



The Howard Hughes Corporation Reports Third Quarter 2011 Results

November 10, 2011

Third quarter 2011 net income was \$9.6 million, excluding the \$169.9 million non-cash warrant gain and \$(15.2) million of non-recurring charges, compared to net income of \$0.3 million, excluding a \$(16.5) million reorganization charge, for the third quarter of 2010. Land sales in our Master Planned Community segment were \$31.2 million for the third quarter 2011, compared to \$24.0 million for third quarter 2010. Net operating income for our income-producing Operating Assets was \$13.1 million for the third quarter 2011, compared to \$10.8 million for third quarter 2010. Howard Hughes entered into joint ventures to develop its Ala Moana, Bridges at Mint Hill and a portion of the Columbia Town Center properties. Completed a \$250.0 million flexible five-year financing for Ward Centers at a 3.45% interest rate.

DALLAS-- The Howard Hughes Corporation (NYSE: HHC) today announced its results for the third quarter of 2011, which includes the first full quarter of consolidated results for The Woodlands master planned community.

Net income attributable to common stockholders was \$164.3 million for the three months ended September 30, 2011, compared with net loss of \$(16.2) million for the three months ended September 30, 2010. Excluding the warrant gain, early extinguishment of debt and basis adjustments described below, net income attributable to common stockholders for the three months ended September 30, 2011 was \$9.6 million, or \$0.25 per diluted share. Third quarter 2011 net income includes a \$169.9 million non-cash gain relating to the decrease in estimated value of outstanding warrants during the quarter, a \$(11.3) million after-tax loss relating to the refinancing of \$209.5 million of mortgage debt carried on our books at a discount, and a non-cash \$(3.9) million after-tax loss to adjust the basis of our equity investment in The Woodlands prior to its consolidation. Diluted loss per common share was \$(0.14) for the three months ended September 30, 2011, compared with \$(0.43) per share for the same period in 2010. The warrant liability gain is not included in diluted earnings per share according to generally accepted accounting principles.

On July 1, 2011, we acquired our partner's 47.5% economic interest (represented by a 57.5% legal interest) in The Woodlands master planned community. The consideration consisted of \$20.0 million in cash paid at closing and a \$97.5 million non-interest bearing note due December 1, 2011. We intend to repay the note at maturity with cash on hand. We consolidated approximately \$591.5 million of assets and \$346.2 million of liabilities, including \$271.2 million of net debt, as of the acquisition date. Prior to the acquisition of our partner's interest, The Woodlands was accounted for as a non-consolidated equity investment. As part of the consolidation, we eliminated the \$134.8 million carrying value of our pre-existing non-controlling interest in The Woodlands, which resulted in a \$(3.9) million after-tax book basis adjustment loss. Howard Hughes is in the process of integrating The Woodlands' operations.

For comparative purposes, MPC land sales and Operating Assets NOI relating to The Woodlands are presented in our Supplemental Information and discussion of results as if we owned 100% of The Woodlands during the periods being compared. We also include the commercial real estate assets of The Woodlands in the Operating Assets segment. These properties in prior periods had been included in the MPC segment. For a reconciliation of Operating Assets NOI to Operating Assets earnings before taxes (EBT), Operating Assets EBT to GAAP-basis loss from continuing operations, and segment-basis MPC land sales revenue to GAAP-basis land sales revenue, please refer to the Supplemental Information contained in this earnings release.

Land sales in our Master Planned Communities (MPC) segment, excluding deferred land sales and other revenue, were \$31.2 million for the third quarter 2011, a \$7.2 million increase over \$24.0 million of land sales for the third quarter 2010. Our former partner's share of The Woodlands land sales of \$18.4 million for the third quarter 2010 was approximately \$8.7 million. The Woodlands third quarter 2011 residential and commercial lot sales increased approximately \$5.4 million over the prior year, primarily due to higher lot sales volume in the third quarter 2011. Bridgeland sales velocity and average price per lot also continued to increase, with third quarter and year-to-date 2011 lot sales increasing by 16 and 51 lots, to 103 and 260 lots, respectively, over the same periods in 2010. Both Bridgeland and The Woodlands are benefitting from a strong Houston, Texas new home sales market. Summerlin had no lot sales for the third quarter 2011 as builder demand remains unpredictable, reflecting continuing difficult economic and residential housing market conditions in the Las Vegas, Nevada area.

