



## The Howard Hughes Corporation Reports First Quarter 2011 Results

May 10, 2011

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

Net loss attributable to common stockholders was \$(114.5) million, or \$(3.02) per share, for the three months ended March 31, 2011 compared with \$(20.5) million, or \$(0.54) per share, for the three months ended March 31, 2010. Net loss attributable to common stockholders for the first quarter 2011 includes a \$126.0 million, or \$(3.33) per share, non-cash charge relating to the increase in estimated value of outstanding warrants. Excluding the non-cash warrant charge, net income attributable to common stockholders would have been \$11.5 million, or \$0.30 per share.

Master Planned Community (MPC) land sales, including our 52.5% proportionate share of The Woodlands land sales, were \$34.3 million for the first quarter 2011, a \$19.2 million increase over \$15.1 million of land sales for the first quarter 2010. Summerlin MPC's \$14.1 million of residential and \$3.6 million of commercial lot sales in the first quarter 2011 were responsible for a majority of the increase over 2010. Summerlin had no land sale revenue in the first quarter 2010 due to the weaker Las Vegas real estate market in the prior year.

Howard Hughes' thirteen Operating Assets generated \$13.5 million of net operating income (NOI) for the three months ended March 31, 2011, a \$2.9 million increase over the first quarter 2010. First quarter 2011 NOI includes a \$3.9 million cash distribution from the Summerlin Hospital Medical Center, a real estate affiliate accounted for using the cost method, representing our share of its profits from 2008 through 2010.

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.

During the first four months of 2011, Howard Hughes continued to build its senior management team. The Company hired Peter Riley as its General Counsel, John E. DeWolf as its Senior Vice President and head of the Maryland, New Jersey and Virginia Developments, and David Striph as its Senior Vice President and head of Hawaii. Prior to joining The Howard Hughes Corporation, these executives had years of success in their respective fields of expertise. Peter Riley is based in the Dallas, Texas headquarters, John DeWolf is based in Columbia, Maryland and David Striph is based in Honolulu, Hawaii.

David R. Weinreb, CEO of The Howard Hughes Corporation, stated, "We continue to be patient and selective in filling our senior management ranks, and are pleased to have Peter, John and David join Howard Hughes. As we move forward in developing our assets, the Company will benefit from their talent and experience."

### 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 Hawaii to New York.

#### 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, including Summerlin in Las Vegas, Bridgeland and The Woodlands in Houston, and Columbia, Fairwood, and Emerson in Columbia, Maryland.

#### Operating Assets

The Howard Hughes Corporation's operating assets are primarily retail and include Ward Centers (Honolulu, HI), South Street Seaport (Manhattan, NY), Landmark Mall (Alexandria, VA), Park West (Peoria, AZ), Rio West Mall (Gallup, NM), Riverwalk Marketplace (New Orleans, LA) and Cottonwood Square (Holladay, UT).

## Strategic Development Opportunities

The Howard Hughes Corporation owns a diverse pipeline of near, mid and long-term real estate developments. These range from air rights and surface parking lots to aging properties poised for redevelopment.

For more information on the Company, please visit our website at: [www.howardhughes.com](http://www.howardhughes.com) or contact Kay Weinmann via e-mail at [kay.weinmann@howardhughes.com](mailto: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

	Three Months Ended March 31,	
	2011	2010
	(Consolidated)	(Combined)
	(In thousands)	
Revenues:		
Master Planned Community land sales	\$ 23,392	\$ 3,215
Builder price participation	521	744
Minimum rents	16,719	17,031
Tenant recoveries	4,524	4,819
Condominium unit sales	3,764	-
Other land sale revenues	1,248	1,111
Other rental and property revenues	2,933	1,870
Total revenues	53,101	28,790
Expenses:		
Master Planned Community cost of sales	15,436	1,326
Master Planned Community land sales operations	5,628	8,491
Rental property real estate taxes	3,474	2,978
Rental property maintenance costs	1,559	1,844
Condominium unit cost of sales	2,980	-
Other property operating costs	9,592	8,472
Provision for doubtful accounts	11	101
General and administrative	5,232	4,135
Provisions for impairment	-	278
Depreciation and amortization	3,199	4,450
Total operating expenses	47,111	32,075
Operating income (loss)	5,990	(3,285 )
Interest income	2,512	105
Interest expense	-	(712 )
Warrant liability expense	(126,045 )	-
Loss before income taxes, income from Real Estate		
Affiliates, reorganization items and noncontrolling interests	(117,543 )	(3,892 )

Provision for income taxes	(2,457 )	(1,486 )
Income from Real Estate Affiliates	5,513	1,492
Reorganization items	-	(16,595 )
Loss from continuing operations	(114,487 )	(20,481 )
Allocation to noncontrolling interests	(28 )	(48 )
Net loss attributable to common stockholders	\$ (114,515 )	\$ (20,529 )

Basic and Diluted Loss Per Share:

Continuing operations	\$ (3.02 )	\$ (0.54 )
Total basic and diluted loss per share	\$ (3.02 )	\$ (0.54 )

