
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Amendment No. 2
to
FORM 10**

**GENERAL FORM FOR REGISTRATION OF SECURITIES
PURSUANT TO SECTION 12(b) OR 12(g) OF
THE SECURITIES EXCHANGE ACT OF 1934**

The Howard Hughes Corporation

(formerly Spinco, Inc.)

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	36-4673192 (I.R.S. Employer Identification No.)
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**110 N. Wacker Drive
Chicago, IL 60606**

(Address of principal executive offices) (Zip Code)

(312) 960-5000

(Registrant's telephone number, including area code)

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Securities to be registered pursuant to Section 12(b) of the Act:

**Title of each class
to be so registered**

Common stock, \$0.01 par value per
share

**Name of each exchange on which
each class is to be registered**

New York Stock Exchange

Securities to be registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a
smaller reporting company)

Smaller reporting company

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EXPLANATORY NOTE

This registration statement is being filed by The Howard Hughes Corporation, formerly known as Spinco, Inc. ("THHC"), in order to register its common stock pursuant to Section 12(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). THHC is a newly formed Delaware corporation that was created to hold certain assets and liabilities of General Growth Properties, Inc. ("GGP") and its subsidiaries (collectively, the "Predecessors"). In conjunction with a plan of reorganization filed by GGP and certain of its subsidiaries under Chapter 11 of title 11 of the United States Code (as the same may be amended, modified or supplemented from time to time, the "Plan"), THHC will receive certain of the assets and liabilities of the Predecessors (the "Separation"), which we refer to as our business. We expect the reorganization to be completed during the fourth quarter of 2010 (such time of completion is referred to herein as the "Effective Date"). Pursuant to the Plan, on or prior to the Effective Date, approximately 37,718,326 million shares of common stock of THHC (approximately 0.0983 shares of THHC common stock for each share of GGP common stock, which is based upon a maximum number of THHC shares and options and warrants to acquire THHC common stock), will be distributed or issued to the common and preferred unit holders of GGP Limited Partnership ("GGPLP"), which includes GGP, and then GGP will distribute its portion of such shares to holders of GGP common stock (the "Distribution") and the Plan Sponsors (as defined herein) and certain designees, if applicable, (as further described herein) will purchase \$250.0 million shares of our common stock. GGP will not retain any ownership interest in THHC. Unless otherwise noted, all information contained in this registration statement relates to THHC after the Effective Date. THHC is not required to file this registration statement pursuant to the Securities Act of 1933, as amended (the "Securities Act"), and this registration statement shall not constitute an offer to sell, nor a solicitation of an offer to buy, its securities. An application has been made to list THHC's common stock on the New York Stock Exchange (the "NYSE") under the symbol "HHC".

USE OF NON-GAAP MEASURES

We present EBITDA and Adjusted EBITDA, each as defined below, in this registration statement as supplemental measures of our performance that are not required by, or presented in accordance with, accounting principles generally accepted in the United States of America ("GAAP"). They are not measures of our financial performance under GAAP and should not be considered as alternatives to any other performance measures derived in accordance with GAAP or as alternatives to cash flow from operating activities as measures of our liquidity.

EBITDA is defined as net income (loss) attributable to controlling interests (currently, GGP), plus interest expense net of interest income, income tax provision (benefit), depreciation and amortization. We calculate Adjusted EBITDA by adjusting EBITDA for the following items: (a) costs incurred with respect to reorganization items following GGP's filing for bankruptcy protection, including gains on liabilities subject to compromise, interest income, U.S. Trustee fees and other restructuring items; (b) our 2009 and 2008 strategic initiatives, which consist of GGP's pre-bankruptcy filing restructuring costs; and (c) provisions for impairment. We present EBITDA and Adjusted EBITDA because we believe certain investors use them as additional measures of a company's historical operating performance and its ability to service and incur debt. We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA is appropriate to provide additional information to investors because Adjusted EBITDA excludes certain non-recurring and/or non-cash items, including bankruptcy and restructuring costs, which we believe are not indicative of our core operating performance and which are not excluded in the calculation of EBITDA. In addition, we present EBITDA and Adjusted EBITDA of our properties that we own jointly with independent joint venture partners under the proportionate share method. Under the proportionate share method, our share of revenues and expenses of such properties are aggregated with the revenues and expenses of our combined properties.

EBITDA and Adjusted EBITDA should not be considered as alternatives to GAAP net income (loss) attributable to controlling interests, and you should not consider them in isolation, or as substitutes for analysis of our results as reported under GAAP. Some of the limitations inherent in these non-GAAP measures are that:

- they do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the cash requirements necessary to service interest or principal payments on our debt;
- they do not reflect any cash income taxes that we may be required to pay;
- assets are depreciated or amortized over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements;
- they do not adjust for all non-cash income or expense items that are reflected in our statements of cash flows;
- they do not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations;
- they do not reflect the value of our non-income producing assets;
- they may not be calculated in the same manner as research analysts calculate EBITDA or Adjusted EBITDA or in the same manner as may be required by any current or future indebtedness;
- they do not reflect limitations on, or costs related to, transferring earnings from our subsidiaries and unconsolidated joint ventures to us; and
- other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

For a reconciliation of Adjusted EBITDA and EBITDA to net income (loss) attributable to controlling interests, see "Summary Historical Combined Financial Data."

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This registration statement contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical fact included in this registration statement are forward-looking statements. Forward-looking statements give our current expectations relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to current or historical facts. These statements may include words such as "anticipate," "estimate," "expect," "project," "forecast," "plan," "intend," "believe," "may," "should," "would," "likely," and other words of similar expression.

Forward-looking statements should not be unduly relied upon. They give our expectations about the future and are not guarantees. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance and achievements to materially differ from any future results, performance and achievements expressed or implied by such forward-looking statements. We caution you, therefore, not to rely on these forward-looking statements.

In this registration statement, for example, we make forward-looking statements discussing our expectations about:

- capital required for our operations and development opportunities for the properties in our Strategic Development segment following the Distribution;
- expected performance of our Master Planned Communities segment and other current income producing properties;
- future management;
- future liquidity;
- future development opportunities;
- expenses we expect to incur as a stand-alone entity;
- future development spending; and
- future management plans.

Factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include:

- our history of losses;
- our lack of operating history as an independent company;
- our reliance on an interim management company;
- our inability to obtain operating and development capital;
- our inability to establish our own financial, administrative and other support functions to operate as a stand-alone business and loss of operational efficiency we had as a part of GGP;
- our new directors and officers may change our long-range plans;
- our new directors may be involved or have interests in other businesses, including, without limitation, real estate activities and investments;
- a prolonged recession in the national economy and adverse economic conditions in the retail sector;
- our inability to compete effectively;

- potential conflicts arising with GGP after the Distribution from agreements with GGP with respect to certain of our assets;
- our inability to control certain of our properties due to the joint ownership of such property and our inability to successfully attract desirable strategic partners;
- risks associated with the Distribution not qualifying as a tax-free distribution for U.S. federal income tax purposes;
- the Plan Sponsors (as subsequently defined) having influence over us, whose interests may be adverse to ours or yours; and
- the other risks described in "Risk Factors."

These forward-looking statements present our estimates and assumptions only as of the date of this registration statement. Except as may be required by law, we undertake no obligation to modify or revise any forward-looking statements to reflect events or circumstances occurring after the date of this registration statement.

SUMMARY

We are a newly formed Delaware corporation that was created to hold certain assets and liabilities of General Growth Properties, Inc. ("GGP") and its subsidiaries (collectively, the "Predecessors"). In conjunction with the third amended plan of reorganization, as modified, filed by GGP and certain of its subsidiaries under Chapter 11 of title 11 of the United States Code (the "Plan"), we will receive certain of the assets and liabilities of the Predecessors and substantially all of our common stock will be distributed to the holders of GGP's common stock in the Distribution. GGP will not retain any ownership interest in us.

To date, we have not conducted any business and will not have any material assets or liabilities until the Separation and the Distribution are completed. We expect the reorganization of GGP and certain of its subsidiaries to be completed during the fourth quarter of 2010 (such time of completion is referred to herein as the "Effective Date"), at which time we will own certain of the Predecessors' properties and related assets and liabilities as described herein, which we refer to as our business. The description of the business to be transferred to us by the Predecessors is presented herein as if the transferred business was our business for all historical periods described. Unless the context otherwise requires, references to "we," "us" and "our" refer to The Howard Hughes Corporation and its subsidiaries and joint venture interests after giving effect to the Separation and the Distribution.

The items in the following summary are described in more detail later in this registration statement. This summary provides an overview of selected information and does not contain all the information you should consider before making a future investment decision with respect to our securities. Therefore, you should also read the more detailed information set out in this registration statement, including the risk factors, the combined financial statements and the notes thereto, and the other documents to which this registration statement refers before making an investment decision.

Overview

On April 16, 2009 and April 22, 2009 (collectively, the "Petition Date"), GGP and certain of its subsidiaries filed voluntary petitions for relief (the "Chapter 11 Cases") in the Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") under Chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). On August 27, 2010, GGP filed with the Bankruptcy Court its third amended Plan (as supplemented on September 30, 2010 and further modified on October 21, 2010) and the related disclosure statement (the "Disclosure Statement") for the debtors remaining in the Chapter 11 Cases (the "TopCo Debtors"). On October 21, 2010, the Bankruptcy Court confirmed the Plan and it will become effective on the Effective Date. The Plan sets forth the contemplated structure of GGP and the TopCo Debtors following the Effective Date. We refer to the public company successor to GGP following the Effective Date as "reorganized GGP." See "Business—Bankruptcy Proceedings."

We are a real estate company created to specialize in the development of master planned communities and other strategic real estate development opportunities across the United States. Our goal is to create sustainable, long-term growth and value for our stockholders. We own a diverse portfolio of properties with a relatively small amount of debt (an amount equal to 11.7% of our total assets as of June 30, 2010) and with near, medium and long-term development opportunities, including our master planned communities, mall development projects and a series of mixed-use development opportunities in premier locations. As operated by the Predecessors, our master planned communities have won numerous awards for, among other things, design and community contribution. We expect the competitive position and desirable location of certain of our assets (which collectively comprise millions of square feet and thousands of acres of developable land), combined with their operations and long-term opportunity through entitlements, land and home site sales and project developments, to drive our income and growth. We expect to pursue development opportunities for a number of our assets that were postponed by the Predecessors due to lack of liquidity resulting from deteriorating economic conditions, the credit market collapse and certain of the Predecessors' bankruptcy filings in

April 2009, and to develop plans for other assets for which no plans had been developed. We expect to assess the opportunities for these assets, which are currently in various stages of completion, to determine how to finance their completion and how to maximize their long-term value potential, which may include entering into joint venture arrangements.

For the year ended December 31, 2009, our net loss attributable to controlling interests and Adjusted EBITDA were \$703.6 million and \$21.5 million, respectively, and for the six months ended June 30, 2010, our net loss attributable to controlling interests and Adjusted EBITDA were \$48.6 million and \$10.7 million, respectively. As of June 30, 2010, our combined debt was \$340.5 million and our share of the debt of our Real Estate Affiliates (as defined below) was \$196.2 million and we had \$2.9 billion of total assets. As a newly formed company with no operating history as a stand alone company and on a combined, carve-out basis, a history of losses and negative cash flow from operations, there are significant risks to investing in our securities. See "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."

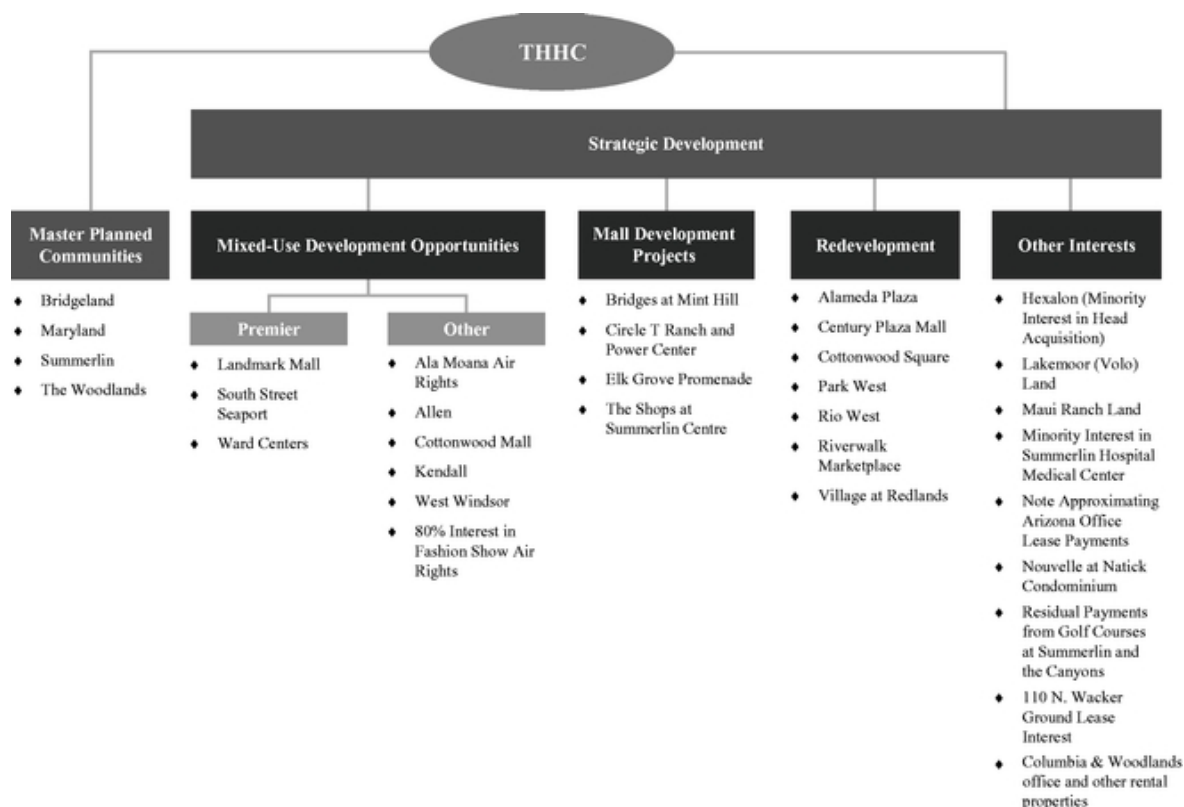
We operate our business in two lines of business: Master Planned Communities and Strategic Development.

Master Planned Communities. Our Master Planned Communities segment consists of the development and sale of residential and commercial land, primarily in large-scale projects. We currently own four master planned communities (including four separate communities in Maryland that are commonly, and collectively, referred to as the "Maryland communities") with over 14,000 acres of land remaining to be sold in desirable locations, which in some cases have no land suitable for large-scale residential development nearby. Residential sales, which are made primarily to home builders, include standard, custom and high density (*i.e.*, condominium, town homes and apartments) parcels. Standard residential lots are designated for detached and attached single- and multi-family homes, ranging from entry-level to luxury homes. Commercial sales include parcels designated for retail, office, services and other for-profit activities, as well as those parcels designated for use by government, schools and other not-for-profit entities.

Strategic Development. Our Strategic Development segment is made up of near, medium and long-term real estate properties and development projects, some of which we believe have the potential to create meaningful value. For example, the Hawaii Community Development Authority ("HCDA") approved a 15-plus year master plan that will permit us to transform 60 acres of land at our Ward Centers project in Honolulu, Hawaii into a vibrant and diverse neighborhood of residences, shops, entertainment and offices. To better understand the nature of our strategic development opportunities and our current expectations for the type of development we may ultimately pursue, we present our development opportunities in this registration statement in the following four categories: nine mixed-use development opportunities, four mall development projects, seven redevelopment projects and eleven other property interests, including ownership of various land parcels and certain profit interests. At present all of these assets generally share the fundamental characteristic of requiring substantial future development to achieve their highest and best use. However, as discussed elsewhere in this registration statement, following the Separation, our new board of directors and management are expected to reevaluate the Predecessor's plans and ideas for these assets based on market conditions and availability of capital. In order to be able to realize a development plan for any of these assets, in addition to the permitting and approval process attendant to almost all large-scale real estate development of this nature, we will need to obtain financing either through joint venture equity or construction, bridge or long-term financing, none of which is assured. See "Risk Factors—We may face potential difficulties in obtaining operating and development capital" and "Our business model includes entering into joint venture arrangements with strategic partners. This model may not be successful and our business could be adversely affected if we are not able to successfully attract desirable strategic partners or complete agreements with strategic partners." As a result of these shared attributes,

management evaluates and manages the strategic development assets as a single operating unit, with the employees responsible for individual projects reporting up to a single executive responsible for this segment.

The chart below presents our assets by reportable segment and, with respect to our strategic development business, by the potential type of development opportunity:



We own non-controlling investments and interests in The Woodlands Partnerships and Circle T, which we account for using the equity method, and the cost method for non-ownership rights in certain real estate assets. We collectively refer to these investments as our "Real Estate Affiliates." See "Note 3 Real Estate Affiliates" of our audited combined financial statements and "Note 5 Real Estate Affiliates" of our unaudited combined financial statements each included elsewhere in this registration statement.

The table below sets forth certain financial information for our two segments as of June 30, 2010 and as of December 31, 2009, or, as applicable, for the six months ended June 30, 2010 and for the year ended December 31, 2009.

	As of or For the Six Months Ended June 30, 2010			As of or For the Year Ended December 31, 2009		
	Master Planned Communities	Strategic Development	Total	Master Planned Communities	Strategic Development	Total
	(dollars in thousands)			(dollars in thousands)		
Adjusted EBITDA—Segment basis	\$ (1,259)	\$ 11,924	\$ 10,665	\$ 1,243	\$ 20,280	\$ 21,523
Net Book Value of Assets	1,762,679	836,347	2,599,026	1,741,878	945,378	2,687,256
Combined Mortgages, notes and loans payable(*)	80,223	260,272	340,495	82,011	260,822	342,833

(*) In addition, our share of our Real Estate Affiliates debt was \$196.2 million at June 30, 2010.

Competitive Strengths

We believe that we will distinguish ourselves through the following competitive strengths:

Award Winning Master Planned Communities. We believe that we are a leader in the master planned communities business. As operated by the Predecessors, the master planned communities in our portfolio have won numerous awards for, among other things, design and community contribution. In 2009, Bridgeland was awarded the "Master Planned Community of the Year" by the National Association of Home Builders. Our communities represent over 78,000 total acres and we have over 14,000 acres of land remaining to be sold in desirable locations. These communities are located in areas of the country that feature strong demographic fundamentals, such as high income and population growth rates. We believe that it would be difficult for other real estate development companies to acquire significant parcels of land in areas with similar demographics. While the economic downturn and housing recession has slowed land and home site sales across the nation, we believe that the long-term value of these communities remains strong given their competitive positioning and our expertise in long-range land use planning and entitlements for communities such as these.

Development Opportunities in Premier Locations. We will have the opportunity to develop mixed-use properties in some of the highest quality and most desirable economic and demographic regions of the United States, including Ward Centers in Honolulu, Hawaii; Landmark Mall in Alexandria, Virginia; and South Street Seaport in Manhattan, New York. Ward Centers is situated along prime Hawaiian oceanfront property located within one mile of downtown Honolulu and within walking distance of the Ala Moana Center, one of the highest traffic and sales volume regional malls in the world. At our Landmark Mall, we have certain limited entitlements to construct buildings as tall as 25 stories on some parcels, which could be used for retail, residential and commercial development, subject to acquisition of the 30 acres of adjacent lands from the anchor store owners and demolition of the existing mall structures. In addition, the South Street Seaport property is located in downtown Manhattan on the waterfront adjacent to the financial center of Wall Street.

Experienced Management Team. The Predecessors' existing experienced master planned community operational management team will be joining us on the Effective Date. We intend to hire industry-leading senior executives with master planned community and other real estate development expertise to complement this existing operational management team. Utilizing their significant experience managing our master planned community assets, the existing operational management team will maintain its current focus on our properties for the benefit of us and our stockholders. In addition,

until our permanent senior executives have been selected, Brookfield Asset Management and its affiliates ("Brookfield Advisors") will provide certain management services to THHC pursuant to an interim management agreement (the "Management Agreement"). Brookfield Advisors is a pre-eminent global real estate company. Brookfield Advisors will apply its considerable expertise in developing and operating premier real estate assets and experience in successfully managing our business by providing us with interim executive officers and commercial, technical, administrative and strategic services until our permanent executive management team can be identified and assume their roles. The Management Agreement has an initial term of six months subject to extension for up to an additional six months at our option, subject to good faith negotiation with respect to certain terms.

Business Strategy

We will seek to maximize what we believe is the significant long-term value potential of our assets and create a leading real estate development company, while providing our stockholders with appropriate long-term returns commensurate with development risk. Given the makeup of our assets, particularly the undeveloped land in our Master Planned Communities segment, we will not elect to be treated as a real estate investment trust, or REIT, for U.S. federal income tax purposes; however, one of our subsidiaries, Victoria Ward, Limited, is and will continue to be treated as a REIT. Given the capital and operational differences between our two business segments, we intend to follow specific strategies in each business segment to maximize the value of our assets. Our strategies for each segment are detailed below.

Master Planned Communities Segment. In our Master Planned Communities segment, we plan to grow long-term value for our stockholders through continued improvements, entitlements and land development. We believe we have the potential to generate high cash flow in this segment because we expect our capital investment in properties to generally coincide with anticipated sales. With expertise in large-scale, long-range land use planning, residential and commercial real estate development, sales and other special skills, we intend to leverage our operational management team to oversee our operations. One of our primary strategies is to develop and sell land in a manner that increases the value of the remaining land to be developed and to provide current cash flows. To implement our strategy, we intend to build upon the experienced operational professionals who will join us from the Predecessors and, on an interim basis, engage Brookfield Advisors to provide certain executive-level services.

Strategic Development Segment. Our portfolio of strategic development assets represents a diverse mix of near, medium and long-term real estate properties and development projects. We expect to pursue development opportunities for a number of our assets that were postponed by the Predecessors due to lack of liquidity resulting from deteriorating economic conditions, the credit market collapse and certain of the Predecessors' bankruptcy filings in April 2009. We expect to assess the opportunities for these assets, and determine how to finance their completion and how to maximize their long-term value potential. Any such development will require resources which may be significant in some cases. Real estate development is a capital intensive business with multi-year time frames for each project that will require higher leverage than our master planned communities segment will require. While the cash generated from land sales in our Master Planned Communities segment, cash flows from operations and the proceeds from the \$250 million investment by the Plan Sponsors and Blackstone is expected to fund our ordinary course operating expenses and existing contractual obligations, we expect to fund our development projects with a mix of construction, bridge and long-term financing, as well as joint venture equity. We would expect to contribute the land and development expertise and planning to projects and form strategic and institutional partnerships to operate and finance these projects. We have not yet obtained any construction, bridge or long-term financing or identified any potential lenders or joint venture equity partners for any of our strategic development projects and cannot assure you that such financing or joint venture arrangements will be available to us. We also do not intend to be a general contractor or property manager for most of our assets in this segment, and therefore will

consider outsourcing the majority of property management, design and construction responsibilities to third parties.

Our Business

Master Planned Communities

Our Master Planned Communities segment consists of the development and sale of residential and commercial land, primarily in large-scale projects in and around Columbia, Maryland; Houston, Texas; and Las Vegas, Nevada.

Revenues are derived primarily from the sale of finished lots, including infrastructure and amenities, and undeveloped property to both residential and commercial developers. Additional revenues are earned through participations with builders in their sales of finished homes to homebuyers. Revenues and Adjusted EBITDA are affected by factors such as the availability to purchasers of construction and permanent mortgage financing at acceptable interest rates, consumer and business confidence, regional economic conditions in the areas surrounding the projects, employment levels, levels of homebuilder inventory, other factors generally affecting the homebuilder business and sales of residential properties, availability of saleable land for particular uses and our decisions to sell, develop or retain land. For our more mature communities such as in Columbia, Maryland, we are also creating new design plans to increase density and add additional neighborhoods.

Master planned communities in the United States have suffered due to continued weak demand in the residential real estate market following the sharp decline in 2007. As a business venture, development of master planned communities requires expertise in large-scale, long-range land use planning, residential and commercial real estate development, sales and other special skills. The development of these communities requires decades of investment and a continual focus on the changing market dynamics surrounding these communities. In recent periods, the economic downturn has slowed land and home site sales, requiring the development and growth of these communities to be delayed. We believe that the long-term value of our communities remains strong given their competitive positioning and our expertise in long-range land use planning and entitlements for communities such as these.

The following table summarizes our master planned communities as of June 30, 2010:

Community	Location	Ownership (%)	Total/Gross Acres(a)	People Living in community (Approx. No.)	Remaining Saleable Acres(b)			Redevelopment Acres(e)	Projected Community Sell-Out Date
					Residential(c)	Commercial(d)	Total		
Bridgeland	Houston, TX	100.0	11,400	3,250	3,981	1,246	5,227	—	2036
Summerlin	Las Vegas, NV	100.0	22,500	100,000	6,559	625	7,184	—	2039
The Woodlands	Houston, TX	52.5(f)	28,400	94,000	1,063	1,018	2,081	—	2017
Maryland Communities									
Columbia	Howard County, MD	100.0	14,200	100,000	—	—	—	136	2035(g)
Gateway	Howard County, MD	100.0	630	—	—	121	121	—	2013
Emerson	Howard County, MD	100.0	520	2,000	12	68	80	—	2013
Fairwood	Prince George's County, MD	100.0	1,100	2,300	—	11	11	—	2013
Total			78,750	301,550	11,615	3,089	14,704	136	

- (a) Encompasses all of the land located within the borders of the master planned community, including parcels already sold, saleable parcels and non-saleable areas, such as roads, parks and recreation and conservation areas.
- (b) Includes only parcels that are intended for sale. The mix of intended use, as well as the amount of remaining saleable acres, are primarily based on assumptions regarding entitlements and zoning of the remaining project and are likely to change over time as the master plan is refined.

- (c) Includes standard, custom and high density residential land parcels. Standard residential lots are designated for detached and attached single- and multi-family homes, of a broad range, from entry-level to luxury homes. At Summerlin, we have designated certain residential parcels as custom lots as their premium price reflects their larger size and other distinguishing features—such as being within a gated community, having golf course access, or being located at higher elevations. High density residential includes townhomes, apartments and condominiums.
- (d) Designated for retail, office, services and other for-profit activities, as well as those parcels allocated for use by government, schools, houses of worship and other not-for-profit entities.
- (e) Reflects the number of acres we expect to redevelop.
- (f) Reflects our economic interest. Our ownership interest is 42.5% and we jointly make decisions with our joint venture partner.
- (g) Reflects the projected redevelopment completion date.

On May 10, 2010, certain of the TopCo Debtors entered into purchase agreements with two proposed purchasers, Richmond American Homes of Nevada, Inc. ("Richmond") and PN II, Inc., dba Pulte Homes of Nevada ("Pulte"), for the sale of certain lots in our Summerlin master planned community. The purchase agreement with Richmond is for parcels comprising 115 and 117 lots representing 32 acres in the aggregate for purchase prices of \$8,510,000 and \$9,477,000, respectively. The purchase agreement with Pulte is for parcels comprising 109 and 162 lots representing 31.5 acres in the aggregate for purchase prices of \$7,739,000 and \$12,231,000, respectively. As of October 4, 2010, the applicable TopCo Debtors have closed on the sale of 50 finished lots to Pulte and 20 finished lots to Richmond with gross purchase prices of \$4,219,000 and \$2,133,000, respectively. Both purchase agreements provide for closings of the remaining lots in stages through 2011, with no additional closings expected to occur prior to the Effective Date.

Strategic Development

Our Strategic Development segment is made up of near, medium and long-term real estate properties and development projects. Our Strategic Development segment includes the following assets:

Mixed-Use Development Opportunities. We have the opportunity to create mixed-use development projects on nine properties in attractive locations, including the following premier opportunities:

- South Street Seaport, located in the downtown financial and insurance districts of New York City, is within walking distance of lower Manhattan's many tourist attractions, such as the World Financial Center, Tribeca, the Brooklyn Bridge, City Hall and the NYSE. South Street Seaport currently contains approximately 285,000 square feet of retail, restaurant and exhibition space. South Street Seaport is easily accessible via subway, bus, car or water taxi. We believe that South Street Seaport represents a unique development opportunity which, subject to the approval of the City of New York, our ground lessor, could potentially include new shops, restaurants, hotels and residences.
- The city council of Alexandria, Virginia unanimously approved a small area plan in February 2009 that authorized up to 5.5 million square feet of mixed-use development on the site currently occupied by our Landmark Mall. This site is located just nine miles west of Washington, D.C. and the Pentagon, and is within approximately one mile of public rail service on D.C.'s metro blue line. We have certain limited entitlements to construct buildings as tall as 25 stories on some parcels, subject to acquisition of the 30 acres of adjacent lands from the anchor store owners and demolition of their existing structures. Although plans continuously evolve as market conditions change, it is illustrative that our entitlements envision about 800,000 square feet of retail and other commercial space, 500 hotel rooms and 1.2 million square feet of residences. These could be developed by us or sold to others for development.
- Ward Centers is situated along Ala Moana Beach Park and is within one mile of Waikiki and downtown Honolulu. The Ward Neighborhood is the site of Ward Centers, a chic shopping district of six specialty centers with over 135 unique shops (many found only there) and 22 restaurants. In January 2009, the HCDA approved a 15-plus year master plan by Victoria Ward, Limited to transform the 60-acre site into a vibrant and diverse neighborhood of residences, shops, entertainment and offices. We believe that the land's value increased significantly with the HCDA's approval of entitlements and we have the opportunity to undertake an oceanfront development project to add up to 10 million square feet of retail, residential, office and industrial use.

The following table summarizes our mixed-use development opportunities as of June 30, 2010:

<u>ASSET</u>	<u>LOCATION</u>	<u>EXISTING GROSS LEASABLE AREA ("GLA")</u>	<u>SIZE (ACRES)</u>	<u>NET BOOK VALUE (\$ MILLIONS)</u>	<u>ACQUISITION DATE</u>
South Street Seaport	New York, NY	285,849	11	2.9	11/04(1)
Landmark Mall	Alexandria, VA	859,710	22	48.3	11/04(1)
Ward Centers	Honolulu, HI	1,151,912(2)	60	319.1	05/02
Ala Moana Tower Air Rights	Honolulu, HI	—	—	22.8	—
Fashion Show Air Rights	Las Vegas, NV	—	—	—	—
West Windsor	Princeton, NJ	—	653	20.5	11/04(1)
Allen	Dallas, TX	—	238	26.0	03/06
Kendall	Miami, FL	—	91	13.7	11/04(1)
Cottonwood Mall	Holladay, UT	220,954	54	20.3	07/02
Total		2,518,425	1,129	473.6	

(1) Acquired in 2004 as part of the Predecessors' acquisition of The Rouse Company.

(2) Includes 642,165 of mall and freestanding GLA and other anchor store or other locations within the project.

Mall Development Projects. We own four mall development projects in desirable demographic regions. Examples include:

- The Shops at Summerlin Centre, located in Las Vegas, Nevada, consists of an approximately 100-acre parcel that is part of a larger 1,300-acre mixed-use village located at the western rim of the Las Vegas valley in the heart of our Summerlin master planned community. The Shops at Summerlin Centre is surrounded by in-place residential and commercial development. The 100-acre parcel has the potential to be developed with office, retail, hotel and conference facilities, and residences. In 2009, Summerlin Town Centre's trade area encompassed approximately 672,000 people and 257,000 households. From 2009 to 2014, the trade area population is expected to grow at a rate that is almost three times the national average. By 2014, Nielsen™ estimates this trade area will grow by more than 100,000 people. The 2009 average household income within five miles of the site is \$93,600, which is approximately 35% higher than the estimated 2009 average household income for all U.S. households of approximately \$69,400.
- Elk Grove Promenade is a partially constructed open air regional mall, which when completed is envisioned to be 1.1 million square feet, located on 100 acres in the community of Elk Grove, California. The project is approximately 17 miles southeast of downtown Sacramento and we believe that it has the potential to become a retail destination of choice in this community. In 2009, Elk Grove Promenade's trade area encompassed approximately 583,000 people and 194,000 households. From 2009 to 2014, the trade area population is expected to grow at a rate that is twice the national average. By 2014, Nielsen™ estimates there will be approximately 647,000 people within this trade area. The 2009 average household income within five miles of the site exceeds \$100,000, which is approximately 44% higher than the estimated 2009 average household income for all U.S. households.

The following table summarizes our mall development projects as of June 30, 2010:

<u>ASSET</u>	<u>LOCATION</u>	<u>SIZE (ACRES)</u>	<u>NET BOOK VALUE (\$ MILLIONS)</u>	<u>ACQUISITION DATE</u>
The Shops at Summerlin Centre	Summerlin, NV	106	37.2	11/04(a)
Elk Grove Promenade	Elk Grove, CA	100	10.9	11/03
Circle T Ranch and Power Center(b)	Dallas/Ft. Worth, TX	279	9.0	10/05
Bridges at Mint Hill	Charlotte, NC	162	12.2	10/06 - 01/07
Total		647	69.3	

(a) Acquired in 2004 as part of the Predecessors' acquisition of The Rouse Company.

(b) Represents our 50% interest in these two development projects.

Redevelopment Projects. We own seven operating properties that we consider to be redevelopment projects. These properties today comprise approximately 1 million total square feet of GLA in the aggregate. These assets have the potential for future growth by means of an improved tenant mix, additional GLA, re-positioning of the asset or alternative uses. Our future development plans may include office, retail or residential space, shopping centers, movie theaters, parking complexes and open space. Any future redevelopment will require the receipt of permits, licenses, consents and waivers from various parties.

The following table summarizes our redevelopment projects as of June 30, 2010:

<u>ASSET</u>	<u>LOCATION</u>	<u>MALL SHOP(a) GLA</u>	<u>SIZE (ACRES)</u>	<u>NET BOOK VALUE (\$ MILLIONS)</u>	<u>ACQUISITION DATE</u>
Alameda Plaza	Pocatello, ID	190,341	5	2.4	07/02
Village at Redlands/Redlands Promenade	Redlands, CA	79,248(b)	15	9.8	01/04
Century Plaza	Birmingham, AL	16,706(c)	63	17.4	05/97
Rio West Mall	Gallup, NM	332,447	50	11.4	1981(d)
Riverwalk Marketplace	New Orleans, LA	194,228	11	79.7	11/04(e)
Park West	Peoria, AZ	102,171	48	83.8	10/06
Cottonwood Square	Salt Lake City, UT	77,079	6	5.3	07/02
Total		992,220	198	209.8	

(a) Mall shop GLA is gross leasable area for spaces less than 30,000 feet.

(b) Scheduled to close all but 38,069 square feet of Mall shop GLA on September 30, 2010.

(c) Only includes operating tenant space.

(d) Reflects the date that the Rio West Mall opened.

(e) Acquired in 2004 as part of the Predecessors' acquisition of The Rouse Company.

Other Interests. We also own or have interests in a variety of other assets. Some of our other interests include unsold condos in a luxury condominium community, a profit interest in two golf courses in Nevada and other land parcels. These assets had an aggregate net book value of less than \$100 million as of June 30, 2010.

Risks Associated with our Business

You should carefully consider the matters discussed in the "Risk Factors" section beginning on page 45 of this registration statement prior to deciding whether to invest in our securities. Some of these risks include:

- our history of losses and lack of operating history as an independent company;
- our reliance on an interim management company;
- our inability to obtain operating and development capital;
- our inability to establish our own financial, administrative and other support functions to operate as a stand-alone business; and
- risks associated with the ownership, development and expansion of properties.

Investment Agreements

In order to fund a portion of the Plan, GGP entered into investment agreements (the "Investment Agreements") with each of (i) REP Investments LLC (as predecessor to Brookfield Retail Holdings LLC), an affiliate of Brookfield Asset Management Inc. (and its designees, as applicable, the "Brookfield Investor"), (ii) The Fairholme Fund and Fairholme Focused Income Fund (collectively, "Fairholme") and (iii) Pershing Square Capital Management, L.P. on behalf of Pershing Square, L.P., Pershing Square II, L.P., Pershing Square International, Ltd. and Pershing Square International V, Ltd. (collectively, "Pershing Square" and, together with Brookfield Investor and Fairholme, the "Plan Sponsors"). The Plan Sponsors have committed to purchase up to \$6.3 billion of common stock of reorganized GGP and \$250 million of our common stock at \$47.619048 per share.

The Plan Sponsors have entered into agreements with Blackstone Real Estate Partners VI, L.P. (together with its permitted assigns, "Blackstone") whereby Blackstone has subscribed for approximately 7.6% of the shares of reorganized GGP's and our common stock to be issued to each of the Plan Sponsors under the Investment Agreements on the Effective Date and, in connection therewith, will receive an allocation of each of the Plan Sponsor's warrants described below to acquire our common stock (collectively, the "Blackstone Designation"). Blackstone's agreements with the Plan Sponsors do not relieve the Plan Sponsors of their obligations prior to closing and the Plan Sponsors will be obligated to provide all of the funding specified in the Investment Agreements in the event Blackstone does not fund its portion of the purchase price at closing.

Upon consummation of the Plan as contemplated by the Investment Agreements and after giving effect to the Blackstone Designation, we will issue to Brookfield Investor warrants to purchase approximately 3.83 million shares of our common stock, to each of Fairholme and Pershing Square warrants to purchase approximately 1.92 million shares of our common stock and to Blackstone warrants to purchase approximately 0.33 million shares of our common stock, in each case, with an initial exercise price of \$50.00 per share. The per share exercise price has been adjusted from the originally contemplated exercise price to reflect a reduction in the number of warrants that will be issued for the same aggregate consideration upon exercise of the warrants. See "Certain Relationships and Related Transactions, and Director Independence."

The Plan Sponsors' obligations to consummate the transactions contemplated by the Investment Agreements are subject to the satisfaction (or waiver by the Plan Sponsors) of a number of conditions precedent. In addition, certain of the Investment Agreements include board designation rights and registration rights. See "Certain Relationships and Related Transactions, and Director Independence."

We expect that Brookfield Investor, Fairholme, Pershing Square and Blackstone will beneficially own 6.4%, 3.2%, 9.5% and 1.1% respectively, of our common stock on the Effective Date (excluding shares issuable upon exercise of the warrants) or 13.7%, 6.8%, 12.0% and 1.6% respectively, of our common stock on the Effective Date (assuming exercise of all outstanding warrants).

After the Effective Date, each of the Plan Sponsors has participation rights in future public and private equity issuances by us, to allow them to maintain their respective percentage ownership on a fully diluted basis. These participation rights terminate when the applicable Plan Sponsor's beneficial ownership (together with its affiliates' beneficial ownership) is less than 5% on a fully diluted basis.

Executive Offices

We were incorporated in Delaware on July 1, 2010. Our principal executive offices are located at 110 N. Wacker Drive, Chicago, Illinois 60606. Our main telephone number is (312) 960-5000.

Summary Historical Combined Financial Data

The following table sets forth the summary historical combined financial and other data of our business, which was carved-out from the financial information of GGP, as described below. We were formed for the purpose of holding certain assets and assuming certain liabilities of the Predecessors pursuant to the Plan. We have not conducted any business and will not have any material assets or liabilities until the Separation and the Distribution are completed. The operating data for the fiscal years ended December 31, 2009, 2008 and 2007 and the balance sheet data as of December 2009 and 2008 has been derived from our audited combined financial statements included elsewhere in this registration statement. The financial data as of and for the six months ended June 30, 2010 and 2009 has been derived from our unaudited interim combined financial statements included elsewhere in this registration statement, each of which have been prepared on a basis consistent with our audited financial statements. Such financial data is presented on a combined basis as all of the assets pertaining to such data are controlled by GGP. In the opinion of management, our unaudited interim combined financial statements as of and for the six months ended June 30, 2010 and 2009, include all adjustments, consisting only of normal, recurring adjustments, necessary to present fairly our financial position and results of operations for these periods. The interim results of operations are not necessarily indicative of operations for a full fiscal year.

Our combined financial statements were carved-out from the financial information of GGP. Our historical financial results reflect allocations for certain corporate expenses which include, but are not limited to, costs related to property management, human resources, security, payroll and benefits, legal, corporate communications, information services and restructuring and reorganization. Costs of the services that were allocated or charged to us were based on either actual costs incurred or a proportion of costs estimated to be applicable to us based on a number of factors, most significantly, our percentage of GGP's adjusted revenue and assets and the number of properties. We believe these allocations are reasonable; however, these results do not reflect what our expenses would have been had we been operating as a separate stand-alone public company. The years ended December 31, 2009, 2008 and 2007 include corporate cost allocations of \$28.6 million, \$20.4 million and \$24.5 million, respectively. The six months ended June 30, 2010 and 2009 include corporate cost allocations of \$33.8 million and \$15.0 million, respectively. The historical combined financial information presented is not indicative of the results of operations, financial position or cash flows that would have been obtained if we had been an independent, stand-alone entity during the periods shown or of our future performance as an independent, stand-alone entity. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Basis of Presentation."

The historical results set forth below do not indicate results expected for any future periods. The summary historical combined financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the unaudited and

audited combined financial statements and notes thereto included elsewhere in this registration statement.

	Six Months Ended June 30,		Year Ended December 31,		
	2010	2009	2009	2008	2007
(dollars in thousands)					
Operating Data:					
Revenues	\$ 59,419	\$ 75,120	\$ 136,348	\$ 172,507	\$ 260,498
Depreciation and amortization	(8,425)	(10,787)	(19,841)	(18,421)	(22,995)
Provisions for impairment	(486)	(140,180)	(680,349)	(52,511)	(125,879)
Other operating expenses	(58,463)	(72,201)	(128,833)	(141,392)	(196,121)
Interest (expense) income, net	(1,148)	(250)	712	1,105	1,504
Reorganization items	(26,614)	(2,017)	(6,674)	—	—
Benefit from (provision for) income taxes	(17,953)	2,913	23,969	(2,703)	10,643
Equity in income (loss) of Real Estate Affiliates	5,172	4,121	(28,209)	23,506	68,451
Loss from continuing operations	(48,498)	(143,281)	(702,877)	(17,909)	(3,899)
Discontinued operations—loss on dispositions	—	—	(939)	—	—
Allocation to noncontrolling interests	(73)	(65)	204	(100)	(101)
Net loss attributable to GGP	(48,571)	(143,346)	(703,612)	(18,009)	(4,000)
Cash Flow Data:					
Operating activities	\$ (51,162)	\$ (9,166)	\$ (17,870)	\$ (50,699)	\$ (52,041)
Investing activities	(37,118)	(13,441)	(21,432)	(300,201)	(146,208)
Financing activities	88,058	32,434	37,543	348,424	183,073
Other Financial Data:					
EBITDA(*)	\$ (16,435)	\$ (131,848)	\$ (701,469)	\$ 11,384	\$ 14,121
Adjusted EBITDA(*)	10,665	15,472	21,523	65,391	98,643

Balance Sheet Data:

	As of June 30,	As of December 31,	
	2010	2009	2008
Investments in real estate—cost	\$ 2,836,316	\$ 2,827,814	\$ 3,376,321
Total assets	2,906,150	2,905,227	3,443,956
Total debt	340,495	342,833	358,467
Total equity	1,520,638	1,503,520	1,985,815

(*) We have presented EBITDA and Adjusted EBITDA because we believe that they are useful to investors. For our definitions of EBITDA and Adjusted EBITDA as well as an important discussion of their uses and limitations, see "Use of Non-GAAP Measures."

The following is a reconciliation of Segment basis Adjusted EBITDA and EBITDA to GAAP net loss attributable to GGP on a combined basis for the periods presented below. The Segment basis results are based on the proportionate share method. Under the proportionate share method, our share

of the revenues and expenses of the Real Estate Affiliates are combined with the revenues and expenses of the combined properties.

	Six Months Ended June 30,		Year Ended December 31,		
	2010	2009	2009	2008	2007
	(In thousands)				
Adjusted EBITDA	\$ 10,665	\$ 15,472	\$ 21,523	\$ 65,391	\$ 98,643
Strategic initiatives(a)	—	(5,114)	(5,380)	(1,496)	—
Provisions for impairment(b)	(486)	(140,180)	(709,990)	(52,511)	(125,879)
Debt extinguishment costs	—	(9)	(9)	—	(618)
Reorganization items(c)	(26,614)	(2,017)	(6,674)	—	—
Discontinued operations—gains (losses) on dispositions	—	—	(939)	—	41,975
EBITDA	(16,435)	(131,848)	(701,469)	11,384	14,121
Depreciation and amortization	(10,421)	(12,805)	(25,110)	(22,470)	(25,690)
Amortization of deferred finance costs	(305)	(552)	(916)	(720)	(1,194)
Interest income	762	516	2,353	2,341	2,304
Interest expense	(3,549)	(1,437)	(2,999)	(4,914)	(957)
(Provision for) benefit from income taxes	(18,550)	2,845	24,325	(3,530)	7,517
Allocation to noncontrolling interests	(73)	(65)	204	(100)	(101)
Net loss attributable to GGP	<u>\$ (48,571)</u>	<u>\$ (143,346)</u>	<u>\$ (703,612)</u>	<u>\$ (18,009)</u>	<u>\$ (4,000)</u>

- (a) Our strategic initiatives include expenses related to the restructuring efforts of our Predecessors who were subject to bankruptcy proceedings prior to such bankruptcy filings.
- (b) For a discussion on provisions for impairment, see Note 2—Summary of Significant Accounting Policies to the December 31, 2009 combined financial statements and Note 1—Organization—Impairment to the June 30, 2010 combined financial statements contained elsewhere in this registration statement.
- (c) Reorganization items reflect bankruptcy-related activity, including gains on liabilities subject to compromise, interest income, U.S. Trustee fees, and other restructuring costs, incurred after the Predecessors filed for protection under the Bankruptcy Code on April 16, 2009.

ITEM 1. BUSINESS

Background

We are a newly formed Delaware corporation that was created to hold certain assets and liabilities of the Predecessors in conjunction with the Plan. To date, we have not conducted any business and will not have any material assets or liabilities until the Separation and the Distribution are completed. We expect the reorganization of GGP and certain of its subsidiaries to be completed during the fourth quarter of 2010, at which time we will own the Predecessors' properties and related assets and liabilities described herein, which we refer to as our business. The description of the business to be transferred to us by the Predecessors is presented herein as if the transferred business was our business for all historical periods described. Unless the context otherwise requires, references to "we," "us" and "our" refer to The Howard Hughes Corporation and its subsidiaries and joint venture interests after giving effect to the Distribution.

Bankruptcy Proceedings

On the Petition Date, GGP and certain of its subsidiaries voluntarily filed the Chapter 11 Cases under the Bankruptcy Code. On August 27, 2010, GGP filed with the Bankruptcy Court its third amended and restated Plan (as supplemented on September 30, 2010) and the related Disclosure Statement for the TopCo Debtors.

The Plan sets forth the contemplated structure of reorganized GGP at the Effective Date and outlines the manner in which the prepetition creditors' and equity holders' various claims against and interests in the TopCo Debtors will be treated, subject to confirmation of the Plan and consummation of the transactions contemplated by the Investment Agreements, and the occurrence of the Effective Date. On August 20, 2010, the Bankruptcy Court approved the Disclosure Statement and the solicitation of votes to approve the Plan. The TopCo Debtors must obtain the consent of certain third parties for the contribution of assets to us as described under "—Investment Agreements" below. THHC will not exist as a stand-alone company unless and until the Distribution is consummated.

Investment Agreements

In order to fund a portion of the Plan, GGP entered into the Investment Agreements with each of the Plan Sponsors. Pursuant to the Investment Agreements, the Plan Sponsors are committed to purchase up to \$6.3 billion of common stock of reorganized GGP and \$250 million of our common stock at \$47.619048 per share.

The Plan Sponsors have entered into agreements with Blackstone whereby Blackstone has subscribed for approximately 7.6% of the shares of reorganized GGP's and our common stock to be issued to each of the Plan Sponsors under the Investment Agreements on the Effective Date and, in connection therewith, will receive an allocation of each of the Plan Sponsor's warrants to acquire our common stock, described below. Blackstone's agreements with the Plan Sponsors do not relieve the Plan Sponsors of their obligations prior to closing and the Plan Sponsors will be obligated to provide all of the funding specified in the Investment Agreements in the event Blackstone does not fund its portion of the purchase price at closing.

Under the Investment Agreements, in lieu of the receipt of any fees that would be customary in similar transactions, the Investment Agreements provide for the issuance of interim warrants to Brookfield Investor and Fairholme to purchase approximately 103 million shares of GGP (the "Interim Warrants"). The Interim Warrants vest 40% upon issuance, 20% on July 12, 2010, and the remaining Interim Warrants vest in equal daily installments from July 13, 2010 to December 31, 2010, except that any Interim Warrants that have not vested on or prior to termination of Brookfield Investor's or Fairholme's Investment Agreement, as the case may be, will not vest and will be cancelled. Upon consummation of the Plan contemplated by the Investment Agreements, the Interim Warrants will be cancelled, whether vested or not. Separately, warrants to purchase common stock of reorganized GGP

and THHC will be issued to the Plan Sponsors. After giving effect to the Blackstone Designation, we will issue to (i) Brookfield Investor warrants to purchase approximately 3.83 million shares of our common stock, (ii) each of Fairholme and Pershing Square warrants to purchase approximately 1.92 million shares of our common stock and (iii) Blackstone warrants to purchase approximately 0.33 million shares of our common stock, in each case, with an initial exercise price of \$50.00 per share. The exercise prices and the number of shares of common stock issuable upon exercise of the warrants will be subject to adjustment as provided in the related warrant agreements. Each warrant will have a term of seven years from the closing date of the investments. See "Certain Relationships and Related Transactions, and Director Independence."

We expect that Brookfield Investor, Fairholme, Pershing Square and Blackstone will beneficially own 6.4%, 3.2%, 9.5% and 1.1%, respectively, of our common stock on the Effective Date (excluding shares issuable upon the exercise of warrants) or 13.7%, 6.8%, 12.0% and 1.6%, respectively, of our common stock on the Effective Date (assuming exercise of all outstanding warrants).

Certain of the Investment Agreements also include board nomination rights, pursuant to which our board of directors on the Effective Date will have nine members, one of whom will be nominated by Brookfield Investor and three of whom will be nominated by Pershing Square. Brookfield Investor's right to nominate one director will continue so long as Brookfield Investor beneficially owns at least 10% of our common stock on a fully diluted basis. Pershing Square's right to nominate three directors will continue so long as Pershing Square and its affiliates have "economic ownership" (as described below) of at least 17.5% of our common stock on a fully diluted basis and two directors for so long as Pershing Square and its affiliates beneficially own at least 10% but have economic ownership of less than 17.5%, of our common stock on a fully diluted basis. Following such time as Pershing Square and its affiliates beneficially own less than 10% of our common stock on a fully diluted basis, Pershing Square will no longer have the right to nominate directors for election to our board of directors. See "Certain Relationships and Related Transactions, and Director Independence." For purposes of the Plan Sponsor's board nomination rights under the Investment Agreements, "economic ownership" means the aggregate number of shares of our common stock owned by Pershing Square and its affiliates (assuming the exercise of Pershing Square's warrants to acquire our common stock) plus the aggregate notional number of shares of our common stock referenced in certain equity derivatives that Pershing Square will certify to us provide Pershing Square and its affiliates with the benefit of substantially similar cash flows as would direct ownership. We expect Pershing Square's and its affiliates' economic ownership on the Effective Date to be approximately 24.5%, which will entitle Pershing Square and its affiliates to nominate three directors.

The Plan Sponsors' obligations to consummate the transactions contemplated by the Investment Agreements are subject to the satisfaction of the following conditions precedent (all of which may be waived by the Plan Sponsors):

- no judgment, injunction, decree or other legal restraint shall prohibit the consummation of the Plan or the transactions contemplated by the Investment Agreements;
- all permits, consents, orders, approvals, waivers, authorizations or other permissions or actions of third parties and governmental entities required for the consummation of the transactions contemplated by the Investment Agreements and the Plan shall have been made or received, and shall be in full force and effect, except for those the failure of which to make or receive would not reasonably be expected to result in a material adverse effect (as defined in the Investment Agreements);
- certain representations and warranties made by the Predecessors contained in the Investment Agreements shall be true and correct as of the closing date of the investments pursuant to the Investment Agreements;
- the Predecessors shall have complied with their obligations under the applicable Investment Agreement;

- since the date of the Investment Agreements, there shall not have occurred any event, fact or circumstance that has had or would reasonably be expected to have, individually or in the aggregate, a material adverse effect;
- the Plan, in form and substance satisfactory to each Plan Sponsor, shall have been confirmed by the Bankruptcy Court by order in form and substance satisfactory to each Plan Sponsor, which confirmation order shall be in full force and effect as of the closing date of the investments pursuant to the Investment Agreements and shall not be subject to a stay of effectiveness;
- the Disclosure Statement, in form and substance satisfactory to each Plan Sponsor, shall have been approved by order of the Bankruptcy Court in form and substance satisfactory to each Plan Sponsor;
- the conditions to confirmation of the Plan and the conditions to the Effective Date, including the consummation of the corporate reorganization transactions, shall have been satisfied or waived in accordance with the Plan and the organizational documents of reorganized GGP as set forth in the Plan shall be in effect;
- the Distribution and the issuance by THHC of the THHC warrants shall have occurred in accordance with the Investment Agreements;
- certain actions taken by the Predecessors relating to the separation of THHC shall be reasonably satisfactory to the Plan Sponsors and shall be in full force and effect;
- THHC shall not have issued and outstanding on a fully diluted basis immediately following the closing of the Plan Sponsors' investments, a maximum number of shares of THHC common stock that is more than:
 - 32,468,326, plus
 - a number equal to 0.1 multiplied by the number of shares of GGP common stock issued on or after March 26, 2010 and prior to the record date of the Distribution as a result of the exercise, conversion or exchange of any stock options or convertible securities of GGP outstanding on March 26, 2010 and employee stock options issued pursuant to GGP option plans, plus
 - the number of shares of THHC common stock underlying the THHC warrants issued to the Plan Sponsors described above, plus
 - an aggregate of 5,250,000 shares issuable to the Plan Sponsors pursuant to the Investment Agreements;
- the warrants and shares issuable at closing of the Plan to each of the Plan Sponsors shall have been validly issued to each of the Plan Sponsors, and the related warrant agreements shall have been executed and delivered and shall be in full force and effect;
- reorganized GGP shall have filed with the SEC and the SEC shall have declared effective, as of closing, to the extent permitted by applicable SEC rules, a shelf registration statement covering resales of the reorganized GGP securities issued to the Plan Sponsors, containing a plan of distribution reasonably satisfactory to the Plan Sponsors. In addition, each of reorganized GGP and THHC shall have entered into registration rights agreements with each Plan Sponsor with respect to all registrable securities issued to or held by the Plan Sponsors from time to time in a manner that permits the registered offering of securities pursuant to such methods of sale as the Plan Sponsor may reasonably request from time to time;
- the shares of reorganized GGP common stock issuable to the Plan Sponsors (including shares issuable upon exercise of the warrants) shall be authorized for listing on the NYSE, subject to official notice of issuance, and the shares of THHC common stock issuable to the Plan Sponsors

(including shares issuable upon exercise of the warrants) shall be authorized for listing on a U.S. national securities exchange, subject to official notice of issuance;

- each of the persons designated by the Plan Sponsors to the board of directors of reorganized GGP and the board of directors of THHC, as described under "Item 7.—Certain Relationships and Related Transactions, and Director Independence—Board of Directors," shall have been duly appointed to such board of directors;
- reorganized GGP shall have, on the Effective Date and after giving effect to the use of proceeds from capital raising activities permitted under the Investment Agreements (if any) and the issuance of the shares of reorganized GGP common stock to the Plan Sponsors, and the payment and/or reserve for all allowed and disputed claims under the Plan, transaction fees and other amounts required to be paid in cash or shares under the Plan:
 - an aggregate amount of not less than \$350,000,000 of proportionally consolidated unrestricted cash (as defined below) plus
 - the net proceeds of certain additional financings and the aggregate principal amount of certain debt paydowns or such higher number as may be agreed plus
 - the excess, if any, of
 - (a) the aggregate principal amount of New Debt (as defined below) and Reinstated Amounts (as defined below) over
 - (b) \$1,500,000,000;
- immediately following the closing of the transactions contemplated by the Investment Agreements after giving effect to the Plan, the aggregate outstanding proportionally consolidated debt (as defined in the Investment Agreements) of reorganized GGP shall not exceed:
 - \$22,250,000,000 in the aggregate minus
 - (a) the amount of proportionally consolidated debt attributable to assets sold, returned, abandoned, conveyed, transferred or otherwise divested during the period between March 31, 2010 (the date of the Investment Agreements) through the closing minus
 - (b) the excess, if any, of \$1,500,000,000 over the aggregate principal amount of new unsecured indebtedness incurred after March 31, 2010 and on or prior to the closing date of the transactions contemplated by the Investment Agreements for cash ("New Debt") and the aggregate principal amount of any debt under certain notes issued by Rouse (the "Rouse Bonds") or GGPLP's 3.98% Exchangeable Senior Notes due 2027 (the "Exchangeable Notes") that is reinstated under the Plan (such amounts reinstated, the "Reinstated Amounts") minus
 - (c) the amount of proportionally consolidated debt attributable to the assets contributed to THHC pursuant to the Investment Agreements minus
 - (d) the principal and/or liquidation preference of certain preferred securities issued by GGP Capital Trust I ("TRUPS") and the preferred or common units of limited partnership interests of GGPLP (and, such interests, "UPREIT Units") not reinstated plus
 - (e) in the event the closing of the transactions contemplated by the Investment Agreements occurs prior to September 30, 2010, the amount of scheduled amortization on proportionally consolidated debt (other than Corporate Level Debt (as defined in the Investment Agreements) from the closing date of such transactions to September 30, 2010 that otherwise would have been paid by September 30, 2010 minus

(f) in the event the closing of the transactions contemplated by the Investment Agreements occurs on or after September 30, 2010, the amount of actual amortization paid on proportionally consolidated debt (other than certain specified corporate level debt) from September 30, 2010 to the closing date plus

(g) (1) the excess of the aggregate principal amount of New Debt incurred to refinance existing debt relating to the mortgage or encumbrance of real property assets without violation of the condition referred to in the following bullet point over the principal amount of the debt so refinanced and

(2) new debt incurred to finance certain unencumbered properties after March 31, 2010 and on or prior to the closing plus

(h) the amount of other principal paydowns, writedowns and resulting impact on amortization or payments in the anticipated amortization schedule with respect to Fashion Show Mall (Fashion Show Mall LLC), The Shoppes at the Palazzo and Oakwood Shopping Center (Gretna, LA) currently anticipated to be made by GGP in connection with refinancings, or completion of negotiations in respect of its property level debt which GGP determines in good faith are not actually required to be made prior to closing plus

(1) the excess, if any, of (A) the aggregate principal amount of New Debt and the Reinstated Amounts over (B) \$1,500,000,000 plus

(2) the aggregate amount of the Pershing Square Bridge Notes issued pursuant to the investment agreement with Pershing Square;

- between March 31, 2010 and the closing of the transactions contemplated by the Investment Agreements, GGP shall not have taken certain actions specified in the Investment Agreements, including, among others and subject to certain exceptions set forth in the Investment Agreements, relating to:
 - declaration of dividends,
 - amending GGP's certificate of incorporation other than to increase the authorized shares of GGP's common stock,
 - acquisitions,
 - sales or transfers of real property assets,
 - mortgages or encumbrances of real property assets except for certain permitted restructuring or refinancing transactions as set forth in the Investment Agreements,
 - sales or issuances of equity securities,
 - capital expenditures and
 - changes in accounting methods or principles;
- the number of issued and outstanding shares of reorganized GGP common stock on a fully diluted basis including the shares issuable to the Plan Sponsors shall not exceed:
 - 1,104,683,256, plus
 - the number of shares (if any) issued to settle or otherwise satisfy the outstanding claims in respect of GGP's obligations under a contingent stock agreement (the "Contingent Stock Agreement") entered into in connection with the acquisition of The Hughes Corporation effective January 1, 1996 (such obligations, the "Hughes heirs obligations"), plus
 - up to 65,000,000 shares of reorganized GGP common stock issued in Liquidity Equity Issuances (as defined below), plus

- the number of shares of reorganized GGP common stock underlying the warrants issued to the Plan Sponsors as provided in the Plan, plus
- the number of shares of GGP common stock issued as a result of the exercise of employee stock options outstanding on March 31, 2010, plus,
- in the event shares of reorganized GGP common stock are issued pursuant to a rights offering as provided in the Plan, the difference between

(1) the number of shares of reorganized GGP common stock issued to existing holders of GGP common stock and the Plan Sponsors, in each case, in connection with such rights offering minus

(2) 50,000,000 shares of reorganized GGP common stock minus the number of shares of GGP common stock sold to Pershing Square pursuant to Pershing Square's put rights (as described in the Investment Agreements); provided, that if indebtedness under the Rouse Bonds or the Exchangeable Notes is reinstated under the Plan, or GGP shall have incurred New Debt, or between March 31, 2010 and the closing date of the investments GGP shall have sold for cash real property assets outside of the ordinary course of business, the share cap shall be reduced by the quotient obtained by dividing

(x) the sum of

- (A) the lesser of (i) \$1,500,000,000 and (ii) the sum of Reinstated Amounts and the net cash proceeds to GGP from the issuance of New Debt and
- (B) the net cash proceeds to GGP from such asset sales in excess of \$150,000,000 by

(y) \$10.00.

"Liquidity Equity Issuances" is defined as issuances of shares of reorganized GGP common stock in the Plan for cash in an aggregate amount of up to 65,000,000 shares of reorganized GGP common stock;

- neither GGP nor any of its subsidiaries shall have issued or sold any shares of GGP's common stock or securities, warrants or options that are convertible into or exchangeable or exercisable for, or linked to the performance of, GGP's common stock other than, among other exceptions:
 - (a) pursuant to the exchange of GGP's common stock for reorganized GGP common stock,
 - (b) the issuance of shares pursuant to the exercise of employee stock options or
 - (c) the issuance of shares to existing holders of GGP common stock and the Plan Sponsors, in each case, pursuant to a rights offering as provided for in the Plan, unless:
 - (i) the purchase price (or, in the case of securities that are convertible into or exchangeable or exercisable for, or linked to the performance of, common stock, the conversion, exchange or exercise price) shall not be less than \$10.00 per share (net of all underwriting and other discounts, fees and any other compensation),
 - (ii) following such issuance or sale,
 - (A) no person or entity, or "group" within the meaning of Section 13(d) under the Securities Exchange Act of 1934, as amended, other than the Plan Sponsors pursuant to the Investment Agreements and any institutional underwriter or initial purchaser acting in an underwriter capacity in an underwritten offering) shall, after giving effect to such issuance or sale, beneficially own more than 10% of the common stock on a fully diluted basis and

(B) no four persons, entities or groups (other than Plan Sponsors) shall, after giving effect to such issuance or sale, beneficially own more than 30% of GGP's common stock on a fully diluted basis (provided that this clause (ii) shall not be applicable to any conversion or exchange of claims against the TopCo Debtors into reorganized GGP common stock pursuant to the Plan; provided, further, that sub-clause (B) of this clause (ii) shall not be applicable with respect to any entity listed on a certain exhibit to the Investment Agreements), and

(iii) the Plan Sponsors shall have been offered the opportunity to purchase a specified percentage of such shares;

- the Plan Sponsors shall have received a legal opinion to the effect that GGP for all taxable years commencing with the taxable year ended December 31, 2005 through December 31, 2009 has been subject to taxation as a REIT and has operated since January 1, 2010 to the closing date of the investments in a manner consistent with the requirements for qualification and taxation as a REIT;
- entry into the standstill agreements described under "Item 7.—Certain Relationships and Related Transactions, and Director Independence—Standstill Agreements";
- the claims or interest related to the Hughes heirs obligations shall have been determined by order of the Bankruptcy Court entered on or prior to the Effective Date and satisfied in accordance with the terms of the Plan;
- the Spinco Note, if any, shall have been issued by THHC (or one of its subsidiaries, provided that such note is guaranteed by THHC) in favor of GGPLP; and
- the issuance of the Pershing Square Bridge Notes, if applicable.

We cannot assure you that these conditions will be satisfied or waived or that the transactions contemplated by the Investment Agreements will be consummated on the terms described herein or at all. If the conditions are not satisfied or waived and the transactions contemplated by the Investment Agreements are not completed, the Separation will not take place and the shares of common stock covered by this registration statement will not be issued.

Business Overview

We are a real estate company created to specialize in the development of master planned communities and other strategic real estate development opportunities across the United States. Our goal is to create sustainable, long-term growth and value for our stockholders. We own a diverse portfolio of properties with a relatively small amount of debt and with near, medium and long-term development opportunities, including our master planned communities, mall development projects and a series of mixed-use development opportunities in premier locations. As operated by the Predecessors, our master planned communities have won numerous awards for, among other things, design and community contribution. We expect the competitive position and desirable location of certain of our assets (which collectively comprise millions of square feet and thousands of acres of developable land), combined with their operations and long-term opportunity through entitlements, land and home site sales, project developments and operating properties, to drive our income and growth. We expect to pursue development opportunities for a number of our assets that were postponed by the Predecessors due to lack of liquidity resulting from deteriorating economic conditions, the credit market collapse and certain of the Predecessors' bankruptcy filings in April 2009. We expect to assess the opportunities for these assets, currently in various stages of completion, and determine how to finance their completion and how to maximize their long-term value potential.

We operate our business in two lines of business: Master Planned Communities and Strategic Development.

Master Planned Communities

Our Master Planned Communities segment consists of the development and sale of residential and commercial land, primarily in large-scale projects in and around Columbia, Maryland; Houston, Texas; and Las Vegas, Nevada.

Revenues are derived primarily from the sale of finished lots, including infrastructure and amenities, and undeveloped property to both residential and commercial developers. Additional revenues are earned through participations with builders in their sales of finished homes to homebuyers. Revenues and Adjusted EBITDA are affected by factors such as the availability to purchasers of construction and permanent mortgage financing at acceptable interest rates, consumer and business confidence, regional economic conditions in the areas surrounding the projects, employment levels, levels of homebuilder inventory, other factors generally affecting the homebuilder business and sales of residential properties, availability of saleable land for particular uses and our decisions to sell, develop or retain land. For our more mature communities such as in Columbia, Maryland, we are also creating new design plans to increase density and to add additional neighborhoods.

Master planned communities in the United States have suffered due to the continued weak demand in the residential real estate market following the sharp decline in 2007. As a business venture, development of master planned communities requires expertise in large-scale, long-range land use planning, residential and commercial real estate development, sales and other special skills. The development of these communities requires decades of investment and a continual focus on the changing market dynamics surrounding these communities. In recent periods the economic downturn has slowed land and home site sales, requiring the development and growth of these communities to be delayed. We believe that the long-term value of our communities remains strong given their competitive positioning and our expertise in long-range land use planning and entitlements for communities such as these.

The following table summarizes our master planned communities as of June 30, 2010:

Community	Location	Ownership (%)	Total/ Gross Acres(a)	People Living in community (Approx. No.)	Remaining Saleable Acres(b)			Redevelopment Acres(e)	Projected Community Sell-Out Date
					Residential(c)	Commercial(d)	Total		
Bridgeland	Houston, TX	100.0	11,400	3,250	3,981	1,246	5,227	—	2036
Summerlin	Las Vegas, NV	100.0	22,500	100,000	6,559	625	7,184	—	2039
The Woodlands Maryland Communities	Houston, TX	52.5(f)	28,400	94,000	1,063	1,018	2,081	—	2017
Columbia	Howard County, MD	100.0	14,200	100,000	—	—	—	136	2035(g)
Gateway	Howard County, MD	100.0	630	—	—	121	121	—	2013
Emerson	Howard County, MD	100.0	520	2,000	12	68	80	—	2013
Fairwood	Prince George's County, MD	100.0	1,100	2,300	—	11	11	—	2013
Total			78,750	301,550	11,615	3,089	14,704	136	

- (a) Encompasses all of the land located within the borders of the master planned community, including parcels already sold, saleable parcels and non-saleable areas, such as roads, parks and recreation and conservation areas.
- (b) Includes only parcels that are intended for sale. The mix of intended use, as well as the amount of remaining saleable acres, are primarily based on assumptions regarding entitlements and zoning of the remaining project and are likely to change over time as the master plan is refined.
- (c) Includes standard, custom and high density residential land parcels. Standard residential lots are designated for detached and attached single- and multi-family homes, of a broad range, from entry-level to luxury homes. At Summerlin, we have designated certain residential parcels as custom lots as their premium price reflects their larger size and other distinguishing features—such as being within a gated community, having golf course access, or being located at higher elevations. High density residential includes townhomes, apartments and condominiums.
- (d) Designated for retail, office, services and other for-profit activities, as well as those parcels allocated for use by government, schools, houses of worship and other not-for-profit entities.
- (e) Reflects the number of acres we expect to redevelop.

- (f) Reflects our economic interest. Our ownership interest is 42.5% and we jointly make decisions with our joint venture partner.
- (g) Reflects the projected redevelopment completion date.

On May 10, 2010, certain of the TopCo Debtors entered into purchase agreements with two proposed purchasers, Richmond and Pulte, for the sale of certain lots in our Summerlin master planned community. The purchase agreement with Richmond is for parcels comprising 115 and 117 lots representing 32 acres in the aggregate for purchase prices of \$8,510,000 and \$9,477,000, respectively. The purchase agreement with Pulte is for parcels comprising 109 and 162 lots representing 31.5 acres in the aggregate for purchase prices of \$7,739,000 and \$12,231,000, respectively. As of October 4, 2010, the applicable TopCo Debtors have closed on the sale of 50 finished lots to Pulte and 20 finished lots to Richmond with gross purchase prices of \$4,219,000 and \$2,133,000, respectively. Both purchase agreements provide for closings of the remaining lots in stages through 2011, with no additional closings expected to occur prior to the Effective Date.

Bridgeland (Houston, Texas)

Bridgeland is a master planned community in Houston, Texas consisting of approximately 11,400 acres, and was voted by The National Association of Home Builders as the "Master Planned Community of the Year" in 2009. The first residents moved into their homes in June 2006. There were approximately 928 homes occupied by approximately 3,250 residents as of June 30, 2010. Bridgeland's conceptual plan includes four villages—Lakeland Village, Parkland Village, Prairieland Village, and Creekland Village—plus a town center mixed use district as well as a carefully designed network of trails totaling over 60 miles that will provide pedestrian connectivity to distinct residential villages and neighborhoods. Bridgeland's first four neighborhoods are located in Lakeland Village. These neighborhoods offer a unique home buying experience that includes one convenient model home park showcasing thirteen models by ten of Houston's top builders, three custom builders showcasing homes in a private enclave in First Bend, all with views of water, buried power lines to maximize the views of open space and water, fiber-optic technology direct to each home, home sites offering brick-lined terrace walkways to each front porch, home designs incorporating brick, stone and timber architecture and prices ranging from the mid-\$100,000's to more than \$1 million. Lakeland Village is currently approximately 50% completed. The Lakeland Activity Center, the first of several planned activity complexes to be constructed as development progresses and more residents move to Bridgeland, opened in May of 2007. This complex is anchored by a 6,000 square foot community center and features a water park with three swimming pools, two lighted tennis courts and a state-of-the-art fitness room. A grand promenade wrapping around Lake Bridgeland offers a boat dock, canoes and kayaks, sailboats and paddleboats. An extensive lake and trail system is planned to link villages and neighborhoods with recreational, educational, cultural, employment, retail, religious and other offerings. The Bridgeland community is also expected to feature more than 3,000 acres of waterways, lakes, trails, parks and open space, as well as an expansive town center with room for employment, retail, educational and entertainment facilities.

Bridgeland's conceptual plan includes a 900-acre town center mixed use district. The conceptual plan contemplates that the town center will be located adjacent to a planned highway expansion, which will provide Bridgeland residents direct access to Houston, the country's fourth-largest city. One segment of the highway is expected to bisect a portion of Bridgeland designed for the town center. A construction date has not yet been established for this highway segment. Pursuant to the terms of the purchase and sale agreement by which the Predecessors acquired Bridgeland and that we will assume as of the Effective Date, the commencement of construction of this segment of the highway will trigger a final \$7,000,000 payment to the former owner of certain parcels of land that are now included in Bridgeland.

We anticipate that the Bridgeland community will one day accommodate more than 20,000 homes and 65,000 residents and we believe that it is poised to be one of the top master planned communities

in the nation. As of June 30, 2010, Bridgeland had approximately 3,981 residential acres and 1,246 commercial acres remaining to be sold.

Summerlin (Las Vegas, Nevada)

Spanning the western rim of the Las Vegas Valley and located approximately 12 miles from downtown Las Vegas, our 22,500-acre Summerlin master planned community offers suburban living with accessibility to the Las Vegas Strip. For the last decade, Summerlin has consistently ranked in the Robert Charles Lesser annual poll of Top Ten Master Planned Communities in the nation. With 25 public and private schools, five institutions of higher learning, nine golf courses, and cultural facilities, Summerlin is a fully integrated community. The first residents moved into their homes in 1991. As of June 30, 2010, there were approximately 40,000 homes occupied by approximately 100,000 residents.

Summerlin is comprised of hundreds of neighborhoods located in 19 villages with nearly 150 neighborhood and village parks, all connected by a 150-mile long trail system. Summerlin is located adjacent to Red Rock Canyon National Conservation Area, a landmark in southern Nevada, which has become a world-class hiking and rock climbing destination and also surrounds our Shops at Summerlin Centre development site. Summerlin contains approximately 1.7 million square feet of developed retail space, 3.2 million square feet of developed office space, three hotel properties containing approximately 1,400 hotel rooms, as well as health and medical centers, including Summerlin Hospital and the Nevada Cancer Institute.

Summerlin is divided, generally, into three separate areas known as Summerlin North, Summerlin West and Summerlin South. Summerlin South is located within the jurisdiction of Clark County, Nevada whereas Summerlin West is located within the jurisdiction of the City of Las Vegas. In Summerlin South, Summerlin is entitled to develop 740 acres of commercial property with no square footage restrictions, 350 acres of which are already owned by third parties or already committed to commercial development. In Summerlin West, Summerlin is entitled to develop 5,850,000 square feet of commercial space (no acreage limitation) of which 100,000 square feet have already been developed by the Predecessors through its construction of a grocery store anchored shopping center.

As of June 30, 2010, Summerlin had approximately 6,559 residential acres and 625 commercial acres remaining to be sold.

The Woodlands (Houston, Texas)

We have a 52.5% economic interest in The Woodlands, currently one of the best-selling master planned communities in Texas. The Woodlands is managed jointly with our joint venture partner. The Woodlands is a mixed-use master planned community situated 27 miles north of Houston and consists of 28,400 acres. The Woodlands is a self-contained community that integrates recreational amenities, residential neighborhoods, commercial office space, retail shops and entertainment venues. Home site sales began in 1974. As of June 30, 2010, there were approximately 40,000 homes occupied by approximately 94,000 residents and more than 1,500 businesses providing employment for approximately 43,000 people. Approximately 28% of The Woodlands is dedicated to green space—including parks, pathways, open spaces, golf courses and forest preserves. The population of The Woodlands is projected to be approximately 130,000 by 2020.

The Woodlands Town Center includes a waterway, outdoor art and an open-air performance pavilion, a resort and conference center, a luxury hotel and convention center, educational opportunities for all ages, hospitals and health care facilities and office space. The Fountains at Waterway Square located on The Woodlands Waterway connects the project to the community via a water taxi system serving the community. The Woodlands is also the site of The Woodlands Mall, which is owned by, and will remain with, GGP.

We have interests in commercial office buildings, as well as a resort and conference center and two golf courses through our investment in the Woodlands Partnerships. We have included these interests in our Strategic Development segment, rather than our Master Planned Communities segment, because they are operating properties.

