GROWING AT WHOSE EXPENSE?

How tax avoidance by shopping mall developer General Growth Properties, Inc. harms communities and burdens other taxpayers

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GOOD JOBS FIRST

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EXECUTIVE SUMMARY

General Growth Properties (GGP), the second-largest owner and operator of shopping centers in the United States, has received more than $200 million in economic development subsidies and tax savings from assessment appeals. This is the conclusion of a study of GGP’s fiscal impact on local governments conducted by Good Jobs First at the request of the Service Employees International Union (SEIU).

We looked at 50 GGP shopping malls in 23 different states. This sample includes malls owned by GGP as long as a quarter-century and some that are brand new. The malls, which represent about one-quarter of GGP’s U.S. properties, received roughly $200 million in subsidies and recouped about $9 million in tax savings as a result of assessment appeals. These amounts probably represent only a fraction of the overall public financial benefits GGP has received for its more than 200 shopping centers, given the frequency with which the company seeks subsidies or challenges its assessments. While no comparative data are available, GGP is, in all likelihood, one of the biggest drains on local government revenues in the United States.

This loss of revenue puts a squeeze on municipal and county governments, which depend on tax payments from property owners such as GGP to finance vital functions such as public education. We found subsidies at 14 of the 50 malls we examined, or 28 percent. Most of the subsidies involve financial assistance from local governments to defray part of the cost of constructing new malls or renovating older ones. In half a dozen cases, the aid was financed through the diversion of property tax revenues, a process known as tax increment financing (TIF). There are also several instances in which GGP is subsidized by being allowed to keep a portion of the sales tax it collects from customers on behalf of local governments.

The largest subsidy deals we found were the two that the city of Frisco, Texas, has awarded to GGP. In the late 1990s, Frisco, a fast-growing and highly commercialized suburb of Dallas, put together a package worth an estimated $40 million to assist in the construction of GGP’s Stonebriar Centre, a 1.6 million-square-foot enclosed mall that features six major department stores. The package included infrastructure assistance and a 10-year rebate of a portion of sales tax collections.

In 2006, when GGP came up with the idea of an 800,000-square-foot open-air “lifestyle center” mall on the outskirts of Frisco, it went back to city officials for more help. Frisco agreed to provide $31.9 million in TIF financing to pay for access roads, utility lines and other infrastructure costs. In addition, the new mall (not yet named) will be granted a one-half of 1 percent sales tax refund until Aug 1, 2019. Frisco may be exceedingly generous, but it is not the only locality that has offered millions of dollars in subsidies to GGP. Here are some other examples:

- **Clackamas Town Center** (Portland, Ore.). In 2005 Clackamas County commissioners approved a plan to provide up to $23.9 million toward the cost of infrastructure improvements (including an 850-space parking structure) at this mall. This was in support of a plan by GGP to spend $91 million on renovations and the addition of 250,000 square feet of new retail space.
- **Kenwood Towne Centre** (near Cincinnati). Since GGP acquired this mall in 2002, it has received TIF funding twice from Sycamore Township. In 2002 the township spent $16 million to help pay for modernization of the mall’s utility infrastructure, and in 2006 it provided $6 million to help finance a parking structure, part of which GGP leases to a neighboring hospital.
- **Mondawmin Mall** (Baltimore). In late 2006, Baltimore officials agreed to issue $15 million in bonds to reimburse GGP for infrastructure improvement expenses related to the redevelopment of this mall, originally built in 1956. The bonds are to be backed by revenues from a TIF district.
- **Coral Ridge** (Coralville, Iowa). As part of a larger urban renewal project using TIF financing, the city of Coralville, Iowa, issued $5.8 million in bonds to help pay for public road improvements specifically related to this mall in the Iowa City area. An additional $5.1 million came from the Iowa Department of Transportation, and GGP kicked in $2.3 million.
- **Fullbrook Center** (West Hills, Calif.). GGP challenged the assessment of this suburban Los Angeles mall six times in the period from 1995 to 2001. For each year, it got progressively larger reductions in valuation, ultimately cutting the assessment by more than 11 percent. In total, it managed to reduce its tax bill by about $386,000.
- **Deerbrook Mall** (Humble, Texas). GGP contested...
the 2002, 2003, 2004, and 2006 assessments of this suburban Houston mall. For the first two years, the reduction in valuation was modest. Then, in 2004, the decline was more than 25 percent. In 2006 GGP went much further. It persuaded the Harris County Appraisal District to bring the assessment from $129.6 million all the way down to $57 million, a drop of 56 percent. This resulted in tax savings of more than half a million dollars. The total amount GGP shaved off its tax payments over the four years was more than $727,000.

On the other hand, GGP doesn’t always win. But when GGP loses an appeal it does not necessarily give up. We found a number of instances in which GGP followed an unsuccessful appeal with a new filing in a subsequent year. For example,

*Vista Ridge Mall* (Lewisville, Texas). GGP failed in its challenges to the 2001, 2002, and 2003 assessments at this suburban Dallas shopping center, but it came back in 2004 and won a 3.5 percent reduction that yielded a tax savings of about $368,000. Then in 2006 it got the valuation lowered again and cut its tax bill by another $185,000.

Remarkably, among the malls where GGP filed assessment appeals were some at which it had received substantial subsidies. The most egregious examples of such double-dipping are Stonebriar Centre, where GGP filed successful appeals after receiving the largest subsidy deal we found in our sample, and Coral Ridge, where GGP filed appeals even while the $5.8 million TIF deal that was helping finance the infrastructure assistance was still in effect.

**Taken as a whole, our research on GGP’s appeals leads us to these conclusions:**

- **GGP asks for a lot.** The company does not hesitate to seek major reductions in its assessments and is aggressive in doing so. A lawyer representing a county in Indiana described ongoing negotiations with GGP over an assessment dispute as “a real battle royale.”
- **GGP doesn’t give up.** When it fails in an effort to have an assessment reduced, it returns in a subsequent year to try again.
- **GGP is seldom satisfied.** Even when it achieves a significant assessment reduction, it later comes back for more.

Our study did not attempt to assess the merit of the appeals filed by GGP. Yet the frequency of the appeals and the aggressive approach taken by the company suggest that this activity is part of a systematic campaign of tax avoidance, rather than simple disagreements with particular assessments.

In this report we did not seek to document the full fiscal impact of GGP’s subsidies and tax savings on the particular communities in which they occurred. But it is safe to say that there are many school systems and other public functions around the country that have been squeezed by GGP’s efforts to pay less to—while taking more from—local government.
I. GGP’s Tax Avoidance

The business activity of General Growth Properties (GGP) illustrates how property tax avoidance is now a nationwide phenomenon involving some of the largest publicly traded real estate companies. GGP—the nation’s third-largest publicly traded company—is the second-largest regional mall operator with about 76 million square feet of retail space in the United States. GGP, whose revenues reached $3.3 billion last year, has about 200 properties in the United States.

Among the companies that own and operate the major shopping centers known as malls, one of the largest is General Growth Properties Inc. GGP, whose revenues reached $3.3 billion last year, has some 200 properties in the United States containing some 6 billion square feet of retail space. The council estimates that more than $2 trillion a year is spent at shopping centers, which it says is equal to about 20 percent of all nonautomotive retail sales.

As important as property taxes are, they are not always adequate to fund the growing needs of local governments. One reason is that for the past 30 years—even since the Proposition 13 tax revolt in California—anti-tax groups have agitated (often successfully) for limits on the amount that governments can collect in property levies. The absolute amount of property tax revenue rises each year—in 2006 the total was about $377 billion—but it now represents a lower portion of national income than in the 1970s or 1990s.

Along with this downward pressure from groups acting on behalf of individual taxpayers, there has been a parallel effort to lower the property tax burden on businesses (beyond the benefits they receive when measures such as property tax caps are enacted for all taxpayers). This effort has been so successful that the business share of property tax payments is declining in at least some states. For example, a report by the Oregon Center for Public Policy showed that in its state, the share of property taxes paid by business declined from about 50 percent in 1989 to 40 percent in 2004.

National data are hard to come by, given that the Census Bureau does not distinguish between individual and business property tax payments in its reporting on local government finances. Yet the overall trend is indicated in a study by Ernst & Young. The accounting firm estimated that the share of total state and local taxes paid by business slipped from 47 percent to 44 percent from 1980 to 2005. The decline in property taxes paid by business is not the result of general tax policy decisions made by state legislators and local officials. Corporations have two other ways of reducing their local fiscal burden:

1. Economic development subsidies; and
2. Property tax assessment appeals.

These are the practices that we analyze with relation to GGP. Before presenting those findings, it is necessary to explain how these two processes work.