CONSOLIDATED BALANCE SHEETS

	March 31, 2011	December 31, 2010
(In thousands)		
<b>Assets:</b>		
Investment in real estate:		
Master Planned Community assets	\$ 1,348,531	\$ 1,350,648
Land	180,976	180,976
Buildings and equipment	342,797	343,006
Less accumulated depreciation	(86,116 )	(83,390 )
Developments in progress	293,954	293,403
Net property and equipment	2,080,142	2,084,643
Investment in and loans to/from Real Estate Affiliates	151,093	149,543
Net investment in real estate	2,231,235	2,234,186
Cash and cash equivalents	280,481	284,682
Accounts receivable, net	7,094	8,154
Notes receivable	38,883	38,954
Tax indemnity receivable, including interest	325,555	323,525
Deferred expenses, net	6,076	6,619
Prepaid expenses and other assets	137,223	126,587
Total assets	\$ 3,026,547	\$ 3,022,707
<b>Liabilities:</b>		
Mortgages, notes and loans payable	\$ 314,924	\$ 318,660
Deferred tax liabilities	79,639	78,680
Warrant liabilities	355,393	227,348
Uncertain tax position liability	142,329	140,076
Accounts payable and accrued expenses	69,640	78,836
Total liabilities	961,925	843,600
Commitments and Contingencies	-	-
<b>Equity:</b>		
Common stock: \$.01 par value; 100,000,000 shares authorized, 37,924,506 shares issued as of March 31, 2011 and 37,904,506 shares issued as of December 31, 2010	379	379
Additional paid-in capital	2,708,165	2,708,036
Accumulated deficit	(643,020 )	(528,505 )
Accumulated other comprehensive loss	(1,692 )	(1,627 )
Total stockholders' equity	2,063,832	2,178,283
Noncontrolling interests in consolidated ventures	790	824
Total equity	2,064,622	2,179,107
Total liabilities and equity	\$ 3,026,547	\$ 3,022,707

Supplemental Information

March 31, 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 March 31,	
	2011	2010
EBT by segment and reconciliation of EBT to GAAP-basis loss from continuing operations	(In thousands)	
Real estate property EBT:		
Operating Assets segment	\$ 10,010	\$ 1,981
MPC segment	9,831	951
Strategic Developments segment	(333 )	(1,034 )
Real Estate Affiliates	(5,774 )	(1,655 )
Consolidated properties	13,734	243
General and administrative	(5,232 )	(4,135 )
Warrant liability expense	(126,045 )	-
Benefit from (provision for) income taxes	(2,457 )	(1,486 )
Income from Real Estate Affiliates	5,513	1,492
Reorganization costs	-	(16,595 )
Loss from continuing operations	\$ (114,487 )	\$ (20,481 )

MPC Sales Summary

		Land Sales		Acres Sold		Number of Lots/Units		Price per acre		Price per lot	
		Three Months Ended March 31,									
		2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
		(\$ in thousands)									
Residential Land Sales											
Columbia	Townhomes	\$ 939	\$ -	-	-	7	-	\$ 2,864	\$ -	\$ 134	\$ -
Bridgeland	Single family - detached	3,721	2,870	13	11	63	52	286	264	59	55
Summerlin	Single family - detached	14,076	-	35	-	196	-	408	-	72	-
Woodlands	Single family - detached	17,251	19,348	54	61	217	264	320	309	79	71
	Subtotal	35,987	22,218	102	72	483	316				
Commercial Land Sales											
Summerlin	Not-for-profit	3,616	-	16	-	-	-	225	-	-	-
Woodlands	Office and other	1,800	-	3	-	-	-	566	-	-	-
	Retail	1,638	4,470	2	15	-	-	862	264	-	-

Subtotal	7,054	4,470	21	15
Total acreage sales revenue	43,041	26,688		
Deferred revenue	(1,841 )	345		
Deferred revenue - Woodlands	-	(632 )		
Special Improvement District revenue	2,881	-		
Venture partner's share of The Woodlands				
Partnerships acreage sales	(9,827 )	(11,314 )		
Total segment land sales revenue	\$ 34,254	\$ 15,087		
Total segment land sales revenue	\$ 34,254	\$ 15,087		
Less: Real Estate Affiliates land sales revenue	(10,862 )	(11,872 )		
Total land sales revenue - GAAP basis	\$ 23,392	\$ 3,215		

#### 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 March 31,		Increase (Decrease)	% Increase (Decrease)
	2011	2010		
	(In thousands)			
Operating Assets				
Ward Centers	\$ 5,587	\$ 5,942	\$ (355 )	(6.0 )%
110 N. Wacker	1,530	1,530	-	0.0
South Street Seaport	567	891	(324 )	(36.4 )
Columbia Office Properties	721	718	3	0.4
Rio West Mall	372	553	(181 )	(32.7 )
Landmark Mall	333	384	(51 )	(13.3 )
Riverwalk Marketplace	164	(19 )	183	963.2
Cottonwood Square	82	121	(39 )	(32.2 )
Park West	114	126	(12 )	(9.5 )
Other properties	4,017 (*)	346	3,671	1,061.0
Total Operating Assets NOI	13,487	10,592	2,895	27.3
Straight-line and market lease amortization rent	765	420	345	82.1

Provision for impairment	-	(252 )	(252 )	(100.0 )
Depreciation and amortization	(3,063 )	(4,352 )	(1,289 )	(29.6 )
Interest, net	(1,179 )	(4,427 )	(3,248 )	(73.4 )
Operating Assets EBT	\$ 10,010	\$ 1,981	\$ 8,029	405.3 %

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

Source: The Howard Hughes Corporation

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