

GGP Inc.  
Form 10-Q  
August 03, 2017

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 June 30, 2017

☐ 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

GGP INC.  
(Exact name of registrant as specified in its charter)  
Delaware 27-2963337  
(State or other jurisdiction of incorporating or organization) (I.R.S. Employer Identification Number)

110 N. Wacker Dr., Chicago, IL 60606  
(Address of principal executive offices) (Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ 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, a smaller reporting company or an emerging growth company.

☒ Large accelerated filer ☐ Accelerated filer  
☐ Non-accelerated filer ☐ Smaller reporting company  
☐ (Do not check if a smaller reporting company) ☐ Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

Indicate by check mark 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 August 1, 2017 was 882,003,440.

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CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

	June 30, 2017	December 31, 2016
	(Dollars in thousands, except share and per share amounts)	
Assets:		
Investment in real estate:		
Land	\$ 3,043,007	\$ 3,066,019
Buildings and equipment	16,144,950	16,091,582
Less accumulated depreciation	(2,930,511)	(2,737,286)
Construction in progress	273,008	251,616
Net property and equipment	16,530,454	16,671,931
Investment in Unconsolidated Real Estate Affiliates	3,866,518	3,868,993
Net investment in real estate	20,396,972	20,540,924
Cash and cash equivalents	227,626	474,757
Accounts receivable, net	301,515	322,196
Notes receivable	609,415	678,496
Deferred expenses, net	269,445	209,852
Prepaid expenses and other assets	472,473	506,521
Total assets	\$ 22,277,446	\$ 22,732,746
Liabilities:		
Mortgages, notes and loans payable	\$ 12,496,119	\$ 12,430,418
Investment in Unconsolidated Real Estate Affiliates	25,863	39,506
Accounts payable and accrued expenses	591,023	655,362
Dividend payable	201,238	433,961
Deferred tax liabilities	3,664	3,843
Junior subordinated notes	206,200	206,200
Total liabilities	13,524,107	13,769,290
Redeemable noncontrolling interests:		
Preferred	52,485	144,060
Common	197,294	118,667
Total redeemable noncontrolling interests	249,779	262,727
Commitments and Contingencies	—	—
Equity:		
Common stock:		
11,000,000,000 shares authorized, \$0.01 par value, 965,437,229 issued, 882,008,644 outstanding as of June 30, 2017, and 968,153,526 issued, 884,097,680 outstanding as of December 31, 2016	9,380	9,407
Preferred Stock:		
500,000,000 shares authorized, \$0.01 par value, 10,000,000 shares issued and outstanding as of June 30, 2017 and December 31, 2016	242,042	242,042
Additional paid-in capital	11,400,989	11,417,597
Retained earnings (accumulated deficit)	(2,032,093)	(1,824,866)
Accumulated other comprehensive loss	(71,593)	(70,456)

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Common stock in treasury, at cost, 55,969,390 shares as of June 30, 2017 and 56,596,651 shares as of December 31, 2016	(1,122,640	) (1,137,960	)
Total stockholders' equity	8,426,085	8,635,764	
Noncontrolling interests in consolidated real estate affiliates	34,175	33,583	
Noncontrolling interests related to long-term incentive plan common units	43,300	31,382	
Total equity	8,503,560	8,700,729	
Total liabilities, redeemable noncontrolling interests and equity	\$ 22,277,446	\$ 22,732,746	

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

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GGP INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(Dollars in thousands, except per share amounts)			
Revenues:				
Minimum rents	\$349,205	\$363,412	\$698,218	\$734,544
Tenant recoveries	161,926	169,763	324,982	342,211
Overage rents	3,280	4,375	9,217	12,519
Management fees and other corporate revenues	20,847	18,917	48,990	52,659
Other	20,538	18,119	40,722	39,685
Total revenues	555,796	574,586	1,122,129	1,181,618
Expenses:				
Real estate taxes	59,042	57,309	116,536	115,412
Property maintenance costs	10,724	11,955	25,699	29,438
Marketing	1,296	2,738	3,441	4,792
Other property operating costs	69,590	71,601	138,893	141,995
Provision for doubtful accounts	3,166	1,710	6,617	5,111
Provision for loan loss	—	—	—	36,069
Property management and other costs	39,025	38,282	80,139	69,027
General and administrative	15,862	14,650	30,546	28,076
Provision for impairment	—	4,058	—	44,763
Depreciation and amortization	174,298	156,248	344,596	316,919
Total expenses	373,003	358,551	746,467	791,602
Operating income	182,793	216,035	375,662	390,016
Interest and dividend income	17,452	13,335	35,388	29,393
Interest expense	(134,209 )	(148,366 )	(266,532 )	(296,043 )
(Loss) gain on foreign currency	(3,877 )	7,893	(694 )	16,829
Gain on extinguishment of debt	55,112	—	55,112	—
(Loss) gain from changes in control of investment properties and other, net	(15,841 )	38,553	(15,841 )	113,108
Income before income taxes, equity in income of Unconsolidated Real Estate Affiliates and allocation to noncontrolling interests	101,430	127,450	183,095	253,303
(Provision for) benefit from income taxes	(3,844 )	2,242	(8,354 )	(679 )
Equity in income of Unconsolidated Real Estate Affiliates	30,732	34,618	63,946	92,108
Unconsolidated Real Estate Affiliates - gain on investment, net	—	25,591	—	40,506
Net income	128,318	189,901	238,687	385,238
Allocation to noncontrolling interests	(2,455 )	(3,956 )	(5,665 )	(7,513 )
Net income attributable to GGP Inc.	125,863	185,945	233,022	377,725
Preferred Stock dividends	(3,984 )	(3,983 )	(7,968 )	(7,967 )
Net income attributable to common stockholders	\$121,879	\$181,962	\$225,054	\$369,758
Earnings Per Share:				
Basic	\$0.14	\$0.21	\$0.25	\$0.42
Diluted	\$0.13	\$0.19	\$0.24	\$0.39
Dividends declared per share	\$0.22	\$0.19	\$0.44	\$0.38





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GGP INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Continued)  
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(Dollars in thousands, except per share amounts)			
Comprehensive Income, Net:				
Net income	\$128,318	\$189,901	\$238,687	\$385,238
Other comprehensive income (loss)				
Foreign currency translation	(4,030 )	8,673	(1,463 )	15,634
Reclassification adjustment for realized gains on available-for-sale securities included in net income	—	—	—	(11,978 )
Net unrealized gains on other financial instruments	(3 )	11	10	20
Other comprehensive income (loss)	(4,033 )	8,684	(1,453 )	3,676
Comprehensive income	124,285	198,585	237,234	388,914
Comprehensive income allocated to noncontrolling interests	(2,135 )	(4,021 )	(5,350 )	(7,516 )
Comprehensive income attributable to GGP Inc.	122,150	194,564	231,884	381,398
Preferred Stock dividends	(3,984 )	(3,983 )	(7,968 )	(7,967 )
Comprehensive income, net, attributable to common stockholders	\$118,166	\$190,581	\$223,916	\$373,431

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

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GGP INC.

CONSOLIDATED STATEMENTS OF EQUITY  
(UNAUDITED)

	Common Stock	Preferred Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Common Stock in Treasury	Noncontrolling Interests in Consolidated Real Estate Affiliates and Long Term Incentive Plan Common Units	Total Equity
(Dollars in thousands, except for per share and share amounts)								
Balance at January 1, 2016	\$9,386	\$242,042	\$11,362,369	\$(2,141,549)	\$(72,804)	\$(1,129,401)	\$38,251	\$8,308,294
Net income				377,725			1,073	378,798
Distributions to noncontrolling interests in consolidated Real Estate Affiliates							(1,522 )	(1,522 )
Acquisition/disposition of partner's noncontrolling interests in consolidated Real Estate Affiliates			(16,384 )				(2,971 )	(19,355 )
Long Term Incentive Plan Common Unit grants, net (684,216 LTIP Units)			43	(950 )			7,804	6,897
Restricted stock grants, net (339,937 common shares)	3	—	1,548					1,551
Employee stock purchase program (87,589 common shares)	1		3,109					3,110
Stock options exercised (1,789,201 common shares)	18		34,730					34,748
Cancellation of repurchased common	(2 )		(3,415 )	(3,356 )		6,773		—

shares (270,869 common shares)								
Cash dividends reinvested (DRIP) in stock (13,990 common shares)	—	—	385	(215	)			170
Other comprehensive income					15,567			15,567
Amounts reclassified from accumulated other comprehensive income					(11,894	)		(11,894
Cash distributions declared (\$0.38 per share)					(335,627	)		(335,627
Cash distributions on Preferred Stock					(7,967	)		(7,967
Fair value adjustment for noncontrolling interest in Operating Partnership			(24,297	)				(24,297
Balance at June 30, 2016	\$9,406	\$242,042	\$11,358,088	\$(2,111,939)	\$(69,131)	\$(1,122,628)	\$42,635	\$8,348,473

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GGP INC.

CONSOLIDATED STATEMENTS OF EQUITY (Continued)  
(UNAUDITED)

	Common Stock	Preferred Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Common Stock in Treasury	Noncontrolling Interests in Consolidated Real Estate Affiliates and Long Term Incentive Plan Common Units	Total Equity
(Dollars in thousands, except for per share and share amounts)								
Balance at January 1, 2017	\$9,407	\$242,042	\$11,417,597	\$(1,824,866)	\$(70,456)	\$(1,137,960)	\$64,965	\$8,700,729
Cumulative effect of accounting change			2,342	(3,000 )			658	—
Net income				233,022			1,399	234,421
Distributions to noncontrolling interests in consolidated Real Estate Affiliates							(3,569 )	(3,569 )
Acquisition/disposition of partner's noncontrolling interests in consolidated Real Estate Affiliates							(11,943 )	(11,943 )
Contributions to noncontrolling interest in consolidated Real Estate Affiliates			—				15,258	15,258
Long Term Incentive Plan Common Unit grants, net (528,617 LTIP Units)			795	(743 )			10,707	10,759
Restricted stock grants, net (738,687 common shares)	8	—	4,883					4,891
Employee stock purchase program (103,177 common	1		2,547					2,548

shares)									
Stock options exercised (406,383 common shares)	4		13,837					13,841	
Cancellation of repurchased common shares (3,993,237 common shares)	(40	)	(52,054	)	(40,258	)	92,352	—	
Treasury stock purchase (3,365,976 common shares)							(77,032	)	(77,032
Cash dividends reinvested (DRIP) in stock (28,693 common shares)	—	—	696	—				696	
Other comprehensive loss						(1,137	)	(1,137	)
Cash distributions declared (\$0.44 per share)					(388,280	)		(388,280	)
Cash distributions on Preferred Stock					(7,968	)		(7,968	)
Fair value adjustment for noncontrolling interest in Operating Partnership			10,346					10,346	
Balance at June 30, 2017	\$9,380	\$242,042	\$11,400,989	\$(2,032,093)	\$(71,593)	\$(1,122,640)	\$77,475	\$8,503,560	

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

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GGP INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

	Six Months Ended June 30,	
	2017	2016
	(Dollars in thousands)	
Cash Flows provided by Operating Activities:		
Net income	\$238,687	\$385,238
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in income of Unconsolidated Real Estate Affiliates	(63,946 )	(92,108 )
Distributions received from Unconsolidated Real Estate Affiliates	52,876	51,632
Provision for doubtful accounts	6,617	5,111
Depreciation and amortization	344,596	316,919
Amortization/write-off of deferred finance costs	5,972	5,709
Accretion/write-off of debt market rate adjustments	(2,181 )	(630 )
Amortization of intangibles other than in-place leases	18,857	24,956
Straight-line rent amortization	(493 )	(10,445 )
Deferred income taxes	4,817	(1,472 )
Gain on dispositions, net	(2,515 )	(24,001 )
Unconsolidated Real Estate Affiliates - gain on investment, net	—	(40,506 )
Loss (gain) from changes in control of investment properties and other, net	15,841	(113,108 )
Provision for impairment	—	44,763
Gain on extinguishment of debt	(55,112 )	—
Provision for loan loss	—	36,069
Loss (gain) on foreign currency	694	(16,829 )
Net changes:		
Accounts and notes receivable, net	(259 )	2,052
Prepaid expenses and other assets	(28,887 )	(9,280 )
Deferred expenses, net	(22,010 )	(20,125 )
Restricted cash	6,341	6,789
Accounts payable and accrued expenses	(45,441 )	(22,495 )
Other, net	24,008	17,881
Net cash provided by operating activities	498,462	546,120
Cash Flows (used in) provided by Investing Activities:		
Acquisition of real estate and property additions	(49,062 )	(70,709 )
Development of real estate and property improvements	(269,820 )	(233,502 )
Loans to joint venture partners	(47,205 )	(43,364 )
Proceeds from repayment of loans to joint venture partners	47,076	8,755
Proceeds from sales of investment properties and Unconsolidated Real Estate Affiliates	39,622	390,067
Contributions to Unconsolidated Real Estate Affiliates	(44,755 )	(78,476 )
Distributions received from Unconsolidated Real Estate Affiliates in excess of income	62,792	40,682
Sale of marketable securities	—	46,408
Decrease (increase) in restricted cash	436	(102 )
Other, net	—	36
Net cash (used in) provided by investing activities	(260,916 )	59,795
Cash Flows used in Financing Activities:		
Proceeds from refinancing/issuance of mortgages, notes and loans payable	575,000	313,479

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Principal payments on mortgages, notes and loans payable	(368,669 )	(694,233 )
Deferred finance costs	(965 )	(13,672 )
Treasury stock purchases	(77,032 )	—
Cash contributions from noncontrolling interests in consolidated real estate affiliates	15,258	—
Cash distributions to noncontrolling interests in consolidated real estate affiliates	(3,569 )	(22,609 )
Cash distributions paid to common stockholders	(618,830 )	(335,505 )

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GGP INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)  
(UNAUDITED)

	Six Months Ended June 30,	
	2017	2016
	(Dollars in thousands)	
Cash distributions reinvested (DRIP) in common stock	696	385
Cash distributions paid to preferred stockholders	(7,968 )	(7,967 )
Cash distributions and redemptions paid to unit holders	(10,515 )	(2,124 )
Other, net	12,611	25,719
Net cash used in financing activities	(483,983 )	(736,527 )
Effect of foreign exchange rates on cash and cash equivalents	(694 )	—
Net change in cash and cash equivalents	(247,131 )	(130,612 )
Cash and cash equivalents at beginning of period	474,757	356,895
Cash and cash equivalents at end of period	\$227,626	\$226,283
Supplemental Disclosure of Cash Flow Information:		
Interest paid	\$273,321	\$292,108
Interest capitalized	3,457	2,599
Income taxes paid	6,362	2,348
Accrued capital expenditures included in accounts payable and accrued expenses	105,416	117,130
Sale of Ala Moana (Refer to Note 3)		
Acquisition of an additional interest in Miami Design District (Refer to Note 5)		
Acquisition of 522 Fifth Avenue (Refer to Note 3)		
Disposition of Lakeside (Refer to Note 3)		
Issuance of note collateralized by Riverchase Galleria and Tysons Galleria anchor box (Refer to Note 13)		

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



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GGP 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, 2016 which are included in the Company's Annual Report on Form 10-K (our "Annual Report") for the fiscal year ended December 31, 2016 (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

GGP 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". Effective January 27, 2017, the Company changed its name from General Growth Properties, Inc. to GGP Inc. 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 June 30, 2017, we are the owner, either entirely or with joint venture partners, of 126 retail properties.

