



The Howard Hughes Corporation Reports Second Quarter 2011 Results

August 9, 2011

Second quarter 2011 net income was \$9.1 million, excluding the \$56.9 million non-cash gain relating to a decrease in the estimated liability associated with the Company's warrants, compared to net loss of \$(28.0) million for the same period in the prior year. Second quarter 2011 net income attributable to common stockholders was \$66.0 million. Master Planned Community land sales, including our share of the sales at The Woodlands joint venture, were \$31.1 million for second quarter 2011, compared to \$16.5 million for second quarter 2010. Net operating income for our Operating Assets was \$10.4 million for second quarter 2011, compared to \$11.2 million for second quarter 2010. Acquisition of partner's interest in The Woodlands master planned community completed on July 1, 2011.

DALLAS-- The Howard Hughes Corporation (NYSE: HHC) today announced its results for the second quarter 2011.

Net income attributable to common stockholders was \$66.0 million, or \$0.22 per diluted common share, for the three months ended June 30, 2011 compared with net loss of \$(28.0) million, or \$(0.74) per share, for the three months ended June 30, 2010. Net income attributable to common stockholders for the second quarter 2011 includes a \$56.9 million non-cash gain relating to the decrease in estimated value of outstanding warrants during the second quarter of 2011. Excluding the non-cash warrant gain, net income attributable to common stockholders is \$9.1 million, or \$0.22 per diluted common share.

Master Planned Community (MPC) land sales, including our 52.5% economic proportionate share of The Woodlands land sales, were \$31.1 million for the second quarter 2011, a \$14.6 million increase over \$16.5 million of land sales for the second quarter 2010. Summerlin MPC's \$11.4 million of residential lot sales in the second quarter 2011 were responsible for a majority of the increase over 2010. Summerlin had no land sale revenue in the second quarter 2010 due to weaker Las Vegas real estate market conditions in the prior year. Bridgeland second quarter 2011 land sale revenues increased to \$5.0 million compared to \$3.3 million for second quarter 2010.

On July 1, 2011, Howard Hughes acquired its partner's 57.5% legal interest in The Woodlands for \$117.5 million, consisting of \$20.0 million cash paid at closing and a \$97.5 million non-interest bearing note due December 1, 2011. The Woodlands generated \$24.4 million of total land sales revenues for the three months ended June 30, 2011 compared with \$22.4 million of land sales for the three months ended June 30, 2010.

Howard Hughes' thirteen Operating Assets generated \$10.4 million of net operating income (NOI) for the three months ended June 30, 2011, a \$0.8 million decrease compared to the second quarter 2010. The decrease from the second quarter 2010 was principally due to the receipt in 2010 of approximately \$0.4 million of past due percentage rent from a tenant at Riverwalk Marketplace, one-time special events revenues totaling approximately \$0.3 million at South Street Seaport in the second quarter 2010 relating to World Cup Soccer events, approximately \$0.3 million lower rental revenues at Ward Centers for second quarter 2011 relating to a tenant in liquidation, and higher energy costs. The decreases were partially offset by new leasing activity and lower property tax expenses at our Operating Assets for the second quarter 2011.

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.

Since late 2010, the Howard Hughes Corporation, has been conducting a process to assess the opportunities for its assets that will require re-positioning or development to maximize their value. Many of the properties have unique attributes and are extremely complex due to their size, zoning and other approvals needed to maximize value. Based on results to date of the ongoing review, the Company is creating development plans for several of its assets and determining how to finance their completion. Each of these properties has a team comprised of seasoned development, leasing, architectural and construction professionals assigned to create development plans based upon our evaluation of the opportunities for each asset.

David R. Weinreb, CEO of The Howard Hughes Corporation, stated, "During the second quarter we filled out our senior management and development teams with seasoned professionals having records of accomplishments at their predecessor companies, all of whom are focused on unlocking opportunities within our asset base. Later this year we expect to be able to

announce specific plans for certain of our properties for which we are actively formalizing development plans.”

Mr. Weinreb continued, “We are integrating our pre-existing master planned community business with The Woodlands, and are excited about the potential synergies from combining the operations of two of the leading MPC developers in the U.S. We believe that The Woodlands acquisition will provide attractive strategic and financial benefits to Howard Hughes.”

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.

Master Planned Communities

The Howard Hughes Corporation owns, develops, and sells property in four master planned communities that include over 14,000 acres of marketable land. Howard Hughes' MPC portfolio includes The Woodlands and Bridgeland in Houston, TX; Maryland Communities in Columbia, MD; and Summerlin in Las Vegas, NV.

