General Growth Properties, Inc.
Form 10-Q
May 04, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

ý Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2016

o Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Transition Period from to

COMMISSION FILE NUMBER 1-34948

GENERAL GROWTH PROPERTIES, INC.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Delaware | 27-2963337 |
| (State or other jurisdiction of incorporating or organization) | (I.R.S. Employer Identification Number) |
| 110 N. Wacker Dr., Chicago, IL | 60606 |
| (Address of principal executive offices) | (Zip Code) |

(312) 960-5000
(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ýYes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ýYes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company.

| | |
|---|---|
| Large accelerated filer x | Accelerated filer o |
| Non-accelerated filer o (Do not check if a smaller reporting company) | Smaller reporting company o |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes ý No

Indicate by checkmark whether the Registrant has filed all documents and reports required to be filed by Sections 12,13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.  ý Yes  o No

The number of shares of Common Stock, $.01 par value, outstanding on May 2, 2016 was 883,196,593.

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GENERAL GROWTH PROPERTIES, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

| | March 31, 2016 | December 31, 2015 |
|---|---|---|
| | (Dollars in thousands, except share and per share amounts) | |
| Assets: | | |
| Investment in real estate: | | |
| Land | $ 3,584,640 | $ 3,596,354 |
| Buildings and equipment | 16,342,374 | 16,379,789 |
| Less accumulated depreciation | (2,504,856) | (2,452,127) |
| Construction in progress | 297,711 | 308,903 |
| Net property and equipment | 17,719,869 | 17,832,919 |
| Investment in and loans to/from Unconsolidated Real Estate Affiliates | 3,535,457 | 3,506,040 |
| Net investment in real estate | 21,255,326 | 21,338,959 |
| Cash and cash equivalents | 193,099 | 356,895 |
| Accounts and notes receivable, net | 962,397 | 949,556 |
| Deferred expenses, net | 215,484 | 214,578 |
| Prepaid expenses and other assets | 940,008 | 997,334 |
| Assets held for disposition | — | 216,233 |
| Total assets | $ 23,566,314 | $ 24,073,555 |
| | | |
| Liabilities: | | |
| Mortgages, notes and loans payable | $ 13,868,216 | $ 14,216,160 |
| Investment in Unconsolidated Real Estate Affiliates | 39,208 | 38,488 |
| Accounts payable and accrued expenses | 667,410 | 784,493 |
| Dividend payable | 175,326 | 172,070 |
| Deferred tax liabilities | 4,665 | 1,289 |
| Junior subordinated notes | 206,200 | 206,200 |
| Liabilities held for disposition | — | 58,934 |
| Total liabilities | 14,961,025 | 15,477,634 |
| | | |
| Redeemable noncontrolling interests: | | |
| Preferred | 167,732 | 157,903 |
| Common | 141,738 | 129,724 |
| Total redeemable noncontrolling interests | 309,470 | 287,627 |
| | | |
| Commitments and Contingencies | — | — |
| | | |
| Equity: | | |
| Common stock: | | |
| 11,000,000,000 shares authorized, $0.01 par value, 966,551,630 issued, 883,123,045 outstanding as of March 31, 2016, and 966,096,656 issued, 882,397,202 outstanding as of December 31, 2015 | 9,391 | 9,386 |
| Preferred Stock: | | |
| | 242,042 | 242,042 |

| | | |
|---|---|---|
| 500,000,000 shares authorized, $0.01 par value, 10,000,000 shares issued and outstanding as of March 31, 2016 and December 31, 2015 | | |
| Additional paid-in capital | 11,331,647 | 11,362,369 |
| Retained earnings (accumulated deficit) | (2,125,825) | (2,141,549) |
| Accumulated other comprehensive loss | (77,750) | (72,804) |
| Common stock in treasury, at cost, 55,969,390 shares as of March 31, 2016 and 56,240,259 shares as of December 31, 2015 | (1,122,628) | (1,129,401) |
| Total stockholders' equity | 8,256,877 | 8,270,043 |
| Noncontrolling interests in consolidated real estate affiliates | 20,586 | 24,712 |
| Noncontrolling interests related to long-term incentive plan common units | 18,356 | 13,539 |
| Total equity | 8,295,819 | 8,308,294 |
| Total liabilities, redeemable noncontrolling interests and equity | $ 23,566,314 | $ 24,073,555 |

The accompanying notes are an integral part of these consolidated financial statements.

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GENERAL GROWTH PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

| | Three Months Ended March 31, | |
|---|---|---|
| | 2016 | 2015 |
| | (Dollars in thousands, except share and per share amounts) | |
| Revenues: | | |
| Minimum rents | $ 371,132 | $ 374,112 |
| Tenant recoveries | 172,448 | 177,482 |
| Overage rents | 8,145 | 8,815 |
| Management fees and other corporate revenues | 33,741 | 19,086 |
| Other | 21,566 | 14,648 |
| Total revenues | 607,032 | 594,143 |
| Expenses: | | |
| Real estate taxes | 58,103 | 55,987 |
| Property maintenance costs | 17,483 | 19,881 |
| Marketing | 2,054 | 4,821 |
| Other property operating costs | 70,394 | 76,183 |
| Provision for doubtful accounts | 3,401 | 3,271 |
| Provision for loan loss | 36,069 | — |
| Property management and other costs | 30,745 | 42,793 |
| General and administrative | 13,427 | 12,446 |
| Provision for impairment | 40,705 | — |
| Depreciation and amortization | 160,671 | 175,948 |
| Total expenses | 433,052 | 391,330 |
| Operating income | 173,980 | 202,813 |
| | | |
| Interest and dividend income | 16,058 | 8,821 |
| Interest expense | (147,677) | (172,651) |
| Gain (loss) on foreign currency | 8,936 | (22,910) |
| Gain from changes in control of investment properties and other | 74,555 | 591,245 |
| Income before income taxes, equity in income of Unconsolidated Real Estate Affiliates and allocation to noncontrolling interests | 125,852 | 607,318 |
| (Provision for) benefit from income taxes | (2,920) | 11,159 |
| Equity in income of Unconsolidated Real Estate Affiliates | 57,491 | 11,253 |
| Unconsolidated Real Estate Affiliates - gain on investment | 14,914 | 12,020 |
| Net income | 195,337 | 641,750 |
| Allocation to noncontrolling interests | (3,557) | (7,019) |
| Net income attributable to General Growth Properties, Inc. | 191,780 | 634,731 |
| Preferred Stock dividends | (3,984) | (3,984) |
| Net income attributable to common stockholders | $ 187,796 | $ 630,747 |
| | | |
| Earnings Per Share: | | |
| Basic | $ 0.21 | $ 0.71 |
| Diluted | $ 0.20 | $ 0.66 |
| Dividends declared per share | $ 0.19 | $ 0.17 |

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GENERAL GROWTH PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Continued)

(UNAUDITED)

| | Three Months Ended March 31, | |
|---|---|---|
| | 2016 | 2015 |
| | (Dollars in thousands, except share and per share amounts) | |
| Comprehensive Income, Net: | | |
| Net income | $ 195,337 | $ 641,750 |
| Other comprehensive loss | | |
| Foreign currency translation | 6,961 | (17,718) |
| Reclassification adjustment for realized gains on available-for-sale securities included in net income | (11,978) | — |
| Net unrealized gains (losses) on other financial instruments | 9 | (21) |
| Other comprehensive loss | (5,008) | (17,739) |
| Comprehensive income | 190,329 | 624,011 |
| Comprehensive income allocated to noncontrolling interests | (3,495) | (6,790) |
| Comprehensive income attributable to General Growth Properties, Inc. | 186,834 | 617,221 |
| Preferred Stock dividends | (3,984) | (3,984) |
| Comprehensive income, net, attributable to common stockholders | $ 182,850 | $ 613,237 |

The accompanying notes are an integral part of these consolidated financial statements.

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GENERAL GROWTH PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF EQUITY
(UNAUDITED)

| | Common Stock | Preferred Stock | Additional Paid-In Capital | Retained Earnings (Accumulated Deficit) | Accumulated Other Comprehensive Income (Loss) | Common Stock in Treasury | Noncontrolling Interests in Consolidated Real Estate Affiliates and Long Term Incentive Plan Common Units | Total Equity |
|---|---|---|---|---|---|---|---|---|
| | (Dollars in thousands, except for share amounts) | | | | | | | |
| Balance at January 1, 2015 | $9,409 | $242,042 | $11,351,625 | $(2,822,740) | $(51,753) | $(1,122,664) | $79,601 | $7,685,520 |
| Net income | | | | 634,731 | | | 1,347 | 636,078 |
| Distributions to noncontrolling interests in consolidated Real Estate Affiliates | | | | | | | (1,348) | (1,348) |
| Long Term Incentive Plan Common Unit grants, net (1,665,896 LTIP Units) | | | | | | | 2,832 | 2,832 |
| Restricted stock grants, net (240,943 common shares) | 3 | — | 937 | | | | | 940 |
| Employee stock purchase program (21,427 common shares) | — | | 525 | | | | | 525 |
| Stock option grants, net of forfeitures (936,082 common shares) | 9 | | 20,324 | | | | | 20,333 |
| Cash dividends reinvested (DRIP) in stock (4,149 | | | 118 | | | | | 118 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| common shares) | | | | | | | | |
| Other comprehensive loss | | | | | (17,510) | | | (17,510) |
| Cash distributions declared ($0.17 per share) | | | | (150,732) | | | | (150,732) |
| Cash distributions on Preferred Stock | | | | (3,984) | | | | (3,984) |
| Fair value adjustment for noncontrolling interest in Operating Partnership | | | (9,730) | | | | | (9,730) |
| Balance at March 31, 2015 | $9,421 | $242,042 | $11,363,799 | $(2,342,725) | $(69,263) | $(1,122,664) | $82,432 | $8,163,042 |

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GENERAL GROWTH PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF EQUITY (Continued)
(UNAUDITED)

| | Common Stock | Preferred Stock | Additional Paid-In Capital | Retained Earnings (Accumulated Deficit) | Accumulated Other Comprehensive Income (Loss) | Common Stock in Treasury | Noncontrolling Interests in Consolidated Real Estate Affiliates and Long Term Incentive Plan Common Units | Total Equity |
|---|---|---|---|---|---|---|---|---|
| | (Dollars in thousands, except for share amounts) | | | | | | | |
| Balance at January 1, 2016 | $9,386 | $242,042 | $11,362,369 | $(2,141,549) | $(72,804) | $(1,129,401) | $38,251 | $8,308,294 |
| Net income | | | | 191,780 | | | 321 | 192,101 |
| Distributions to noncontrolling interests in consolidated Real Estate Affiliates | | | | | | | (954) | (954) |
| Acquisition/disposition of partner's noncontrolling interests in consolidated Real Estate Affiliates | | | (16,384) | | | | (3,002) | (19,386) |
| Long Term Incentive Plan Common Unit grants, net (684,216 LTIP Units) | | | 12 | (950) | | | 4,326 | 3,388 |
| Restricted stock grants, net (333,953 common shares) | 3 | — | 673 | | | | | 676 |
| Employee stock purchase program (66,666 common shares) | 1 | | 2,451 | | | | | 2,452 |
| Stock option grants, net of forfeitures (318,826 common shares) | 3 | | 9,901 | | | | | 9,904 |
| | (2) | | (3,415) | (3,356) | | 6,773 | | — |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Cancellation of repurchased common shares (270,869 common shares) | | | | | | | | |
| Cash dividends reinvested (DRIP) in stock (6,398 common shares) | — | — | 170 | | | | | 170 |
| Other comprehensive income | | | | | 6,948 | | | 6,948 |
| Amounts reclassified from accumulated other comprehensive income | | | | | (11,894) | | | (11,894) |
| Cash distributions declared ($0.19 per share) | | | | (167,766) | | | | (167,766) |
| Cash distributions on Preferred Stock | | | | (3,984) | | | | (3,984) |
| Fair value adjustment for noncontrolling interest in Operating Partnership | | | (24,130) | | | | | (24,130) |
| Balance at March 31, 2016 | $9,391 | $242,042 | $11,331,647 | $(2,125,825) | $(77,750) | $(1,122,628) | $38,942 | $8,295,819 |

The accompanying notes are an integral part of these consolidated financial statements.

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GENERAL GROWTH PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| | Three Months Ended March 31, 2016 | 2015 |
|---|---|---|
| | (Dollars in thousands) | |
| Cash Flows provided by Operating Activities: | | |
| Net income | $195,337 | $641,750 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Equity in income of Unconsolidated Real Estate Affiliates | (57,491) | (11,253) |
| Distributions received from Unconsolidated Real Estate Affiliates | 26,609 | 7,940 |
| Provision for doubtful accounts | 3,401 | 3,271 |
| Depreciation and amortization | 160,671 | 175,948 |
| Amortization/write-off of deferred finance costs | 2,710 | 3,176 |
| Accretion/write-off of debt market rate adjustments | (207) | 14,685 |
| Amortization of intangibles other than in-place leases | 11,530 | 23,063 |
| Straight-line rent amortization | (5,447) | (6,087) |
| Deferred income taxes | 2,118 | (11,665) |
| Gain on dispositions, net | (20,248) | — |
| Unconsolidated Real Estate Affiliates - gain on investment, net | (14,914) | (12,020) |
| Gain from changes in control of investment properties and other | (74,555) | (591,245) |
| Provisions for impairment | 40,705 | — |
| Provisions for loan loss | 36,069 | — |
| (Gain) loss on foreign currency | (8,936) | 22,910 |
| Net changes: | | |
| Accounts and notes receivable, net | (2,842) | 14,576 |
| Prepaid expenses and other assets | (8,031) | 8,965 |
| Deferred expenses, net | (9,547) | (14,553) |
| Restricted cash | 6,981 | 5,619 |
| Accounts payable and accrued expenses | (55,141) | (60,305) |
| Other, net | 9,248 | 8,429 |
| Net cash provided by operating activities | 238,020 | 223,204 |
| | | |
| Cash Flows provided by Investing Activities: | | |
| Acquisition of real estate and property additions | (21,087) | (164,659) |
| Development of real estate and property improvements | (120,410) | (199,726) |
| Loans to joint venture partners | (20,957) | (37,500) |
| Proceeds from sales of investment properties and Unconsolidated Real Estate Affiliates | 238,676 | 666,242 |
| Contributions to Unconsolidated Real Estate Affiliates | (30,200) | (57,046) |
| Distributions received from Unconsolidated Real Estate Affiliates in excess of income | 20,384 | 32,474 |
| Proceeds from sale of marketable securities | 46,409 | — |
| Increase in restricted cash | (80) | 966 |
| Net cash provided by investing activities | 112,735 | 240,751 |
| | | |
| Cash Flows used in Financing Activities: | | |
| Proceeds from refinancing/issuance of mortgages, notes and loans payable | — | 342,440 |
| Principal payments on mortgages, notes and loans payable | (350,375) | (874,033) |

| | | |
|---|---|---|
| Deferred finance costs | — | (618 ) |
| Cash distributions to noncontrolling interests in consolidated real estate affiliates | (954 ) | — |
| Cash distributions paid to common stockholders | (167,698 ) | (150,393 ) |
| Cash distributions reinvested (DRIP) in common stock | 170 | — |
| Cash distributions paid to preferred stockholders | (3,984 ) | (3,984 ) |
| Cash redemptions paid to holders of common units | (1,233 ) | (192 ) |
| Other, net | 9,523 | 23,627 |
| Net cash used in financing activities | (514,551 ) | (663,153 ) |
| | | |
| Net change in cash and cash equivalents | (163,796 ) | (199,198 ) |
| Cash and cash equivalents at beginning of period | 356,895 | 372,471 |
| Cash and cash equivalents at end of period | $ 193,099 | $ 173,273 |

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GENERAL GROWTH PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(UNAUDITED)

| | Three Months Ended March 31, | |
|---|---|---|
| | 2016 | 2015 |
| | (Dollars in thousands) | |
| Supplemental Disclosure of Cash Flow Information: | | |
| Interest paid | $ 145,398 | $ 166,573 |
| Interest capitalized | 1,466 | 4,255 |
| Income taxes paid | 544 | 4,237 |
| Accrued capital expenditures included in accounts payable and accrued expenses | 116,220 | 102,619 |
| Non-Cash Sale of Ala Moana (Refer to Note 3) | | |

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except share and per share amounts)
(Unaudited)

## NOTE 1 ORGANIZATION

Readers of this Quarterly Report should refer to the Company’s (as defined below) audited consolidated financial statements for the year ended December 31, 2015 which are included in the Company’s Annual Report on Form 10-K (our "Annual Report") for the fiscal year ended December 31, 2015 (Commission File No. 1-34948), as certain footnote disclosures which would substantially duplicate those contained in our Annual Report have been omitted from this Quarterly Report. In the opinion of management, all adjustments necessary for a fair presentation (which include only normal recurring adjustments) have been included in this Quarterly Report. Capitalized terms used, but not defined in this Quarterly Report, have the same meanings as in our Annual Report.

