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General Growth Properties, Inc.
Form 10-Q
November 05, 2014

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

FORM 10-Q

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

For the quarterly period ended September 30, 2014

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

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

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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. Yes No

The number of shares of Common Stock, \$.01 par value, outstanding on November 3, 2014 was 884,107,377.

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GENERAL GROWTH PROPERTIES, INC.

CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	September 30, 2014	December 31, 2013
	(Dollars in thousands, except share and per share amounts)	
Assets:		
Investment in real estate:		
Land	\$4,268,569	\$4,320,597
Buildings and equipment	18,261,100	18,270,748
Less accumulated depreciation	(2,210,100	) (1,884,861
Construction in progress	557,354	406,930
Net property and equipment	20,876,923	21,113,414
Investment in and loans to/from Unconsolidated Real Estate Affiliates	2,512,129	2,407,698
Net investment in real estate	23,389,052	23,521,112
Cash and cash equivalents	279,576	577,271
Accounts and notes receivable, net	603,735	478,899
Deferred expenses, net	176,296	189,452
Prepaid expenses and other assets	871,249	995,569
Total assets	\$25,319,908	\$25,762,303
Liabilities:		
Mortgages, notes and loans payable	\$ 15,898,090	\$ 15,672,437
Investment in Unconsolidated Real Estate Affiliates	19,017	17,405
Accounts payable and accrued expenses	865,441	970,995
Dividend payable	148,443	134,476
Deferred tax liabilities	21,511	24,667
Tax indemnification liability	321,958	321,958
Junior subordinated notes	206,200	206,200
Total liabilities	17,480,660	17,348,138
Redeemable noncontrolling interests:		
Preferred	145,771	131,881
Common	113,844	97,021
Total redeemable noncontrolling interests	259,615	228,902
Commitments and Contingencies	—	—
Equity:		
Common stock: 11,000,000,000 shares authorized, \$0.01 par value, 967,495,204 issued, 884,066,619 outstanding as of September 30, 2014, and 966,998,908 issued, 911,194,605 outstanding as of December 31, 2013	9,400	9,395
Preferred stock: 500,000,000 shares authorized, \$.01 par value, 10,000,000 shares issued and outstanding as of September 30, 2014 and December 31,	242,042	242,042

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2013

Additional paid-in capital	11,372,184	11,372,443	
Retained earnings (accumulated deficit)	(2,957,989) (2,915,723)
Accumulated other comprehensive loss	(43,290	) (38,173)
Common stock in treasury, at cost, 55,969,390 shares as of September 30, 2014 and 28,345,108 shares as of December 31, 2013	(1,122,664	) (566,863)
Total stockholders' equity	7,499,683	8,103,121	
Noncontrolling interests in consolidated real estate affiliates	79,950	82,142	
Total equity	7,579,633	8,185,263	
Total liabilities, redeemable noncontrolling interests and equity	\$25,319,908	\$25,762,303	

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		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
	(Dollars in thousands, except per share amounts)			
Revenues:				
Minimum rents	\$400,188	\$382,718	\$1,182,200	\$1,159,091
Tenant recoveries	186,123	176,756	552,767	534,079
Overage rents	9,277	9,666	24,486	27,387
Management fees and other corporate revenues	17,355	17,336	51,759	50,575
Other	18,861	19,636	63,242	55,211
Total revenues	631,804	606,112	1,874,454	1,826,343
Expenses:				
Real estate taxes	57,705	58,176	173,495	177,352
Property maintenance costs	13,618	13,955	49,848	51,747
Marketing	4,345	5,794	15,109	18,061
Other property operating costs	85,671	93,190	255,165	263,018
Provision for doubtful accounts	398	1,017	5,319	3,326
Property management and other costs	34,516	41,446	119,572	123,344
General and administrative	12,778	10,522	52,609	34,578
Depreciation and amortization	184,033	188,079	534,096	566,470
Total expenses	393,064	412,179	1,205,213	1,237,896
Operating income	238,740	193,933	669,241	588,447
Interest and dividend income	8,536	388	19,801	1,277
Interest expense	(174,120)	(172,930)	(528,283)	(549,545)
Loss on foreign currency	(15,972)	—	(7,017)	—
Warrant liability adjustment	—	—	—	(40,546)
Gains from changes in control of investment properties	—	—	—	219,784
Loss on extinguishment of debt	—	—	—	(36,478)
Income before income taxes, equity in income of				
Unconsolidated Real Estate Affiliates, discontinued	57,184	21,391	153,742	182,939
operations and allocation to noncontrolling interests				
Benefit from (provision for) income taxes	4,800	287	(2,836)	(1,236)
Equity in income of Unconsolidated Real Estate Affiliates	7,391	13,984	33,868	41,165
Equity in income of Unconsolidated Real Estate Affiliates -				
(loss) gain on investment (the three and nine months ended				
September 30, 2013 includes (\$109.9 million) accumulated	—	(2,800)	—	648
other comprehensive loss reclassifications for net foreign				
currency translation losses)				
Income from continuing operations	69,375	32,862	184,774	223,516
Discontinued operations:				
Income (loss) from discontinued operations, including gains				
(losses) on dispositions	8,024	(2,008)	134,927	(13,366)
Gain on extinguishment of debt	—	—	66,679	25,894

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Discontinued operations, net	8,024	(2,008) 201,606	12,528
Net income	77,399	30,854	386,380	236,044
Allocation to noncontrolling interests	(2,791	) (3,371	) (10,008	) (10,707
Net income attributable to General Growth Properties, Inc.	74,608	27,483	376,372	225,337
Preferred stock dividends	(3,984	) (3,984	) (11,952	) (10,094
Net income attributable to common stockholders	\$70,624	\$23,499	\$364,420	\$215,243
Basic Earnings Per Share:				
Continuing operations	\$0.07	\$0.03	\$0.18	\$0.22
Discontinued operations	0.01	—	0.23	0.01
Total basic earnings per share	\$0.08	\$0.03	\$0.41	\$0.23
Diluted Earnings Per Share:				
Continuing operations	\$0.06	\$0.02	\$0.18	\$0.22

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GENERAL GROWTH PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(UNAUDITED)

Discontinued operations	0.01	—	0.21	0.01	
Total diluted earnings per share	\$0.07	\$0.02	\$0.39	\$0.23	
Dividends declared per share	\$0.16	\$0.13	\$0.46	\$0.37	
Comprehensive Income, Net:					
Net income	\$77,399	\$30,854	\$386,380	\$236,044	
Other comprehensive income					
Net unrealized gains on financial instruments	6	—	(26) —	
Foreign currency translation (the three and nine months ended September 30, 2013 includes reclassification of (\$109.9 million) accumulated other comprehensive loss into Net income attributable to common stockholders)	(12,270	) 105,107	(5,124	) 54,181
Unrealized gains on available-for-sale securities	—	(996) —	(66)
Other comprehensive income (loss)	(12,264	) 104,111	(5,150	) 54,115
Comprehensive income	65,135	134,965	381,230	290,159	
Comprehensive income allocated to noncontrolling interests	(2,904) (3,733) (9,975) (10,729)
Comprehensive income attributable to General Growth Properties, Inc.	62,231	131,232	371,255	279,430	
Preferred stock dividends	(3,984) (3,984) (11,952) (10,094)
Comprehensive income, net, attributable to common stockholders	\$58,247	\$127,248	\$359,303	\$269,336	

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	Total Equity
(Dollars in thousands, except for share amounts)								
Balance at January 1, 2013	\$9,392	\$—	\$10,432,447	\$(2,732,787)	\$(87,354)	\$—	\$ 83,322	\$7,705,020
Net income				225,337			2,146	227,483
Issuance of Preferred Stock, net of issuance costs		242,042	—					242,042
Distributions to noncontrolling interests in consolidated Real Estate Affiliates							(2,620)	(2,620)
Restricted stock grants, net (7,240 common shares)	—	—	7,148					7,148
Employee stock purchase program (112,371 common shares)	—		2,247					2,247
Stock option grants, net of forfeitures (314,167 common shares)	3		31,178					31,181
Treasury stock purchases (28,345,108 common shares)						(566,863)		(566,863)
Cash dividends reinvested (DRIP) in stock (21,106 common shares)	—	—	446					446
Other comprehensive loss before reclassifications					(55,768)			(55,768)

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Amounts reclassified from Accumulated Other Comprehensive Loss					109,861			109,861
Cash distributions declared (\$0.37 per share)				(343,795)				(343,795)
Cash distributions on Preferred Stock				(10,094)				(10,094)
Fair value adjustment for noncontrolling interest in GGPOP			5,138					5,138
Common stock warrants			895,513					895,513
Balance at September 30, 2013	\$9,395	\$242,042	\$11,374,117	\$(2,861,339)	\$(33,261)	\$(566,863)	\$82,848	\$8,246,939
Balance at January 1, 2014	\$9,395	\$242,042	\$11,372,443	\$(2,915,723)	\$(38,173)	\$(566,863)	\$82,142	\$8,185,263
Net income				376,372			1,262	377,634
Distributions to noncontrolling interests in consolidated Real Estate Affiliates							(3,454)	(3,454)
Restricted stock grants, net (24,744 common shares) ¹		—	2,037					2,038

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GENERAL GROWTH PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF EQUITY

(UNAUDITED)

Employee stock purchase program	1	2,497						2,498
(119,869 common shares)								
Stock option grants, net of forfeitures	3	22,574						22,577
(334,216 common shares)								
Treasury stock purchases					(555,801)			(555,801)
(27,624,282 common shares)								
Cash dividends reinvested (DRIP) in stock	—	—	384					384
(17,467 common shares)								
Other comprehensive income					(5,117)			(5,117)
Cash distributions declared (\$0.46 per share)					(406,686)			(406,686)
Cash distributions on Preferred stock					(11,952)			(11,952)
Fair value adjustment for noncontrolling interest in certain properties			3,169					3,169
Fair value adjustment for noncontrolling interest in GGPOP and other			(30,920)					(30,920)
Balance at September 30, 2014	\$9,400	\$242,042	\$11,372,184	\$(2,957,989)	\$(43,290)	\$(1,122,664)	\$79,950	\$7,579,633

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)

	Nine Months Ended September 30,	
	2014	2013
	(Dollars in thousands)	
Cash Flows provided by Operating Activities:		
Net income	\$386,380	\$236,044
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in income of Unconsolidated Real Estate Affiliates	(33,868	) (41,165
Equity in income of Unconsolidated Real Estate Affiliates - gain on investment, net	—	) (648
Distributions received from Unconsolidated Real Estate Affiliates	28,041	36,334
Provision for doubtful accounts	5,328	3,651
Depreciation and amortization	536,938	579,835
Amortization/write-off of deferred finance costs	10,231	6,900
Accretion/write-off of debt market rate adjustments	13,040	7,395
Amortization of intangibles other than in-place leases	57,990	65,335
Straight-line rent amortization	(37,530	) (36,760
Deferred income taxes	(4,289	) (653
Litigation loss	17,854	—
(Gain) loss on dispositions, net	(129,757	) 838
Gains from changes in control of investment properties	—	) (219,784
Gain on extinguishment of debt	(66,679	) (25,894
Provisions for impairment	—	4,975
Loss on foreign currency	7,017	—
Warrant liability adjustment	—	40,546
Net changes:		
Accounts and notes receivable	(1,365	) 12,056
Prepaid expenses and other assets	(8,904	) (987
Deferred expenses	(12,132	) (31,015
Restricted cash	(4,526	) 14,430
Accounts payable and accrued expenses	22,916	(62,653
Other, net	19,713	17,433
Net cash provided by operating activities	806,398	606,213
Cash Flows (used in) provided by Investing Activities:		
Acquisition of real estate and property additions	(507,966	) (149,327
Development of real estate and property improvements	(453,718	) (316,715
Deposits paid for acquisitions	—	) (90,000
Proceeds from sales of investment properties	274,242	872,307
Contributions to Unconsolidated Real Estate Affiliates	(99,095	) (73,165
Distributions received from Unconsolidated Real Estate Affiliates in excess of income	364,966	172,460
Decrease in restricted cash	3,727	8,467
Net cash (used in) provided by investing activities	(417,844) 424,027
Cash Flows used in Financing Activities:		

