To My Fellow Shareholders,

Over the past year and a half, while financial crises dominated the headlines, General Growth Properties was fighting perhaps the most important fight in its 50-year history. The news in the corporate world wasn't encouraging. During one weekend in September of 2008, Lehman Brothers filed for bankruptcy, Merrill Lynch was sold to Bank of America, AIG received an unprecedented bailout package from U.S. taxpayers and the entire U.S. financial system seemed on the verge of collapse. The resulting freeze in the credit markets had a profound impact on GGP's business model and financial situation, as the company's large debt load, built up during the market boom, proved too heavy to bear.

Today, we are working hard to put GGP back on the path to success. We are not there yet, and we know we have much work left to do, but I am encouraged by the progress we have made to date. I am confident that we can build a strong and sustainable Company that will deliver superior results over the long term to all our constituents.

One of the reasons we are so excited about the future of GGP is the unique role that our core shopping mall business plays in the U.S. economy. With all the societal and technological changes consumers are facing, the shopping mall remains a central, vibrant and popular community focal point. Shopping malls provide a unique mix of retailing, entertainment, dining and personal services, and they offer experiences unobtainable in any other way. These macro-economic and societal trends are the underpinnings of our long-term strategy to generate attractive shareholder returns.

We are managing three interrelated strategies to position GGP to thrive in the future:

Restructuring the balance sheet to create a solid foundation for future growth
Realigning the Company's property portfolio to focus on our core strengths
Reengineering our operations to make them more efficient and effective

I'd like to discuss how we are pursuing each of these strategies and why we believe our future is bright.

RESTRUCTURING THE BALANCE SHEET

Headed into the unprecedented environment of late 2008, GGP was not only one of the largest REITs, it was also one of the most leveraged. Furthermore, the Company had a significant amount of both short-term debt and cross-collateralized debt. In the midst of a financial crisis not seen since the Great Depression, this combination put us in a perilous position. While these economic headwinds buffeted every REIT, GGP was also the largest private borrower of collateralized mortgage-backed securities, or CMBS. These financial instruments had never been tested in a crisis, and none of the parties that participated in this market knew for sure how they would perform under such stress. We were truly in uncharted waters.

Tom Nolan and I assumed our positions at the end of October 2008, when the Company was in fairly dire straits. Cash was scarce, and the Board had recently suspended the dividend. As Board members, both Tom and I had been working with the management team to try to address the problems that the Company had encountered. In our new roles, our first priority was to stem the bleeding. We cancelled or suspended as much of the $2 billion development pipeline as we could. We sought to sell assets. We negotiated with lenders for extensions of upcoming debt. And we reduced overhead with painful, but necessary, layoffs of personnel. In short, we did everything we could to stay out of Chapter 11.

At the same time, we created a contingency plan to prepare the Company for a potential bankruptcy filing. We put together what we felt was the best team of financial advisors and lawyers for our situation. We firmly believed that our operating platform and portfolio of assets were more valuable as a comprehensive enterprise than as a series of unrelated assets.

In early 2009, the credit markets were still dysfunctional and our lenders were "tightening the noose" on many of our assets by threatening foreclosure. Although our underlying operations were fundamentally sound, our debt position was a suffocating burden. The markets were losing confidence in GGP's ability to refinance its debt, and our stock price continued to fall. At one point, a share of GGP stock could be bought for as low as 32 cents.

In April, we finally filed for Chapter 11 protection. This wasn't a decision we made lightly. It came after months of debate and consideration of our alternatives. It also came after months of detailed and deliberate preparation. In the end, we concluded that a Chapter 11 filing was the best alternative for us to put General Growth back on sound financial footing and to maximize value for all our stakeholders. We believed that a holistic solution would enable us to engage with our lenders in a comprehensive and transparent way. By the progress we have made in our bankruptcy so far, it is clear that this was the right decision.

Filing for bankruptcy can be very disruptive to any company. One of our top priorities was to keep the operations running without interruption, and we embarked on an aggressive strategy to communicate what we were doing to our many partners, vendors, employees, tenants, municipalities and shoppers. We made sure our stakeholders did not view bankruptcy as a step toward an inevitable liquidation. As part of our communications blitz, Tom took to the airwaves to reassure shoppers, employees and tenants that our malls were open for business. In one day, he was interviewed on camera by more than 25 national and local television stations, and the message to each was the same – it is business as usual at GGP's malls. This message came through loud and clear to our local communities. I attribute much of our success over the last year to the fact that we started off on the right foot. It took a large team of internal and external experts to make that happen, and I offer my thanks to everyone who contributed.

