

Schedule 3.1

Loan Conversion Terms

Capitalized terms used herein and not otherwise defined shall have the meanings attributed to them in the Loan Agreement. As used in this Schedule 3.1, "Agent" shall mean Pershing Square Capital Management, L.P.

1. The General Partner (on its own behalf and on behalf of the other Borrowers) shall have the right, by delivering written notice to the Lenders no less than 30 days prior to the Maturity Date, to elect to pay on the Plan Date all or a portion of the sum of (i) outstanding principal amount of the Term Loan and (ii) accrued and unpaid interest due and owing on the Plan Date by issuing to the Lenders the Conversion Shares; *provided, however*, that in no event shall such conversion result in the Lender's receipt of Common Stock in connection herewith equaling more than 5.0% of the Common Stock on a Fully-Diluted Basis (herein, the "Maximum Conversion Shares").
2. The right of the General Partner to make the election in paragraph 1 above is subject to all of the following conditions precedent having been satisfied on the Plan Date (except if and to the extent that any such condition has been expressly waived in writing by the Agent):
 - a. Either (i) there is no continuing Event of Default, or (ii) if there is a continuing Event of Default, then the Lenders have not exercised their rights under clauses (A) (if applicable), (B) and (C) in the second sentence of Section 11.2(a) of this Agreement;
 - b. Either Adam Metz continues to serve as the Chief Executive Officer of the General Partner or Thomas Nolan continues to serve as the President and/or Chief Operating Officer of the General Partner, unless the Agent has consented in writing to a qualified replacement executive, such consent not to be unreasonably withheld, delayed or conditioned;
 - c. The Common Stock is, or is expected to be within five Business Days after the Plan Date, regularly quoted for purchase or sale on the New York Stock Exchange or The NASDAQ Stock Market;
 - d. The Plan Date occurs within 18 months of the date hereof; and
 - e. The General Partner and its direct and indirect consolidated subsidiaries ("Consolidated GGP") shall not have divested assets (after giving effect to transactions contemplated to be made in the POR, and including foreclosures after the commencement of the Case) that generated more than 20% of the net operating income of Consolidated GGP in its fiscal year 2008.

3. If and to the extent there is a Value Differential, the General Partner shall be obligated to pay an amount in cash, or, at the option of the General Partner, in Common Stock (valued based on the volume-weighted average price of the closing prices of the Common Stock during the period beginning on the twentieth Trading Day following confirmation of the POR and ending on the fortieth Trading Day following confirmation of the POR), to the Agent equal to such Value Differential not later than five Business Days following the Trading Valuation Date. If such payment is not made in full on the fifth Business Day following the Trading Valuation Date, any amount not paid on such date shall be overdue and shall bear interest at the Default Rate from such payment date to the date payment is made. Notwithstanding anything herein to the contrary, no payment shall be made in respect of a Value Differential if a Qualified Rights Offering has been made.
4. In the event of a rights offering to prepetition stakeholders of the General Partner and/or its Affiliates in connection with the POR (whether or not such rights offering meets the definition of Qualified Rights Offering), the Conversion Amount shall be automatically converted into Conversion Shares upon completion of such rights offering; *provided, however*, (i) that in no event shall such conversion result in the Lender's receipt of more than the Maximum Conversion Shares and (ii) the conditions precedent in paragraph 2 above must have been met or waived in writing by the Agent or such Conversion shall not be made. Further, in the event that, prior to the consummation of the POR, all or any portion of the sum of (i) principal amount of the Term Loan and (ii) interest thereon shall have been repaid (herein, the "Retired Debt"), the General Partner shall have the right, to be exercised upon written notice at least 10 Business Days in advance of such rights offering and to cause the Lenders to purchase up to the lesser of (i) \$375.0 million and (ii) the Retired Debt in aggregate amount of securities offered in such rights offering in cash and otherwise on the same terms and conditions (including timing) of such rights offering, provided that the conditions precedent in paragraph 2 above have been satisfied. The right of the General Partner set forth in the preceding sentence shall expire on the Maturity Date.
5. Subject to the receipt by the General Partner of customary representations, warranties and covenants from the Warrantholders, Lenders and their applicable Affiliates and transferees intended to (x) protect the REIT status of the General Partner and (y) ensure that the General Partner can properly fulfill its federal income tax reporting obligations, the General Partner shall amend or grant waivers of provisions of its certificate of incorporation, bylaws and other comparable governing documents as necessary so as to permit the Agent and/or the Lenders to acquire and own the Conversion Shares and to provide that such ownership, taken together with (i) the ownership of other shares of the General Partner pursuant to the issuance, exchange or conversion of the Warrants and (ii)

the reinstatement of Securities of the General Partner and its Subsidiaries owned by the Lenders and their Affiliates as of the date hereof, shall not have any adverse consequences under any shareholder rights plan or similar arrangement.

