

THE HOWARD HUGHES CORPORATION

AUDIT COMMITTEE CHARTER

The Board of Directors (the “Board”) of The Howard Hughes Corporation (the “Company”) hereby sets forth the authority and responsibilities of the Audit Committee (the “Committee”) as described below, subject to amendment by the Board from time to time.

Purpose

The Committee’s purpose is to act on behalf of the Board to oversee the integrity of the Company’s financial statements, the independent auditor’s qualifications and independence, and the performance of both the Company’s internal audit function and the independent auditor. The Committee’s role includes oversight of the qualitative aspects of financial reporting and disclosure to stockholders and the investment community, the Company’s risk management policies that relate to the financial control environment, financial reporting and disclosure controls, and the Company’s procedures for compliance with significant applicable legal and regulatory requirements that impact the financial statements.

Although the Committee has the responsibilities set forth in this Charter, management is responsible for preparing the Company’s financial statements, and the independent auditor is responsible for auditing those financial statements. It is not the duty of the Committee to plan or conduct the audit or to determine that the Company’s financial statements are complete and accurate or are in accordance with generally accepted accounting principles (“GAAP”). Nothing in this Charter changes, or is intended to change, the responsibilities of management or the independent auditor. Nothing in this Charter is intended to increase the liability of the members of the Committee beyond that which existed before this Charter was approved by the Board.

Membership

The Committee shall be composed of not less than three (3) members of the Board, all of whom: (i) have been determined by the Board to be “independent” in accordance with the rules of the New York Stock Exchange (the “NYSE”) and the Company’s Corporate Governance Guidelines; (ii) meet the financial literacy requirements of the NYSE; and (iii) meet the requirements of Section 10A-3 of the Securities Act of 1933, as amended. At least one member of the Committee shall qualify as an “audit committee financial expert” as defined in the rules and regulations of the Security and Exchange Commission (“SEC”). A majority of the whole Board shall appoint the members of the Committee on the recommendation of the Nominating and Corporate Governance Committee. Committee members may be replaced by the Board with or without cause at any time. A majority of the Committee will constitute a quorum for the transaction of business. Committee members shall not simultaneously serve on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of a member to effectively serve on the Committee.

The Committee shall have the power to create subcommittees, each consisting of one or more of its members, with such powers as the Committee shall from time to time confer. Each subcommittee shall keep minutes of its meetings and report them to the Committee.

Operating Principles

In fulfilling its function and responsibilities, the Committee should give due consideration to the following operating principles and processes:

Communication – Regular and meaningful contact throughout the year with the Chairman of the Board, other committee chairpersons, members of senior management and other key Committee advisors, independent and internal auditors, etc., as applicable, is viewed as important for strengthening the Committee’s knowledge of relevant current and prospective business, financial reporting and disclosure issues. In addition, if either the internal or the independent auditor identify issues warranting the attention of the Committee or the full Board that, in their judgment, have been communicated to management, but have not been adequately addressed, they should be communicated to the Committee chairperson or any member of the Committee.

Committee Expectations and Information Needs – The Committee should communicate to the Chief Executive Officer, President and the Chief Financial Officer or their respective designees, internal audit and other external parties the expectations of the Committee and the nature, timing and extent of any specific information or other supporting materials requested by the Committee, for its meetings and deliberations.

Resources – In the performance of its responsibilities, the Committee shall have access to the records of the Company and its subsidiaries. The Committee may make requests for documentation through the office of the Secretary or directly through an employee. The Committee may meet with any employee of the Company or its subsidiaries, outside counsel to the Company or its subsidiaries, the Company’s independent auditor, the Company’s internal auditor or such other advisors to the Company or its subsidiaries, as the Committee determines in its sole discretion. The Committee may arrange for such meetings through the office of the Secretary or directly with employees, outside counsel, the independent auditor, the internal auditor or other advisors.

The Committee shall be authorized to access, at the Company’s expense, such internal and external resources, including retaining legal, financial or other advisors, as the Committee deems necessary or appropriate to fulfill its defined responsibilities. The Committee shall have the sole authority to approve the fees, costs and other terms of engagement of such outside resources. The Company shall at all times make adequate provisions for the payment of all fees and other compensation approved by the Committee to the Company’s independent auditor in connection with the preparation or issuance of its audit report or performance of other audit, review or attest services for the Company, or to any consultants, advisors or experts retained by the Committee, as well as for other ordinary administrative expenses of the Committee as necessary or appropriate to carry out its duties.

Meeting Agendas – Committee meeting agendas shall be the responsibility of the Committee chairperson with input from Committee members, other members of the Board, members of senior management and outside advisors to the extent deemed appropriate by the Committee chairperson, in its sole discretion.