Our Operating Assets segment now includes the commercial real estate properties of The Woodlands. Net operating income (NOI) from the combined retail, office and resort and conference center properties, including our share of the NOI of our non-consolidated ventures, was \$13.1 million for the three months ended September 30, 2011, compared with \$10.8 million for the

three months ended September 30, 2010. Other commercial properties, including two parking garages, ground leases and a private golf club located at The Woodlands, generated a \$(2.3) million NOI loss for the third quarter 2011, compared with a \$(0.5) million loss for the third quarter 2010.

During the second half of 2011, The Howard Hughes Corporation entered into agreements with partners to pursue development opportunities for its Ala Moana condominium rights and Bridges at Mint Hill property, and an agreement to develop apartments on a land parcel located at Columbia Town Center. The joint venture agreements for the Ala Moana and Columbia Town Center projects contemplate The Howard Hughes Corporation having an equal interest with its local development partner. We expect to be the majority equity partner in the Bridges at Mint Hill development. Our equity in the ventures will consist of the value of the condominium rights for Ala Moana and the value of the land for Columbia and Bridges at Mint Hill joint ventures. All of these joint venture development opportunities are contingent upon the approval of the applicable development plans by the various parties and obtaining financing for the development and construction of the projects. At this time, we have agreed with our partners to jointly conduct pre-development activities, and there can be no assurance that any of these ventures will result in actual development or construction.

David R. Weinreb, CEO of The Howard Hughes Corporation, stated, "We are pleased to be working with three high quality local partners to develop and unlock the value of these assets. Market conditions appear to be favorable for these developments, and we currently believe that construction for each could begin by 2013."

Mr. Weinreb continued, "The progress our development and leasing teams are making on creating plans for several of our assets continues to affirm my view about the substantial opportunities in our company. The development planning for many of our other assets, such as Ward Centers and South Street Seaport, is ongoing, and we will announce more specific development plans as they are finalized."

ABOUT THE HOWARD HUGHES CORPORATION

The Howard Hughes Corporation owns, manages and develops commercial, residential and mixed-use real estate throughout the country. Created from a selected subset of 34 assets previously held by General Growth Properties, the company's properties include master planned communities, operating properties, development opportunities and other unique assets spanning 18 states from New York to Hawaii. The Howard Hughes Corporation is traded on the New York Stock Exchange as HHC, and is headquartered in Dallas, Texas. For more information about HHC, visit www.howardhughes.com.

Safe Harbor Statement

Statements made in this press release that are not historical facts, including statements accompanied by words such as "will," "believe," "expect," "enables," "realize" or similar words, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's expectations, estimates, assumptions, and projections as of the date of this release and are not guarantees of future performance. Actual results may differ materially from those expressed or implied in these statements. Factors that could cause actual results to differ materially are set forth as risk factors in The Howard Hughes Corporation's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2010 and its Quarterly Reports on Form 10-Q. The Howard Hughes Corporation cautions you not to place undue reliance on the forward-looking statements contained in this release. The Howard Hughes Corporation does not undertake any obligation to publicly update or revise any forward-looking statements to reflect future events, information or circumstances that arise after the date of this release.

THE HOWARD HUGHES CORPORATION

CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
	(Consolidated)	(Combined)	(Consolidated)	(Combined)
	(In thousands, except per share amounts)			
Revenues:				
Master Planned Community land sales	\$ 33,246	\$ 7,297	\$ 74,786	\$ 14,686
Builder price participation	2,145	1,148	3,263	3,343
Minimum rents	19,403	16,349	53,098	50,349
Tenant recoveries	5,399	4,637	14,538	13,891
Condominium unit sales	9,071	-	19,495	-
Resort and conference center revenues	7,200	-	7,200	-
Other land revenues	3,886	1,589	7,382	4,112
Other rental and property revenues	6,540	1,440	11,051	5,500
Total revenues	86,890	32,460	190,813	91,881
Operating Expenses:				
Master Planned Community cost of sales	27,035	3,751	51,909	7,001