Substantially all of our business is conducted through GGP Operating Partnership, LP ("GGPOP"), GGP Nimbus, LP ("GGPN") and GGP Limited Partnership ("GGPLP", and together with GGPN and GGPOP, the "Operating Partnerships"), subsidiaries of GGP. The Operating Partnerships own an interest in the properties that are part of the consolidated financial statements of GGP. As of June 30, 2017, GGP held approximately a 99% common equity ownership (without giving effect to the potential conversion of the Preferred Units and LTIP Units as defined below) of the Operating Partnerships, while the remaining 1% 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 GGPN and GGPLP. GGPOP has common units of limited partnership ("Common Units"), which are redeemable for cash or, at our option, shares of GGP common stock. It also has preferred units of limited partnership interest ("Preferred Units"), of which, certain Preferred Units can be converted into Common Units and then redeemed for cash or, at our option, shares of GGP common stock (Note 9). GGPOP also has full value long term incentive plan units and appreciation only long term incentive plan units (collectively "LTIP Units"), which are redeemable for cash or, at our option, shares of GGP common stock (Note 11).

In addition to holding ownership interests in various joint ventures, the Operating Partnerships generally conduct their operations through General Growth Management, Inc. ("GGMI"), General Growth Services, Inc. ("GGS") and GGPLP REIT Services, LLC ("GGPRS"). GGMI and GGS 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. GGS also serves as a contractor to GGMI for these services. GGPRS

generally provides financial, accounting, tax, legal, development, and other services to our Consolidated Properties.

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

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements include the accounts of GGP, our subsidiaries and joint ventures in which we have a controlling interest. For consolidated joint ventures, the noncontrolling partner's share of the assets, liabilities and operations of the joint ventures (generally computed as the joint venture partner's ownership percentage) is included in noncontrolling interests in consolidated real estate affiliates as permanent equity of the Company. Intercompany balances and

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GGP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(Unaudited)

transactions have been eliminated. Noncontrolling interests are included on our Consolidated Balance Sheets related to the Common, Preferred, and LTIP Units of GGPOP and are presented either as redeemable noncontrolling interests or as noncontrolling interests in our permanent equity. Each of the Operating Partnerships are variable interest entities as the limited partners do not have substantive kick-out rights or substantive participating rights. However, as the Company holds a majority voting interest in the Operating Partnerships, it qualifies for the exemption from providing certain of the disclosure requirements associated with variable interest entities.

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

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 (Note 3)

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

Identifiable intangible assets and liabilities are calculated for above-market and below-market tenant and ground leases where we are either the lessor or the lessee. The difference between the contractual rental rates and our estimate of market rental rates is

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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 June 30, 2017			
Tenant leases:			
In-place value	\$ 270,540	\$ (178,675 )	\$ 91,865

As of December 31, 2016

Tenant leases:

In-place value	\$ 306,094	\$ (214,111 )	\$ 91,983
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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 from continuing operations:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Amortization/accretion effect on continuing operations	\$(16,399)	\$(24,919)	\$(41,318)	\$(49,104)

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
2017 Remaining	\$27,053
2018	42,090
2019	27,343
2020	19,338
2021	14,257

## Marketable Securities

Marketable securities are comprised of equity securities that are classified as available-for-sale. Available-for-sale securities are presented in prepaid expenses and other assets on our Consolidated Balance Sheets at fair value.

Unrealized gains and losses resulting from the mark-to-market of these securities are included in other comprehensive

income. Realized gains and losses are recognized in earnings only upon the sale of the securities and are recorded based on the weighted average cost of such securities. During the six months ended June 30, 2016, we recognized gains of \$13.1 million in management fees and other corporate revenues on the Consolidated Statements of Comprehensive Income from the sale of Seritage Growth Properties stock.

Investments in Unconsolidated Real Estate Affiliates (Note 5)

We account for investments in joint ventures where we own a non-controlling joint interest using either the equity method or the cost method. If we have significant influence but not control over the investment, we utilize the equity method. If we have neither control nor significant influence, we utilize the cost method. Under the equity method, the cost of our investment is adjusted for

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our share of the earnings of such Unconsolidated Real Estate Affiliates from the date of acquisition, increased by our contributions and reduced by distributions received. Under the cost method, the cost of our investment is not adjusted for our share of the earnings of such Unconsolidated Real Estate Affiliates from the date of acquisition and distributions are treated as earnings when received.

To determine the method of accounting for partially owned joint ventures, we evaluate the characteristics of associated entities and determine whether an entity is a variable interest entity ("VIE"). A limited partnership or other similar entity is considered a VIE unless a simple majority of limited partners (excluding limited partners that are under common control with the general partner) have substantive kick-out rights or participating rights. Accounting guidance amended the following: (i) modified the evaluation of whether limited partnerships and similar legal entities are variable interest entities ("VIEs") or voting interest entities, (ii) eliminated the presumption that a general partner should consolidate a limited partnership, (iii) affected the consolidation analysis of reporting entities that are involved with VIEs, and (iv) provided a scope exception for certain entities. If an entity is determined to be a VIE, we determine which party is the primary beneficiary by analyzing whether we have both the power to direct the entity's significant economic activities and the obligation to absorb potentially significant losses or receive potentially significant benefits. Significant judgments and assumptions inherent in this analysis include the nature of the entity's operations, future cash flow projections, the entity's financing and capital structure, and contractual relationship and terms. The adoption of the consolidation guidance did not materially impact our consolidated financial statements. Primary risks associated with our VIEs include the potential of funding the entities' debt obligations or making additional contributions to fund the entities' operations.

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

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

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

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

We continually analyze and assess reconsideration events, including changes in the factors mentioned above, to determine if the consolidation treatment remains appropriate. Decisions regarding consolidation of partially owned

entities frequently require significant judgment by our management.

Revenue Recognition and Related Matters

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



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

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

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

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

## Management Fees and Other Corporate Revenues

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Management fees from affiliates (1)	\$20,847	\$18,917	\$48,990	\$39,587
Management fee expense	(8,443 )	(7,812 )	(17,246 )	(15,714 )
Net management fees from affiliates	\$12,404	\$11,105	\$31,744	\$23,873

(1) Excludes a \$13.1 million gain recognized in management fees and other corporate revenues on the divestiture of our investment in Seritage Growth Properties during the six months ended June 30, 2016.

## 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, changes in 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.

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

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

During the three months ended June 30, 2016, we recorded a \$4.1 million impairment charge on our Consolidated Statements of Comprehensive Income related to one operating property. During the period, we received a bona fide purchase offer for the property which was less than its carrying value. During the six months ended June 30, 2016, we recorded a \$44.8 million impairment charge on our Consolidated Statements of Comprehensive Income related to three operating properties. During the period, we received bona fide purchase offers for two properties which were less than their respective carrying values. The other property had non-recourse debt that matured during 2016 and exceeded the fair value of the operating property. This property was transferred to a special servicer during 2016 and conveyed to the lender in full satisfaction of the debt during the six months ended June 30, 2017.

No provisions for impairment were recognized for the three and six months ended June 30, 2017.

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

Investment in Unconsolidated Real Estate Affiliates

A series of operating losses of an investee or other factors may indicate that an other-than-temporary decline in value of our investment in an Unconsolidated Real Estate Affiliate has occurred. The investment in each of the Unconsolidated Real Estate Affiliates is evaluated for valuation declines below the carrying amount. Accordingly, in addition to the property-specific impairment analysis that we performed 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 six months ended June 30, 2017 and 2016. Changes in economic and operating conditions that occur subsequent to our review of recoverability of our investments in Unconsolidated Real Estate Affiliates could impact the assumptions used in that assessment and could result in future impairment if assumptions regarding those investments differ from actual results.

Fair Value Measurements (Note 4)

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

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

Note 4 includes a discussion of properties measured at fair value on a non-recurring basis using Level 2 and Level 3 inputs and the fair value of debt, which is estimated on a recurring basis using Level 2 and Level 3 inputs. Note 9 includes a discussion of certain redeemable noncontrolling interests that are measured at fair value using Level 1 inputs.

Concentrations of Credit Risk

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Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash and cash equivalents. We are exposed to credit risk with respect to cash held at various financial institutions and access to our credit facility. Our credit risk exposure with regard to our cash and the \$1.5 billion, including the uncommitted accordion feature, available under our credit facility is spread among a diversified group of investment grade financial institutions. We had \$345.0 million outstanding and no outstanding balance under our credit facility as of June 30, 2017 and December 31, 2016, respectively.

Recently Issued Accounting Pronouncements

Effective January 1, 2018, companies will be required to apply a five-step model in accounting for revenue. 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 has completed a preliminary review of the potential impact of this pronouncement to determine specific areas that will be affected by the adoption of this standard. Once the new guidance setting forth principles for the recognition, measurement, presentation and disclosure of leases (discussed below) goes into effect, the new revenue standard may apply to executory costs and other components of revenue due under leases that are deemed to be non-lease components (such as common area maintenance and provision of utilities), even when the revenue for such activities is not separately stipulated in the lease. In that case, then revenue from these items previously recognized on a straight-line basis under current lease guidance would be recognized under the new revenue guidance as the related services are delivered. As a result, while the total revenue recognized over time would not differ under the new guidance, the recognition pattern would be different. The new standard can be adopted either retrospectively to each prior reporting period presented or as a cumulative effect adjustment as of the date of adoption. The company is currently evaluating the adoption method that will be used for the implementation.

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

In March 2016, the FASB issued ASU 2016-07 which eliminates the requirement for retrospective application of equity method accounting when an investment previously accounted for by another method initially qualifies for the equity method. This standard is effective for all entities for fiscal years beginning after December 15, 2016 with earlier application permitted. The adoption of this standard did not materially impact the Company's consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09 which simplifies the accounting for stock compensation related items such as income tax accounting, award classification, estimation of forfeitures, and cash flow presentation. The amendments in the ASU are effective for public business entities for annual periods beginning after December 15, 2016. The Company accounted for this compensation award adjustment by means of a cumulative-effect adjustment

to equity as of January 1, 2017.

In June 2016, the FASB issued ASU 2016-13 which changes the model for the measurement of credit losses on financial instruments. Specifically, the amendments in the ASU replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The amendments in this ASU will be effective January 1, 2020 with early adoption permitted on January 1, 2019. The Company is evaluating the potential impact of this pronouncement on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15 which provides guidance on the statement of cash flows presentation of certain transactions where diversity in practice exists. The effective date will be the first quarter of fiscal year 2019, with early adoption permitted. The ASU will be adopted using a retrospective transition approach. The Company is evaluating the potential impact of this pronouncement on its Consolidated Statements of Cash Flows.

In November 2016, the FASB issued ASU 2016-18 which requires that a statement of cash flows explain the change during the reporting period in the total of cash and cash equivalents and restricted cash or restricted cash equivalents. This standard is effective

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for public entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The Company is evaluating the potential impact of this pronouncement on its Consolidated Statements of Cash Flows.

In January 2017, the FASB issued ASU 2017-01 which clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill and consolidation. Public entities should apply the amendments in this standard to annual periods beginning after December 15, 2017, including interim periods within those periods. The Company adopted this pronouncement early in the first fiscal quarter of 2017. The adoption of this standard resulted in less real estate acquisitions qualifying as businesses and, accordingly, acquisition costs for those acquisitions that are not businesses are capitalized rather than expensed.