THE BUSINESS AND FISCAL CONTEXT OF GGP’S TAX AVOIDANCE

Subsidizing Development

For all the talk of free-market economics in the United States, government plays a significant role in facilitating business investment. At the state and local level, this takes the form of “economic development,” a phrase that to a great extent means the use of subsidies to lure new industrial and commercial development to a particular jurisdiction, or to dissuade an existing business from moving away. It’s been estimated that state and local governments spend more than $50 billion a year in this effort.

These subsidies take a variety of forms. The following are the key ones most often given to companies such as GGP:

Free or reduced-price land. Local officials can substantially reduce a company’s outlays for a new facility by providing land at no cost or at a reduced price.

Infrastructure assistance. Apart from subsidizing land purchases, taxpayers may end up paying all or part of the costs necessary for making the land usable. This includes construction of access roads, water and sewer...
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Tax increment financing. This is a popular way of subsidizing projects by diverting a portion of the increased property (and/or sales) tax expected to be generated by a new development. The “tax increment” may be transferred to the company as it is collected, or TIF bonds may be issued and then repaid with the revenue flow from the increment. In most cases, TIFs were originally intended to help revitalize blighted areas, but some states now have rules that are so loose that TIFs often end up being used for projects involving shopping centers or big-box stores in newly developing or even prosperous areas.

Property tax breaks. County and local governments may subsidize projects by agreeing to forgo revenues that the company would be required to pay in property taxes. These abatements, which vary in percentages, often last for 10 years or more. Companies are sometimes asked to make payments in lieu of taxes to make up for the portion of the revenue that would have gone to the school district.12

Sales tax rebates. Apart from relief a company may get from paying some of its own tax liabilities, this subsidy allows a retailer to retain some of its own tax liabilities, this rebate on sales tax revenue it collects from customers on behalf of local government.

What all these approaches have in common is that they reduce government revenues or increase government costs in order to enhance the bottom line of a particular company. The justification for using public resources in these ways is that they are supposed to create new jobs or retain existing jobs in a community. The notion is that subsidies are an investment that will pay off in future economic growth and enhanced tax revenues from that growth.

What sounds good in theory does not always come true in the real world. Here are some of the problems that frequently occur in subsidy situations:

- Local officials end up giving subsidies to companies that do not really need them and that would have done the project without public assistance;
- Companies do not create the number of jobs they promise when seeking the subsidy;
- The jobs created with the help of subsidies are of poor quality in terms of wages, benefits, and opportunities for advancement;
- Tax subsidies to new businesses put existing companies in the area at a competitive disadvantage; and
- The cost to local government of providing the subsidies is so high that it may have to cut back on vital public services.

Subsidies to the retail sector are especially susceptible to these drawbacks. Much of the new retail development these days is led by big-box chains—such as Wal-Mart—and major shopping center developers—such as GGP—that can well afford to expand at their own expense. The jobs they create are usually low-paid and without adequate benefits such as medical coverage. The big retailers undercut local merchants and put many of them out of business. Most of the country is so saturated with retail outlets that new facilities have little net impact on sales tax revenues. Unlike manufacturing, retailing is not an effective engine for stimulating the overall economy of an area.

Nonetheless, as the manufacturing sector continues to decline in the United States, many local economic development officials conclude that big-box stores and shopping centers are the only form of new investment they can hope to attract. Companies such as Wal-Mart and GGP take advantage of this fact and solicit subsidies they don’t really need.13

Protesting Assessments

Economic development subsidies are financial benefits given to businesses by local governments as a matter of policy. For better or worse, public officials intend to lower the tax burden and other costs of the companies involved.

There is another way in which companies seek to lower property taxes that is not sanctioned by government; in fact, it is a direct challenge to the judgment of public officials. These are property tax assessment appeals. To understand the significance of these appeals, it is necessary to review the way in which property taxes are administered. Originally a levy on wealth of all kinds, the property tax has shrunk into a tax on the value of real estate and, in some jurisdictions, on equipment and vehicles (known as personal property even when owned by a business).14

Unlike the income tax, in which the taxpayer calculates how much is owed, property tax amounts are determined by public officials. Since the tax is based on value (the levy is thus also known as an _ad valorem _tax), a local government official known as an assessor must estimate what each piece of property is worth. That amount is multiplied by an assessment ratio (100 percent or less) to determine the taxable value, which in turn is multiplied by the tax rate to determine the amount owed.15 The higher the assessment, the higher will be the tax bill.

Assessors use a variety of methods to determine market value. The main ones are:

- The Sales Comparison Approach, which involves looking at the amount that similar properties have sold for in recent transactions;
- The Cost Approach, which involves looking at what it would cost to construct a similar property; and
- The Income Approach, which involves looking at how much income the property can generate from tenants.

Although assessors are usually diligent in applying these methods to reach a reasonable valuation, assessment is not a completely scientific process. A certain degree of subjectivity inevitably enters into the picture.

Taxpayers have a right to challenge these assessments.16 This usually begins with an informal discussion with the assessor’s office, but unresolved cases can be brought before special assessment review bodies and even the courts. For individual taxpayers, appeals are usually simple proceedings. They make their case and accept the result. Big business taxpayers have much more at stake and have the resources to put on more elaborate challenges. They frequently hire expensive lawyers and consultants to argue the matter, which—as seen in some of GGP’s cases discussed below—can turn into protracted legal battles.

Unlike subsidy deals, which often become matters of public debate and receive news coverage, most business assessment appeals have a low profile. The issues are usually technical in nature, and assessment review bodies are obscure entities. Yet what goes on in these proceedings can have a significant impact on local government finances. This report will document some of that impact brought about by GGP’s appeals.
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DOCUUMENITING GGP’S SUBSIDIES AND TAX AVOIDANCE

At the request of the Service Employees International Union (SEIU), Good Jobs First examined the track record of GGP regarding economic development subsidies and property tax appeals at its malls in different parts of the country. We focused on a sample consisting of 50 malls in 23 different states. This sample, which represents about one-quarter of GGP’s U.S. properties, includes malls owned by GGP as long as a quarter-century and some that are brand new.

Based on information obtained from local economic development and tax officials, we found a number of instances in which GGP received substantial subsidies and a larger number of cases in which it challenged its property assessments and often recouped significant sums of money from the resulting savings and subsidies from its other properties.

Subsidizing GGP

As retailing has come to play an increasingly prominent role in local and regional business activity, economic development officials have put greater emphasis on luring big-box stores and shopping malls to their jurisdiction. This, in turn, means that growing amounts of tax abatements and other subsidies are being offered to retailers.

We found subsidies at 14 of the 50 GGP malls in our sample, or 28 percent. Most of the subsidies involved financial assistance from local governments to defray part of the cost of constructing new malls or renovating older ones. In half a dozen cases, the aid was financed through TIF deals. There were also several instances in which GGP was subsidized by being allowed to keep a portion of the sales tax it collected from customers on behalf of local governments. (See the box on page 14 for a complete list of the subsidies, which are described in greater detail in the appendix.)

The largest subsidy deals we found were two that the city of Frisco, Texas, has awarded to GGP. In the late 1990s, Frisco, a fast-growing and highly commercialized suburb of Dallas, put together a package worth an estimated $40 million to assist in the construction of GGP’s Stonebriar Centre, a 1.6 million-square-foot enclosed mall that features six major department stores. The package included infrastructure assistance and a 10-year rebate of a portion of the sales tax it collects from customers.

In 2006, when GGP came up with the idea of an 800,000-square-foot open-air “lifestyle center” mall on the outskirts of Frisco, it went back to city officials for more help. Frisco agreed to provide $31.9 million in TIF financing to pay for access roads, utility lines and other infrastructure costs. In addition, the new mall (not yet named) will be granted a one-half of 1 percent sales tax refund until Aug. 1, 2019.

Frisco may be exceedingly generous, but it is not the only locality that has offered millions of dollars to GGP to help pay for the construction of new malls or the renovation of existing ones. Here are some other examples:

- *Clackamas Town Center* (Portland, Ore.). In 2005 Clackamas County commissioners approved a plan to provide up to $23.9 million toward the cost of infrastructure improvements (including an 850-space parking structure) at the mall. This was in support of a plan by GGP to spend $91 million on renovations and the addition of 250,000 square feet of new retail space. About $3.9 million of the county’s contribution is going to pay for prevailing wage costs.