Master Planned Community operations	7,398	6,306	17,611	23,653
Rental property real estate taxes	1,639	4,131	8,064	11,161
Rental property maintenance costs	2,341	1,484	5,467	4,766
Condominium unit cost of sales	5,470	-	13,723	-
Resort and conference center operations	6,352	-	6,352	-
Other property operating costs	16,964	8,994	36,028	27,195
Provision for doubtful accounts	275	744	590	1,101
General and administrative	9,990	3,467	23,581	12,463
Provisions for impairment	-	92	-	578
Depreciation and amortization	7,208	4,109	13,592	12,535
Total operating expenses	84,672	33,078	176,917	100,453
Operating income (loss)	2,218	(618)	13,896	(8,572)
Interest income	2,341	59	7,097	118
Interest expense	-	(681)	-	(1,888)
Early extinguishment of debt	(11,305)	-	(11,305)	-
Warrant liability gain	169,897	-	100,762	-
Investment in real estate affiliate basis adjustment	(6,053)	-	(6,053)	-
Equity in earnings from Real Estate Affiliates	166	1,222	7,787	6,394
Income (loss) before taxes and reorganization items	157,264	(18)	112,184	(3,948)
Benefit (provision) for income taxes	7,760	350	4,344	(17,603)
Reorganization items	-	(16,515)	-	(43,129)
Net income (loss)	165,024	(16,183)	116,528	(64,680)
Net income attributable to noncontrolling interests	(729)	(47)	(777)	(121)
Net income (loss) attributable to common stockholders	\$ 164,295	\$ (16,230)	\$ 115,751	\$ (64,801)
Basic Income (Loss) Per Share:	\$ 4.33	\$ (0.43)	\$ 3.05	\$ (1.72)
Diluted Income (Loss) Per Share:	\$ (0.14)	\$ (0.43)	\$ 0.38	\$ (1.72)
Comprehensive Income (Loss), Net of Tax:				
Net income (loss)	\$ 165,024	\$ (16,183)	\$ 116,528	\$ (64,680)
Other comprehensive income (loss):				
Interest rate swap (a)	(2,024)	-	(2,772)	-
Pension plan adjustment	-	88	-	188
Other comprehensive income (loss)	(2,024)	88	(2,772)	188
Comprehensive income (loss)	163,000	(16,095)	113,756	(64,492)
Comprehensive income attributable to noncontrolling interests	(729)	(47)	(777)	(121)
Comprehensive income (loss) attributable to common stockholders	\$ 162,271	\$ (16,142)	\$ 112,979	\$ (64,613)

(a) Net of deferred tax expense of \$1.1 million during both the three and nine months ended September 30, 2011.

THE HOWARD HUGHES CORPORATION
CONSOLIDATED BALANCE SHEETS

	September 30, 2011	December 31, 2010
Assets:		
Investment in real estate:		
Master Planned Community assets	\$ 1,611,125	\$ 1,350,648
Land	259,557	180,976

(In thousands, except share amounts)

Buildings and equipment	523,871		343,006	
Less accumulated depreciation	(94,771	)	(83,390)
Developments in progress	190,287		293,403	
Net property and equipment	2,490,069		2,084,643	
Investment in Real Estate Affiliates	61,214		149,543	
Net investment in real estate	2,551,283		2,234,186	
Cash and cash equivalents	293,363		284,682	
Accounts receivable, net	15,555		8,154	
Municipal Utility District receivables	110,054		28,103	
Notes receivable, net	39,141		38,954	
Tax indemnity receivable, including interest	329,668		323,525	
Deferred expenses, net	7,899		6,619	
Prepaid expenses and other assets	130,013		98,484	
Total assets	\$ 3,476,976		\$ 3,022,707	
Liabilities:				
Mortgages, notes and loans payable	\$ 708,172		\$ 318,660	
Deferred tax liabilities	72,339		78,680	
Warrant liabilities	128,586		227,348	
Uncertain tax position liability	146,985		140,076	
Accounts payable and accrued expenses	122,079		78,836	
Total liabilities	1,178,161		843,600	
Commitments and Contingencies				
Equity:				
Preferred stock: \$.01 par value; 50,000,000 shares authorized, none issued	-		-	
Common stock: \$.01 par value; 150,000,000 shares authorized,	-		-	
37,942,107 shares issued and outstanding as of September 30, 2011 and	-		-	
37,904,506 shares issued and outstanding as of December 31, 2010	379		379	
Additional paid-in capital	2,710,536		2,708,036	
Accumulated deficit	(412,754	)	(528,505)
Accumulated other comprehensive loss	(4,399	)	(1,627)
Total stockholders' equity	2,293,762		2,178,283	
Noncontrolling interests	5,053		824	
Total equity	2,298,815		2,179,107	
Total liabilities and equity	\$ 3,476,976		\$ 3,022,707	