The Woodlands is considered one of the most successful large-scale master planned communities in the U.S., comprising over 28,000 acres with over 92,000 residents and 1,700 employers. The Woodlands currently has approximately 960 acres of unsold land for residential development and approximately 935 acres of undeveloped land for commercial use. The Woodlands also has full or partial ownership interests in commercial properties totaling approximately 605,121 square feet of office space, 71,232 square feet of retail, 865 rental apartment units, and also owns and operates a 440 room conference center facility and a 36-hole country club.

Bridgeland, approximately 30 miles southwest of The Woodlands, encompasses more than 11,400 acres, with a plan including a carefully designed network of trails totaling over 60 miles that will provide pedestrian connectivity to distinct residential villages. The community will feature over 3,000 acres of unique waterways, lakes, trails, parks and open space, as well as an expansive town center with room for employment, retail, educational and entertainment facilities.

Maryland Communities of Columbia, Emerson and Fairwood combined account for more than 16,000 acres. Columbia is embarking on a new phase in its growth with the launch of a 30-year master plan development of downtown Columbia. Columbia Town Center has an approved master plan to create up to 13 million square feet of mixed-use development. The plan includes up to 5,500 residential units, approximately one million square feet of retail, five million square feet of commercial office space and 640 hotel rooms.

Summerlin spans the western rim of the Las Vegas Valley and is located about 7.5 miles from the Strip; the 22,500-acre community offers the best of suburban living with all the amenities and accessibility to world-class dining, shopping and entertainment. Home to nearly 100,000 residents Summerlin is comprised of hundreds of neighborhoods and dozens of villages—all connected by a 150-mile-long trail system and nearly 150 parks. The Shops at Summerlin Center is a retail project with the potential to be developed with retail, office, hotel and multi-family residential.

Operating Assets

The Howard Hughes Corporation's operating assets are primarily retail properties including Ward Centers (Honolulu, Hawaii), South Street Seaport (Manhattan, N.Y.), Landmark Mall (Alexandria, Va.), Park West (Peoria, Ariz.), Rio West Mall (Gallup, N.M.), Riverwalk Marketplace (New Orleans, La.) and Cottonwood Square (Salt Lake City, Utah).

Strategic Development Opportunities

The Howard Hughes Corporation owns an unparalleled pipeline of near, mid and long-term real estate with over 21,000,000 square feet of future development. These range from Summerlin Centre in Las Vegas, NV; Bridges at Mint Hill in Charlotte, NC; and Ala Moana Tower in Honolulu.

For more information on the company, please visit our website at: www.howardhughes.com or contact Kay Weinmann via e-mail at kay.weinmann@howardhughes.com or by telephone at (214) 741-7744.

Safe Harbor Statement

Statements made in this press release that are not historical facts, including statements accompanied by words such as “will,” “believe,” “expect” or similar words, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements in this press release related to future operating performance, the creation of long-term value for our stockholders and progress on some of the Company's larger developments are forward-looking statements. 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. 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		Six Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
	(Consolidated)	(Combined)	(Consolidated)	(Combined)
	(In thousands, except per share amounts)			
Revenues:				
Master Planned Community land sales	\$ 18,148	\$ 4,174	\$ 41,540	\$ 7,388
Builder price participation	597	1,451	1,118	2,195
Minimum rents	16,976	16,969	33,695	34,000
Tenant recoveries	4,615	4,433	9,139	9,252
Condominium unit sales	6,660	-	10,424	-
Other land sale revenues	2,248	1,412	3,496	2,524
Other rental and property revenues	1,579	2,190	4,512	4,060
Total revenues	50,823	30,629	103,924	59,419
Operating Expenses:				
Master Planned Community cost of sales	9,438	1,924	24,874	3,250
Master Planned Community land sales operations	4,585	8,856	10,213	17,347
Rental property real estate taxes	2,952	4,051	6,426	7,029
Rental property maintenance costs	1,566	1,439	3,125	3,283
Condominium unit cost of sales	5,272	-	8,252	-
Property operating costs	9,473	9,729	19,065	18,201
Provision for doubtful accounts	304	256	315	357
General and administrative	8,359	4,861	13,591	8,996
Provisions for impairment	-	208	-	486
Depreciation and amortization	3,185	3,975	6,384	8,425
Total operating expenses	45,134	35,299	92,245	67,374
Operating income (loss)	5,689	(4,670)	11,679	(7,955)
Interest income	2,244	-	4,756	59
Interest expense	-	(541)	-	(1,207)
Warrant liability gain (loss)	56,910	-	(69,135)	-
Income (loss) before income taxes, income from Real Estate Affiliates, reorganization items and noncontrolling interests	64,843	(5,211)	(52,700)	(9,103)
Provision for income taxes	(958)	(16,467)	(3,415)	(17,953)
Income from Real Estate Affiliates	2,108	3,680	7,621	5,172
Reorganization items	-	(10,019)	-	(26,614)
Income (loss) from continuing operations	65,993	(28,017)	(48,494)	(48,498)
Net income attributable to noncontrolling interests	(20)	(25)	(48)	(73)
Net income (loss) attributable to common stockholders	\$ 65,973	\$ (28,042)	\$ (48,542)	\$ (48,571)
Basic Income (Loss) Per Share:	\$ 1.74	\$ (0.74)	\$ (1.28)	\$ (1.29)
Diluted Income (Loss) Per Share:	\$ 0.22	\$ (0.74)	\$ (1.28)	\$ (1.29)

