



The Howard Hughes Corporation Acquires Morgan Stanley Real Estate Investing's Interest in The Woodlands Master Planned Community

June 29, 2011

DALLAS-- The Howard Hughes Corporation (NYSE: HHC) today announced that it has entered into a definitive agreement to acquire from Morgan Stanley Real Estate Investing its 57.5% legal interest, which equates to a 47.5% economic interest based on the parties' financial arrangement, in The Woodlands Master Planned Community located in Houston, Texas for \$117.5 million. The purchase consideration consists of \$20 million in cash payable at closing and a \$97.5 million non-interest bearing promissory note due December 1, 2011. The acquisition has been approved by the Board of Directors of The Howard Hughes Corporation, is subject to customary closing conditions and is anticipated to close on July 1, 2011. The Howard Hughes Corporation, including its predecessors, has been an investor in The Woodlands since 2004 and its partner, Morgan Stanley Real Estate Investing, has been an investor since 1997. Upon completion of the purchase, The Woodlands will become a wholly owned subsidiary of The Howard Hughes Corporation.

The Woodlands is one of the most successful large-scale master planned communities (MPCs) in the U.S., comprising over 28,000 acres with over 97,000 residents and 1,700 employers. At March 31, 2011 The Woodlands had approximately 1,372 acres of unsold residential land, representing approximately 4,532 lots, and approximately 936 acres of unsold land for commercial use. The Woodlands also has full or partial ownership interests in commercial properties totaling approximately 434,328 square feet of office space, 203,282 square feet of retail and service space, 865 rental apartment units, and also owns and operates a 440 room conference center facility and a 36-hole country club. Please refer to the tables below for more information regarding The Woodlands residential and commercial land, and commercial property assets.

The Woodlands generated \$36.3 million and \$120.3 million of revenues for the three months ended March 31, 2011 and the year ended December 31, 2010, respectively. The first quarter 2011 revenues include \$18.5 million from the sale of 217 residential lots, and \$3.4 million from the sale of five acres of commercial lots. For the full year 2010, The Woodlands sold 789 residential lots for \$70.1 million of revenues and 57 acres of commercial lots for \$23.9 million of revenues. As of March 31, 2011, The Woodlands had approximately \$573 million of total assets, \$332 million of third-party debt and \$57 million of cash. A complete description of The Woodlands' historical operating results is included in The Howard Hughes Corporation 10-Q for the three months ended March 31, 2011 and 10-K for the year ended December 31, 2010.

David R. Weinreb, CEO of The Howard Hughes Corporation, stated, "This strategic acquisition provides Howard Hughes with a world-class master planned community developer and operator, a brand widely recognized throughout the U.S., and very attractive residential and commercial assets. By owning all of The Woodlands, we can unleash and integrate the management expertise and intellectual property of The Woodlands across our full MPC portfolio."

Mr. Weinreb continued, "For almost four decades The Woodlands organization has thoughtfully planned and developed a community desirable to residents and business, and in the process created a strong brand known for quality and excellence. We expect to generate significant financial benefits by combining the Howard Hughes and The Woodlands MPC organizations."

Grant Herlitz, President of The Howard Hughes Corporation, commented, "Few organizations have been able to successfully execute on all aspects of the complicated master planned community business. The Woodlands has not only created consistent demand at premium pricing for its residential land, but also has thoughtfully planned that development to generate strong demand for commercial properties from businesses seeking access to a desirable labor market. We believe the opportunity to develop commercial properties at The Woodlands will contribute materially to our future profitability."