Supplemental Information

September 30, 2011

As our three segments, Master Planned Communities, Operating Assets and Strategic Developments, are managed separately, different operating measures are utilized to assess operating results and allocate resources. The one common operating measure used to assess operating results for our business segments is real estate property earnings before taxes ("EBT") which represents the operating revenues of the properties less property operating expenses. EBT is defined as net income (loss) from continuing operations as adjusted for: (1) reorganization items; (2) income tax provision (benefit); (3) warrant liability expense; and (4) general and administrative costs. The net income from our Real Estate Affiliates, at our proportionate share, is similarly adjusted for items (1) through (4) immediately above. Management believes that EBT provides useful information about the operating performance of all our assets, projects and property. However, EBT should not be considered as an alternative to GAAP net income (loss) attributable to common stockholders or GAAP net income (loss) from continuing operations.

(In thousands)	Three Months Ended September		Nine Months Ended September 30,	
	2011	2010	2011	2010
Reconciliation of EBT to GAAP-basis				
income (loss) from continuing operations				

Real estate property EBT:

Master Planned Communities	\$ 10,693	\$ 6,642	\$ 40,443	\$ 14,220
Operating Assets	(10,816)	766	4,164	5,480
Strategic Developments	3,367	(3,088)	2,839	(7,553)
Segment basis	\$ 3,244	\$ 4,320	\$ 47,446	\$ 12,147
Real Estate Affiliates	-	(2,093)	(10,282)	(10,026)
Segment EBT	3,244	2,227	37,164	2,121
General and administrative	(9,990)	(3,467)	(23,581)	(12,463)
Warrant liability gain	169,897	-	100,762	-
Benefit (provision) for income taxes	7,760	350	4,344	(17,603)
Equity in earnings from Real Estate Affiliates	166	1,222	3,892 (a)	6,394
Investment in real estate affiliate basis adjustment	(6,053)	-	(6,053)	-
Reorganization items	-	(16,515)	-	(43,129)
Income (loss)	\$ 165,024	\$ (16,183)	\$ 116,528	\$ (64,680)

(a) The segment EBT includes a \$3.9 million dividend from Summerlin Hospital Medical Center. The dividend is reflected in equity in earnings from Real Estate Affiliates.

MPC Sales Summary

		Land Sales *		Acres Sold		Number of Lots/Units		Price per acre		Price per lot	
		2011	2010	2011	2010	Three Months Ended September 30,		2011	2010	2011	2010
		2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
(\$ in thousands)											
Residential Land Sales											
Maryland - Columbia	Single family - detached	\$ 630	\$ -	0.5	-	3	-	\$ 1,260	\$ -	\$ 210	\$ -
Maryland - Columbia	Townhomes	1,697	-	0.5	-	12	-	n/a	n/a	141	-
Bridgeland	Single family - detached	5,149	4,201	20.3	17.0	103	87	254	247	50	48
Summerlin	Single family - detached	-	-	-	-	-	-	-	-	-	-
	Custom lots	-	1,362	-	1.0	-	2	-	1,362	-	681
The Woodlands	Single family - detached	19,043	11,486	53.5	29.6	216	105	356	388	88	109
	Single family - attached	887	-	2.3	-	34	-	386	-	26	-
	Subtotal	\$ 27,406	\$ 17,049	77.1	47.6	368	194				