In February 2017, the FASB issued ASU 2017-05 which clarifies the accounting for the derecognition of nonfinancial assets by eliminating the exception in current GAAP for transfers of investments in real estate entities (including equity method investments). The amendments in this update provide guidance on the accounting of partial sales of nonfinancial assets and contributions of nonfinancial assets to a joint venture or other noncontrolling investee. Once this guidance is adopted, an entity would use the guidance in the new revenue recognition standard (discussed above) to determine whether it is transferring multiple, distinct assets and would recognize a gain or loss for each distinct asset transferred. When an entity transfers nonfinancial assets included in a subsidiary and retains or receives an equity interest, it first determines whether it has retained a controlling financial interest in the subsidiary. If so, the entity does not derecognize the assets and accounts for the sale of noncontrolling interest in the subsidiary under the consolidation guidance covering decreases in ownership which would result in recognizing a gain or loss in equity. If an entity retains or receives a noncontrolling interest in the entity that owns the asset post-sale, that noncontrolling interest is considered noncash consideration and is included in the transaction price at its fair value. The retained noncontrolling interest is included at its fair value and results in an entity recognizing 100% of the gain on sale of the asset which differs from current applicable GAAP. Public entities should apply the amendments in this standard to annual periods beginning after December 15, 2017, including interim periods within those periods. Entities are required to adopt this standard in conjunction with the new revenue recognition standard which we will adopt on January 1, 2018. The adoption of this standard will result in higher gains on the sale of partial real estate interests due to recognizing 100% of the gain on sale of the partial interest and recording the retained noncontrolling interest at fair value.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. For example, estimates and assumptions have been made with respect to fair values of assets and liabilities for purposes of applying the acquisition method of accounting, the useful lives of assets, capitalization of development and leasing costs, provision for income taxes, recoverable amounts of receivables and deferred taxes, provision for loan loss, initial valuations and related amortization periods of deferred costs and

intangibles, particularly with respect to acquisitions, impairment of long-lived assets, litigation related accruals and disclosures and fair value of debt. Actual results could differ from these and other estimates.

**NOTE 3 ACQUISITIONS, SALES AND JOINT VENTURE ACTIVITY**

On June 30, 2017, we conveyed Lakeside Mall to the lender in full satisfaction of \$144.5 million in outstanding debt. This transaction resulted in a \$55.1 million gain on extinguishment of debt.

On June 9, 2017, we closed on the acquisition of our joint venture partner's 50% interest in Neshaminy Mall located in Bensalem, Pennsylvania for a gross purchase price of \$65.0 million. Post acquisition, we own 100% of the mall. Prior to the acquisition of the remaining interest, the carrying value for our investment was \$55.2 million. As a result of this acquisition, the implied fair value of our previous investment in Neshaminy Mall is \$33.7 million, resulting in a loss of \$21.5 million, recognized in loss from changes in control of investment properties and other for the three and six months ended June 30, 2017.



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On May 12, 2017, we closed on the sale of Red Cliffs Mall in St. George, Utah for \$39.1 million. The transaction netted proceeds of approximately \$36.3 million and resulted in a gain on sale of \$5.6 million recognized in gain from changes in control of investment properties and other for the three and six months ended June 30, 2017.

The acquisition of 605 N. Michigan Avenue on December 1, 2016 was recorded in 2016 using a preliminary estimate of the net assets acquired. Certain amounts were reclassified according to the subsequent purchase price allocation recorded during 2017.

On June 30, 2016, we closed on the acquisition of a property through a joint venture located at 218 West 57th Street in New York City for \$81.5 million. In connection with the acquisition, we provided a \$53.0 million mortgage loan to the joint venture that bears interest at LIBOR plus 3.4%, subject to terms and conditions in the loan agreement, and matures on June 30, 2019, with two one year extension options. We own a 50% interest in the joint venture and our share of equity at closing was \$15.1 million including prorated working capital. We also provided our joint venture partner with a \$7.3 million loan upon closing.

On June 30, 2016, we closed on the sale of our 49.8% interest in One Stockton Partners, LLC in San Francisco, California to our joint venture partner for \$49.8 million. In connection with the sale, \$16.3 million in mortgage debt was assumed. This transaction netted proceeds of approximately \$33.5 million and resulted in a gain of \$22.7 million recognized in Unconsolidated Real Estate Affiliates - gain on investment on our Consolidated Statements of Operations and Comprehensive Income for the three and six months ended June 30, 2016. In addition to the sale, the joint venture partner made an \$8.0 million repayment of a note receivable.

On June 28, 2016, we closed on the sale of the office building and parking garage at Pioneer Place in Portland, Oregon for \$121.8 million. This transaction netted proceeds of approximately \$116.0 million and resulted in a gain on sale of \$35.5 million recognized in gain from changes in control of investment properties and other for the three and six months ended June 30, 2016.

On February 2, 2016, we closed on the acquisition of our joint venture partner's 25% interest in Spokane Valley Mall in Spokane, Washington for \$37.5 million. This transaction resulted in a reduction of additional paid-in capital of \$16.4 million due to the acquisition of our partner's noncontrolling interest.

On January 29, 2016, we closed on the sale of our 75% interest in Provo Towne Center in Provo, Utah to our joint venture partner for \$37.5 million. Mortgage debt of \$31.1 million was repaid upon closing. This transaction netted proceeds of approximately \$2.8 million and resulted in a loss of \$6.7 million recognized in gain from changes in control of investment properties and other for the six months ended June 30, 2016.

On January 29, 2016, we closed on the sale of our 10% interest in 522 Fifth Avenue in New York City to our joint venture partner for \$25.0 million, inclusive of the repayment of previously existing notes receivable from our joint venture partner. We received proceeds of \$10.0 million upon closing and proceeds of \$5.4 million on December 15, 2016. This transaction resulted in a gain on sale of \$11.0 million recognized in Unconsolidated Real Estate Affiliates - gain on investment for the six months ended June 30, 2016. On May 25, 2017, we received a 10% interest in 522 Fifth Avenue in full satisfaction of the remaining \$9.0 million due.

On January 15, 2016, we closed on the sale of Eastridge Mall in San Jose, California for \$225.0 million. This transaction netted proceeds of approximately \$216.3 million and resulted in a gain on sale of \$71.8 million recognized in gain from changes in control of investment properties and other for the six months ended June 30, 2016.

On January 8, 2016, we closed on the sale of our 50% interest in Owings Mills Mall in Owings Mills, Maryland to our joint venture partner for \$11.6 million. This transaction netted proceeds of approximately \$11.6 million and resulted in a gain on sale of \$0.6 million recognized in Unconsolidated Real Estate Affiliates - gain on investment for the six months ended June 30, 2016.

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

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Upon sale of the 25% interest in Ala Moana Center and in accordance with applicable accounting standards for real estate sales with future development required, we recognized a \$584.4 million gain on change in control of investment properties and other as of the closing date calculated on the percentage of the basis (real estate asset carrying value of Ala Moana Center and development costs incurred to date) as compared to the total estimated costs expected to be incurred through completion of the development. During the three months ended June 30, 2016, we recognized an additional \$5.7 million gain on change of control of investment properties and other using the percentage of completion method for the construction completed from the closing date on February 27, 2015 through June 30, 2016. During the six months ended June 30, 2016, we recognized an additional \$12.5 million gain on change of control of investment properties and other using the percentage of completion method for the construction completed from the closing date on February 27, 2015 through June 30, 2016. The construction is complete and the full gain was recognized as of December 31, 2016.

Upon sale of the 12.5% interest in Ala Moana Center and in accordance with applicable accounting standards for real estate sales with future development required, we recognized a \$295.9 million gain in Unconsolidated Real Estate Affiliates - gain on investment as of the closing date calculated on the percentage of the basis (real estate asset carrying value of Ala Moana Center and development costs incurred to date) as compared to the total estimated costs expected to be incurred through completion of the development. During the three months ended June 30, 2016, we recognized an additional \$2.9 million gain in Unconsolidated Real Estate Affiliates - gain on investment using the percentage of completion method for the construction completed from the closing date on April 10, 2015 through June 30, 2016. During the six months ended June 30, 2016, we recognized an additional \$6.2 million gain in Unconsolidated Real Estate Affiliates - gain on investment using the percentage of completion method for the construction completed from the closing date on April 10, 2015 through June 30, 2016. The construction is complete and the full gain was recognized as of December 31, 2016.

We account for the 62.5% interest in the joint venture that owns Ala Moana Center under the equity method of accounting (Note 5) because we share control over major decisions with the joint venture partners which resulted in the partners obtaining substantive participating rights. Prior to February 2015, Ala Moana Center was previously wholly owned by GGP and accounted for on a consolidated basis.

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## NOTE 4 FAIR VALUE

## Nonrecurring Fair Value Measurements

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 June 30, 2017 and December 31, 2016.

	June 30, 2017		December 31, 2016	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(1)	(2)	(1)	(2)
Fixed-rate debt	\$10,160,336	\$10,487,786	\$10,441,166	\$10,832,272
Variable-rate debt	2,335,783	2,343,870	1,989,252	1,990,458
	\$12,496,119	\$12,831,656	\$12,430,418	\$12,822,730

(1) Includes net market rate adjustments of \$25.7 million and deferred financing costs of \$34.0 million, net.

(2) Includes net market rate adjustments of \$27.8 million and deferred financing costs of \$40.1 million, net.

The fair value of our Junior Subordinated Notes approximates their carrying amount as of June 30, 2017 and December 31, 2016. 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 LIBOR, U.S. treasury obligation interest rates and on the discounted estimated future cash payments to be made on such debt. The discount rates estimated reflect our judgment as to what the approximate current lending rates for loans or groups of loans with similar maturities and assume that the debt is outstanding through maturity. We have utilized market information as available or present value techniques to estimate the amounts required to be disclosed. Since such amounts are estimates that are based on limited available market information for similar transactions and do not acknowledge transfer or other repayment restrictions that may exist in specific loans, it is unlikely that the estimated fair value of any such debt could be realized by immediate settlement of the obligation.



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## NOTE 5 UNCONSOLIDATED REAL ESTATE AFFILIATES

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

	June 30, 2017	December 31, 2016
Condensed Combined Balance Sheets - Unconsolidated Real Estate Affiliates (1)		
Assets:		
Land	\$3,038,598	\$2,664,736
Buildings and equipment	14,781,897	13,555,059
Less accumulated depreciation	(3,670,516 )	(3,538,776 )
Construction in progress	610,661	284,198
Net property and equipment	14,760,640	12,965,217
Investment in unconsolidated joint ventures	566,853	503,305
Net investment in real estate	15,327,493	13,468,522
Cash and cash equivalents	510,480	455,862
Accounts receivable, net	726,799	655,655
Notes receivable	12,034	8,912
Deferred expenses, net	370,955	321,095
Prepaid expenses and other assets	240,257	327,645
Total assets	\$17,188,018	\$15,237,691
Liabilities and Owners' Equity:	\	
Mortgages, notes and loans payable	\$11,004,169	\$10,476,935
Accounts payable, accrued expenses and other liabilities	700,746	595,570
Cumulative effect of foreign currency translation ("CFCT")	(52,657 )	(50,851 )
Owners' equity, excluding CFCT	5,535,760	4,216,037
Total liabilities and owners' equity	\$17,188,018	\$15,237,691
Investment in Unconsolidated Real Estate Affiliates, Net:		
Owners' equity	\$5,483,103	\$4,165,186
Less: joint venture partners' equity	(3,155,284 )	(2,095,166 )
Plus: excess investment/basis differences	1,565,566	1,590,821
Investment in Unconsolidated Real Estate Affiliates, net (equity method)	3,893,385	3,660,841
Investment in Unconsolidated Real Estate Affiliates, net (cost method)	—	180,000
Elimination of consolidated real estate investment interest through joint venture	(54,894 )	(27,500 )
Retail investment, net	2,164	16,146
Investment in Unconsolidated Real Estate Affiliates, net	\$3,840,655	\$3,829,487
Reconciliation - Investment in Unconsolidated Real Estate Affiliates:		
Asset - Investment in Unconsolidated Real Estate Affiliates	\$3,866,518	\$3,868,993
Liability - Investment in Unconsolidated Real Estate Affiliates	(25,863 )	(39,506 )
Investment in Unconsolidated Real Estate Affiliates, net	\$3,840,655	\$3,829,487

(1)

The Condensed Combined Balance Sheets - Unconsolidated Real Estate Affiliates include Miami Design District as of June 30, 2017. Refer to the discussion below regarding Miami Design District.

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Condensed Combined Statements of Income - Unconsolidated Real Estate Affiliates (1)				
Revenues:				
Minimum rents	\$289,606	\$263,649	\$585,473	\$521,771
Tenant recoveries	119,923	112,727	241,942	228,173
Overage rents	4,085	4,276	10,192	11,803
Condominium sales	83,402	70,809	180,389	353,646
Other	12,763	11,848	25,842	23,953
Total revenues	509,779	463,309	1,043,838	1,139,346
Expenses:				
Real estate taxes	32,408	25,806	67,465	56,352
Property maintenance costs	9,575	9,355	21,064	20,349
Marketing	3,916	3,685	8,478	12,193
Other property operating costs	56,299	51,457	109,930	101,968
Condominium cost of sales	60,809	51,627	131,524	257,848
Provision for doubtful accounts	2,059	5,683	4,023	9,414
Property management and other costs (2)	19,910	16,562	38,370	33,469
General and administrative	490	1,023	1,063	1,295
Depreciation and amortization	127,240	111,578	249,732	220,859
Total expenses	312,706	276,776	631,649	713,747
Operating income	197,073	186,533	412,189	425,599
Interest income	2,815	2,201	5,543	4,100
Interest expense	(114,193 )	(102,896 )	(225,181 )	(203,915 )
Provision for income taxes	(268 )	(205 )	(545 )	(374 )
Equity in loss of unconsolidated joint ventures	(6,357 )	(1,816 )	(10,711 )	(34,253 )
Income from continuing operations	79,070	83,817	181,295	191,157
Allocation to noncontrolling interests	(20 )	(42 )	(44 )	(74 )
Net income attributable to the ventures	\$79,050	\$83,775	\$181,251	\$191,083
Equity In Income of Unconsolidated Real Estate Affiliates:				
Net income attributable to the ventures	\$79,050	\$83,775	\$181,251	\$191,083
Joint venture partners' share of income	(37,093 )	(41,974 )	(86,322 )	(82,434 )
Elimination of loss from consolidated real estate investment with interest owned through joint venture	388	—	1,440	—
Loss on retail investment	(575 )	—	(10,787 )	—
Amortization of capital or basis differences	(11,038 )	(7,183 )	(21,636 )	(16,541 )
Equity in income of Unconsolidated Real Estate Affiliates	\$30,732	\$34,618	\$63,946	\$92,108

The Condensed Combined Statements of Income - Unconsolidated Real Estate Affiliates include income from (1) Fashion Show subsequent to the formation of the joint venture on July 29, 2016 and Miami Design District subsequent to June 1, 2017.