Comprehensive Income (Loss), Net:

Net income (loss)	\$ 65,993	\$ (28,017)	\$ (48,494)	\$ (48,498)
Other comprehensive income (loss):				
Interest rate swap	(748)	-	(748)	-
Pension adjustment	(63)	(311)	(128)	99
Other comprehensive income (loss)	(811)	(311)	(876)	99
Comprehensive income (loss)	65,182	(28,328)	(49,370)	(48,399)
Comprehensive loss attributable to noncontrolling interests	(20)	(25)	(48)	(73)
Comprehensive income (loss) attributable to common stockholders	\$ 65,162	\$ (28,353)	\$ (49,418)	\$ (48,472)

THE HOWARD HUGHES CORPORATION

CONSOLIDATED BALANCE SHEETS

	June 30, 2011	December 31, 2010
(In thousands, except share amounts)		
Assets:		
Investment in real estate:		
Master Planned Community assets	\$ 1,348,138	\$ 1,350,648
Land	180,976	180,976
Buildings and equipment	344,636	343,006
Less accumulated depreciation	(88,894)	(83,390)
Developments in progress	292,550	293,403
Net property and equipment	2,077,406	2,084,643
Investment in Real Estate Affiliates	153,133	149,543
Net investment in real estate	2,230,539	2,234,186
Cash and cash equivalents	275,956	284,682
Accounts receivable, net	7,039	8,154
Notes receivable	37,405	38,954
Tax indemnity receivable, including interest	327,444	323,525
Deferred expenses, net	5,903	6,619
Prepaid expenses and other assets	141,145	126,587
Total assets	\$ 3,025,431	\$ 3,022,707
Liabilities:		
Mortgages, notes and loans payable	\$ 306,668	\$ 318,660
Deferred tax liabilities	79,267	78,680
Warrant liabilities	298,483	227,348
Uncertain tax position liability	144,255	140,076
Accounts payable and accrued expenses	65,839	78,836
Total liabilities	894,512	843,600
Commitments and Contingencies		
Equity:		
Stockholders' Equity:		
Common stock: \$.01 par value; 100,000,000 shares authorized, 37,942,107 shares issued and outstanding as of June 30, 2011 and 37,904,506 shares issued and outstanding as of December 31, 2010	379	379
Additional paid-in capital	2,709,281	2,708,036
Accumulated deficit	(577,047)	(528,505)
Accumulated other comprehensive loss	(2,503)	(1,627)
Total stockholders' equity	2,130,110	2,178,283
Noncontrolling interests	809	824

Total equity	2,130,919	2,179,107
Total liabilities and equity	\$ 3,025,431	\$ 3,022,707

Supplemental Information

June 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.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
(In thousands)	2011	2010	2011	2010
EBT by segment and reconciliation of EBT to GAAP-basis income (loss) from continuing operations				
Real estate property EBT:				
MPC segment	\$ 11,221	\$ 4,543	\$ 21,054	\$ 5,492
Operating Assets segment	8,092	2,655	18,594	4,638
Strategic Developments segment	(205)	(3,431)	(1,032)	(4,465)
Real Estate Affiliates	(2,816)	(4,117)	(8,590)	(5,772)
Consolidated properties	16,292	(350)	30,026	(107)
General and administrative	(8,359)	(4,861)	(13,591)	(8,996)
Warrant liability gain (loss)	56,910	-	(69,135)	-
Provision for income taxes	(958)	(16,467)	(3,415)	(17,953)
Income from Real Estate Affiliates	2,108	3,680	7,621	5,172
Reorganization costs	-	(10,019)	-	(26,614)
Income (loss) from continuing operations	\$ 65,993	\$ (28,017)	\$ (48,494)	\$ (48,498)

MPC Sales Summary

	Land Sales		Acres Sold		Number of Lots/Units		Price per acre		Price per lot	
	Three Months Ended June 30,		June 30,		2011		2010		2011	
(\$ in thousands)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Residential Land Sales										
Maryland - Columbia Single family - detached	\$ 850	\$ -	0.9	-	4	-	\$ 944	\$ -	\$ 213	\$ -
Maryland - Columbia Townhomes	675	-	0.2	-	5	-	n/a	n/a	135	-
Bridgeland Single family - detached	4,976	3,320	18.9	13.4	94	70	263	248	53	47