### General

General Growth Properties, Inc. ("GGP" or the "Company"), a Delaware corporation, was organized in July 2010 and is a self-administered and self-managed real estate investment trust, referred to as a "REIT". In these notes, the terms "we," "us" and "our" refer to GGP and its subsidiaries.

GGP, through its subsidiaries and affiliates, is an owner and operator of retail properties. As of March 31, 2016, we are the owner, either entirely or with joint venture partners, of 128 retail properties.

Substantially all of our business is conducted through GGP Operating Partnership, LP ("GGPOP"), GGP Nimbus, LP ("GGPN") and GGP Limited Partnership ("GGPLP", and together with GGPN and GGPOP, the "Operating Partnerships"), subsidiaries of GGP. The Operating Partnerships own an interest in the properties that are part of the consolidated financial statements of GGP. As of March 31, 2016, GGP held an approximate 99% common equity ownership (without giving effect to the potential conversion of the Preferred Units and LTIP Units as defined below) of the Operating Partnerships, while the remaining 1% is held by limited partners and certain previous contributors of properties to the Operating Partnerships or their predecessors.

GGPOP is the general partner of, and owns a 1.5% equity interest in, each Operating Partnership. GGPOP has common units of limited partnership ("Common Units"), which are redeemable for cash or, at our option, shares of GGP common stock. It also has preferred units of limited partnership interest ("Preferred Units"), of which, certain Preferred Units can be converted into Common Units and then redeemed for cash or, at our option, shares of GGP common stock (Note 9). GGPOP has full value long term incentive plan units and appreciation only long term incentive plan units (collectively "LTIP Units"), which are redeemable for cash or, at our option, shares of GGP common stock (Note 11).

In addition to holding ownership interests in various joint ventures, the Operating Partnerships generally conduct their operations through General Growth Management, Inc. ("GGMI"), General Growth Services, Inc. ("GGSI"), and GGP REIT Services, LLC ("GGPRS"). GGMI and GGSI are taxable REIT subsidiaries ("TRS"s), which provide management, leasing, tenant coordination, business development, marketing, strategic partnership and other services for a majority of our Unconsolidated Real Estate Affiliates (defined below) and for substantially all of our Consolidated Properties, as defined below. GGSI also serves as a contractor to GGMI for these services. GGPRS generally provides financial, accounting, tax, legal, development, and other services to our Consolidated Properties.

We refer to our ownership interests in properties in which we own a majority or controlling interest and are consolidated under accounting principles generally accepted in the United States of America ("GAAP") as the "Consolidated Properties." We also own interests in certain properties through joint venture entities in which we own a noncontrolling interest ("Unconsolidated Real Estate Affiliates") and we refer to those properties as the "Unconsolidated Properties."

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements include the accounts of GGP, our subsidiaries and joint ventures in which we have a controlling interest. For consolidated joint ventures, the noncontrolling partner's share of the assets, liabilities and operations of the joint ventures (generally computed as the joint venture partner's ownership percentage) is included in noncontrolling interests in consolidated real estate affiliates as permanent equity of the Company. Intercompany balances and transactions have been eliminated. Noncontrolling interests are included on our Consolidated Balance Sheets related to the Common, Preferred, and LTIP Units of GGPOP and are presented either as redeemable noncontrolling interests or as noncontrolling interests in our permanent equity. Through consideration of new consolidation guidance, we have concluded that each of the Operating Partnerships are variable interest entities as the limited partners do not have substantive kick-out rights or substantive participating rights. However, as the Company holds a majority voting interest in the Operating Partnerships, it qualifies for the exemption from providing certain of the disclosure requirements associated with variable interest entities.

We operate in a single reportable segment, which includes the operation, development and management of retail and other rental properties. Our portfolio is targeted to a range of market sizes and consumer tastes. Each of our operating properties is considered a separate operating segment, as each property earns revenues and incurs expenses, individual operating results are reviewed and discrete financial information is available. The Company's chief operating decision maker is comprised of a team of several members of executive management who use Company NOI in assessing segment operating performance. We do not distinguish or group our consolidated operations based on geography, size or type for purposes of making property operating decisions. Our operating properties have similar economic characteristics and provide similar products and services to our tenants. There are no individual operating segments that are greater than 10% of combined revenue, Company NOI or combined assets. Further, all material operations are within the United States and no customer or tenant comprises more than 10% of consolidated revenues. As a result, the Company’s operating properties are aggregated into a single reportable segment.

Reclassifications

A gain of $12.0 million that was previously recorded as equity in income of Unconsolidated Real Estate Affiliates on the Consolidated Statements of Comprehensive Income and Consolidated Statements of Cash Flows was separately presented as Unconsolidated Real Estate Affiliates—gain on investment for the three months ended March 31, 2015 to conform prior periods to the current year presentation. In addition, $0.1 million of expenses were reclassified from other property operating costs to marketing for the three months ended March 31, 2015 to conform prior periods to the current year presentation. The reclassifications are changes from one acceptable presentation to another acceptable presentation.

Properties

Real estate assets are stated at cost less any provisions for impairments. Expenditures for significant betterments and improvements are capitalized. Maintenance and repairs are charged to expense when incurred. Construction and improvement costs incurred in connection with the development of new properties or the redevelopment of existing properties are capitalized. Real estate taxes, interest costs, and internal costs associated with leasing and development overhead incurred during construction periods are capitalized. Capitalization is based on qualified expenditures and interest rates. Capitalized real estate taxes, interest costs, and internal costs associated with leasing and development overhead are amortized over lives which are consistent with the related assets.

Pre-development costs, which generally include legal and professional fees and other third-party costs directly related to the construction assets, are capitalized as part of the property being developed. In the event a development is no longer deemed to be probable of occurring, the capitalized costs are expensed (see also our impairment policies in this note below).

We periodically review the estimated useful lives of our properties, and may adjust them as necessary. The estimated useful lives of our properties range from 10 - 45 years.

Depreciation or amortization expense is computed using the straight-line method based upon the following estimated useful lives:

| | Years |
|---|---|
| Buildings and improvements | 10 - 45 |
| Equipment and fixtures | 3 - 20 |
| Tenant improvements | Shorter of useful life or applicable lease term |

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GENERAL GROWTH PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except share and per share amounts)
(Unaudited)

Acquisitions of Operating Properties (Note 3)

Acquisitions of properties are accounted for utilizing the acquisition method of accounting and, accordingly, the results of operations of acquired properties have been included in the results of operations from the respective dates of acquisition. Estimates of future cash flows and other valuation techniques are used to allocate the purchase price of acquired property between land, buildings and improvements, equipment, assumed debt liabilities and identifiable intangible assets and liabilities such as amounts related to in-place tenant leases, acquired above and below-market tenant and ground leases, and tenant relationships.

Identifiable intangible assets and liabilities are calculated for above-market and below-market tenant and ground leases where we are either the lessor or the lessee. The difference between the contractual rental rates and our estimate of market rental rates is measured over a period equal to the remaining non-cancelable term of the leases, including significantly below-market renewal options for which exercise of the renewal option appears to be reasonably assured. The remaining term of leases with renewal options at terms significantly below market reflect the assumed exercise of such below-market renewal options and assume the amortization period would coincide with the extended lease term.

The gross asset balances of the in-place value of tenant leases are included in buildings and equipment in our Consolidated Balance Sheets.

| | Gross Asset | Accumulated Amortization | Net Carrying Amount |
|---|---|---|---|
| As of March 31, 2016 | | | |
| Tenant leases: | | | |
| In-place value | $ 370,134 | $ (238,402 ) | $ 131,732 |
| As of December 31, 2015 | | | |
| Tenant leases: | | | |
| In-place value | $ 409,637 | $ (264,616 ) | $ 145,021 |

The above-market tenant leases and below-market ground leases are included in prepaid expenses and other assets (Note 13). The below-market tenant leases, above-market ground leases and above-market headquarters office lease are included in accounts payable and accrued expenses (Note 14) in our Consolidated Balance Sheets.

Amortization/accretion of all intangibles, including the intangibles in Note 13 and Note 14, had the following effects on our Income from continuing operations:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2016 | 2015 |
| Amortization/accretion effect on continuing operations | $(24,184) | $(48,880) |

Future amortization/accretion of all intangibles, including the intangibles in Note 13 and Note 14, is estimated to decrease results from continuing operations as follows:

| Year | Amount |
|---|---|

| | |
|---|---|
| 2016 Remaining | $65,158 |
| 2017 | 66,733 |
| 2018 | 43,421 |
| 2019 | 26,220 |
| 2020 | 17,710 |

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GENERAL GROWTH PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except share and per share amounts)
(Unaudited)

Marketable Securities

Marketable securities are comprised of equity securities that are classified as available-for-sale. Available-for-sale securities are presented in prepaid expenses and other assets on our Consolidated Balance Sheets at fair value. Unrealized gains and losses resulting from the mark-to-market of these securities are included in other comprehensive income (loss). Realized gains and losses are recognized in earnings only upon the sale of the securities and are recorded based on the weighted average cost of such securities. During the three months ended March 31, 2016, we recognized gains of $13.1 million in management fees and other corporate revenues on the Consolidated Statements of Comprehensive Income from the sale of Seritage Growth Properties stock.

Investments in Unconsolidated Real Estate Affiliates (Note 5)

We account for investments in joint ventures where we own a non-controlling joint interest using either the equity method or the cost method. If we have significant influence but not control over the the investment, we utilize the equity method. If we have neither control nor significant influence, we utilize the cost method. Under the equity method, the cost of our investment is adjusted for our share of the earnings of such Unconsolidated Real Estate Affiliates from the date of acquisition, increased by our contributions and reduced by distributions received.

To determine the method of accounting for partially owned joint ventures, we evaluate the characteristics of associated entities and determine whether an entity is a variable interest entity ("VIE"). A limited partnership or other similar entity is considered a VIE unless a simple majority of limited partners (excluding limited partners that are under common control with the general partner) have substantive kick-out rights or participating rights. If an entity is determined to be a VIE, we determine which party is the primary beneficiary by analyzing whether we have both the power to direct the entity's significant economic activities and the obligation to absorb potentially significant losses or receive potentially significant benefits. Significant judgments and assumptions inherent in this analysis include the nature of the entity's operations, future cash flow projections, the entity's financing and capital structure, and contractual relationship and terms. We consolidate a VIE when we have determined that we are the primary beneficiary.

Primary risks associated with our VIEs include the potential of funding the entities' debt obligations or making additional contributions to fund the entities' operations.

Generally, the operating agreements with respect to our Unconsolidated Real Estate Affiliates provide that assets, liabilities and funding obligations are shared in accordance with our ownership percentages. Therefore, we generally also share in the profit and losses, cash flows and other matters relating to our Unconsolidated Real Estate Affiliates in accordance with our respective ownership percentages. Except for Retained Debt (as described in Note 5), differences between the carrying amount of our investment in the Unconsolidated Real Estate Affiliates and our share of the underlying equity of our Unconsolidated Real Estate Affiliates are typically amortized over lives ranging from 5 to 45 years. When cumulative distributions exceed our investment in the joint venture, the investment is reported as a liability in our consolidated financial statements. The liability is limited to our maximum potential obligation to fund contractual obligations, including recourse related to certain debt obligations.

Partially owned, non-variable interest joint ventures over which we have controlling financial interest are consolidated in our consolidated financial statements. In determining if we have a controlling financial interest, we consider factors such as ownership interest, authority to make decisions, kick-out rights and substantive participating rights. Partially owned joint ventures where we do not have a controlling financial interest, but have the ability to exercise significant influence, are accounted for using the equity method.

To the extent that we contribute assets to a joint venture accounted for using the equity method, our investment in the joint venture is recorded at our cost basis in the assets that were contributed to the joint venture. We will recognize gains and losses on the contribution of our real estate to joint ventures, relating solely to the outside partner's interest, to the extent the buyer is independent of the Company, the collection of the sales price is reasonably assured, and we will not be required to support the operations of the property or its related obligations to an extent greater than our proportionate interest.

The combined summarized financial information of unconsolidated joint ventures is disclosed in Note 5 to the Consolidated Financial Statements.

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We continually analyze and assess reconsideration events, including changes in the factors mentioned above, to determine if the consolidation treatment remains appropriate. Decisions regarding consolidation of partially owned entities frequently require significant judgment by our management.

Revenue Recognition and Related Matters

Minimum rents are recognized on a straight-line basis over the terms of the related operating leases, including the effect of any free rent periods. Minimum rents also include lease termination income collected from tenants to allow for the tenant to vacate their space prior to their scheduled termination dates, as well as, accretion related to above-market and below-market tenant leases on acquired properties and properties that were recorded at fair value at the emergence from bankruptcy.

Overage rent is paid by a tenant when the tenant's sales exceed an agreed upon minimum amount and is recognized on an accrual basis once tenant sales exceed contractual tenant lease thresholds and is calculated by multiplying the sales in excess of the minimum amount by a percentage defined in the lease.

Tenant recoveries are established in the leases or computed based upon a formula related to real estate taxes, insurance and other property operating expenses and are generally recognized as revenues in the period the related costs are incurred.

Real estate sales are recognized whenever (1) a sale is consummated, (2) the buyer has demonstrated an adequate commitment to pay for the property, (3) the Company’s receivable is not subject to future subordination, and (4) the Company has transferred to the buyer the risks and rewards of ownership and does not have continuing involvement. Unless all conditions are met, recognition of all or a portion of the profit shall be postponed.

We provide an allowance for doubtful accounts against the portion of accounts receivable, including straight-line rents, which is estimated to be uncollectible. Such allowances are reviewed periodically based upon our recovery experience.