(2) Includes management fees charged to the unconsolidated joint ventures by GGMI and GGSI.

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The Unconsolidated Real Estate Affiliates represent our investments in real estate joint ventures that are not consolidated. We hold interests in 25 domestic joint ventures, comprising 41 U.S. retail properties and one joint venture in Brazil. Generally, we share in the profits and losses, cash flows and other matters relating to our investments in Unconsolidated Real Estate Affiliates in accordance with our respective ownership percentages. We manage most of the properties owned by these joint ventures.

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

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

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

On September 15, 2016, joint ventures we formed with Simon Property Group and Authentic Brands Group LLC acquired Aeropostale, which is presented as a retail investment above.

On June 1, 2017, we received an additional 7.3% of our joint venture partner's membership interests in Miami Design District in full satisfaction of two promissory notes for \$57.6 million and \$40.4 million, respectively, resulting in a total ownership of 22.3% (Note 13). We determined that we had significant influence over the investment subsequent to the acquisition of the additional interest, and therefore we changed our method of accounting for this joint venture from the cost method to the equity method (Note 2).

Unconsolidated Mortgages, Notes and Loans Payable, and Retained Debt

Our proportionate share of the mortgages, notes and loans payable of the unconsolidated joint ventures was \$5.4 billion as of June 30, 2017 and December 31, 2016, 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 \$85.7 million at one property as of June 30, 2017, and \$86.5 million as of

December 31, 2016. 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 June 30, 2017, we do not anticipate an inability to perform on our obligations with respect to Retained Debt.

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## NOTE 6 MORTGAGES, NOTES AND LOANS PAYABLE

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

	June 30, 2017 (1)	Weighted-Average Interest Rate (2)	December 31, 2016 (3)	Weighted-Average Interest Rate (2)
Fixed-rate debt:				
Collateralized mortgages, notes and loans payable	\$ 10,160,336	4.42 %	\$ 10,441,166	4.44 %
Total fixed-rate debt	10,160,336	4.42 %	10,441,166	4.44 %
Variable-rate debt:				
Collateralized mortgages, notes and loans payable (4)	1,998,356	2.89 %	1,997,978	2.45 %
Revolving credit facility (5)	337,427	2.41 %	(8,726 )	—
Total variable-rate debt	2,335,783	2.82 %	1,989,252	2.45 %
Total Mortgages, notes and loans payable	\$ 12,496,119	4.12 %	\$ 12,430,418	4.12 %
Junior subordinated notes	\$ 206,200	2.62 %	\$ 206,200	2.34 %

(1) Includes \$25.7 million of market rate adjustments and \$34.0 million of deferred financing costs, net.

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

(3) Includes \$27.8 million of market rate adjustments and \$40.1 million of deferred financing costs, net.

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

(5) Includes deferred financing costs, which are shown as a reduction to the debt balance. See table below for the balance excluding deferred financing costs.

## Collateralized Mortgages, Notes and Loans Payable

As of June 30, 2017, \$16.5 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 \$1.4 billion of debt, are cross-collateralized with other properties. Although a majority of the \$12.2 billion of fixed and variable rate collateralized mortgages, notes and loans payable are non-recourse, \$817.6 million 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 six months ended June 30, 2017, we paid down a \$73.4 million consolidated mortgage note at one property. The prior loan had a term-to-maturity of 0.2 years and an interest rate of 5.6%. The property subsequently replaced a property that was sold during the six months ended June 30, 2017 as collateral in our \$1.4 billion loan secured by cross-collateralized mortgages on 15 properties.

During the year ended December 31, 2016, we paid down \$294.4 million of consolidated mortgage notes at two properties. The prior loans had a weighted-average term-to-maturity of 1.2 years and a weighted-average interest rate of 5.3%. In conjunction with the pay down of the loans, we paid \$5.4 million in transaction costs.

On April 25, 2016, we amended our \$1.4 billion loan secured by cross-collateralized mortgages on 15 properties. The interest rate remained consistent at LIBOR plus 1.75%, however, we were able to decrease the recourse from 100% to 50% and extend the term for three years. The loan now matures April 25, 2019, with two one year extension options.

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## Corporate and Other Unsecured Loans

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

	June 30, 2017 (1)	Weighted-Average Interest Rate		December 31, 2016 (2)	Weighted-Average Interest Rate
Unsecured debt:					
Revolving credit facility	\$ 345,000	2.41	%	\$	—
Total unsecured debt	\$ 345,000	2.41	%	\$	—

(1) Excludes deferred financing costs of \$7.6 million in 2017 that decrease the total amount that appears outstanding in our Consolidated Balance Sheets.

(2) Excludes deferred financing costs of \$8.7 million in 2016 that decrease the total amount that appears outstanding in our Consolidated Balance Sheets.

Our revolving credit facility (the "Facility") as amended on October 30, 2015, provides for revolving loans of up to \$1.1 billion. The Facility has an uncommitted accordion feature for a total facility of up to \$1.5 billion. The Facility is scheduled to mature in October 2020 and is unsecured. Borrowings under the Facility bear interest at a rate equal to LIBOR plus 130 to 190 basis points or at a base rate plus 30 to 90 basis points, which is determined by the Company's leverage level. The Facility contains certain restrictive covenants which limit material changes in the nature of our business conducted, including, but not limited to, mergers, dissolutions or liquidations, dispositions of assets, liens, incurrence of additional indebtedness, dividends, transactions with affiliates, prepayment of subordinated debt, negative pledges and changes in fiscal periods. In addition, we are required not to exceed a maximum net debt-to-value ratio, a maximum leverage ratio and a minimum net cash interest coverage ratio; we are not aware of any instances of non-compliance with such covenants as of June 30, 2017. As of June 30, 2017, \$345.0 million was outstanding on the Facility.

## Junior Subordinated Notes

GGP Capital Trust I, a Delaware statutory trust (the "Trust") and a wholly-owned subsidiary of GGPN, completed a private placement of \$200.0 million of trust preferred securities ("TRUPS") in 2006. The Trust also issued \$6.2 million of Common Securities to GGPOP. The Trust used the proceeds from the sale of the TRUPS and Common Securities to purchase \$206.2 million of floating rate Junior subordinated notes of GGPOP due 2036. Distributions on the TRUPS are equal to LIBOR plus 1.45%. Distributions are cumulative and accrue from the date of original issuance. The TRUPS mature on April 30, 2036, but may be redeemed beginning on April 30, 2011 if the Trust exercises its right to redeem a like amount of Junior subordinated notes. The Junior subordinated notes bear interest at LIBOR plus 1.45% and are fully recourse to the Company. Though the Trust currently is a wholly-owned subsidiary of GGPN, we are not the primary beneficiary of the Trust and, accordingly, it is not consolidated for accounting purposes. We have recorded the Junior subordinated notes as a liability and our common equity interest in the Trust as prepaid expenses and other assets in our Consolidated Balance Sheets as of June 30, 2017 and December 31, 2016.

## Letters of Credit and Surety Bonds

We had outstanding letters of credit and surety bonds of \$57.9 million as of June 30, 2017 and \$57.8 million as of December 31, 2016. 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 June 30, 2017.

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## NOTE 7 INCOME TAXES

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

As a REIT, we will generally not be subject to corporate level Federal income tax on taxable income we distribute currently to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to Federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for four subsequent taxable years. Even if we qualify for taxation as a REIT, we may be subject to certain state and local taxes on our income or property, and to Federal income and excise taxes on our undistributed taxable income and capital gains. We are currently statutorily open to audit by the Internal Revenue Service for the years ended December 31, 2013 through 2016 and are statutorily open to audit by state taxing authorities for the years ended December 31, 2012 through 2016.

We have no unrecognized tax benefits recorded pursuant to uncertain tax positions as of June 30, 2017.

## NOTE 8 WARRANTS

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

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

The exercise prices of the Warrants are subject to adjustment for future dividends, stock dividends, distribution of assets, stock splits or reverse splits of our common stock or certain other events. In accordance with the agreement, these calculations adjust both the exercise price and the number of shares issuable for the originally issued 73,930,000 Warrants. During 2016 and 2017, the number of shares issuable upon exercise of the outstanding Warrants changed as follows:

Record Date	Issuable Shares	Exercise Price	
		Brookfield - A	Brookfield - B
April 15, 2016	90,288,964	\$ 8.80	\$ 8.60
July 15, 2016	90,865,607	8.75	8.54



October 14, 2016	91,553,142	8.68	8.48
December 15, 2016	92,344,178	8.61	8.41
December 27, 2016	93,268,285	8.52	8.32
April 13, 2017	94,170,214	8.44	8.24

The warrant holders have the option for 57,500,000 Warrants to either full share settle (i.e. deliver cash for the exercise price of the Warrants) or net share settle at the option of the holder. The remaining 16,430,000 Warrants owned or managed by Brookfield must be net share settled. As of June 30, 2017, the Warrants are exercisable into approximately 61 million common shares of the Company assuming net share settlement, at a weighted-average exercise price of approximately \$8.40 per share. Further, as of June 30, 2017, assuming full share settlement for all of the Warrants eligible for full share settlement and net share settlement of Warrants that must be net share settled, the Company would receive approximately \$618 million in cash and would issue a total of approximately 86.8 million shares of common stock. Due to their ownership of Warrants, Brookfield's potential ownership of the Company may change as a result of payments of dividends and changes in our stock price.

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## NOTE 9 EQUITY AND REDEEMABLE NONCONTROLLING INTERESTS

## Allocation to Noncontrolling Interests

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Distributions to preferred GGPOP units	\$(882 )	\$(2,201 )	\$(3,014 )	\$(4,403 )
Net income allocation to noncontrolling interests in GGPOP from continuing operations (common units)	(676 )	(1,092 )	(1,251 )	(2,039 )
Net income allocation to noncontrolling interests in GGPOP from continuing operations (LTIP units)	(299 )	(266 )	(553 )	(843 )
Net income allocated to noncontrolling interest in consolidated real estate affiliates	(598 )	(397 )	(847 )	(228 )
Allocation to noncontrolling interests	(2,455 )	(3,956 )	(5,665 )	(7,513 )
Other comprehensive (income) loss allocated to noncontrolling interests	320	(65 )	315	(3 )
Comprehensive income allocated to noncontrolling interests	\$(2,135 )	\$(4,021 )	\$(5,350 )	\$(7,516 )

## Noncontrolling Interests

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

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

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

Generally, the holders of the Common Units share in any distributions by GGPOP with our common stockholders. However, the GGPOP operating partnership agreement permits distributions solely to GGP if such distributions were required to allow GGP to comply with the REIT distribution requirements or to avoid the imposition of excise tax. Under certain circumstances, the conversion rate for each Common Unit is required to be adjusted to give effect to stock distributions. If the holders had requested redemption of the Common and Preferred Units as of June 30, 2017, the aggregate amount of cash we would have paid would have been \$197.3 million and \$52.5 million, respectively.

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

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	Number of Common Units for each Preferred Unit	Number of Contractual Preferred Units as of June 30, 2017	Converted Basis to Common Units as of June 30, 2017	Conversion Price	Redemption Value (1)
Series B	3.00000	10	30	\$ 16.66670	\$ 715
Series D	1.50821	533	835	33.15188	26,637
Series E	1.29836	503	679	38.51000	25,133
					\$ 52,485

The conversion price of Series B preferred units is lower than the GGP June 30, 2017 closing common stock price of \$23.56; therefore, the June 30, 2017 common stock price of \$23.56, and an additional conversion rate of (1) 1.0397624 shares is used to calculate the Series B redemption value. As of July 10, 2017, the Series B preferred unit conversion option expired and has a fixed cash redemption value of \$50 per unit.

The following table reflects the activity of the redeemable noncontrolling interests for the six months ended June 30, 2017, and 2016.

Balance at January 1, 2016	\$ 287,627
Net income	2,039
Distributions	(2,124 )
Redemption of GGPOP units	(1,592 )
Other comprehensive loss	3
Fair value adjustment for noncontrolling interests in Operating Partnership	24,297
Balance at June 30, 2016	\$ 310,250
Balance at January 1, 2017	\$ 262,727
Net income	1,251
Distributions	(2,887 )
Redemption of GGPOP units	(651 )
Other comprehensive income	(315 )
Fair value adjustment for noncontrolling interests in Operating Partnership	(10,346 )
Balance at June 30, 2017	\$ 249,779

## Common Stock Dividend

Our Board of Directors declared common stock dividends during 2017 and 2016 as follows:

Declaration Date	Record Date	Payment Date	Dividend Per Share
2017			

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August 2	October 13, 2017	October 31, 2017	\$ 0.22
May 1	July 13, 2017	July 28, 2017	0.22
January 30	April 13, 2017	April 28, 2017	0.22
2016			
December 13	December 27, 2016	January 27, 2017	\$ 0.26
October 31	December 15, 2016	January 6, 2017	0.22
August 1	October 14, 2016	October 31, 2016	0.20
May 2	July 15, 2016	July 29, 2016	0.19
February 1	April 15, 2016	April 29, 2016	0.19

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(Unaudited)

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, 28,693 shares were issued during the six months ended June 30, 2017 and 13,990 shares were issued during the six months ended June 30, 2016.