6. If and to the extent the Agent determines in good faith that the Conversion Shares (and any shares to be issued on the Plan Date in connection with the Value Differential) will not be freely tradable upon issuance to the Agent pursuant to Section 1145 of the Bankruptcy Code or otherwise, the Agent shall notify the General Partner of such determination no less than 10 Business Days prior to the Plan Date. If the Agent delivers such notice to the General Partner, the General Partner shall prepare and deliver to the Agent on the Plan Date a registration rights agreement with respect to such shares containing provisions substantially equivalent to those contained in Article IV of the Warrant Agreement.

Defined Terms:

“Common Stock” means the common stock of the General Partner.

“Conversion Amount” means the sum of (i) outstanding principal of the Term Loan and (ii) accrued and unpaid interest due and owing on the Plan Date that is repaid by the issuance of shares of Common Stock on the Maturity Date in accordance with this Schedule 3.1.

“Conversion Shares” means that number of shares of Common Stock determined by dividing the Conversion Amount, stated in U.S. dollars, by the lowest of (i) the value of one share of Common Stock based on the value attributable to one such share in the POR, (ii) if a rights offering to the prepetition stakeholders of the General Partner (other than a Qualified Rights Offering) has been made in connection with the POR, the rights offering price per share, and (iii) the net proceeds to the General Partner of any issuance of Common Stock to any unaffiliated third party for cash or in exchange for assets (other than Claims) (such lowest price, the “Initial Conversion Price”). If there is a Qualified Rights Offering, “Conversion Shares” means that number of shares of Common Stock determined by dividing the Conversion Amount, stated in U.S. dollars, by the Qualified Rights Offering Price Per Share. Any fractional share resulting from such calculation shall be paid in cash.

“Fully-Diluted Basis” means, with respect to any class of Common Stock of the kind or class having power generally to vote in the election of directors, the Common Stock that would be outstanding after giving effect to the conversion, exchange or exercise of all the Warrants and all other outstanding securities of the General Partner that are convertible or exchangeable into Common Stock, and the exercise of all outstanding Rights to Purchase Voting Securities, in each case, whether or not presently convertible, exchangeable, or exercisable.

"POR" means the plan of reorganization with respect to the Debtors as confirmed by the Bankruptcy Court.

"Qualified Rights Offering" means a rights offering to prepetition stakeholders of the General Partner and/or its Affiliates in connection with the POR that meets the following qualifications: (i) subscribed to be sold to at least 50 ultimate purchasers; (ii) the offered shares shall be listed on the New York Stock Exchange or The NASDAQ Stock Market within five Business Days of completion of the rights offering; (iii) the issue size is at least three times the Conversion Amount; (iv) the rights offering is conducted by a nationally known financial advisor and (v) if and to the extent applicable, the offered shares are priced with reference to the trading market for the Common Stock prior to the commencement of the rights offering.

"Qualified Rights Offering Price Per Share" means that price per share of Common Stock obtained by the General Partner and/or its Affiliates in a Qualified Rights Offering.

"Rights to Purchase Voting Securities" means options, warrants, and rights issued by the General Partner (whether presently exercisable or not) to purchase Common Stock of the kind or class having power generally to vote in the election of directors or securities of the General Partner that are convertible or exchangeable (whether presently convertible or exchangeable or not) into or exercisable (whether presently exercisable or not) for such Common Stock but, for the avoidance of doubt, not including a stockholders rights plan.

"Trading Day" means a day upon which the Common Stock is registered under the Exchange Act and traded on the New York Stock Exchange or The NASDAQ Stock Market.

"Trading Valuation Date" means the fortieth Trading Day following confirmation of the POR.

"Value Differential" means the amount derived (if a positive number) by subtracting (i) the product of (A) the number of shares of Common Stock issued as Conversion Shares multiplied by (B) the volume-weighted average price of the closing prices of the Common Stock for the period beginning on the twentieth Trading Day following confirmation of the POR and ending on the fortieth Trading Day following confirmation of the POR from (ii) the product of (A) the number of shares of Common Stock issued as Conversion Shares multiplied by (B) the Initial Conversion Price.