- *Kenwood Towne Centre* (Cincinnati). Since GGP acquired this mall in 2002, it has received TIF funding twice from Sycamore Township. In 2002, the township spent $16 million to help pay for a modernization of the mall’s utility infrastructure, and in 2006 it provided $6 million to help finance a parking structure, part of which GGP leases to a neighboring hospital.

- *Mondawmin Mall* (Baltimore). In late 2006, Baltimore agreed to issue $15 million in bonds to reimburse GGP for infrastructure improvement expenses related to the redevelopment of this mall, originally built in 1956. The bonds are to be backed by revenues from a TIF district.

- *Coral Ridge* (Iowa City area). As part of a larger urban renewal project using TIF financing, the city of Coralville, Iowa, issued $5.8 million in bonds to help pay for public road improvements specifically related to this mall. An additional $3.1 million came from the Iowa Department of Transportation, and GGP kicked in $2.3 million.

- *Galleria at Tyler* (Riverside, Calif.). In 2006, the city issued $19.9 million in bonds (in the form of certificates of participation) to pay for “public improvements”—mainly the expansion of a parking structure that is part of the complex—associated with an expansion of the mall being carried out by GGP. Repayment of the bonds will come through property and sales tax increment financing, but GGP is required to pay fees of about $1.2 mil-
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Complete List of Malls in Our Sample with Assessment Appeals

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<td>$217,899</td>
</tr>
<tr>
<td>LYNNHAVEN MALL</td>
<td>Virginia Beach</td>
<td>VA</td>
<td>$90,203</td>
</tr>
<tr>
<td>NORTH STAR MALL</td>
<td>San Antonio</td>
<td>TX</td>
<td>$294,161</td>
</tr>
<tr>
<td>NORTHROCK FASHION CENTER</td>
<td>Norriton</td>
<td>CA</td>
<td>$294,340</td>
</tr>
<tr>
<td>OAK VIEW MALL</td>
<td>Omaha</td>
<td>NE</td>
<td>$1,025,459</td>
</tr>
<tr>
<td>PARAMUS PARK SHOPPING CENTER</td>
<td>Paramus</td>
<td>NJ</td>
<td>Pending</td>
</tr>
<tr>
<td>SOUTH LAKE MALL</td>
<td>Morrow</td>
<td>GA</td>
<td>$187,156</td>
</tr>
<tr>
<td>SOUTHWEST PLAZA</td>
<td>Littleton</td>
<td>CO</td>
<td>$160,944</td>
</tr>
<tr>
<td>STATE ISLAND MALL</td>
<td>Staten Island</td>
<td>NY</td>
<td>None</td>
</tr>
<tr>
<td>STONEBRIAR CENTRE</td>
<td>Frisco</td>
<td>TX</td>
<td>$593,306</td>
</tr>
<tr>
<td>THE SHOPS AT LA CANtera</td>
<td>San Antonio</td>
<td>TX</td>
<td>$478,164</td>
</tr>
<tr>
<td>TOWN EAST MALL</td>
<td>Mesquite</td>
<td>TX</td>
<td>$436,959</td>
</tr>
<tr>
<td>TYSONS GALLERIA</td>
<td>McLean</td>
<td>VA</td>
<td>None</td>
</tr>
<tr>
<td>VISTA RIDGE MALL</td>
<td>Lewisville</td>
<td>TX</td>
<td>$554,160</td>
</tr>
<tr>
<td>WESTROADS MALL</td>
<td>Omaha</td>
<td>NE</td>
<td>$600,518</td>
</tr>
</tbody>
</table>

Conclusion

GGP's financial statements show that it currently pays about $218 million a year in real estate taxes. The company seems determined to lower that amount as much as possible, even though it can recover these tax costs from its tenants. As we have documented in this report, GGP aggressively challenges tax assessments at many of its properties. At the same time, the company negotiates numerous subsidy deals in which it gets financial benefits such as infrastructure assistance and sales-tax-sharing arrangements with local governments.

Remarkably, among the malls where GGP filed assessment appeals are some at which it had already received substantial subsidies. The most egregious examples of such double-dipping are Stonebriar Centre, where GGP filed successful appeals after receiving the largest subsidy deal we found in our sample, and Coral Ridge, where GGP filed appeals even while the $5.8 million TIF deal that was helping finance the infrastructure assistance was still in effect.

The report has documented some $209 million in subsidies and tax savings from appeals with regard to a sample that contains about one-quarter of the company's total U.S. properties. While some of the properties in our sample may be unusual in the size of the subsidies they have received and tax savings they have achieved, it is likely that our $209 million tally is only a small part of the total financial benefits that GGP has extracted from the types of activities discussed in this report. In fact, GGP is likely one of the largest corporate drains on local government tax revenues in the United States.

In this report we did not seek to document the full fiscal impact of GGP's subsidies and tax savings on the particular communities in which they occurred. But it is safe to say there are many school systems and other public functions around the country that have been squeezed by GGP's efforts to pay less to—while taking more from—local government.
1. Some jurisdictions conduct new assessments every year, while others do it less frequently.
3. For more on subsidies to Wal-Mart and a discussion of the drawbacks by the National Education Association from Good Jobs First; available online at http://www.goodjobsfirst.org/pdf/edu.pdf
4. Percentages calculated from Census Bureau data on state and local governments available online at http://www.census.gov/govs/estimate/0400and_1.html
5. Calculated from U.S. Census Bureau quarterly data on state and local tax revenue available online at http://ftp2.census.gov/govs/school/0403pub.pdf
6. Ibid.
7. Ibid.
8. Ibid.
9. Ibid.
10. Ibid.
11. Ibid.
12. Ibid.
13. Ibid.
14. Ibid.
15. Ibid.
16. Ibid.
17. Ibid.
18. Ibid.
19. Ibid.
20. Ibid.
21. Ibid.
22. Ibid.
23. Ibid.
GROWING AT WHOSE EXPENSE?

APPENDIX: ALL MALLS IN SAMPLE WITH DATA ON SUBSIDIES AND TAX APPEALS FOR EACH

ALA MOANA CENTER
Honolulu, Hawaii
Opened 1959; acquired by GGP in 1999
100 percent owned by GGP

SUBSIDIES
The main parcel has a seven-year $31.5 million exemption for new construction, which translates into a tax savings of about $2.6 million over the life of the exemption.

APPEALS
GGP filed assessment appeals covering tax years 2000 and 2001 on three parcels.

<table>
<thead>
<tr>
<th>Parcel ID</th>
<th>Tax Year</th>
<th>Original assessment</th>
<th>New assessment sought</th>
<th>New assessment determined</th>
<th>Reduction in assessment</th>
<th>Tax savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2-3-038-001</td>
<td>2000</td>
<td>685,802,500</td>
<td>535,424,666</td>
<td>521,118,600</td>
<td>64,683,900</td>
<td>598,327</td>
</tr>
<tr>
<td>1-2-3-039-001</td>
<td>2000</td>
<td>37,363,491</td>
<td>29,150,091</td>
<td>29,663,491</td>
<td>7,700,000</td>
<td>71,225</td>
</tr>
<tr>
<td>1-2-3-038-006</td>
<td>2000</td>
<td>767,600</td>
<td>560,300</td>
<td>767,600</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1-2-3-039-001</td>
<td>2001</td>
<td>710,040,900</td>
<td>535,424,666</td>
<td>64,683,900</td>
<td>598,327</td>
<td></td>
</tr>
<tr>
<td>1-2-3-039-001</td>
<td>2001</td>
<td>36,884,400</td>
<td>28,670,920</td>
<td>29,150,091</td>
<td>7,700,000</td>
<td>71,225</td>
</tr>
<tr>
<td>1-2-3-038-006</td>
<td>2001</td>
<td>767,600</td>
<td>560,300</td>
<td>767,600</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,339,102</td>
</tr>
</tbody>
</table>

Note: Assessment amounts for parcel 1-2-3-039-001 are net of exemptions given because of nonprofit tenants.

ALDERWOOD MALL
Lynnwood, Washington
Opened 1979; became part of GGP/Homart joint venture in 1999
50 percent owned by GGP

SUBSIDIES
None

APPEALS
None

BAYBROOK MALL (cont.)
APPEALS
GGP filed appeals for five years and was successful on three of them.