Management Fees and Other Corporate Revenues

Management fees and other corporate revenues primarily represent management and leasing fees, development fees, financing fees and fees for other ancillary services performed for the benefit of certain of the Unconsolidated Real Estate Affiliates. Management fees are reported at 100% of the revenue earned from the joint venture in management fees and other corporate revenues on our Consolidated Statements of Comprehensive Income. Our share of the management fee expense incurred by the Unconsolidated Real Estate Affiliates is reported within equity in income of Unconsolidated Real Estate Affiliates on our Consolidated Statements of Comprehensive Income and in property management and other costs in the Condensed Combined Statements of Income in Note 5. The following table summarizes the management fees from affiliates and our share of the management fee expense:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2016 | 2015 |
| Management fees from affiliates | $20,669 | $19,086 |
| Management fee expense | (7,902 ) | (7,276 ) |
| Net management fees from affiliates | $12,767 | $11,810 |

Impairment

Operating properties

We regularly review our consolidated properties for potential impairment indicators whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment indicators are assessed separately for each property and include, but are not limited to, significant decreases in real estate property net operating income, significant decreases in occupancy percentage, debt maturities and management's intent with respect to the properties and prevailing market conditions.

If an indicator of potential impairment exists, the property is tested for recoverability by comparing its carrying amount to the estimated future undiscounted cash flows. Although the carrying amount may exceed the estimated fair value of certain properties, a real estate asset is only considered to be impaired when its carrying amount cannot be recovered through estimated future undiscounted cash flows. To the extent an impairment provision is determined to be necessary, the excess of the carrying amount of the property over its estimated fair value is expensed to operations. In addition, the impairment provision is allocated proportionately to adjust the carrying amount of the asset group. The adjusted carrying amount, which represents the new cost basis of the property, is depreciated over the remaining useful life of the property.

Although we may market a property for sale, there can be no assurance that the transaction will occur until the sale is finalized. However, GAAP requires us to utilize the Company's expected holding period of our properties when assessing recoverability. If we cannot recover the carrying value of these properties within the planned holding period, we will estimate the fair values of the assets and record impairment charges for properties when the estimated fair value is less than their carrying value.

Impairment indicators for pre-development costs, which are typically costs incurred during the beginning stages of a potential development and construction in progress, are assessed by project and include, but are not limited to, significant changes in the Company's plans with respect to the project, significant changes in projected completion dates, tenant demand, anticipated revenues or cash flows, development costs, market factors and sustainability of development projects.

Impairment charges are recorded in the Consolidated Statements of Comprehensive Income when the carrying value of a property is not recoverable and it exceeds the estimated fair value of the property, which can occur in accounting periods preceding disposition and/or in the period of disposition.

During the three months ended March 31, 2016, we recorded a $40.7 million impairment charge on our Consolidated Statements of Comprehensive Income related to two operating properties. We received a bona fide purchase offer during the three months ended for one property which was less than the carrying value. The other property has non-recourse debt maturing within three months that exceeds the fair value of the underlying property. No impairment was recorded for the three months ended March 31, 2015.

Changes in economic and operating conditions that occur subsequent to our review of recoverability of our properties could impact the assumptions used in that assessment and could result in future impairment if assumptions regarding those properties differ from actual results.

Investment in Unconsolidated Real Estate Affiliates

A series of operating losses of an investee or other factors may indicate that an other-than-temporary decline in value of our investment in an Unconsolidated Real Estate Affiliate has occurred. The investment in each of the Unconsolidated Real Estate Affiliates is evaluated for valuation declines below the carrying amount. Accordingly, in addition to the property-specific impairment analysis that we perform for such joint ventures (as part of our operating property impairment process described above), we also considered whether there were other-than-temporary declines with respect to the carrying values of our Unconsolidated Real Estate Affiliates. No impairments related to our investments in Unconsolidated Real Estate Affiliates were recognized for the three months ended March 31, 2016 and 2015. Changes in economic and operating conditions that occur subsequent to our review of recoverability of our investments in Unconsolidated Real Estate Affiliates could impact the assumptions used in that assessment and could result in future impairment if assumptions regarding those investments differ from actual results.

Fair Value Measurements (Note 4)

The accounting principles for fair value measurements establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1 - defined as observable inputs such as quoted prices for identical assets or liabilities in active markets;
- Level 2 - defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3 - defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Note 4 includes a discussion of properties measured at fair value on a non-recurring basis using Level 2 and Level 3 inputs and the fair value of debt, which is estimated on a recurring basis using Level 2 and Level 3 inputs. Note 4 also includes a discussion

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of available-for-sale securities measured at fair value on a recurring basis using Level 1 inputs. Note 9 includes a discussion of certain redeemable noncontrolling interests that are measured at fair value using Level 1 inputs.

Concentrations of Credit Risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash and cash equivalents. We are exposed to credit risk with respect to cash held at various financial institutions and access to our credit facility. Our credit risk exposure with regard to our cash and the $1.5 billion available under our credit facility is spread among a diversified group of investment grade financial institutions. We had no outstanding balance and $315.0 million outstanding under our credit facility as of March 31, 2016 and December 31, 2015, respectively.

Recently Issued Accounting Pronouncements

Effective January 1, 2016, the Financial Accounting Standards Board ("FASB") issued an update that required us to evaluate whether we should consolidate certain legal entities. Specifically, the amendments: (i) modified the evaluation of whether limited partnerships and similar legal entities are variable interest entities ("VIEs") or voting interest entities, (ii) eliminated the presumption that a general partner should consolidate a limited partnership, (iii) affected the consolidation analysis of reporting entities that are involved with VIEs, and (iv) provided a scope exception for certain entities. The adoption of this standard did not materially impact our consolidated financial statements.

Effective January 1, 2016, companies are required to present debt issuance costs related to a recognized debt liability (excluding
revolving credit facility) as a direct deduction from the carrying amount of that debt liability on the balance sheet. The recognition and measurement guidance for debt issuance costs will not be affected. We elected to early adopt this pronouncement as of December 31, 2015 which resulted in the reclassification of unamortized capitalized loan fees from deferred expenses to a direct reduction of the Company’s indebtedness on our Consolidated Balance Sheets for all periods presented in our Annual Report for the fiscal year ended December 31, 2015.

Effective January 1, 2018, companies will be required to apply a five-step model in accounting for revenue arising from contracts with customers. The core principle of the revenue model is that a company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Lease contracts will be excluded from this revenue recognition criteria; however, the sale of real estate will be required to follow the new model. Expanded quantitative and qualitative disclosures regarding revenue recognition will be required for contracts that are subject to this pronouncement. The new standard can be adopted either retrospectively to each prior reporting period presented or as a cumulative effect adjustment as of the date of adoption. The Company is evaluating the potential impact of this pronouncement on its consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02 which will require organizations that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. Under ASU 2016-02, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Lessor accounting remains substantially similar to current GAAP. In addition, disclosures of leasing activities are to be expanded to include qualitative along with specific quantitative information. For public entities, ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. ASU 2016-02 mandates a modified retrospective transition method. The Company is evaluating the potential impact of this pronouncement on its consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. For example, estimates and assumptions have been made with respect to fair values of assets and liabilities for purposes of applying the acquisition method of accounting, the useful lives of assets, capitalization of development and leasing costs, provision for income taxes, recoverable amounts of receivables and deferred taxes, provision for loan loss, initial valuations and related amortization periods of deferred costs and intangibles, particularly with respect to acquisitions, impairment of long-lived assets, litigation related accruals and disclosures and fair value of debt. Actual results could differ from these and other estimates.

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## NOTE 3 ACQUISITIONS, SALES AND JOINT VENTURE ACTIVITY

On February 2, 2016, we closed on the acquisition of our joint venture partner's 25% interest in Spokane Valley Mall for a gross acquisition price of $37.5 million. This transaction resulted in a reduction of additional paid-in capital of $16.4 million due to the acquisition of our partner's noncontrolling interest in the joint venture that was not a change in control.

On January 29, 2016 we closed on the sale of our interest in Provo Towne Center to our joint venture partner for a gross sales price
of $37.5 million. This transaction resulted in a loss of $4.0 million recognized in gain from changes in control of investment properties and other for the three months ended March 31, 2016.

On January 15, 2016, we closed on the sale of Eastridge Mall (CA) for a gross sales price of $225.0 million. This transaction resulted in a gain on sale of $71.8 million recognized in gain from changes in control of investment properties and other for the three months ended March 31, 2016.

On March 31, 2015, we acquired a 50% interest in a joint venture with Sears Holdings Corporation that owns anchor pads and in-place leases at 12 stores located at our properties for approximately $165.0 million. Subsequently, Sears Holdings Corporation sold its investment in the joint venture to Seritage Growth Properties, which was an affiliated company. We recorded the investment in the joint venture for approximately $164.5 million ($165.0 million net of prorations and acquisition costs) to investment in and loans to/from Unconsolidated Real Estate Affiliates on our Consolidated Balance Sheets. On December 14, 2015, GGP entered into agreements with GGP Homart II, LLC and Urban Shopping Centers, L.P. (Oakbrook) to assign interest in 4 of the 12 anchor pads. For the assignment and transfer of the assigned interests, GGP Homart II, LLC and Urban Shopping Centers, L.P. agreed to consideration of $34.1 million and $39.9 million, respectively.

On February 27, 2015, we sold a 25% interest in Ala Moana Center in Honolulu, Hawaii for net proceeds of $907.0 million. We received $670.0 million at closing and will receive the remaining proceeds of $237.0 million in late 2016 upon completion of the redevelopment and expansion. Subsequently on April 10, 2015, we sold an additional 12.5% interest in Ala Moana Center for net proceeds of $453.5 million to another joint venture partner. We received $335.0 million at closing and will receive the remaining proceeds of $118.5 million in late 2016 upon completion of the redevelopment and expansion. As a result, our joint venture partners own a combined 37.5% economic interest in the joint venture.

Upon sale of the 25% interest in Ala Moana Center and in accordance with applicable accounting standards for real estate sales with future development required, we recognized a $584.4 million gain on change in control of investment properties and other as of the closing date calculated on the percentage of the basis (real estate asset carrying value of Ala Moana Center and development costs incurred to date) as compared to the total estimated costs expected to be incurred through completion of the development. During the three months ended March 31, 2016, we recognized an additional $6.8 million gain on change of control of investment properties and other using the percentage of completion method for the construction completed from the closing date on February 27, 2015 through March 31, 2016. We will recognize an additional $19.5 million gain on change of control of investment properties and other through substantial completion of construction.

Upon sale of the 12.5% interest in Ala Moana Center and in accordance with applicable accounting standards for real estate sales with future development required, we recognized a $295.9 million gain in Unconsolidated Real Estate Affiliates - gain on investment as of the closing date calculated on the percentage of the basis (real estate asset carrying value of Ala Moana Center and development costs incurred to date) as compared to the total estimated costs expected to be incurred through completion of the development. During the three months ended March 31, 2016, we recognized an additional $3.3 million gain in Unconsolidated Real Estate Affiliates - gain on investment using the percentage of completion method for the construction completed from the closing date on April 10, 2015 through March 31, 2016. We will recognize an additional $9.8 million gain in Unconsolidated Real Estate Affiliates - gain on investment through substantial completion of construction.

We account for the 62.5% interest in the joint venture that owns Ala Moana Center under the equity method of accounting (Note 5) because we share control over major decisions with the joint venture partners which resulted in the partners obtaining substantive participating rights. Ala Moana Center was previously wholly owned by GGP and accounted for on a consolidated basis.

The table below summarizes the gain calculation ($ in millions) for the 25% and 12.5% interests sold:

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| | | |
|---|---|---|
| Gain on Sale of Interests in Ala Moana Center | 25.0% | 12.5% |
| Total proceeds (net of transaction costs of $6.8 million and $2.5 million, respectively) | $900.2 | $451.0 |
| Joint venture partner share of debt | 462.5 | 231.3 |
| Total consideration | 1,362.7 | 682.3 |
| Less: JV partner proportionate share of investment in Ala Moana Center and estimated development costs | (714.0 ) | (357.9 ) |
| Total gain from changes in control of investment properties and other | 648.7 | — |
| Total Unconsolidated Real Estate Affiliates - gain on investment | — | 324.4 |
| Gain attributable to JV partner proportionate share of investment in Ala Moana Center at closing | 584.4 | 295.9 |
| Gain attributable to post-sale development activities through December 31, 2015 | 38.0 | 15.4 |
| Gain attributable to post-sale development activities for the three months ended March 31, 2016 | 6.8 | 3.3 |
| Estimated future gain from changes in control of investment properties and other | 19.5 | — |
| Estimated future Unconsolidated Real Estate Affiliates - gain on investment | $— | $9.8 |

NOTE 4 FAIR VALUE

Nonrecurring Fair Value of Operating Properties

We estimate fair value relating to impairment assessments based upon discounted cash flow and direct capitalization models that include all projected cash inflows and outflows over a specific holding period, or the negotiated sales price, if applicable. Such projected cash flows are comprised of contractual rental revenues and forecasted rental revenues and expenses based upon market conditions and expectations for growth. Capitalization rates and discount rates utilized in these models are based on a reasonable range of current market rates for each property analyzed. Based upon these inputs, we determined that our valuations of properties using a discounted cash flow or a direct capitalization model were classified within Level 3 of the fair value hierarchy. For our properties for which the estimated fair value was based on negotiated sales prices, we determined that our valuation was classified within Level 2 of the fair value hierarchy.

| | Total Fair Value Measurement | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Provisions for impairment |
|---|---|---|---|---|---|
| Three Months Ending March 31, 2016 | | | | | |
| Investments in real estate (1) | $ 187,800 | $ — | $ 69,500 | $ 118,300 | (40,705 ) |

(1) Refer to Note 2 for more information regarding impairment.

| Unobservable Quantative Input | Range |
|---|---|
| Discount rates | 9.0% to 11.0% |
| Terminal capitalization rates | 9.0% to 10.0% |

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Nonrecurring Fair Value of Notes Receivable

We estimate fair value relating to the note receivable from Rique (defined in Note 12). Based on current information and events, we believe it is probable that we will be unable to collect all amounts due according to the contractual terms of the note receivable. As the Rique note receivable is a collateral dependent loan, we have estimated the provision for loss based on the fair value of the market price of the Aliansce (defined in Note 12) shares which serve as the collateral for the loan.

Based on the market price and Brazilian Real exchange rate of the Aliansce stock, the note with based on is measured at fair value on our Consolidated Balance Sheets using Level 1 inputs and included in accounts and notes receivable, net. The fair value is shown below.

| | Total Fair Value Measurement | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Provision for loan loss |
|---|---|---|---|---|---|
| Balance at March 31, 2016 | | | | | |
| Notes Receivable | $ 71,013 | $ 71,013 | $ — | $ — | $ (36,069) |

Disclosure of Fair Value of Financial Instruments

The fair values of our financial instruments approximate their carrying amount in our consolidated financial statements except for debt. Management's estimates of fair value are presented below for our debt as of March 31, 2016 and December 31, 2015.

| | March 31, 2016 | | December 31, 2015 | |
|---|---|---|---|---|
| | Carrying Amount (1) | Estimated Fair Value | Carrying Amount (1) | Estimated Fair Value |
| Fixed-rate debt | $ 11,886,319 | $ 12,558,609 | $ 11,921,302 | $ 12,247,451 |
| Variable-rate debt | 1,981,897 | 1,987,645 | 2,294,858 | 2,304,551 |
| | $ 13,868,216 | $ 14,546,254 | $ 14,216,160 | $ 14,552,002 |

(1) Includes market rate adjustments of $32.8 million and $33.0 million and deferred financing costs of $37.5 million and $40.2 million as of March 31, 2016 and December 31, 2015, respectively.