The Woodlands Debt Table
(\$ in thousands)

Borrowing	
Base	March 31, 2011
Value	Balance

On-Balance Sheet Debt

Master Credit Facility:		
4 Waterway Square	\$ 29,050	
20 Waterway Avenue	5,250	
Waterway Garage	3,185	
Club at Carlton Woods	6,920	
Commercial and residential land, and other assets	228,005	
Total Master Credit Facility	272,410	\$ 270,000

Woodlands Resort & Conference Ctr. mortgage	36,100	
9303 New Trails mortgage	13,142	
25 Waterway mortgage	4,605	
Various mortgages secured primarily by land	7,803	
Total on-balance sheet debt	\$ 331,650	
Less: Unrestricted cash at March 31, 2011	57,343	
Net on-balance sheet debt	\$ 274,307	

Off-Balance Sheet Debt

Millennium Waterway Apartments mortgage	\$ 46,932	
Forest View Apartments mortgage	3,068	
Timbermill Apartments mortgage	3,026	
Woodlands Sarofim #1 Ltd.:		
1440/1442 Lake Front Circle mortgage	3,360	
9186 Six Pines mortgage	3,920	
Total off-balance sheet debt	\$ 60,306	

The Woodlands Commercial Properties Table (\$ in thousands)

Property Name/ Location	Economic		Property Type	Year Completed	%	Sqr. Feet/ Keys	Net Operating Income (NOI) (1)		March 31, 2011 Debt
	Ownership %	(2)					2010	Projected Annual (3)	
Wholly Owned									
4 Waterway Square	100	%	Office	2010	98.4	% 218,551	\$ 15	\$ 5,500	\$ 29,050 (4)
9303 New Trails	100	%	Office	2008	72.0	% 97,705	1,094	1,216	13,142
2201 Lake Woodlands Drive	100	%	Office	1994	100.0	% 24,024	322	332	0
20 Waterway Avenue	100	%	Retail	2009	100.0	% 26,530	258	744	5,250 (4)
25 Waterway Avenue	100	%	Retail	2007	94.7	% 23,442	416	718	4,605
Woodlands Resort & Conf. Center	100	%	Hotel	2002	55.6	% 440 keys	4,379	7,962	36,100

Ground Leases	100	%	Ground Leases	N/A	N/A	N/A	337	344	0
100%-owned commercial properties total							\$ 6,821	\$ 16,816	\$ 88,147
Partially Owned									
Millennium Waterway Apartments	83.55	%	Apartments	2010	80.9	% 393 keys	(\$668)	\$ 4,600	\$ 46,932
Forest View Apartments	50	% (5)	Apartments	1993	94.5	% 256 keys	716	716	3,068
Timbermill Apartments	50	% (5)	Apartments	1995	95.4	% 216 keys	547	568	3,026
1400 Woodloch Forest	25	% (6)	Office	1981	71.9	% 94,048	1,078	788	0
Woodlands Sarofim #1 Ltd.:									
1440/1442 Lake Front Circle	20	%	Industrial	1990	91.9	% 75,255	750	748	3,360
9186 Six Pines	20	%	Industrial	2002	100.0	% 56,795	823	832	3,922
Stewart Title	50	%	Title Company	N/A	N/A	N/A	1,207	120	0
Partially-owned commercial properties total							\$ 4,453	\$ 8,372	\$ 60,308
Unstabilized Properties									
Waterway Garage Retail	100	%	Retail	2011	19.0	% 21,260	\$ 0	\$ 0	(7) \$ 0
Waterway Garage	100	%	Garage	2009	N/A	1,988 spaces	(908)	(780)	(8) 3,185 (4)
Woodloch Forest Garage	100	%	Garage	2008	N/A	1,000 spaces	(132)	(140)	0
The Club at Carlton Woods	100	%	Country Club	2001	N/A	547 members	(5,425)	(4,272)	(9) 6,920 (4)
Unstabilized commercial properties total							(\$6,465)	(\$5,192)	\$ 10,105

Notes:

(1) NOI includes revenue and expenses according to U.S. GAAP, excluding straight-line rent, market lease amortization, depreciation and amortization.

(2) Economic and legal ownership interests are the same unless otherwise indicated.

(3) Projected Annual NOI represents an estimate of forward 12-month property NOI based on in-place leases as of June 28, 2011. Millennium Waterway Apartments projected to reach \$4.6 million stabilized NOI in 2011. Conference Center, parking garages and Carlton Woods based on 2011 estimate.

(4) Represents allocated debt under bank facility based on borrowing base values as of March 31, 2011.

(5) Actual ownership interest is 1%, but The Woodlands receives 50% of the cash flow and a 5% management fee.

