by year-end 2013 (based on Green Street's AFFO/sh estimate of $7.57)**
- **A transaction with GGP at the midpoint of our synergy range suggests New Simon would appreciate to $181 per share at New Simon's current multiple[(1)]**
- **Given Brookfield's creeping interest in GGP, this may be the last chance to consummate a "once-in-a-generation" transaction**

(1) Represents Simon's current forward AFFO multiple of 22x multiplied by New Simon's 2014e AFFO/sh of $7.97 per our low synergy case transaction.

Antitrust Considerations

- **In 2010, Simon said he was confident a GGP transaction would pass an FTC review**
- **Since 2010, GGP has reduced its mall portfolio in the U.S. from 180 mall assets to 133**
- **The remaining GGP malls are much higher quality, which reduces the risk that any required divestiture would diminish overall portfolio quality**
- **To the extent malls do have to be divested, we believe this can be done accretively given the current active market for high quality malls**
- **In the Prime acquisition, Simon only had to divest one asset**
  - **We estimate the combination of Simon and Prime resulted in ~50% market share of the U.S. outlet business**
  - **A combination of Simon and GGP would result in an entity with less than 30% of the malls in the U.S.**

Other Considerations for GGP Shareholders

New Simon would be a less risky, more liquid, higher yielding security – owned and managed by the best combined operating team in the industry

- **New Simon would be a significantly more liquid stock than GGP**
  - **Only $75mm of GGP shares trade per day, whereas New Simon would have approximately $400mm of daily liquidity**
- **GGP shareholders would receive a higher yielding security**
- **New Simon would be a significantly less levered enterprise than GGP, with a Net Debt / EBITDA ratio of 6.9x in 2014 versus GGP's current ratio of 9.2x**
- **GGP shareholders would benefit from greater asset and geographic diversification**
- **In a merger, GGP's warrants are callable at a 20% implied volatility. Simon would likely exercise this option and retire the warrants at a below-market price**

If New Simon is substantially superior to a standalone General Growth, why is Brookfield opposed to a deal?

Brookfield Property Partners, L.P. (BPY)

On April 12, 2012, Brookfield filed a prospectus for BPY, which it most recently updated on Sept. 17th. Brookfield intends to close the transaction in 2012

- BPY has been formed to own BAM's commercial real estate operations which consist of BAM's 21% stake in GGP, its 49.6% stake in Brookfield Properties (NYSE: BPO), certain development properties, land, apartments, and certain other assets.
- The substantial majority of BPY's assets are its publicly traded GGP and BPO stakes (approximately 2/3rds of the value of BPY); GGP alone represents about 45% of BPY's assets under management

"We are not a passive investor. We plan to grow by acquiring positions of control or influence over the assets in which we invest using a variety of strategies to target assets directly or through portfolios and corporate entities."

BPY Key Terms

- BAM will form BPY by exchanging its commercial property assets initially for economic interests representing 100% of BPY plus $750 million of Class B preferred stock and $500 million of Class C BPY preferred stock [1]

- After SEC clearance, BAM will distribute 10% of BPY to its shareholders as a taxable dividend. It will retain Redemption-Exchange Units ("REUs") representing a 90% economic interest in BPY. This is a non-taxable transaction to BAM.

- The BPY REUs are putable to BPY for cash, although BPY has the right to elect to exchange them for BPY units. BAM will also receive registration rights to sell its BPY units in the public market. <u>BAM has stated that it intends to sell all of its BPY units through mergers, treasury issuances or secondary sales</u>.

- BPY has agreed to use commercially reasonable efforts, as soon as practicable, to issue debt or equity securities or borrow money to fund the redemption of $500m of the $1.25 billion of preferred units

The repayment of preferred stock will enable Brookfield to monetize a minimum of $1.25bn of its investment in GGP and other real estate taxes on a tax-free basis

[1] The Class B preferred stock will receive cumulative preferred dividends of 5.75% of par until year 5 when the rate increases to 5.0% plus the then-prevailing 10 year treasury. BAM can demand repayment after year 5 and the shares must by redeemed by year 10. The Class C preferred stock will receive cumulative preferred dividends of 6.75% of par until year and must be redeemed by year 7. Brookfield can demand repayment after year 3.

What do BPY Shareholders Get?