## 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 13, 2018, for \$25.00 per share plus all accrued and unpaid dividends. We may redeem the Preferred Stock prior to February 13, 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 2017 and 2016 as follows:

Declaration Date	Record Date	Payment Date	Dividend Per Share
2017			
August 2	September 15, 2017	October 2, 2017	\$0.3984
May 1	June 15, 2017	July 3, 2017	0.3984
January 30	March 15, 2017	April 3, 2017	0.3984
2016			
October 31	December 15, 2016	January 3, 2017	\$0.3984
August 1	September 15, 2016	October 3, 2016	0.3984
May 2	June 15, 2016	July 1, 2016	0.3984
February 1	March 15, 2016	April 1, 2016	0.3984



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(Unaudited)

## Accumulated Other Comprehensive Loss

The following table reflects the activity of the components of accumulated other comprehensive loss for the three months ended June 30, 2017, and 2016:

	Foreign currency translation	Net unrealized gains (losses) on other financial instruments	Reclassification adjustment for realized gains on available-for-sale securities included in net income	Total
Balance at April 1, 2016	\$(77,859 )	\$ 109	\$ —	\$(77,750)
Other comprehensive income (loss)	8,608	11	—	8,619
Balance at June 30, 2016	\$(69,251 )	\$ 120	\$ —	\$(69,131)
Balance at April 1, 2017	\$(67,998 )	\$ 117	\$ —	\$(67,881)
Other comprehensive income (loss)	(3,709 )	(3 )	—	(3,712 )
Balance at June 30, 2017	\$(71,707 )	\$ 114	\$ —	\$(71,593)

The following table reflects the activity of the components of accumulated other comprehensive loss for the six months ended June 30, 2017, and 2016:

	Foreign currency translation	Net unrealized gains (losses) on other financial instruments	Reclassification adjustment for realized gains on available-for-sale securities included in net income	Total
Balance at January 1, 2016	\$(84,798 )	\$ 100	\$ 11,894	\$(72,804)
Other comprehensive income (loss)	15,547	20	(11,894 )	3,673
Balance at June 30, 2016	\$(69,251 )	\$ 120	\$ —	\$(69,131)
Balance at January 1, 2017	\$(70,560 )	\$ 104	\$ —	\$(70,456)
Other comprehensive income (loss)	(1,147 )	10	—	(1,137 )
Balance at June 30, 2017	\$(71,707 )	\$ 114	\$ —	\$(71,593)

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



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## NOTE 10 EARNINGS PER SHARE

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

Information related to our EPS calculations is summarized as follows:

	Three Months Ended June 30, 2017		Six Months Ended June 30, 2016	
Numerators - Basic and Diluted:				
Net income	128,318	189,901	238,687	385,238
Preferred Stock dividends	(3,984 )	(3,983 )	(7,968 )	(7,967 )
Allocation to noncontrolling interests	(2,455 )	(3,956 )	(5,665 )	(7,513 )
Net income attributable to common stockholders	\$121,879	\$181,962	\$225,054	\$369,758
Denominators:				
Weighted-average number of common shares outstanding - basic	882,255	883,381	883,374	883,027
Effect of dilutive securities	63,070	68,909	64,038	68,202
Weighted-average number of common shares outstanding - diluted	945,325	952,290	947,412	951,229
Anti-dilutive Securities:				
Effect of Preferred Units	1,544	5,415	1,544	5,415
Effect of Common Units	4,809	4,768	4,780	4,768
Effect of LTIP Units	1,879	1,775	1,885	1,759
Weighted-average number of anti-dilutive securities	8,232	11,958	8,209	11,942

For the three and six months ended June 30, 2017 and 2016, dilutive options and dilutive shares related to the Warrants are included in the denominator of diluted EPS.

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

GGP owned 55,969,390 shares of treasury stock as of June 30, 2017 and 2016. These shares are presented as common stock in treasury, at cost, on our Consolidated Balance Sheets. Additionally, GGPN holds 27,459,195 shares of stock as a result of warrants purchased during the year ended December 31, 2013. 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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## NOTE 11 STOCK-BASED COMPENSATION PLANS

The GGP 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 and its subsidiaries and affiliates are eligible for the Awards. The Equity Plan is not subject to the Employee Retirement Income Security Act of 1974, as amended. No participant may be granted more than 4,000,000 shares, or the equivalent dollar value of such shares, in any year. Options granted under the Equity Plan will be designated as either nonqualified stock options or incentive stock options. An option granted as an incentive stock option will, to the extent it fails to qualify as an incentive stock option, be treated as a nonqualified option. The exercise price of an option may not be less than the fair value of a share of GGP's common stock on the date of grant. The term of each option will be determined prior to the date of grant, but may not exceed 10 years.

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

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

On January 1, 2017, the Company adopted ASU 2016-09, Compensation - Stock Compensation. This new guidance allowed us to make the election to account for share-based payment forfeitures when they occur versus estimating a forfeiture rate. This resulted in a cumulative effect of accounting change adjustment of \$3.0 million to additional paid-in capital, noncontrolling interests related to LTIP Units and accumulated distributions in excess of earnings as of January 1, 2017.

Compensation expense related to stock-based compensation plans for the three and six months ended June 30, 2017, and 2016 is summarized in the following table in thousands:

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2017	2016	2017	2016
Stock options - Property management and other costs	\$981	\$1,666	\$1,954	\$3,153
Stock options - General and administrative	2,449	2,736	4,635	5,491
Restricted stock - Property management and other costs	1,546	767	3,058	1,308
Restricted stock - General and administrative	1,308	162	1,827	311
LTIP Units - Property management and other costs	393	379	792	588
LTIP Units - General and administrative	6,333	3,879	10,942	7,047
Total	\$13,010	\$9,589	\$23,208	\$17,898



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The following tables summarize stock option, LTIP Unit and restricted stock activity for the Equity Plan for GGP for the six months ended June 30, 2017, and 2016:

	2017		2016	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price (1)
Stock options Outstanding at January 1,	15,277,189	\$ 17.90	18,162,700	\$ 17.34
Granted	—	—	91,261	25.81
Exercised	(406,383 )	17.84	(1,789,201 )	14.45
Forfeited	(108,554 )	22.75	(223,748 )	19.80
Expired	(4,107 )	28.86	(15,608 )	17.73
Stock options Outstanding at June 30,	14,758,145	\$ 17.86	16,225,404	\$ 17.67

(1) Changes to prior year weighted average exercise price is due to adjustment of the strike price for the special dividend issued in 2016.

	2017		2016	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value (1)
LTIP Units Outstanding at January 1,	4,345,912	\$ 27.27	1,724,747	\$ 29.32
Granted	553,526	25.38	2,640,963	25.89
Exercised	(32,680 )	29.15	—	—
Forfeited	(58,894 )	26.77	(38,862 )	28.98
Expired	—	—	—	—
LTIP Units Outstanding at June 30,	4,807,864	\$ 27.05	4,326,848	\$ 27.23

(1) Changes to prior year weighted average exercise price is due to adjustment of the strike price for the special dividend issued in 2016.

	2017		2016	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Restricted stock Outstanding at January 1,	476,686	\$ 27.11	206,219	\$ 29.16
Granted	808,448	25.30	346,873	26.18
Vested	(166,852 )	26.81	(61,586 )	28.76
Canceled	(69,761 )	25.92	(6,936 )	27.53
Restricted stock Outstanding at June 30,	1,048,521	25.84	484,570	27.10



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## NOTE 12 ACCOUNTS RECEIVABLE, NET

The following table summarizes the significant components of accounts receivable, net.

	June 30, 2017	December 31, 2016
Trade receivables	\$84,162	\$ 107,107
Short-term tenant receivables	1,251	1,414
Straight-line rent receivable	231,247	227,859
Other accounts receivable	4,684	3,699
Total accounts receivable	321,344	340,079
Provision for doubtful accounts	(19,829 )	(17,883 )
Total accounts receivable, net	\$301,515	\$ 322,196

## NOTE 13 NOTES RECEIVABLE

The following table summarizes the significant components of notes receivable.

	June 30, 2017	December 31, 2016
Notes receivable	\$601,338	\$ 665,289
Accrued interest	8,077	13,207
Total notes receivable	609,415	678,496

On November 11, 2015, we entered into a promissory note with our joint venture partner, Ashkenazy Holding Co., LLC ("AHC"), in which we lent AHC \$57.6 million that bears interest at 8% per annum. The note was collateralized by AHC's equity in Miami Design District Associates, which is part of the AACMDD Group, LLC joint venture ("AACMDD"). On November 18, 2016, the maturity date of the note was amended to November 15, 2019. On June 1, 2017, AHC conveyed the collateral of the note in full satisfaction of the receivable and \$2.6 million in accrued interest.

On September 17, 2015, we entered into a promissory note with our joint venture partner, AHC, in which we lent AHC \$40.4 million that bears interest at 6% per annum. The note was collateralized by AHC's equity in Miami Design District Associates, which is part of AACMDD. On November 18, 2016, the maturity date of the note was amended to September 17, 2019. On June 1, 2017, AHC conveyed the collateral of the note in full satisfaction of the receivable and \$1.1 million in accrued interest.

The two AHC promissory notes discussed above were collectively collateralized by 7.3% of our joint venture partner's membership interests in Miami Design District.

On May 23, 2017, we entered into a promissory note with our joint venture partner, Bayside Equities, LLC ("Bayside Equities"), a subsidiary of AHC, in which we lent Bayside Equities \$19.1 million that bears interest at 12.2% per annum. The note is collateralized by Bayside Equities' economic interest in Riverchase Galleria and the Tysons Galleria anchor box.

On June 30, 2015, we entered into a promissory note with our joint venture partner MKB (defined in Note 5), in which we would lend MKB up to \$80 million for capital calls after an initial contribution of \$80 million by MKB and

until the joint venture secured construction financing. This loan bears interest at LIBOR plus 6% and is secured by MKB's partnership interest in AMX, which is constructing a luxury residential condominium tower on a site located within the Ala Moana Shopping Center. As of June 30, 2017, there was \$17.1 million outstanding on this loan. Construction financing closed during the third quarter of 2015 (Note 18).

Notes receivable includes \$204.3 million of notes receivable from our joint venture partners related to the acquisition of 730 Fifth Avenue in New York, New York. The first note was issued for \$104.3 million to our joint venture partner in the retail portion and bears interest at 8.0% compounded annually and matures on February 12, 2025. The second note was issued for \$100.0 million to the joint venture partner acquiring the office portion of the property and bears interest at 9.0% subject to terms and conditions in the loan agreement and matures on April 17, 2025. As of June 30, 2017, there was \$150.0 million and \$100.0 million outstanding on these loans, respectively (Note 18).



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Also included in notes receivable is \$148.3 million and \$56.9 million due from our joint venture partner related to the acquisition of the properties at 685 Fifth Avenue and 530 Fifth Avenue in New York, New York. The notes receivable bear interest at 7.5% and 9.0% respectively. Interest is compounded quarterly with accrued but unpaid interest increasing the loan balance. The notes are collateralized by our partner's ownership interest in the joint ventures. The loans mature on June 27, 2024 and June 18, 2024, respectively.

On July 29, 2016, we settled a note receivable in the net amount of \$78.9 million issued to Rique Empreendimentos e Participacoes Ltda. ("Rique") in exchange for approximately 18.3 million shares in Aliansce Shopping Centers, S.A. ("Aliansce"), resulting in an 11.3% ownership in Aliansce. On September 29, 2016, we sold the 18.3 million shares in Aliansce to the Canada Pension Plan Investment Board for a sales price of \$84.9 million. The note receivable was issued in conjunction with our sale of Aliansce to Rique and Canada Pension Plan Investment Board on September 30, 2013. The note receivable was denominated in Brazilian Reais, bore interest at an effective interest rate of approximately 14%, was collateralized by shares of common stock in Aliansce, and required annual principal and interest payments over the term. During the six months ended June 30, 2016, we determined, based on current information and events, that it was probable that we would be unable to collect all amounts due according to the contractual terms of the receivable. As the note receivable was a collateral dependent loan, we estimated the provision for loss based on the fair value of the market price of the Aliansce shares which served as the collateral for the loan. We recognized a \$36.1 million loss on the note recorded in the provision for loan loss on the Consolidated Statements of Comprehensive Income based on the value of the collateral and included accrued interest of \$7.5 million in the provision for loan loss. We recognized the impact of changes in the exchange rate on the note receivable as gain or loss on foreign currency in our Consolidated Statements of Comprehensive Income.

## NOTE 14 PREPAID EXPENSES AND OTHER ASSETS

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

	June 30, 2017			December 31, 2016		
	Gross Asset	Accumulated Amortization	Balance	Gross Asset	Accumulated Amortization	Balance
Intangible assets:						
Above-market tenant leases, net	\$437,453	\$(320,491)	\$116,962	\$512,802	\$(368,900)	\$143,902
Below-market ground leases, net	118,994	(13,829)	105,165	118,994	(12,788)	106,206
Real estate tax stabilization agreement, net	111,506	(41,925)	69,581	111,506	(38,769)	72,737
Total intangible assets	\$667,953	\$(376,245)	\$291,708	\$743,302	\$(420,457)	\$322,845
Remaining prepaid expenses and other assets:						
Security and escrow deposits			39,802			59,054
Prepaid expenses			37,292			46,709
Other non-tenant receivables			36,749			34,677
Deferred tax, net of valuation allowances			1,947			6,943
Other			64,975			36,293
Total remaining prepaid expenses and other assets			180,765			183,676
Total prepaid expenses and other assets			\$472,473			\$506,521



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## NOTE 15 ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	June 30, 2017			December 31, 2016		
	Gross Liability	Accumulated Accretion	Balance	Gross Liability	Accumulated Accretion	Balance
Intangible liabilities:						
Below-market tenant leases, net	254,011	(158,288 )	\$95,723	267,048	(172,210 )	\$94,838
Above-market headquarters office leases, net	4,342	(965 )	3,377	15,268	(10,346 )	4,922
Above-market ground leases, net	9,127	(2,441 )	6,686	9,127	(2,258 )	6,869
Total intangible liabilities	\$267,480	\$(161,694 )	\$105,786	\$291,443	\$(184,814 )	\$106,629
Remaining Accounts payable and accrued expenses:						
Accrued interest			40,367			47,821
Accounts payable and accrued expenses			66,966			87,485
Accrued real estate taxes			87,968			87,313
Deferred gains/income			88,542			91,720
Accrued payroll and other employee liabilities			33,795			57,721
Construction payable			106,240			115,077
Tenant and other deposits			15,825			15,061
Insurance reserve liability			14,734			14,184
Capital lease obligations			5,386			5,386
Conditional asset retirement obligation liability			4,279			5,327
Other			21,135			21,638
Total remaining Accounts payable and accrued expenses			485,237			548,733
Total Accounts payable and accrued expenses			\$591,023			\$655,362

## 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. Neither the Company nor any of the Unconsolidated Real Estate Affiliates is currently involved in any material pending legal proceedings nor, to our knowledge, is any material legal proceeding currently threatened against the Company or any of the Unconsolidated Real Estate Affiliates.