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Proceeds from refinancing/issuance of mortgages, notes and loans payable	1,886,636	5,067,622
Principal payments on mortgages, notes and loans payable	(1,595,058)	(4,839,289)
Deferred finance costs	(12,930)	(18,484)
Net proceeds from issuance of Preferred stock	—	242,042
Purchase of Warrants	—	(633,229)
Common stock purchases	(555,801)	(566,863)
Distributions to noncontrolling interests in consolidated real estate affiliates	(3,454)	(2,620)
Cash distributions paid to common stockholders	(392,699)	(328,742)
Cash distributions reinvested (DRIP) in common stock	384	446
Cash distributions paid to preferred stockholders	(11,952)	(6,109)
Cash redemptions paid to holders of common units	—	(4,756)
Other, net	(1,375)	38,445

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GENERAL GROWTH PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(UNAUDITED)

	Nine Months Ended September 30,	
	2014	2013
	(Dollars in thousands)	
Net cash used in financing activities	(686,249	) (1,051,537)
Net change in cash and cash equivalents	(297,695	) (21,297)
Cash and cash equivalents at beginning of period	577,271	624,815
Cash and cash equivalents at end of period	\$279,576	\$603,518
Supplemental Disclosure of Cash Flow Information:		
Interest paid	\$518,773	\$661,295
Interest capitalized	12,718	7,356
Income taxes paid	8,486	5,555
Accrued capital expenditures included in accounts payable and accrued expenses	89,720	95,282
Non-Cash Transactions:		
Notes receivable related to property sale	—	151,127
Gain on investment in Unconsolidated Real Estate Affiliates	—	648
Amendment of warrant agreement	—	895,513
Non-Cash Sale of Property		
Assets	21,426	71,881
Liabilities and equity	(21,426	) (71,881)
Non-Cash Acquisition of Quail Springs - Refer to Note 3		
Non-Cash Sale of The Grand Canal Shoppes and the Shoppes at The Palazzo - Refer to Note 3		

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

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GENERAL GROWTH PROPERTIES, INC.

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, 2013 which are included in the Company's Annual Report on Form 10-K (the "Annual Report") for the fiscal year ended December 31, 2013 (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 September 30, 2014, we are the owner, either entirely or with joint venture partners of 127 retail properties. In addition to retail properties, as of September 30, 2014, we owned 7 strip/other retail properties, as well as six stand-alone office buildings.

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, 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 September 30, 2014, GGP held approximately a 99% common equity ownership (without giving effect to the potential conversion of the Preferred Units, as defined below) of the Operating Partnerships, while the remaining 1% was 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 ("Convertible Preferred Units")

(Note 10).

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, as a result, 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

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GENERAL GROWTH PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except share and per share amounts)

(Unaudited)

noncontrolling interests in consolidated real estate affiliates as permanent equity of the Company. Intercompany balances and transactions have been eliminated.

We operate in a single reportable segment which includes the operation, development and management of retail and other rental properties, primarily regional malls. 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. We do not distinguish or group our consolidated operations based on geography, size or type. Our operating properties have similar economic characteristics and provide similar products and services to our tenants. 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

Certain prior period amounts included in the Consolidated Statements of Comprehensive Income and related footnotes associated with properties we have disposed of have been reclassified to discontinued operations for all periods presented. Additionally, \$18.4 million of accrued interest related to the Tax indemnification liability (Note 16) was reclassified from Accounts payable and accrued expenses to Tax indemnification liability in our Consolidated Balance Sheets presented as of December 31, 2013, as presented herein.

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

Acquisitions of Operating Properties

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.

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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 September 30, 2014			
Tenant leases:			
In-place value	\$643,819	\$(367,830)	\$275,989
As of December 31, 2013			
Tenant leases:			
In-place value	\$797,311	\$(420,370)	\$376,941

The above-market tenant leases and below-market ground leases are included in Prepaid expenses and other assets (Note 14); the below-market tenant leases, above-market ground leases and above-market headquarters office lease are included in Accounts payable and accrued expenses (Note 15) in our Consolidated Balance Sheets.

Amortization/accretion of all intangibles, including the intangibles in Note 14 and Note 15, had the following effects on our Income (loss) from continuing operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Amortization/accretion effect on continuing operations	\$(46,913)	\$(60,059)	\$(152,426)	\$(185,213)

Future amortization/accretion of all intangibles, including the intangibles in Note 14 and Note 15, is estimated to decrease results from continuing operations as follows:

Year	Amount
2014 Remaining	\$40,546
2015	138,235
2016	107,613
2017	81,278
2018	53,808

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 6. The following table summarizes the management fees from affiliates and our share of the management fee expense:

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Management fees from affiliates	\$17,355	\$17,324	\$51,759	\$50,463
Management fee expense	(6,555	) (6,534	) (19,805	) (18,651
Net management fees from affiliates	\$10,800	\$10,790	\$31,954	\$31,812

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, 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 be complete 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.

There were no provisions for impairment for the three and nine months ended September 30, 2014 and 2013, included in continuing operations of our Consolidated Statements of Comprehensive Income. There was no provision for impairment for the three and nine months ended September 30, 2014, in Discontinued operations in our Consolidated Statements of Comprehensive Income. During the nine months ended September 30, 2013, we recorded \$5.0 million of impairment charges in Discontinued operations, net in our Consolidated Statements of Comprehensive Income, which was incurred as a result of the sale of two operating properties. One of the operating properties was previously transferred to a special servicer, and was sold in a lender-directed sale in full satisfaction of the related debt. This resulted in the recognition of a gain on extinguishment of debt of \$25.9 million (Note 4). The other operating property related to a regional mall where the sales price of the property was lower than its carrying value.

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

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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 and nine months ended September 30, 2014, and 2013.

Fair Value Measurements (Note 5)

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.

The impairment section above includes a discussion of all impairments recognized during the three and nine months ended September 30, 2014, and 2013, which were based on Level 2 inputs. Note 5 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 9 includes a discussion of our outstanding Warrants, which were measured at fair value using Level 3 inputs until the Warrant agreement was amended on March 28, 2013. Note 10 includes a discussion of certain redeemable noncontrolling interests that are measured at fair value using Level 1 inputs.

Recently Issued Accounting Pronouncements

Effective January 1, 2015 with early adoption permitted January 1, 2014 the definition of discontinued operations has been revised to limit what qualifies for this classification and presentation to disposals of components of a company that represent strategic shifts that have (or will have) a major effect on the company's operations and financial results. Required expanded disclosures for disposals or disposal groups that qualify for discontinued operations are intended to provide users of financial statements with enhanced information about the assets, liabilities, revenues and expenses of such discontinued operations. In addition, in accordance with this pronouncement, companies are required to disclose the pretax profit or loss of an individually significant component that does not qualify for discontinued operations treatment. Pursuant to its terms, we have elected to adopt this pronouncement effective January 1, 2015. This definition will be applied prospectively after the adoption and is anticipated to substantially reduce the number of transactions, going forward, that qualify for discontinued operations as compared to historical results.

Effective January 1, 2017, 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 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, initial valuations and related

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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.

NOTE 3 ACQUISITIONS AND JOINT VENTURE ACTIVITY

On September 30, 2014, we contributed \$8.3 million to a joint venture that acquired a retail condominium unit located at 522 5th Avenue in New York, New York for a gross purchase price of \$165.0 million with \$83.3 million in gross property-level financing. The retail condominium comprises approximately 26,500 square feet of retail space on the ground and second level floors. We have an effective 10% interest in the joint venture and account for the joint venture under the equity method of accounting because we share control over major decisions with our joint venture partners. The property will be accounted for as an Unconsolidated Real Estate Affiliate, and is recorded within Investment in and loans to/from Unconsolidated Real Estate Affiliates on our Consolidated Balance Sheets (Note 6). In connection with the acquisition we provided a \$5.3 million loan to our joint venture partner (Note 13).

On September 15, 2014, we contributed \$244.7 million to a joint venture that acquired a 20% interest in a development located in Miami, Florida and an 85.67% interest in a regional mall located in Bellevue, Washington. The joint venture's 20% interest in the Miami Design District Associates, LLC ("MDDA") was acquired for a purchase price of \$280.0 million. We have a 12.5% share of this investment and account for it as a cost method investment. The investment is recorded within Investment in and loans to/from Unconsolidated Real Estate Affiliates on our Consolidated Balance Sheets (Note 6). The joint venture partner contributed a property, The Shops at the Bravern, LLC ("Bravern"), for a net contribution of \$79.0 million. Through the formation of the joint venture, we have a 40% interest in the property and account for the joint venture under the equity method of accounting because we share control over major decisions with our joint venture partner and limited partners. The property will be accounted for as an Unconsolidated Real Estate Affiliate, and is recorded within Investment in and loans to/from Unconsolidated Real Estate Affiliates on our Consolidated Balance Sheets (Note 6).

On June 27, 2014, we contributed \$106.6 million to a joint venture that acquired 685 5th Avenue in New York, New York for a gross purchase price of \$521.4 million with \$340.0 million in gross property-level financing. The property comprises approximately 25,000 square feet of retail space and 115,000 square feet of office space. We have a 50% interest in the joint venture and account for the joint venture under the equity method of accounting because we share control over major decisions with our joint venture partner. The property will be accounted for as an Unconsolidated Real Estate Affiliate, and is recorded within Investment in and loans to/from Unconsolidated Real Estate Affiliates on our Consolidated Balance Sheets (Note 6). In connection with the acquisition we provided an \$85.3 million loan to our joint venture partner (Note 13).

On June 28, 2013, we acquired the remaining 50% interest in Quail Springs Mall in Oklahoma City, Oklahoma, from our joint venture partner, for total consideration of \$90.5 million, which included \$55.5 million of cash and the assumption of the remaining 50% of debt. The investment property was previously recorded under the equity method of accounting and is now consolidated. The acquisition resulted in a remeasurement of the net assets acquired to fair value and as such, we recorded Gains from changes in control of investment properties of \$19.8 million for the three and nine months ended September 30, 2013, as the fair value of the net assets acquired was greater than our investment in the Unconsolidated Real Estate Affiliate and the cash paid to acquire our joint venture partner's interest.

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The table below summarizes the gain calculation:

Total fair value of net assets acquired	\$110,893	
Previous investment in Quail Springs Mall	(35,610)
Cash paid to acquire our joint venture partners' interest	(55,507)
Gains from changes in control of investment properties	\$19,776	

The following table summarizes the allocation of the purchase price to the net assets acquired at the date of acquisition. These allocations were based on the relative fair values of the assets acquired and liabilities assumed.