The bankruptcy served as a sort of “timeout” for our lenders. It allowed our creditors to step back and focus on resolving the Company’s overall debt issues rather than just reacting to each new event in isolation. It took away the pressure of specific defaults and maturity dates and allowed us to engage all of our lenders in a holistic way. The Company entered Chapter 11 with two primary goals:

(1) to restructure and extend our secured loans, and

(2) to reduce the Company’s overall leverage.

I am very proud of our success on both fronts. Today, we have restructured on a consensual basis substantially all of the $15 billion of filed secured debt. All of these lenders are scheduled to be repaid in full at their contracted interest rates. We achieved an average extension of over six years from January 1, 2010 at an average weighted interest rate of approximately 5.1%, using today’s rates to calculate the variable rate portion.

What’s more, we have also created a maturity ladder that makes good sense for our business. Of the restructured loans, there are no refinancings necessary before 2014. In addition, we have added a significant amount of amortization to these loans. Just through scheduled amortization, we will reduce the Company’s debt by approximately $2.7 billion from the beginning of 2010 through 2019. Finally, we have also built in a certain amount of refinancing flexibility. As a general rule, none of the restructured terms has any prepayment penalties, make-whole provisions, yield maintenance or defeasance requirements during the extended term.

These are tremendous achievements for GGP. Every bankruptcy filing is complicated, but GGP’s structure and balance sheet represented uniquely complex challenges for our management team and advisors. The restructuring we have accomplished in Chapter 11 has gone a long way to rectifying the balance sheet, but we are far from done.

With the secured mortgage restructurings largely finished, the Company is prepared to complete the corporate debt restructuring to reduce the Company’s debt balance, increase our financial flexibility and provide a greater margin of safety. Our goal is to have a balance sheet that is appropriate for GGP’s future needs. That means a balance sheet with liquidity or access to liquidity to address short-term needs or obligations as well as to take advantage of potential opportunities that we may uncover. It also means financing our long-term assets with long-term debt. We will look to strengthen our relationships with lenders and diversify our financing sources so we aren’t dependent on any one source of funds. We will try to sell certain assets over time as conditions are favorable (i.e., not in a fire sale) to further reduce leverage. Finally, after we emerge from bankruptcy, we can also issue more equity if needed on an opportunistic basis.

Our responsibility as management was and is to maximize the equity value of GGP for our stockholders. The process we are following to fulfill our responsibility to our stakeholders has thrust GGP into the headlines over the past several months, in part because of the significant interest the Company has attracted from major competitors and financial firms. The market has recognized the value of GGP, and we are fortunate that we have been in a position to evaluate a number of interesting alternatives for our future. Throughout the process, our Board and management has been focused on creating the greatest long-term value for our stakeholders. We have no vested interest in any particular path to achieve that goal over another. You will continue to see this process unfold over the next few months as we work toward reaching that goal.

REALIGNING THE PROPERTY PORTFOLIO

We expect to emerge from Chapter 11 as two separate companies: General Growth Properties, which will own largely stable, income-producing shopping mall properties and other assets; and General Growth Opportunities, which will own a diverse portfolio of assets with less near-term cash flow but attractive longer-term growth prospects.

While the impending split of new GGP and GGO goes a long way to rationalizing our portfolio and giving transparency to valuation, we intend to make further changes. Long term, we don't believe it makes sense for the Company to be an owner of freestanding office buildings or community or strip shopping centers. We don't believe that we have any sort of competitive advantage vis a vis the other operators in those property types. We do, however, continue to believe in the value of mixed-use properties, where synergies among the different uses add overall value. We are currently evaluating plans to sell our office and strip shopping center portfolios in a systematic way over the next three to five years, but will do so only when we are ready, and in a value-maximizing way. Relative to our mall portfolio, GGP grew over the years primarily through acquisitions of individual properties and portfolios. As we look forward, many of these assets don't fit our updated strategy, and we will seek to divest these properties over time.

REENGINEERING OUR OPERATIONS AND PROCESSES

Our properties operate in a highly competitive market. There are many other channels of distribution for retail goods than in decades past, including big box power centers, strip malls and lifestyle centers.