Brookfield will distribute its GGP, BPO and other commercial properties to its shareholders through a special dividend of BPY

- BPY public unitholders will own non-voting shares of BPY and will have effectively no rights other than to receive distributions if and when paid by BPY
  - BAM will own the general partner of BPY, which cannot be removed
  - BPY will be totally controlled by BAM even after it sells its entire 90% stake in BPY
  - As part of the transaction, BPY has contractually eliminated any fiduciary duties it has to its unitholders
  - BPY has also agreed to fully indemnify BAM and its affiliates from any liability

BPY's Elimination of Fiduciary Duties

As part of the transaction, BPY has contractually eliminated any fiduciary duties it has to its unitholders. BPY has also agreed to fully indemnify BAM and its affiliates from any liability

Brookfield will not owe our unitholders any fiduciary duties under our Master Services Agreement or our other arrangements with Brookfield.

Our Master Services Agreement and our other arrangements with Brookfield do not impose on Brookfield any duty (statutory or otherwise) to act in the best interests of the Service Recipients, nor do they impose other duties that are fiduciary in nature. *As a result, the BPY General Partner, a wholly-owned subsidiary of Brookfield Asset Management, in its capacity as our general partner, will have sole authority to enforce the terms of such agreements and to consent to any waiver, modification or amendment of their provisions.*

Our limited partnership agreement and the Property Partnership's limited partnership agreement contain various provisions that modify the fiduciary duties that might otherwise be owed to our company and our unitholders, including when conflicts of interest arise. ***These modifications may be important to our unitholders because they restrict the remedies available for actions that might otherwise constitute a breach of fiduciary duty and permit the BPY General Partner and the Property General Partner to take into account the interests of third parties, including Brookfield, when resolving conflicts of interest.*** *See Item 7.B. "Major Shareholders and Related Party Transactions — Related Party Transactions — Relationship with Brookfield — Conflicts of Interest and Fiduciary Duties".* ***It is possible that conflicts of interest may be resolved in a manner that is not in the best interests of our company or the best interests of our unitholders.***

BAM's Perpetual Fee Stream

BPY will enter into a Master Services Agreement with BAM which is non-cancelable

The Master Services Agreement was negotiated on non-arm's-length terms:

Our arrangements with Brookfield have effectively been determined by Brookfield in the context of the spin-off and may contain terms that are less favorable than those which otherwise might have been obtained from unrelated parties.

The terms of our arrangements with Brookfield have effectively been determined by Brookfield in the context of the spin-off. These terms, including terms relating to compensation, contractual or fiduciary duties, conflicts of interest and Brookfield's ability to engage in outside activities, including activities that compete with us, our activities and limitations on liability and indemnification, may be less favorable than those which otherwise might have resulted if the negotiations had involved unrelated parties. The transfer agreements under which our assets and operations will be acquired from Brookfield prior to the spin-off do not contain representations and warranties or indemnities relating to the underlying assets and operations. Under our limited partnership agreement, persons who acquire our units and their transferees will be deemed to have agreed that none of those arrangements constitutes a breach of any duty that may be owed to them under our limited partnership agreement or any duty stated or implied by law or equity.

BAM's Perpetual Fee Stream (Cont'd)

Under the Master Services Agreement, Brookfield will receive management fees, an Equity Enhancement Distribution ("EED"), and incentive distributions

- The Master Services Agreement Management Fee is equal to $50 million per annum net of expenses (including 3rd party expenses) payable quarterly with an annual inflation factor

- The Equity Enhancement Distribution is a quarterly fee equal to 0.3125% of the increase in "total capitalization value" of BPY above BPY's initial public trading value immediately following the spinoff. "Total capitalization value" is equal to the market value of BPY's equity plus all outstanding third-party debt less cash. This means that BAM will receive a quarterly fee equal to the increase in the enterprise value of BPY above the initially depressed market value in the days following the initial spinoff

- Most spinoffs trade poorly initially as it takes time for the shares to find new owners who elect to own the security. *We expect that BPY will initially trade particularly poorly in the early days of the distribution.* This is due to the fact that all shareholders of BAM will receive an interest in BPY which is a flow-through entity for tax purposes. Many investors cannot or will not own such an entity because of the requirement that they must file tax returns in any of the jurisdictions that BPY does business and due to other tax complexities of owning BPY. The non-voting and eliminated fiduciary duty features of BPY will also make the security unappealing for institutional investors. We expect that the ultimate holders will likely be retail investors searching for yield