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GGP INC.

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

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2017	2016	2017	2016
	(Dollars in thousands)			
Contractual rent expense, including participation rent	\$2,187	\$2,139	\$4,385	\$4,246
Contractual rent expense, including participation rent and excluding amortization of above and below-market ground leases and straight-line rent	1,615	1,560	3,241	3,086

## NOTE 18 SUBSEQUENT EVENTS

On July 7, 2017, we received a \$20.0 million payment from our joint venture partner in the office portion on a \$100.0 million note receivable related to the acquisition of 730 Fifth Avenue in New York, New York (Note 13).

On July 12, 2017, we closed on two transactions with Seritage Growth Properties for gross consideration of \$247.6 million. Pursuant to the transactions, we (i) acquired the remaining 50% interest in eight of the 12 assets in the existing joint venture between the two companies for \$190.1 million which includes a deferred payment of \$63.7 million due no later than December 31, 2018; and (ii) acquired a 50% joint venture interest in five additional assets for \$57.5 million. We provided a loan of \$127.4 million to four of the original 12 assets that are still in a joint venture with Seritage Growth Properties.

On August 2, 2017, we received a \$17.2 million payment from our joint venture partner MKB (defined in Note 5) as payment in full on a note receivable related to the construction of a luxury residential condominium tower on a site located within the Ala Moana Shopping Center (Note 13).

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

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

#### Overview

Our primary business is owning and operating best-in-class retail properties that provide an outstanding environment and experience for our communities, retailers, employees, consumers and shareholders. We are an S&P 500 real estate company with a property portfolio comprised primarily of Class A retail properties (defined primarily by sales per square foot) and urban retail properties. GGP Inc. defines best-in-class retail and modern luxury through curated merchandising and elegant culinary experiences set against the backdrop of refined ambiance across this distinguished collection of destinations. Our retail properties are the core centers of retail, dining and entertainment within their trade areas and, therefore, represent hubs of daily life. As of June 30, 2017, we own, either entirely or with joint venture partners, 126 retail properties located throughout the United States comprising approximately 123 million square feet of gross leasable area ("GLA").

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

We seek to increase long-term Company NOI and Company EBITDA (as defined below) growth through proactive management and leasing of our properties. We also recycle capital through strategic dispositions in order to opportunistically invest in high quality retail properties, as well as control operating expenses. We believe that the following items are the most significant drivers affecting incremental cash flow and Company EBITDA growth:

- contractual rent increases;
- occupancy growth;
- positive leasing spreads;
- value creation from redevelopment projects;
- managing operating expenses; and
- recycling capital.

As of June 30, 2017 the portfolio was 95.7% leased, compared to 96.2% leased at June 30, 2016. The decrease is primarily due to tenant bankruptcies during the current year quarter, which affected 1.8 million square feet in our portfolio. On a suite-to-suite basis, the leases commencing occupancy in the trailing 12 months exhibited initial rents that were 10.0% higher than the final rents paid on expiring leases. Our overall leasing activity is approximately twice the amount of GLA included in the suite-to-suite comparison due to leasing of anchor boxes that are not included in the suite-to-suite spreads.

We have identified approximately \$1.5 billion of income producing development and redevelopment projects within our portfolio, including re-development of anchor box spaces, over 80% of which is being invested into Class A retail properties. We currently expect to achieve stabilized returns of approximately 7-9% 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

Net income attributable to GGP Inc. decreased from \$377.7 million for the six months ended June 30, 2016 to \$233.0 million for the six months ended June 30, 2017 primarily due to 2016 gains related to the sale of interests in two properties. Our Company NOI (as defined below) remained flat of \$1,139.5 million for the six months ended June 30, 2016 compared to \$1,139.0 million for the six months ended June 30, 2017. Our Company FFO (as defined below) decreased 5.8% from \$722.9 million for the six months ended June 30, 2016 to \$680.9 million for the six months ended June 30, 2017 primarily due to decreased income recognition on condominiums.

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

## Operating Metrics

The following table summarizes selected operating metrics for our portfolio.

	June 30, 2017 (1)	June 30, 2016 (1)		
In-Place Rents per square foot (2)				
Consolidated Properties	\$65.20	\$64.80		
Unconsolidated Properties	102.96	100.29		
Total Retail Properties	\$78.12	\$76.87		
Percentage Leased				
Consolidated Properties	95.6	% 96.0	%	
Unconsolidated Properties	95.8	% 96.6	%	
Total Retail Properties	95.7	% 96.2	%	
Tenant Sales Volume (All Less Anchors) (3)				
Consolidated Properties	\$12,173	\$12,228		
Unconsolidated Properties	9,061	8,795		
Total Retail Properties	\$21,234	\$21,023		
Tenant Sales per square foot (3)				
Consolidated Properties	\$503	\$510		
Unconsolidated Properties	765	741		
Total Retail Properties	\$590	\$586		

(1) Metrics exclude properties acquired in the year ended December 31, 2016 and the six months ended June 30, 2017 and certain other retail properties.

(2) Rent is presented on a cash basis and consists of base minimum rent and common area costs.

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

## Lease Spread Metrics

The following table summarizes signed leases compared to expiring leases in the same suite, for leases where (1) the downtime between new and previous tenant was less than 24 months, (2) the occupied space between the previous tenant and new tenant did not change by more than 10,000 square feet and (3) the new lease is at least a year.

	# of Leases	SF	Term (in years)	Initial Rent PSF (1)	Expiring Rent PSF (2)	Initial Rent Spread	% Change
Trailing 12 Month Commencements	1,524	4,730,557	6.9	\$62.51	\$56.84	\$5.66	10.0 %

(1) Represents initial annual rent over the lease consisting of base minimum rent and common area maintenance.

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





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## Results of Operations

Three months ended June 30, 2017 and 2016

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

	Three Months Ended June 30,			
	2017	2016	\$ Change	% Change
	(Dollars in thousands)			
Components of Minimum rents:				
Base minimum rents	\$350,787	\$368,509	\$(17,722)	(4.8 )%
Lease termination income	3,373	1,576	1,797	114.0
Straight-line rent	1,385	4,999	(3,614 )	(72.3 )
Above and below-market tenant leases, net	(6,340 )	(11,672 )	5,332	(45.7 )
Total Minimum rents	\$349,205	\$363,412	\$(14,207)	(3.9 )%

Base minimum rents decreased \$17.7 million primarily due to our sale of an interest in Fashion Show during the third quarter of 2016. This resulted in \$20.1 million less base minimum rents during the three months ended June 30, 2017 compared to the three months ended June 30, 2016 as the property is now accounted for as an Unconsolidated Real Estate Affiliate. In addition, the sale of two operating properties during the third quarter of 2016 resulted in \$3.4 million less base minimum rents. The acquisition of the remaining 50% interest in Riverchase Galleria from our joint venture partner during the fourth quarter of 2016 resulted in an offsetting \$5.1 million increase in base minimum rents.

Tenant recoveries decreased \$7.8 million primarily due to our sale of an interest in Fashion Show during the third quarter of 2016. This resulted in \$8.1 million less tenant recoveries during the three months ended June 30, 2017 compared to the three months ended June 30, 2016 as the property is now accounted for as an Unconsolidated Real Estate Affiliate. In addition, the sale of two operating properties during the third quarter of 2016 resulted in \$1.4 million less tenant recoveries and reimbursable common area maintenance charges decreased by \$4.4 million across the portfolio. The acquisition of the remaining 50% interest in Riverchase Galleria from our joint venture partner during the fourth quarter of 2016 resulted in an offsetting \$2.5 million increase in tenant recoveries and reimbursable taxes increased by \$3.0 million.

Management fees and other corporate revenues increased \$1.9 million primarily due to property management fees related to the joint venture formed with Fashion Show during the third quarter of 2016.

Other revenue increased \$2.4 million primarily due to the recognition of a \$2.3 million gain on the sale of land at one operating property during the three months ended June 30, 2017.

Property maintenance costs decreased \$1.2 million primarily due to operational efficiencies.

Marketing costs decreased \$1.4 million primarily due to a change in corporate strategy that resulted in a net reduction in spending.

Other property operating costs decreased \$2.0 million primarily due to our sale of an interest in Fashion Show during the third quarter of 2016. This resulted in \$2.6 million less other property operating costs during the three months ended June 30, 2017 compared to the three months ended June 30, 2016 as the property is now accounted for as an Unconsolidated Real Estate Affiliate. The acquisition of the remaining 50% interest in Riverchase Galleria from our

joint venture partner during the fourth quarter of 2016 resulted in an offsetting \$1.3 million increase in other property operating costs. The remaining decrease is primarily due to operational efficiencies.

General and administrative expense increased \$1.2 million primarily due to an increase in compensation expense (Note 11).

Provision for impairment of \$4.1 million is related to impairment charges recorded on one operating property during the three months ended June 30, 2016 (Note 2).

Depreciation and amortization increased \$18.1 million primarily due to an increase in write-offs of tenant allowances during the three months ended June 30, 2017.

Interest and dividend income increased \$4.1 million primarily due to interest income received during the three months ended June 30, 2017 on the proceeds of the settlement of the Rique note receivable in the third quarter of 2016. As it was determined during

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the first quarter of 2016 that it was probable that we would be unable to collect all amounts due according to the contractual terms of the receivable, interest income on the note receivable was not recognized subsequent to the first quarter of 2016 (Note 13).

Interest expense decreased \$14.2 million primarily due to our sale of an interest in Fashion Show during the third quarter of 2016. This resulted in \$8.7 million less interest expense during the three months ended June 30, 2017 compared to the three months ended June 30, 2016 as the property is now accounted for as an Unconsolidated Real Estate Affiliate. In addition, we paid down mortgage notes at two operating properties during 2016, resulting in a \$2.1 million decrease in interest expense (Note 6). We also sold two operating properties during 2016, resulting in a \$1.2 million decrease in interest expense.

The gain on foreign currency during the three months ended June 30, 2016 is related to the impact of changes in the exchange rate on a note receivable denominated in Brazilian Reais and received in conjunction with the sale of Aliansce in the third quarter of 2013. The note receivable was settled during 2016 (Note 13). The loss on foreign currency during the three months ended June 30, 2017 is related to the impact of changes in the exchange rate on the proceeds from the settlement, which are held in Brazilian Reais.

The loss from changes in control of investment properties and other of \$15.8 million during the three months ended June 30, 2017 relates to the acquisition of the remaining interest in Neshaminy Mall and our sale of our interest in Red Cliffs Mall. The gain from changes in control of investment properties and other of \$38.6 million during the three months ended June 30, 2016 relates to our sale of our interest in one operating property and additional development related to our sale of a 25% interest in Ala Moana Center in 2015 (Note 3).

The gain on extinguishment of debt during the three months ended June 30, 2017 relates to Lakeside Mall, which was conveyed to the lender in full satisfaction of the debt (Note 3).

Provision for income taxes increased \$6.1 million primarily due to tax credits related to solar investments received during the three months ended June 30, 2016.

Unconsolidated Real Estate Affiliates - gain on investment during the three months ended June 30, 2016 relates to additional development related to the sale of an additional 12.5% interest in Ala Moana Center during the second quarter of 2015 and the sale of our interest in one joint venture during the three months ended June 30, 2016 (Note 3).

Six months ended June 30, 2017 and 2016

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

	Six Months Ended June 30,			
	2017	2016	\$ Change	% Change
	(Dollars in thousands)			
Components of Minimum rents:				
Base minimum rents	\$704,437	\$736,089	\$(31,652)	(4.3)%
Lease termination income	9,308	8,961	347	3.9
Straight-line rent	493	10,445	(9,952)	(95.3)
Above and below-market tenant leases, net	(16,020)	(20,951)	4,931	(23.5)
Total Minimum rents	\$698,218	\$734,544	\$(36,326)	(4.9)%

Base minimum rents decreased \$31.7 million primarily due to our sale of an interest in Fashion Show during the third quarter of 2016. This resulted in \$39.0 million less base minimum rents during the six months ended June 30, 2017 compared to the six months ended June 30, 2016 as the property is now accounted for as an Unconsolidated Real Estate Affiliate. In addition, the sale of two operating properties during the third quarter of 2016 resulted in \$6.8 million less base minimum rents. The acquisition of the remaining 50% interest in Riverchase Galleria from our joint venture partner during the fourth quarter of 2016 resulted in an offsetting \$10.4 million increase in base minimum rents.

Tenant recoveries decreased \$17.2 million primarily due to our sale of an interest in Fashion Show during the third quarter of 2016. This resulted in \$16.2 million less tenant recoveries during the six months ended June 30, 2017 compared to the six months ended June 30, 2016 as the property is now accounted for as an Unconsolidated Real Estate Affiliate. In addition, the sale of two operating properties during the third quarter of 2016 resulted in \$2.7 million less tenant recoveries and reimbursable common area maintenance charges decreased by \$9.2 million across the portfolio. The acquisition of the remaining 50% interest in Riverchase

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Galleria from our joint venture partner during the fourth quarter of 2016 resulted in an offsetting \$5.2 million increase in tenant recoveries and reimbursable taxes increased by \$3.4 million.