In addition to bricks and mortar competition, we are increasingly facing competition from the internet. Many of our retailers have adopted multi-pronged strategies that include physical stores, internet sales and – in some cases – catalogs. In the short run, we are confident that our experience-based product competes differently (and better) with the internet, catalogs or even big box power centers, whose main attributes are price and convenience. The experience of a mother taking her daughter to the American Girl store at Water Tower Place and then lunch at the innovative restaurant, foodlife, is not something that can be replicated on the internet. The social aspect of shopping is virtually impossible to recreate on-line. This will be the malls' strategic advantage.

Not only do we compete for the attention of the shopper, we also compete to lease space to retailers. Our vision is designed to help us succeed in both. Our goal is to create a compelling product that satisfies the needs of our existing shoppers, entices new shoppers and is a reliable generator of attractive consumers to our retailers. When we attract a high volume of quality shoppers, our retailers will be able to convert that traffic to high sales volumes. The higher the sales volumes for our tenants, the higher the rents we will earn at our properties over the long run.

Sounds fairly straightforward, doesn't it? But the key to the entire strategy is our ability to create that "compelling product" that is attractive to shoppers. How do we go about doing this? The two most important factors are providing the right mix of tenants for shoppers, and creating the right experience for shoppers while at the property.

Much as a store owner fills its shelves with the right merchandise, we strive to fill our centers with the right mix of tenants and retail categories. The "right mix" is a tricky thing to define. It's different for each shopping center, and it hinges on the competition, demographics and psychographics of each community. That is the "art" of our business. We are proud to offer a mix of some of the most exciting and unique retailers in the world. We frequently are able to offer "first-to-market" stores that enhance our properties' reputation as premier shopping destinations in their respective markets.

For example, later this year our Ala Moana Center in Honolulu will be opening the first Diane von Furstenberg and Tory Burch stores in Hawaii. In Chicago, Water Tower Place has signed an innovative new agreement with Broadway in Chicago, which is responsible for bringing some of Broadway's hottest shows to Chicago, including Wicked, Mary Poppins, The Producers and Billy Elliott. Broadway in Chicago at Water Tower further solidifies that property's standing as the ultimate Michigan Avenue destination for both residents and tourists.

We also strive to provide as many exclusive retailers as possible within our trade area to maintain a distinct appeal and a regional draw. A tenant that is unique to our center is more valuable to us than one that is in every competitor's shopping mall.

We believe in a virtuous cycle of shopping center management. Better malls lead to a better tenant mix, which leads to a better shopping experience, which leads to more traffic and customer loyalty. This, in turn, allows us to continue to attract better tenants over time which of course generates a larger and more loyal volume of consumers to the mall. Our success begets further success and creates opportunities for growth for GGP. In our competitive industry, these strategies matter.

We also believe that the consumer experience at our malls differentiates us from other shopping alternatives. While the shopping experience isn’t the same everywhere, there are some consistent qualities we offer our shoppers at all properties: cleanliness, safety, comfort, modern rest rooms, comfortable seating, convenient parking, a critical mass of destination retailers and a whole host of other factors that make up the total shopping experience.

In the long run, we believe physical stores and on-line sales will be more closely integrated. At this point, no one knows exactly how that will take shape. But as this trend evolves, we are confident that GGP will remain at the forefront of serving the needs of our tenants and providing value to them and their customers.

When the year began, we put together internal forecasts in a time of much uncertainty. The good news is that we exceeded these forecasts for 2009. The bad news is that our peer group performed better on a relative basis than we did. There is no way to sugarcoat this. Because of the inherent lag in our business, our published results always reflect our performance from a period about nine months prior. Therefore, some of our underperformance in 2009 was the result of the financial crisis of late 2008. However, we know some of the responsibility lies with us. The questions we must address are: Why did we underperform our competitors and what are we going to do to fix it?

We don’t want to use Chapter 11 as an excuse, but we believe some of the performance gap between our peers and us was a result of the bankruptcy. Tenants were worried about whether we would continue to maintain our shopping centers at the same quality levels and standards. Vendors were concerned about getting paid. Employees were faced with significantly increased workloads and the uncertainty inherent in a bankruptcy filing. Finally, retailer tenants – all of whom faced their own issues with both falling sales and declining availability of credit – drastically reduced both new store openings and long-term renewals. In fact, many retailers closed stores due to their own strategic concerns and to consolidate over-saturated markets. Some retailers may have even believed they could use this crisis to take advantage of GGP’s perceived vulnerability.