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Investment in real estate, including intangible assets and liabilities	\$186,627	
Fair value of debt	(77,204)
Net working capital	1,470	
Net assets acquired	\$110,893	

On May 16, 2013, we formed a joint venture with TIAA-CREF Global Investments, LLC (“TIAACREF”) that holds 100% of The Grand Canal Shoppes and The Shoppes at The Palazzo in Las Vegas, Nevada. We received \$411.5 million in cash, net of debt assumed of \$311.9 million, and TIAACREF received a 49.9% economic interest in the joint venture. We recorded Gains from changes in control of investment properties of \$200.0 million on our Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2013, as a result of this transaction. We are the general partner, however we account for the joint venture under the equity method of accounting because we share control over major decisions with TIAACREF and TIAACREF has substantive participating rights. The table below summarizes the gain calculation:

Cash received from our joint venture partner	\$411,476	
Proportionate share of previous investment in The Grand Canal Shoppes and The Shoppes at The Palazzo	(211,468)
Gains from changes in control of investment properties	\$200,008	

NOTE 4 DISCONTINUED OPERATIONS AND GAINS (LOSSES) ON DISPOSITIONS OF OPERATING PROPERTIES

All of our dispositions of consolidated operating properties for which there is no continuing involvement are included in discontinued operations in our Consolidated Statements of Comprehensive Income for all periods presented and are summarized in the table below. Gains on disposition and gains on debt extinguishment are recorded in the Consolidated Statements of Comprehensive Income in the period the property is disposed.

During the nine months ended September 30, 2014, one property, which was previously transferred to a special servicer, was sold in a lender-directed sale in full satisfaction of the debt. This resulted in a gain on extinguishment of debt of \$66.7 million and a reduction of property-level debt of \$79.0 million. Additionally, we sold three assets for \$278.6 million, which resulted in a gain of \$125.2 million. We used the net proceeds from these transactions to repay debt of \$127.0 million.

During the nine months ended September 30, 2013, we sold our interests in three assets totaling approximately 2 million square feet of gross leasable area (“GLA”), which reduced our property level debt by \$121.2 million. One property, which was previously transferred to a servicer, was sold in a lender-directed sale in full satisfaction of the debt. This resulted in a gain on extinguishment of debt of \$25.9 million.

The following table summarizes the operations of the properties included in discontinued operations.

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Retail and other revenue	\$ 1,473	\$ 14,904	\$ 12,086	\$ 47,404
Total revenues	1,473	14,904	12,086	47,404
Retail and other operating expenses	734	11,574	4,738	36,374
Provisions for impairment	—	—	—	4,975
Total expenses	734	11,574	4,738	41,349
Operating income	739	3,330	7,348	6,055
Interest expense, net	(317	) (5,255	) (2,178	) (18,574
Gains (losses) on dispositions	7,602	(83	) 129,757	(847
Net income (loss) from operations	8,024	(2,008	) 134,927	(13,366
Gain on debt extinguishment	—	—	66,679	25,894
Net income (loss) from discontinued operations	\$ 8,024	\$ (2,008	) \$ 201,606	\$ 12,528

NOTE 5 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.

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 September 30, 2014 and December 31, 2013.

	September 30, 2014		December 31, 2013	
	Carrying Amount (1)	Estimated Fair Value	Carrying Amount (1)	Estimated Fair Value
Fixed-rate debt	\$ 13,646,509	\$ 14,112,268	\$ 13,919,820	\$ 13,957,952
Variable-rate debt	2,251,581	2,259,358	1,752,617	1,787,139
	\$ 15,898,090	\$ 16,371,626	\$ 15,672,437	\$ 15,745,091

(1) Includes market rate adjustments of \$19.4 million and \$0.9 million as of September 30, 2014 and December 31, 2013, respectively.

The fair value of our Junior Subordinated Notes approximates their carrying amount as of September 30, 2014 and December 31, 2013. 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

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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.

NOTE 6 UNCONSOLIDATED REAL ESTATE AFFILIATES

The following is summarized financial information for all of our Unconsolidated Real Estate Affiliates.

	September 30, 2014	December 31, 2013
Condensed Combined Balance Sheets - Unconsolidated Real Estate Affiliates		
Assets:		
Land	\$1,144,842	\$1,046,354
Buildings and equipment	9,437,203	8,670,976
Less accumulated depreciation	(2,491,940)	(2,301,054)
Construction in progress	77,485	46,339
Net property and equipment	8,167,590	7,462,615
Investment in unconsolidated joint ventures	16,656	—
Net investment in real estate	8,184,246	7,462,615
Cash and cash equivalents	290,229	260,405
Accounts and notes receivable, net	185,291	187,533
Deferred expenses, net	270,239	254,949
Prepaid expenses and other assets	468,424	147,182
Total assets	\$9,398,429	\$8,312,684
Liabilities and Owners' Equity:		
Mortgages, notes and loans payable	\$7,511,656	\$6,503,686
Accounts payable, accrued expenses and other liabilities	324,787	324,620
Cumulative effect of foreign currency translation ("CFCT")	(27,740)	(22,896)
Owners' equity, excluding CFCT	1,589,726	1,507,274
Total liabilities and owners' equity	\$9,398,429	\$8,312,684
Investment In and Loans To/From Unconsolidated Real Estate Affiliates, Net:		
Owners' equity	\$1,561,986	\$1,484,378
Less: joint venture partners' equity	(774,789)	(760,804)
Plus: excess investment/basis differences	1,705,915	1,666,719
Investment in and loans to/from Unconsolidated Real Estate Affiliates, net	\$2,493,112	\$2,390,293
Reconciliation - Investment In and Loans To/From Unconsolidated Real Estate Affiliates:		
Asset - Investment in and loans to/from Unconsolidated Real Estate Affiliates	\$2,512,129	\$2,407,698
Liability - Investment in Unconsolidated Real Estate Affiliates	(19,017)	(17,405)
Investment in and loans to/from Unconsolidated Real Estate Affiliates, net	\$2,493,112	\$2,390,293

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Condensed Combined Statements of Income - Unconsolidated Real Estate Affiliates				
Revenues:				
Minimum rents	\$205,375	\$196,941	\$603,917	\$564,339
Tenant recoveries	90,328	84,872	265,224	244,161
Overage rents	6,303	7,020	15,401	15,443
Other	7,912	8,075	26,987	22,947
Total revenues	309,918	296,908	911,529	846,890
Expenses:				
Real estate taxes	27,516	26,907	82,202	78,516
Property maintenance costs	8,582	8,422	28,588	24,684
Marketing	2,873	3,840	9,663	10,363
Other property operating costs	45,563	44,065	128,347	119,331
Provision for doubtful accounts	1,119	599	2,162	1,861
Property management and other costs (1)	13,963	13,491	42,156	38,615
General and administrative	2,299	565	8,109	1,739
Depreciation and amortization	81,197	71,184	233,854	204,895
Total expenses	183,112	169,073	535,081	480,004
Operating income	126,806	127,835	376,448	366,886
Interest income	1,449	390	4,297	955
Interest expense	(82,880)	(73,468)	(229,275)	(208,971)
Provision for income taxes	(341)	(131)	(619)	(419)
Income from continuing operations	45,034	54,626	150,851	158,451
Net income from disposed investment	—	8,774	—	26,884
Allocation to noncontrolling interests	(14)	(12)	(31)	22
Net income attributable to the ventures	\$45,020	\$63,388	\$150,820	\$185,357
Equity In Income of Unconsolidated Real Estate Affiliates:				
Net income attributable to the ventures	\$45,020	\$63,388	\$150,820	\$185,357
Joint venture partners' share of income	(24,628)	(34,337)	(82,851)	(102,078)
Amortization of capital or basis differences	(13,001)	(15,067)	(34,101)	(42,114)
Equity in income of Unconsolidated Real Estate Affiliates	\$7,391	\$13,984	\$33,868	\$41,165

(1) Includes management fees charged to the unconsolidated joint ventures by GGMI and GGSII.

The Unconsolidated Real Estate Affiliates represents our investments in real estate joint ventures that are not consolidated. We hold interests in 23 domestic joint ventures, comprising 32 regional malls and eight strip/other retail centers, 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. As we have joint control of these ventures with our venture partners, we account for these joint ventures under the equity method.

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 \$3.7 billion as of September 30, 2014 and \$3.2 billion as of December 31, 2013, 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

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\$89.6 million at one property as of September 30, 2014, and \$90.6 million as of December 31, 2013. 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 September 30, 2014, we do not anticipate an inability to perform on our obligations with respect to Retained Debt.

NOTE 7 MORTGAGES, NOTES AND LOANS PAYABLE

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

	September 30, 2014 (1)	Weighted-Average Interest Rate (2)	December 31, 2013 (3)	Weighted-Average Interest Rate (2)	
Fixed-rate debt:					
Collateralized mortgages, notes and loans payable (4)	\$ 13,638,335	4.52	% \$ 13,907,029	4.55	%
Corporate and other unsecured loans	8,174	4.41	% 12,791	4.41	%
Total fixed-rate debt	13,646,509	4.52	% 13,919,820	4.55	%
Variable-rate debt:					
Collateralized mortgages, notes and loans payable (4)	2,251,581	2.00	% 1,700,817	2.61	%
Revolving credit facility	—	—	51,800	1.74	%
Total variable-rate debt	2,251,581	2.00	% 1,752,617	2.59	%
Total Mortgages, notes and loans payable	\$ 15,898,090	4.16	% \$ 15,672,437	4.33	%
Junior Subordinated Notes	\$ 206,200	1.69	% \$ 206,200	1.69	%

(1) Includes net \$19.4 million of debt market rate adjustments.

(2) Represents the weighted-average interest rates on our contractual principal balances.

(3) Includes net \$0.9 million of debt market rate adjustments.

(4) \$101.3 million of the fixed-rate balance and \$1.4 billion of the variable-rate balance is cross-collateralized.

Collateralized Mortgages, Notes and Loans Payable

As of September 30, 2014, \$21.5 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 \$1.5 billion of debt, are cross-collateralized with other properties. Although a majority of the \$15.9 billion of fixed and variable rate collateralized mortgages, notes and loans payable are non-recourse, \$1.7 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 nine months ended September 30, 2014, we financed consolidated mortgage notes totaling \$1.1 billion related to eight properties and generated net proceeds of \$407.1 million. The prior loans had a weighted-average term-to-maturity of 1.6 years, and a weighted-average interest rate of 4.8%. The new loans have a weighted-average term-to-maturity of 7.1 years, and a weighted-average interest rate of 3.5%. In addition to these loans in the second quarter, we also obtained a \$450.0 million construction loan at Ala Moana Center with an interest rate of LIBOR plus 1.9%. As of September 30, 2014, the Company has drawn \$189.1 million under this loan.

On August 1, 2014, we amended our \$1.4 billion corporate loan secured by cross-collateralized mortgages on 14 properties. This amendment lowered the interest rate on the loan from LIBOR plus 2.50% to LIBOR plus 1.75%. The loan matures on April 26, 2016, and then after, has two one-year maturity date extension options.

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Corporate and Other Unsecured Loans

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

	September 30, 2014 (2)	Weighted-Average Interest Rate	December 31, 2013 (3)	Weighted-Average Interest Rate	
Unsecured debt:					
HHC Note (1)	\$8,373	4.41	% \$13,179	4.41	%
Revolving credit facility	—	—	51,800	1.74	%
Total unsecured debt	\$8,373	4.41	% \$64,979	2.28	%

(1) Matures in December 2015.

(2) Excludes a market rate discount of \$0.2 million that decreases the total amount that appears outstanding in our Consolidated Balance Sheets. The market rate discount amortizes as an addition to interest expense over the life of the loan.

(3) Excludes a market rate discount of \$0.4 million that decreases the total amount that appears outstanding in our Consolidated Balance Sheets. The market rate discount amortizes as an addition to interest expense over the life of the loan.

Our revolving credit facility (the “Facility”) as amended on October 23, 2013, provides for revolving loans of up to \$1.0 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 2018 and is unsecured. Borrowings under the Facility bear interest at a rate equal to LIBOR plus 132.5 to 195 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 September 30, 2014. No amounts are outstanding on the Facility, as of September 30, 2014.