The fair value of our Junior Subordinated Notes approximates their carrying amount as of March 31, 2016 and December 31, 2015. We estimated the fair value of mortgages, notes and other loans payable using Level 2 and Level 3 inputs based on recent financing transactions, estimates of the fair value of the property that serves as collateral for such debt, historical risk premiums for loans of comparable quality, current London Interbank Offered Rate ("LIBOR"), U.S. treasury obligation interest rates and on the discounted estimated future cash payments to be made on such debt. The discount rates estimated reflect our judgment as to what the approximate current lending rates for loans or groups of loans with similar maturities and assume that the debt is outstanding through maturity. We have utilized market information as available or present value techniques to estimate the amounts required to be disclosed. Since such amounts are estimates that are based on limited available market information for similar transactions and do not acknowledge transfer or other repayment restrictions that may exist in specific loans, it is unlikely that the estimated fair value of any such debt could be realized by immediate settlement of the obligation.

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Recurring Fair Value of Marketable Securities

Marketable securities are measured at fair value on our Consolidated Balance Sheets using Level 1 inputs and included in Prepaid expenses and other assets. The fair values are shown below.

| | March 31, 2016 | | | December 31, 2015 | | |
|---|---|---|---|---|---|---|
| | Fair Value | Cost Basis | Unrealized Gain | Fair Value | Cost Basis | Unrealized Gain |
| Marketable securities: | | | | | | |
| Seritage Growth Properties | $ — | $ — | $ — | $45,278 | $33,300 | $ 11,978 |

During the three months ended March 31, 2016, we divested the entire investment in Seritage Growth Properties, recognized a gain of $13.1 million in management fees and other corporate revenues, and reclassified $12.0 million out of other comprehensive loss.

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NOTE 5 UNCONSOLIDATED REAL ESTATE AFFILIATES

Following is summarized financial information for all of our Unconsolidated Real Estate Affiliates accounted for using the equity method and a reconciliation to our total investment in Unconsolidated Real Estate Affiliates, inclusive of investments accounted for using the cost method (Note 2).

| | March 31, 2016 | December 31, 2015 |
|---|---|---|
| Condensed Combined Balance Sheets - Unconsolidated Real Estate Affiliates | | |
| Assets: | | |
| Land | $1,985,176 | $1,949,577 |
| Buildings and equipment | 12,464,359 | 12,344,045 |
| Less accumulated depreciation | (3,211,755) | (3,131,659) |
| Construction in progress | 639,623 | 828,521 |
| Net property and equipment | 11,877,403 | 11,990,484 |
| Investment in unconsolidated joint ventures | 423,652 | 421,778 |
| Net investment in real estate | 12,301,055 | 12,412,262 |
| Cash and cash equivalents | 343,959 | 426,470 |
| Accounts and notes receivable, net | 405,610 | 258,589 |
| Deferred expenses, net | 261,669 | 239,262 |
| Prepaid expenses and other assets | 445,345 | 472,123 |
| Total assets | $13,757,638 | $13,808,706 |
| | | |
| Liabilities and Owners' Equity: | \ | |
| Mortgages, notes and loans payable | $9,874,214 | $9,812,378 |
| Accounts payable, accrued expenses and other liabilities | 595,280 | 740,388 |
| Cumulative effect of foreign currency translation ("CFCT") | (59,350) | (67,224) |
| Owners' equity, excluding CFCT | 3,347,494 | 3,323,164 |
| Total liabilities and owners' equity | $13,757,638 | $13,808,706 |
| | | |
| Investment In and Loans To/From Unconsolidated Real Estate Affiliates, Net: | | |
| Owners' equity | $3,288,144 | $3,255,940 |
| Less: joint venture partners' equity | (1,523,252) | (1,518,581) |
| Plus: excess investment/basis differences | 1,551,357 | 1,550,193 |
| Investment in and loans to/from Unconsolidated Real Estate Affiliates, net (equity method) | 3,316,249 | 3,287,552 |
| | | |
| Investment in and loans to/from Unconsolidated Real Estate Affiliates, net (cost method) | 180,000 | 180,000 |
| | | |
| Investment in and loans to/from Unconsolidated Real Estate Affiliates, net | $3,496,249 | $3,467,552 |

| | | |
|---|---|---|
| Reconciliation - Investment In and Loans To/From Unconsolidated Real Estate Affiliates: | | |
| Asset - Investment in and loans to/from Unconsolidated Real Estate Affiliates | $3,535,457 | $3,506,040 |
| Liability - Investment in Unconsolidated Real Estate Affiliates | (39,208) | (38,488) |
| Investment in and loans to/from Unconsolidated Real Estate Affiliates, net | $3,496,249 | $3,467,552 |

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| | Three Months Ended March 31, | |
|---|---|---|
| | 2016 | 2015 |
| Condensed Combined Statements of Income - Unconsolidated Real Estate Affiliates (1) | | |
| Revenues: | | |
| Minimum rents | $258,122 | $223,959 |
| Tenant recoveries | 115,446 | 98,024 |
| Overage rents | 7,527 | 6,152 |
| Condominium sales | 282,838 | — |
| Other | 12,104 | 12,529 |
| Total revenues | 676,037 | 340,664 |
| Expenses: | | |
| Real estate taxes | 30,546 | 26,879 |
| Property maintenance costs | 10,995 | 12,655 |
| Marketing | 8,508 | 3,980 |
| Other property operating costs | 50,510 | 47,569 |
| Condominium cost of sales | 206,221 | — |
| Provision for doubtful accounts | 3,732 | 3,337 |
| Property management and other costs (2) | 16,907 | 15,254 |
| General and administrative | 273 | 1,115 |
| Depreciation and amortization | 109,281 | 93,922 |
| Total expenses | 436,973 | 204,711 |
| Operating income | 239,064 | 135,953 |
| Interest income | 1,899 | 1,954 |
| Interest expense | (101,018) | (92,297) |
| Provision for income taxes | (169) | (205) |
| Equity in loss of unconsolidated joint ventures | (32,437) | (180) |
| Income from continuing operations | 107,339 | 45,225 |
| Allocation to noncontrolling interests | (32) | (8) |
| Net income attributable to the ventures | $107,307 | $45,217 |
| Equity In Income of Unconsolidated Real Estate Affiliates: | | |
| Net income attributable to the ventures | $107,307 | $45,217 |
| Joint venture partners' share of income | (40,459) | (22,243) |
| Amortization of capital or basis differences | (9,357) | (11,721) |
| Equity in income of Unconsolidated Real Estate Affiliates | $57,491 | $11,253 |

(1) The Condensed Combined Statements of Income - Unconsolidated Real Estate Affiliates include income from Ala Moana Center subsequent to the formation of the joint venture on February 27, 2015.
(2) Includes management fees charged to the unconsolidated joint ventures by GGMI and GGSI.

The Unconsolidated Real Estate Affiliates represents our investments in real estate joint ventures that are not consolidated. We hold interests in 24 domestic joint ventures, comprising 41 U.S. retail properties and one joint venture in Brazil. Generally, we share in the profits and losses, cash flows and other matters relating to our investments in Unconsolidated Real Estate Affiliates in accordance with our respective ownership percentages. We manage most of the properties owned by these joint ventures. We account for investments in joint ventures where we own a non-controlling joint interest using either the equity method or the cost method. If we have significant influence but not control over the the investment, we utilize the equity method. If we have neither control or significant influence, we utilize the cost method.

On March 7, 2014, we formed a joint venture, AMX Partners, LLC ("AMX"), with Kahiolu Partners, LLC ("MKB") for the purpose of constructing a luxury residential condominium tower on a site located within the Ala Moana Shopping Center. AMX commenced recognizing revenues and cost of sales from the sale of condominiums using the percentage of completion method during the three months ended March 31, 2016.

In accordance with GAAP, sales of condominiums have been recognized using the percentage of completion method. Under this method, revenue is recognized when (1) construction is beyond a preliminary stage, (2) buyers are unable to receive refunds of down-payments except in the event of non-delivery, (3) a substantial percentage of the condominiums are under firm contracts, (4) collection of the sales price is reasonably assured and (5) sales proceeds and costs can be reasonably estimated. The revenue from condominium sales is calculated based on the percentage of completion, as determined by the construction contract costs incurred to date in relation to the total estimated construction costs.

On March 24, 2016, Kenwood Towne Centre (property included in a joint venture of which we are 50% owner) acquired fee title to a portion of the property previously held under ground lease for a gross purchase price of $43.0 million.

On January 29, 2016, we sold our interest in 522 Fifth Avenue to our joint venture partner, for $25.0 million, inclusive of the repayment of previously existing notes receivable from our joint venture partner. We received proceeds of $10.0 million upon closing and will receive the remaining $15.0 million in proceeds on December 1, 2016. This transaction resulted in a gain on sale of $11.0 million recognized in Unconsolidated Real Estate Affiliates - gain on investment for the three months ended March 31, 2016.

On January 8, 2016, we closed on the sale of our 50% interest in Owings Mills to our joint venture partner for a gross sales price
of $11.6 million. This transaction resulted in a gain on sale of $0.6 million recognized in Unconsolidated Real Estate Affiliates - gain on investment for the three months ended March 31, 2016.

On January 29, 2015, we sold our interest in a joint venture that owns Trails Village, which resulted in our recognition of a gain of $12.0 million. The $12.0 million is recognized within Unconsolidated Real Estate Affiliates - gain on investment on our Consolidated Statements of Comprehensive Income.

Unconsolidated Mortgages, Notes and Loans Payable, and Retained Debt

Our proportionate share of the mortgages, notes and loans payable of the unconsolidated joint ventures was $5.1 billion as of March 31, 2016 and December 31, 2015, including Retained Debt (as defined below). There can be no assurance that the Unconsolidated Properties will be able to refinance or restructure such debt on acceptable terms or otherwise, or that joint venture operations or contributions by us and/or our partners will be sufficient to repay such loans.

We have debt obligations in excess of our pro rata share of the debt for one of our Unconsolidated Real Estate Affiliates ("Retained Debt"). This Retained Debt represents distributed debt proceeds of the Unconsolidated Real Estate Affiliates in excess of our pro rata share of the non-recourse mortgage indebtedness. The proceeds of the Retained Debt which were distributed to us are included as a reduction in our investment in Unconsolidated Real Estate Affiliates. We had retained debt of $87.5 million at one property as of March 31, 2016, and $87.9 million as of December 31, 2015. We are obligated to contribute funds on an ongoing basis, as needed, to our Unconsolidated Real Estate Affiliates in amounts sufficient to pay debt service on such Retained Debt. If we do not contribute such funds, our distributions from such Unconsolidated Real Estate Affiliates, or our interest in, could be reduced to the extent of such deficiencies. As of March 31, 2016, we do not anticipate an inability to perform on our obligations with respect to Retained Debt.

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NOTE 6 MORTGAGES, NOTES AND LOANS PAYABLE

Mortgages, notes and loans payable and the weighted-average interest rates are summarized as follows:

| | March 31, 2016 (1) | Weighted-Average Interest Rate (2) | | December 31, 2015 (3) | Weighted-Average Interest Rate (2) | |
|---|---|---|---|---|---|---|
| Fixed-rate debt: | | | | | | |
| Collateralized mortgages, notes and loans payable (4) | $11,886,319 | 4.43 | % | $11,921,302 | 4.43 | % |
| Total fixed-rate debt | 11,886,319 | 4.43 | % | 11,921,302 | 4.43 | % |
| Variable-rate debt: | | | | | | |
| Collateralized mortgages, notes and loans payable (4) | 1,992,483 | 2.26 | % | 1,991,022 | 2.08 | % |
| Revolving credit facility (5) | (10,586 ) | — | | 303,836 | 1.89 | % |
| Total variable-rate debt | 1,981,897 | 2.26 | % | 2,294,858 | 2.05 | % |
| Total Mortgages, notes and loans payable | $13,868,216 | 4.12 | % | $14,216,160 | 4.05 | % |
| Junior subordinated notes | $206,200 | 2.07 | % | $206,200 | 1.77 | % |

(1) Includes $32.8 million of market rate adjustments and $37.5 million of deferred financing costs.
(2) Represents the weighted-average interest rates on our contractual principal balances.
(3) Includes $33.0 million of market rate adjustments and $40.2 million of deferred financing costs.
(4) $1.4 billion of the variable-rate balance is cross-collateralized.
(5) Includes deferred financing costs, which are shown as a reduction to the debt balance. See table below for the balance excluding deferred financing costs.

Collateralized Mortgages, Notes and Loans Payable

As of March 31, 2016, $18.1 billion of land, buildings and equipment (before accumulated depreciation) and construction in progress have been pledged as collateral for our mortgages, notes and loans payable. Certain of these consolidated secured loans, representing $1.4 billion of debt, are cross-collateralized with other properties. Although a majority of the $13.9 billion of fixed and variable rate collateralized mortgages, notes and loans payable are non-recourse, $1.5 billion of such mortgages, notes and loans payable are recourse to the Company as guarantees on secured financings. In addition, certain mortgage loans contain other credit enhancement provisions which have been provided by GGP. Certain mortgages, notes and loans payable may be prepaid but are generally subject to a prepayment penalty equal to a yield-maintenance premium, defeasance or a percentage of the loan balance.

During the year ended December 31, 2015, we refinanced consolidated mortgage notes totaling $710.0 million at four properties and generated net proceeds of $240.9 million. The prior loans totaling $469.1 million had a weighted-average term-to-maturity of 1.3 years, and a weighted-average interest rate of 5.6%. The new loans have a weighted-average term-to-maturity of 10.0 years,and a weighted-average interest rate of 3.8%. In addition, we paid down $594.3 million of consolidated mortgage notes at five properties. The prior loans had a weighted-average term-to-maturity of 1.5 years, and a weighted-average interest rate of 5.3%. We also obtained new mortgage notes totaling $250.0 million on two properties with a weighted-average term-to-maturity of 10.0 years and a weighted-average interest rate of 4.3%.

We did not refinance any consolidated mortgage notes during the three months ended March 31, 2016.

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Corporate and Other Unsecured Loans

We have certain unsecured debt obligations, the terms of which are described below:

| | March 31, 2016 (1) | Weighted-Average Interest Rate | December 31, 2015 (2) | Weighted-Average Interest Rate |
|---|---|---|---|---|
| Unsecured debt: | | | | |
| Revolving credit facility | $ — | | $315,000 | 1.89 % |
| Total unsecured debt | $ — | | $315,000 | 1.89 % |

(1) Excludes deferred financing costs of $10.6 million in 2016 that decrease the total amount that appears outstanding in our
Consolidated Balance Sheets.
(2) Excludes deferred financing costs of $11.2 million in 2015 that decrease the total amount that appears outstanding in our
Consolidated Balance Sheets.

Our revolving credit facility (the "Facility") as amended on October 30, 2015, provides for revolving loans of up to $1.1 billion. The Facility has an uncommitted accordion feature for a total facility of up to $1.5 billion. The Facility is scheduled to mature in October 2020 and is unsecured. Borrowings under the Facility bear interest at a rate equal to LIBOR plus 130 to 190 basis points or at a base rate plus 30 to 90 basis points, which is determined by the Company’s leverage level. The Facility contains certain restrictive covenants which limit material changes in the nature of our business conducted, including, but not limited to, mergers, dissolutions or liquidations, dispositions of assets, liens, incurrence of additional indebtedness, dividends, transactions with affiliates, prepayment of subordinated debt, negative pledges and changes in fiscal periods. In addition, we are required not to exceed a maximum net debt-to-value ratio, a maximum leverage ratio and a minimum net cash interest coverage ratio; we are not aware of any instances of non-compliance with such covenants as of March 31, 2016. As of March 31, 2016, no amount was outstanding on the Facility.