<table>
<thead>
<tr>
<th>Parcel ID</th>
<th>Tax Year</th>
<th>Original assessment</th>
<th>New assessment sought</th>
<th>New assessment determined</th>
<th>Reduction in assessment</th>
<th>Tax savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1128620000005</td>
<td>2000</td>
<td>110,568,040</td>
<td>Not available</td>
<td>99,228,040</td>
<td>11,340,000</td>
<td>147,760</td>
</tr>
<tr>
<td>1128620000005</td>
<td>2003</td>
<td>101,717,900</td>
<td>Not available</td>
<td>98,752,980</td>
<td>2,964,920</td>
<td>38,974</td>
</tr>
<tr>
<td>1128620000006</td>
<td>2004</td>
<td>107,867,630</td>
<td>Not available</td>
<td>107,867,630</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1128620000005</td>
<td>2005</td>
<td>109,999,900</td>
<td>Not available</td>
<td>109,999,900</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1128620000005</td>
<td>2006</td>
<td>125,576,990</td>
<td>Not available</td>
<td>120,459,990</td>
<td>5,077,000</td>
<td>65,944</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>251,878</td>
</tr>
</tbody>
</table>

BEACHWOOD PLACE
Beachwood, Ohio
Opened 1978; acquired by GGP in 2004 through purchase of The Rouse Company
100 percent owned by GGP

SUBSIDIES
None

APPEALS
None

CAROLINA PLACE
Pineville, North Carolina
Opened 1991; became part of GGP/Homart joint venture in 1999
50 percent owned by GGP

SUBSIDIES
None

APPEALS
GGP filed a successful appeal for 2003.

<table>
<thead>
<tr>
<th>Parcel ID</th>
<th>Tax Year</th>
<th>Original assessment</th>
<th>New assessment sought</th>
<th>New assessment determined</th>
<th>Reduction in assessment</th>
<th>Tax savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>221-141-06</td>
<td>2003</td>
<td>96,109,300</td>
<td>Not available</td>
<td>93,967,900</td>
<td>2,141,400</td>
<td>22,193.47</td>
</tr>
</tbody>
</table>

CHAPEL HILLS MALL
Colorado Springs, Colorado
Opened 1982
100 percent owned by GGP

SUBSIDIES
None

APPEALS
GGP filed a property tax appeal in 2002, but was unsuccessful in getting the valuation lowered.

<table>
<thead>
<tr>
<th>Parcel ID</th>
<th>Tax Year</th>
<th>Original appraisal</th>
<th>New appraisal sought</th>
<th>New appraisal determined</th>
<th>Reduction in assessment</th>
<th>Tax savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>8305401030</td>
<td>2002</td>
<td>35,960,032</td>
<td>Not available</td>
<td>35,960,032</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

BAYBROOK MALL
Friendswood, Texas
Opened 1978; acquired by GGP in 1999
100 percent owned by GGP

SUBSIDIES
None

APPEALS
GGP filed assessment appeals covering tax years 2000 and 2001 on three parcels.

<table>
<thead>
<tr>
<th>Parcel ID</th>
<th>Tax Year</th>
<th>Original appraisal</th>
<th>New appraisal sought</th>
<th>New appraisal determined</th>
<th>Reduction in assessment</th>
<th>Tax savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>8305401030</td>
<td>2002</td>
<td>35,960,032</td>
<td>Not available</td>
<td>35,960,032</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
CHRISTIANA MALL
Newark, Delaware
Opened 1978; interest acquired by GGP in 2004 through purchase of The Rouse Company
50 percent owned by GGP

SUBSIDIES
None

APPEALS
None

CLACKAMAS TOWN CENTER
Portland, Oregon
Opened 1981; GGP interest acquired through formation of GGP/Teachers joint venture in 2002
50 percent owned by GGP

SUBSIDIES
In 2005, Clackamas County commissioners approved a plan to provide up to $23.9 million toward the cost of infrastructure improvements (including an 850-space parking structure) at the mall. This was in support of a plan by GGP to spend $91 million to renovate the mall and add 250,000 square feet of retail space. About $3.9 million of the county's contribution is going to pay for prevailing wage costs.

APPEALS
None

COASTLAND CENTER
Naples, Florida
Opened 1977; acquired by GGP in 1998
100 percent owned by GGP

SUBSIDIES
None

APPEALS
None

COLONY SQUARE MALL
Zanesville, Ohio
Opened 1981
100 percent owned by GGP

SUBSIDIES
None

APPEALS
None

CORAL RIDGE MALL
Coralville, Iowa
Opened 1998
100 percent owned by GGP

SUBSIDIES
As part of a larger urban renewal project using TIF financing, the city of Coralville, Iowa, issued $5.8 million in bonds to help pay for public road improvements specifically related to this mall in the Iowa City area. An additional $5.1 million came from the Iowa Department of Transportation, and GGP kicked in $2.3 million.

APPEALS
In 2005, Johnson County revalued this mall for the first time since it was built in 1998, and GGP has refused to accept the results. It sought a reduction of more than $35 million in the new $102 million assessment. GGP initially brought its appeal over 2005 and 2006 to the county Board of Review, which decreased the assessment by $7.4 million in each year, saving GGP a total of $51.2 million in taxes. Not satisfied, GGP has filed an appeal in District Court looking to further decrease its assessment and tax bill to the amount it originally requested. According to Johnson County assessor Bill Greazel, it is in the taxpayer interest to try to settle with GGP to reduce court costs but, “there is a limit as to how low the county can go.” Greazel stressed that if the court finds in favor of GGP, the county, city, and school board could jointly have to reimburse GGP almost $2 million.

<table>
<thead>
<tr>
<th>Parcel ID</th>
<th>Tax Year</th>
<th>Original assessment</th>
<th>New assessment sought</th>
<th>New assessment determined</th>
<th>Reduction in assessment</th>
<th>Tax savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>0636426003</td>
<td>2005</td>
<td>36,960,000</td>
<td>34,460,000</td>
<td>2,500,000</td>
<td>2,500,000</td>
<td>90,333</td>
</tr>
<tr>
<td>0636402001</td>
<td>2005</td>
<td>59,040,000</td>
<td>56,540,000</td>
<td>2,500,000</td>
<td>2,500,000</td>
<td>85,102</td>
</tr>
<tr>
<td>0636494001</td>
<td>2006</td>
<td>6,000,000</td>
<td>3,600,000</td>
<td>2,400,000</td>
<td>2,400,000</td>
<td>81,697</td>
</tr>
<tr>
<td>0636426003</td>
<td>2006</td>
<td>36,960,000</td>
<td>34,460,000</td>
<td>2,500,000</td>
<td>2,500,000</td>
<td>90,333</td>
</tr>
<tr>
<td>0636402001</td>
<td>2006</td>
<td>59,040,000</td>
<td>56,540,000</td>
<td>2,500,000</td>
<td>2,500,000</td>
<td>85,102</td>
</tr>
<tr>
<td>0636494001</td>
<td>2006</td>
<td>6,000,000</td>
<td>3,600,000</td>
<td>2,400,000</td>
<td>2,400,000</td>
<td>81,697</td>
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<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>514,264</td>
</tr>
</tbody>
</table>

CUMBERLAND MALL
Atlanta, Georgia
Opened 1973; acquired by GGP in 1998
100 percent owned by GGP

SUBSIDIES
None

APPEALS
GGP filed an unsuccessful appeal for 2002.

<table>
<thead>
<tr>
<th>Parcel ID</th>
<th>Tax Year</th>
<th>Original assessment</th>
<th>New assessment sought</th>
<th>New assessment determined</th>
<th>Reduction in assessment</th>
<th>Tax savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>17-0913-0001-0</td>
<td>2002</td>
<td>84,219,881</td>
<td>NA</td>
<td>84,219,881</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
DEERBROOK MALL
Humble, Texas
Opened 1984; share acquired through formation of GGP/Homart joint venture in 1995
100 percent owned by GGP following its buyout of joint venture partner in July 2007.

SUBSIDIES
None

APPEALS
GGP successfully appealed valuations for four different years.