Committee Meeting Attendees – The Committee shall be authorized to request members of senior management, outside counsel, the internal audit function, the independent auditor and other advisors to participate in Committee meetings, as necessary, to carry out the defined committee responsibilities. Either internal or independent auditors, or counsel, may, at any time, request a meeting with the Committee

or Committee chairperson with or without management attendance. In any case, the Committee shall meet periodically in separate sessions with internal and independent auditors and management.

Reporting to the Board of Directors – The Committee shall maintain minutes of meetings and, through the Committee chairperson, shall report all relevant activities of the Committee to the Board from time to time or whenever so requested by the Board.

Meetings

The Committee should meet as frequently as considered necessary by the Committee or the Committee chairperson, but no less than four times annually. A majority of members then serving on the Committee shall constitute a quorum.

Authority and Responsibility

The Committee's key responsibilities include engagement and oversight of the independent auditor, oversight of the internal audit function and oversight of compliance with financial disclosure and audit requirements and related laws and regulations. In carrying out its purpose, the Committee shall undertake the following responsibilities:

Engagement and Oversight of the Independent Auditors

The Committee shall have sole authority to select and retain, and to review and determine the engagement of, the independent auditor, including the scope of and plans for the audit, the adequacy of staffing and the compensation to be paid to the independent auditor.

The Committee shall have the sole authority to review and approve the retention of the independent auditor to perform any proposed permissible non-audit services, including the compensation to be paid therefor, authority for which is delegated to the chairperson; provided, that all approvals of non-audit services pursuant to the chairperson be presented to the full Committee at its next meeting for ratification.

The Committee shall review and assess the overall scope and focus of the annual audit, including the scope and level of involvement with unaudited quarterly or other interim-period information.

The Committee shall, on an annual basis, review, assess and report to the Board on the performance and qualifications of the independent auditor and the audit partner, taking into account the opinions of members of management and the Company's internal audit function.

The Committee shall, on an annual basis, review, assess and report to the Board on the independence of the independent auditor, taking into account the opinions of members of management and the Company's internal audit function and including an analysis of all non-audit services provided by the independent auditor and the effect, if any, on the independent auditor's independence. The Committee shall seek to obtain a written statement from the independent auditor delineating all relationships between the auditor and the Company consistent with Rule 3526 of the Public Company Accounting Oversight Board. Additionally, the Committee should seek to maintain an active dialogue with the independent auditor with respect to disclosed relationships or services that may impact auditor objectivity or independence and should take, or recommend to the full Board, appropriate action to ensure the continued independence of the independent auditor.

The Committee shall monitor the rotation of the partners of the independent auditor on the Company's audit engagement team as required by applicable law and regulation and shall consider periodically and adopt, if deemed appropriate, a policy regarding rotation of independent audit firms.

Oversight of the Internal Audit Function

The internal audit function (whether or not outsourced) shall be responsible to senior management, but have a direct reporting responsibility and an effective line of communication to the Board through the Committee.

The Committee shall review and assess the annual internal audit plan and the process used to develop the plan, status of activities, significant findings, recommendations and management's response.

The Committee shall regularly discuss with the independent auditor the responsibilities, budget and staffing of the internal audit function.

Senior management shall consult with the Committee regarding changes in the management of, and personnel within, the internal audit function.

Review the Internal Audit Guidelines as necessary, but no less frequent than once per year.

Oversight of Financial Reporting Compliance

Annual and Interim Financial Statements and Reports – The Committee shall review and consult with the independent auditor and management on the annual and interim financial statements and reports of the Company, including: (i) the independent auditor's assessment of the quality and appropriateness, not just acceptability, of accounting principles; (ii) the reasonableness of significant judgments and estimates (including material changes in estimates); (iii) any audit adjustments noted or proposed by the independent auditor (whether "passed" or implemented in the financial statements); (iv) the adequacy of the disclosures in the financial statements and reports; (v) the Company's disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations"; and (vi) any other matters required to be communicated to the Committee by the independent auditor under Auditing Standard No. 16, as adopted by the Public Company Accounting Oversight Board. The required review and consultation shall occur prior to the filing or distribution of such financial statements.

Internal Controls – The Committee shall review with the independent auditor, internal auditor and management the adequacy and effectiveness of the Company's internal control over financial reporting and disclosure controls and procedures, including: (i) management's certification in the Company's periodic reports filed with the SEC concerning the Company's disclosure controls and procedures and any reports by management or the independent auditor of a material weakness or significant deficiency in internal control over financial reporting; (ii) the actions taken to remedy any such material weakness or significant deficiency and any changes in circumstances that have, or are reasonably likely to have, a material effect on internal control over financial reporting; (iii) management's annual assessment of the adequacy of the Company's internal control over financial reporting; (iv) the independent auditor's annual attestation report regarding the Company's internal control over financial reporting; and (v) any identified act of fraud that involves management or other employees who have a significant role in the Company's internal control over financial reporting or disclosure controls and procedures.