As of June 30, 2010, we had approximately 1,063 residential acres and 1,018 commercial acres remaining to be sold at The Woodlands.

Maryland Communities

Our Maryland communities consist of four distinct projects:

- Columbia;
- Gateway;
- Emerson; and
- Fairwood.

Columbia

Columbia, located in Howard County, Maryland, is an internationally recognized model of a successful master planned community developed in the 1960s. Columbia is a fully developed community offering a wide variety of living, business and recreational opportunities. As of June 30, 2010, Columbia was home to almost 100,000 people. Columbia's full range of housing options are located in ten distinct, self-contained villages. Each village is comprised of several neighborhoods, a shopping center and community and recreational facilities. In Columbia's downtown, 1.6 million square feet of office space is located close to shopping, restaurants and entertainment venues. In an area known as Columbia Town Center there is a 1.3 million-square-foot mall known as The Mall in Columbia, which is owned by, and will remain with, GGP.

We own approximately 136 acres of land in Columbia which we expect to redevelop. The land currently consists of raw land, existing operating assets, surface and structured parking and dedicated open space, and we will have the opportunity to redevelop this portion of the master planned community in the future. Columbia recently received entitlements to develop new residential units, as well as hotel, retail and office space.

We expect to enter into a development agreement and memorandum of intent with GGP that will clarify the division of properties between us and GGP in an area of Columbia adjacent to The Mall in Columbia that we refer to as the "core development area." The development agreement and memorandum of intent will contain the key terms, conditions, responsibilities and obligations with respect to the future development of the core development area in Columbia. In addition, the agreement is expected to provide us with a five-year right of first offer and a subsequent six-month purchase option to acquire seven office buildings and associated parking lots, totaling approximately 22 acres, in Columbia at an agreed upon price or then fair market value as determined pursuant to an appraisal process.

Gateway

Gateway is a 630-acre premier master planned corporate community located in a high traffic area in Howard County, Maryland. Gateway offers quality office space in a campus setting with approximately 121 commercial acres remaining to be sold as of June 30, 2010.

Emerson

Emerson is a substantially completed master planned community located in Howard County, Maryland and consists of approximately 520 acres. The first residents moved into their homes in 2002. There were approximately 846 homes occupied by approximately 2,000 residents as of June 30, 2010.

Emerson offers a wide assortment of single family and town home housing opportunities by some of the region's top homebuilders, and is located in one of Maryland's top-performing public school districts. As of June 30, 2010, we had approximately 12 residential acres and 68 commercial acres remaining to be sold. The remaining land is fully entitled for build-out, subject to meeting local requirements for subdivision and land development permits. In addition, 96 of our townhouse lots are under contract to builders and scheduled to be closed in stages through 2012. The proceeds of any sales that are consummated prior to the Effective Date will remain with GGP.

Fairwood

Fairwood is a fully developed master planned community located in Prince George's County, Maryland and consists of approximately 1,100 acres. 11 commercial acres were available for sale as of June 30, 2010. The first residents moved into their homes in 2002. There were approximately 1,016 homes occupied by approximately 2,300 residents as of June 30, 2010. Fairwood consists of single-family and townhouse lots, as well as undedicated open space and two historic houses. In addition to the 11 commercial acres remaining to be sold, we own a few undedicated open space parcels, and 24 acres of unsubdivided land which cannot be developed so long as the nearby airport is operating.

Strategic Development

Our Strategic Development segment is made up of near, medium and long-term real estate properties and development projects, some of which we believe have the potential to create meaningful value.

In order to better understand the nature of our strategic development opportunities and our current expectations for the type of development we may ultimately pursue, we present our development opportunities in this registration statement in the following four categories:

- nine mixed use development opportunities;
- four mall development projects;
- seven redevelopment projects; and
- eleven other property interests, including ownership of various land parcels and profit interests.

At present all of these assets generally share the fundamental characteristic of requiring substantial future development to achieve their highest and best use. However, as discussed elsewhere in this registration statement, following the Separation, our new board of directors and management are expected to reevaluate the Predecessor's plans and ideas for these assets based on market conditions and availability of capital. In order to be able to realize a development plan for any of these assets, in addition to the permitting and approval process attendant to almost all large-scale real estate development of this nature, we will need to obtain financing either through joint venture equity or construction, bridge or long-term financing. Accordingly, our business model includes entering into strategic relationships with joint venture partners. We have not yet obtained any financing or identified any potential lenders or joint venture equity partners and we cannot assure you that such financing or joint venture arrangements will be available to us. See "Risk Factors—We may face potential difficulties in obtaining operating and development capital" and "Our business model includes entering into joint venture arrangements with strategic partners. This model may not be successful and our business could be adversely affected if we are not able to successfully attract desirable strategic partners

or complete agreements with strategic partners." As a result of these shared attributes, management evaluates and manages the strategic development assets as a single operating unit, with the employees responsible for individual projects reporting up to a single executive responsible for this segment.

Mixed-Use Development Opportunities

The following table summarizes our mixed-use development opportunities as of June 30, 2010:

ASSET	LOCATION	EXISTING GROSS LEASABLE AREA ("GLA")	SIZE (ACRES)	NET BOOK VALUE (\$ MILLIONS)	ACQUISITION DATE
South Street Seaport	New York, NY	285,849	11	2.9	11/04*
Landmark Mall	Alexandria, VA	859,710	22	48.3	11/04*
Ward Centers	Honolulu, HI	1,151,912	60	319.1	05/02
Ala Moana Tower Air Rights	Honolulu, HI	—	—	22.8	—
Fashion Show Air Rights	Las Vegas, NV	—	—	—	—
West Windsor	Princeton, NJ	—	653	20.5	11/04*
Allen	Dallas, TX	—	238	26.0	03/06
Kendall	Miami, FL	—	91	13.7	11/04*
Cottonwood Mall	Holladay, UT	220,954	54	20.3	07/02
Total		2,518,425	1,129	473.6	

* Acquired in 2004 as part of the Predecessors' acquisition of The Rouse Company.

The following is a description of each of our mixed-use development opportunities.

South Street Seaport, Lower Manhattan, New York, New York

South Street Seaport currently contains approximately 285,000 square feet of retail, restaurant and exhibition space, which is ground leased from the City of New York. Its location on the East River and historic atmosphere make it one of New York City's top attractions. Located in the downtown financial and insurance districts of New York City, the property is within walking distance of lower Manhattan's many tourist attractions, such as the World Financial Center, Tribeca, the Brooklyn Bridge, City Hall and the NYSE. The Fulton Market building, which is located in the historic district, includes a mix of national and local tenants and a diverse assortment of restaurants. South Street Seaport is easily accessible via subway, bus, car or water taxi.

We believe that South Street Seaport is a unique development opportunity. The property sits in one of the highest population growth districts of Manhattan. We believe new residents are drawn to lower Manhattan because of its access to public transportation and proximity to work, the area's quality of life and its rich history. The neighborhood's cobblestone streets, historic location, iconic views and waterfront access give the South Street Seaport area a distinct residential appeal. The Predecessors were previously in discussions with city officials for redevelopment that would have included hotels, residential units, retail space and restaurants. As with our other development plans, market dynamics have changed and we will need to re-examine the property and create a redevelopment plan, the implementation of which will require numerous permits and approvals, including the approval of our ground lessor, the City of New York.

Landmark Mall, Alexandria, Virginia

Landmark Mall is a 22-acre regional shopping center in Alexandria, Virginia. Two anchor fee owners own and occupy 30 acres of adjacent land. This mall is located just nine miles west of

Washington, D.C. and the Pentagon, and is within approximately one mile of public rail service on D.C.'s metro blue line. In February 2009, the City Council of Alexandria unanimously approved a small area plan that authorizes up to 5.5 million square feet of mixed-use development. Pursuant to the small area plan we have certain limited entitlements to construct buildings as tall as 25 stories on some parcels, subject to acquisition of the 30 acres of adjacent lands from the anchor store owners and demolition of their existing structures. Although plans continuously evolve as market conditions change, it is illustrative that our entitlements envision about 800,000 square feet of retail and other commercial space, 500 hotel rooms and 1.2 million square feet of residences.

Ward Centers, Honolulu, Hawaii

Ward Centers, spanning approximately 60 acres, is situated along Ala Moana Beach Park and is within one mile of Waikiki and downtown Honolulu, and within walking distance to Ala Moana Center. Ward Centers currently includes a 550,000 square foot shopping district containing six specialty centers with over 135 unique shops, a variety of restaurants and an entertainment center which includes a 16 screen megaplex movie theatre. The Predecessors were also constructing an 800 stall parking deck, which is approximately 70% complete. Completion of the parking deck is expected to facilitate the leasing of additional space at Ward Centers.

In January 2009, the HCDA approved a master plan for the entirety of Ward Centers. The term of the master plan is 15 years which can be extended if the master plan is being implemented to the satisfaction of the HCDA. The master plan proposes a mixed-use development with a maximum combined gross building area of over 9.3 million square feet for residential, retail, restaurants, entertainment and commercial use of which up to 7.6 million square feet can be residential, 5 million square feet can be retail/restaurants/entertainment and up to 4 million square feet can be office, commercial and other. In addition, up to 736,914 square feet can be industrial.

We have no obligation to proceed with construction of all or any portion of the master plan, however, should we decide to proceed, the most immediate obligation will be to enter into a development agreement with the HCDA on or before January 13, 2011. Any future development at this site will require us to obtain numerous permits, consents and approvals from various parties.

Ala Moana Tower Air Rights, Honolulu, Hawaii

GGP owns Ala Moana Center in Honolulu, Hawaii, which is one of the most popular and successful shopping centers in the world. The Predecessors own the air space located above a six-story parking facility which was originally engineered to support the development of a residential tower that is connected by vehicular bridges to the Ala Moana Center. Given that transfers of air rights are not permitted in Honolulu, Hawaii, GGP will form a condominium consisting of, among other things, residential units and commercial/retail units. The residential units will be transferred to us, with GGP continuing to own the commercial/retail portions of the condominium. As envisioned by GGP, the residential tower would have 210 luxury condominium units with appurtenant rights in designated parking spaces in the existing parking facility and other common elements, all steps from oceanfront parks. To construct the residential tower and divide the initial residential condominium units into individual residential condominium units, various permits, consents and approvals would have to be obtained.

Our rights to develop the residential condominium are established in the Declaration of Condominium creating the residential/commercial condominium and a Development Agreement entered into with GGP. The Declaration of Condominium and the Development Agreement permit the construction of a first class residential tower with up to eighteen stories, and require, among other things, that the scope of work for the residential tower project will include certain street-level improvements and a sewer line, and that the plans and specifications for the residential tower project will be subject to GGP's review and approval.

Fashion Show Air Rights, Las Vegas, Nevada

Spanning over 2,000,000 square feet with over 250 shops and restaurants, Fashion Show Mall, which is owned by GGP, is the largest shopping destination on Las Vegas Boulevard. We believe that Fashion Show Mall is well-known by consumers in the local market and is in a highly desirable location for tenants. We expect to enter into a binding set of core principles with GGP pursuant to which we will have the ability to acquire for nominal consideration an 80% ownership interest in the air above the portions of Fashion Show Mall that are owned by GGP (the "FS Air") upon the satisfaction of a number of conditions. The rights will not become effective unless and until the existing loans and guaranties at Fashion Show Mall and The Shoppes at the Palazzo are satisfied in full, which is currently scheduled to occur in May 2017. Notwithstanding the foregoing fractional interest, we are the owners of the rights to develop the air (as conditioned and defined in the core principles).

The core principles agreement will provide a framework for us and GGP to develop the FS Air in the future, including, but not limited to, provisions with respect to:

- the use of limited areas owned by GGP as a gateway to developments constructed in the FS Air and compensation to GGP as a result of the same;
- protective measures to ensure preservation of the long-term value and ability to finance Fashion Show Mall;
- restrictions with respect to competitive uses;
- consents required from GGP for various development actions with respect to the FS Air;
- the main economic principles of the joint venture that will own the FS Air in which we hold an 80% interest and in which GGP will own a 20% interest, although we may hold an interest greater than 80% in particular projects that are constructed in the FS Air pursuant to the terms of the core principles;
- the transfer of the FS Air or interests therein to third parties;
- entering into more definitive documentation with respect to the conveyance and development of the FS Air;
- allocation of costs and expenses with respect to developments of the FS Air; and
- dispute resolution mechanics.

There is no conceptual plan for the development of the FS Air at this time and such development will be subject to our obtaining numerous third party consents, including, without limitation and in addition to the consents from GGP as listed above, entitlements and consents from various occupants of the Fashion Show Mall.

West Windsor, Princeton, New Jersey

This 653-acre land parcel is located north of New Jersey's state capital, Trenton, near Princeton University. The site is the former home of Wyeth Agricultural Research and Development Campus, which includes 450,000 square feet of laboratory and administrative space and an additional 250,000 square feet of outbuildings, which include warehouses, barns and greenhouses. There is currently an on-site waste water treatment plan and a transformer that is serviced by two separate electric grids. The buildings are currently unoccupied. The property is surrounded by retail and office developments and is within one mile of high income residential areas. The Predecessors had envisioned using this land to develop office space, research facilities, housing and hotel/conference center uses. Zoning, environmental and other development issues would have to be addressed in order to obtain entitlements for this or any development plan.

Allen, Texas

This 238-acre land parcel is strategically located in the heart of Collin County, a vibrant and growing market located northeast of Dallas. The property features high visibility, great access and high traffic volumes. The site is ideal for a variety of uses, which include office and residential with supporting retail.

Kendall, Florida

This is a four parcel 130-acre mixed-use project. One parcel was sold to West Kendall Baptist Hospital in March 2008 and three parcels remain available for development: Parcel B (approximately 69.8 acres), a portion of Parcel A (approximately 1.9 acres) and a portion of Parcel C (approximately 2.6 acres). We have entitlements to develop this land which expire in 2018. Parcels A and C are subject to an existing contract of sale that is currently under dispute in the Bankruptcy Court. The Predecessors are currently seeking to void the contract.

The Predecessors were pursuing the completion of the Phase I infrastructure construction of on and offsite improvements to meet land sale agreements with various parties, including Baptist Hospital, and to meet the obligations required to maintain the project entitlements and preserve asset value for future sale of Parcel B. The on-site infrastructure construction consists of new roadways and existing roadway improvements, stormwater management system and utilities, a regional pump station for the sanitary force main, Metrobus Transit Hub, Private Access Drive and a screen wall.

Land currently available for development is a 74-acre land parcel located adjacent to a Wal-Mart on North Kendall Drive, a major retail thoroughfare in Southwest Miami, with current entitlements for 60,000 square feet of office space, 50,000 square feet of community/municipal use, 621,000 square feet of retail use, up to a 24-screen, 4300-seat movie theatre, up to 145 hotel rooms, up to 200-bed/unit home senior assisted living facility and a public transportation hub for multiple bus routes. We believe that this site has an optimal shape, size and frontage for retail, commercial or mixed-use development.

Cottonwood Mall, Holladay, Utah

Cottonwood Mall was formerly a traditional enclosed mall located in Holladay, Utah, a suburb of Salt Lake City. The Predecessors demolished all but one anchor store, which is operating, and a restaurant, which is now closed, and envisioned replacing it with a mixed-use development that would combine shopping, residences, offices and other uses on the approximately 54-acre property. Tax increment financing and all necessary entitlements have been granted by local governments, provided we invest a certain amount of capital into the project and meet certain development milestones. The approved project would include up to 575,000 square feet of retail shopping, 195,000 square feet of office space, approximately 500 town homes, condominiums and single family homes to be built in phases and a multi-screen movie theater, specialty grocer and restaurants. At least 11 acres are required to be set aside for open space.

Mall Development Projects

We own four mall development projects in desirable demographic regions. When the credit market collapse occurred, and certain of the Predecessors sought bankruptcy protection, the Predecessors decided to suspend two major shopping center development projects that were underway, the Elk Grove Promenade and The Shops at Summerlin Centre. We will consider resuming development of these projects if and when conditions improve and the incremental cost can be justified.

The following table summarizes our mall development projects as of June 30, 2010:

<u>ASSET</u>	<u>LOCATION</u>	<u>SIZE (ACRES)</u>	<u>NET BOOK VALUE (\$ MILLIONS)</u>	<u>ACQUISITION DATE</u>
The Shops at Summerlin Centre	Summerlin, NV	106	37.2	11/04(a)
Elk Grove Promenade	Elk Grove, CA	100	10.9	11/03
Circle T Ranch and Power Center(b)	Dallas/Ft. Worth, TX	279	9.0	10/05
Bridges at Mint Hill	Charlotte, NC	162	12.2	10/06 - 01/07
Total		647	69.3	

(a) Acquired in 2004 as part of the Predecessors' acquisition of The Rouse Company.

(b) Represents our 50% interest in these two development projects.

The following is a description of our mall development projects:

The Shops at Summerlin Centre, Las Vegas, Nevada

The Shops at Summerlin Centre consists of an approximately 100-acre parcel that is part of a larger 1,300-acre mixed-use village located at the western rim of the Las Vegas valley in the heart of our Summerlin master planned community. The Predecessors commenced construction of The Shops at Summerlin Centre, including an office building, however market conditions forced a delay of the project. Today, The Shops at Summerlin Centre is a partially developed regional retail center which was initially planned to consist of 1.2 million square feet of retail space and approximately 540,000 square feet of office space. The Shops at Summerlin Centre is surrounded by residential and commercial development. The parcel has the potential to be developed with office, retail, hotel and conference facilities, and residences. In 2009, Summerlin Town Centre's trade area encompassed approximately 672,000 people and 257,000 households. From 2009 to 2014, the trade area population is expected to grow at a rate that is almost three times the national average. By 2014, Nielsen™ estimates this trade area will grow by more than 100,000 people. The 2009 average household income within five miles of the site is \$93,600, which is approximately 35% higher than the estimated 2009 average household income for all U.S. households of approximately \$69,400.

If construction is resumed on the originally envisioned project, discussions with Clark County will be needed to determine if the County will extend building and other permits (whether expired or still in effect). If the originally envisioned project does not go forward, the existing steel infrastructure may not be usable and may need to be removed. There are no binding commitments, or ongoing liabilities, with the three anchors who originally were to be part of this development.

Elk Grove Promenade, Elk Grove, California

Elk Grove Promenade is a partially constructed open air regional mall, which when completed is envisioned to be 1.1 million square feet, located on approximately 100 acres in the community of Elk Grove, California. The project is approximately 17 miles southeast of downtown Sacramento and we believe that it could become a retail destination of choice in this community. In 2009, Elk Grove Promenade's trade area encompassed approximately 583,000 people and 194,000 households. From 2009 to 2014, the trade area population is expected to grow at a rate that is twice the national average. By 2014, Nielsen™ estimates there will be approximately 647,000 people within this trade area. The 2009 average household income within five miles of the site exceeds \$100,000, which is approximately 44% higher than the estimated 2009 average household income for all U.S. households.

The Predecessors' development plans for Elk Grove Promenade offered a park-like setting where visitors could walk down canopy-covered walkways enjoying the shopping and outdoor cafes. The

Predecessors designed the project for two major department stores, a big box store and a multi-screen theater complemented by approximately 150,000 square feet of floor area for big box retailers, 380,000 square feet of floor area for smaller tenants and 75,000 square feet of restaurant space.

When construction was halted in October 2008, the Predecessors had invested in excess of \$170 million to complete the necessary infrastructure (utilities and roads), construct 75% of the shop space and prepare the anchor pads for delivery. Since the project was in the later stages of development, the Predecessors had been able to prelease approximately 60% of the project but all such lease arrangements have now been terminated. Substantial portions of off-site infrastructure (utilities and roads) have been completed. We are party to a development agreement with the city of Elk Grove which expires on September 5, 2011. Completion of the project will require an extension of the term of the agreement. Modification of the project may require other amendments to the development agreement. An extension of the term or other amendments to the development agreement would require the City of Elk Grove's consent.

Circle T Ranch and Circle T Power Center, Dallas-Forth Worth, Texas

We maintain a 50% ownership interest in a joint venture that owns a 279-acre site located in the Dallas-Fort Worth metropolitan area. The site consists of two parcels, Circle T Ranch, which contains 128 acres and Circle T Power Center, which contains 151 acres. The sites are ideally located at the intersection of two high traffic highways, which will allow for easy access and high visibility for the property.

In 2009, Circle T Ranch's trade area encompassed approximately 870,000 people and 308,000 households. From 2009 to 2014, the trade area population is expected to grow at a rate that is over three times the national average. By 2014, Nielsen™ estimates this trade area will add more than 144,000 people. The 2009 average household income within seven miles of the site is \$131,100, which is approximately 89% higher than the estimated 2009 average household income for all U.S. households.

Bridges at Mint Hill, Charlotte, North Carolina

This property consists of vacant land located southeast of Charlotte, North Carolina, in the midst of some of the fastest growing areas in the Charlotte region. The parcel is approximately 160 acres and consists of 120 developable acres and is currently zoned for approximately 997,000 square feet of retail, hotel and commercial development. The land is divided by a small stream known as Goose Creek. The current zoning plan contemplates connecting the two resulting parcels with two bridges over the creek. Development will require construction of internal roadways, connecting bridges, expansion of roads and an installation of a force main (off-site) and pump station (on-site) for sewer utility.

In 2009, the Bridges at Mint Hill's trade area encompassed approximately 415,000 people and 154,000 households. From 2009 to 2014, the trade area population is expected to grow at a rate that is almost three times the national average. By 2014, Nielsen™ estimates there will be over 475,000 people in this trade area. The 2009 average household income within five miles of the site is \$72,600, which slightly exceeds the estimated 2009 average household income for all U.S. households.

The Mint Hill parcel is adjacent to a 52-acre parcel owned by Childress Klein Properties ("CKP"), a Charlotte-based regional developer. The CKP parcel has been approved for up to 270,000 square feet of space and is expected to be anchored by three to five junior box retailers. We and CKP have entered into a development agreement providing for CKP to share in the cost of certain common on-site and off-site improvements that were expected to be constructed by the Predecessors.

Redevelopment Properties

We own seven operating properties that we consider to be redevelopment projects because we believe, based on the historical operating performance of these properties, that none of these properties are currently being put to their highest and best use. We believe, based on a variety of factors, that all of these properties could be redeveloped or repositioned to improve their operating performance. These factors include, but are not limited to, the following: existing and forecasted demographics surrounding the property, competition related to existing and/or alternative uses, existing entitlements of the property and our ability to change them, compatibility of the physical site with proposed uses, environmental considerations, traffic patterns and access to the properties. We believe that, subject to obtaining all necessary consents and approvals, these assets have the potential for future growth by means of an improved tenant mix, or additional GLA, or repositioning of the asset for alternative use. For example, Century Plaza is currently vacant, aside from a grocery store operating on an outside parcel. We believe that this property could be redeveloped to better cater to the local market, through an improved tenant mix or a complete repositioning of the property, which would position this property to generate higher revenues. These properties today comprise approximately 1 million total square feet of GLA in the aggregate. As of December 31, 2009, these redevelopment properties had an aggregate Mall shop occupancy rate of approximately 82.8% (excluding the closed portion of Century Plaza). Our future development plans may include office, retail or residential space, shopping centers, movie theaters, parking complexes and open space. Any future redevelopment will require the receipt of permits, licenses, consents and waivers from various parties.

The following table summarizes our redevelopment projects as of June 30, 2010:

ASSET	LOCATION	MALL SHOP(a) GLA	SIZE (ACRES)	NET BOOK VALUE (\$ MILLIONS)	ACQUISITION DATE
Alameda Plaza	Pocatello, ID	190,341	5	2.4	07/02
Village at Redlands/Redlands Promenade	Redlands, CA	79,248(b)	15	9.8	01/04
Century Plaza	Birmingham, AL	16,706(c)	63	17.4	05/97
Rio West Mall	Gallup, NM	332,447	50	11.4	1981(d)
Riverwalk Marketplace	New Orleans, LA	194,228	11	79.7	11/04(e)
Park West	Peoria, AZ	102,171	48	83.8	10/06
Cottonwood Square	Salt Lake City, UT	77,079	6	5.3	07/02
Total		992,220	198	209.8	

- (a) Mall shop GLA is gross leasable area for spaces less than 30,000 feet.
- (b) Scheduled to close all but 38,069 square feet of Mall shop GLA on September 30, 2010.
- (c) Only includes operating tenant space.
- (d) This is the date the Rio West Mall opened.
- (e) Acquired in 2004 as part of the Predecessors' acquisition of The Rouse Company.

The following is a description of our redevelopment properties:

Alameda Plaza, Pocatello, Idaho

The Alameda Plaza Shopping Center is a 190,000 square foot community center that sits in a high traffic area at the main intersection within the City of Pocatello. The property is currently under-utilized, as the anchor locations have been vacant for years, and will need to be redeveloped to meet the local market needs. We believe that the property could be redeveloped to reposition it as a

high volume and high traffic grocery-anchored community center that incorporates junior box retailers and a mix of national and local retailers and service providers. With a population of approximately 50,000 people, the City of Pocatello is the home of Idaho State University and is a regional center for shopping, regional and cultural activities.

The Village at Redlands, Redlands, California

The Village at Redlands is a 174,000 square foot single-level enclosed community center located in the heart of the authentic historic downtown Redlands that is currently anchored by a CVS Drugs. The stores located in the enclosed portions of Redlands are scheduled to cease operating on or before September 30, 2010. The Predecessors envisioned redeveloping Redlands into a new streetscape of approximately 204,000 square feet of retail and approximately 230 residential condominiums.

Century Plaza Mall, Birmingham, Alabama

Century Plaza is a non-operating 450,000 square foot enclosed mall that was closed in May 2009. A grocery store is still operating on an outside parcel. The property is located in the eastern suburbs of Birmingham, Alabama at a high traffic intersection. Redevelopment will require securing fee simple ownership of the entire site and demolition of existing buildings.

Rio West, Gallup, New Mexico

Rio West is an approximately 513,000 square foot single-level enclosed regional mall located in Gallup, New Mexico, which is 89.2% occupied and is the only enclosed regional shopping center within a 125 mile radius. Rio West is leased from a single property owned pursuant to a ground lease that is set to expire in 2079.

Riverwalk Marketplace, New Orleans, Louisiana

Riverwalk Marketplace consists of approximately 194,000 square feet of retail shops and restaurants in an urban setting along the bank of the Mississippi River in downtown New Orleans. Riverwalk Marketplace is leased from private owners and local governmental agencies pursuant to five separate long-term leases, and any significant alterations, construction and development is subject to landlord consent. Opportunities for redevelopment are influenced by the condition of the New Orleans tourism industry which is gradually recovering from the effects of Hurricane Katrina.

Park West, Peoria, Arizona

Park West is currently a 166,000 square foot open-air lifestyle center located in a suburb of Phoenix, with 32 retail and restaurant tenants and a multi-screen theater. The lifestyle center opened in October 2007 with a capacity for approximately 250,000 square feet of GLA. Approximately 35% of this capacity is raw space available for completion and occupancy. We have entitlements for future development of approximately 100,000 additional square feet for retail, restaurant and hotel use.

Cottonwood Square, Salt Lake City, Utah

Cottonwood Square is currently a 77,000 square foot community center located in Salt Lake City, Utah. The center is located in a high traffic area and sits across from our Cottonwood Mall, providing an opportunity for development synergies.

Other Interests

We also own or have interests in the following land and other assets, which have an aggregate net book value of approximately \$100 million as of June 30, 2010.

Volo Land, Lakemoor, Illinois

This 40-acre vacant land parcel in a high traffic area 50 miles north of Chicago in a growing suburb.

Maui Ranch, Maui, Hawaii

This site consists of two, non-adjacent, 10-acre undeveloped land-locked parcels located near the Kula Forest Preserve on the island of Maui, Hawaii. There is no ground right of way access to the land and there is no infrastructure or utilities currently in the surrounding area. This land is currently zoned for native vegetation.

Profit Interest in Golf Courses at Summerlin & The Canyons, Las Vegas, Nevada

The Predecessors are entitled to receive residual payments from the Professional Golfers' Association of America (the "PGA") with respect to two golf courses, the TPC Summerlin and the TPC Las Vegas, through October 31, 2021. The Predecessors are entitled to receive 75% of the net operating profits and 90% of all profits from membership sales at the two courses until such time as the original investment in the courses of \$23.5 million has been recouped, which is projected to occur no sooner than 2015. As of June 30, 2010, the remaining balance on our return of investment is approximately \$7.4 million. Once the Predecessors have received payments from the PGA totaling \$23.5 million, they are entitled to receive 20% of all net operating profits from the two courses through October 31, 2021, the termination date of the agreement with the PGA. The entity entitled to these residual payments will be owned by us. The TPC Summerlin is an 18-hole private championship course designed by golf course architect Bobby Weed with player consultant Fuzzy Zoeller. The TPC Las Vegas is an 18-hole daily-fee championship course designed by golf course architect Bobby Weed with player consultant Raymond Floyd. These represent the only two golf courses in Nevada that are owned and operated by the PGA Tour.

Note Approximating Office Lease Payments, Phoenix, Arizona

We have rights to receive payments approximating the capital lease revenue that GGP receives from the Arizona 2 Office in Phoenix, Arizona, totaling approximately \$6.9 million per year through the end of 2015. The underlying real property interests in the Arizona 2 Office will continue to be owned by GGP and we will not own or obtain any real property interest therein or have any rights to receive payments after 2015. We expect to receive payment for these rights in the form of a promissory note issued by a subsidiary of GGP.

Nouvelle at Natick Condominium, Natick, Massachusetts

Nouvelle at Natick is a full service luxury condominium community comprised of 215 residences located at the Natick Collection in the Boston suburb of Natick, Massachusetts. Nouvelle at Natick's amenities include a 4,000 square foot private club, a 2,800 square foot fitness center, and a 1.2-acre rooftop garden with winding boardwalks, native grasses, flowers and trees. As of June 30, 2010, 128 of the 215 units have been sold and closed, and an additional 15 units are under contract for sale, leaving a remaining inventory of 72 units to be sold. Seven of the 72 units that remain to be sold are currently leased. We will receive on the Effective Date the then unsold inventory of units. The development permit for the project has an affordable housing requirement. To complete this requirement, GGP is required to sell three off-site residential units currently in its inventory and either, at its option, acquire and resell ten off-site residences or offer seven on-site units to purchasers that meet the affordable housing program's eligibility requirements. The development permit will be assigned to us, and any unsold off-site residential units will be transferred to us, on the Effective Date.

Minority Ownership Interest in Summerlin Hospital Medical Center, Las Vegas, Nevada

We have an ownership interest of approximately 6.8% in the Summerlin Hospital Medical Center. This property is a 450-bed hospital located on a 32-acre medical campus near Las Vegas. Summerlin Hospital Medical Center is located in our Summerlin master planned community. It is an acute care facility with adjoining outpatient services for surgery, laboratory and radiology as well as two medical office buildings. The hospital completed a major renovation in 2009 that expanded the hospital to 450 beds (from 281 beds) and added a new six-story patient tower, an expanded emergency room, a four-story, 80,000 square foot medical office building and a 600-space parking garage.

The property's majority owner and operator is a subsidiary of Universal Health Services, Inc. ("UHS"), one of the largest healthcare management companies in the nation. UHS and the Predecessors formed a joint venture to build and manage the hospital with the Predecessors contributing the land and UHS providing the funds to build the hospital.

Minority Ownership Interest in Head Acquisition (Hexalon)

We will own 100% of the ownership interests in Hexalon Real Estate, LLC ("Hexalon"). Hexalon owns a 1.42% interest in Head Acquisition, LP, a joint venture between GGP, Simon Property Group, L.P. and Westfield Group, which contains certain retail mall interests.

110 N. Wacker, Chicago, Illinois

We own a majority joint venture interest in an entity that holds a ground leasehold interest in the land underlying GGP's current corporate headquarters building located at 110 N. Wacker Drive in downtown Chicago which is currently scheduled to expire on March 31, 2055. The building owned by the joint venture contains approximately 225,000 square feet of office space. The land and the building are currently subleased to a subsidiary of GGP, and such subsidiary has the option to extend the sublease through 2055. We expect to enter into a sub-sublease allowing us to occupy some office space in 110 N. Wacker. We believe that this property is currently underdeveloped and presents an opportunity for redevelopment. Any such redevelopment, among other things, would likely require negotiation with the ground lease landlord to either extend the term of the ground lease or to acquire the underlying fee interest.

Certain Office and Other Rental Properties

We own six free-standing office and other rental properties in Columbia, Maryland. Also, near Houston, Texas (through our investment in the Woodlands Partnerships) we have interests in seven commercial office and retail buildings, two apartment buildings, a resort and conference center and two golf courses.

Our Relationship with Reorganized GGP following the Separation

Following the Separation, we and reorganized GGP will operate our businesses separately, each as an independent public company. Prior to the Separation, we and GGP will enter into certain agreements that will effect the Separation, provide a framework for our relationship with reorganized GGP after the Separation and provide for the allocation between us and GGP of certain assets, liabilities, employees and obligations attributable to periods prior to, at and after the Separation. The following is a summary of the terms of the material agreements that we intend to enter into with GGP prior to or in connection with the Separation. When used in this section, "distribution date" refers to the date on which the Distribution occurs.

The material agreements described below will be filed as exhibits to this registration statement and the summaries of each of these agreements set forth the terms of the agreements that we believe are material. These summaries are qualified in their entirety by reference to the full text of the applicable agreements, which are incorporated by reference into this registration statement. The terms of the agreements described below that will be in effect following the Separation have not yet been finalized; changes to these agreements, some of which may be material, may be made prior to the Separation.

The Separation Agreement

We intend to enter into a separation agreement (the "Separation Agreement") with GGP prior to or concurrently with the Distribution. The Separation Agreement sets forth, among other things, our agreements with GGP regarding the principal transactions necessary to separate us from GGP. It also sets forth the other agreements that govern certain aspects of our relationship with GGP after the distribution date. These other agreements are described in additional detail below.

Transfer of Assets and Assumption of Liabilities

The Separation Agreement identifies assets to be transferred, liabilities to be assumed and contracts to be performed by each of us and GGP as part of the Separation, and it provides for when and how these transfers, assumptions and assignments will occur. In particular, the Separation Agreement provides, among other things, that, subject to the terms and conditions contained therein:

- assets we are to receive from GGP at the Separation (the "THHC Assets") will be transferred to us;
- certain liabilities (whether accrued, contingent or otherwise) arising out of or resulting from the THHC Assets, and other liabilities related to our business and operations, which we refer to as the "THHC Liabilities," will be retained by or transferred to us;
- all of the assets and liabilities (whether accrued, contingent or otherwise) other than the THHC Assets and THHC Liabilities (such assets and liabilities, other than the THHC Assets and the THHC Liabilities, are referred to as the "Excluded Assets" and "Excluded Liabilities," respectively) will be retained by or transferred to GGP or one of its subsidiaries;
- certain liabilities related to our business based on claims that arose prior to the filing of the Chapter 11 Cases, to the extent such claims have not been resolved and paid prior to the Separation, will be paid by GGP or one of its subsidiaries upon the resolution of such claims pursuant to the Chapter 11 Cases;
- except as otherwise provided in the Separation Agreement or any other transaction agreements, GGP will be responsible for any costs or expenses incurred prior to the distribution date in connection with the Separation and the costs and expenses relating to legal counsel, financial advisors and accounting advisory work related to the Separation, and such costs and expenses will be treated in accordance with the terms of the Plan; and
- except as otherwise provided in the Separation Agreement or other transaction agreements, the corporate costs and expenses incurred after the distribution date relating to the Separation will be borne by the party incurring such expenses.

The THHC Assets and THHC Liabilities will be transferred as of the distribution date without pro-ration and regardless of whether they relate to the period before or after the distribution date. Except as may expressly be set forth in the Separation Agreement or any other transaction agreements, all assets will be transferred on an "as is," "where is" basis and the respective transferees will bear the economic and legal risks associated with the use of such respective assets both prior to and following the Separation, including, but not limited to, where any conveyance will prove to be insufficient to vest in the transferee good title, free and clear of any security interest, and any necessary notifications are not made, necessary approvals are not obtained or any requirements of laws or judgments are not complied with.

Conditions to the Separation and Distribution

The Separation Agreement provides that the Separation and the Distribution are subject to the satisfaction of the following material conditions (each of which may be waived by the party entitled to

do so under the Separation Agreement), some of which also overlap with the Plan and the Investment Agreements:

- the restructuring of GGP required to effectuate the Separation shall have been completed in accordance with the Plan;
- the Effective Date of the Plan shall have occurred or will occur immediately following the Distribution;
- the receipt (without subsequent revocation or significant modification) by GGP of a private letter ruling from the Internal Revenue Service (the "IRS") to the effect that, among other things, the contribution by GGP of the THHC Assets to us and the Distribution will qualify as a transaction that is tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(G) of the Internal Revenue Code (the "Code");
- the Securities and Exchange Commission (the "SEC") declaring effective this registration statement and no stop order suspending the effectiveness of this registration statement shall be in effect and no proceedings for such purpose shall be pending before or threatened by the SEC;
- our common stock to be delivered in connection with the Distribution shall have been approved for listing on the NYSE (subject to official notice of issuance);
- the transaction agreements relating to the Separation shall have been duly executed and delivered by the parties;
- no order, injunction or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing consummation of the Distribution or any of the related transactions shall be in effect;
- the designees of Brookfield Investor and Pershing Square, as set forth in the Investment Agreements, shall have been appointed to our board of directors; and
- no event or development shall have occurred or exist that, in the judgment of GGP's board of directors, in its sole discretion, makes it inadvisable to effect the reorganization, the Distribution and other related transactions.

There can be no assurance that any or all of these material conditions will be satisfied.

Claims

In general, each party to the Separation Agreement will assume liability for all pending, threatened and unasserted legal matters related to its own business or its assumed or retained liabilities and will indemnify the other party for any liability to the extent arising out of or resulting from such assumed or retained legal matters.

Intercompany Accounts

The Separation Agreement provides that, subject to any provisions in the Separation Agreement or any other transaction agreement to the contrary, prior to the Separation from GGP, all bank or brokerage accounts owned by us will be de-linked from the GGP accounts and all intercompany accounts between THHC and GGP will be settled.

Releases

Except as otherwise provided in the Separation Agreement or any other transaction agreements, each party will release and forever discharge the other party and its respective subsidiaries and any

person who was at any time prior to the distribution date a shareholder, director, officer, agent or employee of a member of the other party or one of its subsidiaries from all liabilities existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Separation. The releases will not extend to (a) obligations or liabilities under any agreements between the parties that remain in effect following the Separation pursuant to the Separation Agreement or any ancillary agreement, agreements of which include, but are not limited to, the Separation Agreement, the Transition Services Agreement (as subsequently defined), the Tax Matters Agreement (as subsequently defined), the Employee Matters Agreement (as subsequently defined), certain commercial agreements and the transfer documents in connection with the Separation, (b) liabilities specifically set forth in the Plan, (c) liabilities retained or assumed by or transferred to a party pursuant to the Separation Agreement or any ancillary agreement, or (d) ordinary course trade payables and receivables.

Indemnification

The Separation Agreement provides for cross-indemnities principally designed to place financial responsibility for the obligations and liabilities of our business with us and financial responsibility for the obligations and liabilities of GGP's business with GGP. Specifically, each party will, and will cause its subsidiaries to, indemnify, defend and hold harmless the other party and its subsidiaries and each of their respective officers, directors and employees for any losses arising out of or otherwise in connection with:

- the liabilities that each such party assumed or retained pursuant to the Separation Agreement (which, in the case of THHC, would include the THHC Liabilities and, in the case of GGP, would include the Excluded Liabilities) and the other transaction agreements;
- any liability (whether arising before or after the distribution date) for a misstatement or omission or alleged misstatement or omission of a material fact contained in any registration statement filed with the SEC by such party or its subsidiaries as registrant and any related, prospectus, offering memorandum, offering circular or similar disclosure document; and
- any breach by such party of the Separation Agreement, the ancillary agreements or any agreements between the parties specifically contemplated by the Separation Agreement or any ancillary agreement to remain in effect following the Separation.

In addition, we will indemnify, defend and hold harmless GGP and its subsidiaries and each of its officers, directors and employees for any losses arising out of or otherwise in connection with:

- our failure to pay, perform or otherwise promptly discharge any THHC contract in accordance with its terms;
- except to the extent related to an Excluded Liability, any guarantee, indemnification obligation, arrangement, commitment or understanding by GGP or its subsidiaries for the benefit of THHC or its subsidiaries that survives following the distribution date; and
- any action by us in contravention of our Amended and Restated Certificate of Incorporation or Amended and Restated Bylaws.

Legal Matters

Each party to the Separation Agreement will assume the liability for, and control of, all pending and threatened legal matters related to its own business or its assumed or retained liabilities and will indemnify the other party for any liability arising out of or resulting from such assumed legal matters. In the event of any third-party claims that name both companies as defendants but that do not primarily relate to either our business or GGP's business, each party will cooperate with the other party

to defend against such claims. Each party will cooperate in defending any claims against the other for events that are related to the Separation, but may have taken place prior to, on or after such date.

Insurance

The Separation Agreement provides for the allocation among the parties of rights and obligations under existing insurance policies with respect to occurrences prior to the Separation and sets forth procedures for the administration of insured claims. In addition, the Separation Agreement allocates between the parties the right to proceeds and the obligation to incur certain deductibles under certain insurance policies. On the distribution date, THHC is required to have in place all insurance programs to comply with its contractual obligations and as reasonably necessary for its business. GGP is required, subject to the terms of the agreement, to obtain certain directors and officers insurance policies to apply against pre-Separation claims.

Further Assurances

To the extent that any transfers contemplated by the Separation Agreement have not been consummated on or prior to the date of the Separation, the parties agree to cooperate to effect such transfers following the date of the Separation. In addition, each of the parties agrees to cooperate with the other party and use commercially reasonable efforts to take or to cause to be taken all actions, and to do, or to cause to be done, all things reasonably necessary under applicable law or contractual obligations to consummate and make effective the transactions contemplated by the Separation Agreement and the other transaction agreements, including the ratification of any actions necessary to effectuate the transactions contemplated by the Separation Agreement. For a period of six months following the Separation, GGP will pay all costs and expenses of any such transfers, and a reserve of \$1,000,000 will be added to the THHC Setup Costs (as subsequently defined) to cover such potential costs and expenses. The THHC Setup Costs are included in determining whether a Spinco Note will be issued and in what amount. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Spinco Note." On the six-month anniversary of the date of the Separation, if any portion of the \$1,000,000 reserve has not been used by GGP to pay such costs and expenses, the amount of the unused portion will be deducted from the principal balance of the Spinco Note, if one was issued. From and after the six-month anniversary of the date of the Separation, all costs and expenses of any such transfers will be borne by THHC.

Dispute Resolution

Prior to the closing of the voluntary petitions for relief under the Chapter 11 Cases, any dispute, controversy or claim arising out of the Separation Agreement or certain of the other transaction agreements shall be subject to the jurisdiction of and determination of the Bankruptcy Court.

Following the closing of the Chapter 11 Cases, subject to an accelerated process applicable to certain specified disputes, any dispute, controversy or claim arising out of the Separation Agreement or certain of the other transaction agreements, shall be resolved by negotiation of certain senior executives of the parties, or, if the parties are unable to resolve a dispute in this manner, by binding arbitration pursuant to the procedures set forth in the Separation Agreement and the CPR Institute for Dispute Resolution Rules for Non-Administered Arbitration as then in effect.

Other Matters

Other matters governed by the Separation Agreement include, among others, access to financial and other records and information, intellectual property, legal privilege, confidentiality, access to and provision of records and treatment of outstanding guarantees.

Termination

The Separation Agreement may be terminated, and the Distribution abandoned at any time prior to the Distribution by GGP in its sole discretion, without our approval. In the event of such termination, neither party or its officers or directors will have any liability to the other party under the Separation Agreement. After the Distribution, the Separation Agreement may not be terminated or amended except by an agreement in writing signed by each of the parties to the Separation Agreement.

Transition Services Agreement

Prior to the Separation, we or certain of our subsidiaries and GGP or certain of its subsidiaries will enter into a transition services agreement in connection with the Separation (the "Transition Services Agreement") whereby GGP or its subsidiaries will provide to us, on a transitional basis, certain specified services on an interim basis for various terms not exceeding 24 months following the Separation. We may terminate certain specified services by giving prior written notice to GGP of any such termination.

The services that GGP will provide to us include, among others, payroll, human resources and employee benefits, financial systems management, treasury and cash management, accounts payable services, telecommunications services, information technology services, property management services, legal and accounting services and various other corporate services. The charges for the transition services generally are intended to allow GGP to fully recover the costs directly associated with providing the services, plus a level of profit consistent with an arm's length transaction together with all out-of-pocket costs and expenses. The charges of each of the transition services will generally be based on an hourly fee arrangement and pass-through out-of-pocket costs. We will be provided with reasonable information that supports the charges for such transition service by GGP.

Subject to certain exceptions, the liabilities of GGP for providing services under the Transition Services Agreement will generally be limited to the greater of the aggregate charges (excluding any third-party costs and expenses included in such charges) actually paid to GGP by us pursuant to the Transition Services Agreement and \$10,000,000. The Transition Services Agreement also provides that GGP shall not be liable to us for any special, indirect, incidental or consequential damages related to the provision of services.

Tax Matters Agreement

Prior to the Separation, we and GGP will enter into a tax matters agreement that will govern the parties' respective rights, responsibilities and obligations with respect to taxes, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and assistance and cooperation in respect of tax matters (the "Tax Matters Agreement"). Taxes relating to or arising out of the failure of certain of the transactions described in the private letter ruling request to qualify as a tax-free transaction for U.S. federal income tax purposes will be borne by us and GGP based on certain percentages to be determined in accordance with the relative market capitalization of the two companies, except if such failure is attributable to our action or inaction or GGP's action or inaction, as the case may be, or any event (or series of events) involving our assets or stock or the assets or stock of GGP, as the case may be, in which case the resulting liability will be borne in full by us or GGP, respectively. Our obligations under the Tax Matters Agreement are not limited in amount or subject to any cap. Further, even if we are not responsible for tax liabilities of GGP and its subsidiaries under the Tax Matters Agreement, we nonetheless could be liable under applicable tax law for such liabilities if GGP were to fail to pay them. If we are required to pay any liabilities under the circumstances set forth in the Tax Matters Agreement or pursuant to applicable tax law, the amounts may be significant.

The Tax Matters Agreement will also restrict our ability (and the ability of any member of our group) to take actions, whether before or after the Separation and Distribution, that could cause the Separation and the Distribution to fail to qualify as a tax-free reorganization for U.S. federal income tax purposes, unless we obtain a private letter ruling from the IRS or an unqualified opinion of a nationally recognized law firm that such action will not cause the Distribution or certain related transactions to fail to qualify as tax-free transactions for U.S. federal income tax purposes. Notwithstanding receipt of such ruling or opinion, in the event that such action causes the Distribution or certain related transactions to fail to qualify as a tax-free transaction for U.S. federal income tax purposes, we will continue to remain responsible for taxes arising therefrom.

Surety Bond Indemnity Agreement

Prior to the Separation, we and GGP will enter into a surety bond indemnity agreement (the "Surety Bond Indemnity Agreement") that will govern the continuation of certain surety bonds that were issued under GGP's surety bond facilities prior to the distribution date in respect of projects related to our business (the "THHC Bonds"). Under the terms of the Surety Bond Indemnity Agreement, we agree to reimburse GGP for any applicable premiums and fees in connection with the THHC Bonds, and to pay GGP an additional market rate for the continued use of its surety bond facilities. We also agree to indemnify GGP or its applicable subsidiary from and against, and pay to GGP or its applicable subsidiary the amount of, any and all losses arising out of or related to the THHC Bonds. We will use our commercially reasonable efforts to replace, discharge or eliminate each of the THHC Bonds as promptly as practicable, but, in any event, within 24 months after the Effective Date, with a new surety bond, letter of credit or similar instrument that does not involve any recourse to GGP or its applicable subsidiary.

Employee Matters Agreement

Prior to the Separation, we and GGP will enter into an employee matters agreement that will govern our compensation and employee benefit obligations with respect to our current and former employees and for other employment and employee benefits matters (the "Employee Matters Agreement").

The Employee Matters Agreement will allocate liabilities and responsibilities relating to employee compensation and benefit plans and programs and related matters in connection with the Separation, including, among other things, the treatment of outstanding GGP option awards, annual and long-term incentive awards, severance arrangements, retirement plans and welfare benefit obligations. Under the terms of the Employee Matters Agreement, we will generally assume all liabilities and assets relating to employee compensation and benefits for our current and former employees (including compensation awarded pursuant to GGP's incentive plan for full-time employees, the 2010 Cash Value Added Incentive Compensation Plan (the "CVA Plan")), and GGP will generally retain all liabilities and assets relating to employee compensation and benefits for current and former GGP employees (including compensation awarded pursuant to the CVA Plan).

Employee Benefits

The Employee Matters Agreement will provide that our employees may continue to participate in GGP welfare benefit plans, including healthcare, dental, vision and disability plans, until December 31, 2010. We will reimburse GGP for the actual cost to GGP of providing such benefits to our employees. As of January 1, 2011, we will adopt corresponding welfare benefit plans for all of our employees. We will also reimburse GGP for the cost of any annual or long-term incentive awards, severance benefits and other similar benefits provided to our employees in accordance with the terms of GGP's employee benefit plans following the Separation. In addition, certain GGP employees who provide services to us and who will become our employees on January 1, 2011 will continue to be employed by GGP for the period from the Separation until December 31, 2010 pursuant to an "employee lease agreement." During this period, these leased employees will continue to participate in all of GGP's employee benefit plans, and we will reimburse GGP for the actual cost to GGP of providing such benefits and for the cost of any annual or long-term incentive awards, severance benefits and other similar benefits provided to such leased employees.

Option Awards

Pursuant to the Plan, each outstanding option to acquire shares of GGP stock (the "GGP Option") will be converted into (i) an option to acquire the same number of shares of common stock of reorganized GGP and (ii) a separate option to acquire approximately 0.0983 shares (which is based upon a maximum number of THHC Shares and options and warrants to acquire THHC common stock) of our common stock (the "THHC Option") for each existing option for one share of GGP common stock. The replacement options will have the same terms and conditions as the outstanding GGP Options. As of the Effective Date, we expect 507,307 shares of common stock to be issuable upon exercise of the THHC Options. The exercise price per share of a THHC Option that is converted from a GGP Option shall be the exercise price per share under the GGP Option multiplied by a fraction the numerator of which is the THHC Trading Value and the denominator of which is the sum of the Reorganized GGP Trading Value and the THHC Trading Value. "THHC Trading Value" means the volume weighted average trading price of our common stock during the last ten-day trading period ending on or before the sixtieth calendar day following the Effective Date. "Reorganized GGP Trading Value" means the volume weighted average trading price of reorganized GGP common stock during the last ten-day trading period ending on or before the sixtieth calendar day following the Effective Date.

Notwithstanding the foregoing, pursuant to the terms of GGP's 1998 Incentive Stock Plan, holders of any outstanding GGP Option issued thereunder shall have the right to elect, within sixty days after the Effective Date, to surrender such option as of the Effective Date for a cash payment equal to the amount by which the highest reported sales price of a share of GGP common stock in any transaction reported on the NYSE Composite Tape during the sixty-day period ending on the Effective Date exceeds the exercise price per share under such option, multiplied by the number of shares of GGP common stock under such option.

Pension Plans

The Employee Matters Agreement will provide that, on the Separation date, sponsorship of the General Growth Pension Plan for Employees of Victoria Ward, Limited will be transferred to and assumed by us.

2010 Equity Incentive Plan

We intend to adopt the 2010 Equity Incentive Plan (the "Equity Plan"). The Equity Plan will become effective on the Effective Date. The number of shares of our common stock reserved for issuance under the Equity Plan will be equal to 8% of our outstanding shares on a fully diluted basis as of the Effective Date (including shares issuable under the Plan). The Equity Plan will provide for grants of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, other stock-based awards and performance-based compensation (collectively, the "Awards"). Directors, officers and other employees of us and our subsidiaries and affiliates will be eligible to receive Awards. See "Item 11. Description of Registrant's Securities to Be Registered."

Competition

The nature and extent of the competition we face depends on the type of property involved. With respect to our master planned communities, we compete with other landholders and residential and commercial property developers in the development of properties within the Baltimore/Washington, D.C., Las Vegas and Houston markets. Significant factors which we believe allow us to compete effectively in this business include:

- the size and scope of our master planned communities;

- the recreational and cultural amenities available within the communities;
- the commercial centers in the communities, including those retail properties that we own and/or operate or may develop;
- our relationships with homebuilders; and
- the proximity to major metropolitan areas.

With respect to malls and development projects, our direct competitors include other commercial property developers, retail mall development and operating companies and other owners of retail real estate that engage in similar businesses. With respect to our mixed-use development projects, we will also be required to compete for financing.

Within our operating properties, we compete for retail tenants. We believe the principal factors that retailers consider in making their leasing decision include: consumer demographics; quality, design and location of properties; neighboring real estate projects that have been developed by the Predecessors or that we, in the future, may develop; diversity of retailers and anchor tenants at shopping center locations; management and operational expertise; and rental rates.

Environmental Matters

Under various Federal, state and local laws and regulations, an owner of real estate is liable for the costs of removal or remediation of certain hazardous or toxic substances on such real estate. These laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The costs of remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to promptly remediate such substances, may adversely affect the owner's ability to sell such real estate or to borrow using such real estate as collateral. In connection with our ownership and operation of our properties, we, or the relevant joint venture through which the property is owned, may be potentially liable for such costs.

Substantially all of our properties have been subject to Phase I environmental assessments, which are intended to evaluate the environmental condition of the surveyed and surrounding properties. Phase I environmental assessments typically include a historical review, a public records review, a site visit and interviews, but do not include soil sampling or subsurface investigations. To date, the assessments have not revealed any known environmental liability that we believe would have a material adverse effect on our overall business, financial condition or results of operations. Nevertheless, it is possible that these assessments do not reveal all environmental liabilities or that conditions have changed since the assessments were prepared (typically at the time the property was purchased or developed). Moreover, no assurances can be given that future laws, ordinances or regulations will not impose any material environmental liability on us, or the current environmental condition of our properties will not be adversely affected by tenants and occupants of the properties, by the condition of properties in the vicinity of our properties (such as the presence on such properties of underground storage tanks) or by third parties unrelated to us.

Future development opportunities may require additional capital and other expenditures in order to comply with federal, state and local statutes and regulations relating to the protection of the environment. In addition, there is a risk when redeveloping sites, such as the West Windsor, Princeton, NJ, site, that we might encounter previously unknown issues that require remediation or residual contamination warranting special handling or disposal, which could affect the speed of redevelopment. In addition, where redevelopment involves renovating or demolishing existing facilities, we may be required to undertake abatement and/or the removal and disposal of building materials or other remediation or cleanup activities that contain hazardous materials. In addition, in the event that we redevelop our Cottonwood Mall property, we may be required to remediate certain soil and

groundwater contamination that has been identified on the property. We may not have sufficient liquidity, however, to comply with such statutes and regulations or to address such conditions and may be required to halt or defer such development projects. We cannot predict with any certainty the magnitude of any such expenditures or the long-range effect, if any, on our operations. Compliance with such laws has not had a material adverse effect on the Predecessors' operating results or competitive position in the past but could have such an effect in the future.

Employees

We expect to have approximately 142 employees as of the Effective Date, 98 of whom will be temporarily leased from the Predecessors under an employee leasing agreement until January 1, 2011 when they will become our direct employees. These employees will devote all of their time to us and will cease providing services to the Predecessors as of the Effective Date.

Available Information

Following the effectiveness of this registration statement, we will be required to file annual, quarterly and other current reports and information with the SEC. You may read and copy any materials filed by us with the SEC at its Public Reference Room at 100 F. Street, NE, Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our filings are also available to the public at the SEC's website at <http://www.sec.gov>.

ITEM 1A. RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the following risks, as well as the other information contained in this registration statement, before making an investment in our company. If any of the following risks actually occur, our business, financial condition and/or results of operations could be materially and adversely affected. In such an event, the trading price of our common stock could decline and you could lose part or all of your investment. Additional risks that we currently do not know about or that we currently believe to be immaterial may also impair our business operations, which could also result in the loss of all or part of your investment.

Risks Related to our Business

We have a history of losses and may not be profitable in the future.

Our historical combined financial data was carved-out from the financial information of GGP and shows that had we been a stand-alone company, we would have had a history of losses, and we cannot assure you that we will achieve sustained profitability going forward. For the six months ended June 30, 2010 and the years ended December 31, 2009, 2008 and 2007, we would have incurred losses from continuing operations of \$48.5 million, \$702.9 million, \$17.9 million and \$3.9 million, respectively. In addition, for the six months ended June 30, 2010 and the years ended December 31, 2009, 2008 and 2007, net cash used in operating activities was \$51.2 million, \$17.9 million, \$50.7 million and \$52.0 million, respectively. If we cannot improve our profitability or generate positive cash from operating activities, the trading value of our common stock may decline.

We have no operating history as an independent company upon which you can evaluate our performance, and accordingly, our prospects must be considered in light of the risks that any newly independent company encounters.

We have no experience operating as an independent company and performing various corporate functions, including human resources, tax administration, legal (including compliance with the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and with the periodic reporting obligations of the Exchange Act), treasury administration, investor relations, internal audit, insurance, information technology and telecommunications services, as well as the accounting for items such as equity compensation and income taxes. Our business will be subject to the substantial risks inherent in the commencement of a new business enterprise in an intensely competitive industry. Our prospects must be considered in light of the risks, expenses and difficulties encountered by companies in the early stages of independent business operations, particularly companies that are heavily affected by economic conditions and operate in highly competitive environments.

We will depend on an interim management company to assist us in operating our business.

We intend to hire permanent executives with development and master planned community expertise to complement our existing strong operational management team in our Master Planned Communities segment. Our financial results and ability to compete as a stand-alone entity will suffer if we are unable to attract, integrate or retain qualified executives to serve as our permanent executive management team. In the interim, we have entered into the Management Agreement with Brookfield Advisors to provide us with interim executive officers and leadership and oversight for our business until our permanent executive management team can be identified and assume their roles. During this interim period, we will be heavily reliant on Brookfield Advisors, who will have significant discretion as to the implementation and execution of our business strategies and risk management practices. Our operational success and ability to execute our business strategy will depend significantly upon the satisfactory performance of these services by Brookfield Advisors until permanent management is in

place. See "Certain Relationships and Related Transactions, and Director Independence—Interim Management Agreement."

We may face potential difficulties in obtaining operating and development capital.

The successful execution of our business strategy will require the availability of substantial amounts of operating and development capital both initially and over time. Sources of such capital could include operating cash flow, bank borrowings, public and private offerings of debt or equity, sale of certain assets and joint ventures with one or more other parties. In recent periods, it has been difficult for companies with substantial profitable operating history to source capital for real estate development and acquisition projects, as well as basic working capital needs. As we have no operating history as a stand-alone company or permanent executive management team in place, we may find it difficult or impossible to acquire cost-effective capital to implement our business strategy from any source.

We expect to continue making investments in real estate development, which will require still more capital. We cannot assure you that financing for future expenditures will be available on favorable terms or at all, due to instability in the credit markets, our lack of operating history as a stand-alone company and a variety of other factors. As a result, we may be unable to operate our business as currently planned, take advantage of future development opportunities or respond to competitive pressures.

Our ability to operate our business effectively may suffer if we do not establish our own financial, administrative and other support functions to operate as a stand-alone company.

Historically, we have relied on the financial, administrative and other support functions of GGP to operate our business and we will continue to rely on reorganized GGP for these and other vital services on a transitional basis pursuant to the Transition Services Agreement that we expect to enter into with GGP. See "Business—Our Relationship with Reorganized GGP following the Separation—Transition Services Agreement." These services may not be sufficient to meet our needs and, after these agreements expire, we may not be able to replace these services at all or obtain these services at acceptable prices and terms.

We will also need to rapidly establish our own accounting and auditing policies. In connection with the Separation and the Distribution, we will become subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act and will be required to prepare our financial statements in accordance with GAAP for filing with the SEC. In addition, the Exchange Act requires that we file annual, quarterly and current reports. Our failure to prepare and disclose this information in a timely manner could subject us to penalties under federal securities laws, expose us to lawsuits and restrict our ability to access financing. The Sarbanes-Oxley Act requires that we, among other things, establish and maintain effective internal controls and procedures for financial reporting and disclosure purposes. We may not be successful in identifying and establishing the requisite controls and procedures. In addition, establishing and monitoring these controls could result in significant costs to us and require us to divert substantial resources, including management time, from other activities. Any failure in our own financial or administrative policies and systems could impact our financial performance and could materially harm our business and financial performance.

After the Separation, we may experience increased costs resulting from a decrease in the purchasing power and other operational efficiencies we currently have due to our association with GGP.

We have historically been able to take advantage of GGP's purchasing power in technology and services, including information technology, marketing, insurance, treasury services, property support and the procurement of goods. As a smaller, separate, stand-alone company, it may be more difficult for us

to obtain goods, technology and services at prices and on terms as favorable as those available to us prior to the Separation.

We may be unable to develop and expand properties.

Our business objective in our Strategic Development segment is to develop and redevelop our properties, which we may be unable to do if we do not have or cannot obtain sufficient capital to proceed with planned development, redevelopment or expansion activities. In addition, the construction costs of a project, including labor and materials may exceed original estimates or available financings. We may be unable to obtain zoning, governmental permits and authorizations or anchor store, mortgage lender and property partner approvals that are required for any such development, redevelopment or expansion. For example, a number of municipal, state and federal discretionary approvals are necessary to implement a future redevelopment plan at South Street Seaport. In addition, also by way of example, our ability to acquire the air rights above and/or adjacent to the Fashion Show Mall in Las Vegas, Nevada is conditioned upon myriad factors including, but not limited to, anchor tenant consents and reciprocal easement agreements to allow for the construction of a building within the air rights. We may abandon redevelopment or expansion activities already under way which we are unable to complete, which may result in additional cost recognition. In addition, if redevelopment, expansion or reinvestment projects are unsuccessful, the investment in such project may not be fully recoverable from future operations or sale.

In connection with the Separation we will enter into agreements with GGP with respect to certain of our assets and we may have conflicts with GGP which could adversely affect our business.

We have entered into agreements with reorganized GGP that will govern the parties' respective rights and obligations with respect to several of the assets to be contributed to us or in which we will have an interest, and we expect to enter into similar agreements in connection with the Separation. Upon the Separation, we may have economic or business interests that are divergent from reorganized GGP's in relation to a particular asset, and we may have disagreements with reorganized GGP with respect to how these assets are managed and developed in the future.

For example, we have entered into a development agreement with reorganized GGP with respect to the Ala Moana condominium development. We also expect to enter into a core principles agreement with reorganized GGP that will govern our rights to acquire and develop the air owned by reorganized GGP above the Fashion Show Mall. Pursuant to the core principles agreement, we will have the ability to acquire an 80% interest in an entity that will have the capability to obtain such air rights after satisfaction of the existing long-term mortgage indebtedness encumbering the Fashion Show Mall and The Shoppes at the Palazzo. Pursuant to the agreement, reorganized GGP would have the right to own up to a 20% interest in such entity, subject to potential dilution pursuant to the terms of a partnership agreement to be entered into at a later date. All decisions with respect to the development of the air above Fashion Show Mall will be subject to varying levels and standards of discussion, negotiation and/or approval with reorganized GGP and other third parties at a future date. In addition, we expect to enter into an agreement with reorganized GGP with respect to the future development of Columbia Town Center. We will also enter into occupancy agreements as landlord and/or tenant with reorganized GGP for space in 110 N. Wacker, 10000 West Charleston Boulevard in Las Vegas (the Summerlin headquarters building), and the Columbia headquarters building. We may not be able to resolve any conflicts or disagreements that may arise between us and reorganized GGP and possibly relevant third parties, including governmental agencies, subsequent to the Separation, and such conflicts or disagreements could materially impair our development plans and goals, including financing options for particular assets, which could have a material adverse affect on our business and prospects.

A prolonged recession in the national economy, or a further downturn in national or regional economic conditions, could adversely impact our business.

The collapse of the housing market, together with the crisis in the credit markets, have resulted in a recession in the national economy with high unemployment, a lower gross domestic product and reduced consumer spending. At such times, potential customers often defer or avoid real estate purchases due to the substantial costs involved, causing land and other real estate prices to significantly decline. Significantly tighter lending standards for borrowers are also having a significant negative effect on demand. A record number of homes in foreclosure and forced sales by homeowners under distressed economic conditions are significantly contributing to the high levels of inventories of lots available for sale in some of our master planned communities.

The housing market and the demand from builders for lots is local and can be very volatile, and projected lots sales used in our feasibility analysis may not be met. In addition, the success of our master planned communities business is heavily dependent on local housing markets in Las Vegas, Nevada, Houston, Texas and Columbia, Maryland, which in turn are dependent on the health and growth of the economies and availability of credit in these regions.

We do not know how long the downturn in the real estate market will last or when real estate markets will return to more normal conditions. High unemployment, lack of consumer confidence and other adverse conditions in the current economic recession could significantly delay a recovery in real estate markets. Our business will suffer until market conditions improve. If market conditions were to worsen, the demand for our real estate products could further decline, negatively impacting our earnings, cash flow and liquidity. A prolonged recession could have a material adverse effect on our business, results of operations and financial condition.

New directors and officers may change our long-range plans.

We have entered into the Management Agreement with Brookfield Advisors to provide us with interim executive officers and leadership and oversight for our business until our permanent executive management team can be identified and assume their roles. It is expected that following this interim period we will hire a permanent management team. In addition, as described in "Directors and Executive Officers," we expect to make changes to our Board of Directors on the Effective Date. These new directors and/or the permanent management team may make material changes to the business, operations and long-range plans of our company. It is impossible to predict what these changes will be and the impact they will have on future results of operations and the price of our common stock. See "Certain Relationships and Related Transactions, and Director Independence—Interim Management Agreement."

Some of our directors are involved in other businesses including, without limitation, real estate activities and public and/or private investments and, therefore, may have or appear to have competing or conflicting interests with us.

Certain of our directors may have or appear to have interests in other businesses including, without limitation, reorganized GGP and other real estate related businesses, and may serve now or in the future as directors, executives and officers in such businesses. These interests and activities, and any duties to third parties arising from such interests and activities, could divert the attention of such directors from our operations. Our directors may learn of other real estate related and other opportunities in their non-director capacities. Our directors have not undertaken to limit such interests and activities or tender or notify such opportunities to us in advance of acting on them in a separate capacity, even if such opportunities are complementary to our business. We have, and investors in our common stock should have, no expectation that we will be able to learn of or participate in such opportunities. Under Section 122(17) of the DGCL, our board of directors is permitted to renounce or waive any right we may have to such opportunities. Certain directors have informed us that they will

seek written confirmation of the waiver or renunciation of such opportunities in connection with their service on the board.

We may face potential successor liability.

As the successor to the Predecessors, we may be subject to liability based on previous actions of the Predecessors. Such liability may arise in a number of circumstances, such as if a creditor of the Predecessors did not receive proper notice of the pendency of the bankruptcy case relating to the Plan or the deadline for filing claims therein; the injury giving rise to, or source of, a creditor's claim did not manifest itself in time for the creditor to file the creditor's claim; a creditor did not timely file the creditor's claim in such bankruptcy case due to excusable neglect; we are liable for the Predecessors' tax liabilities under a federal and/or state theory of successor liability; or the order of confirmation for the Plan is found to be procured by fraud. If we should become subject to such successor liability, it could materially adversely affect our business, financial condition and results of operations.

Significant competition could have an adverse effect on our business.

The nature and extent of the competition we face depends on the type of property involved. With respect to our master planned communities, we compete with other landholders and residential and commercial property developers in the development of properties within the Baltimore/Washington, D.C., Las Vegas and Houston markets. A number of residential and commercial developers, some with greater financial and other resources, compete with us in seeking resources for development and prospective purchasers and tenants. Competition from other real estate developers may adversely affect our ability to attract purchasers and sell residential and commercial real estate; sell undeveloped rural land; attract and retain experienced real estate development personnel; or obtain construction materials and labor. These competitive conditions can make it difficult to sell land at desirable prices and can adversely affect operations, financial condition, or results of operations.

There are numerous shopping facilities that compete with our Operating Retail Properties (as subsequently defined) in attracting retailers to lease space. The bankruptcy of the Predecessors may have impaired the desirability and competitiveness of our shopping facilities. Even after emergence from bankruptcy, there may be a continued impairment with respect to the desirability and competitiveness of our shopping facilities. In addition, retailers at these properties face continued competition from other retailers, including retailers at other regional shopping centers, whether owned by reorganized GGP or otherwise, outlet malls and other discount shopping centers, discount shopping clubs, catalog companies, internet sales and telemarketing. Competition of this type could adversely affect our results of operations and financial condition.

In addition, we will compete with other major real estate investors with significant capital for attractive investment and development opportunities. These competitors include REITs, such as reorganized GGP, investment banking firms and private institutional investors.

Our results of operations in our Strategic Development segment are subject to significant fluctuation by various economic factors that are beyond our control.

Our results of operations are subject to significant fluctuation by various economic factors that are beyond our control. Fluctuations in these factors may decrease or eliminate the income generated by a property, and include, but are not limited to:

- the regional and local economy, which may be negatively impacted by plant closings, industry slowdowns, increased unemployment, lack of availability of consumer credit, levels of consumer debt, housing market conditions, adverse weather conditions, natural disasters and other factors;
- local real estate conditions, such as an oversupply of, or a reduction in demand for, retail space or retail goods, and the availability and creditworthiness of current and prospective tenants;
- perceptions by retailers or shoppers of the safety, convenience and attractiveness of the retail property;

- the convenience and quality of competing retail properties and other retailing options such as the internet;
- our ability to lease space, collect rent and attract new tenants; and
- tenant rent prices, which may decline for a variety of reasons, including the impact of co-tenancy provisions in lease agreements with certain tenants.

A decline in our results of operations in our Strategic Development segment could have a negative impact on the trading price of our common stock.

If the recoverable values of our remaining inventory of real estate assets were to drop below the book value of those properties, we would be required to write-down the book value of those properties, which would have an adverse effect on our balance sheet and our earnings.

Some of our projects have expensive amenities, such as pools, golf courses and clubs, or feature elaborate commercial areas requiring significant capital expenditures. Many of these costs are capitalized as part of the book value of the project land. Adverse market conditions, in certain circumstances, may require the book value of real estate assets to be decreased, often referred to as a "write-down" or "impairment." A write-down of an asset would decrease the value of the asset on our balance sheet and would reduce our earnings for the period in which the write-down is recorded.

We recorded impairment charges of \$680.3 million, \$52.5 million and \$125.9 million for the years ended December 31, 2009, 2008 and 2007, respectively. If market conditions were to continue to deteriorate, and the recoverable values for our real estate inventory and other project land were to fall below the book value of these assets, we could be required to take additional write-downs of the book value of those assets and such write-downs could be material.

We are a holding company and depend on our subsidiaries for cash.

We are a holding company, with no operations of our own. In general, we depend on our subsidiaries for cash and our operations are conducted almost entirely through our subsidiaries. Our ability to generate cash to meet our debt service obligations is dependent on the earnings of and the receipt of funds from subsidiaries through dividends, distributions or intercompany loans. The ability of our subsidiaries to pay any dividends or distributions are limited by their obligations to satisfy their own obligations to their creditors and preferred stockholders before making any dividends or distributions to their parent holding companies. In addition, Delaware law imposes requirements that may restrict the ability to pay dividends to holders of our common stock.

We share ownership and control of some of our properties with partners and may have conflicts of interest with those investors.

We own some of our properties jointly with joint venture partners. While we generally participate in making decisions for our jointly owned properties and assets, we might not always have the same interests as the partner in relation to a particular asset, and we might not be able to favorably resolve any issues that arise. For example, our Woodlands master planned community is jointly owned and we jointly make decisions with our joint venture partner. We cannot control the ultimate outcome of any jointly made decision, which may be to the detriment to holders of our common stock. Some of our interests, such as the Summerlin Medical Hospital Center, are controlled entirely by our partners.

Bankruptcy of our joint venture partners could impose delays and costs on us with respect to our jointly owned assets.

The bankruptcy of one of the other investors in any of our properties could materially and adversely affect the relevant property or properties. Pursuant to the Bankruptcy Code, we would be precluded from taking some actions affecting the estate of the other investor without prior court approval which would, in most cases, entail prior notice to other parties and a hearing. At a minimum, the requirement to obtain court approval may delay the actions we would or might want to take. If the

relevant joint venture through which we have invested in a property has incurred recourse obligations, the discharge in bankruptcy of one of the other investors might result in our ultimate liability for a greater portion of those obligations than would otherwise be required.

Our business model includes entering into joint venture arrangements with strategic partners. This model may not be successful and our business could be adversely affected if we are not able to successfully attract desirable strategic partners or complete agreements with strategic partners.

We intend to seek strategic partners, alliances or joint venture relationships as part of our overall strategy for particular developments or regions. These joint venture partners may bring development experience, industry expertise, financial resources, financing capabilities, brand recognition and credibility or other competitive assets. We cannot assure you, however, that we will have sufficient resources, experience and/or skills to locate desirable partners. We also may not be able to attract partners who want to conduct business in the locations where our properties are, and who have the assets, reputation or other characteristics that would optimize our development opportunities.

Once a potential partner has been identified, actually reaching an agreement on a transaction may be difficult to complete and may take a considerable amount of time considering that negotiations require careful balancing of the parties' various objectives, assets, skills and interests. A formal partnership with a joint venture partner may also involve unfavorable terms relating to voting control over the joint venture, the ability to take actions contrary to our instructions or requests, or contrary to our policies or objectives and the loss of or reduction in our joint venture ownership interest if we are not able to fund financial obligations to the joint venture as contractually required.

Our business could be adversely affected if we are unable to manage our relationships with strategic partners and joint ventures going forward.

We currently have and plan to enter in the future into further joint venture partnerships. Once a partnership has been formed, the venture partner could experience financial difficulties or actions by a venture partner may subject property owned by the joint venture to liabilities greater than those contemplated by the joint venture agreement or have other adverse consequences, which could adversely affect our joint venture interest and overall business.

A key complicating factor is that strategic partners may have economic or business interests or goals that are inconsistent with ours or that are influenced by factors unrelated to our business. These competing interests lead to the difficult challenges of successfully managing the relationship and communication between strategic partners and monitoring the execution of the partnership plan. We cannot assure that we will have sufficient resources, experience and/or skills to effectively manage our ongoing relationships with our strategic partners. We may also be subject to adverse business consequences if the market reputation of a strategic partner deteriorates. If we cannot successfully manage our relationships with our strategic partners, our business could be adversely affected.

Possible terrorist activity or other acts of violence could adversely affect our financial condition and results of operations.

Future terrorist attacks in the United States or other acts of violence may result in declining economic activity, which could harm the demand for goods and services offered by tenants and the value of our properties and might adversely affect the value of an investment in our securities. Such a resulting decrease in retail demand could make it difficult to renew or re-lease properties at lease rates equal to or above historical rates. Terrorist activities or violence also could directly affect the value of our properties through damage, destruction or loss, and the availability of insurance for such acts, or of insurance generally, might be lower or cost more, which could increase our operating expenses and adversely affect our financial condition and results of operations. To the extent that tenants are affected by future attacks, their businesses similarly could be adversely affected, including their ability to continue to meet obligations under their existing leases. These acts might erode business and consumer

confidence and spending and might result in increased volatility in national and international financial markets and economies. Any one of these events might decrease demand for real estate, decrease or delay the occupancy of new or redeveloped properties, and limit access to capital or increase the cost of capital.

Some of our properties are subject to potential natural or other disasters.