BAM's Perpetual Fee Stream (Cont'd)

- **As a result of the date of determination of the Equity Enhancement Distribution, the increase in EED is likely to be based on an artificially low floor that does not relate to the fair market value of BPY**

- **The Equity Enhancement Distribution is not determined based on the increase in the <u>per share</u> value of BPY. Rather, the larger the market capitalization of BPY – the higher the fees to Brookfield**

- **The EED will incentivize Brookfield never to sell any assets, for doing so would reduce the ability of Brookfield to earn future EEDs**

- **Brookfield's incentives in light of the EED would likely lead it to aggregate assets on a perpetual basis, making it highly unlikely that BPY will ever sell GGP and distribute the resulting cash and/or distribute GGP (or New Simon) stock to BPY shareholders**

- **"Incentive Distributions" are equal to 15% of the quarterly distributions in excess of $0.275 (the initial distribution will be $0.25 per quarter), and 25% of the quarterly distributions above $0.30**

Critical Analyst View of Structure

The analyst community has been highly critical of the structure of BPY and the fees payable to BAM:

- **Brookfield Asset Management, RBC, *"Files 20-F Registration for BPY Spin-Co Transaction,"* April 16, 2012**
  - "We note however that majority of BPY's total equity relates to its investments in two publicly listed companies, namely Brookfield Office Properties Inc. ("BPO") and General Growth Properties, Inc. ("GGP"). Both companies are large and have highly liquid share floats. Thus, institutional and individual investors can easily invent in each. And, a direct investment in BPO or GGP shares is absent any management or incentive fees. This naturally raises two questions:
    1. Why invest in the less-liquid BPY LP units, if a major portion of that investment relates to GGP and BPO? and,
    2. If investors are notionally unwilling to pay any base asset management fees or incentive fees on the GGP and BPO investments, then what is the implied fee structure on the rest of BPY's (non-listed)?"

- **Brookfield Asset Management, TD Securities, *"BAM Files Details of BPY Spin-Off,"* April 16, 2012**
  - *"We continue to believe that this **spin-off is also a first step towards converting non-fee bearing capital (largely BPO's public float) into fee bearing capital**"*

BPY: Investment Company Consideration

BPY does not intend to become regulated as an investment company under the Investment Company Act of 1940 for doing so would restrict BPY from transactions with affiliates, impose limitations on issuance of debt and equity securities and impose "certain governance requirements."

<u>If BPY was not deemed to control or have a high degree of influence over GGP</u>, BPY would likely become an investment company. In the event that GGP were merged with Simon, BPY would own a passive minority stake in SPG, and its stake in New Simon would no longer meet the requirements for being considered an exempt asset for investment company purposes

BPY Transaction Summary

In summary, Brookfield has formed BPY to enable it to monetize its interest in GGP, BPO, and certain other real estate assets

The transaction is brilliantly structured to enable BAM to monetize these assets while still retaining total control over them without any fiduciary duties to their new owners, and while charging non-arm's length fees in perpetuity

- **In the BPY spinoff, BAM receives**
  - **$1.25 billion in cash (initially in the form of preferred shares),**
  - **$50 million of management fees plus inflation in perpetuity**
  - **EED of 1.25% per annum of the increase in value of BPY above an artificially depressed value**
  - **15% of BPY distributions above $1.10 per annum, and 25% above $1.20 per annum**

Comparison with Brookfield Letter

Let's compare the facts with Brookfield's characterization in its public letter to GGP shareholders on September 10, 2012:

To: The Shareholders of General Growth Properties Inc. ("GGP" or the "Company") (NYSE: GGP) c/o The Board of Directors

Recently, Pershing Square published letters to the board of directors of GGP seeking, among other things, a sale of the Company and making a number of comments related to Brookfield's interest in GGP. As such, we thought it appropriate to clarify for our fellow shareholders our philosophy regarding our investment in GGP.

Sale of GGP:

We agree with the position unanimously taken by GGP's board to have GGP continue to execute on its business plan. GGP is the second largest owner of regional malls in the United States. It owns 134 major retail centers, 70 of those by industry standards are among the very best in the country. These are incredibly well located assets supported by a highly desirable customer base, which each day become more valuable.

GGP is currently performing extremely well and we believe GGP is positioned for superior growth over the next five years versus any comparable retail mall investment. This is largely due to the Company's new management team, but also the impact of its exceptional leasing progress, increasing occupancy and higher rents. In addition, the management team has identified a significant number of high return redevelopment opportunities which should further enhance value.