<table>
<thead>
<tr>
<th>Parcel ID</th>
<th>Tax Year</th>
<th>Original assessment</th>
<th>New assessment sought</th>
<th>New assessment determined</th>
<th>Reduction in assessment</th>
<th>Tax savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1159180010001</td>
<td>2002</td>
<td>45,291,970</td>
<td>40,837,432</td>
<td>40,836,000</td>
<td>4,455,970</td>
<td>33,509</td>
</tr>
<tr>
<td>1159180010001</td>
<td>2003</td>
<td>40,836,000</td>
<td>39,240,300</td>
<td>39,606,900</td>
<td>1,229,100</td>
<td>9,353</td>
</tr>
<tr>
<td>1159180010001</td>
<td>2004</td>
<td>65,753,480</td>
<td>Not available</td>
<td>48,619,080</td>
<td>17,134,400</td>
<td>130,393</td>
</tr>
<tr>
<td>1159180010001</td>
<td>2006</td>
<td>129,830,326</td>
<td>Not available</td>
<td>57,000,000</td>
<td>72,830,326</td>
<td>554,169</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>727,424</td>
</tr>
</tbody>
</table>

EASTRIDGE
San Jose, California
Opened 1971; 50 percent acquired by GGP in 1999, remainder in 2001
100 percent owned by GGP

SUBSIDIES
None

APPEALS
None

FALL BROOK CENTER (cont.)

<table>
<thead>
<tr>
<th>Parcel ID</th>
<th>Tax Year</th>
<th>Original assessment</th>
<th>New assessment sought</th>
<th>New assessment determined</th>
<th>Reduction in assessment</th>
<th>Tax savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 parcels, the largest of which is 2038-040-014</td>
<td>1995</td>
<td>82,770,019</td>
<td>52,494,034</td>
<td>79,789,536</td>
<td>2,980,483</td>
<td>29,804</td>
</tr>
<tr>
<td>14 parcels, the largest of which is 2038-040-014</td>
<td>1996</td>
<td>84,093,485</td>
<td>52,494,034</td>
<td>80,114,587</td>
<td>3,978,898</td>
<td>39,789</td>
</tr>
<tr>
<td>14 parcels, the largest of which is 2038-040-014</td>
<td>1998</td>
<td>88,123,254</td>
<td>Not available</td>
<td>82,724,000</td>
<td>5,399,254</td>
<td>53,992</td>
</tr>
<tr>
<td>14 parcels, the largest of which is 2038-040-014</td>
<td>1999</td>
<td>89,450,613</td>
<td>Not available</td>
<td>82,750,000</td>
<td>6,700,613</td>
<td>67,006</td>
</tr>
<tr>
<td>15 parcels, the largest of which is 2038-040-014</td>
<td>2000</td>
<td>92,958,379</td>
<td>Not available</td>
<td>84,080,000</td>
<td>8,878,379</td>
<td>88,783</td>
</tr>
<tr>
<td>15 parcels, the largest of which is 2038-040-014</td>
<td>2001</td>
<td>94,817,531</td>
<td>Not available</td>
<td>84,080,000</td>
<td>10,737,531</td>
<td>107,375</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>386,749</td>
</tr>
</tbody>
</table>

Note: GGP originally appealed only 4 parcels for 1995/96, but the Assessment Appeals Board decided to review all 14. Savings are estimated.

FASHION SHOW
Las Vegas, Nevada
Opened 1981; acquired by GGP in 2004 through purchase of The Rouse Company
100 percent owned by GGP

SUBSIDIES
None

APPEALS
None

FIRST COLONY MALL
Sugar Land, Texas
Opened 1996; became part of GGP/Homart joint venture in 2002
50 percent owned by GGP

SUBSIDIES
In 2005, the city of Sugar Land awarded GGP a 10-year sales tax rebate worth up to $6.98 million to help defray infrastructure costs associated with the addition of 85,000 square feet of retail and an outdoor component.

APPEALS
None
**GALLERIA AT TYLER**
Riverside, California
Opened 1970; GGP interest acquired through formation of GGP/Teachers joint venture in 2002
50 percent owned by GGP

**SUBSIDIES**
In 2006, the city issued $19.9 million in bonds (in the form of certificates of participation) to pay for “public improvements”—mainly the expansion of a parking structure that is part of the complex—associated with an expansion of the mall being carried out by GGP. Repayment of the bonds will come through property and sales tax increment financing, but GGP is required to pay fees of about $1.2 million a year to a community facilities district that will also help service the bonds. The total cost of the bonds over their life will be about $40 million, of which GGP will pay about $30 million and the city $10 million.

**APPEALS**
GGP appealed the assessments for 2002 and 2005 but the latter was withdrawn.

<table>
<thead>
<tr>
<th>Parcel ID</th>
<th>Tax Year</th>
<th>Original assessment</th>
<th>New assessment sought</th>
<th>New assessment determined</th>
<th>Reduction in assessment</th>
<th>Tax savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>234-020-023</td>
<td>2002</td>
<td>130,524,991</td>
<td>Not available</td>
<td>123,521,169</td>
<td>7,003,802</td>
<td>74,009</td>
</tr>
</tbody>
</table>

**GLENDALE GALLERIA**
Glendale, California
Opened 1976; became part of GGP/Homart joint venture in 2002
50 percent owned by GGP

**SUBSIDIES**
None

**APPEALS**
GGP appealed its assessments for 2004 and 2005; the matters are pending.

<table>
<thead>
<tr>
<th>Parcel ID</th>
<th>Tax Year</th>
<th>Original assessment</th>
<th>New assessment sought</th>
<th>New assessment determined</th>
<th>Reduction in assessment</th>
<th>Tax savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 parcels, the largest of which is 5695-005-046</td>
<td>2004</td>
<td>374,580,000</td>
<td>95,340,000</td>
<td>Pending</td>
<td>Pending</td>
<td>Pending</td>
</tr>
<tr>
<td>8 parcels, the largest of which is 5695-005-046</td>
<td>2005</td>
<td>391,593,009</td>
<td>204,200,000</td>
<td>Pending</td>
<td>Pending</td>
<td>Pending</td>
</tr>
</tbody>
</table>

**GLENBROOK SQUARE**
Fort Wayne, Indiana
Opened 1966; acquired by GGP in 2003
100 percent owned by GGP

**SUBSIDIES**
None

**APPEALS**
GGP filed a property tax appeal for each year from 2002 to 2005. In 2002, the market value of Glenbrook Square increased from $31.6 million to $114.7 million. This dramatic increase was part of a statewide change in reassessment methods to better reflect market values based on an Indiana Supreme Court decision. Settlement discussions between Allen County and GGP have been futile. For this reason, both parties agreed to forgo the local appeal process, instead proceeding directly to the state Board of Appeals. Because of the on-going court proceeding, local officials were hesitant to answer our information requests; they did, however, confirm the preceding figures. A hearing is scheduled for summer 2007. The Allen County attorney, Mark GiaQuinta, has described the ongoing negotiations as “a real battle royale” (Fort Wayne News-Sentinel, Aug. 16, 2006).

<table>
<thead>
<tr>
<th>Parcel ID</th>
<th>Tax Year</th>
<th>Original appraisal</th>
<th>New appraisal sought</th>
<th>New appraisal determined</th>
<th>Reduction in appraisal</th>
<th>Tax savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>A group of parcels, the largest of which was 600-0080-0285-90</td>
<td>2002</td>
<td>225,804,900</td>
<td>200,000,000</td>
<td>225,804,900</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**KENWOOD TOWNE CENTRE**
Sycamore Township, Ohio
Opened 1956; GGP interest acquired through formation of GGP/Teachers joint venture in 2002
50 percent owned by GGP

**SUBSIDIES**
Since GGP acquired this mall in 2002, it has received TIF funding twice from Sycamore Township. In 2002, the township spent $16 million to help pay for modernization of the mall’s utility infrastructure, and in 2006 it provided $6 million to help finance a parking structure, part of which GGP leases to a neighboring hospital.