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 September 30, 2014 and December 31, 2013.

Letters of Credit and Surety Bonds

We had outstanding letters of credit and surety bonds of \$49.3 million as of September 30, 2014 and \$19.4 million as of December 31, 2013. 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 September 30, 2014.

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NOTE 8 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 requirements to distribute at least 90% of our taxable ordinary income and to either distribute taxable capital gains to stockholders, or pay corporate income tax on the undistributed capital gains. 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. Generally, we are currently open to audit by the Internal Revenue Service for the years ended December 31, 2011 through 2013 and are open to audit by state taxing authorities for the years ended December 31, 2010 through 2013.

Based on our assessment of the expected outcome of existing examinations or examinations that may commence, or as a result of the expiration of the statute of limitations for specific jurisdictions, it is reasonably possible that the related unrecognized tax benefits, excluding accrued interest, for tax positions taken regarding previously filed tax returns will change from those recorded at September 30, 2014, although such change is not expected to have a material effect on our consolidated financial position, results of operations or liquidity.

NOTE 9 WARRANTS

Pursuant to the terms of the Investment Agreements, the Plan Sponsors and Blackstone were issued 120,000,000 warrants (the "Warrants") to purchase common stock of GGP with an initial weighted average exercise price of \$10.63. Each Warrant was originally recorded as a liability, as the holders of the Warrants could have required GGP to settle such Warrants in cash upon certain changes of control events. The Warrants were fully vested upon issuance. Each Warrant has a term of seven years and expires on November 9, 2017. Below is a summary of the Warrants initially received by the Plan Sponsors and Blackstone.

Initial Warrant Holder	Number of Warrants	Initial Exercise Price
Brookfield	57,500,000	\$10.75
Blackstone - B (2)	2,500,000	10.75
Fairholme (2)	41,070,000	10.50
Pershing Square (1)	16,430,000	10.50
Blackstone - A (2)	2,500,000	10.50
	120,000,000	

(1) On December 31, 2012, the Pershing Square Warrants were purchased by Brookfield; Brookfield owns or manages on behalf of third parties, all outstanding Warrants.

(2) On January 28, 2013, the Fairholme and Blackstone Warrants (A and B) were purchased by GGPOP.

The Brookfield Warrants and the Blackstone Warrants (A and B) were immediately exercisable, while the Fairholme Warrants and the Pershing Square Warrants were exercisable (for the initial 6.5 years from the issuance) only upon 90 days prior notice, but there is no obligation to exercise at any point from the end of the 90 day notification period through maturity.

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 120,000,000 Warrants that were initially issued to the Plan Sponsors. During 2013 and 2014, the number of shares issuable upon exercise of the outstanding Warrants changed as follows:

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Record Date	Issuable Shares (1)	Exercise Price	
		Brookfield and Blackstone - B	Fairholme, Pershing Square and Blackstone - A
April 16, 2013	83,443,178	\$9.53	\$9.30
July 16, 2013	83,945,892	9.47	9.25
October 15, 2013	84,507,750	9.41	9.19
December 13, 2013	85,084,392	9.34	9.12
April 15, 2014	85,668,428	9.28	9.06
July 15, 2014	86,215,500	9.22	9.01

(1) Issuable shares as of April 16, 2013 exclude the Fairholme and Blackstone A and B Warrants purchased and exercised by GGPOP (Note 11).

The Fairholme and Blackstone A and B Warrants were purchased and subsequently exercised by GGPOP. As of September 30, 2014, Brookfield owns or manages on behalf of third parties all of the remaining Warrants. 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 67,000,000 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 September 30, 2014, the remaining Warrants are exercisable into approximately 53 million common shares of the Company, at a weighted-average exercise price of approximately \$9.17 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.

On March 28, 2013, we amended the Warrant agreement to replace the right of Warrant holders to receive cash from the Company under a change of control to the right to, instead, receive shares of the Company, changing the method of settlement. This amendment results in the classification of the Warrants as a component of permanent equity on our Consolidated Balance Sheets. Prior to the amendment, the Warrants were classified as a liability, due to the cash settlement feature, and marked to fair value, with changes in fair value recognized in earnings. As a result of the amendment, the fair value was determined as of March 28, 2013 with the change in fair value recognized in our Consolidated Statements of Comprehensive Income and the determined fair value was reclassified to equity.

The estimated fair value of the Warrants was \$895.5 million as of March 28, 2013. The fair value of the Warrants was estimated using the Black Scholes option pricing model using our stock price, the Warrant term, and Level 3 inputs (Note 2). As discussed above, the modification of the warrant agreement resulted in the classification of the Warrants as equity as of March 28, 2013. From December 31, 2012 through March 28, 2013, changes in the fair value of the Warrants were recognized in earnings. An increase in GGP's common stock price or in the expected volatility of the Warrants would increase the fair value; whereas, a decrease in GGP's common stock price or an increase in the lack of marketability would decrease the fair value.

The following table summarizes the change in fair value of the Warrants which is measured on a recurring basis using Level 3 inputs:

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	Nine Months Ended September	
	30, 2013	
Balance as of January 1,	\$1,488,196	
Warrant liability adjustment	40,546	
Purchase of Warrants by GGPOP	(633,229)
Reclassification to equity	(895,513)
Balance as of September 30,	\$—	

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The following table summarizes the estimated fair value of the Warrants and significant observable and unobservable inputs used in the valuation as of March 28, 2013:

Fair value of Warrants	March 28, 2013	
	\$895,513	
Observable Inputs		
GGP stock price per share	\$19.88	
Warrant term	4.62	
Unobservable Inputs		
Expected volatility	30	%
Range of values considered	(15% - 65%)	
Discount for lack of marketability	3	%
Range of values considered	(3% - 7%)	

NOTE 10

EQUITY AND REDEEMABLE NONCONTROLLING INTERESTS

Allocation to Noncontrolling Interests

Noncontrolling interests consists of the redeemable interests related to common and preferred GGPOP 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 September		Nine Months Ended September	
	30, 2014	2013	30, 2014	2013
Distributions to preferred GGPOP units	\$(2,232)	) \$(2,335)	) \$(6,697)	) \$(7,006)
Net income allocation to noncontrolling interests in GGPOP from continuing operations (common units)	(412)	) (160)	) (2,049)	) (1,555)
Net income allocated to noncontrolling interest in consolidated real estate affiliates	(147)	) (876)	) (1,262)	) (2,146)
Allocation to noncontrolling interests	(2,791)	) (3,371)	) (10,008)	) (10,707)
Other comprehensive loss allocated to noncontrolling interests	(113)	) (362)	) 33	) (22)
Comprehensive income allocated to noncontrolling interests	\$(2,904)	) \$(3,733)	) \$(9,975)	) \$(10,729)

Redeemable Noncontrolling Interests

The minority interest related to the Common and Preferred Units of GGPOP are presented as redeemable noncontrolling interests in our Consolidated Balance Sheets since it is possible we could be required, under certain events outside of our control, to redeem the securities for cash by the holders of the securities.

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.

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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 Units as of September 30, 2014, the aggregate amount of cash we would have paid would have been \$145.8 million.

GGPOP issued Convertible Preferred Units that are convertible into Common Units of GGPOP at the rates below (subject to adjustment). The holder may convert the Convertible 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.

	Number of Common Units for each Preferred Unit	Number of Contractual Convertible Preferred Units Outstanding as of September 30, 2014	Converted Basis to Common Units Outstanding as of September 30, 2014	Conversion Price	Redemption Value
Series B (1)	3.00000	1,279,632	3,991,540	\$16.66670	94,001
Series D	1.50821	532,750	803,499	33.15188	26,637
Series E	1.29836	502,658	652,631	38.51000	25,133
					\$145,771

(1) The conversion price of Series B preferred units is lower than the GGP September 30, 2014 closing common stock price of \$23.55; therefore, the September 30, 2014 common stock price of \$23.55, 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 nine months ended September 30, 2014, and 2013.

Balance at January 1, 2013	\$268,219
Net income	1,555
Distributions	(2,343)
Redemption of GGPOP units	(8,328)
Other comprehensive income	22
Fair value adjustment for noncontrolling interests in GGPOP	(6,566)
Balance at September 30, 2013	\$252,559
Balance at January 1, 2014	\$228,902
Net income	2,049

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Distributions	(2,223)
Other comprehensive loss	(33)
Fair value adjustment for noncontrolling interests in GGPOP	30,920	
Balance at September 30, 2014	\$259,615	

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Common Stock Dividend

Our Board of Directors declared common stock dividends during 2014 and 2013 as follows:

Declaration Date	Record Date	Payment Date	Dividend Per Share
2014			
August 12	October 15	October 31, 2014	\$0.16
May 15	July 15	July 31, 2014	0.15
February 26	April 15	April 30, 2014	0.15
2013			
October 28	December 13	January 2, 2014	\$0.14
July 29	October 15	October 29, 2013	0.13
May 10	July 16	July 30, 2013	0.12
February 4	April 16	April 30, 2013	0.12

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 will be able to have that dividend reinvested. As a result of the DRIP elections, 17,467 shares were issued during the nine months ended September 30, 2014 and 21,106 shares were issued during the nine months ended September 30, 2013.

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 2014 and 2013 as follows:

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Declaration Date	Record Date	Payment Date	Dividend Per Share
2014			
August 12	September 15	October 1, 2014	\$0.3984
May 15	June 16	July 1, 2014	0.3984
February 26	March 17	April 1, 2014	0.3984
2013			
October 28	December 13	January 2, 2014	\$0.3984
July 29	September 13	October 1, 2013	0.3984
May 10	June 14	July 1, 2013	0.3984
March 4	March 15	April 1, 2013	0.2125

NOTE 11 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 are computed using the “if-converted” method and the dilutive effect of options and their equivalents (including fixed awards and nonvested stock issued under stock-based compensation plans), is computed using the “treasury” method.

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Information related to our EPS calculations is summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Numerators - Basic and Diluted:				
Income from continuing operations	\$69,375	\$32,862	\$184,774	\$223,516
Preferred Stock dividends	(3,984)	) (3,984)	) (11,952)	) (10,094)
Allocation to noncontrolling interests	(2,741)	) (3,372)	) (8,916)	) (10,580)
Income from continuing operations - attributable to common stockholders	62,650	25,506	163,906	202,842
Discontinued operations	8,024	(2,008)	) 201,606	12,528
Allocation to noncontrolling interests	(50)	) 1	(1,092)	) (127)
Discontinued operations - net of noncontrolling interests	7,974	(2,007)	) 200,514	12,401
Net income	77,399	30,854	386,380	236,044
Preferred Stock dividends	(3,984)	) (3,984)	) (11,952)	) (10,094)
Allocation to noncontrolling interests	(2,791)	) (3,371)	) (10,008)	) (10,707)
Net income attributable to common stockholders	\$70,624	\$23,499	\$364,420	\$215,243
Denominators:				
Weighted-average number of common shares outstanding - basic	883,898	932,964	887,927	937,200
Effect of dilutive securities	59,025	47,803	55,988	3,454
Weighted-average number of common shares outstanding - diluted	942,923	980,767	943,915	940,654
Anti-dilutive Securities:				
Effect of Preferred Units	5,506	5,526	5,506	5,526
Effect of Common Units	4,834	6,417	4,834	6,469
Effect of Stock Options	—	—	—	—
Effect of Warrants	—	—	—	46,934
	10,340	11,943	10,340	58,929

For the three and nine months ended September 30, 2014, dilutive options and potentially dilutive shares related to the Warrants are included in the denominator of EPS. For the three and nine months ended September 30, 2013, options are included in the denominator of diluted EPS. Warrants were dilutive for the three months ended September 30, 2013, but were anti-dilutive for the nine months ended September 30, 2013, and as such, their effect has not been included in the calculation of diluted net loss per share.