A number of our properties are located in areas which are subject to natural or other disasters, including hurricanes, earthquakes and oil spills. Some of our properties are located in coastal regions, and would therefore be affected by increases in sea levels, the frequency or severity of hurricanes and tropical storms, or environmental disasters such as an oil spill in the Gulf of Mexico, whether such events are caused by global climate changes or other factors.

Some potential losses are not insured.

We carry comprehensive liability, fire, flood, earthquake, terrorism, extended coverage and rental loss insurance on all of our properties. We believe the policy specifications and insured limits of these policies are adequate and appropriate. There are, however, some types of losses, including lease and other contract claims, which generally are not insured. If an uninsured loss or a loss in excess of insured limits occurs, we could lose all or a portion of the capital invested in a property, as well as the anticipated future revenue from the property. If this happens, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property.

We may be subject to potential costs to comply with environmental laws.

Under various federal, state or local laws, ordinances and regulations, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances released at a property and may be held liable to a governmental entity or to third parties for property damage or personal injuries and for investigation and clean-up costs incurred by the parties in connection with the contamination. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of the hazardous or toxic substances. The presence of contamination or the failure to remediate contamination may adversely affect the owner's ability to sell or lease real estate or to borrow using the real estate as collateral. Other federal, state and local laws, ordinances and regulations require abatement or removal of asbestos-containing materials in the event of demolition or certain renovations or remodeling, the cost of which may be substantial for certain redevelopments, and also govern emissions of and exposure to asbestos fibers in the air. Federal and state laws also regulate the operation and removal of underground storage tanks. In connection with the ownership, operation and management of certain properties, we could be held liable for the costs of remedial action with respect to these regulated substances or tanks or related claims.

The properties at issue have been subjected to varying degrees of environmental assessment at various times. However, the identification of new areas of contamination, a change in the extent or known scope of contamination or changes in cleanup requirements could result in significant costs.

Inflation may adversely affect our financial condition and results of operations.

Should inflation increase in the future, we may experience any or all of the following:

- decreasing tenant sales as a result of decreased consumer spending which could result in lower rent paid by a tenant when its sales exceed an agreed upon minimum amount;
- difficulty replacing or renewing expiring leases with new leases at higher base and/or overage rent;
- an inability to receive reimbursement from tenants for their share of certain operating expenses, including common area maintenance, real estate taxes and insurance; and
- difficulty marketing and selling land for development of residential real estate properties.

Inflation also poses a potential risk due to the probability of future increases in interest rates. Such increases would adversely impact outstanding variable-rate debt as well as result in higher interest rates on new debt.

Indebtedness could have an adverse impact on our financial condition and operating flexibility.

As of June 30, 2010, our combined debt was \$340.5 million and our share of our Real Estate Affiliates' debt was \$196.2 million. Our indebtedness could have important consequences on the value of our common stock including:

- limiting our ability to borrow additional amounts for working capital, capital expenditures, debt service requirements, execution of business strategy or other purposes;
- limiting our ability to use operating cash flow in other areas of the business or to pay dividends;
- increasing our vulnerability to general adverse economic and industry conditions, including increases in interest rates, particularly given that certain indebtedness bears interest at variable rates;
- limiting our ability to capitalize on business opportunities, reinvest in and develop their properties, and to react to competitive pressures and adverse changes in government regulation;
- limiting our ability, or increasing the costs, to refinance indebtedness; and
- giving secured lenders the ability to foreclose on assets.

Risks Related to the Bankruptcy and Our Separation from GGP

Our actual financial results may vary significantly from the feasibility analysis filed with the Bankruptcy Court.

The Disclosure Statement, which the TopCo Debtors were required to prepare in connection with the Plan, contains projected financial information and estimates of value that demonstrate the feasibility of the Plan and our ability to continue operations upon their emergence from proceedings under the Bankruptcy Code. The information in the Disclosure Statement was prepared for the limited purpose of furnishing recipients of such Disclosure Statement with adequate information to make an informed judgment regarding acceptance of the Plan and was not prepared for the purpose of providing the basis for an investment decision relating to any of our securities. The projections and estimates of value, as well as the Disclosure Statement, are expressly excluded from this registration statement and should not be relied upon in any way or manner in connection with this offering and should not be regarded for the purpose of this registration statement as representations or warranties by us or any other person, as to the accuracy of such information or that any such projections or valuations will be realized. Those projections and estimates of value have not been, and will not be, updated on an ongoing basis, and they were not audited or reviewed by independent accountants. They reflect numerous assumptions concerning our anticipated future performance and with respect to prevailing and anticipated market and economic conditions that were, and remain, beyond our control. Projections and estimates of value are inherently subject to substantial and numerous uncertainties and to a wide variety of significant business, economic and competitive risks, and the assumptions underlying the projections and/or valuation estimates may be wrong in any material respect. Actual results may vary and may continue to vary significantly from those contemplated by the projections and/or valuation estimates. As a result, you should not rely on those projections and/or valuation estimates in deciding whether to invest in our common stock.

The conditions in the Investment Agreements may not be satisfied.

The funding obligations of the Plan Sponsors pursuant to the Investment Agreements are subject to the satisfaction of numerous conditions, many of which are beyond our control. There is no certainty that reorganized GGP will be able to satisfy any or all of the conditions to the Investors' funding obligations set forth in the Investment Agreements.

We may be required to issue a promissory note to GGP.

Pursuant to the Investment Agreements, under certain circumstances, we may be required to issue a five year, interest bearing, unsecured promissory note to GGP on the Effective Date. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Spinco Note."

We may be required to pay substantial U.S. federal income taxes.

Pursuant to the Investment Agreements, reorganized GGP will indemnify us from and against 93.75% of any and all losses, claims, damages, liabilities and reasonable expenses to which we and our subsidiaries become subject, in each case solely to the extent attributable to certain taxes related to sales of certain assets in our Master Planned Communities segment prior to March 31, 2010, in an amount up to the Indemnity Cap (as subsequently defined). The Indemnity Cap is calculated as the lesser of \$303,750,000 and the Excess Surplus Amount. The Excess Surplus Amount is determined using a complex formula described in the Investment Agreements. See "Management's Discussion and Analysis of Results of Financial Condition and Results of Operations—Spinco Note and Indemnity—Tax Indemnities." We will be responsible for the remainder of any such taxes. Reorganized GGP may not have sufficient cash to reimburse us for its share of these taxes described above or the Excess Surplus Amount limitation may substantially reduce reorganized GGP's obligation to reimburse us for these taxes. We have ongoing audits related to the foregoing taxes that, whether resolved by litigation or otherwise, could impact the timing of the items subject to indemnification by reorganized GGP. In addition, if the IRS were successful in litigation with respect to such audits, we may be required to change our method of tax accounting for certain transactions, which could affect the timing of our tax payments, increasing our tax payments in the short term relative to our current tax cost projections.

If the Distribution does not qualify as a tax-free distribution under Section 355 of the Code, then GGP and its subsidiaries may be required to pay substantial U.S. federal income taxes, and we may be obligated to indemnify GGP and its subsidiaries for such taxes imposed on GGP and its subsidiaries.

GGP's obligation to close the Investment Agreements is conditioned upon GGP's receipt of a private letter ruling from the IRS to the effect that the Distribution and certain related transactions will qualify as tax-free to GGP and its subsidiaries for U.S. federal income tax purposes. A private letter ruling from the IRS generally is binding on the IRS. A favorable IRS ruling has not yet been received by GGP. Such IRS ruling will not establish that the Distribution satisfies every requirement for a tax-free spinoff, and the parties will rely solely on the advice of counsel for comfort that such additional requirements are satisfied.

Even if obtained, the IRS ruling will be based on, among other things, certain representations and assumptions as to factual matters made by GGP. The failure of any factual representation or assumption to be true, correct and complete in all material respects could adversely affect the validity of the IRS ruling at the time of and subsequent to the Distribution. In addition, the IRS ruling will be based on current law and cannot be relied upon if current law changes with retroactive effect. If the Distribution were to be treated as taxable, GGP and holders of GGP common stock may be faced with significant tax liability with respect to the Distribution.

GGP will enter into a Tax Matters Agreement with us, pursuant to which GGP may be held liable for the cost of the failure of the Distribution to qualify as a tax-free distribution if GGP caused such failure, whether by an action taken before or after the Separation and Distribution. If we caused such failure, whether by an action taken before or after the Separation and Distribution, we could be liable for such costs. If the cause for the failure cannot be determined or was not caused by a single party, then we and GGP will share such liability based on relative market capitalization. Moreover, although we have agreed to share certain tax liabilities with GGP pursuant to the aforementioned agreements, we may be liable at law to a taxing authority for some of these tax liabilities and, if GGP were to default on their obligations to us, we would be responsible for the entire amount of these liabilities.

We will indemnify GGP for certain taxes.

We will enter into a Separation Agreement and Tax Matters Agreement which will include tax-sharing and indemnification provisions with GGP through which tax liabilities relating to taxable periods before and after the Distribution will be computed and apportioned between GGP and ourselves, and responsibility for payment of those tax liabilities (including any subsequent adjustments to such tax liabilities) will be allocated between us. In addition, we generally will be responsible for any liabilities, taxes or other charges that are imposed on GGP as a result of the Separation and Distribution (and certain related restructuring transactions) failing to qualify for nonrecognition treatment for U.S. federal (and state and local) income tax purposes, if we are the party responsible for such failure, whether by an action taken before or after the Separation and Distribution. Moreover, although we have agreed to share certain tax liabilities with GGP pursuant to the aforementioned agreements, we may be liable at law to a taxing authority for some of these tax liabilities and, if GGP were to default on their obligations to us, we would be liable for the entire amount of these liabilities. Accordingly, under certain circumstances, we may be obligated to pay amounts in excess of our allocated share of tax liabilities.

There is a risk of investor influence over our company that may be adverse to our best interests and those of our other shareholders.

Brookfield Investor and Pershing Square will have the ability to nominate a certain number of members of our board of directors. See "Certain Relationships and Related Transactions, and Director Independence." After giving effect to the Blackstone Designation, we expect that Brookfield Investor, Fairholme, Pershing Square and Blackstone will beneficially own 6.4%, 3.2%, 9.5% and 1.1%, respectively, of our common stock on the Effective Date (excluding shares issuable upon exercise of the warrants) or 13.7%, 6.8%, 12.0% and 1.6%, respectively, of our common stock on the Effective Date (assuming exercise of all outstanding warrants).

Although Pershing Square is required to enter into a standstill agreement to limit its influence, the concentration of ownership of our outstanding common stock held by Plan Sponsors may make some transactions more difficult or impossible without the support of the Plan Sponsors or more likely with the support of the Plan Sponsors. The interests of any of the Plan Sponsors, any other substantial stockholder or any of their respective affiliates could conflict with or differ from the interests of our other shareholders or the other Plan Sponsors. For example, the concentration of ownership held by the Plan Sponsors, even if the Plan Sponsors are not acting in a coordinated manner, could allow the Plan Sponsors to influence our policies and strategy and could delay, defer or prevent a change of control or impede a merger, takeover or other business combination that may otherwise be favorable to us and our other stockholders. A Plan Sponsor, substantial stockholder or affiliate thereof may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. There is no assurance that the Pershing Square standstill agreement can fully protect against these risks.

Certain of our directors and officers have interests in reorganized GGP that may be adverse to our interests, limiting how we conduct business with reorganized GGP.

Brookfield Investor and Pershing Square will hold material economic interests in reorganized GGP, and Brookfield Investor has the right to appoint designees to reorganized GGP's board of directors. Accordingly, we expect that a number of our directors may have, or appear to have, conflicting interests relating to us and reorganized GGP. It may be important for us to do business with reorganized GGP in the future or to supplement or amend the initial agreements between us and reorganized GGP as circumstances change. Actual or perceived conflicts of interest may decrease the effectiveness of our board of directors in dealing with reorganized GGP. For example, directors with helpful expertise may be required or decide to recuse themselves from deliberation or voting on

matters involving reorganized GGP, and certain transactions in our best interests may not be pursued at all because of the risk of an appearance of a conflict or other considerations.

Risks Related to Our Common Stock

There is no existing market for our common stock and a trading market that will provide you with adequate liquidity may not develop for our common stock. In addition, once our common stock begins trading, the market price of our shares may fluctuate widely and there is no assurance that shares of our common stock can be resold at or above the initial market price following the Distribution.

There is currently no public market for our common stock. Although there is expected to be limited "when-issued" trading in our common stock on the inter-dealer bulletin board of the over-the-counter market prior to the Distribution, we do not expect these quotations to be indicative of the trading price of our common stock in the future. While we expect our common stock to begin trading on the NYSE following the Distribution, there can be no assurance that an active trading market for our common stock will develop or be sustained in the future. We cannot predict the prices at which our common stock may trade after the Distribution. The market price of our common stock may fluctuate widely, depending upon many factors, some of which may be beyond our control, including:

- a shift in our investor base, including a shift from REIT to non-REIT investors following the Distribution;
- our quarterly or annual earnings, or those of other comparable companies;
- actual or anticipated fluctuations in our operating results and other factors related to our business;
- announcements by us or our competitors of significant acquisitions or dispositions;
- the failure of securities analysts to cover our common stock after the Distribution;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of other comparable companies;
- our ability to implement our business strategy;
- our tax payments;
- our ability to raise capital;
- overall market fluctuations; and
- general economic conditions.

Further, on the Effective Date, we expect that Brookfield Investor, Fairholme, Pershing Square, Blackstone and M.B. Capital (as defined below) will beneficially own 6.4%, 3.2%, 9.5%, 1.1% and 17.4%, respectively, of our common stock on the Effective Date (excluding shares issuable upon exercise of the warrants) or 13.7%, 6.8%, 12.0%, 1.6% and 14.3%, respectively, of our common stock on the Effective Date (assuming the exercise of all outstanding warrants). The principal holders of our common stock may hold their investments for an extended period of time, thereby decreasing the number of shares available in the market and creating artificially low demand for, and prices of our common stock.

Liquidity and volatility of trading market and value of our common stock.

There is no certainty that a liquid trading market will develop for our common stock or that, if developed, such a liquid trading market will be maintained. Lack of liquidity with respect to such securities also may make it more difficult to raise additional capital, if necessary, through equity financings.

Furthermore, no assurance can be made that holders of our common stock will be able to sell such securities at a particular time or that the prices received when such securities are sold will be favorable. It is possible that holders of such securities may lose all or part of their investments. It is expected that

the market price of our common stock will fluctuate significantly. Such fluctuation may occur as a result of a variety of factors, many of which are beyond our control.

In addition, the stock market in general has recently experienced extreme volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the market price of our common stock.

In general, the valuation of newly issued securities is subject to uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such securities at issuance will depend upon, among other things, prevailing interest rates, conditions in the financial markets and other factors which generally influence the prices of securities.

Provisions in our certificate of incorporation, our by-laws, Delaware law and certain of the agreements we will enter into as part of the Distribution may prevent or delay an acquisition of us, which could decrease the trading price of our common stock.

Our amended and restated certificate of incorporation and bylaws contain the following limitations:

- the inability of our stockholders to act by written consent;
- restrictions on the ability of stockholders to call a special meeting without 15% or more of the voting power of the issued and outstanding shares entitled to vote generally in the election of our directors;
- rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings; and
- the right of our board of directors to issue preferred stock without stockholder approval.

We are a Delaware corporation, and Section 203 of the Delaware General Corporation Law (the "DGCL") applies to us. In general, Section 203 prevents an "interested stockholder" from engaging in a "business combination" with us for three years following the date that person becomes an interested stockholder unless one or more of the following occurs:

- before that person became an interested stockholder, our board of directors approved the transaction in which the interested stockholder became an interested stockholder or approved the business combination;
- upon completion of the transaction that resulted in the interested stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our voting stock outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) stock held by directors who are also officers of the company and by employee stock plans that do not provide employees with the right to determine confidentially whether shares held under the plan will be tendered in a tender or exchange offer; and
- following the transaction in which that person became an interested stockholder, the business combination is approved by our board of directors and authorized at a meeting of stockholders by the affirmative vote of the holders of at least two-thirds of the outstanding voting stock not owned by the interested stockholder.

The statute defines "interested stockholder" as any person that is the owner of 15% or more of the outstanding voting stock or is our affiliate or associate and was the owner of 15% or more of outstanding voting stock at any time within the three-year period immediately before the date of determination.

Each item discussed above may delay, deter or prevent a change in control, even if a proposed transaction is at a premium over the then current market price for our common stock. Further, these provisions may apply in instances where some stockholders consider a transaction beneficial to them. As a result, our stock price may be negatively affected by these provisions.

Additionally, our certificate of incorporation imposes certain restrictions on the direct or indirect transferability of our securities to assist in the preservation of our valuable tax attributes (generally consisting of (1) approximately \$400 million of suspended federal income tax deductions and (2) a relatively high federal income tax basis in our assets), including, subject to certain exceptions, that until the earlier of such time as our board of directors determines that it is no longer in our best interests to continue to impose such restrictions or the date three years after the Effective Date (i) no person or entity may acquire or accumulate the Threshold Percentage or more (as determined under tax law principles governing the application of section 382 of the Code) of our securities, and (ii) no person owning directly or indirectly (as determined under such tax law principles) on the Effective Date, after giving effect to the Plan, the Threshold Percentage or more of our securities may acquire additional securities of ours. Notwithstanding the contemplated restrictions in our certificate of incorporation, no assurance can be given regarding our ability to preserve our tax attributes. Threshold Percentage means, in the case of (i) our common stock, 4.99% of the number of outstanding shares of our common stock and (ii) any other class of our equity, 4.99% of each such class.

There may be dilution of our common stock from the exercise of our warrants and stock options or the issuance of additional stock through our Equity Plan, which may materially adversely affect the market price of our common stock and negatively impact a holder's investments.

The exercise of some or all of the warrants or options outstanding for our common stock will dilute the ownership interest of our existing stockholders. Likewise, any additional issuances of common stock, through our Equity Plan or otherwise, will dilute the ownership interests of our existing stockholders. Any sales in the public market of such additional common stock could adversely affect prevailing market prices of the outstanding shares of our common stock. In addition, the existence of our warrants or options may encourage short selling or arbitrage trading activity by market participants because the exercise of our warrants or options could depress the price of our common stock.

Additional issuances and sales of our capital stock or securities convertible into or exchangeable for our capital stock, or the perception that such issuances and sales could occur, may cause prevailing market prices for our common stock to decline and may adversely affect our ability to raise additional capital in the financial markets at a favorable time and price.

Brookfield Investor is subject to lockup restrictions on its ability to sell our common stock and its warrants to acquire our common stock. See "Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters—Lockup Restrictions." After these lockups expire, shares held by such persons and parties may be sold in the public markets. The price of our common stock may drop significantly when such lockup agreements expire. In addition, for so long as a Plan Sponsor beneficially owns at least 5% of our outstanding common stock on a fully diluted basis, such Plan Sponsor will have the right to purchase the number of our shares as necessary to allow the Plan Sponsor to maintain its proportionate ownership interests on a fully diluted basis.

In most circumstances, shareholders will not be entitled to vote on whether or not additional capital stock or securities convertible into or exchangeable for our capital stock, is issued. In addition, depending on the terms and pricing of an additional offering of common stock or securities convertible into or exchangeable for our capital stock, and the value of our properties, shareholders may experience dilution in both the book value and the market value of their shares.

ITEM 2. FINANCIAL INFORMATION

Selected Historical Combined Financial Data

The following table sets forth the selected historical combined financial and other data of our business, which was carved-out from the financial information of GGP, as described below. We were formed for the purpose of holding certain assets and assuming certain liabilities of the Predecessors pursuant to the Plan. We have not conducted any business and will not have any material assets or liabilities until the Separation and the Distribution are completed. See "Business." The selected historical financial data set forth below as of December 31, 2009 and 2008 and for the years ended December 31, 2009, 2008 and 2007 has been derived from our audited combined financial statements, which are included elsewhere in this registration statement. The selected historical combined financial data as of December 31, 2007, 2006 and 2005 and for the years ended December 31, 2006 and 2005 has been derived from our unaudited combined financial statements, which are not included in this registration statement. The income statement data for each of the six months ended June, 2010 and 2009 and the balance sheet data as of June 30, 2010 have been derived from our unaudited interim combined financial statements included elsewhere in this registration statement.

Our unaudited interim combined financial statements as of June 30, 2010 and for the six months ended June 30, 2010 were prepared on the same basis as our audited combined financial statements as of December 31, 2009 and 2008 and for each of the three years in the period ended December 31, 2009 and, in the opinion of management, include all adjustments, consisting only of normal, recurring adjustments, necessary to present fairly our financial position and results of operations for these periods. The interim results of operations are not necessarily indicative of operations for a full fiscal year.

Our combined financial statements were carved-out from the financial information of GGP at a carrying value reflective of such historical cost in such GGP records. Our historical financial results reflect allocations for certain corporate expenses which include, but are not limited to, costs related to property management, human resources, security, payroll and benefits, legal, corporate communications, information services and restructuring and reorganization. Costs of the services that were allocated or charged to us were based on either actual costs incurred or a proportion of costs estimated to be applicable to us based on a number of factors, most significantly our percentage of GGP's adjusted revenue and assets and the number of properties. We believe these allocations are reasonable; however, these results do not reflect what our expenses would have been had we been operating as a separate stand-alone public company. The years ended December 31, 2009, 2008, 2007, 2006 and 2005 include corporate cost allocations of \$28.6 million, \$20.4 million, \$24.5 million, \$16.5 million and \$12.1 million, respectively. The six months ended June 30, 2010 and 2009 include corporate cost allocations of \$33.8 million and \$15.0 million, respectively. The historical combined financial information presented will not be indicative of the results of operations, financial position or cash flows that would have been obtained if we had been an independent, stand-alone entity during the periods shown. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Basis of Presentation."

The historical results set forth below do not indicate results expected for any future periods. The selected financial data set forth below are qualified in their entirety by, and should be read in conjunction with, "Management's Discussion and Analysis of Financial Condition and Results of

Operations" and our financial statements and related notes thereto included elsewhere in this registration statement.

	Six Months Ended June 30,		Year Ended December 31,				
	2010	2009	2009	2008	2007	2006	2005
	(In thousands)						
Operating Data:							
Revenues	\$ 59,419	\$ 75,120	\$ 136,348	\$ 172,507	\$ 260,498	\$ 548,714	\$ 505,471
Depreciation and amortization	(8,425)	(10,787)	(19,841)	(18,421)	(22,995)	(21,362)	(24,547)
Provisions for impairment	(486)	(140,180)	(680,349)	(52,511)	(125,879)	(90)	(443)
Other operating expenses	(58,463)	(72,201)	(128,833)	(141,392)	(196,121)	(408,084)	(396,073)
Interest (expense) income, net	(1,148)	(250)	712	1,105	1,504	1,737	(557)
Reorganization items	(26,614)	(2,017)	(6,674)	—	—	—	—
Benefit from (provision for) income taxes	(17,953)	2,913	23,969	(2,703)	10,643	(83,782)	(48,831)
Equity in income (loss) of Real Estate Affiliates	5,172	4,121	(28,209)	23,506	68,451	28,051	13,181
Income (loss) from continuing operations	(48,498)	(143,281)	(702,877)	(17,909)	(3,899)	65,184	48,201
Discontinued operations—loss on dispositions	—	—	(939)	—	—	—	—
Allocation to noncontrolling interests	(73)	(65)	204	(100)	(101)	(2,265)	156
Net income (loss) attributable to GGP	\$ (48,571)	\$ (143,346)	\$ (703,612)	\$ (18,009)	\$ (4,000)	\$ 62,919	\$ 48,357
Cash Flow Data:							
Operating activities	\$ (51,162)	\$ (9,166)	\$ (17,870)	\$ (50,699)	\$ (52,041)	\$ 190,036	\$ 271,959
Investing activities	(37,118)	(13,441)	(21,432)	(300,201)	(146,208)	(163,903)	(315,766)
Financing Activities	88,058	32,434	37,543	348,424	183,073	(13,538)	51,297

	As of June 30,	As of December 31,				
	2010	2009	2008	2007	2006	2005
	(In thousands)					
Balance Sheet Data:						
Investment in real estate assets—cost	\$ 2,836,316	\$ 2,827,814	\$ 3,376,321	\$ 2,935,919	\$ 2,761,275	\$ 2,610,482
Total assets	2,906,150	2,905,227	3,443,956	3,024,827	2,882,493	2,760,903
Total debt	340,495	342,833	358,467	373,036	417,011	413,048
Total equity	1,520,638	1,503,520	1,985,815	1,610,672	1,365,238	1,281,628

Unaudited Pro Forma Condensed Combined Financial Information

The following unaudited pro forma condensed combined financial information has been developed by applying pro forma adjustments to the historical combined financial information which reflect the Separation of THHC from the Predecessors that appears elsewhere in this registration statement. The unaudited pro forma condensed combined balance sheet gives effect to the transactions described below as if they had occurred on June 30, 2010. The unaudited pro forma condensed statements of operations gives effect to the transactions described below as if they had occurred on January 1, 2009. All significant pro forma adjustments and their underlying assumptions are described more fully in the notes to the unaudited pro forma combined financial information which should be read in conjunction with such pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information gives effect to the following:

- the distribution of THHC common stock to the existing GGP stockholders and GGPLP unit holders pursuant to the Plan;
- the consummation of investments by the Plan Sponsors and Blackstone contemplated by the Investment Agreements and the Blackstone Designation;
- fees pursuant to the Management Agreement; and
- other known impacts of the Plan including elimination of intercompany payables and the tax indemnity.

The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and is not necessarily indicative of the results of operations or financial position that would have actually been reported had the transactions reflected in the pro forma adjustments occurred on January 1, 2009 or as of June 30, 2010, as applicable, nor is it indicative of our future results of operations or financial position.

The accounting by THHC to reflect the emergence from bankruptcy of the Emerged Debtors (as defined in Note 1 of our combined financial statements) is limited to recording the liabilities of such Debtors that are impacted by confirmed plans of reorganization at the estimated present values of the amounts expected to be paid upon emergence from bankruptcy since the provisions of the Plan do not meet the criteria for fresh-start reporting under generally accepted accounting principles (ASC 852-10-45-29). Historical amounts reported in the unaudited pro forma financial statements reflect these fair value adjustments in mortgages, notes and loans payable not subject to compromise, along with associated amortization. However, as certain of the THHC Debtors remain in bankruptcy at June 30, 2010, their liabilities remain subject to compromise and, therefore, the THHC historical financial statements have no such present value adjustment or associated amortization. Fresh-start reporting does not apply to THHC because existing holders of GGP common stock will receive greater than 50% (approximately 79.7%) of the voting shares of THHC and the reorganization value of THHC's assets exceeds the total of all post-petition liabilities and allowed claims (ASC 852-10-45-19). Further, the acquisition method of accounting does not apply to THHC at emergence because the criteria for application of the acquisition method of accounting specifically to a transaction or event yielding a change of control, that is, a business combination, has not occurred, since the provisions of the Plan provide that the Distribution occurs such that all members with each class of equity are treated equally, the Distribution is treated as a pro-rata spin-off and, such non-monetary transaction is accounted for at the recorded or historical carrying values (ASC 505-60 and ASC 845-10-30-10).

The unaudited pro forma condensed combined statements of operations also assume that the Distribution qualifies as a tax-free distribution under Section 355 of the Code; and therefore no provision for income tax associated with the Distribution has been provided for the periods presented. See "Risk Factors—If the Distribution does not qualify as a tax-free distribution under Section 355 of the Code, then GGP and its subsidiaries may be required to pay substantial U.S. federal income taxes, and we may be obligated to indemnify GGP and its subsidiaries for such taxes imposed on GGP and its subsidiaries." In addition, the pro forma condensed combined statements do not include adjustments for the possible issuance of a Spinco Note as we do not currently believe such note will be issued. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Spinco Note."

The unaudited pro forma condensed combined financial information should be read in conjunction with the information contained in "Selected Historical Combined Financial Data" and the combined financial statements and related notes thereto appearing elsewhere in this registration statement.

THE HOWARD HUGHES CORPORATION
Unaudited Pro Forma Condensed Combined Balance Sheet
as of June 30, 2010

	<u>Historical</u>	<u>Adjustments</u>	<u>Footnote</u>	<u>Pro forma</u>
	(In thousands)			
Assets:				
Investment in real estate:				
Land	\$ 194,379	\$ —		\$ 194,379
Buildings and equipment	450,719	—		450,719
Less accumulated depreciation	(91,553)	—		(91,553)
Developments in progress	256,289	—		256,289
Net property and equipment	809,834	—		809,834
Investment in and loans to/from Real Estate Affiliates	145,738	—		145,738
Investment property and property held for development and sale	1,789,191	(15,000)	(2)	1,774,191
Net investment in real estate	2,744,763	(15,000)		2,729,763
Cash and cash equivalents	2,982	247,020	(3) (4)	250,002
Accounts and notes receivable, net	11,152	31,355	(5)	42,507
Deferred expenses, net	6,996	—		6,996
Prepaid expenses and other assets	140,257	275,496	(6)	415,753
Total assets	<u>\$ 2,906,150</u>	<u>\$ 538,871</u>		<u>\$ 3,445,021</u>
Liabilities and Equity:				
Liabilities not subject to compromise:				
Mortgages, notes and loans payable	\$ 207,646	\$ 132,849	(7)	\$ 340,495
Deferred tax liabilities	726,916	(546,809)	(8)	180,107
Accounts payable and accrued expenses	217,327	20,531	(7) (9)	237,858
Liabilities not subject to compromise	1,151,889	(393,429)		758,460
Liabilities subject to compromise	233,623	(233,623)	(7)	—
Total liabilities	<u>1,385,512</u>	<u>(627,052)</u>		<u>758,460</u>
Equity:				
GGP Equity	1,521,448	1,165,923	(2) (3) (4) (5) (6) (7) (8) (9)	2,687,371
Accumulated other comprehensive loss	(1,645)	—		(1,645)
Noncontrolling interests	835	—		835
Total equity	1,520,638	1,165,923		2,686,561
Total liabilities and equity	<u>\$ 2,906,150</u>	<u>\$ 538,871</u>		<u>\$ 3,445,021</u>

THE HOWARD HUGHES CORPORATION
Unaudited Pro Forma Condensed Combined Statement of Operations
for the Year Ended December 31, 2009

	<u>Historical</u>	<u>Adjustments</u>	<u>Footnote</u>	<u>Pro forma</u>
	(In thousands)			
Revenues:				
Minimum rents	\$ 65,653	\$ (2,629)	(10)	\$ 63,024
Tenant recoveries	19,642	—		19,642
Overage rents	2,701	—		2,701
Land sales	45,996	—		45,996
Other	2,356	—		2,356
Total revenues	<u>136,348</u>	<u>(2,629)</u>		<u>133,719</u>
Expenses:				
Real estate taxes	13,813	—		13,813
Property maintenance costs	5,586	—		5,586
Marketing	1,071	—		1,071
Other property operating costs	33,739	—		33,739
Land sales operations	49,062	—		49,062
Provision for doubtful accounts	2,539	—		2,539
Property management and other costs	17,643	23,773	(10) (11)	41,416
General and administrative	5,380	6,000	(12)	11,380
Provisions for impairment	680,349	—		680,349
Depreciation and amortization	19,841	—		19,841
Total expenses	<u>829,023</u>	<u>29,773</u>		<u>858,796</u>
Operating loss	(692,675)	(32,402)		(725,077)
Interest income	1,689	—		1,689
Interest expense	(977)	—	(17)	(977)
Loss before income taxes, noncontrolling interests, equity in income of				
Real Estate Affiliates and reorganization items	(691,963)	(32,402)		(724,365)
Benefit from income taxes	23,969	265,817	(14) (15)	289,786
Equity in loss of Real Estate Affiliates	(28,209)	—		(28,209)
Reorganization items	(6,674)	6,674	(13)	—
Loss from continuing operations	<u>\$ (702,877)</u>	<u>\$ 240,089</u>		<u>\$ (462,788)</u>
Weighted average number of common shares - basic and diluted				<u>37,154</u>
Basic and diluted (loss) per share			(1) (16)	<u>\$ (12.46)</u>

THE HOWARD HUGHES CORPORATION
Unaudited Pro Forma Condensed Combined Statement of Operations
for the Six Months Ended June 30, 2010

	<u>Historical</u>	<u>Adjustments</u>	<u>Footnote</u>	<u>Pro forma</u>
	(In thousands)			
Revenues:				
Minimum rents	\$ 34,000	\$ (1,151)	(10)	\$ 32,849
Tenant recoveries	9,252	—		9,252
Overage rents	912	—		912
Land sales	12,107	—		12,107
Other	3,148	—		3,148
Total revenues	<u>59,419</u>	<u>(1,151)</u>		<u>58,268</u>
Expenses:				
Real estate taxes	7,029	—		7,029
Property maintenance costs	3,283	—		3,283
Marketing	507	—		507
Other property operating costs	17,694	—		17,694
Land sales operations	20,597	—		20,597
Provision for doubtful accounts	357	—		357
Property management and other costs	8,996	13,843	(10) (11)	22,839
General and administrative	—	3,000	(12)	3,000
Provisions for impairment	486	—		486
Depreciation and amortization	8,425	—		8,425
Total expenses	<u>67,374</u>	<u>16,843</u>		<u>84,217</u>
Operating loss	(7,955)	(17,994)		(25,949)
Interest income	59	—		59
Interest expense	(1,207)	—	(17)	(1,207)
Loss before income taxes, noncontrolling interests, equity in income of				
Real Estate Affiliates and reorganization items	(9,103)	(17,994)		(27,097)
Provision for income taxes	(17,953)	10,790	(14) (15)	(7,163)
Equity in income of Real Estate Affiliates	5,172	—		5,172
Reorganization items	(26,614)	26,614	(13)	—
Loss from continuing operations	<u>\$ (48,498)</u>	<u>\$ 19,410</u>		<u>\$ (29,088)</u>
Weighted average number of common shares - basic and diluted				<u>37,604</u>
Basic and diluted (loss) per share			(1) (16)	<u>\$ (0.77)</u>

Notes to Pro Forma Condensed Combined Financial Information

- (1) Reflects the distribution of approximately 32,500,000 shares of our common stock to existing stockholders of GGP and GGPLP unit holders pursuant to the Plan. The Distribution will be accounted for by allocating the historical amount of GGP Equity in our business into our common stock at par value of \$0.01 per share and the balance to additional paid-in capital.

- (2) Reflects an agreement reached with Hughes heirs regarding the Hughes heirs obligations which reduced the carrying value of this property by \$15.0 million from the amounts previously recorded by GGP.
- (3) Reflects the initial \$250 million investment by the Plan Sponsors and Blackstone pursuant to the Investment Agreements and the Blackstone Designation (approximately 5,250,000 shares of our common stock).
- (4) Reflects the withdrawal by GGP of all permitted cash or cash equivalent balances from the THHC Accounts totaling \$2.98 million in accordance with the Separation Agreement.
- (5) Reflects the right to receive payments approximating the capital lease revenue that GGP receives from the Arizona 2 Office in Phoenix, Arizona in accordance with the Plan.
- (6) Reflects establishment of the Tax Indemnity Cap based upon our current estimates of the components of the Indemnity Cap in the Investment Agreements and assuming that there is no "Offering Premium" as defined in "Management's Discussion and Analysis of Financial Condition and Results of Operation—Spinco Note and Tax Indemnity." See "Risk Factors—We may be required to pay substantial U.S. federal income taxes" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Tax Indemnities" for a definition of the Tax Indemnity Cap. In the event that there is an Offering Premium, we expect the amount of the indemnity provided by GGP to increase, which will increase our pro forma prepaid expenses and other assets, up to the amount of the Tax Indemnity Cap.
- (7) Reflects the reclassification of \$132.8 million of mortgages, notes and loans payable and \$100.8 million of accounts payable and accrued expenses subject to compromise to the appropriate categories of liabilities not subject to compromise, excluding \$48.5 million of pre-petition mechanics and materialmen's liens that are retained by GGP and reclassified to GGP equity, in accordance with the Plan. The amount of liens to be retained by GGP at emergence is expected to be substantially lower than this amount due to settlement activity since June 30, 2010. Liabilities subject to compromise includes all liabilities incurred prior to the Petition Date except:
 - liabilities of the THHC non-debtors;
 - pre-petition liabilities that the debtors which have emerged from Bankruptcy at June 30, 2010 expect to pay in full, even though certain of these amounts may not be paid until after the applicable Emerged Debtor's plan of reorganization is effective; and
 - liabilities related to pre-petition contracts that affirmatively have not been rejected.
- (8) Reflects an adjustment of \$546.8 million for the re-measurement of the deferred tax liability utilizing the pro forma carrying amounts of THHC assets and liabilities, and the current taxable and non-taxable entities to be held by the new entity. Given the makeup of our assets, particularly the undeveloped land in our Master Planned Communities segment, we will not elect to be treated as a real estate investment trust, or REIT, for U.S. federal income tax purposes; however, one of our subsidiaries, Victoria Ward, Limited, is and will continue to be treated as a REIT.
- (9) Reflects the settlement of \$31.7 million of intercompany payables in accordance with the Separation Agreement.
- (10) Reflects amended lease agreements related to our use of office space in GGP properties and GGP use of office space in our properties.
- (11) Reflects the removal of historical allocations of corporate overhead of \$9.9 million for the year ended December 31, 2009 and \$5.7 million for the six months ended June 30, 2010 and an add-back for corporate overhead estimates, of \$32.9 million for the year ended December 31, 2009

and \$19.2 million for the six months ended June 30, 2010 (including \$6.0 million and \$3.0 million pursuant to the Transition Services agreement for the twelve and six month periods, respectively).

- (12) Reflects fees pursuant to a management services agreement between us and Brookfield Advisors. Services to be provided pursuant to the agreement include strategic advice, project development oversight, financial planning, financing consultation, internal controls expertise, and community and investor relations. The agreement has an initial term of six months and may be extended up to an additional six months at THHC's option. The pro forma statement of operations for the year ended December 31, 2009 assumes a six month extension on the same terms as the initial agreement. Contract fees include a base management fee of \$0.5 million per month plus reasonable costs and expenses.
- (13) Reflects reorganization costs incurred as a result of the Chapter 11 Cases and includes professional fees and similar expenses related to the bankruptcy filings and reorganization process. The pro forma statements of operations assume that such costs will not be incurred after the Effective Date.
- (14) Reflects the tax effect applicable to all pro forma adjustments on the Combined Statements of Operations of \$10.1 million benefit for the year ended December 31, 2009 and \$3.4 million expense for the six months ended June 30, 2010, at our incremental tax rate of 39.09%.
- (15) Reflects a benefit from income taxes of \$255.8 million for the year ended December 31, 2009 and \$14.2 million for the six months ended June 30, 2010 for the re-measurement of the deferred tax liability utilizing the pro forma carrying amounts of THHC assets and liabilities, and the current taxable and non-taxable entities to be held by THHC.
- (16) Reflects the historical number of GGP weighted average basic and diluted shares outstanding of 311,993,000 and 311,993,000 for the twelve months ended December 31, 2009 and 316,572,000 and 316,572,000 for the six months ended June 30, 2010, respectively, adjusted by the THHC share exchange factor of approximately 0.0983 of a share of THHC stock for each share of GGP common stock as provided for in the Plan; plus a 1,235,000 share distribution to existing GGPLP unit holders; plus the approximate 5,250,000 shares to be issued to Plan Sponsors and Blackstone pursuant to the Investment Agreements and Blackstone Designation. The permanent warrants issued to the Plan Sponsors and Blackstone and the options for THHC common stock that are issued in exchange for GGP options are anti-dilutive and not used in the calculation of earnings per share due to losses in all respective periods.
- (17) The pro forma condensed combined statements do not include adjustments for the possible issuance of a Spinco Note because we do not currently believe such note will be issued. This belief is based on a number of assumptions, including our ability to reinstate certain indebtedness pursuant to the Plan and our current estimates concerning the amounts that we ultimately will be required to pay in respect of claims by various classes of creditors under the Plan. Based on currently available information, GGP estimates that the amounts that we actually pay with respect to such claims could exceed our estimates by up to approximately \$180.9 million in the aggregate before we would have to issue a Spinco Note. However, default interest and potential makewhole obligations on certain GGP indebtedness are in dispute, and therefore, we have not included these amounts in our calculation of the Spinco Note. Accordingly, despite this substantial "cushion," we cannot assure you that the amounts we ultimately pay with respect to such claims, or the other factors that go into the determination of the Spinco Note, will not differ from our estimates to such a degree that we will be required to issue a Spinco Note. In the event that we are required to issue a Spinco Note, for every \$1.0 million aggregate principal amount of such note, our pro forma indebtedness would increase by \$1.0 million and our pro forma interest expense would increase by \$75,000 and \$37,500 for the year ended December 31, 2009 and the six months ended June 30, 2010, respectively (assuming no New Debt (as subsequently defined) is issued).

Management's Discussion and Analysis of Financial Condition and Results of Operations

This section contains forward-looking statements that involve risks and uncertainties. Our actual results may vary materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set forth in "Risk Factors" and the matters set forth in this registration statement. See "Cautionary Statement Regarding Forward-Looking Statements."

All references to numbered Notes are to specific footnotes to our combined financial statements for the six months ended June 30, 2010 and 2009 and the years ended December 31, 2007, 2008 and 2009, as applicable, included in this registration statement. You should read this discussion in conjunction with our combined financial statements, the notes thereto and other financial information included elsewhere in this registration statement. Our financial statements are prepared in accordance with GAAP. Capitalized terms used, but not defined, in this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") have the same meanings as in such Notes.

Overview—Basis of Presentation

We were formed in July 2010 for the purpose of holding certain assets and assuming certain liabilities of the Predecessors pursuant to the Plan as discussed in Note 1. Following the Distribution, we will operate our business as a stand-alone real estate development company. The financial information included in this registration statement was carved-out from the financial information of GGP, has been presented on a combined basis as the entities presented are under common control and ownership, and only property management and other costs and property specific overhead items have been allocated or reflected in the accompanying combined financial statements.

The historical combined financial information included in this registration statement does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as a separate, publicly-traded company during the periods presented or those that we will achieve in the future primarily as a result of the following factors:

- Prior to the Separation, our business was operated by GGP as part of its broader corporate organization, rather than as a separate, publicly-traded company. GGP or one of its affiliates performed various corporate functions for us, including, but not limited to property management, human resources, security, payroll and benefits, legal, corporate communications, information services and restructuring and reorganization. Costs of the services that were allocated or charged to us were based on either actual costs incurred or a proportion of costs estimated to be applicable to us based on a number of factors, most significantly our percentage of GGP's adjusted revenue and assets and the number of properties. Our historical financial results reflect allocations for certain corporate costs and we believe such allocations are reasonable; however, such results do not reflect what our expenses would have been had we been operating as a separate, stand-alone public company.
- Currently, portions of our business are integrated with the other businesses of GGP. Historically, we have shared economies of scope and scale in costs, employees, vendor relationships and certain customer relationships. While we expect to enter into a Transition Services Agreement that will govern certain commercial and other relationships between us and GGP, those contractual arrangements may not capture the benefits our business has enjoyed as a result of being integrated with GGP. The loss of these benefits of scope and scale may have an adverse effect on our business, results of operations and financial condition following the completion of the Separation.

In addition, GGP operates as a REIT in which our businesses, except for the Master Planned Communities segment, are generally exempt from tax. We intend to operate as a taxable corporation subsequent to the Effective Date; however, one of our subsidiaries, Victoria Ward, Limited, is and will continue to be treated as a REIT.

We operate our business in two segments: Master Planned Communities and Strategic Development.

With respect to our Strategic Development segment, at present all of these assets generally share the fundamental characteristic of requiring substantial future development to achieve their highest and best use. However, as discussed elsewhere in this registration statement, following the Separation, our new board of directors and management are expected to reevaluate the Predecessor's plans and ideas for these assets based on market conditions and availability of capital. In order to be able to realize a development plan for any of these assets, in addition to the permitting and approval process attendant to almost all large-scale real estate development of this nature, we will need to obtain financing either through joint venture equity or construction, bridge or long-term financing, none of which is assured. See "Risk Factors—We may face potential difficulties in obtaining operating and development capital" and "Our business model includes entering into joint venture arrangements with strategic partners. This model may not be successful and our business could be adversely affected if we are not able to successfully attract desirable strategic partners or complete agreements with strategic partners."

In determining to report these assets in a single reportable segment, we considered ASC 280-10-55-7A, which provides that the similarity of economic characteristics should be evaluated based on future prospects and not necessarily the current indicators only. The historical operating returns are not indicative of the long-term development returns expected from the assets that comprise the Strategic Development segment. We will expect each of these Strategic Development assets to generate long-term returns commensurate with the development risks taken to bring the assets to their highest and best use, but can provide you no assurance that these assets will generate such returns. In addition, in accordance with ASC 280-10-50-11, we considered the following factors, all of which to some degree reflect the uncertainties inherent in the development nature of these projects:

- *The nature of the risks and returns:* each of these projects will require substantial development activity and significant investment of capital to attain our expectations of the highest and best use of the assets and will be subject to the inherent risks associated with development of real estate projects. Accordingly, we expect these assets to have similar long-term returns and costs of capital commensurate with the risks associated with development.
- *The nature of our products:* the nature of our strategic development assets is primarily the future development or redevelopment of various real estate assets which we consider to be opportunities to maximize the long-term value of these assets for our investors.
- *The nature of our production processes:* we expect that our new management team and board of directors will create plans for the development of our strategic development assets. We expect to assess the opportunities for each of these assets to determine how to maximize their long-term value potential. Any such plans will be subject to obtaining numerous consents and approvals of third parties and the financing necessary to develop the asset.
- *The type or class of customer for our products:* the customers for our strategic development assets will be users of real estate space, either as tenants or future owners, for either commercial or residential purposes. Currently it is premature to segment our projects by customer type because the plans for the strategic development assets are still being created, as discussed above. Future re-assessments of our reporting segments and related aggregation may be required as these developments progress.
- *The methods used to distribute our products:* as stated above, our permanent management team and new directors may change the classifications of our strategic development assets after the Effective Date. Accordingly, we are unable to determine whether we will sell or rent a particular strategic development asset to maximize its long-term value potential.

- *The nature of the applicable regulatory environment:* each of these projects will be subject to local permitting and approval processes, including, among others, zoning and environmental approval and permitting processes, applicable to almost all large scale real estate development.

As a result of these shared attributes, management evaluates and manages these assets as a single operating unit, with the employees responsible for individual projects reporting up to a single executive responsible for this segment.

Overview—Master Planned Communities Segment

Our Master Planned Communities segment consists of the development and sale of residential and commercial land, primarily in large-scale projects in and around Columbia, Maryland; Houston, Texas; and Summerlin, Nevada. Residential land sales include standard, custom and high density (*i.e.*, condominium, town homes and apartments) parcels. Standard residential lots are designated for detached and attached single- and multi-family homes, ranging from entry-level to luxury homes. At our Summerlin project, we have further designated certain residential parcels as custom lots as their premium price reflects their larger size and other distinguishing features including gated communities, golf course access and higher elevations. Commercial land sales include parcels designated for retail, office, services and other for-profit activities, as well as those parcels designated for use by government, schools and other not-for-profit entities. As of June 30, 2010, we had 12,623 remaining saleable acres in our communities presented in this registration statement on a combined basis and 2,081 remaining saleable acres at our Woodlands community (presented in this registration statement on the equity method of accounting).

The pace of land sales for standard residential lots has declined in recent periods in correlation to the decline in the housing market. We do not expect sales of residential lots to improve in the short-term as a result of continued economic weakness.

Based on the results of our evaluations for impairment (Note 1 and 2), we recognized aggregate impairment charges related to our Master Planned Communities segment of \$52.8 million in 2009 and \$125.8 million in 2007.

Overview—Strategic Development Segment

Our Strategic Development segment is made up of a diverse mix of near, medium and long-term real estate properties and development projects, some of which we believe have the potential to create meaningful value. Our Strategic Development segment includes nine mixed-use development opportunities, four mall development projects, seven redevelopment projects and eleven other property interests, including ownership of various land parcels and certain profit interests.

Although revenues are currently being generated at four of the nine mixed-use development opportunity properties and all seven of the redevelopment projects, only the Ward Centers mixed-use development opportunity property is considered to be significant based on several key operating metrics. We expect this relative significance to continue until the Ward Centers mixed-use development commences. Our operating properties, which we refer to as our "Operating Retail Properties," consist of Landmark Mall, South Street Seaport, Ward Centers, Cottonwood Mall, Alameda Plaza, Century Plaza Mall, Cottonwood Square, Park West, Rio West, Riverwalk Marketplace and Village at Redlands. At December 31, 2009, we had approximately 2.5 million square feet of regional mall space currently available for lease, of which 86.2% was occupied.

Based on impairment evaluations of the properties in our Strategic Development segment (as described in Note 1 and 2) we recorded impairment provisions of \$0.5 million for the six months ended June 30, 2010, \$627.6 million, \$52.5 million and \$0.1 million for 2009, 2008 and 2007 respectively, and \$29.6 million in our equity in operations of Real Estate Affiliates in 2009.

Results of Operations

Our revenues are primarily received from homebuilders from the sale of individual lots at our master planned communities and from tenants at our rental properties in the form of fixed minimum rents, overage rent and recoveries of operating expenses. We have presented the following discussion of our results of operations on a segment basis under the proportionate share method. Under the proportionate share method, our share of segment revenues and expenses of the properties owned by our real estate affiliates are aggregated with the revenues and expenses of the combined properties. Other revenues are increased by discontinued operations and are reduced by the share of operations applicable to noncontrolling interests. See Note 10 or Note 14, as applicable, for additional information including reconciliations of our segment basis results to GAAP basis results.

The operating measure used to assess operating results for our business segments is Adjusted EBITDA, which we define and compute as property specific rent, sales and other revenues, less property specific operational expense items such as land sale cost of sales and selling expenses, real estate taxes, property maintenance costs and other property operating expense items. Adjusted EBITDA excludes interest, income taxes, depreciation and amortization, as well as reorganization items, strategic initiatives, provisions for impairment and allocation to noncontrolling interests, in each case to the extent applicable to a segment. Management believes that as so calculated, Adjusted EBITDA assists us in comparing the performance of our segments and properties across reporting periods on a consistent basis because it excludes items that we do not believe are indicators of our core operating performance. We believe that Adjusted EBITDA provides useful information about the operating performance of our communities and properties.

The THHC businesses were operated as subsidiaries of GGP, which operates as a REIT. We are expected to operate as a taxable corporation.

Six Months Ended June 30, 2010 and 2009**Master Planned Communities Segment**

(In thousands)	Six Months Ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2010	2009		
Land sales	\$ 38,079	\$ 49,954	\$ (11,875)	(23.8)%
Land sales operations	(39,338)	(46,927)	(7,589)	(16.2)
Master Planned Communities Segment Adjusted EBITDA	\$ (1,259)	\$ 3,027	\$ (4,286)	(141.6)%

Land sales operations costs include the cost of land sales, property taxes and other property operating costs. For the six months ended June 30, 2010, increases in the property taxes and other property operating costs as a percentage of land sales were only partially offset by a decrease in the cost of land sales as a percentage of revenue compared to the same period in 2009.

The declines in EBITDA described above are the result of a decrease in our sales of residential acres and commercial lots. For the six months ended June 30, 2010, we sold 138.8 residential acres compared to 322.1 acres for the six months ended June 30, 2009. We sold 24.7 acres of commercial lots for the six months ended June 30, 2010 compared to 34.5 acres for the six months ended June 30, 2009.

During the six months ended June 30, 2010, there was increased residential and commercial sales activity at the Woodlands community in Houston Texas. These increases were partially offset by the bulk sale of remaining single family lots at the Fairwood community in Maryland in 2009. There were no land sales for the six months ended June 30, 2010 in our Gateway, Emerson and Fairwood

communities in Maryland and in our Summerlin community in Las Vegas, Nevada. There were minimal land sales in our Columbia community in Maryland and our Bridgeland community in Houston, Texas.

The following table summarizes the status of residential and commercial sales for all communities as well as the expected community sell-out date as of June 30, 2010:

Community	Remaining Saleable Acres			Redevelopment Acres(1)	Projected Community Sell-Out Date
	Residential	Commercial	Total		
Bridgeland	3,981	1,246	5,227	—	2036
Summerlin(2)	6,559	625	7,184	—	2039
The Woodlands	1,063	1,018	2,081	—	2017
Maryland Communities:					
Columbia	—	—	—	136	2035
Gateway	—	121	121	—	2013
Emerson	12	68	80	—	2013
Fairwood	—	11	11	—	2013
	<u>11,615</u>	<u>3,089</u>	<u>14,704</u>	<u>136</u>	

(1) Reflects the number of acres we expect to redevelop.

(2) Does not reflect recent Pulte and Richmond sales as described in the "Summary" section.

As of June 30, 2010, the master planned communities have approximately 14,700 remaining salable acres.

The following table summarizes the average sales price per acre sold for residential and commercial property by community:

Community	Six Months Ended June 30,			
	2010		2009	
	Residential	Commercial	Residential	Commercial
	(In thousands)			
Bridgeland	\$ 255	\$ —	\$ 305	\$ 50
Summerlin	—	—	—	999
The Woodlands	346	328	423	370
Maryland Communities	—	—	73	—

Although the average sales price per acre can fluctuate widely depending on the location and type of the parcels within a community and the density of what is sold, the decrease in average sales prices during the six months ended June 30, 2010 compared to the prior year period reflect the weak overall demand for lots.

We expect continued weakness in land sales given the sluggish economic recovery from the recent recession. However, only Bridgeland, Summerlin and The Woodlands have significant remaining acres available for sale and, therefore, are the only communities positioned to take significant advantage of any rebound in the economic environment.

Strategic Development Segment

(In thousands)	Six Months Ended		\$ Increase (Decrease)	% Increase (Decrease)
	June 30,			
	2010	2009		
Property revenues:				
Minimum rents	\$ 36,384	\$ 40,471	\$ (4,087)	(10.1)%
Tenant recoveries	9,252	9,782	(530)	(5.4)
Overage rents	912	850	62	7.3
Other	18,992	17,390	1,602	9.2
Total property revenues	65,540	68,493	(2,953)	(4.3)
Property operating expenses:				
Real estate taxes	7,547	6,659	888	13.3
Property maintenance costs	3,529	2,869	660	23.0
Marketing	507	460	47	10.2
Other property operating costs	32,680	36,417	(3,737)	(10.3)
Provision for doubtful accounts	357	1,212	(855)	(70.5)
Property management and other costs	8,996	8,431	565	6.7
Total property operating expenses	53,616	56,048	(2,432)	(4.3)
Strategic Development Segment Adjusted EBITDA	\$ 11,924	\$ 12,445	\$ (521)	(4.2)%

Minimum rents decreased \$4.1 million for the six months ended June 30, 2010 primarily due to a decrease of approximately \$4.6 million in lease termination income and minimum rents, at share, from The Woodlands, one of our Real Estate Affiliates.

Other property revenues primarily include vending, parking, marketing and promotion, and gains and losses on certain property disposition transactions. The \$1.6 million increase in other property revenue in the six months ended June 30, 2010 is primarily due to net losses on certain property transactions in the six months ending June 30, 2009 of approximately \$3.4 million compared to no net gains or losses in the comparable period of 2010. A decrease in Woodlands Conference Center revenues during the six month period ending 2010, compared to the prior year period provided a partial offset.

Property maintenance costs increased \$0.7 million in the six months ended June 30, 2010 primarily due to increased seasonal maintenance costs, miscellaneous building repairs and higher contract services costs across the segment in 2010.

Other property operating costs decreased \$3.7 million in the six months ended June 30, 2010 primarily due to lower costs at The Woodlands.

The provision for doubtful accounts decreased \$0.9 million in the six months ended June 30, 2010 compared to the six months ended June 30, 2009 primarily due to improving collections experienced at Ward Centers and South Street Seaport in 2010.

Certain Significant Combined Revenues and Expenses

(In thousands)	Six Months Ended June 30,		\$ Increase (Decrease)	% Increase (Decrease)
	2010	2009		
Tenant rents	\$ 44,164	\$ 44,149	\$ 15	0.0%
Land sales	12,107	31,434	(19,327)	(61.5)
Property operating expense	28,870	26,202	2,668	10.2
Land sales operations	20,597	32,454	(11,857)	(36.5)
Property management and other costs	8,996	8,431	565	6.7
Strategic initiatives	—	5,114	(5,114)	(100.0)
Provisions for impairment	486	140,180	(139,694)	(99.7)
Depreciation and amortization	8,425	10,787	(2,362)	(21.9)
Interest expense	1,207	582	625	107.4
Provision for (benefit from) income taxes	17,953	(2,913)	20,866	(716.3)
Equity in income of Real Estate Affiliates	5,172	4,121	1,051	25.5
Reorganization items	(26,614)	(2,017)	(24,597)	1,219.5

Land sales and associated sales operations decreased during the six months ended June 30, 2010 compared to the prior year due to lower sales volume.

Strategic initiatives for the six months ended June 30, 2009 consist of professional fees for restructuring that were incurred prior to the filing for protection under the Bankruptcy Code of certain of our Predecessors (the "Predecessor Debtors"). Similar fees incurred after filing for protection under the Bankruptcy Code are recorded as reorganization items.

Based on the results of our evaluations for impairment (Note 1), we recognized impairment charges of \$0.5 million (related to the write down of various pre-development costs that were determined to be non-recoverable due to the termination of associated projects) for the six months ended June 30, 2010 and \$140.2 million for the six months ended June 30, 2009. Although all of the properties in our Master Planned Communities segment and two of our operating properties in our Strategic Development segment had impairment indicators and carrying values in excess of estimated fair value at June 30, 2010, aggregate undiscounted cash flows for such master planned communities properties and the two strategic development properties exceeded their respective aggregate book values by over 200% and over 32%, respectively. The impairment charges recognized in 2009 were as follows:

- \$24.2 million to the Allen mall development in Allen, Texas
- \$6.7 million to the Village at Redlands Promenade development in Redlands, California
- \$0.7 million related to the write down of various pre-development costs that were determined to be non-recoverable due to the termination of associated projects
- \$52.8 million to our Fairwood Master Planned Community in Columbia, Maryland
- \$55.9 million related to our Nouvelle at Natick project located in Boston, Massachusetts

The increase in the provision for income taxes for the six months ended June 30, 2010 was primarily attributable to an increase in taxable income related to our taxable entities for the six months ended June 30, 2010 and a tax benefit related to provisions for impairments at our master planned communities in 2009, partially offset by a significant decrease in valuation allowances compared to the six months ended June 30, 2009.

Reorganization items under the bankruptcy filings are expense or income items that were incurred or realized by the Predecessor Debtors as a result of the Chapter 11 Cases. These items include professional fees and similar types of expenses incurred directly related to the bankruptcy filings, gains

or losses resulting from activities of the reorganization process, including gains related to recording the mortgage debt at Fair Value upon emergence from bankruptcy and interest earned on cash accumulated by the TopCo Debtors. See Note 1—Reorganization items for additional detail.

Year Ended December 31, 2009 and 2008

Master Planned Communities Segment

(In thousands)	2009	2008	\$ Increase (Decrease)	% Increase (Decrease)
Land sales	\$ 83,989	\$ 138,746	\$ (54,757)	(39.5)%
Land sales operations	(82,746)	(109,732)	(26,986)	(24.6)
Master Planned Communities Segment Adjusted EBITDA	\$ 1,243	\$ 29,014	\$ (27,771)	(95.7)%

The decrease in land sales, land sales operations and Adjusted EBITDA in 2009 was the result of a significant reduction in sales volume at our Summerlin, Bridgeland and The Woodlands residential communities. These volume decreases were partially offset by the bulk sale in 2009 of the majority of the remaining single family lots in our Fairwood community (reported as part of our Columbia, Maryland property) at considerably lower margins than previous Fairwood sales and by the sale of a residential parcel for use in the development of luxury apartments and town homes, in our Maryland communities.

In 2009, we sold 426.4 residential acres compared to 272.5 acres in 2008, including the 221 acres in the bulk Fairwood sale discussed above. Although we sold 94.8 acres of commercial lots in 2009 compared to 84.6 acres in 2008, average prices for lots declined as compared to 2008.

Strategic Development Segment

The following table compares major revenue and expense items:

(In thousands)	2009	2008	\$ Increase (Decrease)	% Increase (Decrease)
Revenues:				
Minimum rents	\$ 78,339	\$ 80,998	\$ (2,659)	(3.3)%
Tenant recoveries	19,642	21,592	(1,950)	(9.0)
Overage rents	2,701	3,519	(818)	(23.2)
Other	35,306	54,587	(19,281)	(35.3)
Total property revenues	135,988	160,696	(24,708)	(15.4)
Property operating expenses:				
Real estate taxes	14,503	11,037	3,466	31.4
Property maintenance costs	8,094	7,680	414	5.4
Marketing	1,071	1,530	(459)	(30.0)
Other property operating costs	71,858	82,242	(10,384)	(12.6)
Provision for doubtful accounts	2,539	1,174	1,365	116.3
Property management and other costs	17,643	20,656	(3,013)	(14.6)
Total property operating expenses	115,708	124,319	(8,611)	(6.9)
Strategic Development Segment Adjusted EBITDA	\$ 20,280	\$ 36,377	\$ (16,097)	(44.2)%

The \$2.7 million decrease in minimum rents was primarily due to a decline in occupancies between 2008 and 2009 at our Operating Retail Properties. This decrease was partially offset by increases in

minimum rents at Riverwalk Marketplace. The increases at Riverwalk Marketplace were driven by increasing occupancy as the property continued recovering from the effects of Hurricane Katrina.

Certain of our leases include both a base rent component and a component which requires tenants to pay amounts related to all, or substantially all, of their share of real estate taxes and certain property operating expenses, including common area maintenance and insurance. The portion of the tenant rent from these leases attributable to real estate tax and operating expense recoveries is recorded as tenant recoveries. The \$2.0 million decrease in tenant recoveries was primarily attributable to the decrease in certain property operating expenses discussed below.

Overage rent is rental revenue paid by tenants which is based on a percentage of the tenant's sales above a threshold specified in the lease agreement. The decrease in overage rent was primarily due to a decrease in comparable tenant sales as a result of a challenging economic environment that impacted many of our tenants, particularly at Ward Centers and South Street Seaport.

Other revenues include all other property revenues including vending, parking, gains or losses on dispositions of certain property transactions, sponsorship and advertising revenues, less Adjusted EBITDA of non-controlling interests. The decrease in other revenues was primarily attributable to dispositions of land parcels at Kendall that resulted in a \$3.9 million loss on sale of land in 2009 and as compared to a \$4.3 million gain on sale of land in 2008 as well as a \$1.2 million gain on sale of Woodlands buildings sold on a "build to suit" basis in 2009, and a corresponding gain of \$6.6 million in 2008. In addition, the decrease in other revenues is also attributable to reduced occupancy and activity in food and beverage revenue at The Woodlands Hotel and Conference Center in 2009. Finally, the decrease was attributable to lower sponsorship, show and display revenue in 2009.

Real estate taxes increased in 2009 at our Operating Retail Properties, a portion of which is recoverable from tenants. A portion of the increase was attributable to a decrease in the amount of capitalized real estate taxes due to decreased development activity.

The \$10.4 million decrease in other property operating costs is primarily related to reduced operating costs at the properties owned by The Woodlands joint venture as well as at wholly-owned South Street Seaport and Ward Centers. Reduced occupancy drove the cost reductions at the resort and conference center properties in The Woodlands, while the office property was sold from The Woodlands during 2008. Operating costs were significantly reduced at Ward Centers. Ward Centers had reductions in electric expenses, due to an energy cost adjustment tied to the cost of fuel. We do not expect that reductions in operating costs will continue, as a result of recent energy rate increases. South Street Seaport had reductions in ground rent expense and utility expense. The property had decreases in ground rent participation and we do not expect such decreases to continue. The property also had higher utility expenses in 2008 due to a multi-year catch-up of unbilled water expenses.

The \$1.4 million increase in the provision for doubtful accounts was primarily due to the recovery of previously written-off property taxes and other receivables at Ward Centers during 2008.

The decrease in property management and other costs in 2009 is primarily due to a decrease in wages and benefits of \$3.0 million. In addition, professional fees, personnel, travel, marketing, office and occupancy costs decrease as the result of cost reduction efforts. These decreases were offset by a reduction in capitalized overhead, which resulted in higher net expenses in 2009, and increased incentive compensation.

Certain Significant Combined Revenues and Expenses

(In thousands)	2009	2008	\$ Increase (Decrease)	% Increase (Decrease)
Tenant rents	\$ 87,996	\$ 93,552	\$ (5,556)	(5.9)%
Land sales	45,996	66,557	(20,561)	(30.9)
Property operating expense	56,748	55,819	929	1.7
Land sales operations	49,062	63,421	(14,359)	(22.6)
Property management and other costs	17,643	20,656	(3,013)	(14.6)
Strategic Initiatives	5,380	1,496	3,884	259.6
Provisions for impairment	680,349	52,511	627,838	1,195.6
Depreciation and amortization	19,841	18,421	1,420	7.7
(Benefit from) provision for income taxes	(23,969)	2,703	(26,672)	(986.8)
Equity in income (loss) of Real Estate Affiliates	(28,209)	23,506	(51,715)	(220.0)
Reorganization items	(6,674)	—	(6,674)	—

Changes in combined tenant rents (which includes minimum rents, tenant recoveries and overage rent), land sales, property operating expenses (which includes real estate taxes, property maintenance costs, marketing, other property operating costs and provision for doubtful accounts), land sales operations and property management and other costs were attributable to the same items discussed above in our segment basis results, excluding those items related to the properties owned by our Real Estate Affiliates. Property management and other costs are primarily costs allocated from GGP related to our costs of doing business and are generally not direct property-related costs.

The increase in strategic initiatives in 2009 is primarily due to property-specific professional fees for restructuring and strategic initiatives incurred through the Petition Date. Similar costs incurred subsequent to the Petition Date are classified as reorganization items.

Based on the results of our evaluations for impairment (Note 2), we recognized non-cash impairment charges of \$680.3 million in 2009 compared to \$52.5 million in 2008. The most significant impairment charges in 2009 were in our Strategic Development segment related to The Shops at Summerlin Centre and Elk Grove Promenade totaling \$176.1 and \$175.3 million, respectively. We also recognized provisions for impairment in both 2009 and 2008 related to Nouvelle at Natick totaling \$55.9 and \$40.3 million, respectively, to reflect the continued weak demand and the likely extension of the period required to complete all unit sales at this residential condominium project. Finally, in the Master Planned Communities segment we recognized provisions for impairment related to our Fairwood Community in Maryland totaling \$52.8 million in 2009 reflecting lower sales prices at that property. See Note 2 for additional descriptions of the provisions for impairment that we recognized in 2009 and 2008.

The benefit from income taxes in 2009 was primarily attributable to tax benefit related to the provisions for impairment of \$35.1 million related to our Kendall development, \$52.8 million related to our Fairwood master planned community and \$55.9 million related to our Nouvelle at Natick condominium project. The benefit from income taxes was partially offset by an increase in the valuation allowances on our deferred tax assets as a result of the Bankruptcy Code.

The decrease in equity in income (loss) of Real Estate Affiliates is primarily due to a significant decrease in land sales at The Woodlands master planned community joint venture in 2009 compared to 2008.

Reorganization items are expense or income items that were incurred or realized by the Predecessors as a result of the Chapter 11 Cases. These items include professional fees and similar types of expenses incurred directly related to the bankruptcy filings, loss accruals or gains or losses

resulting from activities of the reorganization process and interest earned on cash accumulated by the TopCo Debtors. See Note 2—Reorganization Items for additional detail.

Year Ended December 31, 2008 and 2007

Master Planned Communities Segment

(In thousands)	2008	2007	\$ Increase (Decrease)	% Increase (Decrease)
Land sales	\$ 138,746	\$ 227,377	\$ (88,631)	(39.0)%
Land sales operations	(109,732)	(172,023)	(62,291)	(36.2)
Master Planned Communities Segment Adjusted EBITDA	\$ 29,014	\$ 55,354	\$ (26,340)	(47.6)%

The decrease in land sales and land sales operations and Adjusted EBITDA in 2008 was the result of a significant reduction in sales volume and lower achieved margins at our Summerlin, Maryland, Bridgeland and The Woodlands residential communities. In 2008, we sold 272.5 residential acres compared to 409.1 acres in 2007. We sold 84.6 acres of commercial lots in 2008 compared to 163.2 acres in 2007.

Strategic Development Segment

The following table compares major revenue and expense items:

(In thousands)	2008	2007	\$ Increase (Decrease)	% Increase (Decrease)
Property revenues:				
Minimum rents	\$ 80,998	\$ 88,713	\$ (7,715)	(8.7)%
Tenant recoveries	21,592	22,449	(857)	(3.8)
Overage rents	3,519	5,194	(1,675)	(32.2)
Other	54,587	70,504	(15,917)	(22.6)
Total property revenues	160,696	186,860	(26,164)	(14.0)
Property operating expenses:				
Real estate taxes	11,037	10,184	853	8.4
Property maintenance costs	7,680	8,191	(511)	(6.2)
Marketing	1,530	1,646	(116)	(7.0)
Other property operating costs	82,242	95,450	(13,208)	(13.8)
Provision for doubtful accounts	1,174	1,301	(127)	(9.8)
Property management and other costs	20,656	26,799	(6,143)	(22.9)
Total property operating expenses	124,319	143,571	(19,252)	(13.4)
Strategic Development Segment Adjusted EBITDA	\$ 36,377	\$ 43,289	\$ (6,912)	(16.0)%

The \$7.7 million decrease in minimum rents was primarily due to 2007 business interruption insurance proceeds of \$6.9 million at Riverwalk Marketplace. These insurance proceeds related to claims made by us for property damages and business interruption in the aftermath of Hurricane Katrina.

The decrease in overage rent was primarily due to a decrease in comparable tenant sales as a result of a challenging economic environment that impacted many of our tenants, particularly at Ward Center and South Street Seaport.

Other revenues include all other property revenues including vending, parking, sponsorship and advertising revenues. The decrease in other revenues was primarily attributable to The Woodlands which sold various office buildings and other properties during 2007 resulting in lower recorded amounts of other revenues in 2008 compared to 2007.

The \$13.2 million decrease in other property operating costs is primarily related to reduced operating costs at The Woodlands. Reduced occupancy drove the cost reductions at the resort and conference center properties in The Woodlands, while an office property was sold from The Woodlands during 2008. Additionally, operating costs were significantly reduced at Riverwalk Marketplace.

Property management and other costs in the aggregate represent our costs of doing business and are generally not direct property-related costs. The decrease in property management and other costs in 2008 was primarily due to lower leasing commissions and lower overall management costs, including incentive compensation, stock compensation expense and travel expense, primarily related to a reduction in personnel and other cost reduction efforts.

Riverwalk Marketplace had reductions in ground rent participation expense, office miscellaneous expenses, and legal fees. These fees were higher in 2007 compared to 2008 as a result of Hurricane Katrina costs. We do not expect the 2007 results to continue in the future.

Certain Significant Combined Revenues and Expenses

(In thousands)	2008	2007	\$ Increase (Decrease)	% Increase (Decrease)
Tenant rents	\$ 93,552	\$ 105,852	\$ (12,300)	(11.6)%
Land sales	66,557	142,360	(75,803)	(53.2)
Property operating expenses	55,819	55,112	707	1.3
Land sales operations	63,421	114,210	(50,789)	(44.5)
Property management and other costs	20,656	26,799	(6,143)	(22.9)
Strategic initiatives	1,496	—	1,496	—
Provisions for impairment	52,511	125,879	(73,368)	(58.3)
Depreciation and amortization	18,421	22,995	(4,574)	(19.9)
Provision for (benefit from) income taxes	2,703	(10,643)	13,346	(125.4)
Equity in income of Real Estate Affiliates	23,506	68,451	(44,945)	(65.7)

Changes in combined tenant rents (which includes minimum rents, tenant recoveries and overage rent), land sales, property operating expenses (which includes real estate taxes, repairs and maintenance, marketing, other property operating costs and provision for doubtful accounts), land sales operations and property management and other costs were attributable to the same items discussed above in our segment basis results, excluding those items related to the properties owned by our Real Estate Affiliates.

Strategic initiatives of \$1.5 million include professional fees for restructuring and advisory services.

Based on the results of our evaluations for impairment (Note 2), we recognized a non-cash impairment charge of \$125.8 million in 2007 related to our Columbia and Fairwood communities located in Maryland. In addition, we recognized impairment charges of \$7.8 million in the third quarter of 2008 related to our Century Plaza (Birmingham, Alabama) operating property. We also recognized a provision for impairment of \$40.3 million at Nouvelle at Natick in 2008 to reflect the continued weak demand and the likely extension of the period required to complete all unit sales at this residential condominium project. Sales of condominium units commenced in the fourth quarter of 2008. Finally, we recognized impairment charges of \$4.3 million throughout 2008 related to the write down of various pre-development costs that were determined to be non-recoverable due to the related projects being terminated which is the result of the current depressed retail real estate market and our liquidity

situation. We recognized similar impairment charges for pre-development projects in the amount of \$0.1 million in 2007.

The increase in depreciation and amortization is primarily due to a cumulative adjustment to the useful lives of certain assets in 2007.

The provision for income taxes in 2008 was primarily attributable to the tax benefit generated by the provision for impairment of \$40.3 million booked on our Nouvelle at Natick condominium project and was partially offset by an increase in the valuation allowances on our deferred tax assets as a result of the Bankruptcy Code.

Liquidity and Capital Resources

Following the Effective Date, our primary uses of cash are expected to include working capital, debt repayment, land development costs in our Master Planned Communities segment and, with respect to our Strategic Development segment, we may incur operating expenses for the Operating Retail Properties. In addition future development and redevelopment costs, which we expect to be substantial in order to successfully implement our business strategy.

Our primary sources of cash following the Effective Date are expected to include cash flow from land sales in our Master Planned Communities segment, cash generated from our operating properties and the net proceeds from the sale to the Plan Sponsors and Blackstone on the Effective Date of \$250.0 million of our common stock. We believe that these sources will provide sufficient cash to meet our existing contractual obligations and our anticipated ordinary course operating expenses for at least the next 12 months. The negative operating cash flows reflected in the periods presented in this registration statement were primarily the result of costs associated with land/residential development and acquisitions expenditures in our Master Planned Communities segment of \$61.2 million, \$147.8 million and \$216.2 million in 2009, 2008 and 2007, respectively. The funds for these expenditures came from GGP and are reflected in our combined statement of cash flows in change in GGP investment, net. Going forward, we intend to time the funding of land development expenses in our Master Planned Communities segment with anticipated land sales from our master planned communities.

In order to pursue development and redevelopment opportunities in our Strategic Development segment, we will require significant additional capital. We intend to raise this additional capital with a mix of construction, bridge and long-term financings, as well as joint venture equity. We have not yet obtained any financing or identified any potential lenders or joint venture equity partners. We do not expect to have a revolving line of credit as of the Effective Date. We cannot assure you that any financings or joint venture arrangements will be available on terms acceptable to us or at all. See "Risk Factors—Risks Related to Our Business—We may face potential difficulties in obtaining operating and development capital" and "—Our business model includes entering into joint venture arrangements with strategic partners. This model may not be successful and our business could be adversely affected if we are not able to successfully attract desirable strategic partners or complete agreements with strategic partners."

As of June 30, 2010, our combined debt was \$340.5 million and our share of the debt of our Real Estate Affiliates was \$196.2 million.

Summary of Cash Flows

Cash Flows from Operating Activities

Net cash used in operating activities was \$51.2 million for the six months ended June 30, 2010 and \$9.2 million for the six months ended June 30, 2009. Net cash used in operating activities was \$17.9 million for the year ended December 31, 2009 and \$50.7 million for the year ended December 31, 2008.