**APPEALS**
GGP filed an assessment appeal with Hamilton County for 2002 and subsequently rolled years 2003 and 2004 into the same dispute. GGP sought to have the appraised value reduced from $225.8 million to $200 million, even though it purchased the mall for more than $218 million in 2002. This would have meant an annual tax saving of approximately $400,000. While the local board of appeals supported the Hamilton County Assessor’s valuation, GGP appealed the decision to the Ohio Board of Tax Appeals, which also affirmed the valuation.
LANDMARK MALL  
Alexandria, Virginia  
Opened 1965; GGP interest originally acquired through GGP Ivanhoe III joint venture in 1998  
100 percent owned by GGP  

SUBSIDIES  
Three years ago, GGP approached the city of Alexandria with the idea of redeveloping this enclosed mall into an outdoor “lifestyle center.” In community meetings, GGP floated the idea of a $900 million project that would include a contribution of $60 million by the city. Since then, ownership of the two anchor tenants has changed, slowing any progress on the mall conversion. GGP and Alexandria, however, are apparently still discussing the use of incentives.  

APPEALS  
GGP has systematically filed assessment appeals for all but one year since 2002. In 2003, the year in which it did not fill a protest, GGP bought out its minority partner, Ivanhoe Cambridge. Through methodical appeals, GGP has been able to lower the malls appraised value by more than $12 million, allowing GGP a total tax savings of about $218,000.  

<table>
<thead>
<tr>
<th>Parcel ID</th>
<th>Tax Year</th>
<th>Original assessment</th>
<th>New assessment sought</th>
<th>New assessment determined</th>
<th>Reduction in assessment</th>
<th>Tax savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>50583800</td>
<td>2002</td>
<td>62,476,000</td>
<td>Not Available</td>
<td>53,500,000</td>
<td>8,976,000</td>
<td>96,941</td>
</tr>
<tr>
<td>50583800</td>
<td>2004</td>
<td>53,500,000</td>
<td>Not Available</td>
<td>47,011,000</td>
<td>6,489,000</td>
<td>54,566</td>
</tr>
<tr>
<td>50583800</td>
<td>2005</td>
<td>47,011,000</td>
<td>Not Available</td>
<td>47,011,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>50583800</td>
<td>2006</td>
<td>57,570,475</td>
<td>Not Available</td>
<td>50,681,100</td>
<td>6,919,375</td>
<td>56,393</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td>217,899</td>
</tr>
</tbody>
</table>

* No original assessment data is available for 2004. Instead, we are using the 2003 appraisal of $53,500,000 as an estimate.  

LYNNHAVEN MALL  
Virginia Beach, Virginia  
Opened 1981; acquired by GGP in 2003  
100 percent owned by GGP  

SUBSIDIES  
In 1998, when former owner, Simon Properties, renovated the Lynnhaven Mall, it obtained an $18.25 million property tax increment financing agreement with Virginia Beach to fund the construction of structured parking. The pay-as-you-go TIF agreement is paying out over 20 years. GGP purchased Lynnhaven Mall from Simon in 2003. We estimate that GGP will receive approximately $15 million of the TIF revenues.  

APPEALS  
GGP filed a successful assessment appeal for tax year 2004.  

<table>
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<tr>
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<th>Original assessment</th>
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<th>Tax savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1496-35-8830</td>
<td>2004</td>
<td>246,700,000</td>
<td>Not available</td>
<td>239,306,277</td>
<td>7,393,723</td>
<td>90,203</td>
</tr>
</tbody>
</table>

MAYFAIR MALL  
Wauwatosa, Wisconsin  
Opened 1958; GGP interest originally acquired through GGP Ivanhoe III joint venture in 1998  
100 percent owned by GGP  

MONDAWMIN MALL  
Baltimore, Maryland  
Opened 1956; acquired by GGP in 2004 through purchase of The Rouse Company  
100 percent owned by GGP  

SUBSIDIES  
Baltimore has issued $15 million in bonds to reimburse GGP for infrastructure improvement expenses related to the redevelopment of this mall, originally built in 1956. The bonds are backed by revenues from a TIF district.  

APPEALS  
None.  

MONTCCLAIR PLAZA  
Montclair, California  
Opened 1968; became part of GGP/Homart joint venture in 1999  
50 percent owned by GGP  

SUBSIDIES  
None.  

NATICK COLLECTION  
Natick, Massachusetts  
Opened 1966; acquired by GGP in 1995  
50 percent owned by GGP  

SUBSIDIES  
None.  

**NORTH STAR MALL**  
San Antonio, Texas  
Opened 1960; acquired by GGP in 2004 through purchase of The Rouse Company  
100 percent owned by GGP

**SUBSIDIES**  
None

**APPEALS**  
GGP filed assessment appeals covering tax years 2005 and 2006 on three parcels. The results were mixed, but it ended up with a tax savings of about $284,000.

<table>
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<tr>
<th>Parcel ID</th>
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<th>Reduction in assessment</th>
<th>Tax savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>12025-000-1110</td>
<td>2005</td>
<td>78,978,759</td>
<td>Not available</td>
<td>70,892,896</td>
<td>8,085,863</td>
<td>248,317</td>
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<tr>
<td>12025-000-1150</td>
<td>2005</td>
<td>13,750,880</td>
<td>Not available</td>
<td>13,750,880</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>12025-000-1050</td>
<td>2005</td>
<td>21,237,650</td>
<td>Not available</td>
<td>21,237,650</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>12025-000-1110</td>
<td>2006</td>
<td>70,892,896</td>
<td>Not available</td>
<td>70,892,896</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>12025-000-1050*</td>
<td>2006</td>
<td>16,613,180</td>
<td>Not available</td>
<td>16,848,181</td>
<td>(235,001)</td>
<td>(6,983)</td>
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<tr>
<td>12025-000-1150</td>
<td>2006</td>
<td>22,678,970</td>
<td>Not available</td>
<td>21,237,650</td>
<td>1,441,320</td>
<td>42,827</td>
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</tbody>
</table>

**SUBSIDIES**  
None

**APPEALS**  
GGP successfully appealed the 2002 assessments on three parcels.

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<th>Parcel ID</th>
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</tr>
</thead>
<tbody>
<tr>
<td>2761-037-001</td>
<td>2002</td>
<td>8,994,000</td>
<td>Not available</td>
<td>6,569,000</td>
<td>2,425,000</td>
<td>4,250</td>
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<tr>
<td>2761-037-016</td>
<td>2002</td>
<td>1,556,000</td>
<td>Not available</td>
<td>1,400,000</td>
<td>156,000</td>
<td>1,560</td>
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<tr>
<td>2761-037-017</td>
<td>2002</td>
<td>151,084,000</td>
<td>134,016,023</td>
<td>122,231,000</td>
<td>28,853,000</td>
<td>288,530</td>
</tr>
</tbody>
</table>

**OAK VIEW MALL**  
Omaha, Nebraska  
Opened 1991; acquired by GGP in 1999  
100 percent owned by GGP

**SUBSIDIES**  
None

**APPEALS**  
GGP has appealed every increase in its assessments since acquiring the property in 1999. In 2000, GGP appealed first to the county and, when that resulted in no change, to the state, which agreed to lower the valuation by more than 24 percent. The next year, when the two largest parcels comprising the mall were again valued at their original 2000 figures, GGP appealed to the county and then to the state, winning a 17 percent drop in value. It did the same in 2002. The appeals yielded a total tax savings of more than $1 million. Moreover, the assessed value of the mall is now down to $99 million, well below the $112 million GGP paid for it eight years ago, so the savings will continue.

<table>
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<tr>
<th>Parcel ID</th>
<th>Tax Year</th>
<th>Original assessment</th>
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<th>Tax savings</th>
</tr>
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<tbody>
<tr>
<td>0387414119</td>
<td>2000</td>
<td>95,297,800</td>
<td>Not available</td>
<td>74,059,700</td>
<td>21,238,100</td>
<td>430,579</td>
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<tr>
<td>0387412419</td>
<td>2000</td>
<td>11,987,200</td>
<td>Not available</td>
<td>7,316,900</td>
<td>4,670,300</td>
<td>94,685</td>
</tr>
<tr>
<td>0387500219</td>
<td>2000</td>
<td>1,440,300</td>
<td>Not available</td>
<td>1,423,200</td>
<td>17,100</td>
<td>334</td>
</tr>
<tr>
<td>0387414119</td>
<td>2001</td>
<td>95,297,800</td>
<td>Not available</td>
<td>81,559,700</td>
<td>13,738,100</td>
<td>288,420</td>
</tr>
<tr>
<td>0387412419</td>
<td>2001</td>
<td>11,987,200</td>
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<td>7,316,900</td>
<td>4,670,300</td>
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<tr>
<td>0387414119</td>
<td>2002</td>
<td>95,297,800</td>
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<td>90,000,000</td>
<td>5,297,800</td>
<td>113,390</td>
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<tr>
<td>0387412419</td>
<td>2002</td>
<td>7,914,200</td>
<td>Not available</td>
<td>No Change</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>0387500219</td>
<td>2002</td>
<td>1,423,800</td>
<td>Not available</td>
<td>No Change</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