Other Financial Disclosure – The Committee shall review and discuss earnings press releases, and shall establish procedures to review other financial information released publicly by the Company that the Committee deems appropriate for it to review.

Fraud and Regulatory Noncompliance – The Committee shall review and assess the performance of the internal and independent auditors with respect to their responsibility to detect accounting and reporting financial errors, fraud and defalcations, illegal acts, and noncompliance with the code of business conduct and ethics and regulatory requirements.

Regulatory Examinations – The Committee shall review and assess SEC inquiries and the results of examinations by other financial regulatory authorities in terms of important findings, recommendations and management’s response.

Financial Reporting – The Committee shall review with management and the independent auditor: (i) issues and risks that arise regarding accounting principles and financial statement presentation, including the adoption of new or material changes to existing critical accounting policies or to the application of those policies; (ii) the potential effect of alternative accounting policies available under GAAP; (iii) the potential impact of regulatory and accounting initiatives and any other significant reporting issues and judgments; (iv) any analyses prepared by management or the independent auditor with regard to the above and related auditor views; and (v) the appropriateness and acceptability of non-GAAP measures included in periodic reports or other public disclosures.

Auditor Recommendations – The Committee shall review and assess important internal and independent auditor recommendations on financial reporting, controls, other matters and management’s response.

Changes in Accounting Principles, Regulatory or Legal Matters – The Committee shall review and discuss with the independent auditor any changes in important accounting principles, regulatory or legal matters that could have a material impact on the Company’s financial statements and the application thereof to both annual and interim financial reports.

Communications – The Committee shall receive and review all required communications from the independent auditor.

Independent Auditor Review – Obtain and review a report from the independent auditor no less frequently than once per year regarding: (i) the independent auditor’s internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm; (iii) any steps taken to deal with any such issues; and (iv) all relationships between the independent auditor and the Company and any other relationships that may adversely affect the auditor’s independence.

The Committee shall evaluate the qualifications, performance and independence of the independent auditor, including discussing with the independent auditor any relationships or services that may impact the objectivity and independence of the independent auditor, considering whether the auditor’s quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor’s independence, taking into account the opinions of management and internal auditors. The chairperson shall present the Committee’s conclusions with respect to the independent auditor to the Board.

Conflicts and Disagreements Between the Independent Auditor and Management – The Committee shall regularly review with the independent auditor, and ultimately resolve, any significant conflicts or disagreements between management and the independent auditor regarding financial reporting, accounting practices or policies, including (a) problems or difficulties the independent auditor encountered in the course of the audit work, and (b) any restrictions on the scope of the independent auditor’s activities or on access to requested information.

Proxy Statement Reports – The Committee shall oversee the preparation of such reports regarding matters within the scope of the Committee’s role and responsibilities as may be required to be included in the Company’s annual proxy statement or other public filings under applicable rules and regulations, in particular the required information on services conducted and fees incurred by the independent auditor.

Conflicts of Interest – The Committee shall review and approve, on an ongoing basis, potential or actual conflicts of interest and related party transactions in accordance with Company’s Corporate Governance Guidelines and other policies and procedures developed and approved by the Committee from time to time.

Complaints and Concerns – The Committee shall establish and maintain procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters. The Committee shall also establish and maintain procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Legal Matters – The Committee shall periodically review, with the Company’s counsel, any matter that could have a significant impact on the Company’s financial statements.

Other Responsibilities

Information Technology – Discuss with management (including the senior information technology executive) the status of information technology systems on a periodic basis as determined by the Committee chairperson.

Tax Matters – Discuss with management (including the senior tax executive) tax matters affecting the Company on a periodic basis as determined by the Committee chairperson.

Audit Committee Charter – The Committee shall review, on an annual basis, the Audit Committee Charter and shall recommend any proposed changes that it determines are appropriate for approval by the full Board.

Committee Self-Assessment – The Committee shall review, discuss and assess periodically its own performance as well as the role and responsibilities of the Committee, seeking input from senior management, the full Board and other appropriate persons. Changes in the role and/or responsibilities of the Committee as outlined in this Charter, if any, shall be recommended to the full Board for approval.

Other Activities – The Committee shall perform any other activities consistent with this Charter, the Company’s bylaws and governing law, as the Committee or the Board deems necessary or appropriate.