Junior Subordinated Notes

GGP Capital Trust I, a Delaware statutory trust (the "Trust") and a wholly-owned subsidiary of GGPN, completed a private placement of $200.0 million of trust preferred securities ("TRUPS") in 2006. The Trust also issued $6.2 million of Common Securities to GGPOP. The Trust used the proceeds from the sale of the TRUPS and Common Securities to purchase $206.2 million of floating rate Junior subordinated notes of GGPOP due 2036. Distributions on the TRUPS are equal to LIBOR plus 1.45%. Distributions are cumulative and accrue from the date of original issuance. The TRUPS mature on April 30, 2036, but may be redeemed beginning on April 30, 2011 if the Trust exercises its right to redeem a like amount of Junior subordinated notes. The Junior subordinated notes bear interest at LIBOR plus 1.45% and are fully recourse to the Company. Though the Trust currently is a wholly-owned subsidiary of GGPN, we are not the primary beneficiary of the Trust and, accordingly, it is not consolidated for accounting purposes. We have recorded the Junior subordinated notes as a liability and our common equity interest in the Trust as prepaid expenses and other assets in our Consolidated Balance Sheets as of March 31, 2016 and December 31, 2015.

Letters of Credit and Surety Bonds

We had outstanding letters of credit and surety bonds of $50.8 million as of March 31, 2016 and $76.1 million as of December 31, 2015. These letters of credit and bonds were issued primarily in connection with insurance requirements, special real estate assessments and construction obligations.

We are not aware of any instances of non-compliance with our financial covenants related to our mortgages, notes and loans payable as of March 31, 2016.

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NOTE 7 INCOME TAXES

We have elected to be taxed as a REIT under the Internal Revenue Code. We intend to maintain REIT status. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement to distribute at least 90% of our taxable ordinary income. In addition, the Company is required to meet certain asset and income tests.

As a REIT, we will generally not be subject to corporate level Federal income tax on taxable income we distribute currently to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to Federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for four subsequent taxable years. Even if we qualify for taxation as a REIT, we may be subject to certain state and local taxes on our income or property, and to Federal income and excise taxes on our undistributed taxable income and capital gains. We are currently statutorily open to audit by the Internal Revenue Service for the years ended December 31, 2012 through 2015 and are statutorily open to audit by state taxing authorities for the years ended December 31, 2011 through 2015.

We have no unrecognized tax benefits recorded pursuant to uncertain tax positions as of March 31, 2016.

NOTE 8 WARRANTS

Brookfield owns 73,930,000 warrants (the "Warrants") to purchase common stock of GGP with an initial weighted average exercise price of $10.70. Each Warrant was fully vested upon issuance, has a term of seven years and expires on November 9, 2017. Below is a summary of Warrants that were originally issued and are still outstanding.

| Initial Warrant Holder | Number of Warrants | Initial Exercise Price |
|---|---|---|
| Brookfield - A | 57,500,000 | $ 10.75 |
| Brookfield - B | 16,430,000 | 10.50 |
| | 73,930,000 | |

The exercise prices of the Warrants are subject to adjustment for future dividends, stock dividends, distribution of assets, stock splits or reverse splits of our common stock or certain other events. In accordance with the agreement, these calculations adjust both the exercise price and the number of shares issuable for the originally issued 73,930,000 Warrants. During 2015 and 2016, the number of shares issuable upon exercise of the outstanding Warrants changed as follows:

| | | Exercise Price | |
|---|---|---|---|
| Record Date | Issuable Shares | Brookfield - A | Brookfield - B |
| April 15, 2015 | 87,856,714 | 9.05 | 8.84 |
| July 15, 2015 | 88,433,357 | 8.99 | 8.78 |
| October 15, 2015 | 89,039,571 | 8.93 | 8.72 |

| | | | |
|---|---|---|---|
| December 15, 2015 | 89,697,535 | 8.86 | 8.66 |

Brookfield has the option for 57,500,000 Warrants to either full share settle (i.e. deliver cash for the exercise price of the Warrants in the amount of approximately $618 million in exchange for approximately 70 million shares of common stock) or net share settle. The remaining 16,430,000 Warrants owned or managed by Brookfield must be net share settled. As of March 31, 2016, the Warrants are exercisable into approximately 63 million common shares of the Company, at a weighted-average exercise price of approximately $8.82 per share. Due to their ownership of Warrants, Brookfield's potential ownership of the Company may change as a result of payments of dividends and changes in our stock price.

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NOTE 9 EQUITY AND REDEEMABLE NONCONTROLLING INTERESTS

Allocation to Noncontrolling Interests

Noncontrolling interests consists of the redeemable interests related to GGPOP Common, Preferred and LTIP Units and the noncontrolling interest in our consolidated joint ventures. The following table reflects the activity included in the allocation to noncontrolling interests.

| | Three Months Ended March 31, | |
|---|---|---|
| | 2016 | 2015 |
| Distributions to preferred GGPOP units | $(2,201) | $(2,232) |
| Net income allocation to noncontrolling interests in GGPOP from continuing operations (common units) | (1,035) | (3,440) |
| Net income allocation to noncontrolling interests in GGPOP from continuing operations (LTIP units) | (490) | (906) |
| Net loss (income) allocated to noncontrolling interest in consolidated real estate affiliates | 169 | (441) |
| Allocation to noncontrolling interests | (3,557) | (7,019) |
| Other comprehensive loss allocated to noncontrolling interests | 62 | 229 |
| Comprehensive income allocated to noncontrolling interests | $(3,495) | $(6,790) |

Redeemable Noncontrolling Interests

The noncontrolling interest related to the Common, Preferred, and LTIP Units of GGPOP are presented either as redeemable noncontrolling interests or as noncontrolling interests in our permanent equity on our Consolidated Balance Sheets. Classification as redeemable or permanent equity is considered on a tranche-by-tranche basis and is dependent on whether we could be required, under certain events outside of our control, to redeem the securities for cash by the holders of the securities. Those tranches for which we could be required to redeem the security for cash are included in redeemable equity. If we control the decision to redeem the securities for cash, the securities are classified as permanent equity.

The Common and Preferred Units of GGPOP are recorded at the greater of the carrying amount adjusted for the noncontrolling interest's share of the allocation of income or loss (and its share of other comprehensive income or loss) and dividends or their redemption value (i.e. fair value) as of each measurement date. The excess of the fair value over the carrying amount from period to period is recorded within additional paid-in capital in our Consolidated Balance Sheets. Allocation to noncontrolling interests is presented as an adjustment to net income to arrive at Net income (loss) attributable to General Growth Properties, Inc.

The common redeemable noncontrolling interests have been recorded at fair value for all periods presented. One tranche of preferred redeemable noncontrolling interests has been recorded at fair value, while the other tranches of preferred redeemable noncontrolling interests have been recorded at carrying value.

Generally, the holders of the Common Units share in any distributions by GGPOP with our common stockholders. However, the GGPOP operating partnership agreement permits distributions solely to GGP if such distributions were required to allow GGP to comply with the REIT distribution requirements or to avoid the imposition of excise tax. Under certain circumstances, the conversion rate for each Common Unit is required to be adjusted to give effect to stock distributions. If the holders had requested redemption of the Common and Preferred Units as of March 31, 2016, the aggregate amount of cash we would have paid would have been $141.7 million and $167.7 million, respectively.

GGPOP issued Preferred Units that are convertible into Common Units of GGPOP at the rates below (subject to adjustment). The holder may convert the Preferred Units into Common Units of GGPOP at any time, subject to certain restrictions. The Common Units are convertible into common stock at approximately a one-to-one ratio at the current stock price.

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| | Number of Common Units for each Preferred Unit | Number of Contractual Preferred Units Outstanding as of March 31, 2016 | Converted Basis to Common Units Outstanding as of March 31, 2016 | Conversion Price | Redemption Value (1) |
|---|---|---|---|---|---|
| Series B | 3.00000 | 1,250 | 3,901 | $ 16.66670 | $ 115,962 |
| Series D | 1.50821 | 533 | 835 | 33.15188 | 26,637 |
| Series E | 1.29836 | 503 | 679 | 38.51000 | 25,133 |
| | | | | | $ 167,732 |

(1) The conversion price of Series B preferred units is lower than the GGP March 31, 2016 closing common stock price of $29.73; therefore, the March 31, 2016 common stock price of $29.73, and an additional conversion rate of 1.0397624 shares is used to calculate the Series B redemption value.

The following table reflects the activity of the redeemable noncontrolling interests for the three months ended March 31, 2016, and 2015.

| | |
|---|---|
| Balance at January 1, 2015 | $ 299,296 |
| Net income | 3,440 |
| Distributions | (1,109 ) |
| Redemption of GGPOP units | (713 ) |
| Other comprehensive loss | (229 ) |
| Fair value adjustment for noncontrolling interests in Operating Partnership | 9,730 |
| Balance at March 31, 2015 | $ 310,415 |
| | |
| Balance at January 1, 2016 | $ 287,627 |
| Net income | 1,035 |
| Distributions | (1,668 ) |
| Redemption of GGPOP units | (1,592 ) |
| Other comprehensive loss | (62 ) |
| Fair value adjustment for noncontrolling interests in Operating Partnership | 24,130 |
| Balance at March 31, 2016 | $ 309,470 |

Common Stock Dividend

Our Board of Directors declared common stock dividends during 2016 and 2015 as follows:

| Declaration Date | Record Date | Payment Date | Dividend Per Share |
|---|---|---|---|
| 2016 | | | |
| May 2 | July 15 | July 29, 2016 | $ 0.19 |

| | | | |
|---|---|---|---|
| February 1 | April 15 | April 29, 2016 | 0.19 |
| 2015 | | | |
| November 2 | December 15 | January 4, 2016 | $ 0.19 |
| September 1 | October 15 | October 30, 2015 | 0.18 |
| May 21 | July 15 | July 31, 2015 | 0.17 |
| February 19 | April 15 | April 30, 2015 | 0.17 |

Our Dividend Reinvestment Plan ("DRIP") provides eligible holders of GGP's common stock with a convenient method of increasing their investment in the Company by reinvesting all or a portion of cash dividends in additional shares of common stock. Eligible stockholders who enroll in the DRIP on or before the fourth business day preceding the record date for a dividend payment

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will be able to have that dividend reinvested. As a result of the DRIP elections, 6,398 shares were issued during the three months ended March 31, 2016 and 4,149 shares were issued during the three months ended March 31, 2015.

Preferred Stock

On February 13, 2013, we issued, in a public offering, 10,000,000 shares of 6.375% Series A Cumulative Perpetual Preferred Stock (the "Preferred Stock") at a price of $25.00 per share, resulting in net proceeds of $242.0 million after issuance costs. The Preferred Stock is recorded net of issuance costs within equity on our Consolidated Balance Sheets, and accrues a quarterly dividend at an annual rate of 6.375%. The dividend is paid in arrears in preference to dividends on our common stock, and reduces net income available to common stockholders, and therefore, earnings per share.

The Preferred Stock does not have a stated maturity date but we may redeem the Preferred Stock after February 12, 2018, for $25.00 per share plus all accrued and unpaid dividends. We may redeem the Preferred Stock prior to February 12, 2018, in limited circumstances that preserve ownership limits and/or our status as a REIT, as well as during certain circumstances surrounding a change of control. Upon certain circumstances surrounding a change of control, holders of Preferred Stock may elect to convert each share of their Preferred Stock into a number of shares of GGP common stock equivalent to $25.00 plus accrued and unpaid dividends, but not to exceed a cap of 2.4679 common shares (subject to certain adjustments related to GGP common share splits, subdivisions, or combinations).

Our Board of Directors declared preferred stock dividends during 2016 and 2015 as follows:

| Declaration Date | Record Date | Payment Date | Dividend Per Share |
|---|---|---|---|
| 2016 | | | |
| May 2 | June 15 | July 1, 2016 | $ 0.3984 |
| February 1 | April 15 | April 29, 2016 | 0.3984 |
| 2015 | | | |
| November 2 | December 15 | January 4, 2016 | $ 0.3984 |
| September 1 | September 15 | October 1, 2015 | 0.3984 |
| May 21 | June 15 | July 1, 2015 | 0.3984 |
| February 19 | March 16 | April 1, 2015 | 0.3984 |

Accumulated Other Comprehensive Loss

The following table reflects the activity of the components of accumulated other comprehensive loss for the three months ended March 31, 2016, and 2015:

| | Foreign currency translation | Net unrealized gains (losses) on other financial | Reclassification adjustment for realized gains on available-for-sale securities included in net | Total |
|---|---|---|---|---|

| | | instruments | income | |
|---|---|---|---|---|
| Balance at January 1, 2015 | $(51,823) | $ 70 | $ — | $(51,753) |
| Other comprehensive income (loss) | (17,489) | (21) | — | (17,510) |
| Balance at March 31, 2015 | $(69,312) | $ 49 | $ — | $(69,263) |
| | | | | |
| Balance at January 1, 2016 | $(84,798) | $ 100 | $ 11,894 | $(72,804) |
| Other comprehensive income (loss) | 6,939 | 9 | (11,894) | (4,946) |
| Balance at March 31, 2016 | $(77,859) | $ 109 | $ — | $(77,750) |

Realized gains from the sale of available-for-sale securities are included in management fees and other corporate revenues.

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## NOTE 10 EARNINGS PER SHARE

Basic earnings per share ("EPS") is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding. Diluted EPS is computed after adjusting the numerator and denominator of the basic EPS computation for the effects of all potentially dilutive common shares. The dilutive effect of the Warrants and the dilutive effect of options and their equivalents (including fixed awards and nonvested stock issued under stock-based compensation plans), are computed using the "treasury" method.

Information related to our EPS calculations is summarized as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2016 | 2015 |
| Numerators - Basic and Diluted: | | |
| Income from continuing operations | $195,337 | $641,750 |
| Preferred Stock dividends | (3,984) | (3,984) |
| Allocation to noncontrolling interests | (3,557) | (7,019) |
| Income from continuing operations - attributable to common stockholders | 187,796 | 630,747 |
| | | |
| Net income | 195,337 | 641,750 |
| Preferred Stock dividends | (3,984) | (3,984) |
| Allocation to noncontrolling interests | (3,557) | (7,019) |
| Net income attributable to common stockholders | $187,796 | $630,747 |
| | | |
| Denominators: | | |
| Weighted-average number of common shares outstanding - basic | 882,673 | 885,462 |
| Effect of dilutive securities | 67,481 | 68,970 |
| Weighted-average number of common shares outstanding - diluted | 950,154 | 954,432 |
| | | |
| Anti-dilutive Securities: | | |
| Effect of Preferred Units | 5,415 | 5,472 |
| Effect of Common Units | 4,768 | 4,799 |
| Effect of LTIP Units | 1,742 | 1,256 |
| Weighted-average number of anti-dilutive securities | 11,925 | 11,527 |

For the three months ended March 31, 2016 and 2015, dilutive options and dilutive shares related to the Warrants are included in the denominator of EPS.

Outstanding Common Units and LTIP Units have also been excluded from the diluted earnings per share calculation because including such Common Units would also require that the share of GGPOP income attributable to such Common Units be added back to net income therefore resulting in no effect on EPS. Outstanding Preferred Units have been excluded from the diluted EPS calculation for all periods presented because including the Preferred Units would also require that the Preferred Units dividend be added back to the net income, resulting in anti-dilution.

GGP owned 55,969,390 shares of treasury stock as of March 31, 2016 and 2015. These shares are presented as common stock in treasury, at cost, on our Consolidated Balance Sheets. Accordingly, these shares have been excluded from the calculation of EPS.