Outstanding Common Units have been excluded from the diluted EPS calculation for all periods presented 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 Unit dividend be added back to the net income, resulting in them being anti-dilutive.

During the year ended December 31, 2013, GGPOP repurchased 28,345,108 shares of GGP's common stock for \$566.9 million. 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. In addition, GGPOP was issued 27,459,195 shares of GGP common stock on March 26, 2013, as a result of GGPOP's purchase and subsequent exercising of the Fairholme and Blackstone A and B Warrants. These shares are presented as issued, but not outstanding on our Consolidated Balance Sheets. Accordingly, these shares have been excluded from the calculation of EPS.

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On February 10, 2014, GGPOP repurchased 27,624,282 shares of GGP's common stock for \$555.8 million. 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.

On May 1, 2014, the shares of GGP common stock owned by GGPOP were contributed to GGPN, and as a result of these transactions, GGPN owns an aggregate of 83,428,585 shares of GGP common stock as of September 30, 2014, of which 55,969,390 are shown as treasury stock and 27,459,195 are shown as issued, but not outstanding on our Consolidated Balance Sheets.

NOTE 12 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.

Compensation expense related to stock-based compensation plans for the three and nine months ended September 30, 2014, and 2013 is summarized in the following table:

	Three Months Ended		Nine Months Ended	
	September 30, 2014	2013	September 30, 2014	2013
Stock options - Property management and other costs	\$1,746	\$1,367	\$5,743	\$3,702
Stock options - General and administrative	3,626	2,303	11,896	6,580
Restricted stock - Property management and other costs	373	440	1,241	1,255
Restricted stock - General and administrative	279	1,941	834	5,897
Total	\$6,024	\$6,051	\$19,714	\$17,434

The following tables summarize stock option activity for the Equity Plan for GGP for the nine months ended September 30, 2014, and 2013:

2014		2013	
Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price

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Stock options Outstanding at January 1,	21,565,281	\$17.28	9,692,499	\$13.59
Granted	50,000	22.41	5,971,108	19.25
Exercised	(334,216)	14.74	(309,220)	14.32
Forfeited	(316,243)	19.00	(233,302)	14.22
Expired	(10,840)	14.33	(21,510)	15.36
Stock options Outstanding at September 30,	20,953,982	\$17.31	15,099,575	\$15.78

There was no significant restricted stock activity for the three months ended September 30, 2014, and 2013.

NOTE 13 ACCOUNTS AND NOTES RECEIVABLE, NET

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

	September 30, 2014	December 31, 2013
Trade receivables	\$ 108,564	\$ 123,522
Notes receivable	279,633	179,559
Straight-line rent receivable	225,697	190,332
Other accounts receivable	4,177	3,377
Total Accounts and notes receivable	618,071	496,790
Provision for doubtful accounts	(14,336)	(17,891)
Total Accounts and notes receivable, net	\$ 603,735	\$ 478,899

Notes receivable includes an \$86.9 million note receivable from our joint venture partner related to the acquisition of 685 5th Avenue in New York, New York (Note 3). The note receivable bears interest at an interest rate of 7.5%, compounded quarterly with accrued but unpaid interest increasing the loan balance, and is collateralized by our partner's ownership interest in the joint venture, and matures on June 27, 2024.

Also included in notes receivable is a \$142.0 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 5 years term. We recognize 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.

Within notes receivable is a \$32.2 million note receivable from our joint venture partner related to the acquisition of a portfolio of two properties in the Union Square area of San Francisco in September 2013. The note receivable bears interest at an interest rate of 5.21% and is collateralized by our partners in the joint venture. The note receivable matures on September 16, 2023.

NOTE 14 PREPAID EXPENSES AND OTHER ASSETS

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

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GENERAL GROWTH PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except share and per share amounts)

(Unaudited)

	September 30, 2014			December 31, 2013		
	Gross Asset	Accumulated Amortization	Balance	Gross Asset	Accumulated Amortization	Balance
Intangible assets:						
Above-market tenant leases, net	904,054	(493,038)	\$411,016	1,022,398	(478,998)	\$543,400
Below-market ground leases, net	163,179	(16,799)	\$146,380	164,017	(13,597)	\$150,420
Real estate tax stabilization agreement, net	111,506	(24,568)	\$86,938	111,506	(19,834)	\$91,672
Total intangible assets	\$1,178,739	\$(534,405)	\$644,334	\$1,297,921	\$(512,429)	\$785,492
Remaining Prepaid expenses and other assets:						
Security and escrow deposits			103,924			145,999
Prepaid expenses			81,773			23,283
Other non-tenant receivables			25,878			25,988
Deferred tax, net of valuation allowances			3,116			906
Other			12,224			13,901
Total remaining Prepaid expenses and other assets			226,915			210,077
Total Prepaid expenses and other assets			\$871,249			\$995,569

NOTE 15 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

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GENERAL GROWTH PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except share and per share amounts)

(Unaudited)

	September 30, 2014			December 31, 2013		
	Gross Liability	Accumulated Accretion	Balance	Gross Liability	Accumulated Accretion	Balance
Intangible liabilities:						
Below-market tenant leases, net	534,252	(262,537)	\$271,715	622,710	(271,215)	\$351,495
Above-market headquarters office leases, net	15,267	(6,433)	\$8,834	15,268	(5,130)	\$10,138
Above-market ground leases, net	9,127	(1,431)	\$7,696	9,756	(1,181)	\$8,575
Total intangible liabilities	\$558,646	\$(270,401)	\$288,245	\$647,734	\$(277,526)	\$370,208
Remaining Accounts payable and accrued expenses:						
Accrued interest			52,962			58,777
Accounts payable and accrued expenses			84,416			102,246
Accrued real estate taxes			110,866			92,663
Deferred gains/income			103,495			115,354
Accrued payroll and other employee liabilities			51,142			34,006
Construction payable			89,718			103,988
Tenant and other deposits			22,005			21,434
Insurance reserve liability			16,772			16,643
Capital lease obligations			12,230			12,703
Conditional asset retirement obligation liability			10,284			10,424
Uncertain tax position liability			6,613			5,536
Other			16,693			27,013
Total remaining Accounts payable and accrued expenses			577,196			600,787
Total Accounts payable and accrued expenses			\$865,441			\$970,995

NOTE 16 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.

Urban Litigation

In October 2004, certain limited partners (the "Urban Plaintiffs") of Urban Shopping Centers, L.P. ("Urban") filed a lawsuit against Urban's general partner, Head Acquisition, L.P. ("Head"), as well as The Rouse Company, LP

("TRCLP"), Simon Property Group, Inc., Westfield America, Inc., and various of their affiliates, including Head's general partners (collectively, the "Urban Defendants"), in Circuit Court in Cook County, Illinois. GGP, GGPOP and other affiliates were later included as Urban Defendants. The lawsuit alleged, among other things, that the Urban Defendants breached the Urban partnership agreement, unjustly enriched themselves through misappropriation of partnership opportunities, failed to grow the partnership, breached their fiduciary duties, and tortiously interfered with several contractual relationships. The plaintiffs sought relief in the form of unspecified monetary damages and equitable relief requiring, among other things, the Urban Defendants, including GGP, Inc. and its affiliates, to engage in certain future transactions through the Urban Partnership. On May 19, 2014 the Company settled the litigation and recorded a loss of \$17.9 million, which is included in General and administrative expense in our Consolidated Statements of Comprehensive Income. The Company invested \$60.0 million in Urban and contributed, at fair value, a 5.6% interest in three assets in exchange for preferred equity interests. The Company has no obligation to engage in future activity through Urban other than transactions associated with partnership assets.

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GENERAL GROWTH PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except share and per share amounts)

(Unaudited)

Tax Indemnification Liability

Pursuant to the Investment Agreements, the Company has indemnified HHC from and against 93.75% of any and all losses, claims, damages, liabilities and reasonable expenses to which HHC and its subsidiaries become subject, in each case solely to the extent directly attributable to MPC Taxes (as defined in the Investment Agreements) in an amount up to \$303.8 million. Under certain circumstances, the Company agreed to be responsible for interest or penalties attributable to such MPC Taxes in excess of the \$303.8 million. The IRS disagrees with the method used to report gains for income tax purposes that are the subject of the MPC taxes. As a result of this disagreement, The Howard Hughes Company, LLC and Howard Hughes Properties, Inc. filed petitions in the United States Tax Court, contesting this liability for the 2007 and 2008 years and a trial was held in 2012. The United States Tax Court rendered its opinion on June 2, 2014, in favor of the IRS. On September 15, 2014, the United States Tax Court formally entered its decision awarding the IRS \$144.1 million in taxes for 2007 and 2008. Interest of approximately \$60 million has accrued as of September 30, 2014 and will continue to accrue until paid. The parties have until December 15, 2014 to file a notice of appeal. The Internal Revenue Service has opened an audit for these two taxpayers for 2009 through 2011 with respect to MPC Taxes; however, the Company does not expect any material taxes or interest or penalties to be due for these years based on a change to the method outlined by the United States Tax Court.

The Company has accrued approximately \$322 million related to the tax indemnification liability on our Consolidated Balance Sheets as of September 30, 2014, and December 31, 2013. As a result of the Company's consideration of the risks associated with this matter, including the timing of recognition of indemnified and non-indemnified income by HHC, the use of specific deductions, and the ultimate amount of indemnified income recognized, as well as discussions with counsel, the Company believes that the aggregate liability recorded of approximately \$322 million represents management's best estimate of our liability as of September 30, 2014, and that the probability that the Company will incur a loss in excess of this amount is remote.

NOTE 17 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, to the extent applicable, been straight-lined over the term of the lease. The following is a summary of our contractual rental expense as presented in our Consolidated Statements of Comprehensive Income:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
	(Dollars in thousands)			
Contractual rent expense, including participation rent	\$3,528	\$3,346	\$9,981	\$10,304
Contractual rent expense, including participation rent and excluding amortization of above and below-market ground leases and straight-line rent	2,371	2,142	6,513	6,654

See Note 16 for our obligations related to uncertain tax positions and for disclosure of additional contingencies.

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GENERAL GROWTH PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except share and per share amounts)

(Unaudited)

NOTE 18 SUBSEQUENT EVENTS

On October 22, 2014, we closed on the acquisition of a 50% joint venture interest in 530 5th Avenue located in New York, New York for net equity of \$49.0 million. In connection with the acquisition, we provided a \$39.4 million loan to our joint venture partner.

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 to be an owner and operator of best-in-class retail properties that provide an outstanding environment and experience for our communities, retailers, employees, consumers and shareholders. Our properties are predominantly located in the United States. As of September 30, 2014, we are the owner, either entirely or with joint venture partners, of 127 retail properties comprising approximately 127 million square feet of 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 to increase long-term Company NOI (as defined below) growth through proactive management and leasing of our properties. Our leasing strategy is to identify and provide the right stores to have appropriate merchandise mix. We believe that the most significant operating factor affecting incremental cash flow and Company NOI is increased rents earned from tenants at our properties. These rental revenue increases are primarily achieved by:

- increasing permanent occupancy;
- increasing rental revenues by leasing at higher rents than those expiring; and
- increasing tenant sales, which allow us to obtain higher rents, and in which we participate through overage rent.

Since September 30, 2013, our total occupancy has risen, but more importantly the level of long-term, or "permanent" occupancy, has increased from 90.2% as of September 30, 2013 to 91.2% as of September 30, 2014. During this same period, we have seen an increase in rents between the rent paid on expiring leases and the rent commencing under new leases, on a suite-to-suite basis. On a suite-to-suite basis, the leases commencing occupancy in 2014 exhibited initial rents that were 17.6% higher than the final rents paid on expiring leases.