Cash used for land/residential development and acquisitions expenditures was \$30.6 million for the six months ended June 30, 2010, an increase from \$24.4 million for the six months ended June 30, 2009. Cash used for land/residential development and acquisitions expenditures was \$61.2 million for the year ended December 31, 2009, a decrease from \$147.8 million for the year ended December 31, 2008 as the Predecessors slowed the pace of residential land development in 2009 in light of sales pace declines.

Net cash provided by (used in) certain assets and liabilities, including accounts and notes receivable, prepaid expense and other assets, deferred expenses, and accounts payable and accrued expenses and deferred tax liabilities totaled \$20.8 million for the six months ended June 30, 2010 and \$(10.2) million for the six months ended June 30, 2009. Accounts payable and accrued expenses and deferred tax liabilities increased \$22.5 million primarily as a result of an increase in accrued interest for unsecured debt. Although liabilities not subject to compromise and certain liabilities subject to compromise have been approved for payment by the Bankruptcy Court, a significant portion of our liabilities subject to compromise are subject to settlement under the Plan and have not been paid to date. In addition, accounts and notes receivable decreased \$6.5 million from December 31, 2009 to June 30, 2010, whereas, such accounts increased \$2.3 million from December 31, 2008 to June 30, 2009. Net cash used in other operating activities as accounts payable and accrued expenses, including amounts subject to compromise at December 31, 2009, decreased by \$28.8 million in 2009. The decrease was primarily as a result of lower construction payables due to the decrease in development activity.

Cash Flows from Investing Activities

Net cash used in investing activities was \$37.1 million for the six months ended June 30, 2010 and \$13.4 million for the six months ended June 30, 2009. Cash used for acquisition/development of real estate and property additions/improvements was \$37.1 million for the six months ended June 30, 2010, and \$18.8 million for the six months ended June 30, 2009. Net cash used in investing activities was \$21.4 million for the year ended December 31, 2009 and \$300.2 million for the year ended December 31, 2008. Cash used for acquisition/development of real estate and property additions/improvements was \$27.7 million for the year ended December 31, 2009, a decline from \$314.1 million for the year ended December 31, 2008 primarily due to the completion, suspension or termination of a number of development projects in late 2008 and early 2009. We expect, or are obligated to incur, development and redevelopment expenditures of \$64.7 million from 2010 to 2012.

Cash Flows from Financing Activities

Net cash provided by financing activities was \$88.1 million for the six months ended June 30, 2010 and \$32.4 million for the six months ended June 30, 2009. Net cash provided by financing activities was \$37.5 million for the year ended December 31, 2009 and \$348.4 million for the year ended December 31, 2008.

Principal payments on mortgages, notes and loan payable were \$2.5 million for the six months ended June 30, 2010 and \$6.8 million for the six months ended June 30, 2009. In addition, we received contributions from GGP of \$90.7 million during the six months ended June 30, 2010 and \$39.4 million during the six months ended June 30, 2009. Principal payments on mortgages, notes and loans payable were \$10.5 million for the year ended December 31, 2009 and \$15.5 million for the year ended December 31, 2008.

Spinco Note and Tax Indemnity

Spinco Note

The Spinco Note, which is an ancillary agreement contemplated by the Investment Agreements with the Plan Sponsors, is designed to allocate value between reorganized GGP (and, indirectly, the Plan Sponsors, who will be investing in reorganized GGP) and THHC (and, indirectly, GGP's stockholders who, following the distribution of THHC's shares pursuant to the Plan, will be the majority stockholders of THHC), in a manner that is similar to a post-closing purchase price adjustment in the acquisition of a business. The purchase price per share of reorganized GGP common stock which the Plan Sponsors are committed to pay under the Investment Agreements is based on

several financial metric assumptions for reorganized GGP, and the Spinco Note is intended to compensate reorganized GGP for certain differences between these assumptions and actual results as reorganized GGP emerges from bankruptcy following the implementation of the Plan. The Spinco Note, if issued, is intended to compensate reorganized GGP (and, indirectly, the Plan Sponsors), for these differences, while not adversely impacting THHC's liquidity by not requiring THHC to settle these differences in cash on the Effective Date.

The financial metrics that will be taken into account (through the operation of a complex formula described in detail below) in determining whether the Spinco Note will be issued and, if issued, the principal amount of the note, include (but are not limited to):

- the amount of reorganized GGP's debt and cash at the Effective Date;
- the amount of certain claims that are allowed against the TopCo Debtors in the Chapter 11 Cases;
- the amount agreed upon or ordered by the Bankruptcy Court to resolve the Hughes heirs obligations;
- the amount of certain costs and expenses incurred by GGP to form and establish THHC (referred to as "THHC Setup Costs"); and
- the amount, if any, of the proceeds of equity capital raises conducted by reorganized GGP at a price that exceeds the price per share paid by the Plan Sponsors pursuant to the Investment Agreements.

Based on currently available information, we do not expect that a Spinco Note will be issued on the Effective Date; however, we will not be certain until the components of the calculation of the Spinco Note amount are finally determined in accordance with the Investment Agreements, which may not occur until following the Effective Date, which could lead to a Spinco Note being issued at or after the Effective Date. See "Financial Information—Unaudited Pro Forma Condensed Combined Financial Information" for a sensitivity analysis relating to the issuance of a Spinco Note.

A more detailed discussion of the calculation of the Spinco Note and the relationship between the Spinco Note and the tax indemnities follows.

Calculation of the Spinco Note

If issued on the Effective Date, the Spinco Note will be a five year, interest bearing, unsecured promissory note payable by us or one of our subsidiaries to reorganized GGP or one of its subsidiaries. The Spinco Note would mature on the fifth anniversary of the Closing Date (or the next succeeding business day). The Spinco Note would bear interest at the lower of 7.5% per annum and the weighted average effective rate of interest payable (after giving effect to the payment of any underwriting and all other discounts, fees and other compensation) on each series of New Debt issued in connection with the Plan. Whether a Spinco Note will be issued on the Effective Date and the amount of the Spinco Note if issued are determined based on

- the amount of Closing Date Net Debt (described below) as compared to Target Net Debt (described below),
- the amounts paid in respect of the Hughes heirs obligations, and
- the amount of any Offering Premium.

Closing Date Net Debt is calculated as

- Proportionally Consolidated Debt (described below) plus any accrued and unpaid interest thereon plus any new corporate debt to be raised upon the Effective Date, less

- the Reinstatement Adjustment Amount (described below) plus
- the Permitted Claims Amount (described below) less
- the amount of Proportionally Consolidated Debt attributable to assets of GGP, its subsidiaries and other persons in which GGP, directly or indirectly, holds a minority interest sold, returned, abandoned, conveyed, transferred or otherwise divested during the period between the date of the Investment Agreements and through the closing, but excluding any deficiency, guaranty or other similar claims associated with special consideration properties, less
- the amount of Proportionally Consolidated Unrestricted Cash (described below); provided, however, that the net proceeds attributable to sales of assets of GGP, its subsidiaries and other persons in which GGP, directly or indirectly, holds a minority interest sold, returned, abandoned, conveyed, or otherwise transferred during the period between the date of the Investment Agreements and through the closing shall be deducted prior to subtracting Proportionally Consolidated Unrestricted Cash.

Target Net Debt is defined in the Investment Agreements as equal to \$22,970,800,000.

Proportionally Consolidated Debt means consolidated debt of GGP less

- all debt of subsidiaries of GGP that are not wholly-owned and other persons in which GGP, directly or indirectly, holds a minority interest, to the extent such debt is included in consolidated debt, plus
- GGP's share of debt for each non-wholly owned subsidiary of GGP and each other person in which GGP, directly or indirectly, holds a minority interest based on GGP's pro-rata economic interest in each such subsidiary or person or, to the extent to which GGP is directly or indirectly (through one or more subsidiaries or persons) liable for a percent of such debt that is greater than such pro-rata economic interest in such subsidiary or person, such larger amount; provided, however, for purposes of calculating Proportionally Consolidated Debt, the debt of certain Brazilian entities shall be deemed to be \$110,437,781.

The Reinstatement Adjustment Amount is calculated as the total amount of Corporate Level Debt less the total amount of Corporate Level Debt to be reinstated on the Effective Date. Corporate Level Debt consists of the sum of the TopCo Debtors' unsecured debt, the DIP Facility and other debt (in each case, including any existing accrued and unpaid interest thereon). The DIP Facility is that certain Senior Secured Debtor in Possession Credit, Security and Guaranty Agreement among GGP, as co-borrower, GGPLP, as co-borrower, certain of their subsidiaries, as guarantors, the agent and the lenders party thereto.

The Permitted Claims Amount is as of the Effective Date, an amount equal to the sum of, without duplication,

- the aggregate amount of accrued and unpaid permitted claims that have been allowed (by order of the Bankruptcy Court or pursuant to the terms of the Plan) as of the Effective Date, plus
- the aggregate amount of the reserve to be estimated pursuant to the Plan with respect to accrued and unpaid permitted claims that have not been allowed or disallowed (in each case by order of the Bankruptcy Court or pursuant to the terms of the Plan) as of the Effective Date (the "Reserve"), plus
- the aggregate amount of our setup costs (other than professional fees and disbursements of financial, legal and other advisers and consultants retained in connection with the administration and conduct of Chapter 11 Cases) as of the Effective Date; provided, however, that there shall be no duplication with any amounts otherwise included in Closing Date Net Debt.

Proportionally Consolidated Unrestricted Cash means the consolidated unrestricted cash of GGP less

- all unrestricted cash of subsidiaries of GGP that are not wholly-owned and persons in which GGP, directly or indirectly, owns a minority interest, to the extent such unrestricted cash is included in consolidated unrestricted cash of GGP, plus
- GGP's share of unrestricted cash for each non-wholly owned subsidiary of GGP and persons in which GGP, directly or indirectly, owns a minority interest based on GGP's pro-rata economic interest in each such subsidiary or person; provided, however, for purposes of calculating Proportionally Consolidated Unrestricted Cash (described below), the unrestricted cash of certain Brazilian entities shall be deemed to be \$82,000,000, provided, further, that any distributions of unrestricted cash made from the date of the Investment Agreements to the closing by these Brazilian entities to GGP or any of its subsidiaries shall be disregarded for purposes of calculating Proportionally Consolidated Unrestricted Cash.

If Closing Date Net Debt is less than Target Net Debt, then a net debt surplus amount will exist, the amount of which will be calculated as Target Net Debt less Closing Date Net Debt. If Closing Date Net Debt is greater than the Target Net Debt, then a net debt excess amount will exist, the amount of which will be calculated as Closing Date Net Debt less Target Net Debt.

The Spinco Note amount is equal to: (i) if there is a net debt excess amount, then the net debt excess amount plus the amount paid in respect of the Hughes heirs obligations to the extent satisfied with assets of GGP (including cash not paid prior to the Effective Date or shares of common stock of reorganized GGP, but excluding assets to be contributed to THHC) or (ii) if there is a net debt surplus amount, then the amount paid in respect of the Hughes heirs obligations (to the extent satisfied in assets described in clause (i)) less 80% of the net debt surplus amount; provided, however, that in no event will the Spinco Note amount be less than zero.

To the extent that a Spinco Note is issued on the Effective Date, the principal amount of the Spinco Note is subject to adjustment under certain circumstances described in the Investment Agreements. These adjustments include a reduction in the principal amount (but not below zero) of the Spinco Note by 80% of the aggregate Offering Premium on the 30th day following the Effective Date and from time to time upon receipt of any Offering Premium until the last to occur of 45 days after the Effective Date, the settlement date for any shares of our common stock sold to Pershing Square pursuant to the put right described above and the maturity date of the Pershing Square Bridge Note (the "Offering Premium Period"). "Offering Premium" means, with respect to any shares of common stock of reorganized GGP issued for cash on or prior to the Effective Date, together with shares of reorganized GGP common stock issued in certain share issuances completed within the Offering Premium Period, the per share offering price of reorganized GGP common stock issued in the offering (net of all underwriting and other discounts, fees or other compensation and related expenses) less \$10.00; multiplied by the number of shares sold.

As disputed permitted claims are resolved and paid, the reorganized GGP board of directors may determine that the remaining amount of the Reserve (an estimated aggregate amount of certain categories of disputed claims) exceeds amounts necessary to pay remaining disputed claims, and if so, as a result of application of the Reserve Surplus Amount (described further below), the Spinco Note will be reduced by the amount of such excess. Finally, to the extent that THHC is obligated to pay master planned community taxes within 36 months after the Effective Date and is not eligible for indemnification from reorganized GGP due to the Indemnity Cap (described below), then reorganized GGP shall pay the taxes and the Spinco Note amount will be increased by the amount reorganized GGP pays. If a Spinco Note was not issued on the Effective Date, but reorganized GGP pays such taxes, then THHC will issue a note at that time on the same terms as the Spinco Note.

The Reserve Surplus Amount, which is calculated on a quarterly basis, is equal to the Reserve less (i) the amount of permitted claims originally included in the Reserve, but, as of the time of calculation, resolved and paid less (ii) the amount of Reserve the reorganized GGP board elects to retain with respect to any remaining disputed permitted claims. Any amounts applied to adjust the Spinco Note amount in a prior quarter cannot be applied in subsequent quarters to further reduce the note.

Tax Indemnities

We will enter into a Separation Agreement and Tax Matters Agreement which will include tax-sharing and indemnification provisions with reorganized GGP through which tax liabilities relating to taxable periods before and after the Distribution will be computed and apportioned between reorganized GGP and ourselves, and responsibility for payment of those tax liabilities (including any subsequent adjustments to such tax liabilities) will be allocated between us. In addition, we generally will be responsible for any liabilities, taxes or other charges that are imposed on GGP as a result of the Separation and Distribution (and certain related restructuring transactions) failing to qualify for nonrecognition treatment for U.S. federal (and state and local) income tax purposes, if we are the party responsible for such failure, whether by an action taken before or after the Separation and Distribution. Moreover, although we have agreed to share certain tax liabilities with reorganized GGP pursuant to the aforementioned agreements, we may be liable at law to a taxing authority for some of these tax liabilities and, if GGP were to default on their obligations to us, we would be liable for the entire amount of these liabilities. Accordingly, under certain circumstances, we may be obligated to pay amounts in excess of our allocated share of tax liabilities.

In addition, pursuant to the Investment Agreements, reorganized GGP will indemnify us from and against 93.75% of any and all losses, claims, damages, liabilities and reasonable expenses to which we and our subsidiaries become subject, in each case solely to the extent attributable to certain taxes related to sales of certain assets in our Master Planned Communities segment prior to March 31, 2010, in an amount up to the Indemnity Cap. The Indemnity Cap is calculated as the lesser of \$303,750,000 and the Excess Surplus Amount. The Excess Surplus Amount is determined using a complex formula described in the Investment Agreements that includes varying percentages of any Reserve Surplus Amount, Net Debt Surplus Amount and Offering Premium to the extent not used to offset (decrease) the amount of the Spinco Note as provided above. The Excess Surplus Amount is designed to provide value to THHC in the form of the tax indemnity (up to a maximum amount of \$303,750,000) in the event there is value remaining after the Spinco Note is reduced to zero. Based on currently available information, we estimate that the Indemnity Cap will be equal to approximately \$275 million.

We will be responsible for the amount of any such taxes in excess of the Indemnity Cap. Reorganized GGP may not have sufficient cash to reimburse us for its share of these taxes described above or the Excess Surplus Amount limitation may substantially reduce reorganized GGP's obligation to reimburse us for these taxes.

Contractual Cash Obligations and Commitments

The following table aggregates our subsequent contractual cash obligations and commitments as of December 31, 2009:

	2010	2011	2012	2013	2014	Subsequent / Other(5)	Total
	(In thousands)						
Long-term debt-principal(1)	\$ 48,196	\$ 10,130	\$ 3,740	\$ 4,855	\$ 54,975	\$ 98,886	\$ 220,782
Interest payments(2)	11,064	9,241	8,146	7,894	5,583	23,672	65,600
Ground lease payments	2,802	2,801	2,809	2,825	2,825	105,921	119,983
Purchase obligations(3)	108,437	—	—	—	—	—	108,437
Uncertainty in income taxes, including interest	—	—	—	—	—	66,129	66,129
Other long-term liabilities(4)							—
Total	\$ 170,499	\$ 22,172	\$ 14,695	\$ 15,574	\$ 63,383	\$ 294,608	\$ 580,931

- (1) Excludes \$134.0 million of long-term debt principal that is subject to compromise and non-cash market rate adjustments of \$11.9 million that are not subject to compromise, all at December 31, 2009.
- (2) Excludes interest payments related to debt that is subject to compromise, market rate adjustments and special improvement districts.
- (3) Reflects accrued and incurred construction costs payable. Routine trade payables have been excluded. We expect, or are obligated to incur, development and redevelopment expenditures of \$64.7 million from 2010 through 2012.
- (4) Other long-term liabilities related to ongoing real estate taxes have not been included in the table as such amounts depend upon future applicable real estate tax rates. Real estate tax expense was \$13.8 million in 2009, \$10.4 million in 2008, and \$9.8 million in 2007.
- (5) The remaining uncertainty in income taxes liability for which reasonable estimates about the timing of payments cannot be made is disclosed within the Subsequent/Other column.

In the normal course of business, from time to time, we are involved in legal proceedings relating to the ownership and operations of our properties. See Item 8 —"Legal Proceedings."

We lease land or buildings at certain properties from third parties. The leases generally provide us with a right of first refusal in the event of a proposed sale of the property by the landlord. Rental payments are expensed as incurred and have, to the extent applicable, been straight-lined over the term of the lease. Contractual rental expense, including participation rent, was \$3.5 million in 2009, \$3.7 million in 2008 and \$3.6 million in 2007, while the same rent expense excluding amortization of above and below-market ground leases and straight-line rents, as presented in our combined financial statements, was \$3.6 million in 2009, \$3.8 million in 2008 and \$3.6 million in 2007.

Off-Balance Sheet Financing Arrangements

We do not have any off-balance sheet financing arrangements.

Seasonality

Our Master Planned Communities segment is not subject to significant seasonal variations. In addition, revenues from development, redevelopment or sale of property in our Strategic Development segment similarly are not subject to seasonal variations. However, with respect to our Operating Retail Properties within the Strategic Development segment, although we have a year-long temporary leasing program, occupancies for short-term tenants and, therefore, rental income recognized, including overage rent, are higher during the second half of the year. As a result, rental revenue production in this segment is generally highest in the fourth quarter of each year.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. For example, significant estimates and assumptions have been made with respect to the following: fair value (as defined below) of assets for measuring impairment of rental properties, development properties, joint ventures; valuation of debt of emerged entities, useful lives of assets; capitalization of development and leasing costs; provision for income taxes; recoverable amounts of receivables and deferred taxes; initial valuations and related amortization periods of deferred costs and intangibles, and cost ratios and completion percentages used for land sales. Actual results could differ from those estimates.

Critical Accounting Policies

Critical accounting policies are those that are both significant to the overall presentation of our financial condition and results of operations and require management to make difficult, complex or subjective judgments. Our critical accounting policies are those applicable to the following:

Accounting for Reorganization

The accompanying combined financial statements and the combined condensed financial statements of the Predecessor Debtors presented in Item 15 of this registration statement have been prepared in accordance with the generally accepted accounting principles related to financial reporting by entities whose cases are pending under the Bankruptcy Code. Such combined financial statements are also prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the ordinary course of business. Such accounting guidance also provides that if a debtor, or group of debtors, has significant combined assets and liabilities of entities which are not operating under protection under the Bankruptcy Code, the debtors and non-debtors should continue to be combined. However, separate disclosure of financial statement information solely relating to the debtor entities should be presented. Additionally, due to the various effective dates in December 2009 of the plans of reorganization for the Predecessor Debtors, a convenience date of December 31, 2009 was elected for the accounting for GGP's emergence from bankruptcy.

Classification of Liabilities Subject to Compromise

Liabilities not subject to compromise include: (1) liabilities incurred after the Petition Date; (2) pre-petition liabilities that the Predecessor Debtors expect to pay in full; and (3) liabilities related to pre-petition contracts that have not been rejected pursuant to section 365 of the Bankruptcy Code. Unsecured liabilities not subject to compromise at December 31, 2009 with respect to the Predecessor Debtors are reflected at the current estimate of the probable amounts to be paid even though the amounts of such unsecured liabilities ultimately to be allowed by the Bankruptcy Court (and therefore

paid at 100%) have not yet been determined. With respect to secured liabilities, GAAP bankruptcy guidance provides that Debtor mortgage loans should be recorded at their estimated fair value.

Reorganization Items

Reorganization items under the Chapter 11 Cases are expense or income items that were incurred or realized by the TopCo Debtors as a result of the Chapter 11 Cases and are presented separately in the Combined Statements of Income and Comprehensive Income and in the condensed combined statements of operations of the Predecessors presented in Item 15 of this registration statement. These items include professional fees and similar types of expenses and gains directly related to the Chapter 11 Cases, resulting from activities of the reorganization process, and interest earned on cash accumulated by the TopCo Debtors as a result of the Chapter 11 Cases.

Impairment—Properties, developments in progress and land held for development or redevelopment, including assets to be sold after such development or redevelopment

We review our combined and uncombined real estate assets, including operating properties, land held for development and sale and developments in progress, for potential impairment indicators whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates and assumptions have been made with respect to impairment of long-lived assets. Actual results could differ from these assumptions and estimates.

Impairment indicators for property held for development and sale in our Master Planned Communities segment are assessed separately for each community and include, but are not limited to, significant decreases in sales pace or average selling prices, significant increases in expected land development and construction costs or cancellation rates, and projected losses on expected future sales.

Impairment indicators for pre-development costs, which are typically costs incurred during the beginning stages of a potential development, and developments in progress are assessed by project and include, but are not limited to, significant changes in projected completion dates, revenues or cash flows, development costs, market factors and sustainability of development projects.

Impairment indicators for our Strategic Development segment are assessed separately for each property and include, but are not limited to, significant decreases in real estate property net operating income, significant occupancy percentage changes and strategic determinations as reflected in certain bankruptcy plans of reorganization, either prospective, or filed and confirmed.

If an indicator of potential impairment exists, the asset is tested for recoverability by comparing its carrying amount to the estimated future undiscounted operating cash flow. Significant assumptions used in the estimation of future undiscounted cash flow include, for the master planned communities, estimates of future lot sales, costs to complete and sales pace, and for strategic development properties, future market rents, renewals and capital expenditures. Historical experience in such matters and future economic projections were used to establish such factors. These factors are subject to uncertainty but we do not expect them to vary materially. A real estate asset is considered to be impaired when its carrying amount cannot be recovered through estimated future undiscounted cash flows. To the extent an impairment provision is necessary, the excess of the carrying amount of the asset over its estimated fair value is expensed to operations. In addition, the impairment is allocated proportionately to adjust the carrying amount of the asset. The adjusted carrying amount, which represents the new cost basis of the asset, is depreciated over the remaining useful life of the asset.

Recoverable amounts of receivables and deferred tax assets

We make periodic assessments of the collectibility of receivables (including those resulting from the difference between rental revenue recognized and rents currently due from tenants) and the recoverability of deferred taxes based on a specific review of the risk of loss on specific accounts or amounts. The receivable analysis places particular emphasis on past-due accounts and considers the nature and age of the receivables, the payment history and financial condition of the payee, the basis for any disputes or negotiations with the payee and other information which may impact collectibility. For straight-line rents receivable, the analysis considers the probability of collection of the unbilled deferred rent receivable given our experience regarding such amounts. For deferred tax assets, an assessment of the recoverability of the tax asset considers the current expiration periods of the prior net operating loss carryforwards or other asset and our estimated future taxable income. The resulting estimates of any allowance or reserve related to the recovery of these items is subject to revision as these factors change and is sensitive to the effects of economic and market conditions on such payees.

Capitalization of development and leasing costs

We capitalize the costs of development and leasing activities of our properties. These costs are incurred both at the property location and at the regional and corporate office levels. The amount of capitalization depends, in part, on the identification and justifiable allocation of certain activities to specific projects and leases. Differences in methodologies of cost identification and documentation, as well as differing assumptions as to the time incurred on projects, can yield significant differences in the amounts capitalized and, as a result, the amount of depreciation recognized.

Revenue recognition and related matters

Revenues from land sales are recognized using the full accrual method provided that various criteria relating to the terms of the transactions and our subsequent involvement with the land sold are met. Revenues relating to transactions that do not meet the established criteria are deferred and recognized when the criteria are met or using the installment or cost recovery methods, as appropriate in the circumstances. For land sale transactions in which we are required to perform additional services and incur significant costs after title has passed, revenues and cost of sales are recognized on a percentage of completion basis.

Cost ratios for land sales are determined as a specified percentage of land sales revenues recognized for each master planned community project. The cost ratios used are based on actual costs incurred and estimates of development costs and sales revenues for completion of each project. The ratios are reviewed regularly and revised for changes in sales and cost estimates or development plans. Significant changes in these estimates or development plans, whether due to changes in market conditions or other factors, could result in changes to the cost ratio used for a specific project. The specific identification method is used to determine cost of sales for certain parcels of land, including acquired parcels we do not intend to develop or for which development is complete at the date of acquisition.

Minimum rent revenues are recognized on a straight-lined basis over the terms of the related leases. Minimum rent revenues also include amounts collected from tenants to allow the termination of their leases prior to their scheduled termination dates and accretion related to above and below-market tenant leases on acquired properties. Straight-line rents receivable represents the current net cumulative rents recognized prior to when billed and collectible as provided by the terms of the leases. Overage rent is recognized on an accrual basis once tenant sales exceed contractual tenant lease thresholds. Recoveries from tenants are established in the leases or computed based upon a formula related to real estate taxes, insurance and other shopping center operating expenses and are generally recognized as revenues in the period the related costs are incurred.

Recently Issued Accounting Pronouncements and Developments

As described in the notes to the combined financial statements, new accounting pronouncements have been issued which are effective for the current or subsequent year.

As of January 1, 2009, we adopted a new generally accepted accounting principle related to noncontrolling interests in combined financial statements, which changed the reporting for minority interests in our combined joint ventures by re-characterizing them as noncontrolling interests and re-classifying certain of such minority interests as a component of permanent equity in our combined balance sheets. These principles also changed the presentation of the income allocated to minority interests by re-characterizing it as allocations to noncontrolling interests and re-classifying such income as an adjustment to net income to arrive at net income attributable to common stockholders.

Inflation

Revenue from our operating properties may be impacted by inflation. In addition, inflation poses a risk to us due to the probability of future increases in interest rates in context of development expense.

Quantitative and Qualitative Disclosures about Market Risk

As of December 31, 2009, we had combined debt of \$342.8 million (including fair value adjustments of approximately \$11.9 million), all of which bears interest at a fixed rate through the maturity date of such debt. Accordingly, we are not currently subject to changes in interest rates with respect to our debt.

We are subject to interest rate risk with respect to our fixed-rate financing in that changes in interest rates will impact the fair value of our fixed-rate financing. For additional information concerning our debt, and management's estimation process to arrive at a fair value of our debt as required by GAAP, reference is made to Item 7, the Liquidity and Capital Resources discussion above and to Notes 2 and 6. At December 31, 2009, the fair value of our debt (excluding amounts subject to compromise) has been estimated for this purpose to be \$3.5 million lower than the carrying amount of \$208.9 million.

The following table summarizes principal cash flows on our debt obligations and related weighted average interest rates by expected maturity dates as of December 31, 2009:

	Contractual Maturity Date						Total	December 31, 2009	
	2010	2011	2012	2013	2014	Thereafter		Carrying Amount	Estimated Fair Value
	(dollars in thousands)								
Mortgages, notes and loans payable:									
Principal cash flows(1)	\$ 48,196	\$ 10,130	\$ 3,740	\$ 4,855	\$ 54,975	\$ 98,886	\$ 220,782	\$ 208,860	\$ 205,406
Principal cash flows—subject to compromise(2)	133,973	—	—	—	—	—	133,973	133,973	
								<u>\$ 342,833</u>	
Weighted average rate	5.80%	4.82%	5.42%	5.36%	4.43%	5.77%	5.54%		

(1) Principal cash flows not subject to compromise exclude non-cash market rate adjustments of \$11.9 million at December 31, 2009.

(2) These amounts reflect a 2010 cash obligation as such mortgages, notes and loans payable became immediately due and payable upon GGP's filing of the Chapter 11 Cases.

We have not entered into any transactions using derivative commodity instruments.

ITEM 3. PROPERTIES

Our Strategic Development segment is made up of a diverse mix of near, medium and long-term development and redevelopment projects which are currently operating and which include mixed-use development opportunities, regional mall development projects, and redevelopment projects. The table below summarizes Ward Centers, the only mixed-use development opportunity property which, on the basis of current revenues and book value (using 10% as our threshold) we would consider to be significant, as well as for all other Strategic Development properties in the aggregate. In addition, for Ward Centers, no tenant represents more than 10% of the respective square footage at the property.

Category	Year Ended December 31, 2009				
	Number of Properties	Mall and Freestanding GLA(1)	Average Annual Tenant Sales per Square Foot(2) \$	Mall and Other Rental NOI (\$ thousands)	Average Sum of Rent and Recoverable Common Area Costs per Square Foot(3)
Ward Centers	1	642,165	\$ 490.92	\$ 21,977	\$ 43.85
All Other Strategic Development	19	1,552,938	300.09	3,277	44.14
Total	20	2,195,103	\$ 364.58	\$ 25,254	\$ 44.01

- (1) Includes the gross leasable area of freestanding retail locations that are not attached to the primary complex of buildings that comprise a shopping center, and excludes anchor stores.
- (2) Tenant sales per square foot is calculated as the sum of the comparable sales for the year ended December 31, 2009 divided by the comparable square footage for the same period. We include in our calculations of comparable sales and comparable square footage properties that have been owned and operated for the entire time during the twelve month period and exclude properties at which significant physical or merchandising changes have been made. The calculation includes the terms of each lease as in effect at the time of the calculation, including any tenant concessions such as rent abatements, allowances or other concessions, that may have been granted.
- (3) Calculated as base rent and common area maintenance charges divided by the square footage occupied by mall tenants. Calculation excludes rent, charges and square footage for temporary tenants (leases less than one year).

The following table sets forth the occupancy rates for each of the last five years for Ward Centers and all other Strategic Development mixed-use development, mall development and redevelopment properties in the aggregate:

	2009	2008	2007	2006	2005
Ward Centers	93.5%	91.5%	93.9%	95.0%	95.4%
All Other Strategic Development*	73.5%	71.6%	68.9%	67.8%	70.0%
Total	78.7%	76.9%	75.7%	75.5%	77.8%

- * As essentially all available retail space for Cottonwood Mall was demolished in 2007, occupancy data for such property has been excluded from the occupancy rates presented.

ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of the Effective Date, we expect to have approximately 37,718,326 million shares of our common stock issued and outstanding. In addition, after giving effect to the issuance of warrants to purchase our common stock to the Plan Sponsors pursuant to the Investment Agreements, the Blackstone Designation and the Plan, we expect to have warrants to purchase 8.0 million shares of our common stock outstanding, subject to adjustment as provided in the warrant agreements. Approximately 6.08 million of the warrants will vest immediately upon issuance and are included in the table below. The remaining 1.92 million of the warrants will also vest immediately upon issuance, but for so long as they are held by Fairholme, may only be exercised upon 90 days' prior notice for the first

6.5 years after issuance and without notice any time thereafter and, therefore, have not been included in the table below. We also expect to have 507,307 shares of our common stock outstanding pursuant to options that may be exercised within 60 days of the Effective Date.

The following table sets forth estimated information regarding the beneficial ownership of our common stock immediately following the Distribution. The table below sets forth such estimated beneficial ownership for:

- each stockholder who is a beneficial owner of more than 5% of our common stock immediately following the consummation of the Plan;
- each nominee for director;
- each named executive officer; and
- all nominees for director and executive officers as a group.

Beneficial ownership of shares is determined under rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. Shares of common stock subject to warrants or options currently exercisable or exercisable within 60 days of the date of this registration statement are deemed to be outstanding and beneficially owned by the person and any group of which that person is a member, but are not deemed outstanding for the purpose of computing the percentage of beneficial ownership for any other person. Fairholme beneficially owns 3.2% of our common stock (excluding 1,916,667 shares, subject to adjustment, issuable, upon exercise of warrants). The Fairholme warrants are not exercisable within 60 days of the date of this registration statement but require 90 days' prior written notice in order to exercise during the first 6.5 years after issuance, accordingly, Fairholme does not beneficially own more than 5% of our common stock for purposes of the following table.

Except as noted by footnote, and subject to community property laws where applicable, we believe based on the information provided to us that the persons and entities named in the table below have sole voting and investment power with respect to all shares of our common stock shown as beneficially

owned by them. Unless otherwise noted below, the address of the persons and entities listed in the table is c/o The Howard Hughes Corporation, 110 N. Wacker Drive, Chicago, IL 60606.

<u>Name of Beneficial Owner</u>	<u>Beneficial Ownership</u>	
	<u>Number of Shares</u>	<u>Percent of Total</u>
Brookfield Investor(1)	6,257,951(2)	15.1%
Pershing Square(3)	5,484,688(4)	13.8%
General Trust Company, as trustee(5)	6,553,024	17.4%
M.B. Capital Partners III		
M.B. Capital Units L.L.C.		
William Ackman, Director Nominee(3)	5,484,688(4)	13.8%
David Arthur, Director Nominee and Interim Chief Executive Officer		
Adam Flatto, Director Nominee	—	—
Jeffrey Furber, Director Nominee	—	—
Gary Krow, Director Nominee	—	—
Allen Model, Director Nominee	—	—
Steven Shepsman, Director Nominee	—	—
R. Scot Sellers, Director Nominee	—	—
Rael Diamond, Interim Chief Financial Officer	—	—
Steven Ganeless, Interim Chief Operating Officer	—	—
All directors, director nominees and executive officers as a group (12 persons)	5,664,667	14.2%

- (1) Pursuant to the Investment Agreement with Brookfield Investor, Brookfield Investor may (and it is expected that it will) designate that some or all of these shares (including shares issuable upon exercise of the warrants) be issued in the name of one or more entities managed by a controlled affiliate of Brookfield Asset Management Inc. ("BAM"). BAM and such entities (and the investors in such entities) may be deemed to beneficially own some or all of such shares. The address of each such Brookfield-managed entity is c/o Brookfield Retail Holdings LLC, Level 22, 135 King Street, Sydney NSW 2000, Australia.
- (2) Includes 3.83 million shares of our common stock issuable upon the exercise of Brookfield Investor's warrants.
- (3) The shares of our common stock beneficially owned by Pershing Square are, or may be deemed to be, beneficially held by Pershing Square Capital Management, L.P., PS Management GP, LLC and Pershing Square GP, LLC, and William A. Ackman, who collectively share, or may be deemed to share, dispositive and voting power over all shares held for the accounts of Pershing Square, L.P., Pershing Square II, L.P., and Pershing Square International, Ltd. (or its wholly-owned subsidiary PSRH, Inc.), which is a Cayman Islands exempted company. Certain of the Pershing Square entities also have additional economic exposure up to approximately 54,907,669 notional shares of GGP common stock under cash-settled total return swaps, which following the Distribution, are expected to result in economic exposure to approximately 5,397,423 notional shares of our common stock (approximately 12% of our outstanding shares on the Effective Date, including shares issuable upon exercise of the warrants). The address of Pershing Square is 888 Seventh Avenue, 42nd Floor, New York, New York 10019.
- (4) Includes 1.92 million shares of our common stock issuable upon exercise of Pershing Square's warrants.

- (5) Such shares are beneficially owned by General Trust Company ("GTC") solely in its capacity as trustee of trusts, the beneficiaries of which are members of the Bucksbaum family which, for purposes hereof, include the spouses and descendants of Martin, Matthew and Maurice Bucksbaum. Certain of these trusts are the partners of M.B. Capital Partners III ("M.B. Capital") and M.B. Capital is the sole member of M.B. Capital Units L.L.C. ("Units L.L.C."). GTC has sole beneficial ownership of 922,264 shares of common stock. GTC, M.B. Capital and Units L.L.C. share beneficial ownership of 4,503,393 shares of common stock. GTC and M.B. Capital share beneficial ownership of 5,630,760 shares of common stock. The address of M.B. Capital and Units L.L.C. is 300 North Dakota Avenue, Suite 202, Sioux Falls, South Dakota 57104.

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

Our board of directors is responsible for the management of our business.

Board of Directors

Our board of directors currently consists of two members. Upon consummation of the Plan, under the terms of the Investment Agreements, our board of directors will consist of nine members, three of whom will be nominated by Pershing Square and one of whom will be nominated by Brookfield Investor. See "Certain Relationships and Related Transactions, and Director Independence."

The following table sets forth the names, ages, positions and starting date for each of our current directors.

<u>Name</u>	<u>Age</u>	<u>Director Since</u>	<u>Position</u>
Adam Metz	49	2010	Director
Thomas Nolan, Jr.	52	2010	Director

Adam Metz, has served as our Chief Executive Officer since our formation in July 2010. He has also served as Chief Executive Officer of GGP since October 2008, director of GGP since November 2005, Lead Director of GGP from June 2007 through October 2008 and continues to serve as director and Chief Executive Officer of reorganized GGP since its formation in 2010. From late 2002 through October 2008, Mr. Metz was an active partner of Polaris Capital LLC, which is in the business of owning retail real estate assets throughout the United States. Prior to the formation of Polaris Capital, Mr. Metz was Executive Vice President of Rodamco, N.A. from November 2000 through May 2002 when the assets of Rodamco, N.A. were sold. From 1993 to 2000, before it was acquired by Rodamco, Mr. Metz held various positions with Urban Shopping Centers, including Vice President, Chief Financial Officer and President. Mr. Metz's leadership role with us as well as his prior leadership roles at real estate companies provided him with key experience in business and in the real estate industry and contribute to his ability to make strategic decisions with respect to our business.

Thomas Nolan, Jr., has served as our President and Chief Operating Officer since our formation in July 2010. He has also served as Chief Operating Officer of GGP since March 2009, President of GGP since October 2009 and director since April 2005 and continues to serve as director, Chief Operating Officer, and President of reorganized GGP since its formation in 2010. Prior to becoming President of GGP, Mr. Nolan was a private real estate investor since February 2008. From July 2004 through February 2008, Mr. Nolan served as a Principal and as Chief Financial Officer of Loreto Bay Company, the developer of the Loreto Bay master planned community in Baja, California. From October 1984 through July 2004, Mr. Nolan held various financial positions with AEW Capital Management, L.P., a national real estate investment advisor, and from 1998 through 2004 he served as Head of Equity Investing and as President and Senior Portfolio Manager of The AEW Partners Funds. Mr. Nolan's leadership roles with GGP as Chief Operating Officer, President and director, as well as his prior leadership roles and real estate experience allow him to make key contributions in the operation of our

business. In addition, Mr. Nolan's extensive financial experience in various segments of the real estate industry enable him to make valuable and strategic contributions to our business.

The following table sets forth the names, ages and positions of the persons we expect to serve as our directors as of the Effective Date. One seat is expected to remain vacant until a permanent Chief Executive Officer is hired, after which he or she will be appointed to fill the vacant seat.

<u>Name</u>	<u>Age</u>	<u>Director Since</u>	<u>Position</u>
William Ackman	44	—	Director Nominee
David Arthur	57	—	Director Nominee
Gary Krow	55	—	Director Nominee
Allen Model	64	—	Director Nominee
Adam Flatto	47	—	Director Nominee
Jeffrey Furber	51	—	Director Nominee
Steven Shepsman	58	—	Director Nominee
R. Scot Sellers	53	—	Director Nominee

William Ackman, is the founder and CEO of Pershing Square Capital Management, L.P., a registered investment adviser founded in 2003. Pershing Square is a proactive fundamental value investor in publicly traded companies. Mr. Ackman formerly served as a director of GGP from June 2009 to March 2010. Mr. Ackman's management experience, his prior service on the boards of public companies and his investments in real estate-related public and private companies give him valuable insight which can be applied to our company and benefit our board of directors. Mr. Ackman is a director nominee designated by Pershing Square pursuant to the terms of the Investment Agreement with Pershing Square described under "Certain Relationships and Related Transactions, and Director Independence—Board of Directors".

David Arthur, is our interim chief executive officer. Mr. Arthur has also been the president and chief executive officer since 2004 of Brookfield Real Estate Opportunity Fund ("BEOF"), a real estate opportunity fund investing in high yield office, industrial and residential real estate opportunities in major markets in the United States and Canada. Brookfield Asset Management is the principal investor and sponsor in BEOF. Mr. Arthur has also been a managing partner in the Real Estate Investments, North American division for Brookfield Asset Management since December 2009. Prior to joining BEOF, Mr. Arthur was President and CEO of Brookfield Properties Ltd., where his responsibilities in Canada, Denver, Minneapolis and southern California included property acquisitions, value-add capital and leasing programs, operations, financing and the sourcing of institutional partners. Mr. Arthur was the founding chairman of Brookfield LePage Johnson Controls, a major Canadian facilities management company and his previous experience includes Cadillac Fairview Corporation Limited, Cambridge Leaseholds and Coscan Development. Mr. Arthur also served as a director on the Brookfield Properties Corporation board until 2004. Mr. Arthur's extensive experience in the real estate industry along with his many leadership roles allow him to make key contributions on operational, investment and other strategy matters to our board of directors. Mr. Arthur is a director nominee designated by Brookfield Investor pursuant to the terms of the Investment Agreement with Brookfield Investor described under "Certain Relationships and Related Transactions, and Director Independence—Board of Directors."

Gary Krow, has been the President, CEO and a director of GiftCertificates.com, a leading eCommerce provider of B2B incentive management solutions, since July 2008. Mr. Krow was a consultant for Light Year Capital, a diversified private equity company, from January 2008 to June 2008. Prior to his position with Light Year Capital, Mr. Krow joined Comdata Corporation, a global electronic issuer and processor of payments, in 1990, and served as its President from 1999 to May 2007. Mr. Krow has formerly served on the Board of Directors for the National Association of Travel Centers Foundation, TIMM Communications, Inc., and the American Heart Association in Davidson County, TN. Mr. Krow's extensive e-commerce and technology operations experience allows him to provide insight into the efficient transfer of data and the development of systems necessary to operate in a technologically advanced economy to our board of directors. Mr. Krow is a director nominee designated by Pershing Square pursuant to the terms of the Investment Agreement with Pershing Square described under "Certain Relationships and Related Transactions, and Director Independence—Board of Directors."

Allen Model, has been the Co-Founder, Treasurer and Managing Director of Overseas Strategic Consulting, Ltd. ("OSC") since 1992. OSC is an international consulting firm that provides public information services to a number of clients worldwide, including the United States Agency for International Development, The World Bank, The Asian Development Bank and host governments. Mr. Model has also been a private investor for Model Entities, which manages personal and family portfolios, since 1988. Mr. Model currently serves as a director of three privately-held companies: Anchor Health Properties, a real estate partnership that develops medically related properties, since 1990; Sinewave Energy Technologies, a company that produces energy saving devices in the lighting space, since 1994; and NetBoss Technologies, Inc., a company which provides software management tools for telecommunications companies. Mr. Model formerly served as a director of three publicly-

traded companies: Blue Ridge Real Estate Company, a land development company, from 1975 to 2002; Big Boulder Corp., a land development company linked to Blue Ridge, from 1975 to 2002; and MetroWest Bank, from 1990 to 2001. Mr. Model's consulting and investment experience as well as his service on the boards of both public and private companies provide him with the knowledge in corporate strategy and investment expertise that will benefit our board of directors. Mr. Model is a director nominee designated by Pershing Square pursuant to the terms of the Investment Agreement with Pershing Square described under "Certain Relationships and Related Transactions, and Director Independence—Board of Directors."

Adam Flatto, is the President of The Georgetown Company, a privately-held real estate investment and development company based in New York City. Mr. Flatto has been with The Georgetown Company since 1990 and since that time has been involved with the development, acquisition and ownership of over 15 million square feet of commercial and residential real estate projects throughout the United States. These have included a wide array of projects ranging from large-scale office buildings, movie studios, retail shopping malls and arenas to hotels, apartment buildings, mixed-use master planned communities and others. Mr. Flatto's extensive real estate development and management experience provide key insight into operations and strategy to our board of directors.

Jeffrey Furber, is the Chief Executive Officer of AEW Capital Management, L.P. ("AEW") and Chairman of AEW Europe. AEW provides real estate investment management services to investors worldwide and, as of March 31, 2010, AEW and its affiliates managed over \$42 billion of real estate assets and securities on behalf of many of the world's leading institutional and private investors. Mr. Furber has oversight responsibility for all of AEW's operating business units in the United States, Europe and Asia and chairs AEW's Management Committee. He is also a member of AEW's Investment Committees and Investment Policy Groups in North America, Europe and Asia. Additionally, prior to 1997 Mr. Furber served as Managing Director of Winthrop Financial Associates, a subsidiary of Apollo Advisors, and as President of Winthrop Management. Mr. Furber has extensive experience overseeing financial investments in the real estate industry and has held leadership roles within his firm and industry groups alike. His investment and management experience contribute to our board of directors.

Steven Shepsman, is an Executive Managing Director and Founder of New World Realty Advisors, a real estate investment and advisory firm specializing in real estate restructurings, development and finance. Mr. Shepsman was recently Chair of the Official Committee of Equity Holders in the Chapter 11 proceedings of GGP. As a principal in a real estate fund, Mr. Shepsman had oversight responsibility for the fund's due diligence and acquisition of investment platforms, and with subsequent asset acquisitions, financings and dispositions. Earlier in his career, Mr. Shepsman, a CPA, was a Managing Partner of Kenneth Leventhal and Company and of Ernst & Young's Real Estate Practice. Mr. Shepsman was formerly a member of the Real Estate Committee of the American Institute of Certified Public Accountants and was the Chair of the Real Estate Committee of the New York State Society of Certified Public Accountants. Mr. Shepsman is presently the Chair of the Dean's Advisory Council for the School of Management at the University of Buffalo. Mr. Shepsman's extensive professional accounting and financial expertise, including with respect to the real estate industry, allow him to provide key contributions to the board of directors on financial, accounting, corporate governance and strategic matters.

R. Scot Sellers, has served as the Chief Executive Officer of Archstone, one of the world's largest apartment companies, since January 1997, and prior to that was Archstone's Chief Investment Officer since 1995. Under Mr. Sellers' leadership, Archstone moved from being a mid-sized owner of apartments in secondary and tertiary cities (San Antonio and El Paso), to becoming the largest publicly traded owner of urban high rise apartments in the nation's premier cities (Manhattan, Washington, D.C. and others). During Mr. Sellers' 29 year career in the apartment business, he has been responsible for the development, acquisition and operation of over \$40 billion of apartment communities in over 50

different cities across the United States. Mr. Sellers is a member of the Executive Committee of the National Multi-housing Council and served as the former Chairman of the National Association of Real Estate Investment Trusts from November 2005 to November 2006. Mr. Sellers' extensive experience in the real estate industry, which coincided with the broad growth of Archstone, and his service on industry committees provide him with insight into operations, development and growth of the real estate industry and make him particularly suited to assisting our board of directors.

Committees of the Board of Directors

Our board of directors has the authority to appoint committees to perform certain management and administration functions. On the Effective Date, our board of directors will have three committees: the audit committee, the compensation committee, the nominating and governance committee.

Audit Committee

The primary purpose of the audit committee is to assist the board of directors' oversight of:

- the integrity of our financial statements;
- our systems of control over financial reporting and disclosure controls and procedures;
- our compliance with legal and regulatory requirements;
- our independent auditors' qualifications and independence;
- the performance of our independent auditors and our internal audit function;
- all related person transactions for potential conflict of interest situations on an ongoing basis;
- the preparation of the annual performance evaluation of the committee; and
- the preparation of the report required to be prepared by the committee pursuant to SEC rules.

On the Effective Date, Messrs. Krow, Model and Shepsman are expected to serve on the audit committee. Mr. Shepsman is expected to serve as chairman of the audit committee and also qualifies as an "audit committee financial expert" as such term has been defined by the SEC in Item 401(h)(2) of Regulation S-K. Our board of directors has affirmatively determined that Messrs. Krow, Model and Shepsman meet the definition of "independent directors" for the purposes of serving on the audit committee under applicable SEC and the NYSE rules, and we intend to comply with these independence requirements within the time periods specified.

Compensation Committee

The primary purpose of our compensation committee is to:

- review and approve corporate goals and objectives relevant to compensation of our executive officers and key employees;
- evaluate, determine and approve, then recommend to our board of directors for consideration, the compensation and benefits received by our executive officers and key employees in light of the above goals;
- monitor and review our compensation and benefit plans;
- administer our stock and other incentive compensation plans and programs and prepare recommendations and periodic reports to the board of directors concerning such matters;
- prepare the compensation committee report required by SEC rules to be included in our annual report;
- prepare recommendations and periodic reports to the board of directors as appropriate;

- conduct and prepare an annual performance evaluation of the committee; and
- handle such other matters that are specifically delegated to the compensation committee by our board of directors from time to time.

On the Effective Date, Messrs. Ackman, Arthur, Krow and Sellers are expected to serve on the compensation committee, and Mr. Krow is expected to serve as the chairman.

Nominating and Governance Committee

The primary purpose of the nominating and governance committee is to:

- identify and recommend to the board of directors individuals qualified to serve as directors of our company and on committees of the board of directors;
- advise the board of directors with respect to the board of directors composition, procedures and committees;
- develop and recommend to the board of directors a set of corporate governance guidelines and principles applicable to us;
- oversee the evaluation of the board of directors and management;
- conduct and prepare an annual performance evaluation of the committee; and
- review the overall corporate governance of our company and recommend improvements when necessary.

On the Effective Date, Messrs. Flatto, Shepsman and Sellers are expected to serve on the nominating and governance committee, and Mr. is expected to serve as the chairman. Our standstill agreement with Pershing Square provides that so long as Pershing Square beneficially owns more than 10% of our outstanding common stock, Pershing Square will support the composition of the nominating and governance committee to consist of a majority of members who are not affiliated with or nominated by Pershing Square.

Code of Business Conduct and Ethics

On the Effective Date, we will have a Code of Business Conduct and Ethics which will apply to all of our employees, officers and directors, including our Chief Executive Officer. Our Code of Business Conduct and Ethics will prohibit conflicts of interest, which are broadly defined to include any situation where a person's private interest interferes in any way with the interests of the company. In addition, this code will prohibit direct or indirect personal loans to executive officers and directors to the extent required by law and stock exchange regulation. The code does not attempt to cover every issue that may arise, but instead will set out basic principles to guide all of our employees, officers and directors. Any waivers of the code for any executive officer, principal accounting officer, or director will only be made by the board of directors or a board of directors committee and, pursuant to this code, will be promptly disclosed to stockholders. The code will include a process and a toll-free telephone number for anonymous reports of potentially inappropriate conduct or potential violations of the code.

Executive Officers

The following table sets forth the names and ages of our executive officers* as of the Effective Date.

<u>Name</u>	<u>Age</u>	<u>Position</u>
David Arthur	56	Interim Chief Executive Officer
Rael Diamond	33	Interim Chief Financial Officer
Steven Ganeless	47	Interim Chief Operating Officer

* Appointed pursuant to the Management Agreement.

Biographical information concerning our executive officers as of the Effective Date is set forth below.

David Arthur, has been our interim chief executive officer since August 2010. Mr. Arthur has also been the president and chief executive officer since 2004 of Brookfield Real Estate Opportunity Fund ("BREOF"), a real estate opportunity fund investing in high yield office, industrial and residential real estate opportunities in major markets in the United States and Canada. Brookfield Asset Management is the principal investor and sponsor in BREOF. Mr. Arthur has also been a managing partner in the Real Estate Investments, North American division for Brookfield Asset Management since December 2009. Prior to joining BREOF, Mr. Arthur was President and CEO of Brookfield Properties Ltd., where his responsibilities in Canada, Denver, Minneapolis and southern California included property acquisitions, value-add capital and leasing programs, operations, financing and the sourcing of institutional partners. Mr. Arthur was the founding chairman of Brookfield LePage Johnson Controls, a major Canadian facilities management company and his previous experience includes Cadillac Fairview Corporation Limited, Cambridge Leaseholds and Coscan Development. Mr. Arthur also served as a director on the Brookfield Properties Corporation board until 2004.

Rael Diamond, has been our interim chief financial officer since August 2010 and has been Senior Vice President Finance of Brookfield Asset Management's real estate platform since 2009. In 2008 Mr. Diamond was the Chief Financial Officer of Adira Capital Corporation, a private investment firm. Prior to 2008 he held various finance positions within Brookfield Properties including Vice President & Controller of Brookfield Properties. Prior to 2003 he was with the Financial Advisory Services Group of Deloitte & Touche LLP. He is a Chartered Accountant.

Steven Ganeless, has been our interim chief operating officer since August 2010. Mr. Ganeless joined BREOF as a principal and senior vice president in 2005. Mr. Ganeless has over 18 years of experience in real estate transactions, previously as a principal at Olmstead Properties from 1996 to 1998 and 2002 to 2005 and senior vice president at Vornado Realty Trust from 1998 to 2002, overseeing acquisitions for its Office Division. In addition, Mr. Ganeless held acquisition positions with Town and Country Trust and its predecessor from 1991 to 1994 and LaSalle Partners in 1990. He has been responsible for all aspects of real estate ownership, including acquisition, financing, disposition, development, leasing and management for a broad range of property types.

ITEM 6. EXECUTIVE COMPENSATION

Compensation of Directors

Prior to the Effective Date, we have not and do not intend to pay to our directors any compensation for their board service. Following the Effective Date, our compensation committee will establish the fees that will be paid to directors as compensation for their services as directors. In addition to receiving fees for their services as directors, we expect that our non-employee directors will receive annual equity awards under the Equity Plan that we expect to adopt on the Effective Date.

Compensation of Executive Officers

Prior to the Effective Date, we have not and do not intend to pay our executive officers, who are current employees of GGP, any compensation for their services. All of our executive officers are employees of GGP. Accordingly, their compensation is set and paid by GGP.

We have entered into a Management Agreement with Brookfield Advisors to provide support for our existing master planned community operational team. The Management Agreement has an initial term of six months, which may be extended at our option for another six month term and can be terminated by us upon 45 days written notice or upon the payment of a fee equal to the contractual management fee for the period of time between the actual notice given and 45 days. Brookfield Advisors will provide us with interim executive officers and leadership and oversight until our permanent executive management team can be identified and assume their roles. We will not pay any separate compensation to the individuals serving as interim executive officers pursuant to the Management Agreement. The individuals serving as interim executive officers will continue to be employees of Brookfield Advisors and will be compensated by Brookfield Advisors. We will pay Brookfield Advisors a monthly fee as compensation for its services under the Management Agreement. See "Certain Relationships and Related Transactions, and Director Independence—Interim Management Agreement."

Compensation Committee Interlocks and Insider Participation

On the Effective Date, none of our executive officers will serve as a member of a compensation committee or board of directors of any other entity that has an executive officer serving as a member of our board of directors.

2010 Equity Incentive Plan

We intend to adopt the Equity Plan in connection with the Separation. The Equity Plan will become effective on the Effective Date. The number of shares of our common stock reserved for issuance under the Equity Plan will be equal to 8% of our outstanding shares on a fully diluted basis as of the Effective Date (including shares issuable under the Plan). The Equity Plan will provide for grants of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, other stock-based awards and performance-based compensation (collectively, the "Awards"). Directors, officers and other employees of us and our subsidiaries and affiliates will be eligible for Awards. The Equity Plan will not be subject to the Employee Retirement Income Security Act of 1974, as amended.

The purpose of the Equity Plan is to provide incentives that will attract, retain and motivate our directors, officers and employees by providing them with either a proprietary interest in our long-term success or compensation based on their performance. The following is a summary of the material terms of the Equity Plan, but does not include all of the provisions of the Equity Plan.

Administration

The Equity Plan will be administered by the compensation committee of our board of directors or any committee designated by our board of directors to administer the Equity Plan. The administrator will be empowered to determine the form, amount and other terms and conditions of Awards, clarify, construe or resolve any ambiguity in any provision of the Equity Plan or any Award agreement and adopt such rules and guidelines for administering the Equity Plan as it deems necessary or proper. All actions, interpretations and determinations by the administrator will be final and binding.

Shares Available

The Equity Plan will make available the number of shares of our common stock described above, subject to adjustments. In the event that any outstanding Award expires or terminates without the

issuance of shares or is otherwise settled for cash, the shares allocable to such Award, to the extent of such expiration, termination or settlement for cash, will again be available for issuance. No participant may be granted more than 500,000 shares, or the equivalent dollar value of such shares, in any year.

Eligibility for Participation

Members of our board of directors, as well as officers and employees of us and our subsidiaries and affiliates will be eligible to participate in the Equity Plan. The selection of participants will be within the sole discretion of the administrator.

Types of Awards

The Equity Plan will provide for the grant of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, other stock-based awards and performance-based compensation. The administrator will determine the terms and conditions of each Award, including the number of shares subject to each Award, the vesting terms, and the purchase price. Awards may be made in assumption of or in substitution for outstanding Awards previously granted by us or our affiliates, or a company acquired by us or with which we combine.

Award Agreement

Awards granted under the Equity Plan will be evidenced by Award agreements that provide additional terms and conditions associated with the Awards, as determined by the administrator in its discretion. In the event of any conflict between the provisions of the Equity Plan and any such Award agreement, the provisions of the Equity Plan will control.

Options

An option granted under the Equity Plan permits a participant to purchase from us a stated number of shares at an exercise price established by the administrator. Subject to the terms of the Equity Plan, the terms and conditions of any option will be determined by the administrator. Options will be designated as either nonqualified stock options or incentive stock options. An option granted as an incentive stock option will, to the extent it fails to qualify as an incentive stock option, be treated as a nonqualified option. The exercise price of an option may not be less than the fair market value of a share of our common stock on the date of grant. The term of each option will be determined prior to the date of grant, but may not exceed ten years.

Stock Appreciation Rights

A stock appreciation right granted under the Equity Plan entitles the holder to receive, upon its exercise, the excess of the fair market value of a specified number of shares of our common stock on the date of exercise over the grant price of the stock appreciation right. Payment may be in the form of cash, shares of our common stock, other property or any combination thereof. Subject to the terms of the Equity Plan, the terms and conditions of any stock appreciation right will be determined by the administrator.

Restricted Stock

An Award of restricted stock granted under the Equity Plan is a grant of a specified number of shares of our common stock, which are subject to forfeiture upon the occurrence of specified events. Each Award agreement evidencing a restricted stock grant will specify the period of restriction, the conditions under which the restricted stock may be forfeited to us and such other provisions as the administrator may determine, subject to the terms of the Equity Plan.

Other Stock-Based Awards

The administrator may grant Awards of shares of our common stock and Awards that are valued, in whole or in part, by reference to our common stock. Such Awards will be in such form and subject to such terms and conditions as the administrator may determine, including, the right to receive one or more shares of our common stock (or the equivalent cash value of such stock) upon the completion of a specified period of service, the occurrence of an event and/or the attainment of performance objectives. Subject to the provisions of the Equity Plan, the administrator will determine whether such other stock-based awards will be settled in cash, shares of our common stock or a combination of cash and such shares, and all other terms and conditions of such Awards.

Performance-Based Compensation

To the extent permitted by Section 162(m) of the Code, the administrator may design any Award so that the amounts or shares payable thereunder are treated as "qualified performance-based compensation" within the meaning of Section 162(m) of the Code. The grant, vesting, crediting and/or payment of performance-based compensation will be based or conditioned on the achievement of objective performance goals established in writing by the compensation committee of our board of directors. Performance goals may be based on one or more of the following measures:

- consolidated earnings before or after taxes (including earnings before interest, taxes, depreciation and amortization);
- net income;
- operating income;
- earnings per Share;
- book value per Share;
- return on shareholders' equity;
- expense management;
- return on investment;
- improvements in capital structure;
- profitability of an identifiable business unit or product;
- maintenance or improvement of profit margins;
- stock price;
- market share;
- revenues or sales;
- costs;
- cash flow;
- working capital;
- return on assets;
- store openings or refurbishment plans;
- staff training; and
- corporate social responsibility policy implementation.

Transferability

Unless otherwise determined by the administrator, Awards may not be transferred by a participant except in the event of death. Any permitted transfer of the Awards to heirs or legatees of a participant will not be effective unless the administrator has been furnished with written notice thereof and a copy of such evidence as the administrator may deem necessary to establish the validity of the transfer.

The administrator may impose such transfer restrictions on any shares received in connection with an Award as it may deem advisable or desirable. These restrictions may include a requirement that the participant hold the shares received for a specified period of time or a requirement that a participant represent and warrant in writing that the participant is acquiring the shares for investment and without any present intention to sell or distribute such shares.

Stockholder Rights

Except as otherwise provided in the applicable Award agreement or with respect to Awards of restricted stock, a participant will have no rights as a stockholder with respect to shares of our common stock covered by any Award until the participant becomes the record holder of such shares. Participants holding Awards or restricted stock will have the right to vote and receive dividends with respect to the restricted stock, unless otherwise provided in the applicable Award Agreement.

Adjustment of Awards

In the event of a corporate event or transaction such as a recapitalization, in order to prevent dilution or enlargement of participants' rights under the Equity Plan, the administrator will make certain adjustments to Awards, including, in its sole discretion, substitution or adjustment of the number and kind of shares that may be issued under the Equity Plan or under particular Awards, the exercise price or purchase price applicable to outstanding Awards, and other value determinations applicable to the Equity Plan or outstanding Awards.

In the event we experience a change in control, the administrator may make adjustments to the terms and conditions of outstanding Awards, including, acceleration of vesting and exercisability of Awards, substitution of Awards with substantially similar Awards and cancellation of Awards for fair value.

Amendment and Termination

The administrator may amend or terminate the Equity Plan or any Award agreement at any time. However, no amendment or termination is permitted without shareholder approval if such approval is necessary to comply with any tax or regulatory requirement and no amendment or termination is permitted without the consent of the participants if such amendment or termination would materially diminish the participants' rights under the Equity Plan or any Award.

No Awards will be granted more than ten years after the Effective Date.

ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Board of Directors

Pursuant to the Investment Agreements, our board of directors will have nine members, one of whom will be nominated by Brookfield Investor and three of whom will be nominated by Pershing Square. Brookfield Investor's right to nominate one director will continue so long as Brookfield Investor beneficially owns at least 10% of our common stock on a fully diluted basis. Pershing Square's right to nominate three directors would continue so long as Pershing Square and its affiliates have economic ownership of at least 17.5% of our common stock on a fully diluted basis and two directors

for so long as Pershing Square and its affiliates beneficially own at least 10%, but have economic ownership less than 17.5%, of our common stock on a fully diluted basis. Following such time as Pershing Square and its affiliates beneficially own less than 10% of our common stock on a fully diluted basis, Pershing Square will no longer have the right to nominate directors for election to our board of directors. Based on Pershing Square's and its affiliates' expected beneficial ownership and economic interest resulting from Pershing Square's and its affiliates' economic interest in swaps relating to GGP's common stock, on the Effective Date, Pershing Square will be entitled to nominate three directors.

Director Independence

Our board of directors has affirmatively determined that Messrs. Flatto, Furber, Krow, Model, Sellers and Shepsman are independent directors under the applicable rules of the NYSE and as such term is defined in Rule 10A-3(b)(1) under the Exchange Act.

Standstill Agreement

We will enter into a standstill agreement with Pershing Square to, among other things (a) cap Pershing Square's economic interest in our common stock at 40% of our outstanding common stock, (b) require Pershing Square, with respect to any matter our board of directors has recommended our shareholders not approve, to vote any of its shares in excess of 30% of our outstanding common stock against such matter or in proportion to other shareholders, (c) fix the size of, the minimum number of independent directors on, and the composition of the nominating committee of, our board of directors, (d) set forth required approvals for (i) certain change of control transactions and related-party transactions involving Pershing Square and (ii) Pershing Square to increase its percentage ownership of our common stock above an agreed upon cap, and (e) restrict certain transfers of our common stock by Pershing Square. In addition, in connection with a vote for the election of directors, Pershing Square may vote all of its shares as it wishes with respect to its designees and, with respect to other nominees, may vote 10% of our outstanding common stock as it wishes, but must vote the rest of its shares in proportion to the other stockholders. Fairholme and Brookfield Investor will not enter into similar standstill agreements.

Warrants

GGP issued Interim Warrants to Brookfield Investor and Fairholme to purchase GGP common stock on May 10, 2010 pursuant to their respective Investment Agreements. Upon the effectiveness of the Plan, the Interim Warrants will be cancelled and terminate in accordance with their terms. If the Investment Agreements are consummated, on the Effective Date and after giving effect to the Blackstone Designation, we will issue to (i) Brookfield Investor warrants to purchase approximately 3.83 million shares of our common stock, (ii) Fairholme warrants to purchase approximately 1.92 million shares of our common stock, (iii) Pershing Square warrants to purchase up to approximately 1.92 million shares of our common stock and (iv) Blackstone warrants to purchase approximately 0.33 million shares of our common stock, in each case, with an initial exercise price of \$50.00 per share. The above exercise price will be subject to adjustment as provided in the related warrant agreements. The warrants issued to Pershing Square and to Fairholme can only be exercised on a net share basis. Each warrant will have a term of seven years from the closing date. The warrants will, (a) be subject to anti-dilution adjustments in connection with dividends and certain other events and (b) provide for a right to require that the warrants be cashed out at a Black-Scholes-based formula value upon certain change of control events. See "Description of Registrant's Securities to be Registered—Warrants."

Interim Management Agreement

We have entered into a Management Agreement with Brookfield Advisors, an affiliate of the Brookfield Investor. The Management Agreement has an initial term of six months, which can be extended at our option, subject to good faith negotiations with respect to certain terms, for another six month term and can be terminated by us upon 45 days written notice or upon the payment of a fee equal to the contractual management fee for the period of time between the actual notice given and 45 days.

We will pay Brookfield Advisors a monthly fee as compensation for its services under the Management Agreement. We will not pay any separate compensation to the individuals serving as interim executive officers pursuant to the Management Agreement. The management fee payable to Brookfield Advisors pursuant to the Management Agreement will be \$500,000 per month, none of which will be used to compensate our interim executive officers, until the end of the six-month term. If the term is renewed, the monthly fee will be agreed to by Brookfield Advisors and us, negotiating in good faith, taking into account the management compensation structure (including related incentives) that Brookfield Advisors is then receiving from other non-controlled companies of similar size and complexity for which it provides similar management services. We will reimburse Brookfield Advisors for all reasonable out-of-pocket fees, costs and expenses owed to any third party in connection with the provision of services under the Management Agreement and all sales, use, value added, goods and services, withholding or other taxes, duties or governmental charges imposed by reason of the Management Agreement (other than income and similar taxes that are personal to Brookfield Advisors).

The Management Agreement has standard indemnification and limitation of liability provisions that require us to indemnify Brookfield Advisors other than for Brookfield Advisors' bad faith, fraud, willful misconduct, gross negligence or, in the case of a criminal matter, conduct undertaken with the knowledge that the conduct was unlawful. Brookfield Advisors' maximum liability for breaches of the Management Agreement is equal to amounts previously paid by us in the two most recent calendar years. Brookfield Advisors will provide us with interim executive officers, who may be replaced by Brookfield Advisors with similarly qualified individuals upon not less than ten business days' notice, until our permanent executive management team can be identified and assume their roles.

The services provided by Brookfield Advisors are expected to include, without limitation:

- overall strategic advice;
- project development oversight;
- overseeing preparation and implementation of our annual business plan;
- recommendations and oversight regarding financing requirements;
- making available qualified individuals to act as senior executives;
- planning and oversight with respect to post-Separation transition services;
- advice and assistance regarding establishment and implementation of internal controls;
- community and investor relations oversight; and
- advising and assisting with respect to listing of our stock on a national securities exchange.

Under the Management Agreement, Brookfield Advisors is permitted to subcontract any or all of the services to be provided pursuant to the Management Agreement to any of its affiliates and any third parties with THHC's consent. We will reimburse Brookfield Advisors for all fees, costs and expenses charged by third party subcontractors. Brookfield Advisors has subcontracted certain services to TPMC Realty Corporation, a real estate management company.

Letter Agreements with Plan Sponsors

We will have entered into letter agreements on the Effective Date with each of the Plan Sponsors to memorialize the board appointment rights, where applicable, and other rights and obligations contained in the Investment Agreements.

Registration Rights Agreements

Plan Sponsors

We intend to enter into registration rights agreements with each of the Plan Sponsors and Blackstone with respect to all registrable securities issued to or held by such Plan Sponsor or Blackstone. The registration rights agreements will provide for our maintenance of a shelf registration statement, demand rights (except for Blackstone) and customary piggyback registration rights.

M.B. Capital

We intend to enter into a registration rights agreement with M.B. Capital with respect to all registrable securities issued to or held by M.B. Capital. The registration rights agreement will provide for demand rights and customary piggyback registration rights.

Plan Sponsors' Preemptive Rights

The Investment Agreements contractually provide the Plan Sponsors with preemptive rights under certain circumstances. See "Description of Registrant's Securities to be Registered—Common Stock."

Related Party Transaction Policy

We will adopt a written policy relating to the approval of related person transactions. Our audit committee will review and approve or ratify all relationships and related person transactions between us and (i) our directors, director nominees, executive officers or their immediate family members, (ii) any 5% record or beneficial owner of our common stock or (iii) any immediate family member of any person specified in (i) and (ii) above. Our controller will be primarily responsible for the development and implementation of processes and controls to obtain information from our directors and executive officers with respect to related party transactions and for determining, based on the facts and circumstances, whether we or a related person have a direct or indirect material interest in the transaction.

As set forth in the related person transaction policy, in the course of its review and approval or ratification of a related party transaction, the committee will consider:

- the nature of the related person's interest in the transaction;
- the availability of other sources of comparable products or services;
- the material terms of the transaction, including, without limitation, the amount and type of transaction; and
- the importance of the transaction to us.

Any member of the audit committee who is a related person with respect to a transaction under review will not be permitted to participate in the discussions or approval or ratification of the transaction. However, such member of the audit committee will provide all material information concerning the transaction to the audit committee.

ITEM 8. LEGAL PROCEEDINGS

We are not currently involved in any material pending legal proceedings nor, to our knowledge, is any material legal proceeding currently threatened against us.

ITEM 9. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

There is currently no established public market for our common stock. Although we expect there to be limited "when-issued" trading in our common stock on the inter-dealer bulletin board of the over-the-counter market prior to the Effective Date, we do not expect those quotations to be indicative of the trading price of our common stock in the future. Those quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions. We have filed an application to list our common stock on the NYSE under the symbol "HHC" and we expect our common stock to begin trading regular way on the NYSE on the first trading day after the Effective Date. We do not intend to list the warrants on any exchange. On the Effective Date, there will be 37,718,326 shares of our common stock outstanding, as well as warrants to purchase up to 8,000,000 shares of our common stock (subject to adjustment pursuant to the terms thereof) and 507,307 shares of our common stock issuable upon the exercise of the THHC Options. We have filed an application to list our common stock on the NYSE under the symbol "HHC".

Stockholders

On the Effective Date, we expect to have approximately 4,000 holders of record and approximately 35,000 beneficial holders of our common stock.

Shares Eligible for Future Sale

The 37,718,326 million shares of our common stock that we expect to be outstanding on the Effective Date will be issued in connection with the Plan (such shares having been issued in a transaction exempt from registration under Section 1145 of the Bankruptcy Code), and will be freely tradable without restriction in the public market unless the shares are held by "affiliates," as that term is defined in Rule 144(a)(1) under the Securities Act of 1933, as amended (the "Securities Act"). For purposes of Rule 144, an "affiliate" of an issuer is a person that, directly or indirectly through one or more intermediaries, controls, or is controlled by or is under common control with, the issuer.

Shares held by "affiliates" will be "restricted securities" under the Securities Act of 1933 and may be sold in the public market upon the expiration of the holding periods under Rule 144, described below, subject to the volume, manner of sale and other limitations of Rule 144, as applicable. In general, under Rule 144 as currently in effect, a person who has beneficially owned shares for at least one year, including an "affiliate," is entitled to sell, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the then outstanding shares; or
- the average weekly trading volume during the four calendar weeks preceding filing of the notice of the sale of shares of common stock.

Rule 144 also provides that a person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has for at least six months beneficially owned shares of our common stock that are restricted securities, will be entitled to freely sell such shares of our common stock subject only to the availability of current public information regarding us. A person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned for at least one year shares of our common stock that are restricted securities, will be entitled to freely sell such shares of our common stock under Rule 144 without regard to the current public information requirements of Rule 144.

In addition, there are 22,158,736 shares of common stock (including shares of common stock issuable upon the exercise of warrants) subject to registration rights agreements to the extent such shares are "Registrable Securities" as defined therein.

Long-Term Incentive Plan

We expect to file one or more registration statements on Form S-8 under the Securities Act to register shares of our common stock issued or reserved for issuance under our equity incentive plans as in effect from time to time, including the Equity Plan (as subsequently defined). Accordingly, shares registered under such registration statement will be available for sale in the open market, unless such shares are subject to vesting restrictions.

Lockup Restrictions

Brookfield Investor is subject to lock-up restrictions on its ability to sell, transfer or dispose of its shares of our common stock and its warrants to acquire our common stock for 18 months following the Effective Date (the "lock-up period"). In the first six months of the lock-up period, Brookfield Investor may not sell, transfer or dispose of any shares of our common stock or warrants. In the second six months of the lock-up period, Brookfield Investor may sell, transfer or dispose of up to an aggregate of 8.25% of its shares of our common stock or warrants. In the final six months of the lock-up period, Brookfield Investor may sell, transfer or dispose of up to an aggregate of 16.5% of its shares of our common stock and up to an aggregate of 16.5% of its warrants (in each case including any shares transferred or sold during the second six months of the lock-up period). After 18 months following the Effective Date, Brookfield Investor will not be restricted from any transfer of its shares of our common stock and warrants.

Dividends

As we are a newly formed company, we have not declared or paid cash dividends on our common stock. We do not anticipate paying any cash dividends on our capital stock in the foreseeable future. We expect to retain all available funds and any future earnings to reduce debt and fund the development and growth of our business.

Any future determination to pay dividends will be at the discretion of our board of directors and will take into account:

- restrictions in our debt instruments;
- general economic business conditions;
- our financial condition and results of operations;
- need for cash to fund development costs;
- the ability of our operating subsidiaries to pay dividends and make distributions to us; and
- such other factors as our board of directors may deem relevant.

ITEM 10. RECENT SALES OF UNREGISTERED SECURITIES

On July 1, 2010, we issued 1,000 shares to GGPLP, our parent company. The shares were issued in a private placement exempt from registration pursuant to 4(2) of the Securities Act.

ITEM 11. DESCRIPTION OF REGISTRANT'S SECURITIES TO BE REGISTERED

Our certificate of incorporation and bylaws will be amended and restated prior to the Distribution. The following is a summary of the material terms of our capital stock that will be contained in our amended and restated certificate of incorporation and bylaws, and is qualified in its entirety by reference to these documents. You should refer to our amended and restated certificate of incorporation and bylaws, which are included as exhibits to the registration statement of which this registration statement is a part, along with the applicable provisions of Delaware law.

General

We were incorporated as a Delaware corporation on July 1, 2010. On the Effective Date, our authorized capital stock will consist of 150 million shares of common stock, \$0.01 par value per share, and 50 million shares of preferred stock, \$0.01 par value per share. Our board of directors may establish the rights and preferences of the preferred stock from time to time. On the Effective Date, we expect that 37,718,326 shares of our common stock will be issued and outstanding and that no shares of preferred stock will be issued and outstanding.