(6) The Howard Hughes Corporation owns the remaining 75% interest in this asset.

(7) Expected to be completed in next 60 days. A single tenant has signed a triple-net lease for 19% of space and the remaining 81% is being marketed for lease.

(8) \$4.6 million value based on an appraisal dated December 2, 2009. Garage is underutilized and has excess capacity for future commercial development.

(9) 36-hole golf course and country club operated as an amenity for residents. The club opened in 2001, added 20 net new members in 2010, and is expected to reach break even upon achieving approximately 800 members.

The Woodlands Residential and Commercial Land Sales Table
 First Quarters 2010 and 2011
 (\$ in thousands)

	Three Months Ended March 31,									
	Land Sales		Acres Sold		Number of Lots/Units		Price per Acre		Price per Lot	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(\$ in thousands)									
Residential Land Sales										
Single family - detached	\$ 17,251	\$ 19,348	54	61	217	264	\$ 320	\$ 320	\$ 79	\$ 73
Single family - attached	-	-	-	-	-	-	-	-	-	-
Home price participation	1,284	772	-	-	-	-	-	-	-	-
Institutional land sales	-	-	-	-	-	-	-	-	-	-
Subtotal	18,535	20,120	54	61	217	264				
Commercial Land Sales										
Office and other	1,800	-	3	-			566	-		
Retail	1,638	4,470	2	15			862	264		
Subtotal	3,438	4,470	5	15						
Total acreage sales revenue	21,973	24,590								
Deferred revenue	-	(632)								
Total	\$ 21,973	\$ 23,958								

The Woodlands Residential and Commercial Land Sales Table
 Years Ended 2008 through 2010
 (\$ in thousands)

	Year Ended December 31,														
	Land Sales			Acres Sold			Number of Lots/Units			Price per Acre			Price per Lot		
	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008	2010	2009	2008
Residential Land Sales															
Single family - detached	\$ 65,230	\$ 48,060	\$ 79,006	181	135	210	737	557	680	\$ 360	\$ 356	\$ 376	\$ 89	\$ 86	\$ 116
Single family - attached	988	-	6,966	4	0	12	52	0	187	279	-	604	19	-	37
Home price participation	3,895	3,289	6,191	0	0	0	0	0	0	-	-	-	-	-	-
Institutional land sales	-	2,227	628	0	0	0	0	0	0	-	50	61	-	-	-
Subtotal	70,113	53,576	92,791	185	135	222	789	557	867						

Commercial Land Sales

Office and other	18,651	11,619	22,185	40	28	24	466	412	926
Retail	5,238	674	4,889	17	3	7	306	261	740
Subtotal	23,889	12,293	27,074	57	31	31	418	399	885
Total acreage sales revenue	94,002	65,869	119,865						
Deferred revenue	(239)	143	261						
Total	\$ 93,763	\$ 66,012	\$ 120,126						

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. In addition to The Woodlands, Howard Hughes' MPC portfolio includes Bridgeland in Houston, Maryland in Columbia, Md. and Summerlin in Las Vegas.

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 3000 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 (Holladay, 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, Cottonwood Mall in Salt Lake City 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

This release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are accompanied by words as such

“believes,” “expects,” “anticipates,” “foresees,” “forecasts,” “estimates” or words or phrases of similar import. Similarly, statements herein that describe the transaction involving The Woodlands, including its financial impact, and other statements of management’s beliefs, intentions or goals also 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 include, but are not limited to, The Howard Hughes Corporation’s ability to successfully integrate and apply the management expertise and intellectual property of The Woodlands and the other risks and important factors contained and identified in The Howard Hughes Corporation’s filings with the Securities and Exchange Commission. Such filings include The Howard Hughes Corporation’s Annual Report on Form 10-K for the year ended December 31, 2010 filed on April 8, 2011 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 filed on May 10, 2011. The Howard Hughes Corporation cautions you not to place undue reliance on the forward-looking statement contained in this release and 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.

Source: The Howard Hughes Corporation

Contact:

The Howard Hughes Corporation

Kay Weinmann, 214-741-7744

kay.weinmann@howardhughes.com

www.howardhughes.com