We may recycle capital by strategically disposing of assets and opportunistically investing in high quality retail properties. Controlling operating expenses by leveraging our scale to maximize synergies is a critical component to

Company NOI growth.

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

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

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Our Company NOI (as defined below) increased 4.8% from \$1.6 billion for the nine months ended September 30, 2013 to \$1.7 billion for the nine months ended September 30, 2014. Operating income increased 13.7% from \$588.4 million for the nine months ended September 30, 2013 to \$669.2 million for the nine months ended September 30, 2014. Our Company FFO (as defined below) increased 11.9% from \$802.6 million for the nine months ended September 30, 2013 to \$898.2 million for the nine months ended September 30, 2014. Net income attributable to General Growth Properties, Inc. increased from \$225.3 million for the nine months ended September 30, 2013 to \$376.4 million for the nine months ended September 30, 2014.

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

Operating Metrics

Same Store Operating Metrics

The following table summarizes selected operating metrics for our same store portfolio.

	September 30, 2014 (1)	September 30, 2013 (1)	% Change	
In-Place Rents per square foot (2)				
Consolidated Properties	\$67.90	\$66.92	1.46	%
Unconsolidated Properties	80.30	80.27	0.04	%
Total	\$71.51	\$70.69	1.16	%
Percentage Leased				
Consolidated Properties	96.6	% 96.4	% 20 bps	
Unconsolidated Properties	97.2	% 97.0	% 20 bps	
Total	96.8	% 96.6	% 20 bps	
Tenant Sales per square foot (3)				
Consolidated Properties	\$513	\$518	(0.97)%
Unconsolidated Properties	701	673	4.16	%
Total	\$565	\$562	0.53	%
Tenant Sales Volume (All Less Anchors) (3)				
Consolidated Properties	13,472	13,395	0.57	%
Unconsolidated Properties	6,713	6,284	6.83	%
Total	\$20,185	\$19,679	2.57	%

(1) Metrics exclude one property under development and one property acquired in the three months ended September 30, 2014.

(2) Represents average rent over the term consisting of base minimum rent and common area costs.

(3) Tenant Sales <10K SF is presented as sales per square foot in dollars, and Tenant Sales Volume (All Less Anchors) is presented as total sales volume in millions of dollars.

Lease Spread Metrics

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The following table summarizes new and renewal leases that were scheduled to commence in 2014 and 2015 compared to expiring leases for the prior tenant in the same suite, for leases where the downtime between new and previous tenant was less than 24 months.

	Number of Leases	Square Feet	Term/Years	Initial Rent Per Square Foot(1)	Expiring Rent Per Square Foot(2)	Initial Rent Spread	% Change	
Commencement 2014	1,565	4,593,771	6.5	\$ 62.44	\$ 53.11	\$9.33	17.6	%
Commencement 2015	229	757,797	6.8	71.75	63.06	8.69	13.8	%
Total 2014/2015	1,794	5,351,568	6.6	\$ 63.76	\$ 54.52	\$9.24	17.0	%

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- (1) Represents initial rent over the term consisting of base minimum rent and common area costs.
 (2) Represents expiring rent at end of lease consisting of base minimum rent and common area costs.

Results of Operations

Three months ended September 30, 2014 and 2013

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

	Three Months Ended September 30,				
	2014	2013	\$ Change	% Change	
	(Dollars in thousands)				
Components of Minimum rents:					
Base minimum rents	\$397,781	\$385,462	\$12,319	3.2	%
Lease termination income	1,508	3,259	(1,751)	(53.7))
Straight-line rent	12,163	11,105	1,058	9.5	
Above and below-market tenant leases, net	(11,264)	(17,108)	5,844	(34.2))
Total Minimum rents	\$400,188	\$382,718	\$17,470	4.6	%

Base minimum rents increased \$12.3 million primarily due to increases in occupancy and rent between September 30, 2013 and September 30, 2014 and the acquisition of two operating properties during the fourth quarter of 2013.

Tenant recoveries increased \$9.4 million primarily due to higher fixed operating expense recoveries and higher real estate tax recoveries in the third quarter of 2014.

Other property operating expenses decreased \$7.5 million primarily due to the reduction of ground rent payments and professional fees incurred in the third quarter 2013.

Interest and dividend income increased \$8.1 million primarily due to \$4.9 million of interest income from the note receivable recorded in conjunction with the sale of Aliansce and \$1.7 million of interest income from the note receivable related to the acquisition of 685 5th Avenue in New York, New York (Note 13).

The Loss on foreign currency represents a change in the value note receivable denominated in Brazilian Reais recorded in conjunction with the sale of Aliansce (Note 13).

Benefit from income taxes increased \$4.5 million primarily due to the deferred federal income tax benefit related to the foreign currency translation loss on the note receivable recorded in conjunction with the sale of Aliansce in 2013 (Note 13).

Equity in income of Unconsolidated Real Estate Affiliates decreased \$6.6 million primarily due to costs associated with the formation of two joint ventures during 2014 and the write-off of deferred financing costs in the third quarter of 2014 at Glendale Galleria.

Discontinued operations, net for the three months ended September 30, 2014, is primarily comprised of a \$7.6 million gain related to the sale of two assets (Note 4).

Nine months ended September 30, 2014 and 2013

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

	Nine Months Ended September			
	2014	2013	\$ Change	% Change
	(Dollars in thousands)			
Components of Minimum rents:				
Base minimum rents	\$ 1,186,567	\$ 1,164,745	\$ 21,822	1.9 %
Lease termination income	8,700	10,046	(1,346)	(13.4)
Straight-line rent	37,280	35,784	1,496	4.2
Above and below-market tenant leases, net	(50,347)	(51,484)	1,137	(2.2)
Total Minimum rents	\$ 1,182,200	\$ 1,159,091	\$ 23,109	2.0 %

Base minimum rents increased \$21.8 million primarily due to increases in occupancy and rent between September 30, 2013 and September 30, 2014, the acquisition of an additional 50% of Quail Springs Mall during the second quarter of 2013, and the acquisition of two operating properties during the fourth quarter of 2013. These increases were partially offset by our contribution of The Grand Canal Shoppes and the Shoppes at the Palazzo into a joint venture that was formed with TIAACREF during the second quarter of 2013, which resulted in less Base minimum rents during the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013.

Tenant recoveries increased \$18.7 million primarily due to higher fixed operating expense recoveries and higher real estate tax recoveries in the first nine months of 2014.

Other revenue increased by \$8.0 million primarily due to a settlement related to land sold to a municipality in the first quarter of 2014.

General and administrative expenses increased \$18.0 million primarily due to the \$17.9 million loss from the settlement of litigation in the second quarter of 2014 (Note 16).

Interest and dividend income increased \$18.5 million primarily due to \$13.1 million of interest income received from the note receivable recorded in conjunction with the sale of Aliansce and \$1.7 million of interest income from the note receivable related to the acquisition of 685 5th Avenue in New York, New York (Note 13).

Interest expense decreased \$21.3 million primarily due to our contribution of The Grand Canal Shoppes and the Shoppes at the Palazzo into a joint venture that was formed with TIAACREF during the second quarter of 2013, the 2013 redemption of \$700.5 million of unsecured corporate bonds, and an increase in capitalized interest primarily related to Ala Moana.

The Loss on foreign currency represents a change in the value note receivable denominated in Brazilian Reais recorded in conjunction with the sale of Aliansce (Note 13).

The Warrant liability adjustment for the nine months ended September 30, 2013 represents the non-cash income or expense recognized as a result of the change in the fair value of the Warrant liability. We incurred a net Warrant liability adjustment of \$40.5 million during the first quarter of 2013. This adjustment reflects our purchase of the Warrants from Fairholme and Blackstone, as the amount paid exceeded the liability by approximately \$55 million. This was partially offset by the revaluation of the remaining Warrants as of March 28, 2013. As of March 28, 2013, an amendment to the Warrant agreement changed the classification of the Warrants owned by Brookfield from a liability to a component of permanent equity. As a result, the Warrants have not been revalued after March 28, 2013. Refer to Note 9 for a discussion of transactions related to the Warrants.

The Gain from change in control of investment properties of \$219.8 million in 2013 relates to our contribution of The Grand Canal Shoppes and The Shoppes at the Palazzo into a joint venture, of \$200 million, and the purchase of our partner's interest in Quail Springs Mall, previously held in a joint venture, of \$19.8 million.

Loss on extinguishment of debt of \$36.5 million in 2013 represents fees incurred for the early payoff of debt. We expensed \$20.5 million of fees as a result of the early redemption of the \$608.7 million of 6.75% unsecured corporate bonds due November 9, 2015. In addition, we expensed \$6.6 million in financing fees resulting from the refinancing of the \$1.5 billion secured corporate loan, \$3.6 million as a result of the early redemption of \$91.8 million of 5.38% unsecured corporate bonds due November 26, 2013, and \$5.8 million as a result of the early payoff of mortgage debt at one operating property.

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Discontinued operations, net for the nine months ended September 30, 2014 is primarily comprised of a \$129.8 million gain related to the sale of one property and three assets, and a \$66.7 million Gain on extinguishment of debt related to a lender-directed sale of one property that was previously transferred to a special servicer. Discontinued operations, net for the nine months ended September 30, 2013, is comprised of a \$25.9 million Gain on extinguishment of debt related to a lender-directed sale of one property that was previously transferred to a special servicer (Note 4).

Liquidity and Capital Resources

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

We anticipate maintaining financial flexibility by managing our future maturities, amortization of debt, cross collateralizations and corporate guarantees, improving operations and providing the necessary capital to fund growth. We believe that we currently have sufficient liquidity to satisfy all of our commitments in the form of \$279.6 million of consolidated unrestricted cash and \$1.0 billion of available credit under our credit facility as of September 30, 2014, as well as anticipated cash provided by operations.

Our key financing and capital raising objectives include:

- to refinance our maturing debt and certain debt that is prepayable without penalty,
- to manage future debt maturities coming due in any one year; and
- to reduce the amount of debt that is recourse to us.

We may also raise capital through public or private issuances of debt securities, preferred stock, common stock, common units of GGPOP or other capital raising activities.

During the nine months ended September 30, 2014, we executed the following refinancing and capital transactions (at our proportionate share):

- acquired 27.6 million of GGP common shares held by Pershing Square Capital Management, L.P. at \$20.12 per share for a total price of approximately \$556 million, funded by a draw on our Facility;
- completed \$1.6 billion of secured financings, lowering the average interest rate 70 basis points from 4.4% to 3.7%, lengthening our average term-to-maturity from 1.9 years to 8.1 years, and generating net proceeds of \$694.0 million; and
- amended our \$1.4 billion corporate loan secured by cross-collateralized mortgages on 14 properties, lowering the interest rate from LIBOR plus 2.50% to LIBOR plus 1.75%, thus reducing our annual interest expense by \$10.4 million. The loan matures on April 26, 2016, and then after, has two one-year maturity date extension options.

During the nine months ended September 30, 2014, the United States Tax Court entered an adverse opinion in our ongoing tax indemnification litigation. As a result, we may pay approximately \$202 million in tax and related interest in the fourth quarter of 2014 (Note 16).

As of September 30, 2014, we have \$2.0 billion of debt pre-payable without penalty. We may pursue opportunities to refinance this debt at lower interest rates and longer maturities.

