

General Growth Properties Over the Past 5 Years



General Growth Properties Over the Past Year



General Growth Properties, Inc. Releases Fourth Quarter and Full-Year 2008 Operating Results

Chicago, Illinois, February 23, 2009 -- General Growth Properties, Inc. (NYSE: GGP) (the Company) announced today its results of operations for the fourth quarter of 2008. Core Funds From Operations (Core FFO) per fully diluted share for the fourth quarter of 2008 were \$0.72, Funds From Operations (FFO) per fully diluted share were \$0.70 and Earnings per share - diluted (EPS) were zero. For the full year 2008 Core FFO was \$2.83, FFO was \$2.72 and EPS was \$0.10. Although FFO per fully diluted share for the fourth quarter of 2008 increased from the \$0.64 of FFO per fully diluted share for the fourth quarter of 2007, both Core FFO and EPS declined in the fourth quarter of 2008, as compared to the fourth quarter of 2007. Both the quarterly and annual 2008 and 2007 comparable periods had significant items that affected FFO comparability, including provisions for impairment, tax restructuring benefit and strategic review costs. A supplemental schedule showing such items and their impact on 2008 and 2007 FFO is provided with this release.

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) benefit from income taxes. Core FFO for the fourth quarter of 2008 was \$231.0 million, or \$0.72 per fully diluted share, as compared to \$271.2 million, or \$0.92 per fully diluted share, for the fourth quarter of 2007. While the aggregate of minimum rents and tenant recoveries remained essentially flat for the quarter, overall declines in the general economy, and the retail market specifically, impacted our retail properties causing revenue reductions in overage rents and other income (for items including promotion, sponsorship, and parking income). Cost reductions in marketing, repairs and maintenance, supplies, contracted services, security, landscaping and personnel costs did not fully offset our revenue declines.
- **FFO** was \$222.2 million in the fourth quarter of 2008 as compared to \$190.4 million in the fourth quarter of 2007, an increase of approximately \$31.8 million. FFO was significantly impacted by items as detailed in the attached supplemental schedule. Excluding such items, FFO declined in the fourth quarter of 2008 as compared to the fourth quarter of 2007 as a result of lower comparable NOI in the retail and other segment and higher interest expense.
- **EPS** were zero in the fourth quarter of 2008 compared to \$0.24 in the fourth quarter of 2007, substantially all of which was due to the items listed in the attached supplemental schedule and the matters affecting Core FFO and FFO described above.

2009 Maturing Debt and Liquidity Concerns

We are primarily focused on our near and intermediate term loan maturities. The refinancing market remains at a standstill. We are considering all strategic alternatives and are continuing our discussions with our lenders. In addition, we have suspended our cash dividend, halted or slowed nearly all of our development and redevelopment projects, systematically engaged in certain cost reduction or efficiency programs, reduced our workforce by over 20% and sold certain non-mall assets. We currently have approximately \$1.179 billion of past due debt and approximately \$4.09 billion of debt that could be accelerated. However, our lenders have not yet exercised any of their remedy rights with respect to such debt. In addition, we have an additional \$1.44 billion of consolidated mortgage debt and approximately \$595 million of unsecured bonds scheduled to mature in the balance of 2009 that remains to be refinanced, repaid or extended. In the event that we are unable to extend or refinance our near and intermediate term loan maturities, we may be required to seek legal protection from our creditors.

Given the uncertainties concerning our ability to refinance maturing loans and the impact of potential strategic alternatives, we will not provide Core FFO guidance for 2009 at this time.

SEGMENT RESULTS

Retail and Other Segment

- **NOI** declined 2.4% from the \$718.9 million reported for the fourth quarter of 2007 to \$701.8 million for the fourth quarter of 2008. This reduction in NOI is primarily due to decreased revenue primarily due to declines in overage rents and other income.
- **Comparable NOI from consolidated properties** decreased 4.1% in the fourth quarter of 2008 versus the fourth quarter of 2007.
- **Comparable NOI from unconsolidated properties** at the Company's ownership share for the fourth quarter of 2008 declined by approximately 10.0% compared to the fourth quarter of 2007. Declines in termination income in 2008 (due to certain individually large

terminations in 2007) and foreign currency translation rate differences between periods caused the comparable NOI decline for unconsolidated properties to be significantly larger than that of the comparable consolidated properties.

- **Revenues from consolidated properties** declined approximately 3.2% for the fourth quarter of 2008, or approximately \$27.5 million, to \$840.5 million as compared to \$868.0 million for the same period in 2007 primarily due to declines in overage rent and other income.
- **Revenues from unconsolidated properties** at the Company's ownership share declined slightly for the fourth quarter 2008 as compared to the fourth quarter of 2007, to \$162.2 million from \$163.2 million, as increased minimum rents from certain expansions and renovations opened since late 2007 and certain ownership increases in properties owned through our international joint ventures were more than offset by overage and other income declines across the segment.
- **Comparable tenant sales**, on a trailing twelve month basis, decreased 3.8% compared to the same period last year.
- **Sales per square foot**, on a trailing twelve month basis, decreased 4.2% compared to the same period last year.
- **Retail Center occupancy** decreased to 92.5% at December 31, 2008 from 93.8% at December 31, 2007.

Master Planned Communities Segment

- **Land sale revenues** for the fourth quarter of 2008 were \$35.5 million for consolidated properties and \$18.1 million for unconsolidated properties, compared to \$31.5 million and \$15.5 million, respectively, for the fourth quarter of 2007. Increases in land sale revenues reflect bulk sales of lots in 2008 as overall demand for individual lots remained weak, a condition that is expected to continue into 2009.
- **NOI**, before the provision for impairment, from the Master Planned Communities segment for the fourth quarter of 2008 was \$5.7 million for consolidated properties and \$7.9 million for unconsolidated properties, as compared to \$7.7 million and \$2.2 million, respectively, in the fourth quarter of 2007. Excluding the aggregate \$127.6 million provisions for impairment recognized in the fourth quarter of 2007 at our Columbia and Fairwood communities as detailed in the attached supplemental schedule, sales margins in 2008 were below 2007 levels as completed land sales in 2008 were primarily bulk lot sales.

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 master 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 is listed on the New York Stock Exchange under the symbol GGP. 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) (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, a reconciliation of Core FFO and FFO to GAAP net income 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 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, minority interest in consolidated joint ventures, 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. 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, a potential bankruptcy filing, our ability to refinance our near and intermediate term debt, tenant occupancy and tenant bankruptcies, our 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 ability to successfully manage our strategic and financial review 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.

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