

For immediate release: April 16, 2009

CADENCE CAPITAL GROUP COMMENTS ON GENERAL GROWTH PROPERTIES BANKRUPTCY FILING

New York, NY. Cadence Capital Group, LLC believes the highly-anticipated bankruptcy filing of General Growth Properties, Inc. (NYSE: "GGP") is a result of the company's extraordinary debt load, not the economic downturn. Further, the bankruptcy may be yet another indication that the REIT sector is in the beginning stages of a much needed re-equitization.

General Growth Properties, inc (NYSE: "GGP") filed today for Chapter 11 bankruptcy protection, an acknowledgment that its staggering debt maturity schedule was just too much to be digested in the current credit environment. GGP has over \$27B of debt outstanding against nearly \$30B of assets; over \$15B of debt is either past due, could be accelerated or maturing through 2011. GGP's situation has been a microcosm of the challenge facing the broader commercial real estate sector, namely how to de-lever property investments in a hostile capital markets with deteriorating property fundamentals.

The filing is not a surprise to the market, as the company's management and its third largest shareholder (Pershing Square Capital Management) have been telegraphing the likelihood of this possibility for some time. The Chapter 11 bankruptcy filing will allow the company to restructure its business, which is unquestionably feeling the sharp edge of the current recession but arguably not the driver to the company's problems. For 2008, same-store net operating income declined 4.1% from the prior year, driven by a modest decline in occupancy rates and a decreasing level of overage rents. The reorganization will therefore be primarily focused on de-leveraging the company's balance sheet and secondarily focused on restructuring the operating business.

GGP was once a high flying stock, trading as high as \$67 back in March 2007. The company was a frequent and heavy user of secured mortgage debt, most of which was arranged by investment banks and ultimately sold into the securitized markets through commercial mortgaged-backed securities (CMBS). This financing policy supported an aggressive acquisition strategy and, to a lesser degree, boosted earnings. However, the company strayed from a well-known but often overlooked concept in corporate finance, that is, management did not create a well-laddered debt maturity schedule. Even in a healthy capital market, the company's staggering debt maturity schedule would have presented management with many daunting hurdles, but in this market it is just not possible to refinance this amount of debt.

However this financing policy was not unique to GGP. The combination of a flat yield curve and the highly liquid securitized market (partially driven by the hyperactive CRE CDO market) drove

borrowing costs down to unprecedented levels. Many investors took full advantage of this cheap capital to expand their real estate holdings. The problem now lies in the fact that the capital markets are essentially closed, prohibiting the refinancing of maturing debt at current levels. Many REITs have begun issuing common equity (at unbelievably dilutive price levels), paving the way for a slow de-leveraging of their balance sheets. Private owners will have to follow suit or face a GGP-style bankruptcy.

General Growth will now sit down with legions of bankers, attorneys and advisors and hammer out a plan to recapitalize the company's mammoth balance sheet. Additionally, Pershing Square Capital Management will provide the company with \$375 million of financing to help run the company during this process. The company's CFO believes that GGP will file a reorganization plan by the end of the year. There will undoubtedly be a significant amount of the company's assets disposed of during this process and the market will be keenly tracking the level of investor interest in these assets and the price at which they ultimately trade.

Cadence Capital Group, LLC is a New York-based real estate capital advisory and investment management firm. Through a unique combination of experienced real estate professionals, extensive industry contacts and relevant insight, Cadence Capital has the specialized skills required to help their clients successfully navigate these markets. Cadence Capital's area of specialties includes risk assessment, securities valuation and property investing. Please visit www.cadencecapitalgroup.com