In order to address some of these concerns, the Company increased spending on repairs and maintenance and ordinary capital at our properties. This wasn’t just critical to our overall vision of creating a “compelling” product, but was also important in providing confidence to our shoppers, retailers, communities and employees that despite the bankruptcy of the Company, the properties were going to be as good as ever, if not better. These types of expenditures negatively affect earnings and don’t necessarily produce immediate results. However, we believe they are the right long-term actions for the properties of which we are stewards. We are always willing to make some short-term sacrifices for sufficient and meaningful long-term gains.

In addition to the Chapter 11 impact, I believe the second reason for our underperformance is the understandable "growing pains" the Company is experiencing from the shift in operating strategy Tom and I have initiated at the Company. Historically, GGP has had a top-down, financial-goal-oriented mentality within the organization. We don't believe this approach works, given the increasing competition in our markets. This focus on short-term goals and tactics and the centralized strategy were not conducive to building long-term, sustainable value in our portfolio. As a result, we believe some of our properties have been outflanked strategically.

In today's world, we firmly believe that it is more important to focus on the needs of our shoppers and retailers, which will in turn create sustainable assets and intrinsic value.

Therefore, our operating strategy has changed. We now have a long-term strategic focus. That means less standardization and more focus on how to build strong, sustainable assets in a competitive retail environment in a financially disciplined way. That means empowering property managers and their multidisciplinary teams to be passionate advocates for their properties. That means a greater emphasis on merchandising, leasing economics and lease volume.

This cultural change will take time in an organization of our size and complexity. We are working to accomplish this cultural shift as quickly as possible. Both Tom and I are committed to our vision of creating long-term value with our assets and dedicated to doing everything we can to ensure that we are successful.

That's not to say we haven't had our successes on the property level. In fact, I'm extraordinarily pleased with some of the accomplishments our property teams have achieved in 2009. Let me give you just a few highlights:

Towson Town Center (Baltimore, MD) – Towson Town Center remains Baltimore's premier retail destination. Following a remodeling and 110,000 square foot expansion in 2009, the property opened Louis Vuitton, Crate & Barrel and Burberry stores and will be opening a Tiffany's in 2010.

Natick Collection (Natick, MA) – GGP built on Natick Collection's unique upscale presence in the market by opening a "streetscape" addition and adding new dining options including Cheesecake Factory and California Pizza Kitchen. In addition, the property has attracted exclusive retailers such as a 33,000 square foot Crate & Barrel and New England's only American Girl store.

Christiana Mall (Newark, DE) – GGP embarked on a large-scale renovation of this property, which historically generated one of the highest sales-per-square-foot in the nation. An interior renovation completed in 2009 attracted a significant number of new tenants, including such retailers as H&M, Sephora, Urban

Outfitters, Barnes & Noble, Forever 21 and Anthropologie. Over the next two years, the property will also finish leasing a new 700-seat food court and add a new Target store and a 122,000-square-foot Nordstrom.

Saint Louis Galleria (St. Louis, MO) – The Saint Louis Galleria is adding a second Nordstrom store to the St. Louis market, with an opening date set for Fall 2011. The addition of Nordstrom combined with the existing strength of Saint Louis Galleria will provide GGP the opportunity to continue to upgrade the center’s merchandise mix and shopping experience. Other recently added retailers include J. Crew, Lacoste, Coach, Lucky, Pandora, Art of Shaving, Lush Cosmetics, 5 Guy Burgers and Marmi.

At the same time we have been working on changing the Company culture, Tom and I also have worked to reduce corporate overhead and streamline our cost structure.

Many management teams use bankruptcy as an opportunity for massive cost cutting. Although it is a tempting way to look good in the short run, both Tom and I believe this approach does not necessarily result in the correct long-term decisions. In fact, these short-term cuts to the bone can severely harm a company’s ability to recover from a downturn.

For all these reasons, we believe corporate overhead and operational issues are closely intertwined. Our philosophy was clear: Don’t skimp on items that maximize the customer experience, but be extremely efficient when it comes to things that don’t “touch” the customer. During 2008, the Company had corporate G&A of nearly $310 million on a fully allocated cash basis. For 2009, the comparable number was approximately $260 million. Because of accounting capitalization policies, these savings aren't apparent in our financial statements.