Management fees and other corporate revenues decreased \$3.7 million primarily due to the divestiture of our investment in Seritage Growth Properties stock during the six months ended June 30, 2016, which resulted in a \$13.1 million gain (Note 2). This is partially offset by a \$4.3 million one-time profit participation payment received during the six months ended June 30, 2017 related to our Aeropostale joint venture (Note 5). In addition, during the six months ended June 30, 2017, we received \$2.9 million in property management fees related to the joint venture formed with Fashion Show during the third quarter of 2016.

Other revenue increased \$1.0 million primarily due to the recognition of a \$2.3 million gain on the sale of land at one operating property during the six months ended June 30, 2017 and a termination fee of \$3.2 million received during the six months ended June 30, 2017. The recognition of gains on the sale of air rights at Ala Moana Center resulted in an offsetting decrease in other revenue. During the six months ended June 30, 2016, \$8.9 million previously deferred gains were recognized, and during the six months ended June 30, 2017, \$4.6 million of previously deferred gains were recognized. The decrease was partially offset by a termination fee of \$3.2 million received during the six months ended June 30, 2017.

Property maintenance costs decreased \$3.7 million primarily due to operational efficiencies.

Marketing costs decreased \$1.4 million primarily due to a change in corporate strategy that resulted in a net reduction in spending.

Other property operating costs decreased \$3.1 million primarily due to our sale of an interest in Fashion Show during the third quarter of 2016. This resulted in \$5.0 million less other property operating costs during the six months ended June 30, 2017 compared to the six months ended June 30, 2016 as the property is now accounted for as an Unconsolidated Real Estate Affiliate. The acquisition of the remaining 50% interest in Riverchase Galleria from our joint venture partner during the fourth quarter of 2016 resulted in an offsetting \$2.5 million increase in other property operating costs. The remaining decrease is primarily due to operational efficiencies.

Provision for loan loss of \$36.1 million relates to the settlement of the Rique note receivable during 2016 (Note 13).

Property management and other costs increased \$11.1 million primarily due to bonus savings in the prior year.

General and administrative increased \$2.5 million primarily due to an increase in compensation expense (Note 11).

Provision for impairment of \$44.8 million is related to impairment charges recorded on three operating properties during the six months ended June 30, 2016 (Note 2).

Depreciation and amortization increased \$27.7 million primarily due to an increase in write-offs of tenant allowances during the six months ended June 30, 2016.

Interest and dividend income increased \$6.0 million primarily due to interest income received during the six months ended June 30, 2017 on the proceeds of the settlement of the Rique note receivable in the third quarter of 2016. As it was determined during the first quarter of 2016 that it was probable that we would be unable to collect all amounts due according to the contractual terms of the receivable, interest income on the note receivable was not recognized subsequent to the first quarter of 2016 (Note 13).

Interest expense decreased \$29.5 million primarily due to our sale of an interest in Fashion Show during the third quarter of 2016. This resulted in \$17.5 million less interest expense during the six months ended June 30, 2017 compared to the six months ended June 30, 2016 as the property is now accounted for as an Unconsolidated Real Estate Affiliate. In addition, we paid down mortgage notes at two operating properties during 2016, resulting in a \$7.2 million decrease in interest expense (Note 6). We also sold two operating properties during 2016, resulting in a \$2.4 million decrease in interest expense.

The gain on foreign currency during the six months ended June 30, 2016 is related to the impact of changes in the exchange rate on a note receivable denominated in Brazilian Reais and received in conjunction with the sale of Aliansce in the third quarter of 2013. The note receivable was settled during 2016 (Note 13). The loss on foreign currency during the six months ended June 30, 2017 is related to the impact of changes in the exchange rate on the proceeds from the settlement, which are held in Brazilian Reais.

The loss from changes in control of investment properties and other of \$15.8 million during the six months ended June 30, 2017 relates to the acquisition of the remaining interest in Neshaminy Mall and our sale of our interest in Red Cliffs Mall. The gain from changes in control of investment properties and other of \$113.1 million during the six months ended June 30, 2016 relates

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to our sale of our interest in three operating properties and additional development related to our sale of a 25% interest in Ala Moana Center in 2015 (Note 3).

The gain on extinguishment of debt during the six months ended June 30, 2017 relates to Lakeside Mall, which was conveyed to the lender in full satisfaction of the debt (Note 3).

Provision for income taxes increased \$7.7 million primarily due to tax credits related to solar investments received during the six months ended June 30, 2016 and the tax impact of the provision for loan loss related to the Rique note recorded during the six months ended June 30, 2016 (Note 13). This increase was partially offset by a decrease in taxable income recognized by our taxable REIT subsidiary for the sale of condominiums (Note 5).

Equity in income of Unconsolidated Real Estate Affiliates decreased by \$28.2 million primarily due to decreased income recognition on condominiums during the six months ended June 30, 2017 compared to the six months ended June 30, 2016 (Note 5), partially offset by our share of income in the Fashion Show joint venture formed during the third quarter of 2016.

Unconsolidated Real Estate Affiliates - gain on investment during the six months ended June 30, 2016 relates to additional development related to the sale of an additional 12.5% interest in Ala Moana Center during the second quarter of 2015 and the sale of our interest in three joint ventures during the six months ended June 30, 2016 (Note 3).

## Liquidity and Capital Resources

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

We anticipate maintaining financial flexibility by managing our future maturities, amortization of debt, and minimizing cross collateralizations and corporate guarantees. We believe that we currently have sufficient liquidity to satisfy all of our commitments in the form of \$227.6 million of consolidated unrestricted cash and \$705.0 million of available credit under our credit facility as of June 30, 2017, as well as anticipated cash provided by operations.

Our key financing objectives include:

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

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

During the six months ended June 30, 2017, we paid down a \$73.4 million consolidated mortgage note at one property. The prior loan had a term-to-maturity of 0.2 years and an interest rate of 5.6%. The property subsequently replaced a property that was sold during the six months ended June 30, 2017 as collateral in our \$1.4 billion loan secured by cross-collateralized mortgages on 15 properties.

During the year ended December 31, 2016, we paid down \$294.4 million of consolidated mortgage notes at two properties. The prior loans had a weighted-average term-to-maturity of 1.2 years and a weighted-average interest rate

of 5.3%. In conjunction with the pay down of the loans, we paid \$5.4 million in transaction costs.

As of June 30, 2017, we had \$3.3 billion of debt pre-payable at our proportionate share without penalty. We may pursue opportunities to refinance this debt at lower interest rates and longer maturities.

As of June 30, 2017, our proportionate share of total debt aggregated \$18.6 billion. Our total debt includes our consolidated debt of \$12.7 billion and our share of Unconsolidated Real Estate Affiliates debt of \$5.8 billion. Of our proportionate share of total debt, \$1.7 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 amount of debt due in the next three years represents 15.5% 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 at our proportionate share or approximately 17.5% of our total debt at maturity.



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The following table illustrates the scheduled payments for our proportionate share of total debt as of June 30, 2017. The \$206.2 million of Junior Subordinated Notes are due in 2036, but we may redeem them any time after April 30, 2011 (Note 6). As we do not expect to redeem the notes prior to maturity, they are included in the consolidated debt maturing subsequent to 2021.

	Consolidated	Unconsolidated
	(Dollars in thousands)	
2017	\$ —	\$ —
2018	336,743	186,765
2019	908,753	1,287,329
2020	1,866,565	1,225,120
2021	2,886,271	326,984
Subsequent	6,703,987	2,822,229
Total	\$12,702,319	\$ 5,848,427

We believe we will be able to extend the maturity date, repay under our available line of credit or refinance the consolidated debt that is scheduled to mature in 2018. 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 or make strategic dispositions. Refer to Note 3 for more information.

#### Warrants and Brookfield Investor Ownership

Brookfield and certain parties who were previously members of a Brookfield investor consortium own or manage on behalf of third parties all of the Company's outstanding Warrants (Note 8) which are exercisable into approximately 61 million common shares of the Company at a weighted-average exercise price of \$8.40 per share, assuming net share settlement. The strike price and common shares issuable under the Warrants will adjust for dividends declared by the Company.

Brookfield's potential ownership of the Company (assuming full share settlement of the Warrants) is 34.6%, based on information included in their Form 13D filed on August 19, 2016.

#### Developments and Redevelopments

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

We have development and redevelopment activities totaling approximately \$1.3 billion under construction and \$230 million in the pipeline. We continue to evaluate a number of other redevelopment projects to further enhance the quality of our assets. Expected returns are based on the completion of current and future redevelopment projects, and the success of the leasing and asset management plans in place for each project. Expected returns are subject to a number of variables, risks, and uncertainties including those disclosed within Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2016 (our "Annual Report"). We also refer the reader to our disclosure related to forward-looking statements, below. The following table illustrates our planned redevelopments:



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Property	Description	GGP's Total Projected Share of Cost	GGP's Investment to Date (1)	Expected Return on Investment (2)	Stabilized Year
Major Development Summary (in millions, at share unless otherwise noted)					
Under Construction					
New Mall					
Development	Ground up mall development	525	63	8-9%	2020
Norwalk, CT					
Staten Island Mall	Expansion	231	61	8%	2019
Staten Island, NY					
Other Projects	Redevelopment projects at various properties	531	332	6-8%	2017-2018
	Total Projects Under Construction	\$ 1,287	\$ 456		
Projects in Pipeline					
Other Projects	Redevelopment projects at various properties	230	64	8-9%	TBD
	Total Projects in Pipeline	\$ 230	\$ 64		

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

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

Our investment in these projects for the six months ended June 30, 2017 has increased from December 31, 2016 in conjunction with the applicable development plan and as projects near completion. The continued progression of redevelopment projects resulted in increases to GGP's investment to date.

#### Capital Expenditures, Capitalized Interest and Overhead (at share)

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

	Six Months Ended June 30,	
	2017	2016
	(Dollars in thousands)	
Operating capital expenditures (1)	\$ 74,880	\$ 68,550
Tenant allowances and capitalized leasing costs (2)	91,366	70,157
Capitalized interest and capitalized overhead	29,007	30,529
Total	\$ 195,253	\$ 169,236

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

(2) Tenant allowances paid on 2.0 million square feet.

#### Common Stock Dividends

Our Board of Directors declared common stock dividends during 2017 and 2016 as follows:

Declaration Date	Record Date	Payment Date	Dividend Per Share
2017			
August 2	October 13, 2017	October 31, 2017	\$ 0.22
May 1	July 13, 2017	July 28, 2017	0.22
January 30	April 13, 2017	April 28, 2017	0.22
2016			
December 13	December 27, 2016	January 27, 2017	\$ 0.26
October 31	December 15, 2016	January 6, 2017	0.22
August 1	October 14, 2016	October 31, 2016	0.20
May 2	July 15, 2016	July 29, 2016	0.19
February 1	April 15, 2016	April 29, 2016	0.19

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## Preferred Stock Dividends

On February 13, 2013, we issued, under a public offering, 10,000,000 shares of 6.375% Series A Cumulative Stock at a price of \$25.00 per share. Our Board of Directors declared preferred stock dividends during 2017 and 2016 as follows:

Declaration Date	Record Date	Payment Date	Dividend Per Share
2017			
August 2	September 15, 2017	October 2, 2017	\$ 0.3984
May 1	June 15, 2017	July 3, 2017	0.3984
January 30	March 15, 2017	April 3, 2017	0.3984
2016			
October 31	December 15, 2016	January 3, 2017	\$ 0.3984
August 1	September 15, 2016	October 3, 2016	0.3984
May 2	June 15, 2016	July 1, 2016	0.3984
February 1	March 15, 2016	April 1, 2016	0.3984

## Summary of Cash Flows

## Cash Flows from Operating Activities

Net cash provided by operating activities was \$498.5 million for the six months ended June 30, 2017 and \$546.1 million for the six months ended June 30, 2016. Significant changes in the components of net cash provided by operating activities include:

- in 2017, an increase in cash inflows from distributions received from unconsolidated real estate affiliates;
- in 2017, a decrease in cash outflows for marketing and property maintenance & operating costs due to a continued effort to reduce operating expenses; and
- in 2016, an increase in cash inflows from management fees and corporate revenue.

## Cash Flows from Investing Activities

Net cash (used in) provided by investing activities was (\$260.9) million for the six months ended June 30, 2017 and \$59.8 million for the six months ended June 30, 2016. Significant components of net cash (used in) provided by investing activities include:

- in 2017, development of real estate and property improvements, (\$318.9) million;
- in 2017, net proceeds from distributions received from unconsolidated real estate in excess of income, \$18.0 million;
- in 2016, proceeds from the sale of real estate, \$390.1 million; net of development of real estate and property improvements, (\$233.5) million; and
- in 2016, proceeds from the sale of marketable securities, \$46.4 million.

## Cash Flows from Financing Activities

Net cash used in financing activities was \$484.0 million for the six months ended June 30, 2017 and \$736.5 million for the six months ended June 30, 2016. Significant components of net cash used in financing activities include:

• in 2017, proceeds from the refinancing or issuance of mortgages, notes and loans payable, of \$575.0 million; net of principal payments of (\$368.7) million;  
• in 2017, cash distributions paid to common stockholders of (\$618.8) million;  
• in 2017, repurchase of treasury stock of (\$77.0) million;  
• in 2016, principal payments on mortgages, notes and loans payable of (\$694.2) million; and  
• in 2016, cash distributions paid to common stockholders of (\$335.5) million.

#### Seasonality

Although we have a year-long temporary leasing program, occupancies for short-term tenants and, therefore, rental income recognized, are higher during the 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 financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the financial statements and disclosures. Some of these estimates and assumptions require application of difficult, subjective, and/or complex judgment about the effect of matters that are inherently uncertain and that may change in subsequent periods. We evaluate our estimates and assumptions on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

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

Refer also to the accounting policies discussed in Note 2.