As a result of our financing efforts in 2014, we have reduced the amount of debt due in the next three years from \$1.9 billion to \$1.1 billion, representing 5.9% of our total debt at maturity. The maximum amount due in any one of the next ten years is no more than \$3.0 billion or approximately 16.3% of our total debt at maturity. In 2022, the \$3.0 billion of debt maturing includes \$1.4 billion for Ala Moana.

As of September 30, 2014, our proportionate share of total debt aggregated \$19.7 billion. Our total debt includes our consolidated debt of \$16.1 billion, of which \$15.9 billion is secured and \$214.4 million is corporate unsecured. Our total debt also includes \$3.6 billion of our share of the secured debt of our Unconsolidated Real Estate Affiliates. Of our proportionate

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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.

The following table illustrates the scheduled payments for our proportionate share of total debt as of September 30, 2014. The \$206.2 million of Junior Subordinated Notes are due in 2036, but we may redeem them any time after April 30, 2011 (Note 7). As we do not expect to redeem the notes prior to maturity, they are included in the consolidated debt maturing subsequent to 2018.

	Consolidated(1) (Dollars in thousands)	Unconsolidated(1)
2014	\$37,691	\$10,497
2015	512,930	199,098
2016	693,824	22,905
2017	863,066	200,349
2018	1,831,756	232,072
Subsequent	12,028,031	3,047,450
	\$15,967,298	\$3,712,371

(1) Excludes \$19.5 million of adjustments related to special improvement district liabilities and debt market rate adjustment.

We generally believe that we will be able to extend the maturity date, repay or refinance the consolidated debt that is scheduled to mature in 2014. 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 that are consistent with our strategy of owning and operating best-in-class retail properties. Such assets provide long-term embedded growth or potential redevelopment opportunities.

On September 30, 2014, we contributed \$8.3 million to a joint venture that acquired a retail condominium unit located at 522 5th Avenue in New York, New York for a gross purchase price of \$165.0 million with \$83.3 million in gross property-level financing. The retail condominium comprises approximately 24,000 square feet of retail space on the ground and second level floors. We have an effective 10% interest in the joint venture and account for the joint venture under the equity method of accounting because we share control over major decisions with our joint venture partners. The property will be accounted for as an Unconsolidated Real Estate Affiliate, and is recorded within Investment in and loans to/from Unconsolidated Real Estate Affiliates on our Consolidated Balance Sheets (Note 6). In connection with the acquisition, we provided a \$5.3 million loan to our joint venture partner (Note 13).

On September 15, 2014, we contributed \$244.7 million to a joint venture that acquired a 20% interest in a development located in Miami, Florida and an 85.67% interest in a regional mall located in Bellevue, Washington. The joint venture's 20% interest in the Miami Design District Associates, LLC ("MDDA") was acquired for a purchase price of \$280.0 million. We have a 12.5% share of this investment and account for it as a cost method investment. The investment is recorded within Investment in and loans to/from Unconsolidated Real Estate Affiliates on our Consolidated Balance Sheets (Note 6). The joint venture partner contributed a property, The Shops at the Bravern, LLC ("Bravern"), for a net contribution of \$79.0 million. Through the formation of the joint venture, we have a 40% interest in the property and account for the joint venture under the equity method of accounting because

we share control over major decisions with our joint venture partner and limited partners. The property will be accounted for as an Unconsolidated Real Estate Affiliate, and is recorded within Investment in and loans to/from Unconsolidated Real Estate Affiliates on our Consolidated Balance Sheets (Note 6).

On June 27, 2014, we contributed \$106.6 million to a joint venture that acquired 685 5th Avenue in New York, New York for a gross purchase price of \$521.4 million with \$340.0 million in gross property-level financing. The property comprises approximately 25,000 square feet of retail space and 115,000 square feet of office space. We have a 50% interest in the joint venture and account for the joint venture under the equity method of accounting because we share control over major decisions

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with our joint venture partner, which has substantive participating rights. The property will be accounted for as an Unconsolidated Real Estate Affiliate, and is recorded within Investment in and loans to/from Unconsolidated Real Estate Affiliates on our Consolidated Balance Sheets (Note 6). In connection with the acquisition, we provided an \$85.3 million loan to our joint venture partner (Note 13).

The Company also entered into an agreement to acquire a 50% interest in approximately 58,000 square feet of retail space at 530 5th Avenue in New York City for a gross purchase price of approximately \$300 million (approximately \$150.0 million at our proportionate share). The acquisition closed in the fourth quarter of 2014 (Note 18).

The Company also entered into an agreement to acquire a 50% interest in 218 West 57th Street in New York City for a gross purchase price of \$81.5 million (\$40.8 million at our proportionate share). The property comprises approximately 35,000 square feet of retail space. The acquisition is expected to close in mid-2016.

Warrants and Brookfield Investor Ownership

Brookfield owns or manages on behalf of third parties all of the Company's remaining outstanding Warrants (Note 9), which are exercisable into approximately 53 million common shares of the Company at a weighted-average exercise price of \$9.17 per share, assuming net share settlement. The Warrants will continue to adjust for dividends paid by the Company.

As of February 18, 2014, Brookfield's potential ownership of the Company (assuming full share settlement of the Warrants) is 40.9%, 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 39.8% of the Company under net share settlement, and 41.3% of the company under full share settlement.

Redevelopments

We are currently redeveloping several consolidated and unconsolidated properties primarily to convert large-scale anchor boxes into smaller leasable areas and to create new in-line retail space and new restaurant venues. The execution of these redevelopment projects within our portfolio was identified as providing compelling risk-adjusted returns on investment.

We have identified approximately \$2.3 billion of income producing redevelopment projects within our portfolio, over 80% of which is being invested into Class A malls. We plan to fund these redevelopments with available cash flow, construction financing, and proceeds from debt refinancings. We continue to evaluate a number of other redevelopment projects to further enhance the quality of our assets. We currently expect to achieve returns that average 9-11% for all projects (cash on cost, first year stabilized). 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. 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	Ownership %	GGP's Total Projected Share of Cost	GGP's Investment to Date (1)	Expected Return on Investment (2)	Expected Project Opening
Major Development Summary (in millions, at share unless otherwise noted)						
Open						
Northridge Northridge, CA	The Sports Authority, Yardhouse and Plaza	100%	\$ 12.2	\$ 11.3	14%	Open
Fashion Show Las Vegas, NV	Addition of Macy's Men's and inline	100%	34.8	33.0	23%	Open
Oakwood Center Gretna, LA	West wing redevelopment and Dick's Sporting Goods	100%	19.0	16.6	9%	Open
Glendale Galleria ³ Glendale, CA	Addition of Bloomingdale's, remerchandising, business development and renovation	50%	51.7	51.0	12%	Open
The Mall in Columbia Columbia, MD	Lifestyle expansion	100%	23.6	20.3	12%	Open
Oakbrook Center Oakbrook, IL	Conversion of former anchor space into Container Store, Pirch and inline	48%	15.0	13.0	10%	Open
The Woodlands ³ Woodlands, TX	Addition of Nordstrom in former Sears box	100%	44.7	39.7	9%	Open
Other Projects Various Malls	Redevelopment projects at various malls	N/A	193.0	169.6	11%	Open
	Total Open Projects		\$ 394.0	\$ 354.5	12%	
Under Construction						
Mayfair Mall ³ Wauwatosa, WI	Nordstrom	100%	72.3	25.2	6-8%	Q3 2015
Ridgedale Center ³ Minnetonka, MN	Nordstrom, Macy's Expansion, New Inline and renovation	100%	106.2	42.2	8-9%	Q3 2015

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Southwest Plaza Littleton, CO	Redevelopment	100%	72.6	11.3	9-10%	Q4 2015
Ala Moana Center ³ Honolulu, HI	Demolish existing Sears store and expand mall, adding anchor, box and inline tenants, reconfigure center court	100%	573.2	342.6	9-10%	Q4 2015
Baybrook Mall Friendswood, TX	Expansion	53%	76.3	20.1	9-10%	Q4 2015
Other Projects Various Malls	Redevelopment projects at various malls	N/A	241.4	67.6	8-9%	Various
	Total Projects Under Construction		\$1,142.0	\$ 509.0	8-10%	
Projects in Pipeline						
Staten Island Mall Staten Island, NY	Expansion	100%	156.1	3.3	10-11%	TBD
New Mall Development Norwalk, CT	Ground up mall development	100%	285.0	37.4	8-10%	TBD
Ala Moana Center Honolulu, HI	Nordstrom box repositioning	100%	85.0	—	9-10%	TBD
Other Projects Various Malls	Redevelopment projects at various malls	N/A	287.5	5.6	8-9%	TBD
	Total Projects in Pipeline		\$ 813.6	\$ 46.3	8-10%	
	Total Development Summary		\$2,349.6	\$ 909.8	9-11%	

(1) Projected costs and investments to date exclude capitalized interest and internal overhead.

(2) Return on investment represents first year stabilized cash on cost return, based upon budgeted assumptions. Actual costs may vary.

(3) Project ROI includes income related to uplift on existing space.

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Our investment in these projects for the three months ended September 30, 2014 has increased from December 31, 2013, in conjunction with the applicable development plan and as projects near completion. The completion of the project at Glendale Galleria and the continued progression of the redevelopment projects at Ala Moana Center and Ridgedale Center 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 and internal costs associated with development and leasing overhead are based on qualified expenditures and interest rates and are amortized over lives which are consistent with the related asset.

	Nine Months Ended September 30,	
	2014	2013
	(Dollars in thousands)	
Capital expenditures (1)	\$ 126,812	\$ 100,357
Tenant allowances (2)	93,641	99,667
Capitalized interest and capitalized overhead	46,455	42,409
Total	\$ 266,908	\$ 242,433

(1) Reflects only non-tenant operating capital expenditures.

(2) Tenant allowances paid on 3.2 million square feet.

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 2014 and 2013 as follows:

Declaration Date	Record Date	Payment Date	Dividend Per Share
2014			
August 12	October 15	October 31, 2014	\$0.16
May 15	July 15	July 31, 2014	0.15
February 26	April 15	April 30, 2014	0.15
2013			
October 28	December 13	January 2, 2014	\$0.14
July 29	October 15	October 29, 2013	0.13
May 10	July 16	July 30, 2013	0.12
February 4	April 16	April 30, 2013	0.12

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 2014 and 2013 as follows:

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Declaration Date	Record Date	Payment Date	Dividend Per Share
2014			
August 12	September 15	October 1, 2014	\$0.3984
May 15	June 16	July 1, 2014	0.3984
February 26	March 17	April 1, 2014	0.3984
2013			
October 28	December 13	January 2, 2014	\$0.3984
July 29	September 13	October 1, 2013	0.3984
May 10	June 14	July 1, 2013	0.3984
March 4	March 15	April 1, 2013	0.2125

Summary of Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities was \$806.4 million for the nine months ended September 30, 2014 and \$606.2 million for the nine months ended September 30, 2013. Significant changes in the components of net cash provided by operating activities include:

• in 2014, a decrease in interest costs primarily as a result of the of the redemption of unsecured corporate bonds; and
 • in 2013, a decrease in Accounts payable and accrued expenses primarily attributable to a settlement with the 2006 Lenders.

Cash Flows from Investing Activities

Net cash (used in) provided by investing activities was \$(417.8) million for the nine months ended September 30, 2014 and \$424.0 million for the nine months ended September 30, 2013. Significant components of net cash used in investing activities include:

• in 2014, development of real estate and property improvements, \$(453.7) million;
 • in 2014, distributions received from our Unconsolidated Real Estate Affiliates in excess of income, \$365.0 million;
 • in 2013, development of real estate and property improvements, \$(316.7) million; and
 • in 2013, distributions received from our Unconsolidated Real Estate Affiliates in excess of income, \$172.5 million.