Common Stock

Each holder of our common stock is entitled to one vote for each share on all matters to be voted upon by the common stockholders, and there are no cumulative voting rights. Subject to any preferential rights of any outstanding preferred stock, holders of our common stock will be entitled to receive ratably the dividends, if any, as may be declared from time to time by our board of directors out of funds legally available for that purpose. If there is a liquidation, dissolution or winding up of our company, holders of our common stock would be entitled to ratable distribution of our assets remaining after the payment in full of liabilities and any preferential rights of any outstanding preferred stock.

Under the Investment Agreements, for so long as a Plan Sponsor and its affiliates beneficially own 5% of our common stock on a fully diluted basis, such Plan Sponsor will be provided with preemptive rights to purchase our common stock as necessary to allow them to maintain their proportional ownership interest in us on a fully diluted basis, even though other holders of outstanding shares of our common stock will not have such preemptive rights. Any such offering could dilute the holders of outstanding shares of our common stock's investment in us. Other than the contractual preemptive rights of the Plan Sponsors, there are no preemptive or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to the common stock. After the Distribution, all outstanding shares of our common stock will be fully paid and non-assessable. The rights, preferences and privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Preferred Stock

Our amended and restated certificate of incorporation will provide that our board of directors is authorized to provide for the issuance of shares of preferred stock in one or more series and, by filing a certificate of designations pursuant to the applicable law of the State of Delaware (hereinafter referred to as a "Preferred Stock Designation"), to establish from time to time for each such series the number of shares to be included in each such series and to fix the designations, powers, rights and preferences of the shares of each such series, and the qualifications, limitations and restrictions thereof. The authority of the board of directors with respect to each series of Preferred Stock includes, but is not limited to, determination of the following:

- the designation of the series, which may be by distinguishing number, letter or title;
- the number of shares of the series, which number the board of directors may thereafter (except where otherwise provided in the Preferred Stock Designation) increase or decrease (but not below the number of shares thereof then outstanding);
- whether dividends, if any, shall be paid, and, if paid, the date or dates upon which, or other times at which, such dividends shall be payable, whether such dividends shall be cumulative or noncumulative, the rate of such dividends (which may be variable) and the relative preference in payment of dividends of such series;
- the redemption provisions and price or prices, if any, for shares of the series;

- the terms and amounts of any sinking fund or similar fund provided for the purchase or redemption of shares of the series;
- the amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of our corporation;
- whether the shares of the series shall be convertible into shares of any other class or series, or any other security, of our corporation or any other corporation, and, if so, the specification of such other class or series of such other security, the conversion price or prices, or rate or rates, any adjustments thereto, the date or dates on which such shares shall be convertible and all other terms and conditions upon which such conversion may be made;
- restrictions on the issuance of shares of the same series or of any other class or series; and
- the voting rights, if any, of the holders of shares of the series.

Warrants

Pursuant to the Investment Agreements, upon the closing of the investments by each of the Plan Sponsors and after giving effect to the Blackstone Designations on the Effective Date, we will issue:

- to Brookfield Investor warrants to purchase up to approximately 3.83 million shares of our common stock with an initial exercise price of \$50.00 per share;
- to Fairholme warrants to purchase up to approximately 1.92 million shares of our common stock with an initial exercise price of \$50.00 per share;
- to Pershing Square warrants to purchase up to approximately 1.92 million shares of our common stock with an initial exercise price of \$50.00 per share; and
- to Blackstone warrants to purchase up to 0.33 million shares of our common stock with an initial exercise price of \$50.00 per share.

The initial exercise price was determined through negotiations between GGP and the Plan Sponsors. The warrants issued to each of Brookfield Investor, Pershing Square and Blackstone will be immediately exercisable; the warrants issuable to Fairholme will be exercisable upon 90 days' prior notice for the first 6.5 years after issuance and exercisable without notice any time thereafter. Each warrant will have a term of seven years from the closing date of the investments. The Pershing Square and Fairholme Warrants are net share settled, meaning that the exercise price for the warrants will not be paid in cash and will instead be netted against the shares received upon exercise of the warrants, resulting in fewer shares being issued. We will not issue any fractional shares of common stock and warrant holders do not have any voting or other rights as a stockholder of our company. If we (i) pay a dividend in cash or other property or make a distribution on our common stock in shares of common stock, (ii) subdivide our outstanding shares of common stock into a greater number of shares or (iii) combine or reverse—split our outstanding shares of common stock into a smaller number of shares, then the per share warrant price and the number of warrant shares will be proportionately decreased and increased, respectively, in the case of a subdivision, distribution or stock dividend, or proportionately increased and decreased, respectively, in the case of a combination or reverse stock split. The warrants are also subject to adjustment upon certain rights offerings, certain tender and exchange offerings, and certain recapitalizations, reorganizations, reclassifications, mergers and sales of all or substantially all of our assets. The aggregate warrant price payable for the then total number of warrant shares available for exercise under the warrant will remain the same. In certain circumstances, upon the occurrence of a change of control other than a public stock merger or mixed consideration merger, each as defined in the warrant agreements, holders of the warrants will have the right require us to redeem the warrants at the fair value of such warrants in cash as of the date of the change of control event as determined by an independent financial expert employing a valuation methodology provided for in the terms of the warrants. Upon the occurrence of a public stock merger or a mixed

consideration merger, we may elect to redeem the warrants at fair value or, to the extent of stock consideration, have the warrants continue as warrants on the stock of the acquiring parent company as provided in the warrant agreement.

No market exists for the warrants. We cannot ensure that the warrants will be listed on any securities exchange or automated quotation system. On the Effective Date, warrants to purchase 8,000,000 shares of our common stock were outstanding.

Section 382 Restrictions

Our certificate of incorporation will impose certain restrictions on the direct or indirect transferability of our securities to assist in the preservation of our valuable tax attributes (generally consisting of (1) approximately \$400 million of suspended federal income tax deductions and (2) a relatively high federal income tax basis in our assets), including, subject to certain exceptions, that until the earlier of such time as our board of directors determines that it is no longer in our best interests to continue to impose such restrictions or the date that is three years after the Effective Date (i) no person or entity may acquire or accumulate the Threshold Percentage or more (as determined under tax law principles governing the application of section 382 of the Code) of our securities, and (ii) no person owning directly or indirectly (as determined under such tax law principles) on the Effective Date, after giving effect to the Plan, the Threshold Percentage or more of our securities may acquire additional securities of ours. Notwithstanding the contemplated restrictions in our certificate of incorporation, no assurance can be given regarding our ability to preserve our tax attributes. Threshold Percentage means, in the case of (i) THHC common stock, 4.99% of the number of outstanding shares of THHC common stock and (ii) any other class of equity of THHC, 4.99% of each such class.

Anti-Takeover Effects of Various Provisions of Delaware Law and our Certificate of Incorporation and Bylaws

Provisions of the DGCL and our amended and restated certificate of incorporation and bylaws could make it more difficult to acquire us by means of a tender offer, a proxy contest or otherwise, or to remove incumbent officers and directors. These provisions, summarized below, are expected to discourage certain types of coercive takeover practices and takeover bids that our board of directors may consider inadequate and to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in improved terms for our stockholders.

Delaware Anti-Takeover Statute. We are subject to Section 203 of the DGCL, an anti-takeover statute. In general, Section 203 of the DGCL prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the time the person became an interested stockholder, unless the business combination or the acquisition of shares that resulted in a stockholder becoming an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years prior to the determination of interested stockholder status did own) 15% or more of a corporation's voting stock. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by the board of directors, including discouraging attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

Size of Board and Vacancies. Our bylaws provide that the number of directors on our board of directors will be fixed exclusively by our board of directors. Subject to the rights of the holders of any series of preferred stock then outstanding, newly created directorships resulting from any increase in

our authorized number of directors will be filled by a majority of our board of directors then in office, provided that a majority of the entire board of directors, unless the board of directors otherwise determines that such directorships should be filled by the affirmative vote of the stockholders of record of at least a majority of the voting stock, is present and any vacancies in our board of directors resulting from death, resignation, retirement, disqualification, removal from office or other cause will be filled generally, subject to the rights of certain parties, by the majority vote of our remaining directors in office, even if less than a quorum is present.

Special Stockholder Meetings. Under our amended and restated certificate of incorporation and bylaws, our board of directors may call special meetings of our stockholders as well as the Secretary upon written request by stockholders who together hold 15% or more of the voting power of the issued and outstanding shares of the capital stock of our corporation entitled to vote generally on the election of directors.

Prohibition of Stockholder Action by Written Consent. Our amended and restated certificate of incorporation and bylaws expressly prohibits our stockholders from acting by written consent. Stockholder action must take place at the annual or a special meeting of our stockholders.

Requirements for Advance Notification of Stockholder Nominations and Proposals. Our amended and restated bylaws establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors other than nominations made by or at the direction of our board of directors or a committee of our board of directors.

No Cumulative Voting. The DGCL provides that stockholders are denied the right to cumulate votes in the election of directors unless our certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation will not provide for cumulative voting.

Indemnification of Officers and Directors

Our amended and restated certificate of incorporation will include provisions that indemnify, to the fullest extent allowable under the DGCL, the personal liability of directors or officers for monetary damages for actions taken as a director or officer of us, or for serving at our request as a director or officer or another position at another corporation or enterprise, as the case may be. Our amended and restated certificate of incorporation will also provide that it must indemnify and advance reasonable expenses to our directors and officers, subject to our receipt of an undertaking from the indemnified party as may be required under the DGCL. We intend to enter into indemnification agreements with each of our directors and certain officers. These agreements, among other things, require us to indemnify each director and certain officers to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees, judgments, fines and settlement amounts reasonably incurred by the director or officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's services as a director or executive officer. We are also expressly authorized to carry directors' and officers' insurance to protect us, our directors, officers and certain employees for some liabilities. The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. However, this provision does not limit or eliminate our rights, or those of any stockholder, to seek non-monetary relief such as injunction or rescission in the event of a breach of a director's duty of care. The provisions will not alter the liability of directors under the federal securities laws. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. There is currently no

pending material litigation or proceeding against any of our directors, officers or employees for which indemnification is being sought.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the registrant pursuant to the foregoing provisions, the registrant has been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Act and is therefore unenforceable.

Authorized but Unissued Shares.

Our authorized but unissued shares of common stock and preferred stock will be available for future issuance without your approval. We may use additional shares for a variety of purposes, including future public offerings to raise additional capital, to fund acquisitions and as employee compensation. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Transfer Agent and Registrar

The transfer agent and registrar for the common stock is BNY Mellon, New York, New York.

ITEM 12. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Limitations on Liability, Indemnification of Officers and Directors and Insurance

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties as directors. Our amended and restated certificate of incorporation will include provisions that indemnify, to the fullest extent allowable under the DGCL, the personal liability of directors or officers for monetary damages for actions taken as a director or officer of us, or for serving at our request as a director or officer or another position at another corporation or enterprise, as the case may be. Our amended and restated certificate of incorporation will also provide that it must indemnify and advance reasonable expenses to our directors and officers, subject to our receipt of an undertaking from the indemnified party as may be required under the DGCL. We intend to enter into indemnification agreements with each of our directors and certain officers. These agreements, among other things, require us to indemnify each director and certain officers to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees, judgments, fines and settlement amounts reasonably incurred by the director or officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's services as a director or executive officer. We are also expressly authorized to carry directors' and officers' insurance to protect us, our directors, officers and certain employees for some liabilities. The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. However, this provision does not limit or eliminate our rights, or those of any stockholder, to seek non-monetary relief such as injunction or rescission in the event of a breach of a director's duty of care. The provisions will not alter the liability of directors under the federal securities laws. In addition, your investment may be adversely affected to the extent that, in a class action or direct suit, we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. There is currently no pending material litigation or proceeding against any of our directors, officers or employees for which indemnification is being sought.

ITEM 13. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Item 15—"Financial Statements and Exhibits."

ITEM 14. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS

(a) The following financial statements are being filed as part of this registration statement.

	<u>Page Number</u>
Combined Financial Statements	
The Howard Hughes Corporation (formerly Spinco, Inc.) Unaudited Interim Combined Financial Statements	
Combined Balance Sheets as of June 30, 2010 and December 31, 2009	F-1
Combined Statements of Loss and Comprehensive Loss for the three and six months ended June 30, 2010 and 2009	F-2
Combined Statements of Equity for the six months ended June 30, 2010 and 2009	F-3
Combined Statements of Cash Flows for the six months ended June 30, 2010 and 2009	F-4
Notes to Unaudited Combined Financial Statements	F-5
The Howard Hughes Corporation (formerly Spinco, Inc.) Audited Combined Financial Statements	
Report of Independent Registered Public Accounting Firm	F-32
Combined Balance Sheets as of December 31, 2009 and 2008	F-34
Combined Statements of Loss and Comprehensive Statements of Loss for the years ended December 31, 2009, 2008 and 2007	F-35
Combined Statements of Equity for the years ended December 31, 2009, 2008 and 2007	F-36
Combined Statements of Cash Flows for the years ended December 31, 2009, 2008 and 2007	F-37
Notes to Combined Financial Statements	F-38
Report of Independent Registered Public Accounting Firm	F-73
Schedule III—Combined Real Estate and Accumulated Depreciation	F-74
TWLDC Holdings, L.P. Audited Consolidated Financial Statements	

We own a 52.5% economic interest in The Woodlands Partnerships. We have included as an exhibit to this report on Form 10 the consolidated financial statements of TWLDC Holdings, L.P. as such partnership, either through majority ownership or as primary beneficiary of variable interest entities, consolidates all of The Woodlands Partnerships and the operations of The Woodlands Partnerships are significant to our operations for the fiscal years ending December 31, 2008 and 2007. The Woodlands Partnerships include the venture developing the master planned community known as The Woodlands (whose operations are in the master planned community segment) and also hold the beneficial interests in other commercial real estate within the Woodlands community, including the conference center, (whose operations are reflected in the Strategic Development segment), all located near Houston, Texas. The remaining 47.5% economic interests in The Woodlands Partnerships are

owned by Morgan Stanley Real Estate Fund, L.P., a majority owned subsidiary of which provides all the management services for The Woodlands Partnerships.

Independent Accountants' Report	F-76
Consolidated Balance Sheets as of December 31, 2009 and 2008	F-77
Consolidated Statements of Earnings for the years ended December 31, 2009 and 2008	F-78
Consolidated Statements of Changes in Partners' Equity for the years ended December 31, 2009 and 2008	F-79
Consolidated Statements of Cash Flows for the years ended December 31, 2009 and 2008	F-80
Notes to Consolidated Financial Statements	F-81
Independent Accountants' Report	F-100
Consolidated Balance Sheet as of December 31, 2007	F-101
Consolidated Statement of Earning for the year ended December 31, 2007	F-102
Consolidated Statement of Changes in Partners' Equity (Deficit) for the year ended December 31, 2007	F-103
Consolidated Statement of Cash Flows for the year ended December 31, 2007	F-104
Notes to Consolidated Financial Statements	F-105

(b) Exhibits required by Item 601 of Regulation S-K.

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
2.1*	Form of Separation Agreement between The Howard Hughes Corporation and General Growth Properties, Inc.
3.1	Certificate of Incorporation of Spinco, Inc. (predecessor to The Howard Hughes Corporation).
3.2	Certificate of Amendment of Certificate of Incorporation of The Howard Hughes Corporation.
3.3	Form of Amended and Restated Certificate of Incorporation of The Howard Hughes Corporation.
3.4	Form of Amended and Restated Bylaws of The Howard Hughes Corporation.
4.1	Form of Registration Rights Agreement between The Howard Hughes Corporation and Brookfield Investor.
4.2	Form of Registration Rights Agreement between The Howard Hughes Corporation and Fairholme.
4.3	Form of Registration Rights Agreement between The Howard Hughes Corporation, Blackstone and Pershing Square.
4.4	Form of Registration Rights Agreement between The Howard Hughes Corporation M.B. Capital Partners, M.B. Capital Partners III and M.B. Capital Units LLC.
10.1*	Form of Transition Services Agreement between The Howard Hughes Corporation and General Growth Properties, Inc.
10.2	Form of Tax Matters Agreement between The Howard Hughes Corporation and General Growth Properties, Inc.
10.3**	Form of Standstill Agreement among The Howard Hughes Corporation and Pershing Square Capital Management, L.P.
10.4*	Management Services Agreement between The Howard Hughes Corporation and Brookfield Advisors, dated August 6, 2010.
10.5	Form of Indemnification Agreement for officers and directors
10.6	Form of Warrant Agreement between The Howard Hughes Corporation and Mellon Investor Services LLC.
10.7	Form of 2010 Long-Term Incentive Plan for officers, directors and other employees.
10.8	Form of Letter Agreement between The Howard Hughes Corporation and Brookfield Investor.
10.9	Form of Letter Agreement between The Howard Hughes Corporation and Fairholme.
10.10	Form of Letter Agreement between The Howard Hughes Corporation and Pershing Square
10.11	Form of Option Agreement between The Howard Hughes Corporation and Thomas Nolan, Jr.
10.12	Form of Option Agreement among The Howard Hughes Corporation, Adam Metz and Thomas Nolan, Jr.
21.1*	List of Subsidiaries

* Previously filed.

** To be filed by amendment.

The Howard Hughes Corporation (formerly Spinco, Inc.)

COMBINED BALANCE SHEETS

(UNAUDITED)

	June 30, 2010	December 31, 2009
	(In thousands)	
Assets:		
Investment in real estate:		
Land	\$ 194,379	\$ 194,700
Buildings and equipment	450,719	451,279
Less accumulated depreciation	(91,553)	(85,639)
Developments in progress	256,289	258,807
Net property and equipment	809,834	819,147
Investment in and loans to/from Real Estate Affiliates	145,738	140,558
Investment property and property held for development and sale	1,789,191	1,782,470
Net investment in real estate	2,744,763	2,742,175
Cash and cash equivalents	2,982	3,204
Accounts and notes receivable, net	11,152	17,359
Deferred expenses, net	6,996	7,444
Prepaid expenses and other assets	140,257	135,045
Total assets	<u>\$ 2,906,150</u>	<u>\$ 2,905,227</u>
Liabilities and Equity:		
Liabilities not subject to compromise:		
Mortgages, notes and loans payable	\$ 207,646	\$ 208,860
Deferred tax liabilities	726,916	782,817
Accounts payable and accrued expenses	217,327	134,191
Liabilities not subject to compromise	1,151,889	1,125,868
Liabilities subject to compromise	233,623	275,839
Total liabilities	<u>1,385,512</u>	<u>1,401,707</u>
Equity:		
GGP Equity	1,521,448	1,504,364
Accumulated other comprehensive loss	(1,645)	(1,744)
Total GGP equity	1,519,803	1,502,620
Noncontrolling interests in Combined Real Estate Affiliates	835	900
Total equity	<u>1,520,638</u>	<u>1,503,520</u>
Total liabilities and equity	<u>\$ 2,906,150</u>	<u>\$ 2,905,227</u>

The accompanying notes are an integral part of these combined financial statements.

COMBINED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(In thousands)			
Revenues:				
Minimum rents	\$ 16,969	\$ 17,169	\$ 34,000	\$ 33,517
Tenant recoveries	4,433	4,629	9,252	9,782
Overage rents	452	284	912	850
Land sales	7,037	22,448	12,107	31,434
Other	1,738	1,622	3,148	(463)
Total revenues	<u>30,629</u>	<u>46,152</u>	<u>59,419</u>	<u>75,120</u>
Expenses:				
Real estate taxes	4,051	3,407	7,029	6,282
Property maintenance costs	1,439	1,125	3,283	2,228
Marketing	250	182	507	460
Other property operating costs	9,479	7,287	17,694	16,020
Land sales operations	10,780	21,845	20,597	32,454
Provision for doubtful accounts	256	607	357	1,212
Property management and other costs	4,861	4,276	8,996	8,431
Strategic initiatives	—	2,054	—	5,114
Provisions for impairment	208	56,157	486	140,180
Depreciation and amortization	3,975	4,956	8,425	10,787
Total expenses	<u>35,299</u>	<u>101,896</u>	<u>67,374</u>	<u>223,168</u>
Operating loss	(4,670)	(55,744)	(7,955)	(148,048)
Interest income	(46)	158	59	332
Interest expense	(495)	(144)	(1,207)	(582)
Loss before income taxes, equity in income of Real Estate Affiliates, reorganization items and noncontrolling interests	(5,211)	(55,730)	(9,103)	(148,298)
(Provision for) benefit from income taxes	(16,467)	(4,543)	(17,953)	2,913
Equity in income of Real Estate Affiliates	3,680	4,365	5,172	4,121
Reorganization items	(10,019)	(2,017)	(26,614)	(2,017)
Net loss	(28,017)	(57,925)	(48,498)	(143,281)
Allocation to noncontrolling interests	(25)	(21)	(73)	(65)
Net loss attributable to GGP	<u>\$ (28,042)</u>	<u>\$ (57,946)</u>	<u>\$ (48,571)</u>	<u>\$ (143,346)</u>
Comprehensive Income (loss), Net:				
Net loss	\$ (28,017)	\$ (57,925)	\$ (48,498)	\$ (143,281)
Other comprehensive income (loss)	(311)	224	99	326
Comprehensive loss	(28,328)	(57,701)	(48,399)	(142,955)
Comprehensive loss allocated to noncontrolling interests	(25)	(21)	(73)	(65)
Comprehensive loss attributable to GGP	<u>\$ (28,353)</u>	<u>\$ (57,722)</u>	<u>\$ (48,472)</u>	<u>\$ (143,020)</u>

The accompanying notes are an integral part of these combined financial statements.

The Howard Hughes Corporation (formerly Spinco, Inc.)

COMBINED STATEMENTS OF EQUITY

(UNAUDITED)

	GGP Equity	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests in Combined Real Estate Affiliates	Total Equity
	(In thousands)			
Balance, January 1, 2009	\$ 1,986,938	\$ (2,926)	\$ 1,803	\$ 1,985,815
Net income (loss)	(143,346)		65	(143,281)
Distributions to noncontrolling interests			(103)	(103)
Other comprehensive income		326		326
Contributions from GGP, net	21,661			21,661
Balance, June 30, 2009	<u>\$ 1,865,253</u>	<u>\$ (2,600)</u>	<u>\$ 1,765</u>	<u>\$ 1,864,418</u>
Balance, January 1, 2010	\$ 1,504,364	\$ (1,744)	\$ 900	\$ 1,503,520
Net income (loss)	(48,571)		73	(48,498)
Distributions to noncontrolling interests			(138)	(138)
Other comprehensive income		99		99
Contributions from GGP, net	65,655			65,655
Balance, June 30, 2010	<u>\$ 1,521,448</u>	<u>\$ (1,645)</u>	<u>\$ 835</u>	<u>\$ 1,520,638</u>

The accompanying notes are an integral part of these combined financial statements.

COMBINED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Six Months Ended June 30,	
	2010	2009
(In thousands)		
Cash Flows from Operating Activities:		
Net loss	\$ (48,498)	\$ (143,281)
Adjustments to reconcile net loss to net cash used in operating activities:		
Equity in income of Real Estate Affiliates	(5,172)	(4,121)
Provision for doubtful accounts	357	1,212
Distributions received from Real Estate Affiliates	—	1,406
Depreciation	7,356	9,143
Amortization	1,069	1,644
Amortization of deferred financing costs and debt market rate adjustments	225	569
Amortization of intangibles other than in-place leases	101	114
Straight-line rent amortization	(615)	(462)
Provisions for impairment	486	140,180
Land/residential development and acquisitions expenditures	(30,561)	(24,431)
Cost of land sales	3,250	18,667
Non-cash reorganization items	(570)	(76)
Net changes:		
Accounts and notes receivable	6,465	(2,343)
Prepaid expenses and other assets	(7,191)	24,675
Deferred expenses	(926)	(1,031)
Accounts payable and accrued expenses and deferred tax liabilities	22,450	(31,484)
Other, net	612	453
Net cash used in operating activities	(51,162)	(9,166)
Cash Flows from Investing Activities:		
Acquisition/development of real estate and property additions/improvements	(37,110)	(18,805)
Proceeds from sales of investment properties	—	6,392
Increase in investments in Real Estate Affiliates	(8)	(1,230)
Decrease in restricted cash	—	202
Net cash used in investing activities	(37,118)	(13,441)
Cash Flows from Financing Activities:		
Change in GGP investment, net	90,715	39,373
Principal payments on mortgages, notes and loans payable	(2,519)	(6,836)
Distributions to noncontrolling interests	(138)	(103)
Net cash provided by financing activities	88,058	32,434
Net change in cash and cash equivalents	(222)	9,827
Cash and cash equivalents at beginning of period	3,204	4,963
Cash and cash equivalents at end of period	\$ 2,982	\$ 14,790
Supplemental Disclosure of Cash Flow Information:		
Interest paid	\$ 21,022	\$ 26,422
Interest capitalized	20,412	26,002
Reorganization items paid	1,231	—
Non-Cash Transactions:		
Change in accrued capital expenditures included in accounts payable and accrued expenses	\$ (33,718)	\$ 5,191
Mortgage debt market rate adjustment related to emerged entities	876	—
Other non-cash GGP equity transactions	(25,024)	(17,688)
Recognition of note payable in conjunction with land held for development and sale	—	6,520

The accompanying notes are an integral part of these combined financial statements.

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

General

Spinco, Inc. was a newly formed Delaware corporation created on July 1, 2010 to hold certain assets and liabilities of General Growth Properties, Inc. ("GGP") and its subsidiaries (collectively, the "Predecessors"). On October 8, 2010, Spinco, Inc. changed its name to The Howard Hughes Corporation ("THHC" or the "Company"). On April 16, 2009 and April 22, 2009 collectively, (the "Petition Date"), GGP and certain of its subsidiaries (the "Debtors") filed voluntary petitions under Chapter 11 of title 11 of the United States Code (the "Chapter 11 Cases"). On August 17, 2010, GGP filed with the Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") its second amended and restated plan of reorganization (as the same may be amended, modified or supplemented from time to time, the "Plan") for the Debtors remaining in the Chapter 11 Cases (the "Topco Debtors"). THHC is currently a wholly owned subsidiary of GGP Limited Partnership ("GGPLP"), which is majority-owned by GGP. Pursuant to the Plan, THHC will receive certain of the assets and liabilities of the Predecessors (the "Separation"), which we refer to as our business or "the THHC Businesses." We expect the reorganization of GGP to be completed during the fourth quarter of 2010 (such time of completion being referred to as the "Effective Date"). On or prior to the Effective Date, approximately 32.5 million shares of common stock of THHC will be distributed or issued to the common and preferred unit holders of GGPLP, which includes GGP, and then GGP will distribute its portion of such shares pro rata to holders of GGP common stock (the "Distribution"). GGP will not retain any ownership interest in THHC. The Plan generally provides for the payment/settlement or reinstatement of claims against the TopCo Debtor's, funded with new equity capital provided by investors sponsoring the Plan (the "Plan Sponsors"). As part of the Plan Sponsors' commitments, the Plan Sponsors will purchase approximately 5.3 million shares of our common stock for \$250 million. The Predecessors' bankruptcies are being jointly administered under the case In re: General Growth Properties, Inc., et al., Case No. 09-11977 in the Bankruptcy Court.

To date, we have not conducted any business as a separate company and have no material assets or liabilities. The operations of the business to be transferred to us by the Predecessors is presented as if the transferred business was our business for all historical periods described and at the historical cost/carrying value of such assets and liabilities reflected in GGP's books and records. Unless the context otherwise requires, references to "we," "us" and "our" refer to THHC and its combined subsidiaries after giving effect to the transfer of assets and liabilities from the Predecessors.

On the Effective Date, our assets are expected to consist of the following:

- four master planned communities with an aggregate of 14,704 remaining saleable acres;
- nine mixed-use development opportunities comprised of 1,129 acres;
- four mall developmental projects comprised of 647 acres;
- seven redevelopment-opportunity retail malls with approximately 1 million square feet of existing gross leasable space; and
- interests in eleven other real estate assets or projects.

Our ownership interests in properties in which we own a majority or controlling interest are combined under accounting principles generally accepted in the United States of America ("GAAP"). Our interests in TWCP Holdings, L.P., ("The Woodlands Commercial"), the Woodlands Operating Company, LP ("The Woodlands Operating") and the Woodlands Land Development Company, LP

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 1 ORGANIZATION (Continued)

("The Woodlands MPC"), all located in Houston, Texas and, collectively, the "Woodlands Partnerships", and our interests in Westlake Retail Associates, Ltd ("Circle T Ranch") and 170 Retail Associates Ltd ("Circle T Power Center") and, together with Circle T Ranch, "Circle T", located in Dallas/Fort Worth, Texas, are held through joint venture entities in which we own non-controlling interests and are accounted for on the equity method. The Woodlands Partnerships, Circle T and certain cost method (see Note 3) and non-ownership rights are collectively referred to in this registration statement as our "Real Estate Affiliates".

Principles of Combination and Basis of Presentation

The accompanying combined financial statements include the accounts of the THHC Businesses in which we have a controlling interest and are presented on a combined basis as all such THHC Businesses have common control and ownership by GGP. The noncontrolling equity holders' share of the assets, liabilities and operations are reflected in noncontrolling interests within permanent equity of the Company. All significant intercompany balances and transactions between the THHC Businesses have been eliminated.

As discussed above, we were formed for the purpose of receiving, via a tax-free distribution, certain assets and assuming certain liabilities of GGP pursuant to the Plan. We have conducted no business and will have no material assets or liabilities until the Distribution is consummated. No previous historical financial statements for the THHC Businesses have been prepared and, accordingly, our combined financial statements are derived from the books and records of GGP and were carved-out from GGP at a carrying value reflective of such historical cost in such GGP records. Our historical financial results reflect allocations for certain corporate expenses which include, but are not limited to, costs related to property management, human resources, security, payroll and benefits, legal, corporate communications, information services and restructuring and reorganization. Costs of the services that were allocated or charged to us were based on either actual costs incurred or a proportion of costs estimated to be applicable to us based on a number of factors, most significantly the Company's percentage of GGP's adjusted revenue and assets and the number of properties. We believe these allocations are reasonable; however, these results do not reflect what our expenses would have been had the Company been operating as a separate stand-alone public company. In addition, the THHC Businesses were operated as subsidiaries of GGP, which operates as a real estate investment trust ("REIT"). We are expected to operate as a taxable corporation. The historical combined financial information presented will therefore not be indicative of the results of operations, financial position or cash flows that would have been obtained if we had been an independent, stand-alone entity during the periods shown or of our future performance as an independent, stand-alone entity.

The Predecessors' Bankruptcy

In the fourth quarter of 2008 the Predecessors halted or slowed nearly all development and redevelopment at our properties due to liquidity concerns, other than those that were substantially complete or could not be deferred as a result of contractual commitments. As described above, as the Predecessors had significant past due, or imminently due, and cross-collateralized or cross-defaulted debt, on the Petition Date, GGP, on behalf of itself and certain of its domestic subsidiaries including certain wholly-owned THHC Businesses, filed voluntary petitions for the Chapter 11 Cases (collectively with the entities filing on the Petition Date, the "Debtors"). The Debtors that sought protection under Chapter 11 that are part of THHC are collectively referred to as the "THHC Debtors" and comprise

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 1 ORGANIZATION (Continued)

33 entities with approximately \$268.4 million of secured mortgage loans. However, the entities that own our Bridgeland and Columbia master planned communities, the entities which own substantially all of our eight undeveloped land parcels and our joint ventures, The Woodlands Partnerships and Circle T, among others (collectively, the "THHC Non-Debtors"), did not seek such relief.

During the pendency of the Chapter 11 Cases, the Debtors' are operating as Debtors in Possession. A debtor is afforded certain protection against its creditors and creditors are prohibited from taking certain actions (such as pursuing collection efforts or proceeding to foreclose on secured obligations) related to debts that were owed prior to the commencement of the Chapter 11 Cases. Accordingly, although the commencement of the Chapter 11 Cases triggered defaults on substantially all debt obligations of the Debtors, creditors are stayed from taking any action as a result of such defaults. Absent an order of the Bankruptcy Court, these pre-petition liabilities are subject to settlement under a plan of reorganization.

Since the Petition Date, the Bankruptcy Court has granted a variety of Debtors' motions that allow them to continue to operate their businesses in the ordinary course without interruption, and covering, among other things, employee obligations, critical service providers, tax matters, insurance matters, tenant and contractor obligations, claim settlements, ordinary course property sales, cash management, cash collateral, alternative dispute resolution, settlement of pre-petition mechanics liens and department store transactions.

During December 2009, three of the THHC Debtors (the "Emerging Debtors") with \$215.3 million of secured mortgage loans filed consensual plans of reorganization (the "Emerging Plans"). As of December 31, 2009, two of the Emerging Debtors with \$146.8 million secured debt had emerged from bankruptcy. The plan of reorganization and emergence from bankruptcy of the remaining Emerging Debtor occurred on July 23, 2010. The THHC Debtors that remain in Chapter 11 at August 2, 2010 (the "Remaining THHC Debtors") are expected to emerge from bankruptcy pursuant to the Plan.

As described above, we have received legal protection from our creditors pursuant to the Chapter 11 Cases. This protection is limited in duration and the Predecessors are currently negotiating the terms of the Plan with their lenders and other stakeholders.

The Company was formed in July 2010 to hold the THHC Businesses pursuant to the Plan. The consummation of the Plan, and therefore the receipt of assets and liabilities related to the THHC Businesses by the Company, depends, in part, on GGP's potential ability to obtain confirmation of the Plan. Uncertainties about the consummation of GGP's plan of reorganization raise substantial doubts as to the ability of the THHC Businesses to continue as a going concern. The accompanying combined financial statements have been prepared in conformity with GAAP applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. However, as a result of the Chapter 11 Cases, such realization of assets and satisfaction of liabilities are subject to a significant number of uncertainties. Our combined financial statements do not reflect any adjustments related to the recoverability of assets and satisfaction of liabilities that might be necessary should we be unable to continue as a going concern.

Accounting for Reorganization

The accompanying combined financial statements and the combined condensed financial statements of the THHC Debtors presented below have been prepared in accordance with GAAP

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 1 ORGANIZATION (Continued)

related to financial reporting by entities in reorganization under the Bankruptcy Code, and on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Such accounting guidance also provides that if a debtor, or group of debtors, has significant combined assets and liabilities of entities which have not sought Chapter 11 bankruptcy protection, the debtors and non-debtors should continue to be combined. However, separate disclosure of financial statement information solely relating to the debtor entities should be presented. Therefore, the combined condensed financial statements presented below solely reflect the financial position and results of operations for the THHC Debtors which have not emerged from bankruptcy as of June 30, 2010.

Unaudited Combined Condensed Balance Sheets

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
	(In thousands)	
Net investment in real estate	\$ 1,829,155	\$ 1,836,995
Cash and cash equivalents	1,109	1,285
Accounts and notes receivable, net	2,025	7,966
Other	117,581	111,977
Total assets	<u>\$ 1,949,870</u>	<u>\$ 1,958,223</u>
Liabilities not subject to compromise:		
Deferred tax liabilities	\$ 770,556	\$ 827,264
Accounts payable and accrued expenses	206,550	121,903
Liabilities subject to compromise	233,623	275,839
Equity	739,141	733,217
Total liabilities and equity	<u>\$ 1,949,870</u>	<u>\$ 1,958,223</u>

As described above, certain of the THHC Debtors have emerged from bankruptcy protection as of June 30, 2010. The unaudited combined condensed statements of operations, for the three and six months ended June 30, 2010 and the unaudited combined condensed statements of cash flows for the six months ended June 30, 2010 presented below includes the Topco Debtors that are THHC Businesses, and excludes Emerged Debtors. Since the THHC Debtors commenced their respective Chapter 11 Cases on two different dates in April 2009, the unaudited combined condensed statements of operations and cash flows have been prepared for the period May 1, 2009 to June 30, 2009.

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 1 ORGANIZATION (Continued)

Unaudited Combined Condensed Statements of Operations

	Six Months Ended June 30, 2010	Three Months Ended June 30, 2010	May 1, 2009 to June 30, 2009
	(In thousands)		
Operating revenues	\$ 31,396	\$ 15,886	\$ 10,870
Operating expenses	50,115	26,385	71,872
Provision for impairment	486	208	235
Operating loss	(19,205)	(10,707)	(61,237)
Interest income, net	1,013	293	460
(Provision for) benefit from for income taxes	(17,439)	(16,166)	730
Equity in income (loss) of Real Estate Affiliates	615	478	(67)
Reorganization items	(26,115)	(9,559)	(1,327)
Net loss	(61,131)	(35,661)	(61,441)
Allocation to noncontrolling interests	(189)	(28)	(206)
Net loss attributable to GGP	\$ (61,320)	\$ (35,689)	\$ (61,647)

Unaudited Combined Condensed Statements of Cash Flows

	Six Months Ended June 30, 2010	May 1, 2009 to June 30, 2009
	(In thousands)	
Net cash used in:		
Operating activities	\$ (176)	\$ (4,090)
Investing activities	—	—
Financing activities	—	—
Net decrease in cash and cash equivalents	(176)	(4,090)
Cash and cash equivalents, beginning of period	1,285	6,065
Cash and cash equivalents, end of period	\$ 1,109	\$ 1,975
Cash paid for reorganization items	\$ (255)	\$ —

Classification of Liabilities Not Subject to Compromise

Liabilities not subject to compromise include: (1) liabilities held by THHC Non-Debtor entities; (2) liabilities incurred after the Petition Date; (3) pre-Petition Date liabilities the Emerged Debtors expect to pay in full, even though certain of these amounts may not be paid until a plan of reorganization is effective; and (4) liabilities related to pre-petition contracts that affirmatively have not been rejected.

All liabilities incurred by the Debtors prior to the Petition Date other than those specified above are considered liabilities subject to compromise. The amounts of the various categories of liabilities that are subject to compromise are set forth below. These amounts represent the Company's estimates of known or potential pre-Petition Date claims that are likely to be resolved in connection with the bankruptcy filings. Such claims remain subject to future adjustments. Adjustments may result from negotiations, actions of the Bankruptcy Court, rejection of executory contracts and unexpired leases,

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 1 ORGANIZATION (Continued)

the determination as to the value of any collateral securing claims, proofs of claim, or other events. There can be no assurance that the equity of the Company's stockholders will not be diluted. The amounts subject to compromise consisted of the following items:

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
	(In thousands)	
Mortgages and secured notes	\$ 132,849	\$ 133,973
Accounts payable and accrued liabilities	100,774	141,866
Total liabilities subject to compromise	<u>\$ 233,623</u>	<u>\$ 275,839</u>

The classification of liabilities "not subject to compromise" versus liabilities "subject to compromise" is based on currently available information and analysis. As the remaining Chapter 11 Cases proceed and additional information is received and analysis is completed, or as the Bankruptcy Court rules on relevant matters, the classification of amounts between these two categories may change. The amount of any such changes could be material.

Reorganization Items

Reorganization items under the Chapter 11 Cases are expense or income items that were incurred or realized by the THHC Debtors as a result of the Chapter 11 Cases and are presented separately in the Combined Statements of Loss and Comprehensive Loss and in the condensed combined statements of operations of the THHC Debtors presented above. These items include professional fees and similar types of expenses and gains directly related to the Chapter 11 Cases, resulting from activities of the reorganization process, and interest earned on cash accumulated by the THHC Debtors as a result of the Chapter 11 Cases. Reorganization items specific to the THHC Businesses have been allocated to us and have been reflected in our combined financial statements and in the tables presented below.

In addition, the key employee incentive program (the "KEIP") was subject to approval by the Bankruptcy Court. The KEIP is intended to retain certain key employees of GGP and provides for payment to these GGP employees upon successful emergence from bankruptcy. A portion of the KEIP has been deemed to relate specifically to our properties' deemed probable of being paid and therefore, we are recognizing our estimated KEIP expense in the period from the date the KEIP was approved by the Bankruptcy Court to our estimated date of successful emergence from bankruptcy. We accrued a liability for the KEIP in Accounts payable and accrued expenses on the Combined Balance Sheets of \$8.1 million as of June 30, 2010 and \$2.3 million as of December 31, 2009. In addition, we recognized the resulting expense in Reorganization items on the Combined Statements of Loss and Comprehensive Loss of \$1.5 million for the three months ended June 30, 2010 and \$5.8 million for the six months ended June 30, 2010.

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 1 ORGANIZATION (Continued)

Reorganization items are as follows:

<u>Reorganization Items</u>	Three Months	Six Months	Three Months	Six Months
	Ended	Ended	Ended	Ended
	June 30, 2010	June 30, 2010	June 30, 2009	June 30, 2009
	(In thousands)		(In thousands)	
Gains on liabilities subject to compromise—vendors(1)	\$ (36)	\$ (282)	\$ (76)	\$ (76)
Losses on liabilities subject to compromise—mortgage debt(2)	365	365	—	—
Interest income(3)	(1)	(1)	(1)	(1)
U.S. Trustee fees(4)	131	270	—	—
Restructuring costs(5)	9,560	26,262	2,094	2,094
Total reorganization items	<u>\$ 10,019</u>	<u>\$ 26,614</u>	<u>\$ 2,017</u>	<u>\$ 2,017</u>

- (1) This amount includes gains from repudiation, rejection or termination of contracts or guarantee of obligations. Such gains reflect agreements reached with certain critical vendors, which were authorized by the Bankruptcy Court and for which payments on an installment basis began in July 2009.
- (2) Such net losses include the Fair Value adjustments of mortgage debt relating to entities that emerged from bankruptcy.
- (3) Interest income primarily reflects amounts earned on cash accumulated as a result of our Chapter 11 cases.
- (4) Estimate of fees due remain subject to confirmation and review by the Office of the United States Trustee ("U.S. Trustee").
- (5) Restructuring costs primarily include professional fees incurred related to the bankruptcy filings, the estimated KEIP payment, finance costs incurred by the Emerged Debtors and the write off of unamortized deferred finance costs related to the Emerged Debtors.

Impairment

Properties, developments in progress and land held for development or redevelopment, including assets to be sold after such development or redevelopment

GAAP related to accounting for the impairment or disposal of long-lived assets require that if impairment indicators exist and the undiscounted cash flows expected to be generated by an asset are less than its carrying amount, an impairment provision should be recorded to write down the carrying amount of such asset to its Fair Value. We review our combined and uncombined real estate assets, including operating properties, land held for development and sale and developments in progress, for potential impairment indicators whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment indicators for our Master Planned Communities segment are assessed separately for each community and include, but are not limited to, significant decreases in sales pace or average

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 1 ORGANIZATION (Continued)

selling prices, significant increases in expected land development and construction costs or cancellation rates, and projected losses on expected future sales.

Impairment indicators for our Strategic Development segment are assessed separately for each property and include, but are not limited to, significant decreases in comparable property sale prices, in real estate property net operating income and occupancy percentages.

Impairment indicators for pre-development costs, which are typically costs incurred during the beginning stages of a potential development, and developments in progress are assessed by project and include, but are not limited to, significant changes in projected completion dates, revenues or cash flows, development costs, market factors and sustainability of development projects.

If an indicator of potential impairment exists, the asset is tested for recoverability by comparing its carrying amount to the estimated future undiscounted cash flows. The cash flow estimates used both for determining recoverability and estimating Fair Value (defined below) are inherently judgmental and reflect current and projected trends in rental, occupancy and capitalization rates, and estimated holding periods for the applicable assets. Although the estimated value of certain assets may be exceeded by the carrying amount, a real estate asset is only considered to be impaired when its carrying amount cannot be recovered through estimated future undiscounted cash flows. In such regard, although all master planned communities and two strategic development properties had impairment indicators and such assets had carrying values in excess of their respective estimated fair values at June 30, 2010, no additional impairment provisions were considered necessary. To the extent an impairment provision is necessary, the excess of the carrying amount of the asset over its estimated Fair Value is expensed to operations. In addition, the impairment provision is allocated proportionately to adjust the carrying amount of the asset. The adjusted carrying amount, which represents the new cost basis of the asset, is depreciated over the remaining useful life of the asset.

We recorded impairment charges related to our properties held for development, redevelopment and sale, and developments in progress of \$0.2 million and \$0.5 million for the three and six months ended June 30, 2010 and \$56.2 and \$140.2 million for the three and six months ended June 30, 2009, respectively, as presented in the table below. All of these impairment charges are included in provisions for impairment in our combined financial statements.

Investment in Real Estate Affiliates

In accordance with GAAP related to the equity method of accounting for investments, a series of operating losses of an investee or other factors may indicate that a decrease in value of our investment in the Real Estate Affiliates has occurred which is other-than-temporary. The investment in each of the Real Estate Affiliates is evaluated periodically and as deemed necessary for recoverability and valuation declines that are other than temporary. Accordingly, in addition to the property-specific impairment analysis that we perform on the investment properties, land held for development and sale and developments in progress owned by such joint ventures (as part of our investment property impairment process described above), we also considered the ownership and distribution preferences and limitations and rights to sell and repurchase our ownership interests. Based on such evaluations, no provisions for impairment were recorded for the three and six months ended June 30, 2010 and 2009 related to our investments in Real Estate Affiliates. See Note 3 for further disclosure of the provisions for impairment related to certain properties within our Real Estate Affiliates.

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 1 ORGANIZATION (Continued)

General

Although all of the properties in our Master Planned Communities segment had Fair Values less than their carrying amounts, the undiscounted cash flows for these properties exceeded their carrying amounts and therefore no additional impairment provision was warranted. Of those properties in our Strategic Development segment that had impairment indicators, only two operating properties had Fair Values less than their carrying amounts. Undiscounted cash flows for these properties exceeded their carrying amounts and therefore no additional impairment provision was warranted. Based on the Company's plans with respect to those properties, we believe that the carrying amounts are recoverable and therefore, under applicable GAAP guidance, no additional impairments were taken. Nonetheless, due to the tight credit markets and the uncertain economic environment, as well as other uncertainties, or if our plans regarding our assets change, additional impairment charges in the future could result. Therefore, we can provide no assurance that material impairment charges with respect to our properties held for development, redevelopment and sale and development in progress and our investment in Real Estate Affiliates will not occur in future periods. Accordingly, we will continue to monitor circumstances and events in future periods to determine whether additional impairments are warranted.

<u>Impaired Asset</u>	<u>Location</u>	<u>Method of Determining Fair Value</u>	<u>Three Months</u>	<u>Six Months</u>
			<u>Ended</u>	<u>Ended</u>
			<u>June 30, 2010</u>	<u>June 30, 2010</u>
(In thousands)				
Strategic Development:				
Various pre-development costs		(2)	\$ 208	\$ 486

<u>Impaired Asset</u>	<u>Location</u>	<u>Method of Determining Fair Value</u>	<u>Three Months</u>	<u>Six Months</u>
			<u>Ended</u>	<u>Ended</u>
			<u>June 30, 2009</u>	<u>June 30, 2009</u>
(In thousands)				
Master Planned Communities:				
Maryland-Fairwood Community	Columbia, MD	Projected sales price analysis(1)(3)	\$ —	\$ 52,767
Strategic Development:				
Allen Towne Mall	Allen, TX	Projected sales price analysis(1)(3)	—	24,166
Nouvelle at Natick	Natick, MA	Discounted cash flow analysis(3)	55,923	55,923
Redlands Promenade	Redlands, CA	Projected sales price analysis(1)(3)	—	6,667
Various pre-development costs		(2)	234	657
Total Strategic Development			<u>56,157</u>	<u>87,413</u>
Total Provisions for impairment			<u>\$ 56,157</u>	<u>\$ 140,180</u>

(1) Projected sales price analysis incorporates available market information and other management assumptions.

(2) Related to the write down of various pre-development costs that were determined to be non-recoverable due to the related projects being terminated.

(3) These impairments were primarily driven by the carrying value of the assets, including costs expected to be incurred, not being recoverable by the projected sales price of such assets.

Fair Value Measurements

Fair Value is defined as the price that would be received to sell or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 1 ORGANIZATION (Continued)

The accounting principles for Fair Value measurements establish a three-tier Fair Value hierarchy, which prioritizes the inputs used in measuring Fair Value. These tiers include:

- Level 1—defined as observable inputs such as quoted prices for identical assets or liabilities in active markets;
- Level 2—defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3—defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The asset or liability Fair Value measurement level within the Fair Value hierarchy is based on the lowest level of any input that is significant to the Fair Value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Any Fair Values utilized or disclosed in our combined financial statements were developed for the purpose of complying with the accounting principles established for Fair Value measurements. The Fair Values of our assets or liabilities for enterprise value in our Chapter 11 Cases or as a component of our reorganization plan (see Note 1) will reflect differing assumptions and methodologies. These estimates will be subject to a number of approvals and reviews and therefore may be materially different.

The following table summarizes our assets that are measured at Fair Value on a nonrecurring basis as of June 30, 2009.

	Total Fair Value Measurement	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Loss Three Months Ended June 30, 2009	Total Loss Six Months Ended June 30, 2009
(In thousands)						
Investments in real estate:						
Allen Towne Mall	\$ 29,511	\$ —	\$ 29,511	\$ —	\$ —	\$ (24,166)
Maryland-Fairwood Master Planned Community	12,629	—	12,629	—	—	(52,767)
Nouvelle At Natick(1)	64,661	—	—	64,661	(55,923)	(55,923)
Redlands Promenade	6,727	—	—	6,727	—	(6,667)
Total investments in real estate	\$ 113,528	\$ —	\$ 42,140	\$ 71,388	\$ (55,923)	\$ (139,523)

(1) The Fair Value is based on estimated sales value.

Fair Value of Financial Instruments

The Fair Values of our financial instruments approximate their carrying amount in our financial statements except for debt. Notwithstanding that we do not believe that a fully-functioning market for real property financing exists currently, GAAP guidance requires that management estimate the Fair Value of our debt. However, as a result of the THHC Debtors' Chapter 11 filings, the Fair Value for

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 1 ORGANIZATION (Continued)

the outstanding debt that is included in liabilities subject to compromise in our Combined Balance Sheets cannot be reasonably determined at June 30, 2010 as the timing and amounts to be paid are subject to confirmation by the Bankruptcy Court. For the \$207.6 million of mortgages, notes and loans payable outstanding that are not subject to compromise at June 30, 2010, management's required estimates of Fair Value are presented below. This Fair Value was estimated solely for financial statement reporting purposes and should not be used for any other purposes, including to estimate the value of any of the Company's securities or to estimate the appropriate interest rate for consensual and non-consensual restructuring of secured debt in our Chapter 11 Cases. We estimated the Fair Value of this debt based on quoted market prices for publicly-traded debt, recent financing transactions (which may not be comparable), estimates of the Fair Value of the property that serves as collateral for such debt, historical risk premiums for loans of comparable quality, current London Interbank Offered Rate ("LIBOR"), a widely quoted market interest rate which is frequently the index used to determine the rate at which we borrow funds and US treasury obligation interest rates, and on the discounted estimated future cash payments to be made on such debt. The discount rates estimated reflect our judgment as to what the approximate current lending rates for loans or groups of loans with similar maturities and credit quality would be if credit markets were operating efficiently and assume that the debt is outstanding through maturity. We have utilized market information as available or present value techniques to estimate the amounts required to be disclosed, or, in the case of the debt of the Emerged Debtors, recorded due to GAAP bankruptcy emergence guidance. Since such amounts are estimates that are based on limited available market information for similar transactions and do not acknowledge transfer or other repayment restrictions that may exist in specific loans, it is unlikely that the estimated Fair Value of any of such debt could be realized by immediate settlement of the obligation.

	June 30, 2010		December 31, 2009	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(In thousands)			
Fixed-rate debt	\$ 207,646	\$ 218,624	\$ 208,860	\$ 205,406

Revenue Recognition and Related Matters

Revenues from land sales are recognized using the full accrual method provided that various criteria relating to the terms of the transactions and our subsequent involvement with the land sold are met. Criteria include the consummation of the sale, demonstration of the collectability of the sales price, the transfer of usual risks and rewards of ownership to the buyer and absence of substantial continuing involvement from the seller. Revenues relating to transactions that do not meet the established criteria are deferred and recognized when the criteria are met or using the installment or cost recovery methods, as appropriate in the circumstances. Revenues and cost of sales are recognized on a percentage of completion basis for land sale transactions in which we are required to perform additional services and incur significant costs after title has passed.

Nouvelle at Natick is a 215 unit residential condominium project, located in Natick, Massachusetts. Pursuant to the Plan, only the unsold units at Nouvelle at Natick on the Effective Date will be distributed to us and no deferred revenue or sales proceeds from unit closings prior to the Effective Date will be allocated to us. As of June 30, 2010, 87 units were unsold at Nouvelle at Natick. Income

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 1 ORGANIZATION (Continued)

related to unit sales subsequent to the Effective Date is expected to be accounted for on a unit-by-unit basis on the full accrual method.

Minimum rent revenues are recognized on a straight-line basis over the terms of the related leases. Minimum rent revenues also include amounts collected from tenants to allow the termination of their leases prior to their scheduled termination dates and accretion related to above and below-market tenant leases on acquired properties.

Straight-line rent receivables, which represent the current net cumulative rents recognized prior to when billed and collectible as provided by the terms of the leases, of \$3.0 million as of June 30, 2010 and \$3.2 million as of December 31, 2009, are included in Accounts and notes receivable, net in our combined financial statements. Percentage rent in lieu of fixed minimum rent received from tenants was \$1.1 million and \$1.8 million for the three and six months ended June 30, 2010 and \$0.8 million and \$1.6 million for the three and six months ended June 30, 2009, and is included in Minimum Rents in our combined financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. For example, estimates and assumptions have been made with respect to useful lives of assets, capitalization of development and leasing costs, provision for income taxes, recoverable amounts of receivables and deferred taxes, initial valuations and related amortization periods of deferred costs and intangibles, particularly with respect to acquisitions, impairment of long-lived assets, Fair Value of debt of the Emerged Debtors and cost ratios and completion percentages used for land sales. Actual results could differ from these and other estimates.

Earnings Per Share ("EPS")

Presentation of EPS information is not applicable as all of our common stock, since the date of our formation on July 1, 2010, is owned by GGP.

Debt Market Rate Adjustments

We record market rate adjustments related to our mortgages, notes and loans payable primarily for debt held by the THHC Debtors upon emergence from bankruptcy. Such debt market rate adjustments are recorded based on the estimated Fair Value of the debt at the time of emergence and are recorded within mortgages, notes and loans payable on our Combined Balance Sheets. The debt market rate adjustments are amortized as interest expense over the remaining term of the loans using the effective interest method.

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2 INTANGIBLE ASSETS AND LIABILITIES

The following table summarizes our intangible assets and liabilities:

	<u>Gross Asset (Liability)</u>	<u>Accumulated (Amortization)/ Accretion</u>	<u>Net Carrying Amount</u>
	(In thousands)		
As of June 30, 2010			
Tenant leases:			
In-place value	\$ 12,005	\$ (10,139)	\$ 1,866
Above-market	2,270	(2,005)	265
Below-market	(78)	70	(8)
Ground leases:			
Above-market	(16,968)	2,660	(14,308)
Below-market	23,096	(1,908)	21,188
As of December 31, 2009			
Tenant leases:			
In-place value	\$ 13,063	\$ (10,875)	\$ 2,188
Above-market	2,323	(1,883)	440
Below-market	(86)	72	(14)
Ground leases:			
Above-market	(16,968)	2,425	(14,543)
Below-market	23,096	(1,739)	21,357

The gross asset balances of the in-place value of tenant leases are included in Buildings and equipment in our Combined Balance Sheets. The above-market and below-market tenant and ground leases are included in Prepaid expenses and other assets and Accounts payable and accrued expenses (Note 7) in our combined financial statements. The decrease in the gross asset (liability) accounts at June 30, 2010 compared to December 31, 2009 is primarily due to the write-off of fully amortized assets/(liabilities) in the six months ended June 30, 2010.

NOTE 3 REAL ESTATE AFFILIATES

We own non-controlling investments in The Woodlands Partnerships and Circle T whereby, generally, we share in the profits and losses, cash flows and other matters relating to our investments in such Real Estate Affiliates in accordance with our respective ownership percentages. Our unaffiliated joint venture partners manage the properties owned by these joint ventures. As we have joint interest and control of these ventures with our venture partners, we account for these joint ventures using the equity method.

As of June 30, 2010, approximately \$373.7 million of the indebtedness was secured by the properties owned by our Real Estate Affiliates, our share of which was approximately \$196.2 million. There can be no assurance that we will be able to refinance or restructure such debt (including the \$171.2 million of debt maturing in 2010) on acceptable terms or otherwise, or that joint venture operations or contributions by us and/or our partners will be sufficient to repay such loans.

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 3 REAL ESTATE AFFILIATES (Continued)

Condensed Combined Financial Information of Certain Real Estate Affiliates

As The Woodlands Partnerships and Circle T are accounted for on the equity method, the following summarized financial information as of June 30, 2010 and December 31, 2009 and for the three and six months ended June 30, 2010 and 2009 is presented below.

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
	(In thousands)	
Condensed Combined Balance Sheets—Real Estate Affiliates		
Assets:		
Land	\$ 31,077	\$ 31,077
Buildings and equipment	236,381	207,051
Less accumulated depreciation	(77,561)	(73,866)
Developments in progress	29,104	55,996
Net property and equipment	219,001	220,258
Investment property and property held for development and sale	247,488	266,253
Net investment in real estate	466,489	486,511
Cash and cash equivalents	53,818	35,569
Accounts and notes receivable, net	58,857	66,460
Deferred expenses, net	636	1,189
Prepaid expenses and other assets	47,074	40,561
Total assets	<u>\$ 626,874</u>	<u>\$ 630,290</u>
Liabilities and Owners' Equity:		
Mortgages, notes and loans payable	\$ 373,686	\$ 377,964
Accounts payable, accrued expenses and other liabilities	102,783	107,700
Owners' equity	150,405	144,626
Total liabilities and owners' equity	<u>\$ 626,874</u>	<u>\$ 630,290</u>
Investment In and Loans To/From Real Estate Affiliates, Net:		
Owners' equity	\$ 150,405	\$ 144,626
Less joint venture partners' equity	(71,892)	(69,147)
Capital or basis differences and loans	67,225	65,079
Investment in and loans to/from		
Real Estate Affiliates, net	<u>\$ 145,738</u>	<u>\$ 140,558</u>

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 3 REAL ESTATE AFFILIATES (Continued)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(In thousands)		(In thousands)	
Condensed Combined Statements of Income Real Estate Affiliates				
Revenues:				
Minimum rents	\$ 2,554	\$ 5,494	\$ 4,541	\$ 10,794
Land sales	25,405	25,560	49,471	35,276
Management and other fees	16,351	17,037	30,179	34,006
Total revenues	<u>44,310</u>	<u>48,091</u>	<u>84,191</u>	<u>80,076</u>
Expenses:				
Real estate taxes	496	396	986	724
Property maintenance costs	555	606	468	1,222
Other property operating costs	15,024	19,436	28,546	38,816
Land sales operations	19,278	17,487	37,644	27,600
Depreciation and amortization	1,771	1,913	3,676	3,830
Total expenses	<u>37,124</u>	<u>39,838</u>	<u>71,320</u>	<u>72,192</u>
Operating income	7,186	8,253	12,871	7,884
Interest income	571	142	1,339	350
Interest expense	(2,730)	(1,721)	(5,632)	(3,351)
Provision for income taxes	(827)	(110)	(1,137)	(130)
Net income attributable to joint venture partners	<u>\$ 4,200</u>	<u>\$ 6,564</u>	<u>\$ 7,441</u>	<u>\$ 4,753</u>
Equity In Income of Real Estate Affiliates:				
Net income attributable to joint venture partners	\$ 4,200	\$ 6,564	\$ 7,441	\$ 4,753
Joint venture partners' share of income	(1,995)	(3,117)	(3,534)	(2,255)
Amortization of capital or basis differences	1,475	918	1,265	1,623
Equity in income of Unconsolidated Real Estate Affiliates	<u>\$ 3,680</u>	<u>\$ 4,365</u>	<u>\$ 5,172</u>	<u>\$ 4,121</u>

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 4 MORTGAGES, NOTES AND LOANS PAYABLE

Mortgages, notes and loans payable are summarized as follows:

	June 30, 2010	December 31, 2009
	(In thousands)	
Fixed-rate debt:		
Collateralized mortgages, notes and loans payable	\$ 340,495	\$ 342,833
Less: Mortgages, notes and loans payable subject to compromise	(132,849)	(133,973)
Total mortgages, notes and loans payable not subject to compromise	<u>\$ 207,646</u>	<u>\$ 208,860</u>

As previously discussed, on April 16 and 22, 2009, the Debtors filed voluntary petitions for relief under Chapter 11, which triggered defaults on substantially all debt obligations of the Debtors. However, under section 362 of Chapter 11, the filing of a bankruptcy petition automatically stays most actions against the debtor's estate. Absent an order of the Bankruptcy Court, these pre-petition liabilities are subject to settlement under a plan of reorganization, and therefore are presented as Liabilities subject to compromise on the Combined Balance Sheets as of June 30, 2010 and December 31, 2009. Of the total amount of debt presented above, \$207.6 million and 208.9 million is not subject to compromise, consisting of the collateralized mortgages of the THHC Debtors that have emerged from bankruptcy as of June 30, 2010 and December 31, 2009, respectively. Also, as discussed in Note 1, the \$68.5 million of mortgage debt of the remaining Emerged Debtor was reflected as subject to compromise at June 30, 2010 as the effective date of its plan of reorganization did not occur as of June 30, 2010. Such mortgage loan amount was reclassified to be reflected as not subject to compromise in July 2010.

As of December 31, 2009, as described in Note 1, plans of reorganization for the Emerged Debtors, secured by approximately \$146.8 million of mortgage debt, had been declared effective. The Emerged Plans for such Emerged Debtors provided for, in exchange for payment of certain extension fees and cure of previously unpaid amounts due on the applicable mortgage loans (primarily, principal amortization otherwise scheduled to have been paid since the Petition Date), the extension of the secured mortgage loans at previously existing non-default interest rates. As a result of the extensions, weighted average remaining duration of the secured loans associated with these properties is 5.17 years as of June 30, 2010. In conjunction with these extensions, certain financial and operating covenants and guarantees were created or reinstated. With respect to the loans of the THHC Debtors that remain in bankruptcy at June 30, 2010, we are currently recognizing interest expense based on contract rates in effect prior to bankruptcy as the Bankruptcy Court has ruled that interest payments based on such contract rates constitutes adequate protection to the secured lenders. Such debt that remains subject to compromise at June 30, 2010 is expected to be reinstated or satisfied pursuant to the Plan.

The Plan Debtors, pursuant to their debt obligations, are required to comply with certain customary financial covenants and affirmative representations and warranties including, but not limited to, stipulations relating to leverage, net equity, cross-defaults to certain other indebtedness and interest or fixed charge coverage ratios. Such financial covenants are calculated from applicable information computed in accordance with GAAP, subject to certain exclusions or adjustments, as defined. As discussed in Note 1, the Predecessors were unable to repay or refinance certain debt as it became due, and our Chapter 11 Cases have stayed the enforcement of the default provisions of such covenants with respect to our properties.

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 4 MORTGAGES, NOTES AND LOANS PAYABLE (Continued)

Collateralized Mortgages, Notes and Loans Payable

As of June 30, 2010, \$330.9 million of land, buildings and equipment and developments in progress (before accumulated depreciation) have been pledged as collateral for our mortgages, notes and loans payable. Certain of these secured loans are cross-collateralized with other properties. Substantially all of the \$340.5 million of fixed and variable rate secured mortgage notes and loans payable are non-recourse. In addition, certain mortgage loans as of June 30, 2010 contain other credit enhancement provisions which have been provided by the TopCo Debtors upon which GGP does not expect to perform during the pendency of the Chapter 11 Cases. These security or credit enhancement provisions are to be modified pursuant to the Plan, including, among other things, to substitute us for GGP. Certain mortgage notes payable may be prepaid but are generally subject to a prepayment penalty equal to a yield-maintenance premium, defeasance or a percentage of the loan balance.

Letters of Credit and Surety Bonds

We had outstanding letters of credit and surety bonds of \$86.7 million as of June 30, 2010 and \$76.5 million as of December 31, 2009. These letters of credit and bonds were issued primarily in connection with insurance requirements, special real estate assessments and construction obligations.

NOTE 5 INCOME TAXES

Although GGP operated as a REIT, certain of the THHC Businesses operated as taxable REIT subsidiaries. Given the overall make-up of the THHC Businesses, particularly the undeveloped land in our Master Planned Communities segment, we will not elect to be treated as a REIT and thus will generally be taxed as a C corporation. However, one of our combined entities, Victoria Ward, Ltd. ("Ward", substantially all of which is owned by us) elected to be taxed as a REIT under sections 856-860 of the Internal Revenue Code of 1986, as amended (the "Code"), commencing with the taxable year beginning January 1, 2002. To qualify as a REIT, Ward must meet a number of organizational and operational requirements, including requirements to distribute at least 90% of its ordinary taxable income and to distribute to stockholders or pay tax on 100% of capital gains and to meet certain asset and income tests. Ward has satisfied such REIT distribution requirements for 2009.

The deferred tax liability associated with the master planned communities is largely attributable to the difference between the basis and value determined as of the date of the acquisition by the Predecessors of The Rouse Company ("TRC") in 2004 adjusted for sales that have occurred since that time. The cash cost related to this deferred tax liability is dependent upon the sales price of future land sales and the method of accounting used for income tax purposes. The deferred tax liability related to deferred income is the difference between the income tax method of accounting and the financial statement method of accounting for prior sales of land in our Master Planned Communities.

Unrecognized tax benefits recorded pursuant to uncertain tax positions were \$126.2 million and \$56.5 million as of June 30, 2010 and December 31, 2009, respectively, excluding interest, of which \$0.4 million and \$0 as of June 30, 2010 and December 31, 2009, respectively, would impact our effective tax rate. Accrued interest related to these unrecognized tax benefits amounted to \$25.4 million as of June 30, 2010 and \$9.6 million as of December 31, 2009. We recognized an increase of interest expense related to the unrecognized tax benefits of \$14.8 million for the three months ended June 30, 2010; \$15.7 million for the six months ended June 30, 2010; \$0.7 million for the three months ended June 30, 2009 and \$1.0 million for the six months ended June 30, 2009.

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 5 INCOME TAXES (Continued)

Generally, we are currently open to audit under the statute of limitations by the Internal Revenue Service for the years ending December 31, 2005 through 2009 and are open to audit by state taxing authorities for years ending December 31, 2004 through 2009. Two of our subsidiaries are subject to IRS audit for the years ended December 31, 2007 and December 31, 2008, and in connection with such audits, the IRS has proposed changes resulting in \$148.2 million of additional tax. We have disputed the proposed changes and it is the Company's position that the tax law in question has been properly applied and reflected in the 2007 and 2008 returns for these two subsidiaries. We are currently considering a settlement offer from the IRS and cannot predict when these audits will be resolved. We have previously provided for the additional taxes sought by the IRS, through our uncertain tax position liability or deferred tax liabilities. Although we believe our tax returns are correct, the final determination of tax examinations and any related litigation could be different than what was reported on the returns. In the opinion of management, we have made adequate tax provisions for years subject to examination. Based on our assessment of the expected outcome of these examinations or examinations that may commence, or as a result of the expiration of the statute of limitations for specific jurisdictions, it is reasonably possible that the related unrecognized tax benefits, excluding accrued interest, for tax positions taken regarding previously filed tax returns will materially change from those recorded at June 30, 2010. A material change in unrecognized tax benefits could have a material effect on our statements of income and comprehensive income. As of June 30, 2010, there are \$126.2 million of unrecognized tax benefits, excluding accrued interest, which due to the reasons above, could significantly increase or decrease during the next twelve months.

There are certain tax attributes, such as net operating loss carry forwards, that may be limited in the event of an ownership change as defined under section 382 of the Internal Revenue Code. If an ownership change were to occur, there could be significant valuation allowances placed on deferred tax assets that do not have valuation allowances as of June 30, 2010.

NOTE 6 TRANSACTIONS WITH GGP AND OTHER GGP SUBSIDIARIES

Intercompany Transactions

As described in Note 1, the accompanying combined financial statements present the operations of the THHC Businesses as carved-out from the consolidated financial statements of GGP. Transactions between the THHC Businesses have been eliminated in the combined presentation. Also as described in Note 1, an allocation of certain centralized GGP costs incurred for activities such as employee benefit programs, property management and asset management functions, centralized treasury, payroll and administrative functions have been made to the property operating costs of THHC Businesses. Accordingly, transactions between the THHC Businesses and GGP or other GGP subsidiaries have not been eliminated except that end-of-period intercompany balances between GGP and the THHC Businesses have been considered elements of THHC equity.

Incentive Stock Plans

Prior to the Chapter 11 Cases, the Predecessors granted qualified and non-qualified stock options and restricted stock to certain GGP officers and key employees whose compensation costs related specifically to our assets. Accordingly, stock-based compensation costs pertaining to such employees have been reflected in our combined financial statements for the applicable periods. A similar stock option and restricted stock plan is expected to be in place for our employees after the Effective Date.

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 6 TRANSACTIONS WITH GGP AND OTHER GGP SUBSIDIARIES (Continued)

Pursuant to the Plan, each outstanding option to acquire shares of GGP stock will be converted into (i) an option to acquire the same number of shares of common stock of reorganized GGP and (ii) a separate option to acquire approximately 0.0983 shares of our common stock for each existing option for one share of GGP common stock. The replacement options will have the same terms and conditions as the outstanding GGP Options. As of the Effective Date, we expect 507,307 shares of our common stock to be issuable upon exercise of the THHC Options. The exercise price per share of a THHC Option that is converted from a GGP Option shall be computed based upon the relative trading prices of our common stock and reorganized GGP's common stock during the last ten-day trading period ending on or before the sixtieth calendar day following the Effective Date. As the majority of the current outstanding options to acquire shares of GGP have an exercise price in excess of the current trading price of GGP stock, we do not expect such outstanding options for our stock to be materially dilutive as of the Effective Date. In addition, with respect to certain of the currently outstanding GGP options, the Plan provides that the holders of such options will be given the alternative of receiving, in cash, the excess of the highest reported share price of GGP stock during the sixty day period prior to the Effective Date over the exercise price of such option, and, accordingly, the amount of THHC common stock issuable on the Effective Date as a result of the currently outstanding GGP options will be less than the 507,307 shares to the extent such alternative is elected.

Stock-Based Compensation Expense

The Predecessors evaluated stock-based compensation expense in accordance with the GAAP related to share-based payments, which requires companies to estimate the Fair Value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of an award to our employees that is ultimately expected to vest is recognized as expense over the requisite service periods in the Combined Statements of Loss and Comprehensive Loss. The compensation expense for employees specifically attributed to the THHC Businesses have been included in the accompanying combined financial statements.

NOTE 7 OTHER ASSETS AND LIABILITIES

The following table summarizes the significant components of prepaid expenses and other assets.

	June 30, 2010	December 31, 2009
	(In thousands)	
Special Improvement District receivable	\$ 48,765	\$ 48,713
Receivables—other	41,995	37,355
Below-market ground leases (Note 2)	21,188	21,357
Prepaid expenses	17,088	9,465
Security and escrow deposits	6,818	9,487
Other	4,403	8,668
	<u>\$ 140,257</u>	<u>\$ 135,045</u>

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 7 OTHER ASSETS AND LIABILITIES (Continued)

The following table summarizes the significant components of accounts payable, accrued expenses and other liabilities.

	June 30, 2010	December 31, 2009
(In thousands)		
Uncertain tax position liability	\$ 151,575	\$ 66,129
Construction payable	57,656	108,437
Payables to GGP	31,712	30,359
Accounts payable and accrued expenses	25,483	23,087
Above-market ground leases	14,308	14,543
Deferred gains/income	7,465	9,045
Accrued interest	5,650	3,816
Insurance reserve	5,409	5,640
Tenant and other deposits	4,132	4,322
Accrued real estate taxes	4,026	4,548
Accrued payroll and other employee liabilities	2,264	2,754
Other	8,421	3,377
Total accounts payable and accrued expenses	318,101	276,057
Less: amounts subject to compromise (Note 1)	(100,774)	(141,866)
Accounts payable and accrued expenses not subject to compromise	<u>\$ 217,327</u>	<u>\$ 134,191</u>

NOTE 8 COMMITMENTS AND CONTINGENCIES

In the normal course of business, from time to time, we are involved in legal proceedings relating to the ownership and operations of our properties. In management's opinion, the liabilities, if any, that may ultimately result from such legal actions are not expected to have a material adverse effect on our combined financial position, results of operations or liquidity.

We lease land or buildings at certain properties from third parties. The leases generally provide us with a right of first refusal in the event of a proposed sale of the property by the landlord. Rental payments are expensed as incurred and have, to the extent applicable, been straight-lined over the term of the lease. Contractual rental expense, including participation rent, was \$0.7 million for the three months ended June 30, 2010; \$1.3 million for the six months ended June 30, 2010; \$0.8 million for the three months ended June 30, 2009 and \$2.1 million for the six months ended June 30, 2009. The same rent expense excluding amortization of above and below-market ground leases and straight-line rents, as presented in our combined financial statements, was \$0.7 million for the three months ended June 30, 2010; \$1.4 million for the six months ended June 30, 2010; \$0.8 million for the three months ended June 30, 2009 and \$2.2 million for the six months ended June 30, 2009.

See Note 5 for our obligations related to uncertain tax positions for disclosure of additional contingencies.

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 8 COMMITMENTS AND CONTINGENCIES (Continued)

Contingent Stock Agreement

In conjunction with GGP's acquisition of The Rouse Company ("TRC") in November 2004, GGP assumed TRC's obligations under the Contingent Stock Agreement, (the "CSA"). TRC entered into the CSA in 1996 when it acquired The Hughes Corporation ("Hughes"). This acquisition included various assets, including Summerlin (the "CSA Assets"), a development in our Master Planned Communities segment. The CSA is an unsecured obligation of GGP and therefore, GGP's obligations to the former Hughes owners or their successors (the "Beneficiaries") under the CSA are subject to treatment in accordance with applicable requirements of the bankruptcy law and any plan of reorganization that will be confirmed by the Bankruptcy Court.

Under the terms of the CSA, GGP was required through August 2009 to issue shares of its common stock semi-annually (February and August) to the Beneficiaries with the number of shares to be issued in any period based on cash flows from the development and/or sale of the CSA Assets and GGP's stock price. The Beneficiaries' share of earnings from the CSA Assets has been accounted for in our combined financial statements as a land sales operations expense, with the difference between such share of operations and the share of cash flows paid remaining as a contingent obligation. During 2009, GGP was not obligated to deliver any shares of its common stock under the CSA as the net development and sales cash flows were negative for the applicable periods. During 2008, 356,661 shares of GGP common stock (from treasury shares) were delivered to the Beneficiaries pursuant to the CSA.

Under the terms of the CSA, GGP was also required to make a final distribution to the Beneficiaries in 2010, following a final valuation of the remaining CSA Assets as of December 31, 2009. The CSA set forth a methodology for establishing this final valuation and required the payment be made in shares of GGP common stock. On August 4, 2010, the Bankruptcy Court entered an order directing the parties to proceed with an expedited appraisal process for the CSA assets and directing the parties to choose an independent appraiser to assist in the valuation process. Although the final payment may be in a range of amounts, we have estimated an amount to satisfy the obligations with respect to the final CSA distribution requirement. Accordingly, as of December 31, 2009, we recorded an incremental intercompany liability from GGP classified in our equity net of the accrued contingent obligation related to the share of previous earnings of the CSA assets, with such amount reflected as additional investment (approximately \$178 million) in the CSA Assets (that is, contingent consideration) that are to be transferred to us pursuant to the Plan and as an intercompany transaction with GGP. The actual amount of the final distribution by GGP to the Beneficiaries remains subject to determination by the Bankruptcy Court.

NOTE 9 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

As of January 1, 2009, we adopted new GAAP related to business combinations, which will change how business acquisitions are accounted for and will impact our financial statements both on the acquisition date and in subsequent periods.