**NORTHRIDGE FASHION CENTER**  
Northridge, California  
Opened 1971; acquired by GGP in 1998  
100 percent owned by GGP

**SUBSIDIES**  
None

**APPEALS**  
The appeals listed below are pending in the Tax Court of New Jersey.

<table>
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<tr>
<th>Parcel ID</th>
<th>Tax Year</th>
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<tbody>
<tr>
<td>5203-02</td>
<td>2005</td>
<td>112,330,000</td>
<td>Not available</td>
<td>Pending</td>
<td>Pending</td>
<td>Pending</td>
</tr>
<tr>
<td>5203-03</td>
<td>2005</td>
<td>3,510,000</td>
<td>Not available</td>
<td>Pending</td>
<td>Pending</td>
<td>Pending</td>
</tr>
<tr>
<td>5203-04</td>
<td>2005</td>
<td>7,572,200</td>
<td>Not available</td>
<td>Pending</td>
<td>Pending</td>
<td>Pending</td>
</tr>
<tr>
<td>5004-06</td>
<td>2005</td>
<td>9,210,000</td>
<td>Not available</td>
<td>Pending</td>
<td>Pending</td>
<td>Pending</td>
</tr>
<tr>
<td>5204-01</td>
<td>2005</td>
<td>9,963,400</td>
<td>Not available</td>
<td>Pending</td>
<td>Pending</td>
<td>Pending</td>
</tr>
<tr>
<td>5203-02</td>
<td>2006</td>
<td>112,330,000</td>
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<td>5203-03</td>
<td>2006</td>
<td>3,510,000</td>
<td>Not available</td>
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<td>5203-04</td>
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<td>9,210,000</td>
<td>Not available</td>
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<td>Pending</td>
<td>Pending</td>
</tr>
<tr>
<td>5204-01</td>
<td>2006</td>
<td>9,963,400</td>
<td>Not available</td>
<td>Pending</td>
<td>Pending</td>
<td>Pending</td>
</tr>
</tbody>
</table>

**PARAMUS PARK SHOPPING CENTER**  
Paramus, New Jersey  
Opened 1974; acquired by GGP in 2004 through purchase of The Rouse Company  
100 percent owned by GGP

**SUBSIDIES**  
None

**APPEALS**  
The appeals listed below are pending in the Tax Court of New Jersey.

<table>
<thead>
<tr>
<th>Parcel ID</th>
<th>Tax Year</th>
<th>Original assessment</th>
<th>New assessment sought</th>
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<td>5203-02</td>
<td>2005</td>
<td>112,330,000</td>
<td>Not available</td>
<td>Pending</td>
<td>Pending</td>
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<td>5203-03</td>
<td>2005</td>
<td>3,510,000</td>
<td>Not available</td>
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<td>5203-04</td>
<td>2005</td>
<td>7,572,200</td>
<td>Not available</td>
<td>Pending</td>
<td>Pending</td>
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<td>2005</td>
<td>9,210,000</td>
<td>Not available</td>
<td>Pending</td>
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<td>2005</td>
<td>9,963,400</td>
<td>Not available</td>
<td>Pending</td>
<td>Pending</td>
<td>Pending</td>
</tr>
</tbody>
</table>
PARK CITY CENTER
Lancaster, Pennsylvania
Opened 1971; GGP interest originally acquired through GGP Ivanhoe III joint venture in 1998
100 percent owned by GGP

SUBSIDIES
None

APPEALS
None

SOUTHLAKE MALL
Morrow, Georgia
Opened 1976; acquired by GGP in 1997
100 percent owned by GGP

SUBSIDIES
None

APPEALS
GGP acquired this mall in suburban Atlanta in 1997 and has since challenged its assessments with almost every increase. GGP won a valuation reduction of nearly $10 million in 1999, but when the assessment was raised in 2000, it again appealed and won a reduction. This pattern repeated with a valuation increase in 2003. It has an appeal pending for 2006.

STONEBRIAR CENTRE
Frisco, Texas
Opened 2000
50 percent owned by GGP

SUBSIDIES
In 1996, Frisco, a fast-growing and highly commercialized suburb of Dallas, put together a package worth an estimated $40 million to assist in the construction of GGP’s Stonebriar Centre, a 1.6 million-square-foot enclosed mall that features six major department stores. The package included infrastructure assistance and a 10-year rebate of a portion of the sales tax it collects from customers.2

APPEALS
GGP filed appraisal appeals for tax years 2003 through 2005; those for 2003 and 2004 ended up in Collin County District Court. Every year, GGP was able to reduce its assessment by at least $10 million; in 2004 the valuation was reduced by almost $17 million. The appraisal reductions accounted for a tax savings of more than $930,000.

STATEN ISLAND MALL
Staten Island, New York
Opened 1973; acquired by GGP in 2004 through purchase of The Rouse Company
100 percent owned by GGP

SUBSIDIES
None

APPEALS
Appeals were filed in 2005 and 2006, but they were unsuccessful in reducing the valuation.

2. Local officials provided us with the development agreement for Stonebriar but declined to be interviewed about the deal. Since the agreement did not include an estimate of the dollar value, we took the $40 million figure from the following newspaper article: “Stonebriar Centre Lands Frisco in the Big Leagues,” Dallas Morning News, March 31, 2003, p.1A.

<table>
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</thead>
<tbody>
<tr>
<td>12112A A001</td>
<td>1999</td>
<td>67,000,000</td>
<td>Not available</td>
<td>57,135,800</td>
<td>9,864,200</td>
<td>89,567</td>
</tr>
<tr>
<td>12112A A001</td>
<td>2000</td>
<td>66,172,226</td>
<td>Not available</td>
<td>60,735,800</td>
<td>5,436,462</td>
<td>48,012</td>
</tr>
<tr>
<td>12112A A001</td>
<td>2003</td>
<td>74,259,340</td>
<td>Not available</td>
<td>69,500,000</td>
<td>4,754,340</td>
<td>49,536</td>
</tr>
<tr>
<td>12112A A001</td>
<td>2006</td>
<td>73,107,804</td>
<td>Not available</td>
<td>Pending</td>
<td>Pending</td>
<td>Pending</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>187,116</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
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</tbody>
</table>

2. Local officials provided us with the development agreement for Stonebriar but declined to be interviewed about the deal. Since the agreement did not include an estimate of the dollar value, we took the $40 million figure from the following newspaper article: “Stonebriar Centre Lands Frisco in the Big Leagues,” Dallas Morning News, March 31, 2003, p.1A.

<table>
<thead>
<tr>
<th>Parcel ID</th>
<th>Tax Year</th>
<th>Original assessment</th>
<th>New assessment sought</th>
<th>New assessment determined</th>
<th>Reduction in assessment</th>
<th>Tax savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>12112A A001</td>
<td>1999</td>
<td>67,000,000</td>
<td>Not available</td>
<td>57,135,800</td>
<td>9,864,200</td>
<td>89,567</td>
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<tr>
<td>12112A A001</td>
<td>2000</td>
<td>66,172,226</td>
<td>Not available</td>
<td>60,735,800</td>
<td>5,436,462</td>
<td>48,012</td>
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<tr>
<td>12112A A001</td>
<td>2003</td>
<td>74,259,340</td>
<td>Not available</td>
<td>69,500,000</td>
<td>4,754,340</td>
<td>49,536</td>
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<tr>
<td>12112A A001</td>
<td>2006</td>
<td>73,107,804</td>
<td>Not available</td>
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<td>Pending</td>
<td>Pending</td>
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<td>TOTAL</td>
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<td></td>
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<td>187,116</td>
</tr>
</tbody>
</table>
THE GRAND CANAL SHOPPES AT THE VENETIAN
Las Vegas, Nevada
Opened 1999; acquired by GGP in 2004
100 percent owned by GGP

SUBSIDIES
None

APPEALS
None

THE MALL IN COLUMBIA
Columbia, Maryland
Opened 1971; acquired by GGP in 2004 through purchase of The Rouse Company
100 percent owned by GGP

SUBSIDIES
None

APPEALS
None

THE PARKS AT ARLINGTON
Arlington, Texas
Opened 1988; share acquired through formation of GGP/Homart joint venture in 1995
100 percent owned by GGP following its buyout of joint venture partner in July 2007

SUBSIDIES
In 2000, GGP carried out a $70 million expansion of this mall. The city of Arlington provided a 15-year sales tax rebate (equal to 55 percent of the 1 percent municipal tax on the expansion site) to defray costs of a parking structure. However, the expansion site must maintain at least $1.27 billion in annual sales and 75 percent occupancy in order to receive the payments. GGP was receiving a quarterly rebate of about $70,000. However, from 2004 to 2005, the expansion fell below the required benchmarks when it lost anchor tenant, The Great Indoors. If the mall does not again fall below performance requirements, we estimate the total subsidy to be worth $3.64 million.