### REIT Requirements

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

### Recently Issued Accounting Pronouncements

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

### Non-GAAP Supplemental Financial Measures and Definitions

#### Proportionate or At Share Basis

The following non-GAAP supplemental financial measures are all presented on a proportionate basis. The proportionate financial information presents the consolidated and unconsolidated properties at the Company's ownership percentage or "at share". This form of presentation offers insights into the financial performance and condition of the Company as a whole, given the significance of the Company's unconsolidated property operations that are owned through investments accounted for under GAAP using the equity method.

The proportionate financial information is not, and is not intended to be, a presentation in accordance with GAAP. The non-GAAP proportionate financial information reflects our proportionate economic ownership of each asset in our property portfolio that we do not wholly own. The amounts in the column labeled "Noncontrolling Interests" were derived on a property-by-property basis by including the share attributable to noncontrolling interests in each line item from each individual property. The Company does not have legal claim to the noncontrolling interest of assets, liabilities, revenue, and expenses. The amount of cash each noncontrolling interest receives is based on the specific provisions of each operating agreement and varies depending on certain factors including the amount of capital contributed by each investor and whether any investors are entitled to preferential distributions. The amounts in the column labeled "Unconsolidated Properties" were derived on a property-by-property basis by including our share of

each line item from each individual entity. This provides visibility into our share of the operations of our joint ventures.

We do not control the unconsolidated joint ventures and the presentations of the assets and liabilities and revenues and expenses do not represent our legal claim to such items. The operating agreements of the unconsolidated joint ventures generally provide that partners may receive cash distributions (1) to the extent there is available cash from operations, (2) upon a capital event, such as a refinancing or sale or (3) upon liquidation of the venture. The amount of cash each partner receives is based upon specific provisions of each operating agreement and varies depending on factors including the amount of capital contributed by each partner and whether any contributions are entitled to priority distributions. Upon liquidation of the joint venture and after all liabilities, priority distributions and initial equity contributions have been repaid, the partners generally would be entitled to any residual cash remaining based on their respective legal ownership percentages.



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We provide non-GAAP proportionate financial information because we believe it assists investors and analysts in estimating our economic interest in our unconsolidated joint ventures when read in conjunction with the Company's reported results under GAAP. Other companies in our industry may calculate their proportionate interest differently than we do, limiting the usefulness as a comparative measure. Because of these limitations, the non-GAAP proportionate financial information should not be considered in isolation or as a substitute for our financial statements as reported under GAAP.

### Net Operating Income ("NOI") and Company NOI

The Company defines NOI as proportionate income from operations and after operating expenses have been deducted, but prior to deducting financing, property management, administrative and income tax expenses. NOI excludes management fees and other corporate revenue and reductions in ownership as a result of sales or other transactions. The Company considers NOI a helpful supplemental measure of its operating performance because it is a direct measure of the actual results of our properties. Because NOI excludes reductions in ownership as a result of sales or other transactions, management fees and other corporate revenue, general and administrative and property management expenses, interest expense, retail investment property impairment or non-recoverable development costs, depreciation and amortization, gains and losses from property dispositions, allocations to noncontrolling interests, provision for income taxes, preferred stock dividends, and extraordinary items, it provides a performance measure that, when compared year over year, reflects the revenues and expenses directly associated with owning and operating commercial real estate properties and the impact on operations from trends in occupancy rates, rental rates and operating costs.

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

We present Company NOI, Company EBITDA (as defined below) 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.

Adjustments to NOI, EBITDA and FFO, including debt extinguishment costs, market rate adjustments on debt, straight-line rent, intangible asset and liability amortization, real estate tax stabilization, gains and losses on foreign currency and other items that are not a result of normal operations, assist management and investors in distinguishing whether increases or decreases in revenues and/or expenses are due to growth or decline of operations at the properties or from other factors. In addition, the Company's leases include step rents that increase over the term of the lease to compensate the Company for anticipated increases in market rentals over time. The Company's leases do not include significant front loading or back loading of payments or significant rent-free periods. Therefore, we find it useful to evaluate rent on a contractual basis as it allows for comparison of existing rental rates to market rental rates.

Management has historically made these adjustments in evaluating our performance, in our annual budget process and for our compensation programs.

Other REITs may use different methodologies for calculating NOI and Company NOI, and accordingly, the Company's Company NOI may not be comparable to other REITs. As a result of the elimination of corporate-level costs and expenses and depreciation and amortization, the Company NOI we present does not represent our total revenues, expenses, operating profit or net income and should not be used to evaluate our performance as a whole. Management compensates for these limitations by separately considering the impact of these excluded items, to the extent they are material, to operating decisions or assessments of our operating performance. Our consolidated GAAP statements of operations include such amounts, all of which should be considered by investors when evaluating our performance.

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

The Company defines EBITDA as NOI less certain property management and administrative expenses, net of management fees and other corporate revenues. EBITDA is a commonly used measure of performance in many industries, but may not be comparable to measures calculated by other companies. Management believes EBITDA provides useful information to investors regarding our results of operations because it helps us and our investors evaluate the ongoing operating performance of our properties after removing the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization). Management also believes the use of EBITDA facilitates comparisons between us and other equity REITs, retail property owners who are not REITs and other capital-intensive companies. Management uses Company EBITDA to evaluate property-level results and as one measure in determining the value of acquisitions and dispositions and, like FFO (discussed below), it is widely used by management in the annual budget process and for compensation programs. Please see adjustments discussion above for the purpose and use of the adjustments included in Company EBITDA.

EBITDA and Company EBITDA, as presented, may not be comparable to similar measures calculated by other companies. This information should not be considered as an alternative to net income, operating profit, cash from operations or any other operating performance measure calculated in accordance with GAAP.

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### Funds From Operations ("FFO") and Company FFO

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

The Company considers FFO a helpful supplemental measure of the operating performance for equity REITs and a complement to GAAP measures because it is a recognized measure of performance by the real estate industry. FFO facilitates an understanding of the operating performance of the Company's properties between periods because it does not give effect to real estate depreciation and amortization since these amounts are computed to allocate the cost of a property over its useful life. Since values for well-maintained real estate assets have historically increased or decreased based upon prevailing market conditions, the Company believes that FFO provides investors with a clearer view of the Company's operating performance.

We calculate FFO in accordance with standards established by NAREIT, which may not be comparable to measures calculated by other companies who do not use the NAREIT definition of FFO or do not calculate FFO in accordance with NAREIT guidance. In addition, although FFO is a useful measure when comparing our results to other REITs, it may not be helpful to investors when comparing us to non-REITs. As with the presentation of Company NOI and Company EBITDA, we also consider Company FFO, which is not in accordance with NAREIT guidance and may not be comparable to measures calculated by other REITs, to be a helpful supplemental measure of our operating performance. Please see adjustments discussion above for the purpose and use of the adjustments included in Company FFO.

FFO and Company FFO do not represent cash flow from operations as defined by GAAP, should not be considered as an alternative to net income determined in accordance with GAAP as a measure of operating performance, and is not an alternative to cash flows as a measure of liquidity or indicative of funds available to fund our cash needs. In addition, Company FFO per diluted share does not measure, and should not be used as a measure of, amounts that accrue directly to stockholders' benefit.

### Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures

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



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The following table reconciles GAAP Operating Income to Company NOI (dollars in thousands) for the three and six months ended June 30, 2017 and 2016:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Operating Income	\$182,793	\$216,035	\$375,662	\$390,016
Loss (gain) on sales of investment properties	83	1	(1,128)	) —
Depreciation and amortization	174,298	156,248	344,596	316,919
Provision for loan loss	—	—	—	36,069
Provision for impairment	—	4,058	—	44,763
General and administrative	15,862	14,649	30,545	28,076
Property management and other costs	39,025	38,282	80,139	69,027
Management fees and other corporate revenues	(20,847)	) (18,917)	) (48,990)	) (52,659)
Consolidated Properties	391,214	410,356	780,824	832,211
Noncontrolling interest in NOI of Consolidated Properties	(5,102)	) (3,418)	) (10,822)	) (7,344)
NOI of sold interests	(4,290)	) (24,591)	) (9,140)	) (50,659)
Unconsolidated Properties	175,836	166,625	361,930	354,237
Proportionate NOI	557,658	548,972	1,122,792	1,128,445
Company adjustments:				
Minimum rents	3,495	3,330	11,678	6,473
Real estate taxes	1,490	1,490	2,979	2,979
Property operating expenses	788	802	1,576	1,604
Company NOI	\$563,431	\$554,594	\$1,139,025	\$1,139,501



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The following table reconciles GAAP Net income attributable to GGP to Company EBITDA for the three and six months ended June 30, 2017 and 2016:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net Income Attributable to GGP	\$ 125,863	\$ 185,945	\$ 233,022	\$ 377,725
Allocation to noncontrolling interests	2,455	3,956	5,665	7,513
Loss (gain) on sales of investment properties	83	1	(1,129)	—
Gain on extinguishment of debt	(55,112)	—	(55,112)	—
Loss (gains) from changes in control of investment properties and other	15,841	(38,553)	15,841	(113,108)
Unconsolidated Real Estate Affiliates - gain on investment	—	(25,591)	—	(40,506)
Equity in income of Unconsolidated Real Estate Affiliates	(30,732)	(34,618)	(63,946)	(92,108)
Provision for loan loss	—	—	—	36,069
Provision for impairment	—	4,058	—	44,763
Provision for income taxes	3,844	(2,242)	8,354	679
Loss (gain) on foreign currency	3,877	(7,893)	694	(16,829)
Interest expense	134,209	148,366	266,532	296,043
Interest and dividend income	(17,452)	(13,335)	(35,388)	(29,393)
Depreciation and amortization	174,298	156,248	344,596	316,919
Consolidated Properties	357,174	376,342	719,129	787,767
Noncontrolling interest in EBITDA of Consolidated Properties	(4,904)	(3,289)	(10,397)	(7,064)
EBITDA of sold interests	(4,208)	(24,328)	(8,976)	(50,128)
Unconsolidated Properties	165,784	157,689	342,405	336,543
Proportionate EBITDA	513,846	506,414	1,042,161	1,067,118
Company adjustments:				
Minimum rents	3,495	3,330	11,678	6,473
Real estate taxes	1,490	1,490	2,979	2,979
Property operating expenses	788	802	1,576	1,604
Company EBITDA	\$ 519,619	\$ 512,036	\$ 1,058,394	\$ 1,078,174

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The following table reconciles GAAP net income attributable to GGP to Company FFO for the three and six months ended June 30, 2017 and 2016:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net Income Attributable to GGP	\$125,863	\$185,945	\$233,022	\$377,725
Redeemable noncontrolling interests	975	1,358	1,805	2,883
Provision for impairment excluded from FFO	—	4,058	—	44,763
Noncontrolling interests in depreciation of Consolidated Properties	(2,008 )	(1,168 )	(4,783 )	(3,283 )
Unconsolidated Real Estate Affiliates - gain on investment	—	(25,591 )	—	(40,506 )
Loss (gain) on sales of investment properties	83	—	(1,129 )	1
Preferred stock dividends	(3,984 )	(3,983 )	(7,968 )	(7,967 )
Loss (gains) from changes in control of investment properties and other	15,841	(38,553 )	15,841	(113,108 )
Depreciation and amortization of capitalized real estate costs - Consolidated Properties	169,867	152,134	335,845	309,696
Depreciation and amortization of capitalized real estate costs - Unconsolidated Properties	74,566	68,038	148,559	135,344
FFO (1)	381,203	342,238	721,192	705,548
Company adjustments:				
Minimum rents	3,495	3,330	11,678	6,473
Real estate taxes	1,490	1,490	2,979	2,979
Property operating expenses	788	802	1,576	1,604
Investment income, net	(205 )	(205 )	(409 )	(409 )
Market rate adjustments	(1,122 )	(1,453 )	(2,332 )	(2,672 )
Provision for loan loss	—	—	—	28,549
Loss (gain) on foreign currency	3,877	(7,893 )	694	(16,829 )
Provision (benefit) for income taxes	—	724	—	(4,355 )
FFO from sold interests	(54,809 )	1,017	(54,444 )	1,965
Company FFO	\$334,717	\$340,050	\$680,934	\$722,853

(1) FFO as defined by the National Association of Real Estate Investment Trusts.

## 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.

ITEM 4 CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

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

Internal Control over Financial Reporting

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

PART II OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

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

ITEM 1A RISK FACTORS

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

ITEM 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities and Repurchase of Shares

The following table provides information with respect to the stock repurchases made by GGP during the six months ended June 30, 2017:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly	Maximum Number or Approximate Dollar Value of Shares that May Yet be
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			Announced Plans or Programs	Purchased Under the Plans or Programs
March 2017	2,569,605	\$ 23.16	2,569,605	\$ 402,280,147
May 2017	796,371	\$ 21.90	796,371	\$ 384,840,711
Total	3,365,976	\$ 22.87	3,365,976	

The Company's stock repurchase program, approved by our Board of Directors on August 8, 2011, authorizes the (1) purchase of up to \$250 million of the Company's common stock. On August 18, 2015, our Board of Directors approved an increase of \$500 million to the Company's existing share repurchase program.

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ITEM 3      DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4      MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5      OTHER INFORMATION

None.

ITEM 6      EXHIBITS

31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

The following financial information from GGP Inc.'s. Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, has been filed with the SEC on August 3, 2017, 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 June 30, 2017. 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.

GGP INC.  
(Registrant)

Date: August 3, 2017 By: /s/ Michael Berman  
Michael Berman  
Chief Financial Officer  
(on behalf of the Registrant)

EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference Herein			
		Form	Exhibit	Filing Date	File No.
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 GGP Inc.'s. Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, has been filed with the SEC on August 3, 2017, 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.				
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