On June 12, 2009, the FASB issued new generally accepted accounting guidance that amends the consolidation guidance applicable to variable interest entities. The amendments to the consolidation guidance affect all entities and enterprises currently within the scope of the previous guidance and are effective to the Company on January 1, 2010. We have adopted this new pronouncement and it did not have a material impact on our combined financial statements.

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 9 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)

In June 2009, the FASB issued new GAAP guidance related to the accounting standards codification and the hierarchy of GAAP. The codification's content will carry the same level of authority, effectively superseding previous related guidance. The GAAP hierarchy has been modified to include only two levels of GAAP: authoritative and nonauthoritative. This new guidance was effective for us in the third quarter of 2009. The effect of the implementation of this new guidance on our combined financial statements resulted in the conversion of previously referenced specific accounting guidance to a "plain English" reference.

NOTE 10 SEGMENTS

We have two business segments which offer different products and services. Our segments are managed separately because each requires different operating strategies or management expertise. We do not distinguish or group our combined operations on a geographic basis. Further, all operations are within the United States and no customer or tenant comprises more than 10% of combined revenues. Our reportable segments are as follows:

- Master Planned Communities—includes the development and sale of land, primarily in large-scale, long-term community development projects in and around Columbia, Maryland; Summerlin, Nevada; and Houston, Texas
- Strategic Development—includes the operation, development and management of our land holdings and redevelopment sites, including the current incidental rental property operations (primarily retail and other interests in real estate at such locations) as well as our one residential condominium project located in Natick (Boston), Massachusetts

The operating measure used to assess operating results for the business segments is adjusted earnings before interest, income taxes, depreciation and amortization ("Adjusted EBITDA"). Adjusted EBITDA also excludes reorganization items, strategic initiatives, provisions for impairment and allocation to noncontrolling interest and, accordingly, management believes that Adjusted EBITDA provides useful information about a property's operating performance.

The accounting policies of the segments are the same as those described in Note 1, except that we report the operations of our Real Estate Affiliates using the proportionate share method rather than the equity method. Under the proportionate share method, our share of the revenues and expenses of our Real Estate Affiliates are aggregated with the revenues and expenses of combined properties. Under the equity method, our share of the net revenues and expenses of our Real Estate Affiliates are reported as a single line item, Equity in income (loss) of Real Estate Affiliates, in our Combined Statements of Loss and Comprehensive loss. This difference affects only the reported revenues and operating expenses of the segments and has no effect on our reported net earnings. In addition, other revenue includes the Adjusted EBITDA of discontinued operations and is reduced by the Adjusted EBITDA attributable to our noncontrolling interests.

The total cash expenditures for additions to long-lived assets for the Master Planned Communities segment was \$30.6 million for the six months ended June 30, 2010 and \$24.4 million for the six months ended June 30, 2009. Similarly, cash expenditures for long-lived assets for the Strategic Development segment were \$37.1 million for the six months ended June 30, 2010 and \$18.8 million for the six months ended June 30, 2009. Such amounts for the Master Planned Communities segment and the Strategic Development segment are included in the amounts listed as Land/residential development and

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 10 SEGMENTS (Continued)

acquisitions expenditures and Acquisition/development of real estate and property additions/improvements, respectively, in our Combined Statements of Cash Flows.

Segment operating results are as follows:

	Three Months Ended June 30, 2010		
	Combined Properties	Real Estate Affiliates (In thousands)	Segment Basis
Master Planned Communities			
Land sales	\$ 7,037	\$ 13,337	\$ 20,374
Land sales operations	(10,780)	(8,759)	(19,539)
Master Planned Communities Adjusted EBITDA	(3,743)	4,578	835
Strategic Development			
Property revenues:			
Minimum rents	16,969	1,341	18,310
Tenant recoveries	4,433	—	4,433
Overage rents	452	—	452
Other, including noncontrolling interests	1,738	8,585	10,323
Total property revenues	23,592	9,926	33,518
Property operating expenses:			
Real estate taxes	4,051	261	4,312
Property maintenance costs	1,439	291	1,730
Marketing	250	—	250
Other property operating costs	9,479	7,886	17,365
Provision for doubtful accounts	256	—	256
Property management and other costs	4,861	—	4,861
Total property operating expenses	20,336	8,438	28,774
Strategic Development Adjusted EBITDA	3,256	1,488	4,744
Total Segments Adjusted EBITDA	\$ (487)	\$ 6,066	\$ 5,579

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 10 SEGMENTS (Continued)

	Three Months Ended June 30, 2009		
	Combined Properties	Real Estate Affiliates	Segment Basis
	(In thousands)		
Master Planned Communities			
Land sales	\$ 22,448	\$ 13,419	\$ 35,867
Land sales operations	(21,845)	(9,705)	(31,550)
Master Planned Communities Adjusted EBITDA	<u>603</u>	<u>3,714</u>	<u>4,317</u>
Strategic Development			
Property revenues:			
Minimum rents	17,169	4,172	21,341
Tenant recoveries	4,629	—	4,629
Overage rents	284	—	284
Other, including noncontrolling interests	1,622	8,944	10,566
Total property revenues	<u>23,704</u>	<u>13,116</u>	<u>36,820</u>
Property operating expenses:			
Real estate taxes	3,407	206	3,613
Property maintenance costs	1,125	318	1,443
Marketing	182	—	182
Other property operating costs	7,287	10,213	17,500
Provision for doubtful accounts	607	—	607
Property management and other costs	4,276	—	4,276
Total property operating expenses	<u>16,884</u>	<u>10,737</u>	<u>27,621</u>
Strategic Development Adjusted EBITDA	<u>6,820</u>	<u>2,379</u>	<u>9,199</u>
Total Segments Adjusted EBITDA	<u>\$ 7,423</u>	<u>\$ 6,093</u>	<u>\$ 13,516</u>

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 10 SEGMENTS (Continued)

	Six Months Ended June 30, 2010		
	Combined Properties	Real Estate Affiliates	Segment Basis
	(In thousands)		
Master Planned Communities			
Land sales	\$ 12,107	\$ 25,972	\$ 38,079
Land sales operations	(20,597)	(18,741)	(39,338)
Master Planned Communities Adjusted EBITDA	<u>(8,490)</u>	<u>7,231</u>	<u>(1,259)</u>
Strategic Development			
Property revenues:			
Minimum rents	34,000	2,384	36,384
Tenant recoveries	9,252	—	9,252
Overage rents	912	—	912
Other, including noncontrolling interests	3,148	15,844	18,992
Total property revenues	<u>47,312</u>	<u>18,228</u>	<u>65,540</u>
Property operating expenses:			
Real estate taxes	7,029	518	7,547
Property maintenance costs	3,283	246	3,529
Marketing	507	—	507
Other property operating costs	17,694	14,986	32,680
Provision for doubtful accounts	357	—	357
Property management and other costs	8,996	—	8,996
Total property operating expenses	<u>37,866</u>	<u>15,750</u>	<u>53,616</u>
Strategic Development Adjusted EBITDA	<u>9,446</u>	<u>2,478</u>	<u>11,924</u>
Total Segments Adjusted EBITDA	<u>\$ 956</u>	<u>\$ 9,709</u>	<u>\$ 10,665</u>

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 10 SEGMENTS (Continued)

	Six Months Ended June 30, 2009		
	Combined Properties	Real Estate Affiliates	Segment Basis
	(In thousands)		
Master Planned Communities			
Land sales	\$ 31,434	\$ 18,520	\$ 49,954
Land sales operations	(32,454)	(14,473)	(46,927)
Master Planned Communities Adjusted EBITDA	<u>(1,020)</u>	<u>4,047</u>	<u>3,027</u>
Strategic Development			
Property revenues:			
Minimum rents	33,517	6,954	40,471
Tenant recoveries	9,782	—	9,782
Overage rents	850	—	850
Other, including minority interest	(463)	17,853	17,390
Total property revenues	<u>43,686</u>	<u>24,807</u>	<u>68,493</u>
Property operating expenses:			
Real estate taxes	6,282	377	6,659
Property maintenance costs	2,228	641	2,869
Marketing	460	—	460
Other property operating costs	16,020	20,397	36,417
Provision for doubtful accounts	1,212	—	1,212
Property management and other costs	8,431	—	8,431
Total property operating expenses	<u>34,633</u>	<u>21,415</u>	<u>56,048</u>
Strategic Development Adjusted EBITDA	<u>9,053</u>	<u>3,392</u>	<u>12,445</u>
Total Segments Adjusted EBITDA	<u>\$ 8,033</u>	<u>\$ 7,439</u>	<u>\$ 15,472</u>

NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 10 SEGMENTS (Continued)

The following reconciles Adjusted EBITDA to GAAP-basis operating loss:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
(In thousands)				
Reconciliation of Segment Basis Adjusted EBITDA ("AEBITDA") and EBITDA to GAAP Net (Loss) Income Attributable to GGP				
AEBITDA	\$ 5,579	\$ 13,516	\$ 10,665	\$ 15,472
Strategic initiatives	—	(2,054)	—	(5,114)
Provisions for impairment	(208)	(56,157)	(486)	(140,180)
Debt extinguishment costs	—	(9)	—	(9)
Reorganization items	(10,019)	(2,017)	(26,614)	(2,017)
EBITDA	(4,648)	(46,721)	(16,435)	(131,848)
Depreciation and amortization	(4,946)	(5,966)	(10,421)	(12,805)
Amortization of deferred finance costs	(152)	(119)	(305)	(552)
Interest income	253	233	762	516
Interest expense	(1,623)	(752)	(3,549)	(1,437)
Provision for income taxes	(16,901)	(4,600)	(18,550)	2,845
Allocation to noncontrolling interests	(25)	(21)	(73)	(65)
Net loss attributable to GGP	<u>\$ (28,042)</u>	<u>\$ (57,946)</u>	<u>\$ (48,571)</u>	<u>\$ (143,346)</u>

The following reconciles segment revenues to GAAP-basis combined revenues:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
(In thousands)				
Reconciliation of Segment Basis Revenues to GAAP Revenues				
Master Planned Communities—Total Segment	\$ 20,374	\$ 35,867	\$ 38,079	\$ 49,954
Strategic Development—Total Segment	33,518	36,820	65,540	68,493
Total Segment revenues	53,892	72,687	103,619	118,447
less:				
Woodlands land sales revenues	13,337	13,419	25,972	18,520
Strategic Development Real Estate Affiliates revenues	9,926	13,116	18,228	24,807
Total combined revenues—GAAP basis	<u>\$ 30,629</u>	<u>\$ 46,152</u>	<u>\$ 59,419</u>	<u>\$ 75,120</u>

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
General Growth Properties, Inc.
Chicago, Illinois

We have audited the accompanying combined balance sheets of certain entities that are expected to be transferred to The Howard Hughes Corporation (formerly Spinco, Inc.), an indirect subsidiary of General Growth Properties, Inc., and are under common ownership and common control of General Growth Properties, Inc., (the "THHC Businesses"), as of December 31, 2009 and 2008, and the related combined statements of loss and comprehensive loss, equity and cash flows for each of the three years in the period ended December 31, 2009. These financial statements are the responsibility of the THHC Businesses' management. Our responsibility is to express an opinion on these financial statements based on our audits. Certain entities within the THHC Businesses and General Growth Properties, Inc. are Debtors-in-Possession.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The THHC Businesses are not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the THHC Businesses' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined financial statements present fairly, in all material respects, the combined financial position of the THHC Businesses as of December 31, 2009 and 2008, and the combined results of their operations and their combined cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the combined financial statements, the combined financial statements of the THHC Businesses include allocations of certain operating expenses from General Growth Properties, Inc. These costs may not be reflective of the actual level of costs which would have been incurred had the THHC Businesses operated as an independent, stand-alone entity separate from General Growth Properties, Inc.

As discussed in Note 1 to the combined financial statements, certain entities of the THHC Businesses as well as General Growth Properties, Inc. and certain of its subsidiaries have filed for reorganization under Chapter 11 of the United States Bankruptcy Code ("Chapter 11"). The accompanying financial statements do not purport to reflect or provide for the consequences of the bankruptcy proceedings. In particular, such financial statements do not purport to show (a) as to assets, their realizable value on a liquidation basis or their availability to satisfy liabilities; (b) as to prepetition liabilities, the amounts that may be allowed for claims or contingencies, or the status and priority thereof; (c) as to equity accounts, the effect of any changes that may be made in the capitalization of the THHC Businesses; or (d) as to operations, the effect of any changes that may be made in its business.

The accompanying financial statements have been prepared assuming that the THHC Businesses will continue as a going concern. The Howard Hughes Corporation was formed in 2010 to hold the

THHC Businesses pursuant to the General Growth Properties, Inc. plan of reorganization under Chapter 11 (the "Plan"). The consummation of the Plan, and therefore the receipt of such assets and liabilities by The Howard Hughes Corporation, depends, in part, on General Growth Properties, Inc.'s ability to negotiate and obtain confirmation of the Plan. Uncertainties about the consummation of General Growth Properties, Inc.'s plan of reorganization raise substantial doubt about the THHC Businesses' ability to continue as a going concern. Management's plans concerning these matters are also discussed in Note 1 to the combined financial statements. The combined financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Deloitte & Touche LLP

Chicago, Illinois

August 24, 2010 (October 21, 2010 as to the effects of The Howard Hughes Corporation name change as described in Note 1)

The Howard Hughes Corporation (formerly Spinco, Inc.)

COMBINED BALANCE SHEETS

	December 31,	
	2009	2008
(In thousands)		
Assets:		
Investment in real estate:		
Land	\$ 194,700	\$ 205,033
Buildings and equipment	451,279	522,780
Less accumulated depreciation	(85,639)	(103,293)
Developments in progress	258,807	767,228
Net property and equipment	819,147	1,391,748
Investment in and loans to/from Real Estate Affiliates	140,558	169,885
Investment property and property held for development and sale	1,782,470	1,711,395
Net investment in real estate	2,742,175	3,273,028
Cash and cash equivalents	3,204	4,963
Accounts and notes receivable, net	17,359	17,362
Deferred expenses, net	7,444	9,206
Prepaid expenses and other assets	135,045	139,397
Total assets	<u>\$ 2,905,227</u>	<u>\$ 3,443,956</u>
Liabilities and Equity:		
Liabilities not subject to compromise:		
Mortgages, notes and loans payable	\$ 208,860	\$ 358,467
Deferred tax liabilities	782,817	794,820
Accounts payable and accrued expenses	134,191	304,854
Liabilities not subject to compromise	1,125,868	1,458,141
Liabilities subject to compromise	275,839	—
Total liabilities	<u>1,401,707</u>	<u>1,458,141</u>
Equity:		
GGP Equity	1,504,364	1,986,938
Accumulated other comprehensive loss	(1,744)	(2,926)
Total GGP equity	1,502,620	1,984,012
Noncontrolling interests in Combined Real Estate Affiliates	900	1,803
Total equity	<u>1,503,520</u>	<u>1,985,815</u>
Total liabilities and equity	<u>\$ 2,905,227</u>	<u>\$ 3,443,956</u>

The accompanying notes are an integral part of these combined financial statements.

COMBINED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Years Ended December 31,		
	2009	2008	2007
	(In thousands)		
Revenues:			
Minimum rents	\$ 65,653	\$ 68,441	\$ 78,209
Tenant recoveries	19,642	21,592	22,449
Overage rents	2,701	3,519	5,194
Land sales	45,996	66,557	142,360
Other	2,356	12,398	12,286
Total revenues	<u>136,348</u>	<u>172,507</u>	<u>260,498</u>
Expenses:			
Real estate taxes	13,813	10,418	9,824
Property maintenance costs	5,586	6,113	7,232
Marketing	1,071	1,530	1,646
Other property operating costs	33,739	36,584	35,109
Land sales operations	49,062	63,421	114,210
Provision for doubtful accounts	2,539	1,174	1,301
Property management and other costs	17,643	20,656	26,799
Strategic Initiatives	5,380	1,496	—
Provisions for impairment	680,349	52,511	125,879
Depreciation and amortization	19,841	18,421	22,995
Total expenses	<u>829,023</u>	<u>212,324</u>	<u>344,995</u>
Operating loss	(692,675)	(39,817)	(84,497)
Interest income	1,689	1,914	1,650
Interest expense	(977)	(809)	(146)
Loss before income taxes, equity in income (loss) of Real Estate Affiliates, reorganization items and noncontrolling interests	(691,963)	(38,712)	(82,993)
Benefit from (provision for) income taxes	23,969	(2,703)	10,643
Equity in income (loss) of Real Estate Affiliates	(28,209)	23,506	68,451
Reorganization items	(6,674)	—	—
Loss from continuing operations	(702,877)	(17,909)	(3,899)
Discontinued operations—loss on disposition	(939)	—	—
Net loss	(703,816)	(17,909)	(3,899)
Allocation to noncontrolling interests	204	(100)	(101)
Net loss attributable to GGP	<u>\$ (703,612)</u>	<u>\$ (18,009)</u>	<u>\$ (4,000)</u>
Comprehensive Income (loss), Net:			
Net loss	\$ (703,816)	\$ (17,909)	\$ (3,899)
Other comprehensive income (loss)	1,182	(1,956)	253
Comprehensive loss	(702,634)	(19,865)	(3,646)
Comprehensive income (loss) allocated to noncontrolling interests	204	(100)	(101)
Comprehensive loss attributable to GGP	<u>\$ (702,430)</u>	<u>\$ (19,965)</u>	<u>\$ (3,747)</u>

The accompanying notes are an integral part of these combined financial statements.

The Howard Hughes Corporation (formerly Spinco, Inc.)

COMBINED STATEMENTS OF EQUITY

	GGP Equity	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests in Combined Real Estate Affiliates	Total Equity
	(In thousands)			
Balance, January 1, 2007	\$ 1,362,511	\$ (1,223)	\$ 3,950	\$ 1,365,238
Net income (loss)	(4,000)		101	(3,899)
Distributions to noncontrolling interests			(2,105)	(2,105)
Other comprehensive income		253		253
Preferred dividends declared			(12)	(12)
Common dividends declared	(114,831)			(114,831)
Contributions from GGP, net	366,028			366,028
Balance, December 31, 2007	<u>\$ 1,609,708</u>	<u>\$ (970)</u>	<u>\$ 1,934</u>	<u>\$ 1,610,672</u>
Net income (loss)	(18,009)		100	(17,909)
Distributions to noncontrolling interests			(219)	(219)
Other comprehensive loss		(1,956)		(1,956)
Preferred dividends declared			(12)	(12)
Common dividends declared	(77,807)			(77,807)
Contributions from GGP, net	473,046			473,046
Balance, December 31, 2008	<u>\$ 1,986,938</u>	<u>\$ (2,926)</u>	<u>\$ 1,803</u>	<u>\$ 1,985,815</u>
Net loss	(703,612)		(204)	(703,816)
Distributions to noncontrolling interests			(687)	(687)
Other comprehensive income		1,182		1,182
Preferred dividends declared			(12)	(12)
Contributions from GGP, net	221,038			221,038
Balance, December 31, 2009	<u>\$ 1,504,364</u>	<u>\$ (1,744)</u>	<u>\$ 900</u>	<u>\$ 1,503,520</u>

The accompanying notes are an integral part of these combined financial statements.

The Howard Hughes Corporation (formerly Spinco, Inc.)

COMBINED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2009	2008	2007
	(In thousands)		
Cash Flows from Operating Activities:			
Net loss	\$ (703,816)	\$ (17,909)	\$ (3,899)
Adjustments to reconcile net loss to net cash used in operating activities:			
Equity in income of Real Estate Affiliates (including provisions for impairment in 2009)	28,209	(23,506)	(68,451)
Provision for doubtful accounts	2,539	1,174	1,301
Distributions received from Real Estate Affiliates	1,406	2,478	73,856
Depreciation	17,145	15,637	20,883
Amortization	2,696	2,784	2,112
Amortization of deferred financing costs and debt market rate adjustments	978	810	147
Amortization (accretion) of intangibles other than in-place leases	220	268	(247)
Straight-line rent amortization	(49)	(306)	(138)
Deferred income taxes including tax restructuring benefit	(23,120)	(6,811)	(53,229)
Loss on dispositions	939	—	—
Provisions for impairment	680,349	52,511	125,879
Land/residential development and acquisitions expenditures	(61,226)	(147,757)	(216,176)
Cost of land sales	22,019	24,516	48,794
Reorganization items-finance costs related to emerged entities	2,158	—	—
Non-cash reorganization items	(11,835)	—	—
Net changes:			
Accounts and notes receivable	(2,487)	3,215	3,810
Prepaid expenses and other assets	24,867	26,387	30,298
Deferred expenses	(1,850)	(3,516)	(2,764)
Accounts payable and accrued expenses	1,941	15,658	(15,710)
Other, net	1,047	3,668	1,493
Net cash used in operating activities	<u>(17,870)</u>	<u>(50,699)</u>	<u>(52,041)</u>
Cash Flows from Investing Activities:			
Acquisition/development of real estate and property additions/improvements	(27,738)	(314,103)	(144,860)
Proceeds from sales of investment properties	6,392	14,821	—
Increase in investments in Real Estate Affiliates	(288)	(717)	(1,348)
Decrease (increase) in restricted cash	202	(202)	—
Net cash used in investing activities	<u>(21,432)</u>	<u>(300,201)</u>	<u>(146,208)</u>
Cash Flows from Financing Activities:			
Principal payments on mortgages, notes and loans payable	(10,465)	(15,509)	(59,276)
Change in GGP investment, net	50,865	374,154	259,297
Finance costs related to emerged entities	(2,158)	—	—
Cash distributions paid to preferred stockholders of Victoria Ward, Ltd.	(12)	(12)	(12)
Cash distributions paid to common stockholders of Victoria Ward, Ltd.	—	(9,990)	(14,831)
Distributions to noncontrolling interests	(687)	(219)	(2,105)
Net cash provided by financing activities	<u>37,543</u>	<u>348,424</u>	<u>183,073</u>
Net change in cash and cash equivalents	(1,759)	(2,476)	(15,176)
Cash and cash equivalents at beginning of period	4,963	7,439	22,615
Cash and cash equivalents at end of period	<u>\$ 3,204</u>	<u>\$ 4,963</u>	<u>\$ 7,439</u>
Supplemental Disclosure of Cash Flow Information:			
Interest paid	\$ 48,100	\$ 38,200	\$ 33,643
Interest capitalized	46,976	38,088	27,918
Reorganization items paid	2,384	—	—
Non-Cash Transactions:			
Change in accrued capital expenditures included in accounts payable and accrued expenses	\$ (15,222)	\$ 81,376	\$ 21,047
Change in CSA accrual	178,130	(13,031)	(5,268)
Mortgage debt market rate adjustment related to emerged entities	11,723	—	—
Other non-cash GGP equity transactions	2,612	44,106	12,009
Recognition of note payable in conjunction with land held for development and sale	6,520	—	—
Non-cash dividends	—	67,817	100,000

The accompanying notes are an integral part of these combined financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

General

Spinco, Inc. was a newly formed Delaware corporation created on July 1, 2010 to hold certain assets and liabilities of General Growth Properties, Inc. ("GGP") and its subsidiaries (collectively, the "Predecessors"). On October 8, 2010, Spinco, Inc. changed its name to The Howard Hughes Corporation ("THHC" or the "Company"). On April 16, 2009 and April 22, 2009 (collectively, the "Petition Date"), GOP and certain of its subsidiaries (the "Debtors") filed voluntary petitions under Chapter 11 of title 11 of the United States Code (the "Chapter 11 Cases"). On August 17, 2010, GGP filed with the Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") its second amended and restated plan of reorganization (as the same may be amended, modified or supplemented from time to time, the "Plan") for the Debtors remaining in the Chapter 11 Cases (the "Topco Debtors"). THHC is currently a wholly owned subsidiary of GGP Limited Partnership ("GGPLP"), which is majority owned by GGP. Pursuant to the Plan, THHC will receive certain of the assets and liabilities of the Predecessors (the "Separation"), which we refer to as our business or "the THHC Businesses." We expect the reorganization of GGP to be completed during the fourth quarter of 2010 (such time of completion being referred to as the "Effective Date"). On or prior to the Effective Date, approximately 32.5 million shares of common stock of THHC will be distributed or issued to the common and preferred unit holders of GGPLP, which includes GGP, and then GGP will distribute its portion of such shares pro rata to holders of GGP common stock (the "Distribution"). GOP will not retain any ownership interest in THHC. The Plan generally provides for the payment/settlement or reinstatement of claims against the TopCo Debtor's, funded with new equity capital provided by investors sponsoring the Plan (the "Plan Sponsors"). As part of the Plan Sponsors commitments, the Plan Sponsors will purchase approximately 5.3 million shares of our common stock for \$250 million. The Predecessors' bankruptcies are being jointly administered under the case In re: General Growth Properties, Inc., et al., Case No. 09-11977 in the Bankruptcy Court.

To date, we have not conducted any business as a separate company and have no material assets or liabilities. The operations of the business to be transferred to us by the Predecessors is presented as if the transferred business was our business for all historical periods described and at the historical cost/ carrying value of such assets and liabilities reflected in GGP's books and records. Unless the context otherwise requires, references to "we," "us" and "our" refer to THHC and its combined subsidiaries after giving effect to the transfer of assets and liabilities from the Predecessors.

On the Effective Date, our assets are expected to consist of the following:

- four master planned communities with an aggregate of 14,704 remaining saleable acres;
- nine mixed-use development opportunities comprised of 1,129 acres;
- four mall developmental projects comprised of 647 acres;
- seven redevelopment-opportunity retail malls with approximately 1 million square feet of existing gross leasable space; and
- interests in eleven other real estate assets or projects.

Our ownership interests in properties in which we own a majority or controlling interest are combined under accounting principles generally accepted in the United States of America ("GAAP"). Our interests in TWCPC Holdings, L.P., ("The Woodlands Commercial"), the Woodlands Operating Company, LP ("The Woodlands Operating") and the Woodlands Land Development Company, LP ("The Woodlands MPC"), all located in Houston, Texas and, collectively, the "Woodlands Partnerships", and our interests in Westlake Retail Associates, Ltd ("Circle T Ranch") and 170 Retail

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 1 ORGANIZATION (Continued)

Associates Ltd ("Circle T Power Center") and, together with Circle T Ranch, "Circle T", located in Dallas/Fort Worth, Texas, are held through joint venture entities in which we own non-controlling interests and are accounted for on the equity method. The Woodlands Partnerships, Circle T and certain cost method (see Note 5) and non-ownership rights are collectively referred to as our "Real Estate Affiliates".

The Predecessors' Bankruptcy

In the fourth quarter of 2008 the Predecessors' halted or slowed nearly all development and redevelopment at our properties due to liquidity concerns, other than those that were substantially complete or could not be deferred as a result of contractual commitments. As described above, as the Predecessors had significant past due, or imminently due, and cross-collateralized or cross-defaulted debt, on the Petition Date, GGP, on behalf of itself and certain of its domestic subsidiaries including certain wholly-owned THHC Businesses, filed voluntary petitions for the Chapter 11 Cases. The Debtors that sought protection under Chapter 11 that are part of THHC are collectively referred to as the "THHC Debtors" and on the Petition Date comprised 33 entities with approximately \$268.4 million of secured mortgage loans. However, the entities that own our Bridgeland and Columbia master planned communities, the entities which own substantially all of our eight undeveloped land parcels and our joint ventures, The Woodlands Partnerships and Circle T, among others (collectively, the "THHC Non-Debtors"), did not seek such relief.

During the pendency of the Chapter 11 Cases, the Debtors' are operating as Debtors in Possession and a debtor is afforded certain protection against its creditors and creditors are prohibited from taking certain actions (such as pursuing collection efforts or proceeding to foreclose on secured obligations) related to debts that were owed prior to the commencement of the Chapter 11 Cases. Accordingly, although the commencement of the Chapter 11 Cases triggered defaults on substantially all debt obligations of the Debtors, creditors are stayed from taking any action as a result of such defaults. Absent an order of the Bankruptcy Court, these pre-petition liabilities are subject to settlement under a plan of reorganization.

Since the Petition Date, the Bankruptcy Court has granted a variety of Debtors' motions that allow them to continue to operate its business in the ordinary course without interruption; and covering, among other things, employee obligations, critical service providers, tax matters, insurance matters, tenant and contractor obligations, claim settlements, ordinary course property sales, cash management, cash collateral, alternative dispute resolution, settlement of pre-petition mechanics liens and department store transactions.

During December 2009, three of the THHC Debtors (the "Emerged Debtors") with \$215.3 million of secured mortgage loans filed consensual plans of reorganization (the "Emerged Plans"). As of December 31, 2009, two of the Emerged Debtors with \$146.8 million secured debt had emerged from bankruptcy. The plan of reorganization and emergence from bankruptcy of the remaining Emerged Debtor occurred on July 23, 2010. The THHC Debtors that remain in Chapter 11 at July 23, 2010 (the "Remaining THHC Debtors") are expected to emerge from bankruptcy pursuant to the Plan.

The Company was formed in 2010 to hold the THHC Businesses pursuant to the Plan. The consummation of such plan, and therefore the receipt of such assets and liabilities by the Company, depends, in part, on GGP's ability to obtain confirmation of the Plan. Uncertainties about the consummation of the Plan raise substantial doubts as to the ability of the THHC Businesses to continue as a going concern. The accompanying combined financial statements have been prepared in

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 1 ORGANIZATION (Continued)

conformity with GAAP applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. However, as a result of the Chapter 11 Cases, such realization of assets and satisfaction of liabilities are subject to a significant number of uncertainties. Our combined financial statements do not reflect any adjustments related to the recoverability of assets and satisfaction of liabilities that might be necessary should we be unable to continue as a going concern.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination and Basis of Presentation

The accompanying combined financial statements include the accounts of the THHC Businesses in which we have a controlling interest and are presented on a combined basis as the THHC Businesses have common control and ownership by GGP. The noncontrolling equity holders' share of the assets, liabilities and operations are reflected in noncontrolling interests within permanent equity of the Company. All significant intercompany balances and transactions between the THHC businesses have been eliminated.

As discussed in Note 1, we were formed for the purpose of holding certain assets and assuming certain liabilities of the Predecessors pursuant to the Plan. We have not conducted any business and will not have any material assets or liabilities until the Separation and the Distribution are completed. No previous historical financial statements for the THHC Businesses have been prepared and, accordingly, our combined financial statements are derived from the books and records of GGP and were carved-out from GGP at a carrying value reflective of such historical cost in such GGP records. Our historical financial results reflect allocations for certain corporate expenses which include, but are not limited to, costs related to property management, human resources, security, payroll and benefits, legal, corporate communications, information services and restructuring and reorganization. Costs of the services that were allocated or charged to us were based on either actual costs incurred or a proportion of costs estimated to be applicable to us based on a number of factors, most significantly the Company's percentage of GGP's adjusted revenue and assets and the number of properties. We believe these allocations are reasonable; however, these results do not reflect what our expenses would have been had the Company been operating as a separate stand-alone public company. In addition, the THHC Businesses were operated as subsidiaries of GGP, which operates as a real estate investment trust ("REIT"). We are expected to operate as a taxable corporation. The historical combined financial information presented will therefore not be indicative of the results of operations, financial position or cash flows that would have been obtained if we had been an independent, stand-alone public entity during the periods shown or of our future performance as an independent, stand-alone public entity.

Accounting for Reorganization

The accompanying combined financial statements and the combined condensed financial statements of the THHC Debtors presented below have been prepared in accordance with the generally accepted accounting principles related to financial reporting by entities in reorganization under the Bankruptcy Code, and on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Such accounting guidance also provides that if a debtor, or group of debtors, has significant combined assets and liabilities of entities which have not sought Chapter 11 bankruptcy protection, the debtors and non-debtors should continue to be combined. However, separate disclosure of financial statement information solely relating to the debtor entities should be presented. Therefore, the combined condensed financial statements presented

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

below solely reflect the financial position and results of operations for the THHC Debtors which have not emerged from bankruptcy as of December 31, 2009.

Combined Condensed Balance Sheet

	<u>December 31, 2009</u>
	(In thousands)
Net investment in real estate	\$ 1,859,815
Cash and cash equivalents	1,194
Accounts and notes receivable, net	7,968
Other	111,977
Total assets	<u>\$ 1,980,954</u>
Liabilities not subject to compromise:	
Deferred tax liabilities	\$ 827,264
Accounts payable and accrued expenses	120,139
Liabilities subject to compromise	275,839
Equity	757,712
Total liabilities and equity	<u>\$ 1,980,954</u>

As described above, since the THHC Debtors commenced their respective Chapter 11 Cases on two different dates in April 2009, combined condensed statements of operations and the combined condensed statement of cash flows is presented from May 1, 2009 to December 31, 2009.

Combined Condensed Statement of Loss

	<u>May 1, 2009 to</u> <u>December 31, 2009</u>
Operating revenues	\$ 44,891
Operating expenses	(64,791)
Provision for impairment	(569,199)
Operating loss	(589,099)
Interest income, net	1,081
Provision for income taxes	(4,672)
Equity in loss of Real Estate Affiliates	(1,347)
Reorganization items	(10,922)
Net loss attributable to GGP	<u>\$ (604,959)</u>

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Combined Condensed Statement of Cash Flows

	May 1, 2009 to December 31, 2009
	(In thousands)
Net cash provided by (used in):	
Operating activities	\$ (5,695)
Investing activities	1,347
Financing activities	—
Net decrease in cash and cash equivalents	(4,348)
Cash and cash equivalents, beginning of period	5,542
Cash and cash equivalents, end of period	\$ 1,194

Pre-Petition Date claims and Classification of Liabilities Subject to Compromise

During September 2009, the Debtors, including the THHC Debtors, filed with the Bankruptcy Court their schedules of the assets and liabilities existing on the Petition Date. In addition, November 12, 2009 was established by the Bankruptcy Court as the general bar date (the date by which most entities that wished to assert a pre-petition claim against a Debtor had to file a proof of claim in writing). The Debtors have made subsequent amendments to those schedules and, as the bar date has passed, are now in the process of evaluating, reconciling and resolving all claims that were timely submitted. The substantial majority of the claims submitted were erroneous, duplicative or protective and the Debtors have filed, and will continue to file, claim objections with the Bankruptcy Court. Claim objections, that is, differences between liability amounts estimated by the Debtors and claims submitted by creditors that cannot be resolved, will be submitted to the Bankruptcy Court which will make a final determination of the allowable claim. The plans of reorganization for the Emerged Debtors provide that all allowed claims, that is, undisputed or Bankruptcy Court affirmed claims of creditors against the Emerged Debtors, are to be paid in full. Our aggregate liabilities (consisting of Liabilities Subject to Compromise ("LSTC") and not subject to compromise as further described below) include provisions for claims against both the Emerged Debtors and the Remaining THHC Debtors that were timely submitted to the Bankruptcy Court and have been recorded, as appropriate, based upon the GAAP guidance for the recognition of contingent liabilities and on our evaluations of such claims. Accordingly, although submitted proofs of claim against all THHC Debtors exceed the amounts recorded for such claims, we currently believe that the aggregate amount of claims recorded by the THHC Debtors will not vary materially from the amount of claims that will ultimately be allowed or resolved by the Bankruptcy Court.

Liabilities not subject to compromise at December 31, 2009 include: (1) Liabilities of the THHC non-Debtors; (2) liabilities incurred after the Petition Date; (3) pre-petition liabilities that the Emerged Debtors which have emerged from Bankruptcy at December 31, 2009 expect to pay in full, even though certain of these amounts may not be paid until after the applicable Emerged Debtor's plan of reorganization is effective; and (4) liabilities related to pre-petition contracts that affirmatively have not been rejected. Unsecured liabilities not subject to compromise as of December 31, 2009 with respect to the Emerged Debtors are reflected at the current estimate of the probable amounts to be paid. However, the amounts of such unsecured liabilities related to the associated liabilities not subject to compromise resolved or allowed by the Bankruptcy Court has not yet been determined. In such regard, during February 2010, payments commenced on the Emerged Debtor claims, a process expected to

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

continue for several months as the amounts to be allowed are confirmed by the Bankruptcy Court. With respect to secured liabilities, GAAP bankruptcy guidance provides that Emerged Debtor mortgage loans should be recorded at their estimated Fair Value upon emergence. A discount of approximately \$11.7 million was recorded on such \$146.8 million of secured debt, with the resulting gain classified as a reorganization item for the year ended December 31, 2009. This discount will be accreted on an effective yield basis into interest expense in future periods as a non-cash item until maturity of the related debt obligation. With respect to the \$68.5 million of mortgage loans related to the Emerged Debtor that emerged on July 23, 2010, an additional gain is expected to be recognized. The remaining debt subject to compromise at December 31, 2009 is expected to be reinstated or repaid as provided by the Plan.

All liabilities incurred prior to the Petition Date other than those specified immediately above are considered LSTC. The amounts of the various categories of liabilities that are subject to compromise are set forth below. As described above, these amounts represent the Company's estimates of known or potential pre-petition claims that are likely to be resolved in connection with the Chapter 11 Cases. Such claims remain subject to future adjustments which may result from Plan Debtor/creditor negotiations, actions of the Bankruptcy Court, the determination as to the value of any collateral securing claims, amended proofs of claim, or other events. There can be no assurance that the liabilities represented by claims against a particular Debtor will not be found to exceed the Fair Value of its respective assets. This could result in claims being paid at less than 100% of their face value and the equity of the applicable Debtor being diluted or eliminated entirely. The amounts subject to compromise consisted of the following items:

	<u>December 31, 2009</u>
	(In thousands)
Mortgages and secured notes	\$ 133,973
Accounts payable and accrued liabilities	141,866
Total liabilities subject to compromise	<u>\$ 275,839</u>

The classification of liabilities as LSTC or as liabilities not subject to compromise is based on currently available information and analysis. As the Chapter 11 Cases proceed and additional information is received and analysis is completed, or as the Bankruptcy Court rules on relevant matters, the classification of amounts between LSTC and liabilities not subject to compromise may change. The amount of any such changes could be material.

Reorganization Items

Reorganization items are expense or income items that were incurred or realized by the THHC Debtors as a result of the Chapter 11 Cases and are presented separately in the Combined Statements of Loss and Comprehensive Loss and in the condensed combined statements of operations of the THHC Debtors presented above. These items include professional fees and similar types of expenses and gains directly related to the Chapter 11 Cases, resulting from activities of the reorganization process, and interest earned on cash accumulated by the THHC Debtors as a result of the Chapter 11 Cases. Reorganization items included in our Combined Statement of Loss and Comprehensive Loss and in the condensed combined statement of operations of the THHC Debtors presented above are specific to the THHC Businesses have been allocated to us and have been reflected in our combined financial statements and in the tables presented below.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition, the key employee incentive program (the "KEIP") was subject to approval by the Bankruptcy Court. The KEIP is intended to retain certain key employees of GGP and provides for payment to these GGP employees upon successful emergence from bankruptcy. A portion of the KEIP has been deemed to relate specifically to our employees and probable of being paid and therefore, as of December 31, 2009, we have reflected \$2.3 million of KEIP expenses in our combined financial statements.

Reorganization items are as follows:

<u>Reorganization Items</u>	<u>Post-Petition Period Ended December 31, 2009</u> (In thousands)
Gains on liabilities subject to compromise(1)	\$ (11,822)
U.S. Trustee fees(2)	226
Restructuring costs(3)	18,270
Total reorganization items	<u>\$ 6,674</u>

- (1) This amount primarily relates to a \$11.7 million gain that resulted from the required Fair Value of debt adjustment for the entities that emerged from bankruptcy in December 2009. This amount also includes gains from repudiation, rejection or termination of contracts or guarantee of obligations. In addition, such gains reflect agreements reached with certain critical vendors (as defined), which were authorized by the Bankruptcy Court and for which payments on an installment basis began in July 2009.
- (2) Estimate of fees due remain subject to confirmation and review by the Office of the United States Trustee ("U.S. Trustee").
- (3) Restructuring costs primarily includes (i) professional fees incurred related to the bankruptcy filings, including an allocation of KEIP costs and certain fees estimated to be payable upon successful emergence of all Debtors from bankruptcy and (ii) finance costs incurred by and the write off of unamortized deferred finance costs related to our properties that emerged from bankruptcy in December 2009.

Properties

Real estate assets are stated at cost less any provisions for impairments. Construction and improvement costs incurred in connection with the development of new properties or the redevelopment of existing properties are capitalized to the extent the total carrying amount of the property does not exceed the estimated Fair Value of the completed property. Real estate taxes and interest costs incurred during construction periods are capitalized. Capitalized interest costs are based on qualified expenditures and interest rates in place during the construction period. Capitalized real estate taxes and interest costs are amortized over lives which are consistent with the constructed assets.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pre-development costs, which generally include legal and professional fees and other directly-related third-party costs, are capitalized as part of the property being developed. In the event a development is no longer deemed to be probable, the costs previously capitalized are expensed (see also our impairment policies in this Note 2 below).

Tenant improvements, either paid directly or in the form of construction allowances paid to tenants, are capitalized and depreciated over the applicable lease term. Maintenance and repairs are charged to expense when incurred. Expenditures for significant betterments and improvements are capitalized.

Depreciation or amortization expense is computed using the straight-line method based upon the following estimated useful lives:

	Years
Buildings and improvements	40 - 45
Equipment, tenant improvements and fixtures	5 - 10

Impairment

Properties, developments in progress and land held for development or redevelopment, including assets to be sold after such development or redevelopment

The generally accepted accounting principles related to accounting for the impairment or disposal of long-lived assets require that if impairment indicators exist and the undiscounted cash flows expected to be generated by an asset are less than its carrying amount, an impairment provision should be recorded to write down the carrying amount of such asset to its Fair Value. We review our real estate assets (including those held by our Real Estate Affiliates), including operating properties, land held for development and sale and developments in progress, for potential impairment indicators whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment indicators for our Master Planned Communities segment are assessed separately for each community and include, but are not limited to, significant decreases in sales pace or average selling prices, significant increases in expected land development and construction costs or cancellation rates, and projected losses on expected future sales. Impairment indicators for our Strategic Development segment are assessed separately for each property and include, but are not limited to, significant decreases in comparable property sale prices, real estate property net operating income and occupancy percentages.

Impairment indicators for pre-development costs, which are typically costs incurred during the beginning stages of a potential development, and developments in progress are assessed by project and include, but are not limited to, significant changes in projected completion dates, revenues or cash flows, development costs, market factors and sustainability of development projects.

If an indicator of potential impairment exists, the asset is tested for recoverability by comparing its carrying amount to the estimated future undiscounted cash flow. The cash flow estimates used both for determining recoverability and estimating Fair Value are inherently judgmental and reflect current and projected trends in rental, occupancy and capitalization rates, and estimated holding periods for the applicable assets. Although the estimated value of certain assets may be exceeded by the carrying amount, a real estate asset is only considered to be impaired when its carrying amount cannot be

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

recovered through estimated future undiscounted cash flows. To the extent an impairment provision is necessary, the excess of the carrying amount of the asset over its estimated Fair Value is expensed to operations. In addition, the impairment provision is allocated proportionately to adjust the carrying amount of the asset. The adjusted carrying amount, which represents the new cost basis of the asset, is depreciated over the remaining useful life of the asset.

We recorded impairment charges of \$680.3 million, \$52.5 million and \$125.9 million for the years ended December 31, 2009, 2008 and 2007, as presented in the table below. All of these impairment charges are included in provisions for impairment in our combined statement of loss and comprehensive loss for the years ended December 31, 2009, 2008 and 2007. Circle T also recorded impairment charges of \$38.1 million for the year ended December 31, 2009 on the assets of our Real Estate Affiliates, our share of which, \$19.0 million, was included in our equity in earnings of such Real Estate Affiliates.

Investment in Real Estate Affiliates

In accordance with the GAAP related to the equity method of accounting for investments, a series of operating losses of an investee or other factors may indicate that a decrease in value of our investment in the Real Estate Affiliates has occurred which is other-than-temporary. The investment in each of the Real Estate Affiliates is evaluated periodically and as deemed necessary for recoverability and valuation declines that are other than temporary. Accordingly, in addition to the property-specific impairment analysis that we perform on the investment properties, land held for development and sale and developments in progress owned by such joint ventures (as part of our investment property impairment process described above), we also considered the ownership and distribution preferences and limitations and rights to sell and repurchase our ownership interests. We recorded impairment charges related to our investment in Circle T of \$10.6 million for the year ended December 31, 2009 to write these investments down to their estimated Fair Value, with such provisions reflected in our equity in income (loss) of Real Estate Affiliates. Based on such evaluations, no provisions for impairment were recorded for the years ended December 31, 2008 and 2007 related to our investments in Real Estate Affiliates. See Note 5 for further disclosure of the provisions for impairment related to certain properties within our Real Estate Affiliates.

The Howard Hughes Corporation (formerly Spinco, Inc.)

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of all Impairment Provisions:

Impaired Asset	Location	Method of Determining Fair Value	Years Ended December 31.		
			2009	2008	2007
			(In thousands)		
Master Planned Communities:					
Maryland-Columbia Community	Columbia, MD	Projected sales price analysis(1)(5)	\$ —	\$ —	\$ 75,726
Maryland-Fairwood Community	Columbia, MD	Projected sales price analysis(1)(5)	52,767	—	50,075
Total Master Planned Communities			\$ 52,767	\$ —	\$ 125,801
Strategic Development:					
Allen Towne Mall	Allen, TX	Projected sales price analysis(1)(5)	29,063	—	—
Century Plaza	Birmingham, AL	Projected sales price analysis(1)(5)	—	7,819	—
Cottonwood Mall	Holladay, UT	Comparable property market analysis(4)	50,768	—	—
Elk Grove Promenade	Elk Grove, CA	Comparable property market analysis(4)	175,280	—	—
Kendall Town Center	Miami, FL	Projected sales price analysis(1)(5)	35,089	—	33
Landmark Mall	Alexandria, VA	Discounted cash flow analysis(5)	27,323	—	—
Nouvelle at Natick	Natick, MA	Discounted cash flow analysis(5)	55,923	40,346	—
Princeton Land East, LLC	Princeton, NJ	Comparable property market analysis(4)	8,904	—	—
Princeton Land LLC	Princeton, NJ	Comparable property market analysis(4)	13,356	—	—
Redlands Promenade	Redlands, CA	Projected sales price analysis(1)(5)	6,667	—	—
The Bridges At Mint Hill	Charlotte, NC	Comparable property market analysis(4)	16,636	—	—
The Shops At Summerlin Centre	Las Vegas, NV	Comparable property market analysis(4)	176,141	—	—
The Village At Redlands	Redlands, CA	Projected sales price analysis(1)(5)	5,537	—	—
Various pre-development costs		(2)	26,895	4,346	45
Total Strategic Development			627,582	52,511	78
Total Provisions for impairment			\$ 680,349	\$ 52,511	\$ 125,879
Real Estate Affiliates					
Circle T Power Center	Dallas, TX	Projected sales price analysis(1)(5)	\$ 17,062	\$ —	\$ —
The Shops at Circle T Ranch	Dallas, TX	Projected sales price analysis(1)(5)	21,020	—	—
Total			\$ 38,082	\$ —	\$ —
Property held by Real Estate Affiliates, provisions for impairment at our ownership share					
Impairment of Circle T Investment			19,041	—	—
Total			19,041	—	—
Real Estate Affiliates provisions for impairment, at our ownership share(3)					
			\$ 29,641	\$ —	\$ —

- (1) Projected sales price analysis incorporates available market information and other management assumptions.
- (2) Related to the write down of various pre-development costs that were determined to be non-recoverable due to the related projects being terminated.
- (3) Reflected in our equity in income (loss) of Real Estate Affiliates.
- (4) These impairments were primarily driven by the management's business plan that excludes these properties from a long term hold period.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (5) These impairments were primarily driven by the carrying value of the assets, including costs expected to be incurred, not being recoverable by the projected sales price of such assets.

General

Certain of our properties had Fair Values less than their carrying amounts. However, based on the Company's plans with respect to those properties, we believe that the carrying amounts are recoverable and therefore, under applicable GAAP guidance, no additional impairments were taken. Nonetheless, due to the tight credit markets, the uncertain economic environment, as well as other uncertainties, or if our plans regarding our assets change, additional impairment charges may be taken in the future. Therefore, we can provide no assurance that material impairment charges with respect to operating properties, Real Estate Affiliates, development in progress or property held for development and sale will not occur in future periods. We will continue to monitor circumstances and events in future periods to determine whether additional impairments are warranted.

Acquisitions of Properties

Certain of the THHC Businesses, particularly those properties in our Master Planned Communities segment, were purchased by the Predecessors rather than developed. Accordingly, the acquisitions of such properties were accounted for utilizing the acquisition method. Estimates of future cash flows and other valuation techniques were used to allocate the purchase price of acquired property between land, buildings and improvements, equipment, debt liabilities assumed and identifiable intangible assets and liabilities such as amounts related to in-place at-market tenant leases, acquired above and below-market tenant and ground leases and tenant relationships.

Investments in Real Estate Affiliates

We account for investments in joint ventures where we own a non-controlling participating interest using the equity method and, investments in joint ventures where we have virtually no influence on the joint venture's operating and financial policies, on the cost method. Under the equity method, the cost of our investment is adjusted for our share of the equity in earnings (losses) of such Real Estate Affiliates from the date of acquisition and reduced by distributions received. Generally, the operating agreements with respect to our Real Estate Affiliates provide that assets, liabilities and funding obligations are shared in accordance with our ownership percentages. Therefore, we generally also share in the profit and losses, cash flows and other matters relating to our Real Estate Affiliates in accordance with our respective ownership percentages. Differences between the carrying amount of our investment in the Real Estate Affiliates and our share of the underlying equity of such Real Estate Affiliates are amortized over lives ranging from five to forty five years. For cost method investments, we recognize earnings to the extent of distributions received from such investments.

Cash and Cash Equivalents

Highly-liquid investments with maturities at dates of purchase of three months or less are classified as cash equivalents.

Deferred Expenses

Deferred expenses consist principally of financing fees and leasing costs and commissions. Deferred financing fees are amortized to interest expense using the effective interest method (or other

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

methods which approximate the effective interest method) over the terms of the respective financing agreements. Deferred leasing costs and commissions are amortized using the straight-line method over periods that approximate the related lease terms. Deferred expenses in our Combined Balance Sheets are shown at cost, net of accumulated amortization, of \$7.4 million as of December 31, 2009 and \$9.2 million as of December 31, 2008.

Revenue Recognition and Related Matters

Minimum rent revenues are recognized on a straight-line basis over the terms of the related leases. Minimum rent revenues also include amounts collected from tenants to allow the termination of their leases prior to their scheduled termination dates and accretion related to above and below-market tenant leases on acquired properties. Termination income recognized for the years ended December 31, 2009, 2008 and 2007 was \$0.3 million, \$0.4 million and \$0.3 million, respectively. Net accretion related to above and below-market tenant leases for the years ended December 31, 2009 and 2008, respectively, yielded reductions in minimum rents of approximately \$0.4 million in each year and an increase in minimum rents of \$0.1 million for the year ended December 31, 2007.

Straight-line rent receivables, which represent the current net cumulative rents recognized prior to when billed and collectible as provided by the terms of the leases, of \$3.2 million as of December 31, 2009 and \$4.8 million as of December 31, 2008, are included in Accounts and notes receivable, net in our combined financial statements.

Percentage rent in lieu of fixed minimum rent received from tenants for the years ended December 31, 2009, 2008 and 2007 was \$3.0 million, \$3.7 million and \$4.3 million, respectively, and is included in Minimum rents in our combined financial statements.

We provide an allowance for doubtful accounts against the portion of accounts receivable, including straight-line rents, which is estimated to be uncollectible. Such allowances are reviewed periodically based upon our recovery experience. We also evaluate the probability of collecting future rent which is recognized currently under a straight-line methodology. This analysis considers the long-term nature of our leases, as a certain portion of the straight-line rent currently recognizable will not be billed to the tenant until future periods. Our experience relative to unbilled deferred rent receivable is that a certain portion of the amounts recorded as straight-line rental revenue are never collected from (or billed to) tenants due to early lease terminations. For that portion of the otherwise recognizable deferred rent that is not deemed to be probable of collection, no revenue is recognized. Accounts receivable in our Combined Balance Sheets are shown net of an allowance for doubtful accounts of \$16.8 million as of December 31, 2009 and \$21.7 million as of December 31, 2008. The following table summarizes the changes in allowance for doubtful accounts:

	2009	2008
	(in thousands)	
Balance as of January 1	\$ 21,712	\$ 22,041
Provisions for doubtful accounts	2,539	1,174
Write-offs	(7,439)	(1,503)
Balance as of December 31	<u>\$ 16,812</u>	<u>\$ 21,712</u>

Overage Rent ("Overage Rent") is paid by a tenant when its sales exceed an agreed upon minimum amount. Overage Rent is calculated by multiplying the sales in excess of the minimum

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

amount by a percentage defined in the lease. Overage Rent is recognized on an accrual basis once tenant sales exceed contractual tenant lease thresholds. Recoveries from tenants are established in the leases or computed based upon a formula related to real estate taxes, insurance and other shopping center operating expenses and are generally recognized as revenues in the period the related costs are incurred.

Revenues from land sales are recognized using the full accrual method provided that various criteria relating to the terms of the transactions and our subsequent involvement with the land sold are met. Criteria include the consummation of the sale with all consideration being exchanged, demonstration of the collectibility of the sales price, the transfer of usual risks and rewards of ownership to the buyer and no substantial continuing involvement by the Company. Revenues relating to transactions that do not meet the established criteria are deferred and recognized when the criteria are met or using the installment or cost recovery methods, as appropriate in the circumstances. Revenues and cost of sales are recognized on a percentage of completion basis for land sale transactions in which we are required to perform additional services and incur significant costs after title has passed.

Cost of land sales is determined as a specified percentage of land sales revenues recognized for each community development project. These cost ratios used are based on actual costs incurred and estimates of future development costs and sales revenues to completion of each project. The ratios are reviewed regularly and revised for changes in sales and cost estimates or development plans. Significant changes in these estimates or development plans, whether due to changes in market conditions or other factors, could result in changes to the cost ratio used for a specific project. The specific identification method is used to determine cost of sales for certain parcels of land, including acquired parcels we do not intend to develop or for which development was complete at the date of acquisition.

Nouvelle at Natick is a 215 unit residential condominium project, located in Natick, Massachusetts. Pursuant to the Plan, only the unsold units at Nouvelle at Natick on the Effective Date will be distributed to us and no deferred revenue or sales proceeds from unit closings prior to the Effective Date will be allocated to us. As of June 30, 2010, 87 units were unsold at Nouvelle at Natick. Income related to unit sales subsequent to the Effective Date is expected to be accounted for on a unit-by-unit basis on the full accrual method.

Income Taxes (Note 7)

Deferred income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Deferred income taxes also reflect the impact of operating loss and tax credit carryforwards. A valuation allowance is provided if we believe it is more likely than not that all or some portion of the deferred tax asset will not be realized. An increase or decrease in the valuation allowance that results from a change in circumstances, and which causes a change in our judgment about the realizability of the related deferred tax asset, is included in the current deferred tax provision. It is possible at or after the Effective Date that the Company could experience a change in control, as defined for federal income tax purposes, that could limit the benefit of deferred tax assets. In addition, we recognize and

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

report interest and penalties, if necessary, related to uncertain tax positions within our provision for income tax expense.

In many of our Master Planned Communities, gains with respect to sales of land for commercial use are reported for tax purposes on the percentage of completion method. Under the percentage of completion method, gain is recognized for tax purposes as costs are incurred in satisfaction of contractual obligations. The method used for determining the percentage complete for income tax purposes is different than that used for financial statement purposes. In addition, gains with respect to sales of land for single family residences are reported for tax purposes under the completed contract method. Under the completed contract method, gain is recognized for tax purposes when 95% of the costs of our contractual obligations are incurred or the contractual obligation is transferred.

Earnings Per Share ("EPS")

Presentation of EPS information is not applicable as all of our common stock (1,000 shares, authorized and issued), since the date of our formation on July 1, 2010, is owned by GGP.

Fair Value Measurements

We adopted the generally accepted accounting principles related to Fair Value measurements as of January 1, 2008 for our financial assets and liabilities and as of January 1, 2009 for our non-financial assets and liabilities. We do not have any derivative financial instruments and our investments in marketable securities are immaterial to our combined financial statements.

The accounting principles for Fair Value measurements establish a three-tier Fair Value hierarchy, which prioritizes the inputs used in measuring Fair Value. These tiers include:

- Level 1—defined as observable inputs such as quoted prices for identical assets or liabilities in active markets;
- Level 2—defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3—defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The asset or liability Fair Value measurement level within the Fair Value hierarchy is based on the lowest level of any input that is significant to the Fair Value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Any Fair Values utilized or disclosed in our combined financial statements were developed for the purpose of complying with the accounting principles established for Fair Value measurements.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following table summarizes our assets and liabilities that are measured at Fair Value on a nonrecurring basis:

	Total Fair Value Measurement	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total (Loss) Gain Year Ended December 31, 2009
	(In thousands)				
Investments in real estate:					
Allen Towne Mall	\$ 25,900	\$ —	\$ 25,900	\$ —	\$ (29,063)
The Bridges At Mint Hill	14,100	—	14,100	—	(16,636)
Cottonwood Mall(1)	21,500	—	—	21,500	(50,768)
Elk Grove Promenade	21,900	—	21,900	—	(175,280)
Fairwood Master Planned Community	12,629	—	12,629	—	(52,767)
Kendall Town Center(2)	13,931	—	—	13,931	(35,089)
Landmark Mall(1)	49,501	—	—	49,501	(27,323)
Nouvelle At Natick(2)	64,661	—	—	64,661	(55,923)
Princeton Land East, LLC	8,802	—	8,802	—	(8,904)
Princeton Land LLC	11,948	—	11,948	—	(13,356)
Redlands Promenade	6,727	—	—	6,727	(6,667)
The Shops At Summerlin Centre	46,300	—	46,300	—	(176,141)
The Village At Redlands	7,545	—	—	7,545	(5,537)
Total investments in real estate	\$ 305,444	\$ —	\$ 141,579	\$ 163,865	\$ (653,454)
Debt:(3)					
Fair value of emerged entity mortgage debt	\$ 134,089	\$ —	\$ —	\$ 134,089	\$ 11,723
Total liabilities	\$ 134,089	\$ —	\$ —	\$ 134,089	\$ 11,723

- (1) The Fair Value was calculated based on a discounted cash flow analysis using property specific discount rates ranging from 9.25% to 12.00% and residual capitalization rates ranging from 8.50% to 11.50%.
- (2) The Fair Value is based on estimated sales value.
- (3) The Fair Value of debt relates to the 2 properties that emerged from bankruptcy in December 2009.

Fair Value of Financial Instruments

The Fair Values of our financial instruments approximate their carrying amount in our financial statements except for debt. Notwithstanding that we do not believe that a fully-functioning market for real property financing exists at December 31, 2009, GAAP guidance requires that management estimate the Fair Value of our debt. However, as a result of the THHC Debtors' Chapter 11 filings, the Fair Value for the outstanding debt that is included in liabilities subject to compromise in our Combined Balance Sheets cannot be reasonably determined at December 31, 2009 as the timing and amounts to be paid are subject to confirmation by the Bankruptcy Court. For the \$208.9 million of

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

mortgages, notes and loans payable outstanding that are not subject to compromise at December 31, 2009, management's required estimates of Fair Value are presented below. This Fair Value was estimated solely for financial statement reporting purposes and should not be used for any other purposes, including to estimate the value of any of the Company's securities or to estimate the appropriate interest rate for consensual and non consensual restructuring of secured debt in our Chapter 11 Cases. We estimated the Fair Value of this debt based on quoted market prices for publicly-traded debt, recent financing transactions (which may not be comparable), estimates of the Fair Value of the property that serves as collateral for such debt, historical risk premiums for loans of comparable quality, current London Interbank Offered Rate ("LIBOR"), a widely quoted market interest rate which is frequently the index used to determine the rate at which we borrow funds and US treasury obligation interest rates, and on the discounted estimated future cash payments to be made on such debt. The discount rates estimated reflect our judgment as to what the approximate current lending rates for loans or groups of loans with similar maturities and credit quality would be if credit markets were operating efficiently and assume that the debt is outstanding through maturity. We have utilized market information as available or present value techniques to estimate the amounts required to be disclosed, or, in the case of the debt of the Emerged Debtors, recorded due to GAAP bankruptcy emergence guidance (as described above and in Note 6). Since such amounts are estimates that are based on limited available market information for similar transactions and do not acknowledge transfer or other repayment restrictions that may exist in specific loans, it is unlikely that the estimated Fair Value of any of such debt could be realized by immediate settlement of the obligation.

	2009		2008	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(In thousands)			
Fixed-rate debt	\$ 208,860	\$ 205,406	\$ 354,803	\$ 358,447
Variable-rate debt	—	—	3,664	3,675
	<u>\$ 208,860</u>	<u>\$ 205,406</u>	<u>\$ 358,467</u>	<u>\$ 362,122</u>

Included in such amounts for 2009 is \$134.1 million of debt that relates to the 2 properties that emerged from bankruptcy in December 2009 where the carrying value of the debt was adjusted by \$11.7 million to an estimated Fair Value of such debt (based on significant unobservable Level 3 Inputs).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. For example, significant estimates and assumptions have been made with respect to useful lives of assets, capitalization of development and leasing costs, provision for income taxes, recoverable amounts of receivables and deferred taxes, initial valuations and related amortization periods of deferred costs and intangibles, allocations of the Predecessors' property and asset management costs to the THHC Businesses, impairment of long-lived assets, valuation of debt of emerged entities and cost ratios and completion percentages used for land sales. Actual results could differ from these and other estimates.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 3 INTANGIBLES

Intangible Assets and Liabilities

The following table summarizes our intangible assets and liabilities:

	<u>Gross Asset (Liability)</u>	<u>Accumulated (Amortization)/ Accretion</u>	<u>Net Carrying Amount</u>
	(In thousands)		
As of December 31, 2009			
Tenant leases:			
In-place value	\$ 13,063	\$ (10,875)	\$ 2,188
Above-market	2,323	(1,883)	440
Below-market	(86)	72	(14)
Ground leases:			
Above-market	(16,968)	2,425	(14,543)
Below-market	23,096	(1,739)	21,357
As of December 31, 2008			
Tenant leases:			
In-place value	\$ 18,062	\$ (15,033)	\$ 3,029
Above-market	2,858	(2,052)	806
Below-market	(125)	97	(28)
Ground leases:			
Above-market	(16,968)	1,367	(15,601)
Below-market	23,096	(1,400)	21,696

Changes in gross asset (liability) balances in 2009 are the result of the allocation of provisions for impairment (Note 2) and our policy of writing off fully amortized intangible assets.

The gross asset balances of the in-place value of tenant leases are included in Buildings and equipment in our Combined Balance Sheets. Acquired in-place at-market tenant leases are amortized over periods that approximate the related lease terms. The above-market and below-market tenant and ground leases are included in Prepaid expenses and other assets and Accounts payable and accrued expenses as detailed in Note 10. Above and below-market lease values are amortized over the remaining non-cancelable terms of the respective leases.

Amortization/accretion of these intangible assets and liabilities, and similar assets and liabilities from our Real Estate Affiliates at our share, decreased our income (excluding the impact of noncontrolling interest and the provision for income taxes) by \$0.3 million in 2009, \$1.4 million in 2008 and \$6.7 million in 2007.

Future amortization, including our share of such items from Real Estate Affiliates, is estimated to decrease income (excluding the impact of noncontrolling interest and the provision for income taxes) by \$0.8 million in 2010, \$0.5 million in 2011, \$0.3 million in 2012, \$0.2 million in 2013 and \$0.1 million in 2014.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 4 DISCONTINUED OPERATIONS AND LOSS ON DISPOSITION OF INTEREST IN PROPERTY

On December 21, 2009, we sold one office building (which, although located in Woodlands Texas, was owned separately from the Woodlands Partnerships) totaling approximately 38,400 square feet and 4.1995 acres of land for a total sales price of \$2.0 million, resulting in a total loss of \$0.9 million.

We evaluated the operations of this property pursuant to the requirements of the generally accepted accounting principles related to business combinations and concluded that the operations of this office building did not materially impact the prior period results and therefore have not reported any prior operations of this property as discontinued operations in the accompanying combined financial statements.

NOTE 5 REAL ESTATE AFFILIATES

We own noncontrolling investments in The Woodlands Partnerships and Circle T. We share in the profits and losses, cash flows and other matters relating to our investments in such Real Estate Affiliates in accordance with our respective ownership percentages. Our unaffiliated joint venture partners manage the properties owned by these joint ventures. As we have joint interest and control of these ventures with our venture partners, we account for these joint ventures using the equity method.

As of December 31, 2009, approximately \$377.9 million of indebtedness was secured by the properties owned by our Real Estate Affiliates, our share of which was approximately \$198.4 million. There can be no assurance that we will be able to refinance or restructure such debt (including the \$171.2 million of debt maturing in 2010) on acceptable terms or otherwise, or that joint venture operations or contributions by us and/or our partners will be sufficient to repay such loans.

Circle T recorded a \$38.1 million provision for impairment related to the properties and we recorded a \$10.6 million provision for impairment with respect to our investment in such joint venture, for the year ended December 31, 2009 based on a projected sales price analysis incorporating available market information and other management assumptions. Such impairment charges are included in equity in income (loss) from Real Estate Affiliates in our combined financial statements.

Condensed Combined Financial Information of Certain Real Estate Affiliates

We own a 52.5% economic interest in The Woodlands Partnerships. The Woodlands Partnerships include the venture developing the master planned community known as The Woodlands (whose operations are included in the Master Planned Communities segment) and also hold the beneficial interests in other commercial real estate within the Woodlands community, including the conference center (whose operations are reflected in the Strategic Development segment), all located near Houston, Texas. The remaining 47.5% economic interests in The Woodlands Partnerships are owned by Morgan Stanley Real Estate Fund II, L.P., a majority owned subsidiary of which provides all the management services for The Woodlands Partnerships.

We own a 50% interest in the two Circle T ventures with AIL Investment, LP, an investment partnership owned by Hillwood Development Company of Dallas, Texas. When developed, Circle T Ranch is envisioned to be a 1 million square foot, open-air regional mall and Circle T Power Center would be a 750,000 square feet big-box retail complex.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 5 REAL ESTATE AFFILIATES (Continued)

As The Woodlands Partnerships and Circle T are accounted for on the equity method, the following summarized financial information as of December 31, 2009 and 2008 and for the years ended December 31, 2009, 2008 and 2007 is presented below:

	December 31, 2009	December 31, 2008
(In thousands)		
Condensed Combined Balance Sheets—Real Estate Affiliates		
Assets:		
Land	\$ 31,077	\$ 27,809
Buildings and equipment	207,051	170,813
Less accumulated depreciation	(73,866)	(71,307)
Developments in progress	55,996	131,661
Net property and equipment	220,258	258,976
Investment property and property held for development and sale	266,253	282,636
Net investment in real estate	486,511	541,612
Cash and cash equivalents	35,569	52,888
Accounts and notes receivable, net	66,460	20,630
Deferred expenses, net	1,189	2,243
Prepaid expenses and other assets	40,561	103,333
Total assets	<u>\$ 630,290</u>	<u>\$ 720,706</u>
Liabilities and Owners' Equity:		
Mortgages, notes and loans payable	\$ 377,964	\$ 443,379
Accounts payable, accrued expenses and other liabilities	107,700	125,022
Owners' equity	144,626	152,305
Total liabilities and owners' equity	<u>\$ 630,290</u>	<u>\$ 720,706</u>
Investment In and Loans To/From Real Estate Affiliates, Net:		
Owners' equity	\$ 144,626	\$ 152,305
Less joint venture partners' equity	(69,147)	(73,744)
Capital or basis differences and loans	65,079	91,324
Investment in and loans to/from Real Estate Affiliates, net	<u>\$ 140,558</u>	<u>\$ 169,885</u>

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 5 REAL ESTATE AFFILIATES (Continued)

	Years Ended December 31,		
	2009	2008	2007
	(In thousands)		
Condensed Combined Statements of Income (Loss)—Real Estate Affiliates			
Revenues:			
Minimum rents	\$ 21,713	\$ 19,779	\$ 15,136
Land sales	72,367	137,504	161,938
Other	62,762	80,360	210,723
Total revenues	<u>156,842</u>	<u>237,643</u>	<u>387,797</u>
Expenses:			
Real estate taxes	1,314	1,180	686
Repairs and maintenance	4,778	2,985	1,827
Other property operating costs	72,607	86,968	114,936
Land sales operations	60,717	81,833	91,539
Provisions for impairment	38,082	—	—
Depreciation and amortization	10,004	8,075	9,500
Total expenses	<u>187,502</u>	<u>181,041</u>	<u>218,488</u>
Operating (loss) income	<u>(30,660)</u>	<u>56,602</u>	<u>169,309</u>
Interest income	1,265	814	1,246
Interest expense	(6,905)	(11,297)	(17,999)
Benefit from (provision for) income taxes	678	(1,575)	(5,955)
(Loss) income from continuing operations	<u>(35,622)</u>	<u>44,544</u>	<u>146,601</u>
Net (loss) income attributable to joint venture partners	<u>\$ (35,622)</u>	<u>\$ 44,544</u>	<u>\$ 146,601</u>
Equity In Income (Loss) of Real Estate Affiliates:			
Net (loss) income attributable to joint venture partners	\$ (35,622)	\$ 44,544	\$ 146,601
Joint venture partners' share of loss (income)	17,874	(21,157)	(69,638)
Amortization of capital or basis differences	(10,461)	119	(8,512)
Equity in (loss) income of Real Estate Affiliates	<u>\$ (28,209)</u>	<u>\$ 23,506</u>	<u>\$ 68,451</u>

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 6 MORTGAGES, NOTES AND LOANS PAYABLE

Mortgages, notes and loans payable are summarized as follows (see Note 12 for the maturities of our long term commitments):

	December 31, 2009	December 31, 2008
(In thousands)		
Fixed Rate debt:		
Collateralized mortgages, notes and loans payable	\$ 342,833	\$ 354,803
Variable Rate debt:		
Collateralized mortgages, notes and loans payable	—	3,664
Total Mortgages, notes and loans payable	342,833	358,467
Less: Mortgages, notes and loans payable subject to compromise	(133,973)	—
Total mortgages, notes and loans payable not subject to compromise	\$ 208,860	\$ 358,467

As previously discussed, on April 16 and 22, 2009, the Debtors filed voluntary petitions for relief under Chapter 11, which triggered defaults on substantially all debt obligations of the Debtors. However, under section 362 of Chapter 11, the filing of a bankruptcy petition automatically stays most actions against the debtor's estate. Absent an order of the Bankruptcy Court, these pre-petition liabilities are subject to settlement under a plan of reorganization, and therefore are presented as Liabilities subject to compromise on the Combined Balance Sheet as of December 31, 2009. Of the total amount of debt presented above, \$208.9 million is not subject to compromise, consisting of the collateralized mortgages of the THHC Debtors that emerged from bankruptcy as of December 31, 2009. Also, as discussed in Note 1, \$68.5 million of mortgages of the Emerged Debtors were reflected as subject to compromise at December 31, 2009 as the effective dates of their plans of reorganization did not occur as of December 31, 2009. Such mortgage loan amounts will be reclassified to be reflected as not subject to compromise in 2010. The remaining debt subject to compromise at December 31, 2009 is expected to be reinstated or repaid as provided by the Plan.

As of December 31, 2009, as described in Note 1, plans of reorganization for the Emerged Debtors, associated with approximately \$146.8 million of mortgage debt, were effective. The Emerged Plans for such Emerged Debtors provided for, in exchange for payment of certain extension fees and cure of previously unpaid amounts due on the applicable mortgage loans (primarily, principal amortization otherwise scheduled to have been paid since the Petition Date), the extension of the secured mortgage loans at previously existing non-default interest rates. As a result of the extensions, weighted average remaining duration of the secured loans associated with these properties is 4.61 years. In conjunction with these extensions, certain financial and operating covenants were agreed to or reinstated. With respect to those loans and THHC Debtors that remain in bankruptcy at December 31, 2009, we are currently recognizing interest expense on our loans based on contract interest rate payments rates in effect prior to bankruptcy as the Bankruptcy Court has ruled that such contract rates constitutes adequate protection to the secured lenders. In addition, our Chapter 11 Cases have stayed the enforcement of the default provisions of certain covenants with respect to the Remaining THHC Debtors.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 6 MORTGAGES, NOTES AND LOANS PAYABLE (Continued)

Collateralized Mortgages, Notes and Loans Payable

As of December 31, 2009, \$315.8 million of land, buildings and equipment and developments in progress (before accumulated depreciation) have been pledged as collateral for our mortgages, notes and loans payable. Substantially all of the \$342.8 million of fixed and variable rate secured mortgage notes and loans payable are non-recourse. In addition, certain mortgage loans as of December 31, 2009 contain other credit enhancement provisions which have been provided by the TopCo Debtors upon which GGP does not expect to perform during the pendency of the Chapter 11 Cases. These security or credit enhancement provisions are to be modified pursuant to the Plan, including, among other things, to substitute us for GGP. Certain mortgage notes payable may be prepaid but are generally subject to a prepayment penalty equal to a yield-maintenance premium, defeasance or a percentage of the loan balance.

Letters of Credit and Surety Bonds

We had outstanding letters of credit and surety bonds of \$76.5 million as of December 31, 2009 and \$109.0 million as of December 31, 2008. These letters of credit and bonds were issued primarily in connection with insurance requirements, special real estate assessments and construction obligations.

NOTE 7 INCOME TAXES

Although GGP operated as a REIT, certain of the THHC Businesses operated as taxable REIT subsidiaries. Given the overall make-up of the THHC Businesses, particularly the business of our Master Planned Communities segment, we will not elect to be treated as a REIT and thus will generally be taxed as a C corporation. However, one of our combined entities, Victoria Ward, Ltd. ("Ward", substantially all of which is owned by us) elected to be taxed as a REIT under sections 856-860 of the Internal Revenue Code of 1986, as amended (the "Code"), commencing with the taxable year beginning January 1, 2002. To qualify as a REIT, Ward must meet a number of organizational and operational requirements, including requirements to distribute at least 90% of its ordinary taxable income and to distribute to stockholders or pay tax on 100% of capital gains and to meet certain asset and income tests. Ward has satisfied such REIT distribution requirements for 2009.

As a REIT, Ward will generally not be subject to corporate level Federal income tax on taxable income distributed currently to its stockholders. If Ward fails to qualify as a REIT in any taxable year, it will be subject to Federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for four subsequent taxable years. Even if it qualified for taxation as a REIT, Ward may be subject to certain state and local taxes on its income or property, and to Federal income and excise taxes on undistributed taxable income. In addition, Ward is subject to rules which may impose corporate income tax on certain built-in gains recognized upon the disposition of assets owned by Ward or its qualified REIT subsidiaries where such entities (or other predecessors) had formerly been C corporations. These rules apply only where the disposition occurs within certain specified recognition periods. However, to the extent that any such properties subject to the built-in gain tax are to be sold, Ward intends to utilize tax strategies when prudent, such as dispositions through like-kind exchanges to limit or offset the amount of such gains and therefore the amount of tax paid, although the market climate and our business needs may not allow for such strategies to be implemented.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 7 INCOME TAXES (Continued)

The provision for (benefit from) income taxes for the years ended December 31, 2009, 2008 and 2007 was as follows:

	2009	2008	2007
Current	\$ (849)	\$ 9,514	\$ 42,586
Deferred	(23,120)	(6,811)	(53,229)
Total	<u>\$ (23,969)</u>	<u>\$ 2,703</u>	<u>\$ (10,643)</u>

Income tax expense computed by applying the Federal corporate tax rate for the years ended December 31, 2009, 2008 and 2007 is reconciled to the provision for income taxes as follows:

	2009	2008	2007
Tax at statutory rate on earnings from continuing operations before income taxes	\$ (254,653)	\$ (5,356)	\$ (5,123)
Increase (decrease) in valuation allowances, net.	7,267	1,470	—
State income taxes, net of Federal income tax benefit	(2,728)	476	(5,641)
Tax at statutory rate on REIT earnings (losses) not subject to Federal income taxes	220,836	18,589	6,082
Tax expense (benefit) from change in tax rates, permanent differences and other	257	(11,241)	(1,631)
Tax benefit from Private REIT/TRS restructuring	—	—	(7,433)
Expiration of capital loss carryforwards	3,726	—	—
Uncertain tax position expense, excluding interest	—	200	(532)
Uncertain tax position interest, net of Federal income tax benefit	1,326	(1,435)	3,635
Income tax expense (benefit)	<u>\$ (23,969)</u>	<u>\$ 2,703</u>	<u>\$ (10,643)</u>

Realization of a deferred tax benefit is dependent upon generating sufficient taxable income in future periods. Our net operating loss carryforwards are currently scheduled to expire in subsequent years through 2030. Some of the net operating loss carryforward amounts are subject to annual limitations under Section 382 of the Code. This annual limitation under Section 382 is subject to modification if a taxpayer recognizes what are called "built-in gain items." It is possible that the Company could, in the future, experience a change in control pursuant to Section 382 that could put additional limits on the benefit of deferred tax assets.

