



Howard Hughes Holdings Inc.
9950 Woodloch Forest Drive
Suite 1100
The Woodlands, Texas 77380

Important U.S. Federal Income Tax Information for Stockholders Concerning the Distribution of Seaport Entertainment Group Inc. Common Stock

August 27, 2024

Dear Stockholder,

On July 31, 2024 (the “Distribution Date”), at 11:59 p.m. Eastern Time, the previously announced separation of Seaport Entertainment Group Inc. (“Seaport Entertainment”) from Howard Hughes Holdings Inc. (“HHH”) was completed. The separation of Seaport Entertainment, which is comprised of HHH’s pre-existing entertainment-related assets in New York City and Las Vegas, from HHH was achieved through HHH’s pro rata distribution of 100% of the outstanding shares of Seaport Entertainment common stock to holders of record of HHH common stock as of the close of business on July 29, 2024 (the “Record Date”). Each holder of record of HHH common stock received one share of Seaport Entertainment common stock for every nine shares of HHH common stock held at the close of business on the Record Date (the “Distribution”).

This letter explains certain U.S. federal income tax consequences of the Distribution and describes how to allocate your tax basis between your shares of HHH common stock and your shares of Seaport Entertainment common stock that you received in the Distribution.

Tax Treatment of the Distribution. The Distribution is intended to qualify as a distribution under Section 355 of the Internal Revenue Code of 1986, as amended (the “Code”), that is tax-free to stockholders for U.S. federal income tax purposes except for cash received in lieu of fractional shares, and HHH received an opinion of Latham & Watkins LLP regarding such qualification. Assuming this characterization is respected, you would generally not recognize gain or loss for U.S. federal income tax purposes upon receipt of shares of Seaport Entertainment common stock in the Distribution. If, however, you received cash in lieu of fractional shares of Seaport Entertainment common stock you would recognize gain or loss as described below.

Fractional Shares. No fractional shares of Seaport Entertainment common stock were distributed in the Distribution. Instead, all fractional shares of Seaport Entertainment common stock were aggregated into whole shares of common stock and sold in the public market, with the aggregate cash proceeds of these sales distributed pro rata (based on the fractional shares of common stock such stockholders would otherwise have been entitled to receive). The taxable gain or loss recognized with respect to any cash received in lieu of a fractional share is equal to the difference between the amount of cash received and your tax basis (determined as described below) in such fractional share of Seaport Entertainment common stock.

Tax Basis. Your tax basis in the shares of HHH common stock that you owned immediately before the Distribution must be allocated between your shares of HHH common stock and your shares of Seaport Entertainment common stock that you received in the Distribution (including any fractional share for which you received cash).

This allocation is based on the relative fair market values of your shares of HHH common stock and your shares of Seaport Entertainment common stock. Although applicable U.S. federal income tax laws do not specify how to determine fair market value, one possible approach is to use the average of the high and low share prices quoted on the New York Stock Exchange on August 1, 2024, the first day of regular-way trading for shares of both HHH and Seaport Entertainment common stock after the Distribution.

If you acquired your shares of HHH common stock at different times and at different prices, you will



need to calculate a separate tax basis for each block of shares of HHH common stock you own and then allocate the basis in each block of shares separately to the shares of Seaport Entertainment common stock you received. HHH suggests that you retain this letter to support your determination of your basis in your shares of HHH common stock and your shares of Seaport Entertainment common stock.

Example: This example assumes you choose to use the average high-low trading price on August 1, 2024, as the method of determining the fair market values of the shares of HHH common stock and the shares of Seaport Entertainment common stock.

Assumptions:

- Shares of HHH common stock owned immediately before the Distribution: 900
- HHH stockholder’s aggregate tax basis in shares of HHH common stock immediately before the Distribution (assumed to be \$40.00 per share): \$36,000
- Shares of Seaport Entertainment common stock received in the Distribution (distribution ratio of 9:1): 100

Tax basis allocation:

	# Shares Owned	Assumed Beginning Basis (A)	Price	FMV of Shares Owned Post Distribution	% of Total FMV (B)	Allocated Tax Basis = (A) x (B)
HHH common stock	900	\$36,000	\$69.34 ¹	\$62,406 ³	95.58% ⁵	\$34,409
Seaport Entertainment common stock	100		\$28.85 ²	\$2,885 ⁴	4.42% ⁶	\$1,591
Total				\$65,291	100.00%	\$36,000

¹ Average of the high and low share prices of shares of HHH common stock on August 1, 2024 rounded to nearest cent

² Average of the high and low share prices of Seaport Entertainment common stock on August 1, 2024 rounded to nearest cent

³ 900 shares x \$69.34

⁴ 100 shares x \$28.85

⁵ \$62,406/\$65,291

⁶ \$2,885/\$65,291

You are not bound by the approach used in this example, and there may be other reasonable approaches for determining the fair market values for allocating your basis between shares of HHH and Seaport Entertainment common stock. Also, the example provided above is illustrative and is being provided pursuant to Section 6045B of the Code and as a convenience to stockholders and their tax advisors. HHH stockholders should consult their own tax advisors to determine what measure of fair market value is appropriate.