GGP started its recovery less than two years ago and the Company is only beginning to turn around. The strategy that GGP is now following holds the promise of enormous upside potential over the next three to five years. Any exchange of shares could dilute the impact of the embedded growth in GGP's earnings and cash flows.

Comparison with Brookfield Letter (Cont'd)

Our Approach to Investing:

__It has been speculated by others that our approach is dictated by the receipt of annual fees we charge for managing third party assets under management. This is simply not correct.__ Our approach is based on our strategic view that we should focus (and make any sale decision) not just on an investment's short-term internal rate of return, but also on maximizing the total returns we achieve from the investments we make, which may result in a longer term hold.

__In essence, we subscribe to the Berkshire Hathaway view of investing:__ if a business is a quality business that has an irreplaceable franchise, then one should continue to hold the investment, as compounding at significant rates of return on your capital over a long time can make shareholders very wealthy. GGP is clearly one of these great American franchises and will be able to continue generating returns for a long time as the U.S. generates greater wealth and the population grows around these unique assets. The only caveat to this point of view is that it assumes that the Company does not squander its resources by undertaking value destroying investments. In this regard, we have tremendous confidence in and support the board of directors and management of GGP.

A sale of GGP at this stage of its recovery would be contrary to the compound return theory of investing and instead subscribe to the theory that generating short-term premiums on assets and moving to the next investment is better. And, while some investors have had tremendous success with this strategy, it simply is not ours. This is largely because once the short-term premium is received, then an investor must find an equivalent asset to invest in. We have found that comparable type franchises of similar scale are not that easy to find, and hence the premium received in the short term does not compensate for the disruption of compounding returns over the longer term.

Comparison with Brookfield Letter (Cont'd)

This does not mean we should never sell. What it does mean is that as the underlying company grows in value, the corresponding premium which shareholders receive when they do sell also grows and is available to be captured at the time shareholders decide to sell the company. In the case of GGP, where the embedded growth is not yet reflected in the share price, the premium which could be realized at a future date will, in all likelihood, be far more significant than what would be achieved in a sale today.

The common shares of our company, Brookfield Asset Management, are illustrative. Over the past 20 years, our compound annual return for common shareholders has been 18%. For those who were fortunate enough to own shares over that 20 year period, their capital has multiplied by 27 times. This multiplier far outweighs any premium that could have been received on the sale of the company at any juncture along the way, in particular when taxes are taken into account. As an illustration of this, $100,000 invested in Brookfield shares 20 years ago would be worth approximately $2.7 million today. You can see the effect of long-term compounding which far outweighs any 30% premium (i.e. an extra payment of $30,000 on an $100,000 investment for example), which may have seemed large at the time, but seldom so in hindsight. That same $30,000 or 30% premium would be approximately $800,000 today.

The Future:

In summary, we believe a sale of GGP at this point would substantially undervalue GGP's future potential. With GGP's exceptional high quality property portfolio, positive outlook for NOI growth and vast redevelopment opportunities, we believe that the best way to maximize value for all GGP shareholders is to provide the Company with the opportunity to realize its full potential without disruption, and should we be required to, we intend to vote our shares accordingly.

Yours truly,

J. Bruce Flatt, Chief Executive Officer

I know Berkshire Hathaway, and Brookfield is no Berkshire Hathaway.

BPY: What's In It For Brookfield?

By Creating Brookfield Property Partners, Brookfield will have:

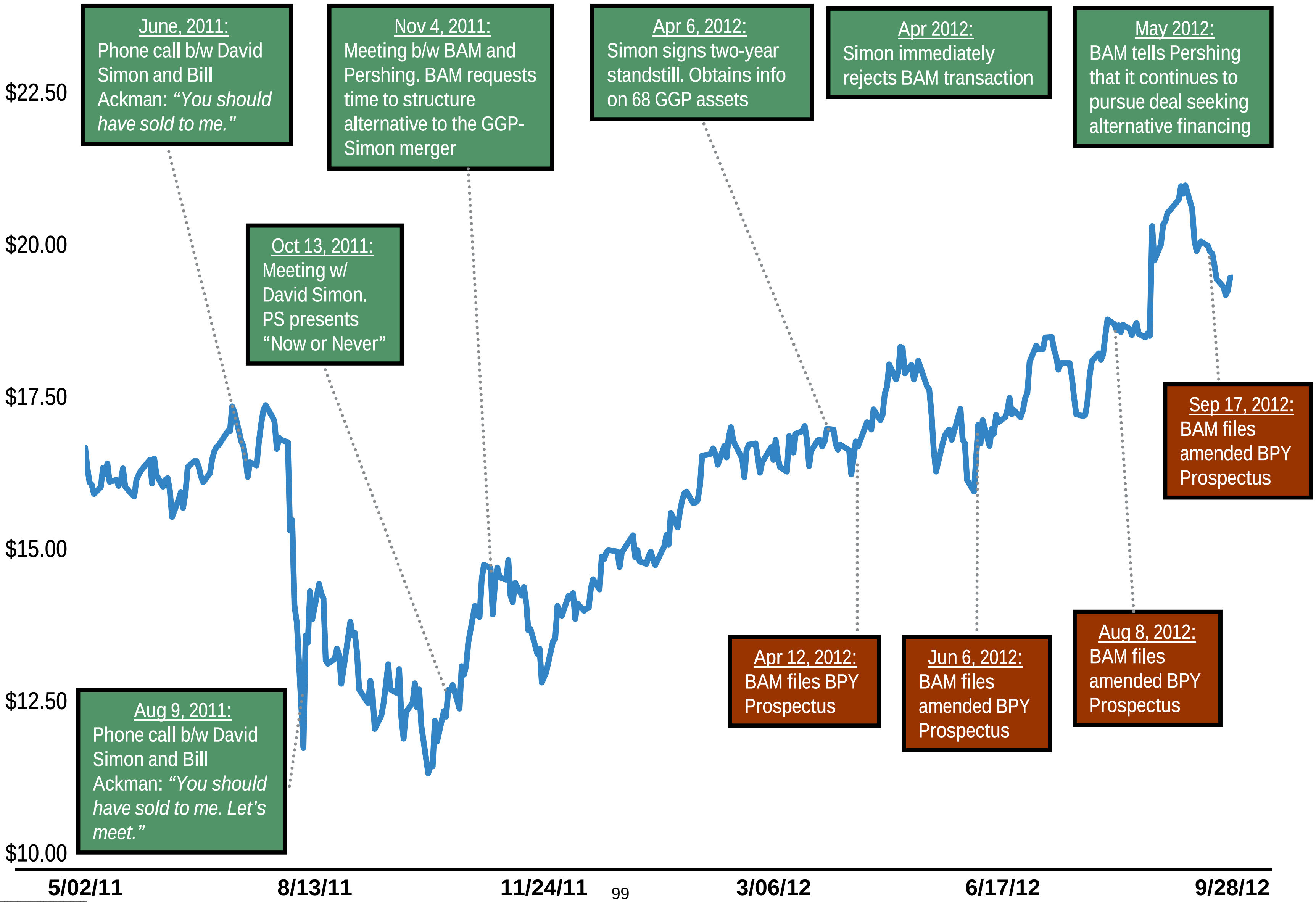
- **No fiduciary duties to BPY unitholders**
- **A perpetual stream of fees**
- **A disincentive to ever sell any asset, particularly large assets**

BPY: What's In It For Brookfield? (Cont'd)

Once Brookfield disposes of its remaining 90% of BPY:

- **It will still control BPY**
- **It will have no capital at risk**
- **GGP will be locked up forever**
- **A control premium for GGP shareholders will be permanently expropriated**
- **GGP will be controlled by Brookfield which will have no investment in GGP and no fiduciary duties to GGP's owner**

A Renewed Interest in GGP: Revisited



Note: The performance of GGP's share price is provided for illustrative purposes only and is not an indication of future returns of the Pershing Square Funds.

Conclusion

- **Brookfield would like to prevent a Simon merger because if it were to occur, Brookfield would not be able to form and spinoff Brookfield Property Partners L.P. and receive the extraordinary resulting benefits**

- **While Brookfield has formed BPY to monetize its investment, it seeks to deny GGP shareholders the opportunity to monetize their investment, participate in the value creation of the merged GGP and Simon, and benefit by the reduction in risk that would result from such a transaction**

Conclusion (Cont'd)

We strongly urge the board of GGP to form an independent committee, hire independent financial advisors, and salvage General Growth's control premium before it is too late