We launched a reengineering initiative with an open mind and no specific cost cutting goals. In fact, we fully expected that we may need to increase our spending in certain areas, such as information technology and financial systems. Our goal was to organize our Company and its processes the right way by taking advantage of our size and scale, not to achieve any artificial cost-cutting goal.

This initiative was run by an internal task force of senior personnel from multiple disciplines. To date, we have achieved a great deal, including the following:

Streamlined our forecasting process, saving more than $5 million per year, and freeing up time for our mall teams to pursue more valuable activities.
Completed the first phase of a major restructuring of our financial systems to allow for greater efficiency in our finance and accounting operations and to enhance business support activities.
Concluded the first phase of the implementation of a Customer Relationship Management system (CRM), which – when completed –

will accelerate our leasing process and improve the quality and timeliness of our leasing pipeline information.

Over the coming months, we intend to introduce many other innovations to improve the efficiency and effectiveness of the Company.

There is no question that GGP's financial performance in 2009 suffered as a result of broad economic trends, the disruptions caused by the bankruptcy filing and the challenges of our internal cultural shift. We are not satisfied with our 2009 results. Our entire management team is dedicated to delivering stronger financial results in 2010 and beyond.

And there are early indications that we have reason to be optimistic. We are seeing improving trends for sales and lease activity across the country. Our retailer tenants are healthier, and consumer confidence is returning. Because of the lag in our business, it will take three to four quarters for these improvements to be reflected in our financial results, but we are pleased with what we are seeing to date. As we managed our bankruptcy during 2009, we rededicated ourselves to elevating our operations and processes. The work to achieve our vision is never done. We are very grateful for our shoppers and tenants, and we cannot take their satisfaction for granted. We must continue to innovate and improve to meet the needs of an ever-evolving clientele.

POSITIONED FOR THE FUTURE

In the long run, GGP's success will result from a compelling product that satisfies the needs of our shoppers and tenants. The emergence from bankruptcy offers us an opportunity to reset our principles, including in the perception of the Company by the outside world.

As the Company anticipates our emergence from bankruptcy, we plan a new beginning with our lenders, shareholders and the sell-side analysts who follow the Company. We are committed to being open and transparent with our disclosures to the financial community.

We know there are two elements of disclosure to consider: volume of data and consistency of data. We will strive to provide enough data to enable our investors and analysts to accurately understand and evaluate the Company without drowning the market with reams and reams of data that is not helpful, or worse, confusing. Second, we understand the value of consistent reporting over time. We have all seen management teams that constantly change the measuring stick by which they want to be evaluated. While our commitment to continuous improvement may mean enhancements over time, we won't move the goalposts.

Before I close, I want to acknowledge the enormous contributions of the many people who have helped GGP make so much progress over the past year.

I would like to start with our Board of Directors, to whom I offer my sincere gratitude. Since the beginning of 2009, the

Board and its various official committees hosted more than 80 separate meetings, making it nearly a full-time job. Our directors were highly involved every step of the way, and their advice, counsel and support proved invaluable to Tom and me. I am humbled by their unwavering commitment to GGP and its employees, investors, customers and communities.

I would also like to thank our world-class team of financial advisors and attorneys. Without their hard work and intelligence, we could never have achieved the successful and consensual restructuring that we have achieved to date. Our advisors – including AlixPartners, Kirkland & Ellis, Miller Buckfire, UBS and Weil, Gotshal & Manges – are all are leaders in their field, and we are grateful for their work.

Finally, and most importantly, I offer my greatest thank you to the men and women of General Growth. You are the lifeblood of this organization, and it is your commitment to serving our shoppers and tenants that make us what we are today. As Board members, Tom and I knew many of GGP's employees, but it was not until we took our current positions that we could see first hand your dedication, loyalty, skill and passion for this Company. We pledge to you that we strive to offer you a rewarding environment in which people work hard because they feel empowered and love what they do.

We are proud of the accomplishments this team has achieved in Chapter 11, and we are very excited about GGP's future. We are not just reengineering our balance sheet; we are reengineering the Company from top to bottom. We have a clear vision for driving financial performance and greater value for all our stakeholders. We will be stronger, leaner and healthier.

Make no mistake – there is a tremendous amount of work ahead of us. But we are optimistic that we can ultimately deliver a more solid foundation for a sustainable and stronger future. While we may need patience for all of our efforts to bear fruit, we are confident that we will produce superior results to our constituents over time.

Sincerely,

Adam Metz
Chief Executive Officer