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NOTE 11 STOCK-BASED COMPENSATION PLANS

The General Growth Properties, Inc. 2010 Equity Plan (the ''Equity Plan'') reserved for issuance of 4% of outstanding shares on a fully diluted basis. The Equity Plan provides for grants of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, other stock-based awards and performance-based compensation (collectively, the ''Awards''). Directors, officers and other employees of GGP's and its subsidiaries and affiliates are eligible for the Awards. The Equity Plan is not subject to the Employee Retirement Income Security Act of 1974, as amended. No participant may be granted more than 4,000,000 shares, or the equivalent dollar value of such shares, in any year. Options granted under the Equity Plan will be designated as either nonqualified stock options or incentive stock options. An option granted as an incentive stock option will, to the extent it fails to qualify as an incentive stock option, be treated as a nonqualified option. The exercise price of an option may not be less than the fair value of a share of GGP's common stock on the date of grant. The term of each option will be determined prior to the date of grant, but may not exceed 10 years.

On November 12, 2014, the Company's Equity Plan was amended to allow for the grant of LTIP Units to certain officers, directors, and employees of the Company as an alternative to the Company's stock options or restricted stock. LTIP Units are classes of partnership interests that under certain conditions, including vesting, are convertible by the holder into common units, which are redeemable by the holder for common shares on a one-to-one ratio (subject to adjustment for changes to GGP's capital structure) or for the cash value of such shares at the option of the Company.

On February 17, 2016, the Company's Equity Plan was amended to allow for the grant of restricted stock or LTIP Units to certain officers, directors, and employees of the Company that vest based on the achievement of certain established metrics that are based on the performance of the Company.

Compensation expense related to stock-based compensation plans for the three months ended March 31, 2016, and 2015 is summarized in the following table in thousands:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2016 | 2015 |
| Stock options - Property management and other costs | $1,487 | $1,889 |
| Stock options - General and administrative | 2,755 | 2,794 |
| Restricted stock - Property management and other costs | 541 | 773 |
| Restricted stock - General and administrative | 149 | 148 |
| LTIP Units - Property management and other costs | 209 | 383 |
| LTIP Units - General and administrative | 3,168 | 2,466 |
| Total | $8,309 | $8,453 |

The following tables summarize stock option and LTIP Unit activity for the Equity Plan for GGP for the three months ended March 31, 2016, and 2015:

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | Shares | Weighted Average | Shares | Weighted Average |

| | | Exercise Price | | Exercise Price |
|---|---|---|---|---|
| Stock options Outstanding at January 1, | 18,162,700 | $ 17.51 | 19,744,224 | $ 17.36 |
| Granted | 91,261 | 26.07 | 267,253 | 29.15 |
| Exercised | (318,826) | 17.79 | (936,082) | 16.75 |
| Forfeited | (207,446) | 20.02 | (124,784) | 20.22 |
| Expired | (468) | 19.24 | (2,439) | 19.24 |
| Stock options Outstanding at March 31, | 17,727,221 | $ 17.52 | 18,948,172 | $ 17.53 |

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| | 2016 | | 2015 | |
|---|---|---|---|---|
| | Shares | Weighted Average Grant Date Fair Value | Shares | Weighted Average Grant Date Fair Value |
| LTIP Units Outstanding at January 1, | 1,724,747 | $ 29.33 | — | $ — |
| Granted | 2,640,963 | 26.07 | 1,758,396 | 29.33 |
| Exercised | — | — | — | — |
| Forfeited | (38,862 ) | 29.15 | — | — |
| Expired | — | — | — | — |
| LTIP Units Outstanding at March 31, | 4,326,848 | $ 27.35 | 1,758,396 | $ 29.33 |

There was no significant restricted stock activity for the three months ended March 31, 2016 and 2015.

NOTE 12 ACCOUNTS AND NOTES RECEIVABLE, NET

The following table summarizes the significant components of Accounts and notes receivable, net.

| | March 31, 2016 | December 31, 2015 |
|---|---|---|
| Trade receivables | $114,154 | $ 109,399 |
| Notes receivable | 621,086 | 614,305 |
| Straight-line rent receivable | 241,575 | 236,589 |
| Other accounts receivable | 3,393 | 3,918 |
| Total accounts and notes receivable | 980,208 | 964,211 |
| Provision for doubtful accounts | (17,811 ) | (14,655 ) |
| Total accounts and notes receivable, net | $962,397 | $ 949,556 |

On November 11, 2015, we entered into a promissory note with our joint venture partner, Ashkenazy Holding Co., LLC ("AHC"), in which we lent $57.6 million that bears interest at 8% per annum. The note is collateralized by AHC's equity in Miami Design District Associates, which is part of the AACMDD Group, LLC joint venture ("AACMDD"). We have an option through November 15, 2016 to purchase the collateral in exchange for cancellation of the note. If the option is exercised, the closing date will be on January 16, 2017 and all amounts previously paid by AHC must be repaid to AHC.
On September 17, 2015, we entered into a promissory note with our joint venture partner, AHC, in which we lent $40.4 million that bears interest at 6% per annum. The note is collateralized by AHC's equity in Miami Design District Associates, which is part of AACMDD. We have an option through August 15, 2016 to purchase the collateral in exchange for cancellation of the note. If the option is exercised, all amounts previously paid by AHC must be repaid to AHC.

On June 30, 2015, we entered into a promissory note with our joint venture partner MKB (defined in Note 5), in which we would lend MKB up to $80 million for capital calls after an initial contribution of $80 million by MKB and until the joint venture secured construction financing. This loan bears interest at LIBOR plus 6% and is secured by

MKB's partnership interest in AMX, which is constructing a luxury residential condominium tower on a site located within the Ala Moana Shopping Center. As of March 31, 2016, there was $19.6 million outstanding on this loan. Construction financing closed during the third quarter of 2015.

Notes receivable includes $204.3 million of notes receivables from our joint venture partners related to the acquisition of 730 Fifth Avenue in New York, New York. The first note was issued for $104.3 million, bears interest at 8.0% compounded annually and matures on February 12, 2025. The second note was issued for $100.0 million to the joint venture partner acquiring the office portion of the property and bears interest at LIBOR plus 13.2% subject to terms and conditions in the loan agreement and matures on April 17, 2025. As of March 31, 2016, there was $217.3 million outstanding on these loans.

Also included in notes receivable is $112.3 million and $47.5 million due from our joint venture partner related to the acquisition of the properties at 685 Fifth Avenue and 530 Fifth Avenue in New York, New York. The notes receivable bear interest at 7.5%

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and 9% respectively. Interest is compounded quarterly with accrued but unpaid interest increasing the loan balance. The notes are collateralized by our partner's ownership interest in the joint ventures. The loans mature on June 27, 2024 and June 18, 2024, respectively.

Included in notes receivable is a $71.0 million note receivable issued to Rique Empreendimentos e Participacoes Ltda. ("Rique") in conjunction with our sale of Aliansce Shopping Centers, S.A. ("Aliansce") to Rique and Canada Pension Plan Investment Board on September 30, 2013. The note receivable is denominated in Brazilian Reais, bears interest at an effective interest rate of approximately 14%, is collateralized by shares of common stock in Aliansce, and requires annual principal and interest payments over the term. During the three months ended March 31, 2016, we determined, based on current information and events, that it is probable that we will be unable to collect all amounts due according to the contractual terms of the receivable. As the note receivable is a collateral dependent loan, we have estimated the provision for loss based on the fair value of the market price of the Aliansce shares which serve as the collateral for the loan. We recognized a $36.1 million loss on the note recorded in the provision for loan loss on the Consolidated Statements of Comprehensive Income based on the value of the collateral and included accrued interest of $7.5 million in the provision for loan loss. We recognized the impact of changes in the exchange rate on the note receivable as gain or loss on foreign currency in our Consolidated Statements of Comprehensive Income.

NOTE 13 PREPAID EXPENSES AND OTHER ASSETS

The following table summarizes the significant components of Prepaid expenses and other assets.

| | March 31, 2016 | | | December 31, 2015 | | |
|---|---|---|---|---|---|---|
| | Gross Asset | Accumulated Amortization | Balance | Gross Asset | Accumulated Amortization | Balance |
| Intangible assets: | | | | | | |
| Above-market tenant leases, net | $601,291 | $(394,212) | $207,079 | $644,728 | $(416,181) | $228,547 |
| Below-market ground leases, net | 118,994 | (11,226) | 107,768 | 119,545 | (10,761) | 108,784 |
| Real estate tax stabilization agreement, net | 111,506 | (34,035) | 77,471 | 111,506 | (32,458) | 79,048 |
| Total intangible assets | $831,791 | $(439,473) | $392,318 | $875,779 | $(459,400) | $416,379 |
| | | | | | | |
| Remaining prepaid expenses and other assets: | | | | | | |
| Security and escrow deposits | | | 78,896 | | | 87,818 |
| Prepaid expenses | | | 40,464 | | | 43,809 |
| Other non-tenant receivables (1) | | | 349,864 | | | 342,438 |
| Deferred tax, net of valuation allowances | | | 21,000 | | | 19,743 |
| Marketable securities | | | — | | | 45,278 |
| Other | | | 57,466 | | | 41,869 |
| Total remaining prepaid expenses and other assets | | | 547,690 | | | 580,955 |
| Total prepaid expenses and other assets | | | $940,008 | | | $997,334 |

(1) Includes receivable due from our joint venture partners due upon completion of the redevelopment at Ala Moana.

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## NOTE 14 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The following table summarizes the significant components of Accounts payable and accrued expenses.

| | March 31, 2016 | | | December 31, 2015 | | |
|---|---|---|---|---|---|---|
| | Gross Liability | Accumulated Accretion | Balance | Gross Liability | Accumulated Accretion | Balance |
| Intangible liabilities: | | | | | | |
| Below-market tenant leases, net | 325,532 | (184,496) | $141,036 | 356,115 | (203,474) | $152,641 |
| Above-market headquarters office leases, net | 15,268 | (9,040) | $6,228 | 15,268 | (8,604) | $6,664 |
| Above-market ground leases, net | 9,127 | (1,982) | $7,145 | 9,127 | (1,890) | $7,237 |
| Total intangible liabilities | $349,927 | $(195,518) | $154,409 | $380,510 | $(213,968) | $166,542 |
| | | | | | | |
| Remaining Accounts payable and accrued expenses: | | | | | | |
| Accrued interest | | | 47,074 | | | 46,129 |
| Accounts payable and accrued expenses | | | 62,923 | | | 64,954 |
| Accrued real estate taxes | | | 75,492 | | | 80,599 |
| Deferred gains/income | | | 103,191 | | | 125,701 |
| Accrued payroll and other employee liabilities | | | 28,159 | | | 66,970 |
| Construction payable | | | 116,219 | | | 158,027 |
| Tenant and other deposits | | | 23,278 | | | 25,296 |
| Insurance reserve liability | | | 16,060 | | | 15,780 |
| Capital lease obligations | | | 11,204 | | | 11,385 |
| Conditional asset retirement obligation liability | | | 5,877 | | | 5,927 |
| Other | | | 23,524 | | | 17,183 |
| Total remaining Accounts payable and accrued expenses | | | 513,001 | | | 617,951 |
| Total Accounts payable and accrued expenses | | | $667,410 | | | $784,493 |

## NOTE 15 LITIGATION

In the normal course of business, from time to time, we are involved in legal proceedings relating to the ownership and operations of our properties. In management's opinion, the liabilities, if any, that may ultimately result from such legal actions are not expected to have a material effect on our consolidated financial position, results of operations or liquidity. Neither the Company nor any of the Unconsolidated Real Estate Affiliates is currently involved in any material pending legal proceedings nor, to our knowledge, is any material legal proceeding currently threatened against the Company or any of the Unconsolidated Real Estate Affiliates.

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NOTE 16 COMMITMENTS AND CONTINGENCIES

We lease land or buildings at certain properties from third parties. The leases generally provide us with a right of first refusal in the event of a proposed sale of the property by the landlord. Rental payments are expensed as incurred and have been straight-lined over the term of the lease, to the extent applicable. The following is a summary of our contractual rental expense as presented in our Consolidated Statements of Comprehensive Income:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2016 | 2015 |
| Contractual rent expense, including participation rent | $2,107 | $2,300 |
| Contractual rent expense, including participation rent and excluding amortization of above and below-market ground leases and straight-line rent | 1,527 | 1,697 |

NOTE 17 SUBSEQUENT EVENTS

On April 25, 2016, the Company amended the $1.4 billion corporate loan. The amended loan is secured by cross collateralized mortgages on 15 properties. The interest rate remained consistent at the London Interbank Offered Rate ("LIBOR") plus 1.75%, however, the Company was able to decrease the recourse from 100% to 50% and extend the term for three years. The loan now matures April 25, 2019, with two one year extension options.

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## ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

All references to numbered Notes are to specific footnotes to our consolidated financial statements included in this Quarterly Report and whose descriptions are incorporated into the applicable response by reference. The following discussion should be read in conjunction with such consolidated financial statements and related Notes. Capitalized terms used, but not defined, in this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") have the same meanings as in such Notes.

### Overview

Our primary business is owning and operating best-in-class retail properties that provide an outstanding environment and experience for our communities, retailers, employees, consumers and shareholders. We are an S&P 500 real estate company with a property portfolio comprised primarily of Class A malls (defined primarily by sales per square foot) and urban retail properties. Our retail properties are the core centers of retail, dining and entertainment within their trade areas and, therefore, represent hubs of such activity. As of March 31, 2016, we own, either entirely or with joint venture partners, 128 retail properties located throughout the United States comprising approximately 126 million square feet of gross leasable area ("GLA").

We provide management and other services to substantially all of our properties, including properties which we own through joint venture arrangements and which are unconsolidated for GAAP purposes. Our management operating philosophies and strategies are the same whether the properties are consolidated or unconsolidated.

We seek long-term growth in Company NOI and Company EBITDA (as defined below) through proactive management and leasing of our properties. We believe that the most significant operating factor affecting incremental cash flow and Company EBITDA growth is increased rents earned from tenants at our properties. This growth is primarily achieved by:

- positive leasing spreads;
- improved occupancy; and
- value creation from redevelopment projects.

We may also recycle capital by opportunistically investing in high quality retail properties, strategic dispositions, opportunistic investments in high quality retail properties and controlling operating expenses by leveraging our scale to maximize synergies is a critical component to Company EBITDA growth.

As of March 31, 2016, our total leased space was 91.3%. On a suite-to-suite basis, the leases commencing occupancy in 2016 exhibited initial rents that were 13.0% higher than the final rents paid on expiring leases.

We have identified approximately $2.3 billion of income producing development and redevelopment projects within our portfolio, over 80% of which is being invested into Class A malls. We currently expect to achieve stabilized returns of approximately 9-11% for all projects in the first year.

We believe our long-term strategy can provide our shareholders with a competitive risk-adjusted total return comprised of dividends and share price appreciation.

### Financial Overview

Our Company NOI (as defined below) increased 13.9% from $535.0 million for the three months ended March 31, 2015 to $609.5 million for the three months ended March 31, 2016. Our Company FFO (as defined below) increased 23.7% from $309.3 million for the three months ended March 31, 2015 to $382.8 million for the three months ended March 31, 2016. Net income attributable to General Growth Properties, Inc. decreased from $634.7 million for the three months ended March 31, 2015 to $191.8 million for the three months ended March 31, 2016 primarily as a result of the gain from change in control of investment properties and other for the sale of a 25% interest in Ala Moana Center during the three months ended March 31, 2015.

See Non-GAAP Supplemental Financial Measures below for a discussion of Company NOI, Company EBITDA and Company FFO, along with a reconciliation to the comparable GAAP measures, Operating income and Net income attributable to General Growth Properties, Inc.