APPEALS
None

THE PINES
Pine Bluff, Arkansas
Opened 1986
100 percent owned by GGP

SUBSIDIES
None

APPEALS
None

THE SHOPS AT LA CANTERA
San Antonio, Texas
Opened in 2005
GGP holds majority position in joint venture

SUBSIDIES
None

APPEALS
This “lifestyle center” opened in 2005, but GGP had started filing appraisal protests when the mall was still a vacant lot. It won the appeals for the years 2004–2006 and managed to reduce its tax bill by almost $480,000.

<table>
<thead>
<tr>
<th>Parcel ID</th>
<th>Tax Year</th>
<th>Original assessment</th>
<th>New assessment sought</th>
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<th>Tax savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>18339-009-0040</td>
<td>2004</td>
<td>8,447,800</td>
<td>Not available</td>
<td>7,158,000</td>
<td>1,289,800</td>
<td>38,694</td>
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<td>18339-009-0040</td>
<td>2005</td>
<td>45,012,020</td>
<td>Not available</td>
<td>41,098,152</td>
<td>3,913,868</td>
<td>116,962</td>
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<tr>
<td>18339-009-0040</td>
<td>2006</td>
<td>125,400,000</td>
<td>Not available</td>
<td>125,400,000</td>
<td>0</td>
<td>320,509</td>
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<td>478,165</td>
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</table>

THE SHOPS AT FALLEN TIMBERS
Maumee, Ohio
Not yet open
100 percent owned by GGP

SUBSIDIES
This “lifestyle center” is scheduled to open later this 2007. The city of Maumee is providing approximately $12 million in tax increment financing to fund 70 percent of the on-site infrastructure costs associated with construction of the mall. GGP is developing the site in conjunction with Isaac Land Investments, Ltd. Based on land area, we estimate that GGP will receive $7.78 million from the TIF district.

APPEALS
None. In the development agreement, GGP is prohibited from appealing future property tax appraisals unless the “true value” of the property exceeds $88.8 million.
TOWN EAST MALL
Mesquite, Texas
Opened 1971; 50 percent acquired by GGP in 1997, the remainder in 2004
100 percent owned by GGP

SUBSIDIES
As part of a major renovation of the mall, the city of Mesquite is financing a $3 million replacement of the water lines through TIF.

APPEALS
GGP filed tax assessment appeals in the last four consecutive years (2003 to 2006). However, in 2005 the firm withdrew its protest before it reached the appeals board. GGP was successful in the 2003 and 2006 appraisal appeals, saving a total of about $437,000 on its tax bills.

<table>
<thead>
<tr>
<th>Parcel ID</th>
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</tr>
</thead>
<tbody>
<tr>
<td>65-10650-961-001-0000</td>
<td>2004</td>
<td>96,166,160</td>
<td>Not available</td>
<td>96,166,160</td>
<td>0</td>
<td>0</td>
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<tr>
<td>65-10650-961-001-0000</td>
<td>2005</td>
<td>96,166,160</td>
<td>Not available</td>
<td>96,166,160</td>
<td>0</td>
<td>0</td>
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<tr>
<td>65-10650-961-001-0000</td>
<td>2006</td>
<td>135,724,890</td>
<td>Not available</td>
<td>129,394,780</td>
<td>6,330,020</td>
<td>179,895</td>
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<td>436,959</td>
</tr>
</tbody>
</table>

TYSONS GALLERIA
McLean, Virginia
Opened 1988; share acquired through formation of GGP/Homart joint venture in 1995
100 percent owned by GGP following its buyout of joint venture partner in July 2007

SUBSIDIES
None

APPEALS
GGP was successful in two out of five appeals relating to this mall.

<table>
<thead>
<tr>
<th>Parcel ID</th>
<th>Tax Year</th>
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<th>Tax savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>024100001C1</td>
<td>2005</td>
<td>$132,802,669</td>
<td>Not available</td>
<td>Unsuccessful</td>
<td>None</td>
<td>None</td>
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</tbody>
</table>

UNNAMED NEW DEVELOPMENT – US HIGHWAY 380
Frisco, Texas
Not yet open
100 percent owned by GGP

SUBSIDIES
In April 2006, GGP signed a development agreement with the Frisco Economic Development Corp. to construct an 800,000-square-foot “lifestyle center” on the outskirts of town. The city will use TIF to finance infrastructure improvements including new access roads, traffic signals, drainage and all on-site utilities. According to the Dallas Morning News (Dec. 6, 2006) this will cost approximately $31.9 million. In addition, the new mall will be granted a one-half of 1 percent sales tax refund until Aug. 1, 2019.3

APPEALS
None

VISTA RIDGE MALL
Lewisville, Texas
Opened 1989; share acquired through formation of GGP/Homart joint venture in 1995
100 percent owned by GGP following its buyout of joint venture partner in July 2007

SUBSIDIES
None

WEST VALLEY MALL
Tracy, California
Opened 1995
100 percent owned by GGP

SUBSIDIES
In 1994, the city issued $10.2 million in certificates of participation to fund about $8 million in infrastructure improvements around the mall.

APPEALS
None

<table>
<thead>
<tr>
<th>Parcel ID</th>
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<th>Tax savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>R0175967</td>
<td>2001</td>
<td>47,628,518</td>
<td>Not available</td>
<td>47,628,518</td>
<td>0</td>
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<tr>
<td>R0175967</td>
<td>2002</td>
<td>44,113,658</td>
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<td>R0175967</td>
<td>2003</td>
<td>44,781,355</td>
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<td>R0175967</td>
<td>2004</td>
<td>47,876,237</td>
<td>Not available</td>
<td>46,141,205</td>
<td>1,735,032</td>
<td>368,849</td>
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<td>R0175967</td>
<td>2006</td>
<td>54,435,497</td>
<td>Not available</td>
<td>52,027,104</td>
<td>2,408,393</td>
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<td>554,160</td>
</tr>
</tbody>
</table>

3. Local officials provided us with the development agreement for the project but declined to be interviewed about the deal. Since the agreement did not include an estimate of the dollar value, we took the $31.9 million figure from the following newspaper article: Jake Batsell, “Frisco Plans Millions for Commercial Tract,” Dallas Morning News, Dec. 6, 2006, p.1B.
WESTROADS MALL
Omaha, Nebraska
Opened 1968; GGP interest acquired in 1997 through GGP/Ivanhoe Inc. joint venture.
51 percent owned by GGP

SUBSIDIES
None

APPEALS
GGP appealed its 2000 assessment and won a $30.3 million reduction that brought with it $600,618 in tax savings. GGP again appealed in 2006, but was not successful.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>3122312225</td>
<td>2000</td>
<td>100,779,100</td>
<td>Not available</td>
<td>70,500,000</td>
<td>30,279,100</td>
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<tr>
<td>3122312625</td>
<td>2006</td>
<td>74,869,800</td>
<td>Not available</td>
<td>No Change</td>
<td>None</td>
<td>None</td>
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<tr>
<td>3122877525</td>
<td>2006</td>
<td>5,954,500</td>
<td>Not available</td>
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<td>None</td>
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<tr>
<td>TOTAL</td>
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<td>600,618</td>
</tr>
</tbody>
</table>

WILLOWBROOK MALL
Wayne, New Jersey
Opened 1969; acquired by GGP in 2004 through purchase of The Rouse Company
100 percent owned by GGP

APPEALS
None

SUBSIDIES
None

WOODBRIDGE CENTER
Woodbridge, New Jersey
Opened 1971; acquired by GGP in 2004 through purchase of The Rouse Company
100 percent owned by GGP

SUBSIDIES
None

APPEALS
None