Commercial Land Sales

The Woodlands	Office and other	\$ -	\$ 6,905	-	11.3	-	611
	Apartments and assisted living	1,839	-	5.3	-	347	-
	Retail	2,001	-	5.0	-	400	-
	Subtotal	3,840	6,905	10.3	11.3		
	Total acreage sales revenue	31,246	23,954				
	Deferred revenue	2,000	1,709				
	Special Improvement District revenue	-	28				
	Total segment land sales revenue	\$ 33,246	\$ 25,691				
	Less: Real Estate Affiliates land sales revenue	-	(18,394)				
	Total land sales revenue- GAAP basis	\$ 33,246	\$ 7,297				

* Land sales do not include \$2.1 million and \$2.3 million of builder price participation revenue for the three months ended September 30, 2011 and 2010, respectively. Prior year amount includes The Woodlands at 100%.

		Land Sales *		Acres Sold		Number of Lots/Units		Price per acre		Price per lot	
		Nine Months Ended September 30,									
		2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
(\$ in thousands)											
Residential Land Sales											
Maryland - Columbia	Single family - detached	\$ 1,480	\$ -	1.4	-	7	-	\$ 1,057	\$ -	\$ 211	\$ -
Maryland - Columbia	Townhomes	3,311	-	1.0	-	24	-	n/a	n/a	138	-
Bridgeland	Single family - detached	13,846	10,391	52.2	40.9	260	209	265	254	53	50
Summerlin	Single family - detached	25,504	-	62.4	-	312	-	409	-	82	-
	Custom lots	-	1,362	-	1.0	-	2	-	1,362	-	681
The Woodlands	Single family - detached	53,261	48,419	149.8	140.6	610	565	356	344	87	86
	Single family - attached	887	988	2.3	3.5	34	52	386	282	26	19
	Subtotal	\$ 98,289	\$ 61,160	269.1	186.0	1,247	828				
Commercial Land Sales											
Summerlin	Not-for-profit	\$ 3,615	\$ -	16.0	-			226	-		
The Woodlands	Office and other	\$ 1,800	\$ 10,709	3.2	21.3			563	503		
	Apartments and assisted living	1,839	-	5.3	-			347	-		
	Retail	5,115	4,470	10.5	14.7			487	304		
	Subtotal	12,369	15,179	35.0	36.0						

Total acreage sales revenue	110,658	76,339
Deferred revenue	(769)	2,818
Deferred revenue - Woodlands	6,285	(97)
Special Improvement District revenue	4,028	28
Total segment land sales revenue	\$ 120,202	\$ 79,088
Less: Real Estate Affiliates land sales revenue	(45,416)	(64,402)
Total land sales revenue- GAAP basis	\$ 74,786	\$ 14,686

* Land sales do not include \$5.7 million and \$6.2 million of builder price participation revenue for the nine months ended September 30, 2011 and 2010, respectively. Such amounts include The Woodlands at 100%.

Operating Assets Net Operating Income ("NOI")

The Company believes that NOI is a useful supplemental measure of the performance of its Operating Assets. We define NOI as property specific revenues (rental income, tenant recoveries and other income) less expenses (real estate taxes, repairs and maintenance, marketing and other property expenses) and excluding the operations of properties held for disposition. NOI also excludes straight line rents, market lease amortization, impairments, depreciation and other amortization expense. Other real estate companies may use different methodologies for calculating NOI, and accordingly, the NOI of our Operating Assets may not be comparable to other real estate companies.

The Company also believes that NOI provides a performance measure that, when compared year over year, reflects the revenues and expenses directly associated with owning and operating real estate properties and the impact on operations from trends in occupancy rates, rental rates, and operating costs. This measure thereby provides an operating perspective not immediately apparent from GAAP continuing operations or net income attributable to common stockholders. The Company uses NOI to evaluate its operating performance on a property-by-property basis because NOI allows the Company to evaluate the impact that factors such as lease structure, lease rates and tenant base, which vary by property, have on the Company's operating results, gross margins and investment returns. NOI should only be used as an alternative measure of the financial performance of such assets and not as an alternative to GAAP income (loss) from continuing operations, operating income (loss) or net income (loss) available to common stockholders.