The amounts and expiration dates of operating loss and tax credit carryforwards for tax purposes for the TRS's are as follows:

	Amount (In thousands)	Expiration Dates
Net operating loss carryforwards—Federal	\$ 61,868	2023 - 2030
Net operating loss carryforwards—State	11,862	2010 - 2030
Tax credit carryforwards—Federal AMT	847	n/a

As of December 31, 2009 and 2008, the Company had gross deferred tax assets totaling \$200.8 million and \$178.0 million, and gross deferred tax liabilities of \$975.0 million and \$971.3 million,

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 7 INCOME TAXES (Continued)

respectively. We have established a valuation allowance in the amount of \$8.7 million and \$1.5 million as of December 31, 2009 and 2008, respectively, against certain deferred tax assets for which it is more likely than not that such deferred tax assets will not be realized.

The tax effects of temporary differences and carryforwards included in the net deferred tax liabilities at December 31, 2009 and 2008 are summarized as follows:

	2009	2008
Property Associated with Master Planned Communities, primarily differences in the tax basis of land assets and treatment of interest and other costs	\$ (704,541)	\$ (714,409)
Operating Property, primarily differences in basis of assets and liabilities	30,524	14,667
Deferred income	(270,382)	(256,921)
Interest deduction carryforwards	142,073	142,073
Operating loss and tax credit carryforwards	28,246	21,241
Valuation allowance	(8,737)	(1,471)
Net deferred tax liabilities	<u>\$ (782,817)</u>	<u>\$ (794,820)</u>

The deferred tax liability associated with the master planned communities is largely attributable to the difference between the basis and value determined as of the date of the acquisition by the Predecessors of The Rouse Company ("TRC") in 2004 adjusted for sales that have occurred since that time. The cash cost related to this deferred tax liability is dependent upon the sales price of future land sales and the method of accounting used for income tax purposes. The deferred tax liability related to deferred income is the difference between the income tax method of accounting and the financial statement method of accounting for prior sales of land in our Master Planned Communities.

Although we believe our tax returns are correct, the final determination of tax examinations and any related litigation could be different than what was reported on the returns. In the opinion of management, we have made adequate tax provisions for years subject to examination. Generally, we are currently open to audit under the statute of limitations by the Internal Revenue Service for the years ending December 31, 2005 through 2009 and are open to audit by state taxing authorities for years ending December 31, 2004 through 2009.

Two of our subsidiaries are subject to IRS audit for the years ended December 31, 2007 and December 31, 2008, and in connection with such audits, the IRS has proposed changes resulting in \$148.2 million of additional tax. We have disputed the proposed changes and it is the Company's position that the tax law in question has been properly applied and reflected in the 2007 and 2008 returns for these two subsidiaries. We are currently considering a settlement offer from the IRS and cannot predict when these audits will be resolved. We have previously provided for the additional taxes sought by the IRS, through our uncertain tax position liability or deferred tax liabilities. Although we believe our tax returns are correct, the final determination of tax examinations and any related litigation could be different than what was reported on the returns. In the opinion of management, we have made adequate tax provisions for years subject to examination.

On January 1, 2007, we adopted a generally accepted accounting principle related to accounting for uncertainty in income taxes, which prescribes a recognition threshold that a tax position is required to meet before recognition in the financial statements and provides guidance on derecognition,

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 7 INCOME TAXES (Continued)

measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition issues.

At January 1, 2007, we had total unrecognized tax benefits of \$64.1 million, excluding accrued interest, of which none would impact our effective tax rate. These unrecognized tax benefits increased our income tax liabilities by \$0.4 million, and cumulatively reduced retained earnings by \$0.4 million. As of January 1, 2007, we had accrued interest of \$4.1 million related to these unrecognized tax benefits and no penalties. Prior to adoption of the generally accepted accounting principle related to accounting for uncertainty in income taxes, we did not treat either interest or penalties related to tax uncertainties as part of income tax expense. With the adoption of the generally accepted accounting principle related to accounting for uncertainty in income taxes, we have chosen to change this accounting policy. As a result, we will recognize and report interest and penalties, if necessary, within our provision for income tax expense from January 1, 2007 forward. We recognized potential interest expense (benefit) related to the unrecognized tax benefits of \$2.0 million, \$(2.2) million and \$5.6 million for the years ended December 31, 2009, 2008 and 2007, respectively. At December 31, 2009, we had total unrecognized tax benefits of \$56.5 million, excluding interest, of which none would impact our effective tax rate.

	<u>2009</u>	<u>2008</u>	<u>2007</u>
	(In thousands)		
Unrecognized tax benefits, opening balance	\$ 69,665	\$ 69,967	\$ 64,145
Gross increases—tax positions in prior period	41	—	—
Gross increases—tax positions in current period	—	3,247	6,270
Gross decreases—tax positions in prior period	(13,198)	(3,549)	(448)
Unrecognized tax benefits, ending balance	<u>\$ 56,508</u>	<u>\$ 69,665</u>	<u>\$ 69,967</u>

Based on our assessment of the expected outcome of existing examinations or examinations that may commence, or as a result of the expiration of the statute of limitations for specific jurisdictions, it is reasonably possible that the related unrecognized tax benefits, excluding accrued interest, for tax positions taken regarding previously filed tax returns will materially change from those recorded at December 31, 2009. A material change in unrecognized tax benefits could have a material effect on our statements of income and comprehensive income. As of December 31, 2009, there is approximately \$56.5 million of unrecognized tax benefits, excluding accrued interest, which due to the reasons above, could significantly increase or decrease during the next twelve months.

Earnings and profits, which determine the taxability of dividends to stockholders, differ from net income reported for financial reporting purposes due to differences for Federal income tax reporting purposes in, among other things, estimated useful lives, depreciable basis of properties and permanent and temporary differences on the inclusion or deductibility of elements of income and deductibility of expense for such purposes.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 8 RENTALS UNDER OPERATING LEASES

We receive rental income from the leasing of retail and other space under operating leases. The minimum future rentals based on operating leases of our combined properties held as of December 31, 2009 are as follows:

<u>Year</u>	<u>Total Minimum Rent</u> (in thousands)
2010	\$ 43,030
2011	36,053
2012	31,531
2013	26,247
2014	21,231
Subsequent	71,656

Minimum future rentals exclude amounts which are payable by certain tenants based upon a percentage of their gross sales or as reimbursement of operating expenses and amortization of above and below-market tenant leases. Such operating leases are with a variety of tenants, the majority of which are national and regional retail chains and local retailers, and consequently, our credit risk is concentrated in the retail industry.

NOTE 9 TRANSACTIONS WITH GGP AND OTHER GGP SUBSIDIARIES

Intercompany Transactions

As described in Note 2, the accompanying combined financial statements present the operations of the THHC Businesses as carved-out from the consolidated financial statements of GGP. Transactions between the THHC Businesses have been eliminated in the combined presentation. Also as described in Note 2, an allocation of certain centralized GGP costs incurred for activities such as employee benefit programs, property management and asset management functions, centralized treasury, payroll and administrative functions have been made to the property operating costs of THHC Businesses. Transactions between the THHC Businesses and GGP or other GGP subsidiaries (for example, for rental income from GGP) have not been eliminated except that end-of-period intercompany balances between GGP and the THHC Businesses have been considered elements of THHC equity.

Incentive Stock Plans

Prior to the Chapter 11 Cases, the Predecessors granted qualified and non-qualified stock options and restricted stock to certain GGP officers and key employees whose compensation costs related specifically to our assets. Accordingly, an allocation of stock-based compensation costs pertaining to such employees has been reflected in our combined financial statements for the applicable periods. A similar equity incentive plan is expected to be in place for our employees after the Effective Date.

Pursuant to the Plan, each outstanding option to acquire shares of GGP stock will be converted into (i) an option to acquire the same number of shares of common stock of reorganized GGP and (ii) a separate option to acquire approximately 0.0983 shares of our common stock for each existing option for one share of GGP common stock. The replacement options will have the same terms and conditions as the outstanding GGP Options. As of the Effective Date, we expect 507,307 shares of our common stock to be issuable upon exercise of the THHC Options. The exercise price per share of a THHC Option that is converted from a GGP Option shall be computed based upon the relative trading

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 9 TRANSACTIONS WITH GGP AND OTHER GGP SUBSIDIARIES (Continued)

prices of our common stock and reorganized GGP's common stock during the last ten-day trading period ending on or before the sixtieth calendar day following the Effective Date. As the majority of the current outstanding options to acquire shares of GGP have an exercise price in excess of the current trading price of GGP stock, we do not expect that such outstanding options for our stock to be materially dilutive as of the Effective Date. In addition, with respect to certain of the currently outstanding GGP options, the Plan provides that the holders of such options will be given the alternative of receiving, in cash, the excess of the highest reported share price of GGP stock during the sixty day period prior to the Effective Date over the exercise price of such option, and, accordingly, the amount of THHC common stock issuable on the Effective Date as a result of the currently outstanding GGP options will be less than the 507,307 shares to the extent such alternative is elected.

Stock-Based Compensation Expense

The Predecessors evaluated stock-based compensation expense in accordance with the generally accepted accounting principles related to share-based payments, which requires companies to estimate the Fair Value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of an award to our employees that is ultimately expected to vest is recognized as expense over the requisite service periods in the Combined Statements of Loss and Comprehensive Loss. The compensation expense for employees specifically attributed to the THHC Businesses have been included in the accompanying combined financial statements.

NOTE 10 OTHER ASSETS AND LIABILITIES

The following table summarizes the significant components of prepaid expenses and other assets.

	December 31, 2009	December 31, 2008
	(In thousands)	
Special Improvement District receivable	\$ 48,713	\$ 51,314
Receivables—other	37,355	36,231
Below-market ground leases (Note 2)	21,357	21,696
Prepaid expenses	9,465	11,562
Security and escrow deposits	9,487	9,784
Other	8,668	8,810
	<u>\$ 135,045</u>	<u>\$ 139,397</u>

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 10 OTHER ASSETS AND LIABILITIES (Continued)

The following table summarizes the significant components of accounts payable and accrued expenses.

	December 31, 2009	December 31, 2008
(In thousands)		
Construction payable	\$ 108,437	\$ 123,659
Uncertain tax position liability	66,129	77,245
Payables to GGP*	30,359	28,450
Accounts payable and accrued expenses	23,087	31,791
Above-market ground leases (Note 3)	14,543	15,601
Deferred gains/income	9,045	5,422
Insurance reserve	5,640	5,868
Accrued real estate taxes	4,548	4,040
Tenant and other deposits	4,322	5,672
Accrued interest	3,816	1,684
Accrued payroll and other employee liabilities	2,754	1,343
Other	3,377	4,079
Total accounts payable and accrued expenses	276,057	304,854
Less: amounts subject to compromise (Note 2)	(141,866)	—
Accounts payable and accrued expenses not subject to compromise	<u>\$ 134,191</u>	<u>\$ 304,854</u>

* Expected to be eliminated pursuant to the Plan.

NOTE 11 COMMITMENTS AND CONTINGENCIES

In the normal course of business, from time to time, we are involved in legal proceedings relating to the ownership and operations of our properties. In management's opinion, the liabilities, if any, that may ultimately result from such legal actions are not expected to have a material adverse effect on our combined financial position, results of operations or liquidity.

We lease land or buildings at certain properties from third parties. The leases generally provide us with a right of first refusal in the event of a proposed sale of the property by the landlord. Rental payments are expensed as incurred and have, to the extent applicable, been straight-lined over the term of the lease. Contractual rental expense, including participation rent, was \$3.5 million in 2009, \$3.7 million in 2008 and \$3.6 million in 2007, while the same rent expense excluding amortization of above and below-market ground leases and straight-line rents, as presented in our combined financial statements, was \$3.6 million in 2009, \$3.8 million in 2008 and \$3.6 million in 2007.

See Note 7 for our obligations related to uncertain tax positions for disclosure of additional contingencies.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 11 COMMITMENTS AND CONTINGENCIES (Continued)

The following table summarizes the contractual maturities of our long-term commitments. Both long-term debt and ground leases include the related purchase accounting Fair Value adjustments:

	2010	2011	2012	2013	2014	Subsequent / Other	Total
	(In thousands)						
Long-term debt-principal(*)	\$ 48,196	\$ 10,130	\$ 3,740	\$ 4,855	\$ 54,975	\$ 86,964	\$ 208,860
Ground lease payments	2,802	2,801	2,809	2,825	2,825	105,921	119,983
Uncertainty in income taxes, including interest	—	—	—	—	—	66,129	66,129
Total	<u>\$ 50,998</u>	<u>\$ 12,931</u>	<u>\$ 6,549</u>	<u>\$ 7,680</u>	<u>\$ 57,800</u>	<u>\$ 259,014</u>	<u>\$ 394,972</u>

(*) Excludes approximately \$134 million of long-term debt-principal that is subject to compromise.

Contingent Stock Agreement

In conjunction with GGP's acquisition of The Rouse Company ("TRC") in November 2004, GGP assumed TRC's obligations under the Contingent Stock Agreement, (the "CSA"). TRC entered into the CSA in 1996 when it acquired The Hughes Corporation ("Hughes"). This acquisition included various assets, including Summerlin (the "CSA Assets"), a commitment in our Master Planned Communities segment. GGP's obligations to the former Hughes owners or their successors (the "Beneficiaries") under the CSA are subject to treatment in accordance with applicable requirements of the bankruptcy law and any plan of reorganization that may be confirmed by the Bankruptcy Court.

Under the terms of the CSA, GGP was required through August 2009 to issue shares of its common stock semi-annually (February and August) to the Beneficiaries with the number of shares to be issued in any period based on cash flows from the development and/or sale of the CSA Assets and GGP's stock price. The Beneficiaries' share of earnings from the CSA Assets has been accounted for in our consolidated financial statements as a land sales operations expense, with the difference between such share of operations and the share of cash flows paid remaining as a contingent obligation. During 2009, GGP was not obligated to deliver any shares of its common stock under the CSA as the net development and sales cash flows were negative for the applicable periods. During 2008, 356,661 shares and during 2007, 698,601 shares of GGP common stock were delivered to the Beneficiaries pursuant to the CSA.

Under the terms of the CSA, GGP was also required to make a final distribution to the Beneficiaries in 2010, following a final valuation of the remaining CSA Assets as of December 31, 2009. The CSA set forth a methodology for establishing this final valuation and required the payment be made in shares of GGP common stock. On August 4, 2010, the Bankruptcy Court entered an order directing the parties to proceed with an expedited appraisal process for the CSA assets and directing the parties to choose an independent appraiser to assist in the valuation process. Although the final payment may be in a range of amounts, we have estimated an amount to satisfy the obligations with respect to the final CSA distribution requirement. Accordingly, as of December 31, 2009, we recorded an incremental intercompany liability from GGP classified in our equity net of the accrued contingent obligation related to the share of previous earnings of the CSA assets, with such amount reflected as additional investment (approximately \$178 million) in the CSA Assets (that is, contingent consideration) which is included in investment property and property held for development and sale.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 11 COMMITMENTS AND CONTINGENCIES (Continued)

The actual amount of the final distribution by GGP to the Beneficiaries remains subject to determination by the Bankruptcy Court.

NOTE 12 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

As of January 1, 2009, we adopted a new generally accepted accounting principle related to business combinations, which will change how business acquisitions are accounted for and will impact our financial statements both on the acquisition date and in subsequent periods.

On June 12, 2009, the FASB issued new generally accepted accounting guidance that amends the consolidation guidance applicable to variable interest entities. The amendments to the consolidation guidance affect all entities and enterprises currently within the scope of the previous guidance and are effective to the Company on January 1, 2010. Although the amendments significantly affected the overall consolidation analysis under previously issued guidance, there was no significant impact to our combined financial statements for this new guidance.

In June 2009, the FASB issued new generally accepted accounting guidance related to the accounting standards codification and the hierarchy of generally accepted accounting principles. The codification's content will carry the same level of authority, effectively superseding previous related guidance. The GAAP hierarchy has been modified to include only two levels of GAAP: authoritative and nonauthoritative. This new guidance was effective for us in the third quarter of 2009.

NOTE 13 SEGMENTS

We have two business segments which offer different products and services. Our segments are managed separately because each requires different operating strategies or management expertise. We do not distinguish or group our combined operations on a geographic basis. Further, all operations are within the United States and no customer or tenant comprises more than 10% of combined revenues. Our reportable segments are as follows:

- Master Planned Communities—includes the development and sale of land, in large-scale, long-term community development projects in and around Columbia, Maryland; Summerlin, Nevada; and Houston, Texas
- Strategic Development—includes the operation, development and management of our land holdings and redevelopment sites, including the current incidental rental property operations (primarily retail and other interests in real estate at such locations) as well as our one residential condominium project located in Natick (Boston), Massachusetts

The operating measure used to assess operating results for our business segments is adjusted earnings before interest, income taxes, depreciation and amortization ("Adjusted EBITDA"). Adjusted EBITDA also excludes reorganization items, strategic initiatives, provisions for impairment and allocation to noncontrolling interests. Management believes that Adjusted EBITDA provides useful information about a property's operating performance.

The accounting policies of the segments are the same as those described in Note 2, except that we report the operations of our Real Estate Affiliates using the proportionate share method rather than the equity method. Under the proportionate share method, our share of the revenues and expenses of our Real Estate Affiliates are aggregated with the revenues and expenses of combined properties.

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 13 SEGMENTS (Continued)

Under the equity method, our share of the net revenues and expenses of our Real Estate Affiliates are reported as a single line item, Equity in income (loss) of Real Estate Affiliates, in our Combined Statements of Loss and Comprehensive Loss. This difference affects only the reported revenues and operating expenses of the segments and has no effect on our reported net earnings. In addition, other revenue includes the Adjusted EBITDA of discontinued operations and is reduced by the Adjusted EBITDA attributable to our noncontrolling interests.

The total cash expenditures for additions to long-lived assets for the Master Planned Communities segment was \$61.2 million for the year ended December 31, 2009, \$147.8 million for the year ended December 31, 2008 and \$216.2 million for the year ended December 31, 2007. Similarly, cash expenditures for long-lived assets for the Strategic Development segment was \$27.7 million for the year ended December 31, 2009, \$314.1 million for the year ended December 31, 2008 and \$144.9 million for the year ended December 31, 2007. Such amounts for the Master Planned Communities segment and the Strategic Development segment are included in the amounts listed as Land/residential development and acquisitions expenditures and Acquisition/development of real estate and property additions/improvements, respectively, in our Combined Statements of Cash Flows.

Segment operating results are as follows:

	Year Ended December 31, 2009		
	Combined Properties	Real Estate Affiliates (In thousands)	Segment Basis
Master Planned Communities			
Land sales	\$ 45,996	\$ 37,993	\$ 83,989
Land sales operations	(49,062)	(33,684)	(82,746)
Master Planned Communities Adjusted EBITDA	(3,066)	4,309	1,243
Strategic Development			
Property revenues:			
Minimum rents	65,653	12,686	78,339
Tenant recoveries	19,642	—	19,642
Overage rents	2,701	—	2,701
Other	2,356	32,950	35,306
Total property revenues	90,352	45,636	135,988
Property operating expenses:			
Real estate taxes	13,813	690	14,503
Property maintenance costs	5,586	2,508	8,094
Marketing	1,071	—	1,071
Other property operating costs	33,739	38,119	71,858
Provision for doubtful accounts	2,539	—	2,539
Property management and other costs	17,643	—	17,643
Total property operating expenses	74,391	41,317	115,708
Strategic Development Adjusted EBITDA	15,961	4,319	20,280
Total Segments Adjusted EBITDA	\$ 12,895	\$ 8,628	\$ 21,523

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 13 SEGMENTS (Continued)

	Year Ended December 31, 2008		
	Combined Properties	Real Estate Affiliates (In thousands)	Segment Basis
Master Planned Communities			
Land sales	\$ 66,557	\$ 72,189	\$ 138,746
Land sales operations	(63,421)	(46,311)	(109,732)
Master Planned Communities Adjusted EBITDA	3,136	25,878	29,014
Strategic Development			
Property revenues:			
Minimum rents	68,441	12,557	80,998
Tenant recoveries	21,592	—	21,592
Overage rents	3,519	—	3,519
Other	12,398	42,189	54,587
Total property revenues	105,950	54,746	160,696
Property operating expenses:			
Real estate taxes	10,418	619	11,037
Property maintenance costs	6,113	1,567	7,680
Marketing	1,530	—	1,530
Other property operating costs	36,584	45,658	82,242
Provision for doubtful accounts	1,174	—	1,174
Property management and other costs	20,656	—	20,656
Total property operating expenses	76,475	47,844	124,319
Strategic Development Adjusted EBITDA	29,475	6,902	36,377
Total Segments Adjusted EBITDA	\$ 32,611	\$ 32,780	\$ 65,391

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 13 SEGMENTS (Continued)

	Year Ended December 31, 2007		
	Combined Properties	Real Estate Affiliates	Segment Basis
	(In thousands)		
Master Planned Communities			
Land sales	\$ 142,360	\$ 85,017	\$ 227,377
Land sales operations	(114,210)	(57,813)	(172,023)
Master Planned Communities Adjusted EBITDA	28,150	27,204	55,354
Strategic Development			
Property revenues:			
Minimum rents	78,209	10,504	88,713
Tenant recoveries	22,449	—	22,449
Overage rents	5,194	—	5,194
Other	12,286	58,218	70,504
Total property revenues	118,138	68,722	186,860
Property operating expenses:			
Real estate taxes	9,824	360	10,184
Property maintenance costs	7,232	959	8,191
Marketing	1,646	—	1,646
Other property operating costs	35,109	60,341	95,450
Provision for doubtful accounts	1,301	—	1,301
Property management and other costs	26,799	—	26,799
Total property operating expenses	81,911	61,660	143,571
Strategic Development Adjusted EBITDA	36,227	7,062	43,289
Total Segments Adjusted EBITDA	\$ 64,377	\$ 34,266	\$ 98,643

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 13 SEGMENTS (Continued)

	Historical		
	Year Ended December 31,		
	2009	2008	2007
Reconciliation of Segment Basis Adjusted EBITDA and EBITDA to GAAP Net (Loss) Income Attributable to GGP			
AEBITDA	\$ 21,523	\$ 65,391	\$ 98,643
Strategic Initiatives	(5,380)	(1,496)	—
Provisions for impairment	(709,990)	(52,511)	(125,879)
Debt extinguishment costs	(9)	—	(618)
Reorganization items	(6,674)	—	—
Discontinued operations gains (losses) on dispositions	(939)	—	41,975
EBITDA	(701,469)	11,384	14,121
Depreciation and amortization	(25,110)	(22,470)	(25,690)
Amortization of deferred finance costs	(916)	(720)	(1,194)
Interest income	2,353	2,341	2,304
Interest expense	(2,999)	(4,914)	(957)
Benefit from (provision for) income taxes	24,325	(3,530)	7,517
Allocation to noncontrolling interests	204	(100)	(101)
Net loss attributable to GGP	<u>\$ (703,612)</u>	<u>\$ (18,009)</u>	<u>\$ (4,000)</u>

The following reconciles segment revenues to GAAP-basis combined revenues:

	Years Ended December 31,		
	2009	2008	2007
	(In thousands)		
Master Planned Communities—Total Segment	\$ 83,989	\$ 138,746	\$ 227,377
Strategic Development—Total Segment	135,988	160,696	186,860
Total Segment revenues	219,977	299,442	414,237
less:			
Woodlands land sales revenues	37,993	72,189	85,017
Strategic Development Real Estate Affiliates revenues	45,636	54,746	68,722
Total combined revenues—GAAP basis	<u>\$ 136,348</u>	<u>\$ 172,507</u>	<u>\$ 260,498</u>

The assets by segment and the reconciliation of total segment assets to the total assets in the combined financial statements at December 31, 2009 and 2008 are summarized as follows:

	December 31,	December 31,
	2009	2008
	(In thousands)	
Master Planned Communities	\$ 2,006,790	\$ 1,908,222
Strategic Development	1,099,394	1,775,769
Total segment assets	3,106,184	3,683,991
Real Estate Affiliates	(330,452)	(376,968)
Corporate and other	129,495	136,933
Total combined assets	<u>\$ 2,905,227</u>	<u>\$ 3,443,956</u>

The Howard Hughes Corporation (formerly Spinco, Inc.)

NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

NOTE 14 QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	2009			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands)			
Total revenues	\$ 28,968	\$ 46,152	\$ 30,260	\$ 30,968
Operating loss(1)	(92,304)	(55,744)	(42,427)	(502,200)
Loss from continuing operations(1)	(85,356)	(57,925)	(24,379)	(535,217)
Loss from discontinued operations	—	—	—	(939)
Net loss attributable to GGP(2)	(85,400)	(57,946)	(24,414)	(535,852)

	2008			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands)			
Total revenues	\$ 38,283	\$ 39,580	\$ 31,919	\$ 62,725
Operating income (loss)	5,229	2,459	(49,555)	2,050
Income (loss) from continuing operations	8,633	8,286	(43,255)	8,427
Net income (loss) attributable to GGP(2)	8,604	8,264	(43,267)	8,390

- (1) Operating loss and loss from continuing operations in the fourth quarter of 2009 were primarily due to provisions for impairment (Note 2) and property level bankruptcy claims. Such losses were partially offset by gains on liabilities subject to compromise (Note 2).
- (2) Earnings (loss) per share for the quarters have not been presented due to 100% of our equity being owned by GGP for all applicable periods.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
General Growth Properties, Inc.
Chicago, Illinois

We have audited the combined financial statements of certain entities that are expected to be transferred to The Howard Hughes Corporation (formerly Spinco, Inc.), an indirect subsidiary of General Growth Properties, Inc., and are under common ownership and common control of General Growth Properties, Inc., (the "THHC Businesses"), as of December 31, 2009 and 2008, and for each of the three years in the period ended December 31, 2009, and have issued our report thereon dated August 24, 2010 (October 21, 2010 as to the effects of The Howard Hughes Corporation name change as described in Note 1 to the combined financial statements) (for which the report on the combined financial statements expresses an unqualified opinion and includes explanatory paragraphs regarding the THHC Businesses' inclusion of allocations of certain operating expenses from General Growth Properties, Inc., the THHC Businesses' bankruptcy proceedings, and the THHC Businesses' ability to continue as a going concern); such combined financial statements and report are included elsewhere in this Form 10. Our audits also included the combined financial statement schedule of the THHC Businesses listed in Item 15 of this Form 10. This combined financial statement schedule is the responsibility of the THHC Businesses' management. Our responsibility is to express an opinion based on our audits. In our opinion, such combined financial statement schedule, when considered in relation to the basic combined financial statements taken as a whole, presents fairly, in all material respects, the information set forth herein.

/s/ Deloitte & Touche LLP

Chicago, Illinois

August 24, 2010 (October 21, 2010 as to the effects of The Howard Hughes Corporation name change as described in Note 1 to the combined financial statements)

SCHEDULE III—REAL ESTATE AND ACCUMULATED DEPRECIATION

DECEMBER 31, 2009

Name of Center	Location	Encumbrances(a)	Initial Cost(b)		Costs Capitalized Subsequent to Acquisition(c)		Gross Amounts at Which Carried at Close of Period(d)			Accumulated Depreciation(e)	Date of Construction	Date Acquired	Life Upon Which Latest Income Statement is Computed
			Land	Buildings and Improvements	Land	Buildings and Improvements	Land	Buildings and Improvements	Total				
Master Planned Communities													
Bridgeland Columbia	Houston, TX Howard County, MD	\$ 29,812	\$ 257,222	\$ —	\$ 130,053	\$ 1,123	\$ 387,275	\$ 1,123	\$ 388,398	\$ 412		2004	(e)
Summerlin	Summerlin, NV	—	457,552	—	(335,898)	66	121,654	66	121,720	6		2004	(e)
Other		52,199	990,179	—	241,532	33	1,231,711	33	1,231,744	2		2004	(e)
		—	—	—	16	—	16	—	16	—			
Total Master Planned Communities		82,011	1,704,953	—	35,703	1,222	1,740,656	1,222	1,741,878	420			
Strategic Development:													
110 N. Wacker	Chicago, IL	44,959	—	29,035	—	4,269	—	33,304	33,304	9,007		1997	(e)
Alameda Plaza	Pocatello, ID	—	740	2,060	—	13	740	2,073	2,813	387		2002	(e)
Century Plaza	Birmingham, AL	—	3,164	28,514	—	(14,290)	3,164	14,224	17,388	6		1997	(e)
Columbia Offices	Howard County, MD	—	1,575	31,431	—	1,084	1,575	32,515	34,090	9,161		2005	(e)
Cottonwood Mall	Salt Lake City, UT	—	7,613	42,987	(4,713)	(25,583)	2,900	17,404	20,304	—		2002	(e)
Cottonwood Square	Salt Lake City, UT	—	1,558	4,339	—	218	1,558	4,557	6,115	847		2002	(e)
Landmark Mall	Alexandria, VA	—	28,396	67,235	(10,038)	(36,664)	18,358	30,571	48,929	—		2003	(e)
Park West	Peoria, AZ	—	16,526	77,548	1	(2,915)	16,527	74,633	91,160	5,301	2008		(e)
Rio West Mall	Gallup, NM	—	—	19,500	—	7,469	—	26,969	26,969	15,239		1986	(e)
Nouvelle at Natick	Natick, MA	—	—	—	1,920	39,898	1,920	39,898	41,818	—			
Riverwalk Marketplace	New Orleans, LA	—	—	94,513	—	(2,397)	—	92,116	92,116	11,324		2004	(e)
South Street Seaport	New York, NY	—	—	10,872	—	(5,382)	—	5,490	5,490	2,416		2004	(e)
Ward Centers	Honolulu, HI	202,997	164,007	89,321	(18,429)	114,151	145,578	203,472	349,050	27,361		2002	(e)
Development in progress, and other		12,866	25,895	—	(21,595)	171,532	4,300	171,532	175,832	4,170			
Total Strategic Development		260,822	249,474	497,355	(52,854)	251,403	196,620	748,758	945,378	85,219			
Total THHC		\$ 342,833	\$1,954,427	\$ 497,355	\$ (17,151)	\$ 252,625	\$1,937,276	\$ 749,980	\$2,687,256	\$ 85,639			

SCHEDULE III—REAL ESTATE AND ACCUMULATED DEPRECIATION (Continued)

NOTES TO SCHEDULE III

- (a) See description of mortgages, notes and other debt payable in Note 6 of Notes to Combined Financial Statements.
- (b) Initial cost for constructed malls is cost at end of first complete calendar year subsequent to opening.
- (c) For retail and other properties, costs capitalized subsequent to acquisitions is net of cost of disposals or other property write-downs. For Master Planned Communities, costs capitalized subsequent to acquisitions are net of land sales.
- (d) The aggregate cost of land, buildings and improvements for federal income tax purposes is approximately \$2.2 billion.
- (e) Depreciation is computed based upon the following estimated lives:

	<u>Years</u>
Buildings, improvements and carrying costs	40-45
Equipment, tenant improvements and fixtures	5-10

	<u>Reconciliation of Real Estate</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
(In thousands)			
Balance at beginning of year	\$ 3,206,436	\$ 2,787,779	\$ 2,609,077
Change in Master Planned Communities land	179,765	191,857	84,394
Additions	238,020	630,868	340,171
Impairments	(680,349)	(52,511)	(125,879)
Dispositions and write-offs	(256,616)	(351,557)	(119,984)
Balance at end of year	<u>\$ 2,687,256</u>	<u>\$ 3,206,436</u>	<u>\$ 2,787,779</u>

	<u>Reconciliation of Accumulated Depreciation</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
(In thousands)			
Balance at beginning of year	\$ 103,293	\$ 101,384	\$ 92,208
Depreciation expense	17,145	15,637	20,883
Dispositions and write-offs	(34,799)	(13,728)	(11,707)
Balance at end of year	<u>\$ 85,639</u>	<u>\$ 103,293</u>	<u>\$ 101,384</u>

Independent Accountants' Report

Executive Committee
TWLDC Holdings, L.P.
The Woodlands, Texas

We have audited the accompanying consolidated balance sheets of TWLDC Holdings, L.P., as of December 31, 2009 and 2008, and the related consolidated statements of earnings, changes in partners' equity and cash flows for the years then ended. These financial statements are the responsibility of The Woodlands Partnerships' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TWLDC Holdings, L.P., as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, in 2009, The Woodlands Partnerships changed its method of accounting for noncontrolling interests in its consolidated financial statements.

/s/ BKD, LLP

Houston, Texas
April 26, 2010

TWLDC Holdings, L.P.

Consolidated Balance Sheets

December 31, 2009 and 2008

(dollars in thousands)

	<u>2009</u>	<u>2008</u>
Assets		
Cash and cash equivalents	\$ 35,766	\$ 52,886
Trade receivables	7,202	16,096
Inventories	583	666
Prepaid and other current assets	3,377	3,178
Notes and contracts receivable, net	78,791	73,283
Real estate, net	474,858	495,173
Other assets	4,943	5,789
Total assets	<u>\$ 605,520</u>	<u>\$ 647,071</u>
Liabilities and Partners' Equity		
Liabilities:		
Accounts payable and accrued liabilities	\$ 25,583	\$ 47,798
Payables to affiliates	2,400	2,525
Credit facility	306,539	306,539
Other debt	71,424	94,550
Notes payable to partners	34,657	28,449
Deferred revenue	61,625	57,345
Other liabilities	7,607	8,830
Total liabilities	<u>509,835</u>	<u>546,036</u>
Partners' equity:		
TWLDC Holdings, L.P. equity	90,517	93,067
Noncontrolling interests	5,168	7,968
Total partners' equity	<u>95,685</u>	<u>101,035</u>
Total liabilities and partners' equity	<u>\$ 605,520</u>	<u>\$ 647,071</u>

See Notes to Consolidated Financial Statements

TWLDC Holdings, L.P.

Consolidated Statements of Earnings

Years Ended December 31, 2009 and 2008

(dollars in thousands)

	2009	2008
Revenues:		
Residential lot sales	\$ 53,585	\$ 92,833
Commercial land sales	12,681	27,590
Hotel and country club operations	38,706	53,148
Other	19,414	17,870
	<u>124,386</u>	<u>191,441</u>
Costs and expenses:		
Residential lot cost of sales	31,968	48,376
Commercial land cost of sales	2,593	7,926
Hotel and country club operations	38,751	47,631
Operating expenses	34,986	36,540
Depreciation and amortization	9,366	7,201
	<u>117,664</u>	<u>147,674</u>
Operating earnings	6,722	43,767
Other (income) expense:		
Interest expense	16,064	24,075
Interest capitalized	(4,988)	(10,050)
Amortization of debt costs	1,930	1,806
Other	(4,966)	(3,590)
	<u>8,040</u>	<u>12,241</u>
Earnings (loss) from continuing operations before income taxes	(1,318)	31,526
Provision (credit) for income taxes	(714)	1,576
Earnings (loss) from continuing operations	<u>(604)</u>	<u>29,950</u>
Discontinued operations:		
Gain from disposal of discontinued operations	1,819	12,225
Gain (loss) from operations of discontinued components, net of tax benefit (expense) of \$37 and \$-0- in 2009 and 2008, respectively	1,830	(2,565)
Gain from discontinued operations	<u>3,649</u>	<u>9,660</u>
Net earnings	3,045	39,610
Less: Net earnings attributable to the noncontrolling interests	(5,595)	(2,082)
Net earnings (loss) attributable to TWLDC Holdings, L.P.	<u>\$ (2,550)</u>	<u>\$ 37,528</u>

See Notes to Consolidated Financial Statements

TWLDC Holdings, L.P.

Consolidated Statements of Changes in Partners' Equity

Years Ended December 31, 2009 and 2008

(dollars in thousands)

	TWLDC Holdings, L.P.	Noncontrolling Interests	Total
Balance, January 1, 2008	\$ 55,539	\$ 5,886	\$ 61,425
Net earnings	37,528	2,082	39,610
Balance, December 31, 2008	93,067	7,968	101,035
Distribution to noncontrolling interest	—	(8,395)	(8,395)
Net earnings (loss)	(2,550)	5,595	3,045
Balance, December 31, 2009	<u>\$ 90,517</u>	<u>\$ 5,168</u>	<u>\$ 95,685</u>

See Notes to Consolidated Financial Statements

TWLDC Holdings, L.P.

Consolidated Statements of Cash Flows

Years Ended December 31, 2009 and 2008

(dollars in thousands)

	2009	2008
Operating Activities		
Net earnings	\$ 3,045	\$ 39,610
Adjustments to reconcile net earnings to cash provided by operating activities:		
Cost of land sold	34,561	56,302
Land development capital expenditures	(18,493)	(48,105)
Depreciation and amortization	10,005	8,528
Amortization of debt costs	2,050	2,025
Gain on disposal of discontinued operations	(1,819)	(12,225)
Increase (decrease) in notes and contracts receivable	1,840	(932)
Other liabilities and deferred revenue	(25)	6,443
Other	2,286	(6,369)
Changes in operating assets and liabilities:		
Trade receivables, inventories and prepaid assets	8,761	(2,036)
Other assets	(1,139)	(3,707)
Accounts payable, accrued liabilities and net payables with affiliates	(16,115)	258
Net cash provided by operating activities	<u>24,957</u>	<u>39,792</u>
Investing Activities		
Distribution from equity investee	—	4,300
Capital expenditures	(44,600)	(110,312)
Proceeds from sales of assets	34,044	80,498
Net cash used in investing activities	<u>(10,556)</u>	<u>(25,514)</u>
Financing Activities		
Distributions to noncontrolling interest	(8,395)	—
Debt borrowings	8,095	118,629
Debt repayments	(31,221)	(119,665)
Net cash used in financing activities	<u>(31,521)</u>	<u>(1,036)</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>(17,120)</u>	<u>13,242</u>
Cash and Cash Equivalents, Beginning of Year	52,886	39,644
Cash and Cash Equivalents, End of Year	<u>\$ 35,766</u>	<u>\$ 52,886</u>
Supplemental disclosure of cash flow information		
Interest paid (net of amount capitalized)	\$ 13,630	\$ 21,472
Federal income tax paid	—	222
Sale of land in exchange for equity interest in Waterway Avenue Partners, L.L.C.	—	10,700

See Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

December 31, 2009 and 2008

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Woodlands Partnerships' real estate activities are concentrated in The Woodlands, a master-planned community located north of Houston, Texas. Consequently, these operations and the associated credit risks may be affected, either positively or negatively, by changes in economic conditions in this geographical area. Activities associated with The Woodlands Partnerships include residential and commercial land sales and the construction, operation and management of office and industrial buildings, apartments, golf courses and a hotel facility.

Principles of Consolidation

TWLDC Holdings, L.P. (Woodlands Development), a Texas limited partnership, is owned by entities controlled by The Rouse Company (Rouse) (which is controlled by General Growth Properties, Inc.) and Morgan Stanley Real Estate Fund II, L.P. (Morgan Stanley). Woodlands Development consolidates a variable interest entity (VIE), TWCPC Holdings, L.P. (Woodlands Commercial), a Texas limited partnership, based on significant debt guarantees provided by Woodlands Development to Woodlands Commercial. Woodlands Commercial consolidates a VIE, The Woodlands Operating Company, L.P. (Woodlands Operating), a Texas limited partnership, from which it receives management and leasing services for its properties. Rouse and Morgan Stanley also own Woodlands Commercial and Woodlands Operating. Woodlands Development, Woodlands Commercial and Woodlands Operating are hereinafter referred to as The Woodlands Partnerships. GGP and Morgan Stanley are limited and general partners of The Woodlands Partnerships.

Also included in the consolidation is The Woodlands Community Facilities Development Corporation, an entity that has \$14,417,000 in assets and \$10,214,000 in debt, all of which is owed to Woodlands Development. The Woodlands Community Facilities Development Corporation's purpose is to promote the health, safety, common good and social welfare of the residents of The Woodlands, Texas, by developing parks, pathways and other amenities. The Woodlands Partnerships also consolidated 10101 Woodloch Forest LLC in which The Woodlands Partnerships and a third party each had a 50 percent interest. The purpose of this entity was to construct and own an office building that is leased by an affiliate of the third party. The noncontrolling member contributed \$6,393,000 in cash to the entity and The Woodlands' partners contributed a total of \$6,393,000 in cash, land and other assets. The building was sold in 2009 and after repayment of the outstanding debt, the noncontrolling member received a distribution of \$8,395,000.

The consolidated financial statements include the accounts of The Woodlands Partnerships and their majority and wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Trade Receivables

Trade receivables are stated at the amount billed to customers. The Woodlands Partnerships provides an allowance for doubtful accounts, which is based on a review of outstanding receivables, historical collection information and existing economic conditions. Trade receivables are ordinarily due 30 days after the issuance of the billing. Accounts past due more than 120 days are considered

Notes to Consolidated Financial Statements (Continued)

December 31, 2009 and 2008

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Real Estate

Real estate assets are stated at cost. Costs associated with the acquisition and development of real estate, including holding costs consisting principally of interest and ad valorem taxes, are capitalized as incurred to the extent the total carrying value of the property does not exceed the estimated fair value of the completed property. Capitalization of such holding costs is limited to properties for which active development continues. Capitalization ceases upon completion of a property or cessation of development activities. Where practicable, capitalized costs are specifically assigned to individual assets; otherwise, costs are allocated based on estimated values of the affected assets. Capitalized real estate taxes and interest costs are amortized over lives which are consistent with the related commercial properties or written off as a component of cost of sales for land.

Pre-development costs, which generally include legal and professional fees and other directly related third-party costs, are capitalized as part of the property being developed. In the event a development is no longer deemed to be probable, the costs previously capitalized are expensed.

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360, *Property, Plant and Equipment*, long-lived assets are reviewed for impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable or the useful life has changed. Assets are evaluated based on their cash flows and profitability, including estimated future operating results, and trends or other determinants of fair value. If the total of the expected future undiscounted cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between the fair value and the carrying value of the asset. For the years ended December 31, 2009 and 2008, no impairments were recognized.

Sales of Real Estate

Earnings from sales of real estate are recognized when a third-party buyer has made an adequate cash down payment and has attained the attributes of ownership. Capitalized cost related to real estate is determined as a specific percentage of the sales revenues recognized for each land development project. The amount capitalized is based on actual costs incurred, total estimated development costs and sales revenues for each project. These estimates are revised annually and are based on the then-current development strategy and operating assumptions utilizing internally developed projections for product type, revenue and related development cost. Capitalized costs are depreciated over the estimated useful life of the asset.

Land Sales

Revenues from land sales are recognized using the full accrual method provided that various criteria relating to the terms of the transactions and our subsequent involvement with the land sold are met. Revenues relating to transactions that do not meet the established criteria are deferred and recognized when the criteria are met or using the installment or cost recovery methods, as appropriate in the circumstances. For land sale transactions in which we are required to perform additional services

Notes to Consolidated Financial Statements (Continued)

December 31, 2009 and 2008

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

and incur significant costs after title has passed, revenues and cost of sales are recognized on a percentage of completion basis.

Cost of land sales is determined as a specified percentage of land sales revenues recognized for each community development project. The cost ratios used are based on actual costs incurred and estimates of development costs and sales revenues to completion of each project. The ratios are reviewed regularly and revised for changes in sales and cost estimates or development plans. Significant changes in these estimates or future development plans, whether due to changes in market conditions or other factors, could result in changes to the cost ratio used for a specific project.

The specific identification method is used to determine cost of sales for certain parcels of land, including acquired parcels we do not intend to develop or for which development is complete at the date of acquisition.

Hotel and Country Club Revenue

Revenue is recognized as services are performed. Hotel revenue primarily represents room rentals and food and beverage sales. Country club revenues primarily represent dues, green fees, cart rentals, and food and beverage sales. Refundable initiation fees are included in deferred revenues on the consolidated balance sheets.

Sales of Commercial Properties

Sales of commercial properties are generally accounted for under the full accrual method. Under that method, gain is not recognized until the collectibility of the sales price is reasonably assured and the earnings process is complete. When a sale does not meet the requirements for income recognition, gain is deferred until those requirements are met. Sales of real estate are accounted for under the percentage-of-completion method when The Woodlands Partnerships have material obligations under sales contracts to provide improvements after the property is sold. Under the percentage-of-completion method, the gain on sale is recognized as the related obligations are fulfilled.

Lease Revenue

Commercial properties are leased to third-party tenants generally involving multi-year terms. These leases are accounted for as operating leases. See Note 3 for further information.

Depreciation

Depreciation of operating assets is recorded on the straight-line method over the estimated useful lives of the assets. Useful lives range predominantly from 15 to 40 years for land improvements and buildings, 3 to 20 years for leasehold improvements, and 3 to 10 years for furniture, fixtures and equipment. Property and equipment are carried at cost less accumulated depreciation.

Advertising

Advertising costs are charged to operations when incurred. For the years ended December 31, 2009 and 2008, advertising costs totaled \$3,995,000 and \$5,424,000, respectively.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009 and 2008

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Deferred Financing Costs

Costs incurred to obtain debt financing are deferred and amortized over the estimated term of the related debt using the interest method.

Income Taxes

The Woodlands Partnerships are not income tax-paying entities and all income and expenses are reported by the partners for tax reporting purposes. No provision for federal income taxes is included in the accompanying consolidated financial statements for these entities, except as follows. Effective March 1, 2002, WECCR GP, a wholly owned subsidiary of Woodlands Operating, elected to be classified as an association taxable as a corporation for federal income tax purposes. Accordingly, a provision for federal income tax has been provided.

Significant changes were made to the Texas franchise tax during the 79th and 80th sessions of the Texas Legislature, whereby the Legislature extended the state franchise tax to partnerships (general, limited and limited liability). In previous years, The Woodlands Partnerships did not pay franchise taxes, since they were organized as partnerships and franchise taxes were not imposed. The revised tax base is based on a taxable entity's margin. The margin tax is calculated at a rate of 1 percent on the lesser of three calculations: a) total revenue less cost of goods sold, b) total revenue less compensation, or c) total revenue times 70 percent. For the years ended December 31, 2009 and 2008, The Woodlands Partnerships recorded margin tax expense of \$835,000 and \$1,367,000, respectively.

The tax returns, the qualification of The Woodlands Partnerships for tax purposes and the amount of distributable partnership income or loss are subject to examination by federal taxing authorities. If such examinations result in changes with respect to partnership qualification or in changes to distributable partnership income or loss, the tax liability of the partners could be changed accordingly. The 2007 and 2008 federal income tax returns are subject to examination by the Internal Revenue Service for three years after they were filed. The 2007 and 2008 state franchise tax returns are subject to examination by the Texas Comptroller for four years after they were filed.

During 2009, The Woodlands Partnerships adopted certain portions of FASB ASC 740, *Income Taxes*, concerning the accounting for uncertain tax positions. The Woodlands Partnerships had no material uncertain tax positions.

Inventories

Inventory is carried at the lower of cost or market and consists primarily of golf-related clothing, equipment sold at golf course pro shops, and food and beverages sold at the hotel facility in The Woodlands. Cost is determined based on a first-in, first-out method.

Cash Equivalents

The Woodlands Partnerships considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2009 and 2008, cash equivalents consisted primarily of money market accounts.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009 and 2008

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

One or more of the financial institutions holding The Woodlands Partnerships' cash accounts are participating in the Federal Deposit Insurance Corporation's (FDIC) Transaction Account Guarantee Program. Under the program, through December 31, 2010, all noninterest-bearing transaction accounts at these institutions are fully guaranteed by the FDIC for the entire amount in the account.

For financial institutions opting out of the FDIC's Transaction Account Guarantee Program or interest-bearing cash accounts, the FDIC's insurance limits increased to \$250,000 effective October 3, 2008. The increase in federally insured limits is currently set to expire December 31, 2013. At December 31, 2009, The Woodlands Partnerships had no cash accounts that exceeded federally insured limits.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

Effective January 1, 2009, The Woodlands Partnerships adopted the guidance in FASB ASC 810-10-65, Transition Related to FASB Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements*, an amendment of ARB 51. Upon adoption, minority interest previously presented in other liabilities on the consolidated balance sheets has been retrospectively reclassified as noncontrolling interests within equity. In addition, the consolidated net earnings presented in the consolidated statements of earnings and consolidated statements of changes in partners' equity have been retrospectively revised to include the net earnings attributable to the noncontrolling interests. Beginning January 1, 2009, losses attributable to the noncontrolling interests will be allocated to the noncontrolling interests even if the carrying amount of the noncontrolling interests is reduced below zero. Any changes in ownership after January 1, 2009, that do not result in a loss of control will be prospectively accounted for as equity transactions.

In May 2009, the FASB issued ASC Topic 855, *Subsequent Events*. Topic 855 establishes general standards of accounting for, and disclosures of, events that occur after the balance sheet date but before financial statements are issued or available to be issued. Financial statements are available to be issued when they are in a format that complies with accounting principles generally accepted in the United States and all approvals necessary for issuance have been given. Topic 855 requires the disclosure of the date through which an entity has evaluated subsequent events and whether that date represents the date the financial statements were issued or were available to be issued. The adoption of Topic 855 did not have a material impact on The Woodlands Partnerships' consolidated financial statements. Subsequent events have been evaluated through April 26, 2010, which is the date the consolidated financial statements were available to be issued.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009 and 2008

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)***Future Accounting Pronouncements***

In June 2009, the FASB issued Accounting Standards Update (ASU) 2009-17, *Consolidations (Topic 810)—Improvements to Financial Reporting by Enterprises Included with Variable Interest Entities*. Topic 810 amends the consolidation guidance applicable to variable interest entities and the definition of a variable interest entity, and requires enhanced disclosures to provide more information about an enterprise's involvement in a variable interest entity. This statement also requires ongoing assessments of whether an enterprise is the primary beneficiary of a variable interest entity. ASU 2009-17 is effective for The Woodlands Partnerships' fiscal year beginning January 1, 2010. The Woodlands Partnerships are currently reviewing the effect of ASU 2009-17 on their consolidated financial statements.

In June 2009, the FASB issued ASC Topic 105, *Generally Accepted Accounting Principles*. Topic 105 establishes the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB that are applied by nongovernmental entities in the preparation of financial statements in conformity with accounting principles generally accepted in the United States. The adoption of Topic 105 did not change generally accepted accounting principles and did not have a material impact on The Woodlands Partnerships' consolidated financial statements.

Reclassifications

Certain reclassifications have been made to the 2008 consolidated financial statements to conform to the 2009 consolidated financial statement presentation. These reclassifications had no effect on net earnings.

Note 2: Notes and Contracts Receivable

Notes receivable are carried at cost, net of discounts. At December 31, 2009 and 2008, Woodlands Development held notes and contracts receivable totaling \$78,791,000 and \$73,283,000, respectively. Included in the notes receivable were amounts related to utility district receivables totaling \$74,491,000 and \$71,585,000 at December 31, 2009 and 2008, respectively. Utility district receivables, the collection of which is dependent on the ability of utility districts in The Woodlands to sell bonds, had a market interest rate of approximately 5.25 percent and 5.50 percent at December 31, 2009 and 2008, respectively. Included in the utility district receivables was a reserve of approximately \$4,278,000 and \$4,290,000 at December 31, 2009 and 2008, respectively. The utility district receivables are analyzed on a monthly basis for valuation and collectibility utilizing a review of outstanding receivables, historical bond issuance information and economic conditions of the various districts located in The Woodlands. Utility district receivables are written off when the receivables are known to be uncollectible. At December 31, 2009 and 2008, the other notes receivable totaled \$4,300,000 and \$1,697,000, respectively. The notes bear interest at an average rate of 3.12 percent and 6.41 percent for the years ended December 31, 2009 and 2008, respectively. Maturities of the notes receivable are \$1,689,000 in 2010, \$1,110,000 in 2013 and \$1,500,000 in 2019.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009 and 2008

Note 3: Real Estate

The following is a summary of real estate at December 31, 2009 and 2008 (in thousands):

	2009	2008
Land	\$ 265,183	\$ 282,900
Commercial properties	258,424	261,146
Equity investments	12,841	13,263
Other assets	12,275	9,171
	<u>548,723</u>	<u>566,480</u>
Accumulated depreciation	(73,865)	(71,307)
	<u>\$ 474,858</u>	<u>\$ 495,173</u>

Land

The principal land development is The Woodlands, a mixed-use, master-planned community located north of Houston, Texas. Residential land is divided into eight villages in various stages of development. Each village has or is planned to contain a variety of housing, neighborhood retail centers, schools, parks and other amenities. Woodlands Development controls the development of the residential communities and produces finished lots for sale to qualified builders. Housing is constructed in a wide range of pricing and product styles.

Commercial land is divided into distinct centers that serve or are planned to serve as locations for office buildings, retail and entertainment facilities, industrial and warehouse facilities, research and technology facilities, and college and training facilities. Woodlands Development produces finished sites for third parties or for its own building development activities.

Commercial Properties

Commercial and industrial properties owned or leased by The Woodlands Partnerships are leased to third-party tenants. Lease terms, including renewal periods, range from 4 to 15 years with an average remaining term of 7 years. Contingent rents include pass-throughs of incremental operating costs. Minimum future lease revenues from noncancellable operating leases and subleases exclude contingent rentals that may be received under certain lease agreements. Tenant rents include rent for noncancellable operating leases, cancelable leases and month-to-month rents and are included in other revenue. For the years ended December 31, 2009 and 2008, tenant rents totaled \$6,145,000 and \$7,480,000, respectively. For the years ended December 31, 2009 and 2008, contingent rents totaled \$1,006,000 and \$1,554,000, respectively. Minimum future lease rentals for 2010 through 2014 and thereafter total \$9,871,000, \$9,358,000, \$8,143,000, \$7,710,000, \$7,044,000 and \$26,320,000, respectively.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009 and 2008

Note 3: Real Estate (Continued)

Properties Held for Sale and Discontinued Operations

A summary of the operations from discontinued operations for the years ended December 31, 2009 and 2008, is as follows (in thousands):

	2009	2008
Revenues	\$ 3,514	\$ 4,647
Operating expenses	(34)	(3,850)
Depreciation	(639)	(1,327)
Interest expense	(533)	(1,303)
Other expense	(441)	(732)
Income tax expense	(37)	—
Net earnings (loss)	<u>\$ 1,830</u>	<u>\$ (2,565)</u>

During 2009, Woodlands Development sold an office building for \$42,000,000, recognized a profit of \$2,054,000 and repaid related debt totaling \$28,513,000. A partnership in which Woodlands Commercial has an interest sold an office building for \$2,000,000. Woodlands Commercial recognized a \$235,000 loss on the transaction. During 2008, Woodlands Development sold an office building for \$85,250,000, recognized a profit of \$12,230,000 and repaid related debt totaling \$45,229,000. Additionally, during 2008, Woodlands Development abandoned the Woodlands Athletic Center operations and facility and recognized a net loss of \$652,000.

Operating results for the assets sold and abandoned are reported as discontinued operations on the consolidated statements of earnings.

Note 4: Equity Method Investments

During 2009 and 2008, The Woodlands Partnerships' principal partnership and corporation interests included the items listed below:

	Ownership and Economic Interest	Nature of Operations
Woodlands Development:		
Stewart Title of Montgomery County, Inc.	50%	Title company
Waterway Avenue Partners, L.L.C.	84%	Apartments
Woodlands Commercial:		
Woodlands Office Equities—'95 Limited	25%	Office building in The Woodlands
FV-93 Limited	50%	Apartments
	(economic interest)	

Other partnerships own various commercial properties, all of which are located in The Woodlands. Woodlands Operating provides various management and leasing services to these affiliated entities. The Woodlands Partnerships' net investment in each of these entities is included in the real estate caption

Notes to Consolidated Financial Statements (Continued)

December 31, 2009 and 2008

Note 4: Equity Method Investments (Continued)

on the consolidated balance sheets and their shares of these entities' pretax earnings is included in other revenues on the consolidated statements of earnings. A summary of The Woodlands Partnerships' net investments as of December 31, 2009 and 2008, and their share of pretax earnings for the years then ended are as follows (in thousands):

	<u>2009</u>	<u>2008</u>
Net investment:		
Waterway Avenue Partners, L.L.C.	\$ 10,376	\$ 10,700
Stewart Title of Montgomery County, Inc.	1,184	1,129
Woodlands Office Equities—'95 Limited	220	1,004
FV-93 Limited	789	788
Woodlands Sarofim #1 Ltd.	—	(629)
Others that own properties in The Woodlands	272	271
	<u>\$ 12,841</u>	<u>\$ 13,263</u>

	<u>2009</u>	<u>2008</u>
Equity in pretax earnings:		
Stewart Title of Montgomery County, Inc.	\$ 404	\$ 498
Woodlands Office Equities—'95 Limited	(97)	100
Waterway Avenue Partners, L.L.C.	(324)	—
Woodlands Sarofim #1 Ltd.	800	82
Others that own properties in The Woodlands	6	6
	<u>\$ 789</u>	<u>\$ 686</u>

Summarized financial statement information (unaudited) for partnerships and a corporation in which The Woodlands Partnerships have an equity ownership interest at December 31, 2009 and 2008, and for the years then ended (in thousands) as follows:

	<u>2009</u>	<u>2008</u>
Assets	\$ 59,619	\$ 47,623
Debt payable to third parties:		
The Woodlands Partnerships' proportionate share:		
Recourse to The Woodlands Partnerships	67	72
Nonrecourse to The Woodlands Partnerships	11,474	3,639
Other parties' proportionate share, of which \$940 was guaranteed by The Woodlands Partnerships	19,071	14,664
Accounts payable and deferred credits	4,772	1,893
Owners' equity	24,235	27,355
Revenues	12,684	13,892
Operating earnings	2,268	3,737
Pretax earnings	1,729	2,916
The Woodlands Partnerships' share of pretax earnings	789	686

Notes to Consolidated Financial Statements (Continued)

December 31, 2009 and 2008

Note 4: Equity Method Investments (Continued)

Woodlands Commercial has guaranteed mortgage debt of its unconsolidated affiliates totaling \$1,007,000 and \$1,142,000 at December 31, 2009 and 2008, respectively. These guarantees reduce in varying amounts through 2011 and would require payments only in the event of default on payment by the respective debtors.

Note 5: Debt

A summary of The Woodlands Partnerships' outstanding debt at December 31, 2009 and 2008, is as shown on the following page (in thousands).

	2009	2008
Senior credit facility	\$ 306,539	\$ 306,539
The Woodlands Conference Center debt	40,000	40,000
Other credit facilities	17,798	38,781
Mortgages payable	13,626	15,769
	<u>\$ 377,963</u>	<u>\$ 401,089</u>

Senior Credit Facility

Woodlands Development and Woodlands Commercial have a bank credit agreement consisting of a \$280,000,000 term loan and a \$70,000,000 revolving credit loan. During 2009, the credit agreement was extended one year to August 2010 and has one remaining one-year extension option. Woodlands Development and Woodlands Commercial paid an \$875,000 extension fee. At December 31, 2009 and 2008, approximately \$43,461,000 was unborrowed under the revolving credit agreements. The interest rate, based on the LIBOR plus a margin, was approximately 2.4 percent and 4.1 percent at December 31, 2009 and 2008, respectively. Interest is paid monthly. Commitment fees, based on 0.25 percent of the unused commitment, totaled \$110,000 and \$126,000 for the years ended December 31, 2009 and 2008, respectively.

The credit agreement contains certain restrictions that, among other things, require the maintenance of specified financial ratios, restrict indebtedness and sale, lease or transfer of certain assets and limit the right of Woodlands Development and Woodlands Commercial to merge with other companies and make distributions to their partners. Certain assets of Woodlands Development and Woodlands Commercial, including cash, receivables and real estate, secure the credit agreement. Mandatory debt maturities for 2010 are \$306,539,000. Payments may be made by Woodlands Development or Woodlands Commercial or both at their option. Principal payments may be required based on certain covenant tests. Prepayments can also be made at the discretion of Woodlands Development and Woodlands Commercial without penalty.

Conference Center Debt

The debt consists of a credit facility related to and secured by The Woodlands Conference Center (the Conference Center). The credit facility has an average interest rate of 3.2 percent and 4.4 percent at December 31, 2009 and 2008, respectively. Interest is paid monthly. The credit facility matures in October 2011 or is required to be repaid upon the sale of the Conference Center.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009 and 2008

Note 5: Debt (Continued)

The Conference Center credit facility contains financial covenants requiring maintenance of minimum debt service coverage and a maximum loan to value ratio. Due to reduced business performance, the debt service coverage ratio at December 31, 2009, was below the minimum 1.40 coverage requirement. The lenders can, among other things, increase the interest rate by 200 basis points and accelerate the loan due date and demand immediate repayment. A default under the Conference Center credit facility is also an event of default under the Senior Credit Facilities and can cause the amounts due under the Senior Credit Facility to be accelerated.

Other Credit Facilities

At December 31, 2009, Town Center Development Company, L.P. (TCDC), a wholly owned subsidiary of Woodlands Development, had two loan commitments totaling \$18,528,000 secured by new commercial construction. At December 31, 2008, TCDC had three loan commitments totaling \$49,203,000. The interest rate, based on the LIBOR plus a margin, was approximately 2.1 percent and 3.3 percent at December 31, 2009 and 2008, respectively. At December 31, 2009 and 2008, the outstanding balance was \$17,798,000 and \$38,781,000, respectively. Mandatory debt maturities are \$13,142,000 for 2010 and \$4,656,000 for 2011.

Derivative Financial Instruments

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, The Woodlands Partnerships have entered into various derivative agreements.

Woodlands Development and Woodlands Commercial entered into an interest rate cap agreement with a commercial bank to reduce the impact of increases in interest rates on their bank credit agreement. The interest rate cap agreement effectively limits the interest rate exposure on a notional amount of \$100,000,000 to LIBOR rates of 6.50 percent. The \$100,000,000 interest rate cap agreement expires in 2010.

Management has designated the interest rate cap agreement as a hedging instrument. However, management has deemed amounts associated with the derivatives and hedging transactions to be immaterial to the consolidated financial statements and, as a result, the agreement has not been reflected in the consolidated financial statements.

Mortgages Payable

The mortgages payable had an average interest rate of 6.4 percent and 6.3 percent at December 31, 2009 and 2008, respectively. Debt maturities for 2010 through 2014 and thereafter total \$6,901,000, \$664,000, \$1,548,000, \$4,412,000, \$-0- and \$101,000, respectively. Mortgages payable are all secured by real estate.

Note 6: Notes Payable to Partners

At December 31, 2009 and 2008, Woodlands Development had notes payable to its partners totaling \$34,657,000 and \$28,449,000, respectively. The notes bear interest at 15 percent. Interest is payable quarterly. All outstanding balances are due in 2012. These notes are subordinate to the bank credit agreement and mortgages payable described previously.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009 and 2008

Note 7: Commitments and Contingencies

Contingent Liabilities

At December 31, 2009 and 2008, The Woodlands Partnerships issued letters of credit in the amount of \$1,166,000 and \$1,169,000, respectively. The letters of credit act as guarantees of payment to third parties in accordance with specific terms and conditions of each letter. The term of these letters of credit is for a period of 12 months from the date of the original agreement.

At December 31, 2009 and 2008, The Woodlands Partnerships guaranteed road bonds in the amount of \$2,132,000 and \$2,382,000, respectively. These guarantees act as a warranty on the roads for a period of 12 months from the date the roads are completed. Under these agreements, The Woodlands Partnerships have guaranteed they will make all repairs necessary to maintain the roads in good condition.

Leases

The Woodlands Partnerships have various noncancellable facilities and equipment lease agreements that provide for aggregate future payments of approximately \$1,463,000. Capital lease obligations are included as other liabilities in the consolidated balance sheets. Below are minimum rental payments for the years subsequent to December 31, 2009 (in thousands).

	<u>Capital Leases</u>	<u>Operating Leases</u>	
	<u>Woodlands Development</u>	<u>Woodlands Operating</u>	<u>Total</u>
2010	\$ 420	\$ 153	\$ 573
2011	415	103	518
2012	231	80	311
2013	36	21	57
2014	4	—	4
	<u>\$ 1,106</u>	<u>\$ 357</u>	<u>\$ 1,463</u>

Rental expense for operating leases for the years ended December 31, 2009 and 2008, was \$3,758,000 and \$3,310,000, respectively.

General Litigation

The Woodlands Partnerships are subject to claims and legal actions arising in the ordinary course of their business and to recurring examinations by the Internal Revenue Service and other regulatory agencies. Management believes, after consultation with outside counsel, that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of The Woodlands Partnerships.

Commitments

As of December 31, 2009, The Woodlands Partnerships had unrecorded development contract commitments outstanding of approximately \$85,289,000.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009 and 2008

Note 8: Related-party Transactions

Woodlands Operating provides services to Woodlands Development and Woodlands Commercial under management and advisory services agreements. These agreements are automatically renewed annually. Woodlands Development and Woodlands Commercial pay Woodlands Operating a management and advisory fee equal to cost plus 3 percent. In addition, they reimburse Woodlands Operating for all costs and expenses incurred on their behalf. For the years ended December 31, 2009 and 2008, Woodlands Operating recorded revenues of \$13,839,000 and \$13,301,000, respectively, for services provided to Woodlands Development and \$1,404,000 and \$1,723,000, respectively, for services provided to Woodlands Commercial. These revenues are eliminated in the accompanying consolidated financial statements.

Woodlands Operating, through WECCR GP, operates the Conference Center (the Facilities), which is owned by Woodlands Commercial. The Facilities consist of a 440-room hotel and conference center. Woodlands Commercial also owned golf course facilities that were sold in May 2007. WECCR GP operates the Facilities and pays Woodlands Commercial rent of \$700,000 per month plus percentage rent based on revenue. For the years ended December 31, 2009 and 2008, rent totaled \$9,866,000 and \$9,653,000, respectively. These amounts are eliminated in the accompanying consolidated financial statements. WECCR GP has contracted with an affiliate of Morgan Stanley to manage the Facilities for a management fee equal to 2.5 percent of cash receipts, as defined in the agreement. During 2009 and 2008, the management fee totaled \$824,000 and \$1,092,000, respectively.

Note 9: Partners' Equity

Rouse's ownership interests in The Woodlands Partnerships are through TWC Land Development L.P. (which owns a 42.5 percent interest in Woodlands Development), TWC Commercial Properties L.P. (which owns a 42.5 percent interest in Woodlands Commercial) and TWC Operating L.P. (which owns a 42.5 percent interest in Woodlands Operating). Morgan Stanley's ownership interests are through MS/TWC Joint Venture and MS TWC, Inc., which own the remaining interests in Woodlands Development, Woodlands Commercial and Woodlands Operating. The partners' percentage interests are summarized on the following page.

	<u>General Partner Interest</u>	<u>Limited Partner Interest</u>
Woodlands Development:		
TWC Land Development L.P.	42.5%	—
MS/TWC Joint Venture	—	56.5%
MS TWC, Inc.	1.0%	—
Woodlands Commercial:		
TWC Commercial Properties L.P.	42.5%	—
MS/TWC Joint Venture	—	56.5%
MS TWC, Inc.	1.0%	—
Woodlands Operating:		
TWC Operating L.P.	42.5%	—
MS/TWC Joint Venture	—	56.5%
MS TWC, Inc.	1.0%	—

Notes to Consolidated Financial Statements (Continued)

December 31, 2009 and 2008

Note 9: Partners' Equity (Continued)

The partnership agreements for each of the partnerships provide, among other things, the following:

- (i) The Woodlands Partnerships are each governed by an Executive Committee composed of equal representation from their respective general partners.
- (ii) Net income and losses from operations are currently allocated based on the payout percentages discussed below.
- (iii) Distributions are made by The Woodlands Partnerships to the partners based on specified payout percentages and include cumulative preferred returns to Morgan Stanley's affiliates. The payout percentage to Morgan Stanley's affiliates is 57.5 percent until the affiliates receive distributions on a consolidated basis equal to their capital contributions and a 12.0 percent cumulative preferred return compounded quarterly. Then, the payout percentage to Morgan Stanley's affiliates is 50.5 percent until the affiliates receive distributions equal to their capital contributions and an 18.0 percent cumulative preferred return compounded quarterly. Thereafter, the payout percentage to Morgan Stanley's affiliates is 47.5 percent. During 2001, Morgan Stanley's affiliates received sufficient cumulative distributions from The Woodlands Partnerships to exceed Morgan Stanley's affiliates' capital contributions plus cumulative returns of 18.0 percent. Accordingly, Morgan Stanley's affiliates are currently receiving a payout percentage of 47.5 percent, and Rouse's affiliates are receiving 52.5 percent from The Woodlands Partnerships.
- (iv) The Woodlands Partnerships will continue to exist until December 31, 2040, unless terminated earlier due to specified events.
- (v) No additional partners may be admitted to The Woodlands Partnerships unless specific conditions in the partnership agreements are met. Partnership interests may be transferred to affiliates of Rouse or Morgan Stanley. Rouse has the right of first refusal to buy the partnership interests of the Morgan Stanley affiliates at the same terms and conditions offered to a third-party purchaser or sell its affiliates' interests to the same third-party purchaser.
- (vi) Rouse and Morgan Stanley have the right to offer to purchase the other partner's affiliates' partnership interests in the event of failure to make specified capital contributions or a specified default by the other. Specified defaults include bankruptcy, breach of partnership covenants, transfer of partnership interests except as permitted by the partnership agreements, and fraud or gross negligence.

Note 10: Fair Value of Financial Instruments

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize

Notes to Consolidated Financial Statements (Continued)

December 31, 2009 and 2008

Note 10: Fair Value of Financial Instruments (Continued)

the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1— Quoted prices in active markets for identical assets or liabilities.

Level 2— Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3— Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the inputs and valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Cash Equivalents

Where quoted market prices are available in an active market, money market funds are classified within Level 1 of the valuation hierarchy. Money market funds are measured at fair value on a recurring basis. Money market funds approximated \$0 and \$46,569,000 at December 31, 2009 and 2008, respectively.

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated balance sheets at amounts other than fair value:

- (i) The carrying value of cash, receivables and payables approximates the estimated fair values of those financial instruments because of the short-term nature of these instruments.
- (ii) Fair values of notes and contracts receivable approximated the carrying value of those financial instruments. Fair values were estimated by discounting future cash flows using interest rates at which similar loans currently could be made for similar maturities to borrowers with comparable credit ratings.
- (iii) Fixed-rate notes payable to partners for Woodlands Development had an estimated fair value of \$29,510,000 and \$28,121,000 at December 31, 2009 and 2008, respectively. Fair values of fixed-rate, long-term debt were based on current interest rates offered to The Woodlands Partnerships for debt with similar remaining maturities.
- (iv) For floating-rate debt obligations, carrying amounts and fair values were assumed to be equal because of the nature of these obligations.
- (v) The carrying amounts of The Woodlands Partnerships' other financial instruments approximate their fair values.

Notes to Consolidated Financial Statements (Continued)

December 31, 2009 and 2008

Note 11: Employee Plans

Defined Contribution Plan

Woodlands Operating has a 401(k) defined contribution plan that is available to all full-time employees who meet specified service requirements. The plan is administered by a third party. Contributions to the plan are based on a match of employee contributions up to a specified limit. For the years ended December 31, 2009 and 2008, Woodlands Operating contributions totaled approximately \$368,000 and \$523,000, respectively.

Supplemental Executive Retirement Plan

Woodlands Operating has deferred compensation arrangements for a select group of management employees that provide the opportunity to defer a portion of their cash compensation. Woodlands Operating's obligations under this plan are unsecured general obligations to pay in the future, the value of the deferred compensation adjusted to reflect the performance of its investments, whether positive or negative, of selected measurement options, chosen by each participant, during the deferral period. Woodlands Operating has established trust accounts on behalf of the participating employees totaling \$912,000 and \$840,000 that are included in other assets at December 31, 2009 and 2008, respectively.

Incentive Plans

Woodlands Operating instituted an incentive compensation plan for certain employees in 2001. The plan is unfunded, and while certain payments are made currently, a portion of these payments is deferred and will be paid based on a vesting period of up to three years. For the years ended December 31, 2009 and 2008, expenses recognized by The Woodlands Partnerships under this plan totaled \$913,000 and \$1,750,000, respectively.

Note 12: Income Taxes

The income tax provision for the years ended December 31, 2009 and 2008, is as follows (in thousands):

	<u>2009</u>	<u>2008</u>
Deferred income tax	\$ (930)	\$ 25
Current income taxes	253	1,551
	<u>\$ (677)</u>	<u>\$ 1,576</u>

Notes to Consolidated Financial Statements (Continued)

December 31, 2009 and 2008

Note 12: Income Taxes (Continued)

The income tax benefit reflected in the consolidated statements of earnings differs from the amounts computed by applying the federal statutory rate of 35 percent to income before income taxes as follows (in thousands):

	2009	2008
Income tax benefit at statutory rate	\$ (1,530)	\$ 201
Texas margin tax	835	1,367
Permanent differences	18	87
NOL carryforward/change to prior year book/tax differences	—	—
Other	—	(79)
	<u>\$ (677)</u>	<u>\$ 1,576</u>

Deferred taxes are provided for the temporary differences between the financial reporting basis and the tax basis of WECCR GP's assets and liabilities and for operating loss carryforwards. Significant components of WECCR GP's net deferred tax asset at December 31, 2009 and 2008, are as shown on the following page.

	2009	2008
Deferred tax assets:		
Net operating loss	\$ 1,032	\$ —
Other	147	249
Deferred tax liabilities	—	—
Net deferred tax asset	<u>\$ 1,179</u>	<u>\$ 249</u>

Topic 740 requires a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Accordingly, management has provided no valuation allowance at December 31, 2009 and 2008.

The net deferred tax assets are included in other assets on the consolidated balance sheets at December 31, 2009 and 2008.

At December 31, 2009, The Woodlands Partnerships had an unused net operating loss carryforward of approximately \$3,000,000, which will expire in 2029.

Note 13: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Municipal Utility District (MUD) Receivables

The State of Texas allows for the creation of MUDs which may reimburse Woodlands Development for construction costs associated with building water distribution and purification systems,

Notes to Consolidated Financial Statements (Continued)

December 31, 2009 and 2008

Note 13: Significant Estimates and Concentrations (Continued)

sewer facilities and drainage facilities. Woodlands Development constructs the facilities and once the MUDs have enough value on the ground (tax base), the MUDs will issue bonds to reimburse Woodlands Development for costs (including interest) according to the Texas Commission on Environmental Quality (the Commission). Woodlands Development estimates the costs which they believe will be eligible for reimbursement as MUD receivables. Periodically, management evaluates these receivable balances and makes adjustments to reflect changes in conditions related to such receivables. Actual receivables could differ from the estimates recorded in these consolidated financial statements.