Cash Flows from Financing Activities

Net cash (used in) provided by financing activities was \$(686.2) million for the nine months ended September 30, 2014 and \$(1,051.5) million for the nine months ended September 30, 2013. Significant components of net cash used in financing activities include:

• in 2014, proceeds from the refinancing or issuance of mortgages, notes, and loans payable, of \$1,887 million net of principal payments of \$(1,595) million;
 • in 2014, the acquisition of 27.6 million shares of our common stock \$(555.8) million;
 • in 2014, cash distributions paid to common stockholders of \$(392.7) million;
 • in 2013, proceeds from the refinancing or issuance of mortgages, notes, and loans payable of \$5,068 million, net of principal payments of \$(4,839) million;
 • in 2013, proceeds from the issuance of preferred stock, \$242.0 million;
 • in 2013, purchase of the Fairholme and Blackstone Warrants \$(633.2) million (Note 9); and

in 2013, cash distributions paid to common stockholders of \$(328.7) 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.

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Critical Accounting Policies

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 these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and contingencies as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We evaluate our assumptions and estimates 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 on Form 10-K for the year ended December 31, 2013 in Management's Discussion and Analysis of Financial Condition and Results of Operations.

REIT Requirements

In order to remain qualified as a REIT for federal income tax purposes, we must distribute or pay tax on 100% of our capital gains and distribute at least 90% of our ordinary taxable income to stockholders. See Note 8 to the consolidated financial statements for more detail on our ability to remain qualified as a REIT.

Refer also to the accounting policies discussed in Note 2.

Recently Issued Accounting Pronouncements

Refer to Note 2 for a discussion of the revised definition of discontinued operations and a recently-issued revenue recognition pronouncement. We have elected to adopt the revised definition of discontinued operations prospectively on January 1, 2015, pursuant to the pronouncement's terms. The recently-issued revenue recognition pronouncement is effective January 1, 2017, and we are evaluating its impact on our consolidated financial statements.

Non-GAAP Supplemental Financial Measures and Definitions

Net Operating Income ("NOI") and Company NOI

The Company defines NOI as income from property operations after operating expenses have been deducted, but prior to deducting financing, administrative and income tax expenses. NOI 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 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, discontinued operations, 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 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.

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 our 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

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upon our economic ownership interest, and all determined on a consistent basis in accordance with GAAP. As with our presentation of NOI, FFO has been reflected on a proportionate basis.

We consider 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 our 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 our 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 our Company NOI adjustments, and FFO items such as mark-to-market adjustments on debt and gains on the extinguishment of debt, Warrant liability adjustment, and interest expense on debt repaid or settled all which are a result of our emergence, acquisition accounting and other capital contribution or restructuring events.

Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures

The Company presents NOI and FFO as they are financial measures widely used in the REIT industry. In order to provide a better understanding of the relationship between our non-GAAP financial measures of NOI, Company NOI, FFO and Company FFO, reconciliations have been provided as follows: a reconciliation of GAAP operating income to NOI and Company NOI and a reconciliation of net income (loss) attributable to General Growth Properties, Inc. to FFO and Company FFO. None of our 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 General Growth Properties, Inc. and none are necessarily indicative of cash available to fund cash needs. In addition, the Company has presented such financial measures on a consolidated and unconsolidated basis (at the Company's ownership share) as the Company believes that given the significance of the Company's operations that are owned through investments accounted for on the equity method of accounting, the detail of the operations of the Company's unconsolidated properties provides important insights into the income and FFO produced by such investments for the Company as a whole.

The following tables reconcile operating income to NOI and Company NOI (dollars in thousands) for the three and nine months ended September 30, 2014 and 2013:

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	Three Months Ended September		Nine Months Ended September	
	30,	2013	30,	2013
	2014		2014	
Operating income	\$238,740	\$193,933	\$669,241	\$588,447
Management fees and other corporate revenues	(17,355	) (17,336	) (51,759	) (50,575
Property management and other costs	34,516	41,446	119,572	123,344
General and administrative	12,778	10,522	52,609	34,578
Depreciation and amortization	184,033	188,079	534,096	566,470
Loss on sales of investment properties	—	—	44	—
Noncontrolling interest in NOI of Consolidated Properties and other	(4,646	) (3,866	) (13,623	) (11,085
NOI of unconsolidated properties	104,979	100,408	309,680	287,618
Total NOI adjustments	314,305	319,253	950,619	950,350
Proportionate NOI	553,045	513,186	1,619,860	1,538,797
Company NOI adjustments:				
Straight-line rent	(13,252	) (14,399	) (43,827	) (46,192
Above and below-market leases amortization, net	15,987	23,203	65,881	68,079
Real estate tax stabilization agreement	1,490	1,578	4,469	4,734
Amortization of below-market ground leases	1,300	6,001	3,895	8,765
Total Company NOI adjustments	5,525	16,383	30,418	35,386
Company NOI	\$558,570	\$529,569	\$1,650,278	\$1,574,183

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The following tables reconcile Net income attributable to common stockholders to FFO and Company FFO for the three and nine months ended September 30, 2014 and 2013:

	Three Months Ended		Nine Months Ended	
	September 30, 2014	2013	September 30, 2014	2013
Net income attributable to General Growth Properties, Inc.	\$74,608	\$27,483	\$376,372	\$225,337
Depreciation and amortization of capitalized real estate costs	231,901	230,441	668,833	688,713
(Gains) losses on sales of investment properties	(7,603	) 2,872	(131,319	) 189
Gains from changes in control of investment properties	—	—	—	(219,784
Noncontrolling interests in depreciation of Consolidated Properties	(2,554	) (1,806	) (6,484	) (5,363
Provision for impairment excluded from FFO of discontinued operations	—	—	—	4,975
Redeemable noncontrolling interests	412	160	2,049	1,563
Depreciation and amortization of discontinued operations	451	8,193	2,841	19,375
Preferred Stock dividends	(3,984	) (3,984	) (11,952	) (10,094
Total FFO adjustments	218,623	235,876	523,968	479,574
Proportionate FFO	293,231	263,359	900,340	704,911
Company FFO Adjustments:				
Straight-line rent	(13,252	) (14,399	) (43,827	) (46,192
Above and below-market leases amortization, net	15,987	23,203	65,881	68,079
Real estate tax stabilization agreement	1,490	1,578	4,469	4,734
Amortization of below-market ground leases	1,300	6,001	3,895	8,765
General and Administrative	—	—	17,854	—
Interest Income	(205	) —	(279) —
Interest expense (1)	105	1,526	11,606	3,355
Loss on foreign currency	15,972	—	7,017	—
Warrant liability adjustment	—	—	—	40,546
Loss on extinguishment of debt	—	—	—	36,478
Benefit from income taxes	(6,317	) —	(2,775) —
FFO from discontinued operations	(61	) 2,561	(65,953	) (18,108
Company FFO	\$308,250	\$283,829	\$898,228	\$802,568

(1) Interest expense adjustments include default interest, mark-to-market adjustments on debt, write-off of mark-to-market adjustments on extinguished debt, debt extinguishment expenses and losses on extinguished debt.

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.

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ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no significant changes in the market risks described in our Annual Report on Form 10-K for the year ended December 31, 2013.

ITEM 4 MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5 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.

Urban Litigation

In October 2004, certain limited partners (the "Urban Plaintiffs") of Urban Shopping Centers, L.P. ("Urban") filed a lawsuit against Urban's general partner, Head Acquisition, L.P. ("Head"), as well as The Rouse Company, LP ("TRCLP"), Simon Property Group, Inc., Westfield America, Inc., and various of their affiliates, including Head's general partners (collectively, the "Urban Defendants"), in Circuit Court in Cook County, Illinois. GGP, GGPOP and other affiliates were later included as Urban Defendants. The lawsuit alleged, among other things, that the Urban Defendants breached the Urban partnership agreement, unjustly enriched themselves through misappropriation of partnership opportunities, failed to grow the partnership, breached their fiduciary duties, and tortiously interfered with several contractual relationships. The plaintiffs sought relief in the form of unspecified monetary damages and equitable relief requiring, among other things, the Urban Defendants, including GGP, Inc. and its affiliates, to engage in certain future transactions through the Urban Partnership. On May 19, 2014 the Company settled

the litigation and recorded a loss of \$17.9 million, which is included in General and administrative expense in our Consolidated Statements of Comprehensive Income. The Company invested \$60.0 million in Urban and contributed, at fair value, a 5.6% interest in three assets in exchange for preferred equity interests. The Company has no obligation to engage in future activity through Urban other than transactions associated with partnership assets.

Tax Indemnification Liability

Pursuant to the Investment Agreements, the Company has indemnified HHC from and against 93.75% of any and all losses, claims, damages, liabilities and reasonable expenses to which HHC and its subsidiaries become subject, in each case solely to the extent directly attributable to MPC Taxes (as defined in the Investment Agreements) in an amount up to \$303.8 million. Under certain circumstances, the Company agreed to be responsible for interest or penalties attributable to such MPC Taxes in excess of the \$303.8 million. The IRS disagrees with the method used to report gains for income tax purposes that are the subject of the MPC taxes. As a result of this disagreement, The Howard Hughes Company, LLC and Howard Hughes Properties, Inc. filed petitions in the United States Tax Court, contesting this liability for the 2007 and 2008 years and a trial was held in 2012. The United States Tax Court rendered its opinion on June 2, 2014, in favor of the IRS. On September 15,

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2014, the United States Tax Court formally entered its decision awarding the IRS \$144.1 million in taxes for 2007 and 2008. Interest of approximately \$60 million has accrued as of September 30, 2014 and will continue to accrue until paid. The parties have until December 15, 2014 to file a notice of appeal. The Internal Revenue Service has opened an audit for these two taxpayers for 2009 through 2011 with respect to MPC Taxes; however, the Company does not expect any material taxes or interest or penalties to be due for these years based on a change to the method outlined by the United States Tax Court.

The Company has accrued approximately \$322 million related to the tax indemnification liability on our Consolidated Balance Sheets as of September 30, 2014, and December 31, 2013. As a result of the Company's consideration of the risks associated with this matter, including the timing of recognition of indemnified and non-indemnified income by HHC, the use of specific deductions, and the ultimate amount of indemnified income recognized, as well as discussions with counsel, the Company believes that the aggregate liability recorded of approximately \$322 million represents management's best estimate of our liability as of September 30, 2014, and that the probability that the Company will incur a loss in excess of this amount is remote.

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 5 OTHER INFORMATION

None

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ITEM 6 EXHIBITS

- 10.1 Stock Purchase Agreement dated February 10, 2014 by and among General Growth Properties, Inc., GGP Limited Partnership, Pershing Square, L.P., Pershing Square II, L.P., PSRH, Inc. and Pershing Square Holdings, Ltd. (previously filed as Exhibit 10.1 to New GGP's Current Report on Form 8-K dated February 10, 2014, which was filed with the SEC on February 10, 2014).
- 10.2 Fourth Amended and Restated Agreement of Limited Partnership of GGP Operating Partnership, LP (f/k/a GGP Limited Partnership) dated May 1, 2014
- 10.3 Second Amended and Restated Employee Stock Purchase Plan dated May 15, 2014
- 10.4 Amendment dated April 30, 2014 to the Third Amended and Restated Credit Agreement, dated October 23, 2013
- 10.5 Second Amendment dated August 1, 2014 to the Loan Agreement dated April 26, 2013
- 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 September 30, 2014, has been filed with the SEC on November 5, 2014, 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 September 30, 2014. 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: November 5, 2014

By: /s/ Michael Berman
Michael Berman
Chief Financial Officer
(on behalf of the Registrant)

EXHIBIT INDEX

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