	Net Operating Income (NOI) Three Months Ended September 30,		Net Operating Income (NOI) Nine Months Ended September 30,	
	2011	2010	2011	2010
(In thousands)				
Operating Assets				
Retail				
Ward Centers	\$ 5,630	\$ 5,565	\$ 16,449	\$ 17,219
South Street Seaport	1,502	787	3,150	2,952
Rio West Mall	287	444	963	1,480
Landmark Mall	83	287	553	1,149
Riverwalk Marketplace	194	(117)	590	605
Cottonwood Square	83	114	299	373
Park West	159	87	490	255
20/25 Waterway Avenue	377	113	902	457
Waterway Garage Retail	(8)	-	6	-
Total Retail	8,307	7,280	23,402	24,490
Office				
110 N. Wacker	1,526	1,530	4,586	4,589
Columbia Office Properties	259	660	2,033	2,133
4 Waterway Square	425	45	1,102	(161)

9303 New Trails	299		330		852		831
1400 Woodloch Forest	239		245		649		756
2201 Lake Woodlands Drive	83		84		249		239
Total Office	2,831		2,894		9,471		8,387
The Woodlands Resort and Conference Center	848		317		6,051		3,913
Total Retail, Office, Resort and Conference Center	11,986		10,491		38,924		36,790
The Club at Carlton Woods	(1,420)	)	(1,512)	)	(3,932)	)	(4,161)
The Woodlands Parking Garages	(469)	)	(201)	)	(902)	)	(578)
The Woodlands Ground leases	97		91		310		263
Other properties	(508)	) (a)	1,073		5,453	(b)	3,096
Total Other	(2,300)	)	(549)	)	929		(1,380)
Total Operating Assets NOI	9,686		9,942		39,853		35,410
Straight-line and market lease amortization rent	506		(24)	)	1,356		466
Provisions for impairment	-		(92)	)	-		(522)
Early extinguishment of debt	(11,305)	)	-		(11,305))	-
Depreciation and amortization	(6,942)	)	(5,808)	)	(16,958)	)	(17,530)
Equity in earnings from nonconsolidated affiliates	132		(122)	)	(352)	)	(14)
Interest, net	(2,893)	)	(4,207)	)	(7,766)	)	(13,650)
Less: Partners' share of Operating Assets EBT	-		1,076		(664)	)	1,320
Operating Assets EBT (100% Owned)	(10,816)	)	765		4,164		5,480
Operating Assets NOI - Equity Method Investments							
Millennium Waterway Apartments	\$ 779		\$ (175)	)	\$ 741		\$ (24)
Woodlands Sarofim #1	364		394		1,138		1,177
Stewart Title (title company)	323		354		667		784
Forest View/Timbermill Apartments	465		409		1,317		1,198
Total NOI -- equity investees of September 30, 2011 (c)	1,931		982		3,863		3,135
Adjustments to NOI	(1,411)	) (d)	(833)	) (d)	(3,748)	) (d)	(2,140)
Net Income	520		149		115		995
Less: JV Partner's Share of Net Income	(388)	)	(381)	)	(905)	)	(1,022)
The Woodlands Share of Net Income	132		(232)	)	(790)	)	(27)
Equity in earnings from nonconsolidated affiliates	132		(122)	)	(352)	)	(14)
(adjusted for The Company's ownership of The Woodlands)							
	Economic Ownership		September 30, 2011		Debt		Cash
Millennium Waterway Apartments	83.55	%	\$ 47,175		\$ 1,720		
Woodlands Sarofim #1	20.00	%	7,153		665		
Stewart Title (title company)	50.00	%	-		236		
Forest View/Timbermill Apartments	50.00	%	5,840		-		

- (a) Includes \$0.5 million loss associated with the Golf Courses at Summerlin.
- (b) Includes \$3.9 million dividends from Summerlin Hospital Medical Center.
- (c) Our share of equity investees' NOI is \$1.1 million and \$0.3 million for the three months ended September 30, 2011 and 2010, respectively, and \$1.8 million and \$1.2 million for the nine months ended September 30, 2011 and 2010, respectively.
- (d) Adjustments to NOI include straight-line and market lease amortization, depreciation and amortization and non-real estate taxes.

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Source: The Howard Hughes Corporation