Summerlin	Single family - detached	11,428	-	27.9	-	116	-	410	-	99	-
The Woodlands	Single family - detached	17,089	17,583	42.4	50.4	177	196	403	349	97	90
	Single family - attached	-	988	-	3.5	-	52	-	282	-	19
	Subtotal	\$ 35,018	\$ 21,891	90.3	67.3	396	318				

Commercial Land Sales

The Woodlands	Office and other	\$ 4,206	\$ 3,804	10.1	10.0			416	380		
	Retail	3,115	-	5.5	-			566	-		
	Subtotal	7,321	3,804	15.6	10.0						
Total acreage sales revenue		42,339	25,695								
Deferred revenue		(928)	854								
Deferred revenue - Woodlands		167	536								
Special Improvement District revenue		1,147	-								
Venture partner's share of The Woodlands Partnerships acreage sales		(11,595)	(10,629)								
Total segment land sales revenue		\$ 31,130	\$ 16,456								
Total segment land sales revenue		\$ 31,130	\$ 16,456								
Less: Real Estate Affiliates land sales revenue		(12,982)	(12,282)								
Total land sales revenue - GAAP basis		\$ 18,148	\$ 4,174								

		Land Sales		Acres Sold		Number of Lots/Units		Price per acre		Price per lot	
		Six Months Ended June 30,									
		2011	2010	2011	2010	2011	2010	2011	2010	2011	2010

(\$ in thousands)

Residential Land Sales

Maryland - Columbia	Single family - detached	\$ 850	\$ -	0.9	-	4	-	\$ 944	\$ -	\$ 213	\$ -
	Townhomes	1,615	-	0.5	-	12	-	n/a	n/a	135	-
Bridgeland	Single family - detached	8,697	6,190	31.9	24.0	157	122	273	258	55	51
Summerlin	Single family - detached	25,504	-	62.4	-	312	-	409	-	82	-
The Woodlands	Single family - detached	34,341	36,931	96.3	111.0	394	460	357	333	87	80
	Single family - attached	-	988	-	3.5	-	52	-	282	-	19
	Subtotal	\$ 71,007	\$ 44,109	192.0	138.5	879	634				

Commercial Land Sales

Summerlin	Not-for-profit	\$ 3,615	\$ -	16.0	-			226	-		
The Woodlands	Office and other	\$ 6,007	\$ 3,804	13.2	10.0			455	380		
	Retail	4,697	4,470	7.4	14.7			635	304		
	Subtotal	14,319	8,274	36.6	24.7						
Total acreage sales revenue		85,326	52,383								
Deferred revenue		(2,769)	1,198								
Deferred revenue - Woodlands		195	(97)								
Special Improvement District revenue		4,028	-								
Venture partner's share of The Woodlands Partnerships acreage sales		(21,396)	(21,942)								
Total segment land sales revenue		\$ 65,384	\$ 31,542								

Total segment land sales revenue	\$ 65,384	\$ 31,542
Less: Real Estate Affiliates land sales revenue	(23,844)	(24,154)
Total land sales revenue - GAAP basis	\$ 41,540	\$ 7,388

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 operating income (loss) or net income (loss) available to common stockholders.

	Net Operating Income (NOI) Three Months Ended June 30,		Net Operating Income (NOI) Six Months Ended June 30,	
	2011	2010	2011	2010
(In thousands)				
Operating Assets				
Ward Centers	\$ 5,231	\$ 5,712	\$ 10,819	\$ 11,654
110 N. Wacker	1,530	1,529	3,060	3,059
South Street Seaport	1,081	1,274	1,648	2,165
Columbia Office Properties	987	745	1,708	1,473
Rio West Mall	304	483	676	1,036
Landmark Mall	137	477	470	861
Riverwalk Marketplace	232	741	396	722
Cottonwood Square	134	139	216	260
Park West	217	42	331	167
Other properties	547	60	5,127	(*) 397
Total Operating Assets NOI	10,400	11,202	24,451	21,794
Straight-line and market lease amortization rent	(55)	30	639	450
Provisions for impairment	-	(178)	-	(430)
Depreciation and amortization	(3,060)	(3,812)	(6,124)	(8,162)
Interest, net	807	(4,587)	(372)	(9,014)
Operating Assets EBT	\$ 8,092	\$ 2,655	\$ 18,594	\$ 4,638

(*) Includes \$3.9 million dividend from Summerlin Hospital Medical Center.

Source: The Howard Hughes Corporation

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