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Operating Metrics

The following table summarizes selected operating metrics for our portfolio.

| | March 31, 2016 (1) | March 31, 2015 (1) | % Change |
|---|---|---|---|
| In-Place Rents per square foot (2) | | | |
| Consolidated Properties | $66.80 | $65.48 | 2.02 % |
| Unconsolidated Properties | 92.07 | 88.67 | 3.83 % |
| Total Retail Properties | $75.06 | $73.01 | 2.81 % |
| | | | |
| Percentage Leased | | | |
| Consolidated Properties | 95.7 % | 95.6 % | 10 bps |
| Unconsolidated Properties | 96.5 % | 96.3 % | 20 bps |
| Total Retail Properties | 95.9 % | 95.8 % | 10 bps |
| | | | |
| Tenant Sales Volume (All Less Anchors) (3) | | | |
| Consolidated Properties | $12,160 | $11,763 | 3.37 % |
| Unconsolidated Properties | 8,168 | 8,138 | 0.37 % |
| Total Retail Properties | $20,328 | $19,901 | 2.15 % |
| | | | |
| Tenant Sales per square foot (3) (4) | | | |
| Consolidated Properties | $516 | $513 | 0.58 % |
| Unconsolidated Properties | 731 | 768 | (4.82 )% |
| Total Retail Properties | $584 | $594 | (1.68 )% |

(1) Metrics exclude properties acquired in the year ended December 31, 2015 and certain other retail properties.
(2) Rent is presented on a cash basis and consists of base minimum rent and common area costs.
(3) Tenant Sales Volume (All

Less Anchors) is presented as total sales volume in millions of dollars and Tenant Sales <10,000 square feet is presented as sales per square foot in dollars.

(4) Excluding one property with unusual changes in sales productivity, Tenant Sales per square foot <10,000 square feet would have increased 1.0% on a trailing 12-month basis.

Lease Spread Metrics

The following table summarizes signed leases that are scheduled to commence in the respective period compared to expiring rent for the prior tenant in the same suite where the downtime between new and previous tenant was less than 24 months and the occupied space between the previous tenant and new tenant did not change by more than 10,000 square feet.

| | # of Leases | SF | Term (in years) | Initial Rent PSF [1] | Expiring Rent PSF [2] | Initial Rent Spread | % Change |
|---|---|---|---|---|---|---|---|
| Trailing 12 Commencements | 1,438 | 4,020,221 | 7.2 | $66.37 | $ 58.73 | $ 7.64 | 13.0 % |
| 2016 Commencements | 853 | 2,525,273 | 6.8 | $69.35 | $ 61.89 | $ 7.46 | 12.0 % |
| 2017 Commencements | 69 | 307,007 | 6.4 | $53.05 | $ 45.27 | $ 7.78 | 17.2 % |

(1) Represents initial annual rent over the lease consisting of

base minimum rent and common area maintenance.

(2) Represents expiring rent at end of lease consisting of base minimum rent and common area maintenance.

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Results of Operations

Three months ended March 31, 2016 and 2015

The following table is a breakout of the components of minimum rents:

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| | 2016 | 2015 | $ Change | % Change |
| | (Dollars in thousands) | | | |
| Components of Minimum rents: | | | | |
| Base minimum rents | $367,579 | $380,785 | $(13,206) | (3.5 )% |
| Lease termination income | 7,385 | 8,535 | (1,150 ) | (13.5) |
| Straight-line rent | 5,447 | 6,087 | (640 ) | (10.5) |
| Above and below-market tenant leases, net | (9,279 ) | (21,295 ) | 12,016 | (56.4) |
| Total Minimum rents | $371,132 | $374,112 | $(2,980 ) | (0.8 )% |

Base minimum rents decreased $13.2 million primarily due to the sale of an interest in Ala Moana Center during the first quarter of 2015. This resulted in $18.9 million less base minimum rents in the first quarter of 2016 compared to the first quarter of 2015 as the property is now accounted for as an Unconsolidated Real Estate Affiliate. The offsetting increase in base minimum rents is a result of an increase in occupancy and on rent steps between March 31, 2015 and March 31, 2016.

Management fees and other corporate revenues increased $14.7 million primarily due to the divestiture of our investment in Seritage Growth Properties which resulted in a $13.1 million gain (Note 4).

Other revenue increased $6.9 million primarily due to the recognition of a portion of a deferred gain on the sale of air rights at Ala Moana Center. The air rights were sold in the second half of 2015, and a portion of the gain was recognized at that time. The remainder of the gain was deferred, of which $7.1 million was recognized during the three months ended March 31, 2016.

Marketing costs decreased $2.8 million primarily due to continued efforts to reduce operating expenses.

Other property operating costs decreased $5.8 million primarily due to the sale of an interest in Ala Moana Center during the first quarter of 2015. This resulted in $3.9 million less of other property operating costs in the first quarter of 2016 compared to the first quarter of 2015 as the property is now accounted for as an Unconsolidated Real Estate Affiliate. In addition, the sale of Provo Towne Center and Eastridge Mall (CA) in the first quarter of 2016 resulted in a decrease of $1.3 million in other property operating costs compared to the first quarter of 2015. Finally, the remaining difference is a reduction of other property operating costs due to continued efforts to reduce operating expenses.

Property management and other costs decreased $12.0 million primarily due to lower compensation and benefits as a result of the timing of the equity awards and the payment of bonuses.

Provision for loan loss of $36.1 million relates to the Rique note receivable. During the three months ended March 31, 2016, we determined, based on current information and events, that it is probable that we will be unable to collect all amounts due according to the contractual terms of the Rique receivable. As the Rique receivable is a collateral dependent loan, we have estimated the provision for loss based on the fair value of the market price of the Aliansce shares which serve as the collateral for the loan (Note 12).

Provision for impairment of $40.7 million is related to an impairment charge recorded on two operating properties during the three months ended March 31, 2016 (Note 2).

Depreciation and amortization expense decreased $15.3 million primarily due to a decrease in write-offs and amortization of in-place leases in the first quarter of 2016 compared to the first quarter of 2015.

Interest and dividend income increased $7.2 million primarily due to interest on notes receivable from our joint venture partners at 730 Fifth Avenue. The loan was provided in connection with the acquisition of the property on April 17, 2015 (Note 12).

Interest expense decreased $25.0 million primarily due to our refinancing efforts during 2015 (Note 6).

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The gain on foreign currency is related to the impact of changes in the exchange rate on a note receivable denominated in Brazilian Reais, and received in conjunction with the sale of Aliansce in the third quarter of 2013 (Note 12).

The gain from changes in control of investment properties and other of $74.6 million in the first quarter of 2016 relates to the sale of our interests in three operating properties (Note 3). The gain from changes in control of investment properties and other of $591.2 million in the first quarter of 2015 relates to our sale of an interest in Ala Moana Center (Note 3).

(Provision for) benefit from income taxes decreased by $14.1 million primarily due to taxable income recognized by our taxable REIT subsidiary for the sale of condominiums during the three months ended March 31, 2016 (Note 5). This is partially offset by the tax impact of the provision for loan loss related to the Rique note (Note 12).

Equity in income of Unconsolidated Real Estate Affiliates increased by $46.2 million primarily due to income recognition on condominiums during the three months ended March 31, 2016 (Note 5).

Unconsolidated Real Estate Affiliates - gain on investment in the first quarter of 2016 is primarily related to the sale of an additional 12.5% interest in Ala Moana Center during the second quarter of 2015 (Note 3) and the sale of our interest in two joint ventures in 2016 (Note 5). Unconsolidated Real Estate Affiliates - gain on investment in the first quarter of 2015 is related to the sale of our interest in one joint venture.

Liquidity and Capital Resources

Our primary source of cash is from the ownership and management of our properties and strategic dispositions. We may generate cash from refinancings or borrowings under our revolving credit facility. Our primary uses of cash include payment of operating expenses, debt service, reinvestment in and redevelopment of properties, tenant allowances, dividends and acquisitions.

We anticipate maintaining financial flexibility by managing our future maturities, amortization of debt, and minimizing cross collateralizations and corporate guarantees. We believe that we currently have sufficient liquidity to satisfy all of our commitments in the form of $193.1 million of consolidated unrestricted cash and $1.1 billion of available credit under our credit facility as of March 31, 2016, as well as anticipated cash provided by operations.

Our key financing objectives include:

- to obtain property-secured debt with laddered maturities; and
- to minimize the amount of debt that is cross-collateralized and/or recourse to us.

We may raise capital through public or private issuances of debt securities, preferred stock, common stock, common units of the Operating Partnerships (as defined in Note 1) or other capital raising activities.

As of March 31, 2016, we had $1.8 billion of debt pre-payable at our proportionate share without penalty. We may pursue opportunities to refinance this debt at lower interest rates and longer maturities.

The amount of debt due in the next three years represents 14.6% of our total debt at maturity. The maximum amount due in any one of the next ten years is no more than $2.8 billion at our proportionate share or approximately 15.3% of our total debt at maturity.

As of March 31, 2016, our proportionate share of total debt aggregated $19.6 billion. Our total debt includes our consolidated debt of $14.1 billion and our share of Unconsolidated Real Estate Affiliates debt of $5.5 billion. Of our proportionate share of total debt, $1.9 billion is recourse to the Company or its subsidiaries (including the facility) due to guarantees or other security provisions for the benefit of the note holder.

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The following table illustrates the scheduled payments for our proportionate share of total debt as of March 31, 2016. The $206.2 million of Junior Subordinated Notes are due in 2036, but we may redeem them any time after April 30, 2011 (Note 6). As we do not expect to redeem the notes prior to maturity, they are included in the consolidated debt maturing subsequent to 2020.

| | Consolidated (1) | Unconsolidated (1) |
|---|---|---|
| | (Dollars in thousands) | |
| 2016 | $238,113 | $ — |
| 2017 | 378,651 | 173,384 |
| 2018 | 1,728,066 | 202,803 |
| 2019 | 918,348 | 1,134,939 |
| 2020 | 1,595,024 | 1,242,452 |
| Subsequent | 9,216,214 | 2,744,521 |
| | $14,074,416 | $ 5,498,099 |

(1) Excludes $32.1 million of adjustments related to debt market rate adjustment.

We believe we will be able to extend the maturity date, repay or refinance the consolidated debt that is scheduled to mature in 2016. We also believe that the joint ventures will be able to refinance the debt of our Unconsolidated Real Estate Affiliates upon maturity; however, there can be no assurance that we will be able to refinance or restructure such debt on acceptable terms or otherwise, or that joint venture operations or contributions by us and/or our partners will be sufficient to repay such loans.

Acquisitions and Joint Venture Activity

From time-to-time we may acquire whole or partial interests in high-quality retail properties and may sell assets.

On February 2, 2016, we closed on the acquisition of our joint venture partner's 25% interest in Spokane Valley Mall.

Warrants and Brookfield Investor Ownership

Brookfield owns or manages on behalf of third parties all of the Company’s outstanding Warrants (Note 8) which are exercisable into approximately 63 million common shares (assuming net share settlement) of the Company at a weighted-average exercise price of $8.82 per share. The exercise price and common shares issuable under the Warrants adjusts for future dividends declared by the Company.

As of February 4, 2015, Brookfield’s potential ownership of the Company (assuming full share settlement of the Warrants) was 39.8%, which is stated in their Form 13D filed on the same date. If Brookfield held or managed this same ownership through the maturity date of the Warrants, assuming: (a) GGP’s common stock price increased $10 per share and (b) the Warrants were adjusted for the impact of regular dividends, we estimate that their ownership would be 39.0% under net share settlement, and 40.2% under full share settlement.

Redevelopments

We are currently redeveloping several consolidated and unconsolidated properties primarily to improve the productivity and value of the property, convert large-scale anchor boxes into smaller leasable areas and to create new in-line retail space and new restaurant venues.

We have development and redevelopment activities totaling approximately $0.4 billion under construction and $0.6 billion in the pipeline. We continue to evaluate a number of other redevelopment projects to further enhance the quality of our assets. Expected returns are based on the completion of current and future redevelopment projects, and the success of the leasing and asset management plans in place for each project. Expected returns are subject to a number of variables, risks, and uncertainties including those disclosed within Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2015 (our "Annual Report"). We also refer the reader to our disclosure related to forward-looking statements, below. The following table illustrates our planned redevelopments:

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| Property | Description | GGP's Total Projected Share of Cost | GGP's Investment to Date[1] | Expected Return on Investment[2] | Stabilized Year |
|---|---|---|---|---|---|
| Major Development Summary (in millions, at share unless otherwise noted) | | | | | |
| Under Construction | | | | | |
| Staten Island Mall<br>Staten Island, NY | Expansion | 199 | 16 | 8-9% | 2019 |
| Other Projects<br>Various Malls | Redevelopment projects at various malls | 218 | 68 | 6-8% | 2017-2018 |
| | Total Projects Under Construction | $ 417 | $ 84 | | |
| Projects in Pipeline | | | | | |
| New Mall Development<br>Norwalk, CT | Ground up mall development | 285 | 44 | 8-10% | 2020 |
| Ala Moana Center<br>Honolulu, HI | Nordstrom box repositioning | 53 | 35 | 9-10% | 2018 |
| Other Projects<br>Various Malls | Redevelopment projects at various malls | 290 | 91 | 8-9% | TBD |
| | Total Projects in Pipeline | $ 628 | $ 170 | | |

(1) Projected costs and investments to date exclude capitalized interest and overhead.
(2) Return on investment represents first year stabilized cash-on-cash return, based upon budgeted assumptions. Actual costs may vary.

Our investment in these projects for the three months ended March 31, 2016 has increased from December 31, 2015, in conjunction with the applicable development plan and as projects near completion. The continued progression of 48 redevelopment projects resulted in increases to GGP’s investment to date.

Capital Expenditures, Capitalized Interest and Overhead (at share)

The following table illustrates our capital expenditures, capitalized interest, and internal costs associated with leasing and development overhead, which primarily relate to ordinary capital projects at our operating properties. In addition, we incurred tenant allowances and capitalized leasing costs for our operating properties as outlined below. Capitalized interest is based upon qualified expenditures and interest rates; capitalized leasing and development costs are based upon time expended on these activities. These costs are amortized over lives which are consistent with the related asset.

| | Three Months Ended March 31, | |
|---|---|---|
| | 2016 | 2015 |
| | (Dollars in thousands) | |
| Capital expenditures | $ 39,038 | $ 35,339 |
| Tenant allowances | 33,388 | 39,852 |
| Capitalized interest and capitalized overhead | 15,885 | 15,766 |
| Total | $ 88,311 | $ 90,957 |

The increase in capital expenditures is primarily driven by refurbishment projects that improve the quality of our properties.