THE INFORMATION SET FORTH ABOVE AND IN THE ATTACHED EXHIBIT IS FOR GENERAL INFORMATION PURPOSES ONLY AND DOES NOT PURPORT TO ADDRESS ALL ASPECTS OF FEDERAL TAXATION THAT MAY BE RELEVANT TO PARTICULAR STOCKHOLDERS. THIS INFORMATION DOES NOT CONSTITUTE TAX ADVICE AND MAY

NOT BE APPLICABLE TO STOCKHOLDERS WHO ARE NOT CITIZENS OR RESIDENTS OF THE UNITED STATES. NOR DOES IT ADDRESS TAX CONSEQUENCES THAT MAY VARY WITH YOUR INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, YOU ARE URGED TO CONSULT YOUR TAX ADVISORS TO DETERMINE THE FAIR MARKET VALUE OF YOUR SHARES OF HHH AND SEAPORT ENTERTAINMENT COMMON STOCK AS WELL AS THE APPLICATION OF THE INFORMATION SET FORTH ABOVE AND IN THE ATTACHED EXHIBIT TO YOUR INDIVIDUAL CIRCUMSTANCES AND THE PARTICULAR FEDERAL, FOREIGN, STATE AND LOCAL TAX CONSEQUENCES OF THE DISTRIBUTION TO YOU.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ **SEE ATTACHMENT**

Multiple horizontal lines for listing applicable Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶ **SEE ATTACHMENT**

Multiple horizontal lines for providing information regarding resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ **SEE ATTACHMENT**

Multiple horizontal lines for providing other information necessary to implement the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶  Date ▶ **8/27/24**

Print your name ▶ **CARLOS A. OLEA** Title ▶ **CHIEF FINANCIAL OFFICER**

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

Howard Hughes Holdings Inc.
Distribution of Seaport Entertainment Group Inc. Common Stock
Attachment to Form 8937

Part II

Line 14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

On July 31, 2024 (the "Distribution Date"), at 11:59 p.m. Eastern Time, the previously announced separation of Seaport Entertainment Group Inc. ("Seaport Entertainment") from Howard Hughes Holdings Inc. ("HHH") was completed. The separation of Seaport Entertainment, which is comprised of HHH's pre-existing entertainment-related assets in New York City and Las Vegas, from HHH was achieved through HHH's pro rata distribution of 100% of the outstanding shares of Seaport Entertainment common stock to holders of record of HHH common stock as of the close of business on July 29, 2024 (the "Record Date"). Each holder of record of HHH common stock received one share of Seaport Entertainment common stock for every nine shares of HHH common stock held at the close of business on the Record Date (the "Distribution"). No fractional shares of Seaport Entertainment common stock were distributed in the Distribution. Instead, all fractional shares of Seaport Entertainment common stock were aggregated into whole shares of common stock and sold in the public market, with the aggregate cash proceeds of these sales distributed pro rata (based on the fractional shares of common stock such stockholders would otherwise have been entitled to receive). HHH intends for the Distribution to qualify as a distribution under section 355 of the Internal Revenue Code of 1986, as amended (the "Code"), that is tax-free to stockholders for U.S. federal income tax purposes except for cash received in lieu of fractional shares.

This information does not purport to be complete or to describe the consequences that may apply to particular categories of HHH stockholders.

Stockholders are urged to consult their own tax advisor regarding the particular consequences of the Distribution, including the applicability and effect of all U.S. federal, state and local, and foreign tax laws.

Line 15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

For U.S. federal income tax purposes, HHH stockholders should allocate their aggregate tax basis in their shares of HHH common stock held immediately prior to the Distribution among the shares of Seaport Entertainment common stock received in the Distribution (including any fractional share of Seaport Entertainment common stock for which cash was received) and the shares of HHH common stock in respect of which such shares of Seaport Entertainment common stock were received in proportion to their fair market values immediately after the Distribution. HHH stockholders that acquired HHH common stock at different times or different prices will need to calculate a separate tax basis for each block of shares of HHH common stock owned and then allocate the basis in each block of shares separately to the shares of Seaport Entertainment common stock received.

Line 16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

The U.S. federal income tax laws provide that the allocation of the aggregate tax basis discussed under Line 15 above shall be allocated based on the fair market value of the resulting shares of HHH and Seaport Entertainment common stock received. However, the

relevant tax law does not provide any further guidance on the determination of fair market value. One possible method to determine the fair market value is to use the average of the high and low trading prices of the shares of HHH and Seaport Entertainment common stock. The average of the high and low trading prices (rounded to the nearest cent) of shares of HHH common stock, and of Seaport Entertainment common stock on August 1, 2024 (the first day of regular-way trading for shares of both HHH and Seaport Entertainment common stock after the Distribution) was \$69.34 and \$28.85, respectively. Using these averages as the fair market value and the distribution ratio of one (1) share of Seaport Entertainment common stock per each nine (9) shares of HHH common stock, an HHH stockholder's aggregate pre-Distribution tax basis in its shares of HHH common stock should be allocated 95.58% to its post-Distribution shares of HHH common stock and 4.42% to its shares of Seaport Entertainment common stock (including any fractional share of Seaport Entertainment common stock) received with respect to its shares of HHH common stock. HHH stockholders should consult their own tax advisors to determine what measure of fair market value is appropriate.

Line 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

The applicable Internal Revenue Code sections upon which the tax treatment is based are sections 355, 358(a)–(c), 1001(a), 1221, 1222 and 1223(1).

Line 18. Can any resulting loss be recognized?

HHH stockholders generally should not recognize any loss on the Distribution for U.S. federal income tax purposes (except to the extent that a loss may be recognized with respect to any cash received in lieu of a fractional share of Seaport Entertainment common stock).

Line 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The Distribution occurred on July 31, 2024. As a result, for U.S. federal income tax purposes, the basis adjustments in the shares of HHH common stock and Seaport Entertainment common stock should be reported in the taxable year that includes this date. In the case of stockholders who are calendar year taxpayers, the Distribution should be reportable in the tax year ending December 31, 2024.