Common Stock Dividends

Our Board of Directors declared common stock dividends during 2016 and 2015 as follows:

| Declaration Date | Record Date | Payment Date | Dividend Per Share |
|---|---|---|---|
| 2016 | | | |
| May 2 | July 15 | July 29, 2016 | $ 0.19 |
| February 1 | April 15 | April 29, 2016 | 0.19 |
| 2015 | | | |
| November 2 | December 15 | January 4, 2016 | $ 0.19 |
| September 1 | October 15 | October 30, 2015 | 0.18 |
| May 21 | July 15 | July 31, 2015 | 0.17 |
| February 19 | April 15 | April 30, 2015 | 0.17 |

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Preferred Stock Dividends

On February 13, 2013, we issued, under a public offering, 10,000,000 shares of 6.375% Series A Cumulative Stock at a price of $25.00 per share. Our Board of Directors declared preferred stock dividends during 2016 and 2015 as follows:

| Declaration Date | Record Date | Payment Date | Dividend Per Share |
|---|---|---|---|
| 2016 | | | |
| May 2 | June 15 | July 1, 2016 | $ 0.3984 |
| February 1 | April 15 | April 29, 2016 | 0.3984 |
| 2015 | | | |
| November 2 | December 15 | January 4, 2016 | $ 0.3984 |
| September 1 | September 15 | October 1, 2015 | 0.3984 |
| May 21 | June 15 | July 1, 2015 | 0.3984 |
| February 19 | March 16 | April 1, 2015 | 0.3984 |

Summary of Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities was $238.0 million for the three months ended March 31, 2016 and $223.2 million for the three months ended March 31, 2015. Significant changes in the components of net cash provided by operating activities include:

- in 2016, an increase in cash inflows from management fees and a decrease in cash outflows for operating and management costs;
- in 2015, an increase in base minimum rents and related collections due to overall increase in permanent occupancy.

Cash Flows from Investing Activities

Net cash provided by investing activities was $112.7 million for the three months ended March 31, 2016 and $240.8 million for the three months ended March 31, 2015. Significant components of net cash provided by investing activities include:

- in 2016, development of real estate and property improvements, ($120.4) million;
- in 2016, proceeds from the sale of real estate, $238.7 million;
- in 2016, proceeds from the sale of marketable securities, $46.4 million;
- in 2015, development of real estate and property improvements, ($199.7) million;
- in 2015, proceeds from the sale of real estate, $666.2 million; and
- in 2015, acquisition of real estate, ($165) million.

Cash Flows from Financing Activities

Net cash used in financing activities was $514.6 million for the three months ended March 31, 2016 and $663.2 million for the three months ended March 31, 2015. Significant components of net cash used in financing activities include:

- in 2016, principal payments on mortgages, notes and loans payable of ($350.4) million;

- in 2016, cash distributions paid to common stockholders of ($167.7) million;
- in 2015, proceeds from the refinancing or issuance of mortgages, notes, and loans payable, of $342 million net of principal payments of ($874) million; and
- in 2015, cash distributions paid to common stockholders of ($150.4) million.

Seasonality

Although we have a year-long temporary leasing program, occupancies for short-term tenants and, therefore, rental income recognized, are higher during fourth quarter of the year. In addition, the majority of our tenants have December or January lease years for purposes of calculating annual overage rent amounts. Accordingly, overage rent thresholds are most commonly achieved in the fourth quarter. As a result, revenue production is generally highest in the fourth quarter of each year.

Critical Accounting Policies

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Our discussion and analysis of financial condition and results of operations is based on our consolidated interim financial statements, which have been prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the financial statements and disclosures. Some of these estimates and assumptions require application of difficult, subjective, and/or complex judgment about the effect of matters that are inherently uncertain and that may change in subsequent periods. We evaluate our estimates and assumptions on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

A disclosure of our critical accounting policies which affect our more significant judgments and estimates used in the preparation of our condensed consolidated financial statements is included in our Annual Report in Management's Discussion and Analysis of Financial Condition and Results of Operations.

Refer also to the accounting policies discussed in Note 2.

REIT Requirements

In order to remain qualified as a REIT for Federal income tax purposes, we must distribute at least 90% of our taxable ordinary income to stockholders. We are also subject to Federal income tax to the extent we distribute less than 100% of our REIT taxable income, including capital gains. See Note 7 to the Consolidated Financial Statements for more detail on our ability to remain qualified as a REIT.

Recently Issued Accounting Pronouncements

Refer to Note 2 of the Consolidated Financial Statements for recently issued accounting pronouncements.

Non-GAAP Supplemental Financial Measures and Definitions

Net Operating Income ("NOI") and Company NOI

The Company defines NOI as income from operations and after operating expenses have been deducted, but prior to deducting financing, administrative and income tax expenses. NOI excludes reductions in ownership as a result of sales or other transactions and has been reflected on a proportionate 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. The Company considers NOI a helpful supplemental measure of its operating performance because it is a direct measure of the actual results of our properties. Because NOI excludes reductions in ownership as a result of sales or other transactions, general and administrative expenses, interest expense, retail investment property impairment or non-recoverable development costs, depreciation and amortization, gains and losses from property dispositions, allocations to noncontrolling interests, provision for income taxes, preferred stock dividends, 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 and operating costs.

The Company also considers Company NOI to be a helpful supplemental measure of its operating performance because it excludes from NOI certain non-cash and non-comparable items such as straight-line rent and intangible asset and liability amortization, which are a result of our emergence, acquisition accounting and other capital contribution or restructuring events. However, due to the exclusions noted, Company NOI should only be used as an alternative measure of the Company's financial performance. We present Company NOI, Company EBITDA and

Company FFO (as defined below); as we believe certain investors and other users of our financial information use these measures of the Company's historical operating performance.

Earnings Before Interest Expense, Income Tax, Depreciation, and Amortization ("EBITDA") and Company EBITDA

The Company defines EBITDA as NOI less certain property management and administrative expenses, net of management fees and other operational items. EBITDA is a commonly used measure of performance in many industries, but may not be comparable to measures calculated by other companies. Management believes EBITDA provides useful information to investors regarding our results of operations because it helps us and our investors evaluate the ongoing operating performance of our properties after removing the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization). Management also believes the use of EBITDA facilitates comparisons between us and other equity REITs, retail property owners who are not REITs and other capital-intensive companies. Management uses EBITDA to evaluate property-level

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results and as one measure in determining the value of acquisitions and dispositions and, like FFO (discussed below), it is widely used by management in the annual budget process and for compensation programs.

The Company also considers Company EBITDA to be a helpful supplemental measure of its operating performance because it excludes from EBITDA certain non-cash and non-comparable items such as straight-line rent and intangible asset and liability amortization, acquisition accounting and other capital contribution or restructuring events. However, due to the exclusions noted, Company EBITDA should only be used as an alternative measure of the Company's financial performance.

Funds From Operations ("FFO") and Company FFO

The Company determines FFO based upon the definition set forth by National Association of Real Estate Investment Trusts ("NAREIT"). The Company determines FFO to be its share of consolidated net income (loss) computed in accordance with GAAP, excluding real estate related depreciation and amortization, excluding gains and losses from extraordinary items, excluding cumulative effects of accounting changes, excluding gains and losses from the sales of, or any impairment charges related to, previously depreciated operating properties, plus the allocable portion of FFO of unconsolidated joint ventures based upon the Company's economic ownership interest, and all determined on a consistent basis in accordance with GAAP. As with the Company's presentation of NOI, FFO has been reflected on a proportionate basis.

The Company considers FFO a helpful supplemental measure of the operating performance for equity REITs and a complement to GAAP measures because it is a recognized measure of performance by the real estate industry. FFO facilitates an understanding of the operating performance of the Company's properties between periods because it 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.

As with the Company's presentation of Company NOI, the Company also considers Company FFO to be a helpful supplemental measure of the operating performance for equity REITs because it excludes from FFO certain items that are non-cash and certain non-comparable items such as Company NOI adjustments, and FFO items such as mark-to-market adjustments on debt and gains on the extinguishment of debt, and interest expense on debt repaid or settled all which are a result of the Company's acquisition accounting and other capital contribution or restructuring events.

Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures

The Company presents NOI, EBITDA and FFO as they are financial measures widely used in the REIT industry. In order to provide a better understanding of the relationship between the Company's non-GAAP financial measures of NOI, Company NOI, EBITDA, Company EBITDA, FFO and Company FFO, reconciliations have been provided as follows: a reconciliation of GAAP operating income to NOI and Company NOI, a reconciliation of GAAP net income attributable to GGP to EBITDA and Company EBITDA, and a reconciliation of GAAP net income attributable to GGP to FFO and Company FFO. None of the Company's non-GAAP financial measures represents cash flow from operating activities in accordance with GAAP, none should be considered as an alternative to GAAP net income (loss) attributable to GGP and none are necessarily indicative of cash flow. In addition, the Company has presented such financial measures on a consolidated and unconsolidated basis (at the Company's proportionate share) as the Company believes that given the significance of the Company's operations that are owned through investments accounted for by 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.

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The following table reconciles Company NOI to GAAP Operating Income (dollars in thousands) for the three months ended March 31, 2016 and 2015:

| | Three Months Ended March 31, 2016 | 2015 |
|---|---|---|
| Company NOI | $609,496 | $535,046 |
| Adjustments for minimum rents, real estate taxes and other property operating costs | (5,517) | (20,019) |
| Proportionate NOI | 603,979 | 515,027 |
| Unconsolidated Properties | (187,611) | (120,474) |
| NOI of Sold Interests | 1,563 | 15,950 |
| Noncontrolling interest in NOI of Consolidated Properties | 3,925 | 4,411 |
| Consolidated Properties | 421,856 | 414,914 |
| Management fees and other corporate revenues | 33,741 | 19,086 |
| Property management and other costs | (30,745) | (42,793) |
| General and administrative | (13,427) | (12,446) |
| Provision for impairment | (40,705) | — |
| Provision for loan loss | (36,069) | — |
| Depreciation and amortization | (160,671) | (175,948) |
| Operating Income | $173,980 | $202,813 |

The following table reconciles Company EBITDA to GAAP Net income attributable to GGP for the three months ended March 31, 2016 and 2015:

| | Three Months Ended March 31, 2016 | 2015 |
|---|---|---|
| Company EBITDA | $590,468 | $491,184 |
| Adjustments for minimum rents, real estate taxes, other property operating costs, and general and administrative | (5,517) | (20,019) |
| Proportionate EBITDA | 584,951 | 471,165 |
| Unconsolidated Properties | (178,852) | (112,372) |
| EBITDA of sold interests | 1,552 | 15,740 |
| Noncontrolling interest in EBITDA of Consolidated Properties | 3,774 | 4,228 |
| Consolidated Properties | 411,425 | 378,761 |
| Depreciation and amortization | (160,671) | (175,948) |
| Interest income | 16,058 | 8,821 |
| Interest expense | (147,677) | (172,651) |
| Gain (loss) on foreign currency | 8,936 | (22,910) |
| (Provision for) benefit from income taxes | (2,920) | 11,159 |
| Provision for impairment excluded from FFO | (40,705) | — |
| Provision for loan loss | (36,069) | — |
| Equity in income of Unconsolidated Real Estate Affiliates | 57,491 | 11,253 |
| Equity in income of Unconsolidated Real Estate Affiliates - gain on investment | 14,914 | 12,020 |
| Gains from changes in control of investment properties and other | 74,555 | 591,245 |
| Allocation to noncontrolling interests | (3,557) | (7,019) |
| Net income attributable to GGP | $191,780 | $634,731 |

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The following table reconciles Company FFO to GAAP net income attributable to GGP for the three months ended March 31, 2016 and 2015:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2016 | 2015 |
| Company FFO | $382,803 | $309,338 |
| Adjustments for minimum rents, property operating expenses, general and administrative, market rate adjustments, debt extinguishment, income taxes, and FFO from sold interests | (19,492 ) | (49,677 ) |
| Proportionate FFO | 363,311 | 259,661 |
| Depreciation and amortization of capitalized real estate costs | (224,869 ) | (229,868 ) |
| Gain from changes in control of investment properties and other | 74,555 | 591,245 |
| Preferred stock dividends | 3,984 | 3,984 |
| Equity in income of Unconsolidated Real Estate Affiliates - gain on investment | 14,914 | 12,020 |
| Noncontrolling interests in depreciation of Consolidated Properties | 2,115 | 2,035 |
| Provision for impairment excluded from FFO | (40,705 ) | — |
| Redeemable noncontrolling interests | (1,525 ) | (4,346 ) |
| Net income attributable to GGP | $191,780 | $634,731 |

(1) FFO as defined by the NAREIT

Forward-Looking Statements

Certain statements made in this section or elsewhere in this report may be deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although the Company believes the expectations reflected in any forward-looking statement are based on reasonable assumption, it can give no assurance that its expectations will be attained, and it is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks, uncertainties and other factors. Such factors include, but are not limited to, the Company's ability to refinance, extend, restructure or repay near and intermediate term debt, its indebtedness, its ability to raise capital through equity issuances, asset sales or the incurrence of new debt, retail and credit market conditions, impairments, its liquidity demands and economic conditions. The Company discusses these and other risks and uncertainties in its annual and quarterly periodic reports filed with the Securities and Exchange Commission. The Company may update that discussion in its periodic reports, but otherwise takes no duty or obligation to update or revise these forward-looking statements, whether as a result of new information, future developments, or otherwise.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no significant changes in the market risks described in our Annual Report.

ITEM 4 CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934, as amended, (the "Exchange Act")).

Based on that evaluation, the CEO and the CFO have concluded that our disclosure controls and procedures are effective.

Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during our most recently completed fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

## PART II OTHER INFORMATION

### ITEM 1 LEGAL PROCEEDINGS

In the normal course of business, from time to time, we are involved in legal proceedings relating to the ownership and operations of our properties. In management's opinion, the liabilities, if any, that may ultimately result from such legal actions are not expected to have a material effect on our consolidated financial position, results of operations or liquidity. Neither the Company nor any of the Unconsolidated Real Estate Affiliates is currently involved in any material pending legal proceedings nor, to our knowledge, is any material legal proceeding currently threatened against the Company or any of the Unconsolidated Real Estate Affiliates.

### ITEM 1A RISK FACTORS

There are no material changes to the risk factors previously disclosed in our Annual Report.

### ITEM 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

### ITEM 3 DEFAULTS UPON SENIOR SECURITIES

None

### ITEM 4 MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5 OTHER INFORMATION

None

### ITEM 6 EXHIBITS

| | |
|---|---|
| 31.1 | Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101 | The following financial information from General Growth Properties, Inc.'s. Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, has been filed with the SEC on May 4, 2016, formatted in XBRL (Extensible Business Reporting Language): (1) Consolidated Balance Sheets, (2) Consolidated Statements of Comprehensive Income, (3) Consolidated Statements of Equity, (4) Consolidated Statements of Cash Flows and (5) Notes to Consolidated Financial Statements. |

Pursuant to Item 601(b)(4)(iii) of Regulation S-K, the registrant has not filed debt instruments relating to long-term debt that is not registered and for which the total amount of securities authorized thereunder does not exceed 10% of total assets of the registrant and its subsidiaries on a consolidated basis as of March 31, 2016. The registrant agrees to furnish a copy of such agreements to the SEC upon request.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GENERAL GROWTH
PROPERTIES, INC.
(Registrant)

Date: May 4, 2016 By: /s/ Michael Berman
Michael Berman
Chief Financial Officer
(on behalf of the Registrant)

EXHIBIT INDEX

| Exhibit Number | Description | Incorporated by Reference Herein | | | |
|---|---|---|---|---|---|
| | | Form | Exhibit | Filing Date | File No. |
| 10.1 | Loan Agreement by and among certain subsidiaries of General Growth Properties, Inc. dated as of April 25, 2016 | 8-K | 99.1 | 4/29/2016 | 001-34948 |
| 31.1 | Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | |
| 31.2 | Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | | | | |
| 32.1 | Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | | | |
| 32.2 | Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | | | | |
| 101 | The following financial information from General Growth Properties, Inc.'s. Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, has been filed with the SEC on May 4, 2016, formatted in XBRL (Extensible Business Reporting Language): (1) Consolidated Balance Sheets, (2) Consolidated Statements of Comprehensive Income, (3) Consolidated Statements of Equity, (4) Consolidated Statements of Cash Flows and (5) Notes to Consolidated Financial Statements. | | | | |