Cost of Sales Estimates

During development projects, Woodlands Development estimates sales prices on a per lot basis as villages are developed. These sales estimates are then utilized throughout the project to estimate a percentage of cost of sales to be applied when portions of a development are sold. These cost of sales estimates are updated annually based on actual land costs incurred plus estimates to complete the villages.

Senior Credit Facility

As discussed in Note 5, Woodlands Development and Woodlands Commercial have a bank credit agreement with approximately \$306,539,000 due in August 2010. The agreement has one remaining one-year extension option. However, as of April 26, 2010, The Woodlands Partnerships had not obtained a commitment to extend. Inability to extend the existing agreement, or otherwise renegotiate or refinance the agreement, could adversely affect The Woodlands Partnerships future operations.

Impairment Determinations

In accordance with ASC Topic 360, *Property, Plant and Equipment*, The Woodlands Partnerships evaluates its long-lived assets for impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable or the useful life has changed. These assets are evaluated based on their estimated cash flows and profitability, including estimated future operating results, and trends or other determinants of fair value. Actual cash flows, profitability and trends could differ materially from these estimates.

Note 14: Current Economic Conditions

The current protracted economic decline continues to present real estate entities with unprecedented circumstances and challenges, which, in some cases, have resulted in large declines in the fair value of real estate, investments and other assets, declines in occupancy, constraints on liquidity and difficulty obtaining financing. The consolidated financial statements have been prepared using values and information currently available to The Woodlands Partnerships.

Current economic and financial market conditions have led many employers to downsize, relocate or cease operations. Such conditions may significantly impact the rate at which our tenants fulfill or renew existing lease agreements and our ability to fill unoccupied space, which could adversely affect our results of operations in future periods. Additionally, the current instability in the financial markets

Notes to Consolidated Financial Statements (Continued)

December 31, 2009 and 2008

Note 14: Current Economic Conditions (Continued)

may make it difficult for certain builders to obtain financing to fund construction projects. Difficulty in obtaining adequate financing may significantly impact the rate at which builders delay or cancel proposed new construction projects. Such delays or cancellations could also have an adverse impact on The Woodlands Partnership's future operating results.

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the consolidated financial statements could change rapidly, resulting in material future adjustments in real estate values, investment values and allowances for MUD receivables that could negatively impact The Woodlands Partnerships' ability to meet debt covenants or maintain sufficient liquidity.

During 2009, General Growth Properties, Inc. (GGP), filed bankruptcy on certain of its companies. Due to continued weakness in the credit markets, GGP has indicated there can be no assurance they will be able to continue to refinance a substantial amount of debt on acceptable terms or otherwise. Additionally, GGP has experienced downgrades of their debt by national credit agencies, as well as real or perceived declines in the value of their properties based on deteriorating general and retail economic conditions. Due to these conditions, The Woodlands Partnerships may not be able to obtain future contributions or other funding to support its operations, if needed, from Rouse (which is owned by GGP). Management has indicated The Woodlands Partnerships have not received any capital contributions since inception and do not anticipate receiving any in the future.

Note 15: Subsequent Event

The Conference Center credit facility contains financial covenants including maintenance of minimum debt service coverage. Due to reduced business performance, the debt service coverage ratio at December 31, 2009, was below the minimum coverage requirement. In April 2010, the credit facility was amended to waive the coverage requirement for the year ended December 31, 2009, and reduce the minimum debt service coverage requirement through all of 2010 from 1.40x to 1.10x. In order to effect this change, the interest rate on the credit facility was increased and prohibitions were placed on distributions by Woodlands Development and Woodlands Commercial to their partners until certain debt and liquidity levels are met.

Independent Accountants' Report

Executive Committee
TWLDC Holdings, L.P.
The Woodlands, Texas

We have audited the accompanying consolidated balance sheet of TWLDC Holdings, L.P., as of December 31, 2007, and the related consolidated statements of earnings, changes in partners' equity (deficit) and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TWLDC Holdings, L.P., as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ BKD, LLP

Houston, Texas
February 27, 2009

TWLDC Holdings, L.P.

Consolidated Balance Sheet

December 31, 2007

(dollars in thousands)

Assets	
Cash and cash equivalents	\$ 39,644
Trade receivables	13,596
Inventories	746
Prepaid and other current assets	3,613
Notes and contracts receivable, net	72,351
Real estate, net	457,339
Other assets	4,719
Total assets	<u>\$ 592,008</u>
Liabilities and Partners' Equity	
Liabilities:	
Accounts payable and accrued liabilities	\$ 44,014
Payables to affiliates	2,154
Credit facility	291,539
Other debt	110,586
Notes payable to partners	25,000
Deferred revenue	47,634
Other liabilities	15,276
Total liabilities	<u>536,203</u>
Partners' Equity	55,805
Total liabilities and partners' equity	<u>\$ 592,008</u>

See Notes to Consolidated Financial Statements

TWLDC Holdings, L.P.

Consolidated Statement of Earnings

Year Ended December 31, 2007

(dollars in thousands)

Revenues:	
Residential lot sales	\$ 114,253
Commercial land sales	35,470
Hotel and country club operations	52,534
Other	17,907
	<u>220,164</u>
Costs and expenses:	
Residential lot cost of sales	58,865
Commercial land cost of sales	8,609
Hotel and country club operations	48,329
Operating expenses	38,890
Depreciation and amortization	7,876
	<u>162,569</u>
Operating earnings	<u>57,595</u>
Other (income) expense:	
Interest expense	33,552
Interest capitalized	(15,137)
Amortization of debt costs	1,274
Other	(2,154)
	<u>17,535</u>
Earnings from continuing operations before income taxes	40,060
Income taxes	1,972
Earnings from continuing operations	<u>38,088</u>
Discontinued operations:	
Gain from disposal of discontinued operations	102,672
Gain (loss) from operations of discontinued components net of tax expense of \$3,984	934
Gain from discontinued operations	<u>103,606</u>
Net earnings	<u>\$ 141,694</u>

See Notes to Consolidated Financial Statements

TWLDC Holdings, L.P.

Consolidated Statement of Changes in Partners' Equity (Deficit)

Year Ended December 31, 2007

(dollars in thousands)

	TWC Land Development L.P.	TWC Commercial Properties, L.P.	TWC Operating L.P.	MS/TWC Joint Venture	MS TWC, Inc.	Total
Balance (Deficit), January 1, 2007	\$ 37,904	\$ (29,443)	\$ (2,394)	\$ 38,742	\$ 450	\$ 45,259
Distributions	(61,363)	(7,875)	—	(60,599)	(1,311)	(131,148)
Net earnings (loss)	74,510	(2,903)	2,783	65,888	1,416	141,694
Balance (Deficit), December 31, 2007	<u>\$ 51,051</u>	<u>\$ (40,221)</u>	<u>\$ 389</u>	<u>\$ 44,031</u>	<u>\$ 555</u>	<u>\$ 55,805</u>

See Notes to Consolidated Financial Statements

Consolidated Statement of Cash Flows

Year Ended December 31, 2007

(dollars in thousands)

Operating activities	
Net earnings	\$ 141,694
Adjustments to reconcile net earnings to cash provided by operating activities:	
Cost of land sold	67,474
Land development capital expenditures	(57,758)
Depreciation and amortization	9,794
Amortization of debt costs	1,500
Gain on disposal of discontinued operations	(102,672)
Increase in notes and contracts receivable	(15,279)
Other liabilities and deferred revenue	5,529
Other	(972)
Changes in operating assets and liabilities:	
Trade receivables, inventories and prepaid assets	(2,007)
Other assets	2,709
Accounts payable, accrued liabilities and net payables with affiliates	(3,482)
Net cash provided by operating activities	<u>46,530</u>
Investing activities	
Capital expenditures	(69,798)
Proceeds from sales of assets	175,761
Net cash provided by investing activities	<u>105,963</u>
Financing activities	
Distributions to partners	(131,148)
Contributions from partners	5,000
Debt borrowings	23,657
Debt repayments	(59,267)
Net cash used in financing activities	<u>(161,758)</u>
Decrease in cash and cash equivalents	<u>(9,265)</u>
Cash and cash equivalents, beginning of year	48,909
Cash and cash equivalents, end of year	<u>\$ 39,644</u>
Supplemental disclosure of cash flow information	
Interest paid (net of amount capitalized)	\$ 37,359
Federal income tax paid	350

Notes to Consolidated Financial Statements

December 31, 2007

Note 1: Nature of Operations and Summary of Significant Accounting Policies*Nature of Operations*

The Woodlands Partnerships' real estate activities are concentrated in The Woodlands, a master-planned community located north of Houston, Texas. Consequently, these operations and the associated credit risks may be affected, either positively or negatively, by changes in economic conditions in this geographical area. Activities associated with The Woodlands Partnerships include residential and commercial land sales and the construction, operation and management of office and industrial buildings, apartments, golf courses and a hotel facility.

Principles of Consolidation

TWLDC Holdings, L.P. (Woodlands Development), a Texas limited partnership, is owned by entities controlled by The Rouse Company (Rouse) (which is controlled by General Growth Properties, Inc.) and Morgan Stanley Real Estate Fund II, L.P. (Morgan Stanley). Woodlands Development consolidates a variable interest entity (VIE), TWCPC Holdings, L.P. (Woodlands Commercial), a Texas limited partnership, based on significant debt guarantees provided by Woodlands Development to Woodlands Commercial. Woodlands Commercial consolidates a VIE, The Woodlands Operating Company, L.P. (Woodlands Operating), a Texas limited partnership, from which it receives management and leasing services for its properties. Rouse and Morgan Stanley also own Woodlands Commercial and Woodlands Operating. Woodlands Development, Woodlands Commercial and Woodlands Operating are hereinafter referred to as The Woodlands Partnerships.

Also included in the consolidation is The Woodlands Community Facilities Development Corporation, an entity that has \$11,613,000 in assets and \$8,605,000 in debt, all of which is owed to Woodlands Development. The Woodlands Community Facilities Development Corporation's purpose is to promote the health, safety, common good and social welfare of the residents of The Woodlands, Texas, by developing parks, pathways and other amenities. The Woodlands Partnerships also consolidated 10101 Woodloch Forest LLC, a newly formed entity, in which The Woodlands Partnerships and a third party each have a 50 percent interest. The purpose of this entity is to construct and own an office building that will be leased by an affiliate of the third party. The minority member contributed \$5,000,000 in cash to the entity and The Woodlands partners contributed a total of \$5,000,000 in cash, land and other assets. Minority interest is included as a component of other liabilities in the consolidated balance sheets.

The consolidated financial statements include the accounts of The Woodlands Partnerships and their majority and wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Trade Receivables

Trade receivables are stated at the amount billed to customers. The Company provides an allowance for doubtful accounts, which is based on a review of outstanding receivables, historical collection information and existing economic conditions. Trade receivables are ordinarily due 30 days after the issuance of the billing. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Notes to Consolidated Financial Statements (Continued)

December 31, 2007

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)***Real Estate***

Real estate assets are stated at cost. Costs associated with the acquisition and development of real estate, including holding costs consisting principally of interest and ad valorem taxes, are capitalized as incurred to the extent the total carrying value of the property does not exceed the estimated fair value of the completed property. Capitalization of such holding costs is limited to properties for which active development continues. Capitalization ceases upon completion of a property or cessation of development activities. Where practicable, capitalized costs are specifically assigned to individual assets; otherwise, costs are allocated based on estimated values of the affected assets. Capitalized real estate taxes and interest costs are amortized over lives which are consistent with the related commercial properties or written off as a component of cost of sales for land.

Pre-development costs, which generally include legal and professional fees and other directly related third-party costs, are capitalized as part of the property being developed. In the event a development is no longer deemed to be probable, the costs previously capitalized are expensed.

In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, long-lived assets are reviewed for impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable or the useful life has changed. Assets are evaluated based on their cash flows and profitability, including estimated future operating results, and trends or other determinants of fair value. If the total of the expected future undiscounted cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between the fair value and the carrying value of the asset. For the year ended December 31, 2007, no impairment was recognized.

Sales of Real Estate

Earnings from sales of real estate are recognized when a third-party buyer has made an adequate cash down payment and has attained the attributes of ownership. Capitalized cost related to real estate is determined as a specific percentage of the sales revenues recognized for each land development project. The amount capitalized is based on actual costs incurred, total estimated development costs and sales revenues for each project. These estimates are revised annually and are based on the then-current development strategy and operating assumptions utilizing internally developed projections for product type, revenue and related development cost. Capitalized costs are depreciated over the estimated useful life of the asset.

Land Sales

Revenues from land sales are recognized using the full accrual method provided that various criteria relating to the terms of the transactions and our subsequent involvement with the land sold are met. Revenues relating to transactions that do not meet the established criteria are deferred and recognized when the criteria are met or using the installment or cost recovery methods, as appropriate in the circumstances. For land sale transactions in which we are required to perform additional services and incur significant costs after title has passed, revenues and cost of sales are recognized on a percentage of completion basis.

Cost of land sales is determined as a specified percentage of land sales revenues recognized for each community development project. The cost ratios used are based on actual costs incurred and

Notes to Consolidated Financial Statements (Continued)

December 31, 2007

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

estimates of development costs and sales revenues to completion of each project. The ratios are reviewed regularly and revised for changes in sales and cost estimates or development plans. Significant changes in these estimates or future development plans, whether due to changes in market conditions or other factors, could result in changes to the cost ratio used for a specific project.

The specific identification method is used to determine cost of sales for certain parcels of land, including acquired parcels we do not intend to develop or for which development is complete at the date of acquisition.

Hotel and Country Club Revenue

Revenue is recognized as services are performed. Hotel revenue primarily represents room rentals and food and beverage sales. Country club revenues primarily represent dues, green fees, cart rentals, and food and beverage sales. Revenues may also include non-refundable initiation fees that are considered earned during the period. Non-refundable fees are amortized over the estimated membership life of nine years.

Sales of Commercial Properties

Sales of commercial properties are generally accounted for under the full accrual method. Under that method, gain is not recognized until the collectibility of the sales price is reasonably assured and the earnings process is complete. When a sale does not meet the requirements for income recognition, gain is deferred until those requirements are met. Sales of real estate are accounted for under the percentage-of-completion method when The Woodlands Partnerships have material obligations under sales contracts to provide improvements after the property is sold. Under the percentage-of-completion method, the gain on sale is recognized as the related obligations are fulfilled.

Lease Revenue

Commercial properties are leased to third-party tenants generally involving multi-year terms. These leases are accounted for as operating leases. See Note 3 for further information.

Depreciation

Depreciation of operating assets is recorded on the straight-line method over the estimated useful lives of the assets. Useful lives range predominantly from 15 to 40 years for land improvements and buildings, 3 to 20 years for leasehold improvements, and 3 to 10 years for furniture, fixtures and equipment. Property and equipment are carried at cost less accumulated depreciation.

Advertising

Advertising costs are charged to operations when incurred. For the year ended December 31, 2007, advertising costs totaled \$4,361,000.

Deferred Financing Costs

Costs incurred to obtain debt financing are deferred and amortized over the estimated term of the related debt using the interest method.

Notes to Consolidated Financial Statements (Continued)

December 31, 2007

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

Income Taxes

The Woodlands Partnerships are not income tax-paying entities and all income and expenses are reported by the partners for tax reporting purposes. No provision for federal income taxes is included in the accompanying consolidated financial statements for these entities. Effective March 1, 2002, WECCR GP, a wholly owned subsidiary of Woodlands Operating, elected to be classified as an association taxable as a corporation for federal income tax purposes. Accordingly, a provision for federal income tax has been provided.

Significant changes were made to the Texas franchise tax during the 79th and 80th sessions of the Texas legislature, whereby the Legislature extended the state franchise tax to partnerships (general, limited and limited liability). In previous years, The Woodlands Partnerships did not pay franchise taxes, since they were organized as partnerships and franchise taxes were not imposed. The revised tax base is based on a taxable entity's margin. The margin tax is calculated at a rate of 1 percent on the lesser of three calculations: a) total revenue less cost of goods sold, b) total revenue less compensation, or c) total revenue times 70 percent. For the year ended December 31, 2007, The Woodlands Partnerships recorded margin tax expense of \$2,289,000.

The tax returns, the qualification of The Woodlands Partnerships for tax purposes and the amount of distributable partnership income or loss are subject to examination by federal taxing authorities. If such examinations result in changes with respect to partnership qualification or in changes to distributable partnership income or loss, the tax liability of the partners could be changed accordingly.

The Company has elected to defer the effective date of FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes—An Interpretation of FASB Statement No. 109*, until after its fiscal year ended December 31, 2008. The Company has continued to account for any uncertain tax positions in accordance with literature that was authoritative immediately prior to the effective date of FIN 48, such as the FASB Statement No. 109, *Accounting for Income Taxes*, and FASB Statement No. 5, *Accounting for Contingencies*.

Inventories

Inventory is carried at the lower of cost or market and consists primarily of golf-related clothing, equipment sold at golf course pro shops, and food and beverages sold at the hotel facility in The Woodlands. Cost is determined based on a first-in, first-out method.

Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2007, cash equivalents consisted primarily of money market accounts. At December 31, 2007, Woodlands Development cash accounts exceeded federally insured limits by approximately \$9,595,000.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the

Notes to Consolidated Financial Statements (Continued)

December 31, 2007

Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)

date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements* (SFAS 160). The noncontrolling interest shall be reported separately from the parent's equity in the statement of financial position. Revenue, expenses, gains and losses, and net income or loss shall be reported in the consolidated financial statements at the consolidated amounts, which will include amounts attributable to the parent and the noncontrolling interest. The net income or loss attributable to the parent and noncontrolling interest shall also be disclosed. Certain additional disclosures may also be required in the parent's consolidated financial statements or notes thereto. SFAS 160 is effective for consolidated financial statements issued for fiscal years beginning after December 15, 2008. The Woodlands Partnerships are currently reviewing the effect of this statement on their consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosures About Derivative Instruments and Hedging Activities—An Amendment of FASB Statement No. 133* (SFAS 161). SFAS 161 expands the disclosure requirements in SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, regarding an entity's derivative instruments and hedging activities. SFAS 161 is effective for the Company's fiscal year beginning after November 15, 2008. The Company does not expect the adoption of SFAS 161 to have a material effect on its consolidated financial statements.

The FASB has recently issued SFAS No. 141 (revised 2007), *Business Combinations* (FAS 141(R)), which replaces FAS 141. While many of the fundamental requirements of FAS 141 are retained, some of the more significant changes or new requirements include a broadened scope, requiring that all assets acquired and liabilities assumed be measured at fair value at the acquisition date, requiring certain costs be recognized separately from the acquisition as an expense when incurred, changing the requirements for recognition of contingent assets and liabilities, requiring recognition of contingent consideration at the acquisition date and requiring "negative goodwill" to be recognized immediately as a gain at the time of acquisition. FAS 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008, and may not be applied before that date.

Note 2: Notes and Contracts Receivable

Notes receivable are carried at cost, net of discounts. At December 31, 2007, Woodlands Development held notes and contracts receivable totaling \$72,351,000. Included in the notes receivable were amounts related to utility district receivables totaling \$70,626,000. Utility district receivables, the collection of which is dependent on the ability of utility districts in The Woodlands to sell bonds, had a market interest rate of approximately and 4.8 percent at December 31, 2007. Included in the utility district receivables was a reserve of approximately \$4,340,000 at December 31, 2007. The utility district receivables are analyzed on a monthly basis for valuation and collectibility utilizing a review of outstanding receivables, historical bond issuance information and economic conditions of the various districts located in The Woodlands. Utility district receivables are written off when the receivables are known to be uncollectible. At December 31, 2007, the other note receivable totaled \$1,725,000. This

Notes to Consolidated Financial Statements (Continued)

December 31, 2007

Note 2: Notes and Contracts Receivable (Continued)

note bears interest at an average rate of 7.3 percent for the year ending December 31, 2007, and matures in 2009.

Note 3: Real Estate

The following is a summary of real estate at December 31, 2007 (in thousands):

Land	\$ 286,971
Commercial properties	222,654
Equity investments	2,709
Other assets	10,359
	<u>522,693</u>
Accumulated depreciation	(65,354)
	<u>\$ 457,339</u>

Land

The principal land development is The Woodlands, a mixed-use, master-planned community located north of Houston, Texas. Residential land is divided into eight villages in various stages of development. Each village has or is planned to contain a variety of housing, neighborhood retail centers, schools, parks and other amenities. Woodlands Development controls the development of the residential communities and produces finished lots for sale to qualified builders. Housing is constructed in a wide range of pricing and product styles.

Commercial land is divided into distinct centers that serve or are planned to serve as locations for office buildings, retail and entertainment facilities, industrial and warehouse facilities, research and technology facilities, and college and training facilities. Woodlands Development produces finished sites for third parties or for its own building development activities.

Commercial Properties

Commercial and industrial properties owned or leased by The Woodlands Partnerships are leased to third-party tenants. Lease terms, including renewal periods, range from 1 to 15 years with an average remaining term of 8 years. Contingent rents include pass-throughs of incremental operating costs. Minimum future lease revenues from noncancellable operating leases and subleases exclude contingent rents that may be received under certain lease agreements. Tenant rents include rent for noncancellable operating leases, cancelable leases, and month-to-month rents and are included in other revenue. For the year ended December 31, 2007, tenant rents totaled \$5,080,000 and contingent rents totaled \$301,000. Minimum future lease rentals for 2008 through 2012 and thereafter total \$17,987,000, \$18,998,000, \$11,044,000, \$9,299,000, \$8,557,000 and \$37,379,000, respectively.

Notes to Consolidated Financial Statements (Continued)

December 31, 2007

Note 3: Real Estate (Continued)

Properties Held for Sale and Discontinued Operations

A summary of the operations from discontinued operations for the year ended December 31, 2007, is as follows (in thousands):

Revenues	\$ 39,136
Operating expenses	(28,250)
Depreciation	(1,918)
Interest expense	(3,896)
Other expense	(154)
Income tax (expense) benefit	(3,984)
Net earnings	<u>\$ 934</u>

During 2007, Woodlands Development sold a hotel property for \$137,000,000 and recognized a profit of \$99,976,000. Woodlands Development repaid debt totaling \$50,000,000 related to the hotel property. Woodlands Development and Woodlands Commercial sold certain country club assets for \$34,000,000 and recognized a profit of \$1,257,000. Woodlands Commercial repaid \$640,000 of its Conference Center debt as part of the sale. Woodlands Development sold a retail property for \$5,800,000 and recognized a profit of \$1,439,000. Woodlands Development repaid debt totaling \$2,838,000 in connection with this sale.

Operating results for the assets sold and abandoned are reported as discontinued operations on the consolidated statements of earnings.

Note 4: Equity Method Investments

During 2007, The Woodlands Partnerships' principal partnership and corporation interests included the items listed in the table on the following page.

	Ownership and Economic Interest	Nature of Operations
Woodlands Development:		
Stewart Title of Montgomery County, Inc.	50%	Title company
Woodlands Commercial:		
Woodlands Office Equities—'95 Limited	25%	Office buildings in The Woodlands
FV-93 Limited	50%	Apartments
	(economic interest)	

Other partnerships own various commercial properties, all of which are located in The Woodlands. Woodlands Operating provides various management and leasing services to these affiliated entities. The Woodlands Partnerships' net investment in each of these entities is included in the real estate caption on the consolidated balance sheets and their shares of these entities' pretax earnings is included in other revenues on the consolidated statements of earnings. A summary of The Woodlands Partnerships'

Notes to Consolidated Financial Statements (Continued)

December 31, 2007

Note 4: Equity Method Investments (Continued)

net investments as of December 31, 2007, and their share of pretax earnings for the year then ended are as follows (in thousands):

Net investment:	
Stewart Title of Montgomery County, Inc.	\$ 1,132
Woodlands Office Equities—'95 Limited	1,122
FV-93 Limited	786
Others that own properties in The Woodlands	(331)
	<u>\$ 2,709</u>
Equity in pretax earnings:	
Stewart Title of Montgomery County, Inc.	\$ 816
Woodlands Office Equities—'95 Limited	25
FV-93 Limited	3
Others that own properties in The Woodlands	45
	<u>\$ 889</u>

Summarized financial statement information (unaudited) for partnerships and a corporation in which The Woodlands Partnerships have an equity ownership interest at December 31, 2007, and for the year then ended are as follows (in thousands):

Assets	\$ 32,184
Debt payable to third parties:	
The Woodlands Partnerships' proportionate share:	
Recourse to The Woodlands Partnerships	76
Nonrecourse to The Woodlands Partnerships	1,594
Other parties' proportionate share, of which \$1,006 was guaranteed by The Woodlands Partnerships	13,911
Accounts payable and deferred credits	1,839
Owners' equity	14,764
Revenues	14,709
Operating earnings	4,454
Pretax earnings	3,367
The Woodlands Partnerships' share of pretax earnings	889

Woodlands Commercial has guaranteed mortgage debt of its unconsolidated affiliates totaling \$1,142,000 at December 31, 2007, respectively. These guarantees reduce in varying amounts through 2010 and would require payments only in the event of default on payment by the respective debtors.

Notes to Consolidated Financial Statements (Continued)

December 31, 2007

Note 5: Debt

A summary of The Woodlands Partnerships' outstanding debt at December 31, 2007, is as follows (in thousands):

Senior credit facility	\$ 291,539
Conference Center debt	59,360
Other credit facilities	25,381
Mortgages payable	25,845
	<u>\$ 402,125</u>

Senior Credit Facility

Woodlands Development and Woodlands Commercial have a bank credit agreement consisting of a \$280,000,000 (previously \$230,000,000) term loan and a \$70,000,000 revolving credit loan. The credit agreement has a three-year term expiring in August 2009 with two one-year extension options. At December 31, 2007, approximately \$43,461,000 was available to be borrowed under the revolving credit agreements. The interest rate, based on the LIBOR plus a margin, was approximately 7.2 percent at December 31, 2007. Interest is paid monthly. Commitment fees, based on 0.25 percent of the unused commitment, totaled \$152,000 for the year ended December 31, 2007.

The credit agreement contains certain restrictions that, among other things, require the maintenance of specified financial ratios, restrict indebtedness and sale, lease or transfer of certain assets and limit the right of Woodlands Development and Woodlands Commercial to merge with other companies and make distributions to their partners. Certain assets of Woodlands Development and Woodlands Commercial, including cash, receivables and real estate, secure the credit agreement. Mandatory debt maturities for 2009 are \$306,539,000. Payments may be made by Woodlands Development or Woodlands Commercial or both at their option. Principal payments may be required based on certain covenant tests. Prepayments can also be made at the discretion of Woodlands Development and Woodlands Commercial without penalty.

Conference Center Debt

The debt consists of a credit facility related to and secured by The Woodlands Conference Center. The credit facility has an average interest rate of 8.0 percent at December 31, 2007. Interest is paid monthly. The credit facility matures in October 2011 or is required to be repaid upon the sale of The Woodlands Conference Center.

Other Credit Facilities

At December 31, 2007, Town Center Development Company, L.P. (TCDC), a wholly owned subsidiary of Woodlands Development, had three loan commitments totaling \$74,103,000 secured by new commercial construction. The interest rate, based on the LIBOR plus a margin, was approximately 6.4 percent at December 31, 2007. At December 31, 2007, the outstanding balance was \$25,381,000. Mandatory debt maturities for 2008 to 2010 are \$-0-, \$4,768,000 and \$20,613,000, respectively.

Notes to Consolidated Financial Statements (Continued)

December 31, 2007

Note 5: Debt (Continued)*Derivative Financial Instruments*

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, The Woodlands Partnerships have entered into various derivative agreements.

Woodlands Development and Woodlands Commercial entered into interest rate cap agreements with two commercial banks to reduce the impact of increases in interest rates on their bank credit agreements. The interest rate cap agreements effectively limit the interest rate exposure on a notional amount of \$200,000,000 to LIBOR rates of 6.50 percent, and exposure on a notional amount of \$50,000,000 to LIBOR rates of 5.75 percent. The \$200,000,000 interest rate cap agreement expires in 2009 and the \$50,000,000 interest rate cap agreement expires in 2008.

Management has designated the interest rate cap agreements as a hedging instrument. However, management has deemed amounts associated with the derivatives and hedging transactions to be immaterial to the consolidated financial statements and, as a result, the agreements have not been reflected in the consolidated financial statements.

Mortgages Payable

The mortgages payable had an average interest rate of 7.0 percent at December 31, 2007. Debt maturities for 2008 through 2012 and thereafter total \$3,463,000, \$8,473,000, \$13,808,000, \$-0-, \$-0- and \$101,000, respectively. Mortgages payable are all secured by real estate.

Note 6: Notes Payable to Partners

At December 31, 2007, Woodlands Development had notes payable to its partners totaling \$25,000,000. The notes bear interest at 15 percent. Interest is payable quarterly. All outstanding balances are due in 2010. These notes are subordinate to the bank credit agreement and mortgages payable described previously.

Note 7: Commitments and Contingencies*Contingent Liabilities*

At December 31, 2007, The Woodlands Partnerships issued letters of credit in the amount of \$801,000. The letters of credit act as guarantees of payment to third parties in accordance with specific terms and conditions of each letter. The term of these letters of credit is for a period of 12 months from the date of the original agreement.

At December 31, 2007, The Woodlands Partnerships guaranteed road bonds in the amount of \$1,932,000. These guarantees act as a warranty on the roads for a period of 12 months from the date the roads are completed. Under these agreements, The Woodlands Partnerships have guaranteed they will make all repairs necessary to maintain the roads in good condition.

Notes to Consolidated Financial Statements (Continued)

December 31, 2007

Note 7: Commitments and Contingencies (Continued)*Leases*

The Woodlands Partnerships have various noncancellable facilities and equipment lease agreements that provide for aggregate future payments of approximately \$4,103,000. Capital lease obligations are included as other liabilities in the consolidated balance sheets. On the following page are minimum rental payments for the years subsequent to December 31, 2007 (in thousands).

	Capital Leases	Operating Leases		Total
	Woodlands Development	Woodlands Commercial	Woodlands Operating	
2008	\$ 366	\$ 2,238	\$ 558	\$ 3,162
2009	131	2,238	561	2,930
2010	37	—	124	161
2011	27	—	70	97
2012	18	—	52	70
	<u>\$ 579</u>	<u>\$ 4,476</u>	<u>\$ 1,365</u>	<u>\$ 6,420</u>

Rental expense for operating leases for the year ended December 31, 2007 was \$4,588,000.

General Litigation

The Woodlands Partnerships are subject to claims and legal actions arising in the ordinary course of their business and to recurring examinations by the Internal Revenue Service and other regulatory agencies. Management believes, after consultation with outside counsel, that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of the Company.

Commitments

As of December 31, 2007, the Woodlands Partnerships had unrecorded development contract commitments outstanding of approximately \$184,687,000.

Note 8: Related-party Transactions

Woodlands Operating provides services to Woodlands Development and Woodlands Commercial under management and advisory services agreements. These agreements are automatically renewed annually. Woodlands Development and Woodlands Commercial pay Woodlands Operating a management and advisory fee equal to cost plus 3 percent. In addition, they reimburse Woodlands Operating for all costs and expenses incurred on their behalf. For the year ended December 31, 2007, Woodlands Operating recorded revenues of \$10,700,000 for services provided to Woodlands Development and \$1,148,000 for services provided to Woodlands Commercial. These revenues are eliminated in the accompanying consolidated financial statements.

Woodlands Operating, through WECCR GP, operates The Woodlands Conference Center (the Facilities) which is owned by Woodlands Commercial. The Facilities consist of a 440-room hotel and

Notes to Consolidated Financial Statements (Continued)

December 31, 2007

Note 8: Related-party Transactions (Continued)

conference center. Woodlands Commercial also owned golf course facilities that were sold in May 2007. WECCR GP operates the Facilities and pays Woodlands Commercial rent of \$700,000 per month. For the year ended December 31, 2007, rent totaled \$8,650,000. These amounts are eliminated in the accompanying consolidated financial statements. WECCR GP has contracted with an affiliate of Morgan Stanley to manage the Facilities for a management fee equal to 2.5 percent of cash receipts, as defined in the agreement. During 2007, the management fee totaled \$1,107,000.

Note 9: Partners' Equity

Rouse's ownership interests in The Woodlands Partnerships are through TWC Land Development L.P. (which owns a 42.5 percent interest in Woodlands Development), TWC Commercial Properties L.P. (which owns a 42.5 percent interest in Woodlands Commercial), and TWC Operating L.P. (which owns a 42.5 percent interest in Woodlands Operating). Morgan Stanley's ownership interests are through MS/TWC Joint Venture and MS TWC, Inc., which own the remaining interests in Woodlands Development, Woodlands Commercial and Woodlands Operating. The partners' percentage interests are summarized as follows:

	<u>General Partner Interest</u>	<u>Limited Partner Interest</u>
Woodlands Development:		
TWC Land Development L.P.	42.5%	—
MS/TWC Joint Venture	—	56.5%
MS TWC, Inc.	1.0%	—
Woodlands Commercial:		
TWC Commercial Properties L.P.	42.5%	—
MS/TWC Joint Venture	—	56.5%
MS TWC, Inc.	1.0%	—
Woodlands Operating:		
TWC Operating L.P.	42.5%	—
MS/TWC Joint Venture	—	56.5%
MS TWC, Inc.	1.0%	—

The partnership agreements for each of the partnerships provide, among other things, the following:

- (i) The Woodlands Partnerships are each governed by an Executive Committee composed of equal representation from their respective general partners.
- (ii) Net income and losses from operations are currently allocated based on the payout percentages discussed below.
- (iii) Distributions are made by The Woodlands Partnerships to the partners based on specified payout percentages and include cumulative preferred returns to Morgan Stanley's affiliates. The payout percentage to Morgan Stanley's affiliates is 57.5 percent until the affiliates receive distributions on a consolidated basis equal to their capital contributions and a 12.0 percent cumulative preferred return compounded quarterly. Then, the payout percentage to Morgan

Notes to Consolidated Financial Statements (Continued)

December 31, 2007

Note 9: Partners' Equity (Continued)

Stanley's affiliates is 50.5 percent until the affiliates receive distributions equal to their capital contributions and an 18.0 percent cumulative preferred return compounded quarterly. Thereafter, the payout percentage to Morgan Stanley's affiliates is 47.5 percent. During 2001, Morgan Stanley's affiliates received sufficient cumulative distributions from The Woodlands Partnerships to exceed Morgan Stanley's affiliates' capital contributions plus cumulative returns of 18.0 percent. Accordingly, Morgan Stanley's affiliates are currently receiving a payout percentage of 47.5 percent, and Rouse's affiliates are receiving 52.5 percent from The Woodlands Partnerships.

- (iv) The Woodlands Partnerships will continue to exist until December 31, 2040, unless terminated earlier due to specified events.
- (v) No additional partners may be admitted to The Woodlands Partnerships unless specific conditions in the partnership agreements are met. Partnership interests may be transferred to affiliates of Rouse or Morgan Stanley. Rouse has the right of first refusal to buy the partnership interests of the Morgan Stanley affiliates at the same terms and conditions offered to a third-party purchaser or sell its affiliates' interests to the same third-party purchaser.
- (vi) Rouse and Morgan Stanley have the right to offer to purchase the other partner's affiliates' partnership interests in the event of failure to make specified capital contributions or a specified default by the other. Specified defaults include bankruptcy, breach of partnership covenants, transfer of partnership interests except as permitted by the partnership agreements, and fraud or gross negligence.

Note 10: Fair Value of Financial Instruments

The estimated fair values of The Woodlands Partnerships' financial instruments as of December 31, 2007, approximated their carrying amounts, with the exception of the notes payable to partners for Woodlands Development, which had an estimated fair value of \$29,261,000. Fair values of notes and contracts receivable were estimated by discounting future cash flows using interest rates at which similar loans currently could be made for similar maturities to borrowers with comparable credit ratings. Fair values of fixed-rate, long-term debt were based on current interest rates offered to The Woodlands Partnerships for debt with similar remaining maturities. For floating-rate debt obligations, carrying amounts and fair values were assumed to be equal because of the nature of these obligations. The carrying amounts of The Woodlands Partnerships' other financial instruments approximate their fair values.

Note 11: Employee Plans***Defined Contribution Plan***

Woodlands Operating has a 401(k) defined contribution plan that is available to all full-time employees who meet specified service requirements. The plan is administered by a third party. Contributions to the plan are based on a match of employee contributions up to a specified limit. For the year ended December 31, 2007, Woodlands Operating contributions totaled approximately \$783,000.

Notes to Consolidated Financial Statements (Continued)

December 31, 2007

Note 11: Employee Plans (Continued)***Supplemental Executive Retirement Plan***

Woodlands Operating has deferred compensation arrangements for a select group of management employees that provide the opportunity to defer a portion of their cash compensation. Woodlands Operating's obligations under this plan are unsecured general obligations to pay in the future, the value of the deferred compensation adjusted to reflect the performance of its investments, whether positive or negative, of selected measurement options, chosen by each participant, during the deferral period. Woodlands Operating has established trust accounts on behalf of the participating employees totaling \$1,447,000 that are included in other assets at December 31, 2007.

Incentive Plans

Woodlands Operating instituted an incentive compensation plan for certain employees in 2001. The plan is unfunded, and while certain payments are made currently, a portion of these payments is deferred and will be paid based on a vesting period of up to three years. For the year ended December 31, 2007, expenses recognized by The Woodlands Partnerships under this plan totaled \$3,506,000.

Note 12: Income Taxes

The income tax provision for the year ended December 31, 2007, is as follows (in thousands):

Deferred income tax	\$ (274)
Current income taxes	6,230
	<u>\$ 5,956</u>

The income tax benefit reflected in the consolidated statements of earnings differs from the amounts computed by applying the federal statutory rate of 35 percent to income before income taxes as follows (in thousands):

Income tax benefit at statutory rate	\$ 3,689
Texas margin tax	2,289
Permanent differences	146
NOL carryforward/change to prior year book/tax differences	(274)
Other	106
	<u>\$ 5,956</u>

Deferred taxes are provided for the temporary differences between the financial reporting basis and the tax basis of WECCR GP's assets and liabilities and for operating loss carryforwards. Significant

Notes to Consolidated Financial Statements (Continued)

December 31, 2007

Note 12: Income Taxes (Continued)

components of WECCR GP's net deferred tax asset at December 31, 2007, are as follows (in thousands):

Deferred tax assets:	
Other	\$ 274
Deferred tax liabilities	—
Net deferred tax asset	<u>\$ 274</u>

WECCR GP had net operating loss carryforwards of \$784,000 at December 31, 2006, that was applied to reduce taxable income in 2007. There is no net operating loss carryforward at December 31, 2007.

SFAS No. 109, Accounting for Income Taxes, requires a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Accordingly, management has provided no valuation allowance at December 31, 2007.

The net deferred tax assets are included in other assets on the consolidated balance sheets at December 31, 2007.

Note 13: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Municipal Utility District (MUD) Receivables

The state of Texas allows for the creation of MUDs which may reimburse Woodlands Development for construction costs associated with building water distribution and purification systems, sewer facilities and drainage facilities. Woodlands Development constructs the facilities and once the MUDs have enough value on the ground (tax base), the MUDs will issue bonds to reimburse Woodlands Development for costs (including interest) according to the Texas Commission on Environmental Quality (TCEQ). Woodlands Development estimates the costs which they believe will be eligible for reimbursement as MUD receivables. Periodically, management evaluates these receivable balances and makes adjustments to reflect changes in conditions related to such receivables. Actual receivables could differ from the estimates recorded in these financial statements.

Cost of Sales Estimates

During development projects, Woodlands Development estimates sales prices on a per lot basis as villages are developed. These sales estimates are then utilized throughout the project to estimate a percentage of cost of sales to be applied when portions of a development are sold. These cost of sales estimates are updated annually based on actual land costs incurred plus estimates to complete the villages.

Notes to Consolidated Financial Statements (Continued)

December 31, 2007

Note 13: Significant Estimates and Concentrations (Continued)

Senior Credit Facility

As discussed in Note 5, Woodlands Development and Woodlands Commercial have a bank credit agreement with approximately \$291,539,000 due in August 2009. The agreement has two one-year extension options. However, as of February 27, 2009, the Partnerships had not obtained a commitment to extend. Inability to extend the existing agreement, or otherwise renegotiate or refinance the agreement, could adversely affect The Woodlands Partnerships future operations.

Impairment Determinations

In accordance with SFAS No. 144, the Company evaluates its long-lived assets for impairment when events or changes in circumstances indicate the carrying amount of an asset may not be recoverable or the useful life has changed. These assets are evaluated based on their estimated cash flows and profitability, including estimated future operating results, and trends or other determinants of fair value. Actual cash flows, profitability and trends could differ materially from these estimates.

EXHIBIT LIST

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
2.1*	Form of Separation Agreement between The Howard Hughes Corporation and General Growth Properties, Inc.
3.1	Certificate of Incorporation of Spinco, Inc. (predecessor to The Howard Hughes Corporation).
3.2	Certificate of Amendment of Certificate of Incorporation of The Howard Hughes Corporation.
3.3	Form of Amended and Restated Certificate of Incorporation of The Howard Hughes Corporation.
3.4	Form of Amended and Restated Bylaws of The Howard Hughes Corporation.
4.1	Form of Registration Rights Agreement between The Howard Hughes Corporation and Brookfield Investor.
4.2	Form of Registration Rights Agreement between The Howard Hughes Corporation and Fairholme.
4.3	Form of Registration Rights Agreement between The Howard Hughes Corporation, Blackstone and Pershing Square.
4.4	Form of Registration Rights Agreement between The Howard Hughes Corporation M.B. Capital Partners, M.B. Capital Partners III and M.B. Capital Units LLC.
10.1*	Form of Transition Services Agreement between The Howard Hughes Corporation and General Growth Properties, Inc.
10.2	Form of Tax Matters Agreement between The Howard Hughes Corporation and General Growth Properties, Inc.
10.3**	Form of Standstill Agreement among The Howard Hughes Corporation and Pershing Square Capital Management, L.P.
10.4*	Management Services Agreement between The Howard Hughes Corporation and Brookfield Advisors, dated August 6, 2010.
10.5	Form of Indemnification Agreement for officers and directors.
10.6	Form of Warrant Agreement between The Howard Hughes Corporation and Mellon Investor Services LLC.
10.7	Form of 2010 Long-Term Incentive Plan for officers, directors and other employees.
10.8	Form of Letter Agreement between The Howard Hughes Corporation and Brookfield Investor.
10.9	Form of Letter Agreement between The Howard Hughes Corporation and Fairholme.
10.10	Form of Letter Agreement between The Howard Hughes Corporation and Pershing Square.
10.11	Form of Option Agreement between The Howard Hughes Corporation and Thomas Nolan, Jr.
10.12	Form of Option Agreement among The Howard Hughes Corporation, Adam Metz and Thomas Nolan, Jr.
21.1*	List of Subsidiaries.

* Previously filed.

** To be filed by amendment.

State of Delaware
 Secretary of State
 Division of Corporations
 Delivered 12:52 PM 07/01/2010
 FILED 12:35 PM 07/01/2010
 SRV 100709279 — 4843074 FILE

**CERTIFICATE OF INCORPORATION
 OF
 SPINCO, INC.**

This Certificate of Incorporation of Spinco, Inc. (the "Corporation") is being executed by the undersigned for the purpose of forming a corporation pursuant to the Delaware General Corporation Law.

ARTICLE I

The name of the corporation is Spinco, Inc.

ARTICLE II

The Registered Office of the corporation is located at 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware, 19808. The name of its Registered Agent at that address is Corporation Service Company.

ARTICLE III

The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware, as amended from time to time (as amended, the "Delaware Law").

ARTICLE IV

The total number of shares of stock which the Corporation shall have authority to issue is One Thousand (1,000) shares of common stock, no par value per share.

ARTICLE V

In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors and/or the stockholders of the Corporation are expressly empowered to make, alter, amend or repeal the Bylaws of the Corporation in the manner determined by the terms of the Bylaws of the Corporation then in existence.

In the event of any conflict between this Certificate of Incorporation and the Bylaws of the Corporation, this Certificate of Incorporation shall control.

ARTICLE VI

The name and the mailing address of the sole incorporator are as follows:

<u>NAME</u>	<u>MAILING ADDRESS</u>
Georgina Parra	110 N. Wacker Drive Chicago, Illinois 60606

ARTICLE VII

The Corporation shall have perpetual existence.

ARTICLE VIII

The Corporation shall indemnify all officers and directors of the Corporation, and advance expenses reasonably incurred by such officers and directors in defending any civil, criminal, administrative or investigative action, suit or proceeding, in accordance with and to the fullest extent permitted by Section 145 of the Delaware Law.

ARTICLE IV

To the fullest extent permitted by the Delaware Law, a director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

IN WITNESS WHEREOF, the undersigned has caused this Certificate of Incorporation to be duly executed as of the 1st day of July, 2010.

/s/ GEORGINA PARRA

 Georgina Parra, Sole Incorporator



**CERTIFICATE OF AMENDMENT OF
CERTIFICATE OF INCORPORATION
OF
THE HOWARD HUGHES CORPORATION**

It is hereby certified that:

1. The name of the corporation (hereinafter called the "Corporation") is The Howard Hughes Corporation.
2. The Certificate of Incorporation of the Corporation is hereby amended by deleting Article IV in its entirety and inserting the following:

ARTICLE IV

A. Classes and Number of Shares. The total number of shares of all classes of capital stock that the Corporation shall have authority to issue is Two Hundred Million (200,000,000) shares, consisting of (i) Fifty Million (50,000,000) shares of preferred stock, par value \$0.01 per share (the "Preferred Stock"), and (ii) One Hundred Fifty Million (150,000,000) shares of common stock, par value \$0.01 per share (the "Common Stock").

B. Common Stock. The holders of outstanding shares of Common Stock shall have the right to vote on all questions to the exclusion of all other stockholders, each holder of record of Common Stock being entitled to one vote for each share of Common Stock standing in the name of the stockholder on the books of the Corporation, except as may be provided in this Certificate of Incorporation, as it may be amended from time to time (the "Certificate of Incorporation"), in a Preferred Stock Designation (as hereinafter defined), or as required by law.

C. Preferred Stock. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized to provide for the issuance of shares of Preferred Stock in series and, by filing a certificate of designations pursuant to the applicable law of the State of Delaware (hereinafter referred to as a "Preferred Stock Designation"), to establish from time to time for each such series the number of shares to be included in each such series and to fix the designations, powers, rights and preferences of the shares of each such series, and the qualifications, limitations and restrictions thereof. The authority of the Board of Directors with respect to each series of Preferred Stock shall include, but not be limited to, determination of the following:

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- (1) The designation of the series, which may be by distinguishing number, letter or title.
 - (2) The number of shares of the series, which number the Board of Directors may thereafter (except where otherwise provided in the Preferred Stock Designation) increase or decrease (but not below the number of shares thereof then outstanding).
 - (3) Whether dividends, if any, shall be paid, and, if paid, the date or dates upon which, or other times at which, such dividends shall be payable, whether such dividends shall be cumulative or noncumulative, the rate of such dividends (which may be variable) and the relative preference in payment of dividends of such series.
 - (4) The redemption provisions and price or prices, if any, for shares of the series.
 - (5) The terms and amounts of any sinking fund or similar fund provided for the purchase or redemption of shares of the series.
 - (6) The amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.
 - (7) Whether the shares of the series shall be convertible into shares of any other class or series, or any other security, of the Corporation or any other corporation, and, if so, the specification of such other class or series of such other security, the conversion price or prices, or rate or rates, any adjustments thereto, the date or dates on which such shares shall be convertible and all other terms and conditions upon which such conversion may be made.
 - (8) Restrictions on the issuance of shares of the same series or of any other class or series.
 - (9) The voting rights, if any, of the holders of shares of the series.

D. Issuance of Rights to Purchase Securities and Other Property. Subject to the express rights of the holders of any series of Preferred Stock, if any outstanding, but only to the extent expressly set forth in the Preferred Stock Designation with respect thereto, the Board of Directors is hereby authorized to create and to authorize and direct the issuance (on either a pro rata or a non-pro rata basis) by the Corporation of rights, options and warrants for the purchase of shares of capital stock of the Corporation or other securities of the Corporation, at such times, in such amounts, to such persons, for such consideration, with such form and content (including without limitation the consideration for which any shares of capital stock of the Corporation or other securities of the Corporation are to be issued) and upon such terms and conditions as it may,

from time to time, determine upon, subject only to the restrictions, limitations, conditions and requirements imposed by the DGCL, other applicable laws and this Certificate of Incorporation.

3. The amendment of the Corporation's Certificate of Incorporation herein certified has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

Signed on October 26, 2010

/s/ Linda J. Wight
Linda J. Wight, Vice President

**FORM OF AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
THE HOWARD HUGHES CORPORATION**

The present name of the corporation is The Howard Hughes Corporation (the "Corporation"). The Corporation was incorporated under the name "Spinco, Inc." by the filing of its original Certificate of Incorporation with the Secretary of State of the State of Delaware on July 1, 2010, which name was changed to "The Howard Hughes Corporation" by the filing of a Certificate of Amendment with the Secretary of State of the State of Delaware on October 8, 2010. This Amended and Restated Certificate of Incorporation, which restates and integrates and also further amends the provisions of the Corporation's Certificate of Incorporation, was duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware (the "DGCL"). The Certificate of Incorporation of the Corporation is hereby amended and restated to read in its entirety as follows:

ARTICLE I

The name of the corporation (which is hereinafter referred to as the "Corporation") shall be The Howard Hughes Corporation.

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, County of New Castle. The name of the Corporation's registered agent at such address is Corporation Service Company. The Corporation may have such other offices, either within or without the State of Delaware, as the Board of Directors of the Corporation (the "Board of Directors") may designate or as the business of the Corporation may from time to time require.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV

A. Classes and Number of Shares. The total number of shares of all classes of capital stock that the Corporation shall have authority to issue is Two Hundred Million (200,000,000) shares, consisting of (i) Fifty Million (50,000,000) shares of preferred stock, par value \$0.01 per share (the "Preferred Stock"), and (ii) One Hundred Fifty Million (150,000,000) shares of common stock, par value \$0.01 per share (the "Common Stock").

B. Common Stock. The holders of outstanding shares of Common Stock shall have the right to vote on all questions to the exclusion of all other stockholders, each holder of record

of Common Stock being entitled to one vote for each share of Common Stock standing in the name of the stockholder on the books of the Corporation, except as may be provided in this Certificate of Incorporation, as it may be amended from time to time (the "Certificate of Incorporation"), in a Preferred Stock Designation (as hereinafter defined), or as required by law.

C. Preferred Stock. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized to provide for the issuance of shares of Preferred Stock in series and, by filing a certificate of designations pursuant to the applicable law of the State of Delaware (hereinafter referred to as a "Preferred Stock Designation"), to establish from time to time for each such series the number of shares to be included in each such series and to fix the designations, powers, rights and preferences of the shares of each such series, and the qualifications, limitations and restrictions thereof. The authority of the Board of Directors with respect to each series of Preferred Stock shall include, but not be limited to, determination of the following:

- (1) The designation of the series, which may be by distinguishing number, letter or title.
- (2) The number of shares of the series, which number the Board of Directors may thereafter (except where otherwise provided in the Preferred Stock Designation) increase or decrease (but not below the number of shares thereof then outstanding).
- (3) Whether dividends, if any, shall be paid, and, if paid, the date or dates upon which, or other times at which, such dividends shall be payable, whether such dividends shall be cumulative or noncumulative, the rate of such dividends (which may be variable) and the relative preference in payment of dividends of such series.
- (4) The redemption provisions and price or prices, if any, for shares of the series.
- (5) The terms and amounts of any sinking fund or similar fund provided for the purchase or redemption of shares of the series.
- (6) The amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.
- (7) Whether the shares of the series shall be convertible into shares of any other class or series, or any other security, of the Corporation or any other corporation, and, if so, the specification of such other class or series of such other security, the conversion price or prices, or rate or rates, any adjustments thereto, the date or dates on which such shares shall be convertible and all other terms and conditions upon which such conversion may be made.
- (8) Restrictions on the issuance of shares of the same series or of any other class or series.

- (9) The voting rights, if any, of the holders of shares of the series.

D. Issuance of Rights to Purchase Securities and Other Property. Subject to the express rights of the holders of any series of Preferred Stock, if any outstanding, but only to the extent expressly set forth in the Preferred Stock Designation with respect thereto, the Board of Directors is hereby authorized to create and to authorize and direct the issuance (on either a pro rata or a non-pro rata basis) by the Corporation of rights, options and warrants for the purchase of shares of capital stock of the Corporation or other securities of the Corporation, at such times, in such amounts, to such persons, for such consideration, with such form and content (including without limitation the consideration for which any shares of capital stock of the Corporation or other securities of the Corporation are to be issued) and upon such terms and conditions as it may, from time to time, determine upon, subject only to the restrictions, limitations, conditions and requirements imposed by the DGCL, other applicable laws and this Certificate of Incorporation.

ARTICLE V

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, alter, amend or repeal the Bylaws of the Corporation; provided, however, that any amendment, alteration, modification or repeal of a Bylaw or adoption of a new provision in the Bylaws, in each case by the stockholders, may provide that it cannot be further amended, altered, modified or repealed by the Board of Directors, in which case the Board of Directors shall not be authorized to further amend, alter, modify or repeal such Bylaw amendment or such new Bylaw provision.

ARTICLE VI

A. Subject to the rights of the holders of any series of Preferred Stock, if any outstanding, as set forth in a Preferred Stock Designation to elect additional directors under specified circumstances, the number of directors of the Corporation shall be fixed by the Bylaws of the Corporation and may be increased or decreased from time to time in such a manner as may be prescribed by the Bylaws and the DGCL.

B. Unless and except to the extent that the Bylaws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

C. Subject to the rights of the holders of any series of Preferred Stock, if any outstanding, with respect to the election of directors under specified circumstances, any director may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of a majority of the voting power of the capital stock of the Corporation entitled to vote generally in the election of directors (the "Voting Stock"), voting together as a single class.

D. Notwithstanding the foregoing provisions of this Article VI and any limitations contained in any Preferred Stock Designation, each director shall serve until such director's successor is duly elected and qualified or until such director's death, resignation or removal. No change in the number of directors constituting the Board of Directors shall shorten or increase the term of any incumbent director.

ARTICLE VII

The Corporation, to the fullest extent permitted by the DGCL, as the same exists or may hereafter be amended, shall indemnify and hold harmless any person (a "Covered Person") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative, regulatory, arbitral or investigative (a "proceeding"), by reason of the fact that he or she, or a person for whom he or she is a legal representative, is or was a director or officer of the Corporation, or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, limited liability entity, joint venture, trust, other enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss (including judgments, fines and amounts paid in settlement) suffered and expenses (including attorneys' fees) reasonably incurred by such Covered Person. Notwithstanding the foregoing sentence, the Corporation shall be required to indemnify a Covered Person in connection with a proceeding (or part thereof) commenced by such Covered Person (other than proceedings to enforce rights conferred by this Certificate of Incorporation or the Bylaws of the Corporation) only if the commencement of such proceeding was authorized in the specific case by the Board of Directors. To the fullest extent permitted by the DGCL, as the same exists or may hereafter be amended, expenses (including attorneys' fees) incurred by a Covered Person in defending any proceeding shall be paid by the Corporation in advance of the final disposition of such proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Corporation as authorized hereby. The Corporation may, by action of the Board of Directors, provide indemnification to employees and agents of the Corporation or its subsidiaries with the same (or lesser) scope and effect as the foregoing indemnification of directors and officers.

ARTICLE VIII

No director shall be personally liable either to the Corporation or to any of its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or may hereafter be amended. Any amendment, modification or repeal of any provision of this Certificate of Incorporation inconsistent with the foregoing sentence shall not adversely affect any right or protection of a director of the Corporation hereunder in respect of any act or omission occurring prior to the time of such amendment, modification or repeal.

ARTICLE IX

The Corporation may purchase and maintain insurance, at its expense, on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was a director, officer, employee or agent of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability, expense or loss asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability, expense or loss under the

provisions of the Bylaws of the Corporation or the DGCL. To the extent that the Corporation maintains any policy or policies providing such insurance, each such person shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage thereunder for any such person.

ARTICLE X

The Corporation reserves the right at any time and from time to time to amend, modify or repeal any provision contained in this Certificate of Incorporation or a Preferred Stock Designation, and any other provisions authorized by the laws of the State of Delaware in force at such time may be added or inserted in the manner now or hereafter prescribed herein or by applicable law, and all rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors or any other persons whomsoever by and pursuant to this Certificate of Incorporation in its present form or as hereafter amended are granted subject to the rights reserved in this Article X; provided, however, that any amendment, modification or repeal of Article VII or Article VIII of this Certificate of Incorporation shall not adversely affect any right or protection existing hereunder immediately prior to such amendment, modification or repeal.

ARTICLE XI

The Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of fiduciary duty owed by any director or officer of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation arising pursuant to any provision of the DGCL or this Certificate of Incorporation or the Bylaws or (iv) any action asserting a claim against the Corporation governed by the internal affairs doctrine.

ARTICLE XII

Subject to the rights of the holders of any series of Preferred Stock as set forth in a Preferred Stock Designation, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing of such stockholders.

ARTICLE XIII

The Corporation shall not issue any class of non-voting equity securities unless and solely to the extent permitted by Section 1123(a)(6) of title 11 of the United States Code (the "Bankruptcy Code") as in effect on the date of filing of this Certificate of Incorporation with the Secretary of State of the State of Delaware; provided, however, that this Article XIII (a) will have no further force and effect beyond that required under Section 1123(a)(6) of the Bankruptcy Code, (b) will have such force and effect, if any, only for so long as Section 1123(a)(6) of the Bankruptcy Code is in effect and applicable to the Corporation and (c) in all events may be amended or eliminated from time to time in accordance with applicable law.

ARTICLE XIV

In addition to any votes required by applicable law and subject to the express rights of the holders of any series of Preferred Stock, if any outstanding, and notwithstanding anything contained in this Certificate of Incorporation to the contrary, the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the voting power of the then outstanding Voting Stock, voting together as a single class, shall be required to amend, modify or repeal any provision, or adopt any new or additional provision, in a manner inconsistent with Articles V, VII, XII and this Article XIV.

ARTICLE XV

It is in the best interests of the Corporation and its shareholders that certain restrictions on the transfer or other disposition of certain corporation securities, as relates to the preservation of certain tax attributes, be established as more fully set forth in this Article XV.

A. Certain Definitions. As used in this Article XV, the following terms have the following respective meanings:

"Acquire" means the acquisition of ownership of Corporation Securities by any means, including, without limitation, (i) the exercise of any rights under any option, warrant, convertible security, pledge or other security interest or similar right to acquire shares, (ii) the entering into of any swap, hedge or other arrangement that results in the acquisition of any of the economic consequences of ownership of Corporation Securities, or (iii) any other acquisition or transaction treated under the applicable rules under Section 382 of the Code as a direct or indirect acquisition (including the acquisition of an ownership interest in a Substantial Holder), but shall not include the acquisition of any such rights unless, as a result, the acquirer would be considered an owner within the meaning of the United States federal income tax laws. The terms "Acquires" and "Acquisition" shall have the same meaning.

"Code" means the United States Internal Revenue Code of 1986, as amended from time to time, and any reference to a section of the Code shall include any comparable successor provision.

"Corporation Securities" means (i) shares of Common Stock, (ii) shares of Preferred Stock (unless otherwise provided by the Board of Directors in connection with the issuance or reissuance of such shares), and (iii) warrants, rights or options (including within the meaning of Treasury Regulation Section 1.382-4(d)(8)) to purchase stock of the Corporation, but only to the extent such warrants, rights or options are treated as exercised pursuant to Treasury Regulation Section 1.382-4(d) or otherwise regarded as "stock" under general federal income tax principles.

"Investment Agreements" means (i) that certain Amended and Restated Cornerstone Investment Agreement, effective as of March 31, 2010, by and between General Growth Properties, Inc. and REP Investments LLC, (ii) that certain Amended and Restated Stock Purchase Agreement, effective as of March 31, 2010, by and between General Growth Properties, Inc. and The Fairholme Fund and Fairholme Focused Income Fund and (iii) that certain

Amended and Restated Stock Purchase Agreement, effective as of March 31, 2010, by and between General Growth Properties, Inc. and Pershing Square Capital Management, L.P., on behalf of Pershing Square L.P., Pershing Square II, L.P., Pershing Square International, Ltd. and Pershing Square International V, Ltd.; each as may be further amended or modified from time to time.

“Percentage Stock Ownership” means percentage stock ownership as determined in accordance with Treasury Regulation Section 1.382-2T(g), (h) (without regard to the rule that treats stock of an entity as to which the constructive ownership rules apply as no longer owned by that entity), (j) and (k).

“Person” means an individual, corporation, estate, trust, association, limited liability company, partnership, joint venture or similar organization or “entity” within the meaning of Treasury Regulation Section 1.382-3.

“Plan of Reorganization” means the bankruptcy plan of reorganization of General Growth Properties, Inc. and its subsidiaries pursuant to which the Common Stock of the Corporation is distributed to, among others, the shareholders of General Growth Properties, Inc.

“Prohibited Acquisition” means any purported Acquisition of Corporation Securities to the extent that such Acquisition is prohibited and/or void under this Article XV.

“Restriction Release Date” means the earlier of (i) the first day after the date on which a majority of the Board of Directors determines that the restrictions contained in this Article XV are no longer necessary for the preservation of the Tax Benefits, (ii) the first day after the date on which a majority of the Board of Directors determines that it is no longer in the best interests of the Corporation and the shareholders for the restrictions contained in this Article XV to continue to apply, (iii) [November 10, 2013] or (iv) the repeal of Section 382 of the Code.

“Substantial Holder” means a Person holding Corporation Securities representing a Percentage Stock Ownership (including indirect ownership, as determined under applicable Treasury Regulations) in any class of Corporation Securities of at least 4.99%.

“Tax Benefits” means the net operating loss carryovers, capital loss carryovers, general business credit carryovers, alternative minimum tax credit carryovers and foreign tax credit carryovers, as well as any “net unrealized built-in loss” within the meaning of Section 382 of the Code, of the Corporation or any direct or indirect subsidiary thereof.

“Treasury Regulation” means a Treasury regulation promulgated under the Code.

B. Restrictions.

(1) Except as provided in paragraph C of this Article XV, no Person shall be permitted to make an Acquisition and any such purported Acquisition will be *void ab initio*, (i) to the extent that after giving effect to such purported Acquisition the purported transferee or a Person related to the purported transferee would become a Substantial Holder and such purported Acquisition would decrease the purported transferor’s

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Percentage Stock Ownership of Corporation Securities, or (ii) if such Person is a Substantial Holder and such purported Acquisition would increase such Substantial Holder’s Percentage Stock Ownership of Corporation Securities; provided, however, that nothing in this Article XV shall apply to any Acquisition pursuant to which the acquiring Person owns at least 80% (or such other lesser amount as may be required from time to time to conduct a merger in accordance with Section 253 of the DGCL) of the Voting Stock. The prior sentence is not intended to prevent the Corporation Securities from being DTC-eligible and shall not preclude the settlement of any transactions in the Corporation Securities entered into through the facilities of a national securities exchange, but such transaction, if prohibited by the prior sentence, shall nonetheless be a Prohibited Acquisition.

(2) The Corporation may require as a condition to the registration of the Acquisition of any Corporation Securities or the payment of any distribution on any Corporation Securities that the proposed acquirer or payee furnish to the Corporation the information reasonably necessary to allow the Corporation to determine whether a transaction would constitute a Prohibited Acquisition (including with respect to all the direct or indirect ownership interests in such Corporation Securities). The Corporation may make such arrangements or issue such instructions to its stock transfer agent as may be determined by the Board of Directors to be necessary or advisable to implement this Article XV, including, without limitation, authorizing such transfer agent to require an affidavit from a purported transferee regarding such Person’s actual and constructive ownership of Corporation Securities and other evidence that an Acquisition will not be prohibited by this Article XV as a condition to registering any Acquisition.

C. Certain Exceptions. The restrictions set forth in paragraph B of this Article XV shall not apply to (i) a proposed Acquisition if the transferor or the transferee, upon providing at least twenty (20) days prior written notice of such proposed Acquisition to the Board of Directors, obtains the written consent to the proposed Acquisition from a majority of the Board of Directors, (ii) a proposed Acquisition that is made as part of (A) a tender or exchange offer by the Corporation to purchase Corporation Securities, (B) a purchase program effected by the Corporation on the open market and not the result of a privately-negotiated transaction, (C) any optional or required redemption of a Corporation Security pursuant to the terms of such security, or (D) the acquisition of any capital stock or other equity interest or exercise of any subscription right or warrant or option issued pursuant to or contemplated by the Plan of Reorganization or the Investment Agreements, or (iii) an Acquisition after the Restriction Release Date. In determining whether to grant its consent to a proposed Acquisition, the Board of Directors is permitted, but not required, to assume, among other things, that any shares held by a Substantial Holder will shortly be sold and to take into account potential capital transactions in which the Corporation may seek to engage in the future (whether or not currently under consideration). As a condition to granting its consent, the Board of Directors may, in its discretion, require (at the expense of the transferor and/or transferee) such representations from the transferor and/or transferee or such opinions of counsel to be rendered by counsel selected by the Board of Directors, in each case as to such matters as the Board of Directors determines.

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D. Treatment of Excess Securities.

(1) No employee or agent of the Corporation shall record any Prohibited Acquisition, and the purported acquirer in a Prohibited Acquisition (the “Purported Acquirer”) shall not be recognized as a stockholder of the Corporation for any purpose whatsoever in respect of the Corporation Securities which are the subject of the Prohibited Acquisition (the “Excess Securities”). The Purported Acquirer shall not be entitled with respect to such Excess Securities to any rights of stockholders of the Corporation, including, without limitation, the right to vote such Excess Securities and to receive dividends or distributions, whether liquidating or otherwise, in respect thereof, but, once the Excess Securities have been acquired in an Acquisition that is not a Prohibited Acquisition, such Corporation Securities shall cease to be Excess Securities.

(2) If the Board of Directors determines that a Prohibited Acquisition has been recorded by an agent or employee of the Corporation, such recording and the Prohibited Acquisition shall be void *ab initio* and have no legal effect and, upon written demand by the Corporation, the Purported Acquirer shall transfer or cause to be transferred any certificate or other evidence of ownership or proceeds from the resale by such Purported Acquirer of the Excess Securities within the Purported Acquirer’s possession or control, together with any dividends or other distributions that were received by the Purported Acquirer from the Corporation with respect to the Excess Securities (the “Prohibited Distributions”), to an agent designated by the Board of Directors (the “Agent”). The Agent shall thereupon sell to a buyer or buyers the Excess Securities transferred to it in one or more arm’s-length transactions (including over a national securities exchange on which the Corporation Securities may be traded, if possible); provided, however, that the Agent, in its sole discretion, shall effect such sale or sales in an orderly fashion and shall not be required to effect any such sale within any specific time frame if, in the Agent’s discretion, such sale or sales would disrupt the market for the Corporation Securities or otherwise would adversely affect the value of the Corporation Securities; provided, further, however, that if the Agent holds any Excess Securities constituting Voting Stock on or after the record date for any vote of the stockholders, the Agent shall vote all such securities in connection with such vote in accordance with the recommendation of the Designated Proxy Firm and shall abstain if no such recommendation has been made. For the purposes of this subsection (2), the “Designated Proxy Firm” means [Institutional Shareholder Services Inc.] or any successor thereto or a nationally recognized proxy advisory firm designated by the vote of a majority of the independent members of the Board of Directors in their discretion from time to time; provided, however, that the independent members of the Board of Directors shall not designate a Designated Proxy Firm after the date on which a meeting of stockholders has been called until after such meeting has been held; provided, further, however that if such meeting has been adjourned, no designation of a Designated Proxy Firm shall occur until after the date on which such adjourned meeting has been held. The Purported Acquirer shall be deemed to have given, as of the close of business on the business day prior to the date of the Prohibited Acquisition that results in the transfer of the Excess Securities to the Agent, an irrevocable proxy to the Trustee to vote the Excess Securities constituting shares of Voting Stock in accordance with this subsection (2). If the Purported Acquirer has resold the Excess Securities before receiving the Corporation’s demand to surrender the Excess Securities to the Agent, the Purported Acquirer shall be deemed to have sold the Excess Securities for the Agent, and shall be

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required to transfer to the Agent any Prohibited Distributions and proceeds of such sale, except to the extent that the Corporation grants written permission to the Purported Acquirer to retain a portion of such sales proceeds not exceeding the amount that the Purported Acquirer would have received from the Agent pursuant to paragraph D(3) of this Article XV if the Agent, rather than the Purported Acquirer, had resold the Excess Securities; or

(3) The Agent shall apply any proceeds of a sale by it of Excess Securities and, if the Purported Acquirer had previously resold the Excess Securities, any amounts received by it from a Purported Acquirer, as follows:

(a) *first*, such amounts shall be paid to the Agent to the extent necessary to cover its costs and expenses incurred in connection with its duties hereunder;

(b) *second*, any remaining amounts shall be paid to the Purported Acquirer, up to the amount paid by the Purported Acquirer for the Excess Securities (or in the case of any Prohibited Acquisition by gift, devise or inheritance or any other Prohibited Acquisition without consideration, the fair market value, (1) calculated on the basis of the closing market price for the Corporation Securities on the day before the Prohibited Acquisition, or (2) if the Corporation Securities are not listed or admitted to trading on any stock exchange but are traded in the over-the-counter market, calculated based upon the difference between the highest bid and lowest asked prices, as such prices are reported by the National Association of Securities Dealers through its NASDAQ system or any successor system on the day before the Prohibited Acquisition or, if none, on the last preceding day for which such quotations exist, or (3) if the Corporation Securities are neither listed nor admitted to trading on any stock exchange nor traded in the over-the counter market, then as determined in good faith by the Board of Directors, which amount (or fair market value) shall be determined at the discretion of the Board of Directors); and

(c) *third*, any remaining amounts, subject to the limitations imposed by the following proviso, shall be paid to one or more organizations qualifying under Section 501(c)(3) of the Code (or any comparable successor provision) (“Section 501(c)(3)”) selected by the Board of Directors; provided, however, that if the Excess Securities (including any Excess Securities arising from a previous Prohibited Acquisition not sold by the Agent in a prior sale or sales) represent a 4.99% or greater Percentage Stock Ownership interest in the Corporation, then such remaining amounts shall be paid to two or more organizations qualifying under Section 501(c)(3) selected by the Board of Directors such that no organization qualifying under Section 501(c)(3) of the Code shall possess Percentage Stock Ownership in the Corporation in excess of 4.99%.

The recourse of any Purported Acquirer in respect of any Prohibited Acquisition shall be limited to the amount payable to the Purported Acquirer pursuant to clause (b) above. Except as may be required by law, in no event shall the proceeds of any sale of Excess Securities pursuant to this Article XV inure to the benefit of the Corporation.

(4) If the Purported Acquirer fails to surrender (4) the Excess Securities (as applicable) or the proceeds of a sale thereof to the Agent within thirty (30) days from the date on which the Corporation makes a demand pursuant to paragraph D(2) of this Article

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XV, then the Corporation shall use its best efforts to enforce the provisions hereof, including the institution of legal proceedings to compel the surrender.

(5) Notwithstanding any other provision this paragraph D, where a Prohibited Acquisition occurs between Persons identified by the Corporation, the Corporation may require that the Prohibited Acquisition be rescinded; provided, that the Purported Acquirer derives no net benefit

from the Prohibited Acquisition and its rescission or any net benefit is treated in accordance with clause (c) of paragraph D(3). The Corporation may institute legal proceedings to force a rescission pursuant to this paragraph D(5).

(6) In the event of any Acquisition which does not involve a transfer of Corporation Securities but which would cause a Substantial Holder to violate a restriction on Acquisition provided for in Article XV, the application of this paragraph D shall be modified as described in this paragraph D(6). In such case, no such Substantial Holder shall be required to dispose of any interest that is not a Corporation Security, but such Substantial Holder and/or any Person whose ownership of Corporation Securities is attributed to such Substantial Holder shall be deemed to have disposed of and shall be required to dispose of sufficient Corporation Securities (which Corporation Securities shall be disposed of in the inverse order in which they were acquired) to cause such Substantial Holder, following such disposition, not to be in violation of this Article XV. Such disposition shall be deemed to occur simultaneously with the Purported Acquisition giving rise to the application of this provision, and the number of Corporation Securities that are deemed to be disposed of shall be considered Excess Securities and shall be disposed of as provided in paragraph D(2); provided, however, that the maximum aggregate amount payable either to such Substantial Holder or to such other Person that was the direct holder of such Excess Securities in connection with such sale shall be the fair market value of such Excess Securities at the time of the Purported Acquisition. All expenses incurred by the Agent in disposing of such Excess Securities shall be paid out of any amounts due such Substantial Holder or such other Person. The purpose of this paragraph D(6) is to make clear the remedy for situations in which there is a Prohibited Acquisition without a direct Acquisition of Corporation Securities, and this paragraph D(6), along with the other provisions of this Article XV, shall be interpreted to produce the same results, with differences as the context requires, as a direct Acquisition of Corporation Securities.

E. Bylaws, Legends, etc.

(1) The Bylaws may make appropriate provisions to effectuate the requirements of this Article XV.

(2) Until the Restriction Release Date, all certificates representing Corporation Securities during the effectiveness of this Article XV shall bear a conspicuous legend as follows:

THE TRANSFER OF THE SECURITIES REPRESENTED HEREBY IS SUBJECT TO OWNERSHIP RESTRICTIONS PURSUANT TO ARTICLE XV OF THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF [], INC. THE

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CORPORATION WILL FURNISH A COPY OF ITS AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO THE HOLDER OF RECORD OF THIS CERTIFICATE WITHOUT CHARGE UPON WRITTEN REQUEST ADDRESSED TO THE CORPORATION AT ITS PRINCIPAL PLACE OF BUSINESS.

(3) The Corporation shall have the power to make appropriate notations upon its stock transfer records and instruct any transfer agent, registrar, securities intermediary or depository with respect to the requirements of this Article XV for any uncertificated Corporation Securities or Corporation Securities held in an indirect holding system.

(4) The Board of Directors shall have the power to determine all matters necessary for determining compliance with this Article XV, including, without limitation, determining (A) the identification of Substantial Holders, (B) whether an Acquisition is a Prohibited Acquisition, (C) the Percentage Stock Ownership of any Substantial Holder or other Person, (D) whether an instrument constitutes a Corporation Security, (E) the amount (or fair market value) due to a Purported Acquirer pursuant to clause (b) of paragraph D(3) of this Article XV, and (F) any other matters which the Board determines to be relevant. The good faith determination of the Board on such matters shall be conclusive and binding for the purposes of this Article XV. Without limiting the generality of the foregoing, in the event of a change in law or Treasury Regulations making one or more of the following actions necessary or desirable, the Board of Directors may (i) modify the specific application of the transfer restrictions set forth in this Article XV, or (ii) modify the definitions of any terms set forth in this Article XV; provided, that a majority of the Board of Directors shall determine in writing that such acceleration, extension, change or modification is reasonably necessary or advisable to preserve the Tax Benefit under the Code and the regulations thereunder or that the continuation of these restrictions is no longer reasonably necessary for the preservation of the Tax Benefit.

(5) The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Article XV without any requirement of the posting of a bond in connection therewith or any related appellate proceeding and each holder of Corporation Securities is deemed to have waived any right to require the posting of any such bond.

(6) No delay or failure on the part of the Corporation or the Board of Directors in exercising any right hereunder shall operate as a waiver of any right of the Corporation or the Board, as the case may be, except to the extent specifically waived in writing.

F. Damages. Any Person subject to the provisions of this Article XV who knowingly violates or any Person who knowingly causes a stockholder of the Corporation under such Person's control and subject to the provisions of this Article XV to knowingly violate the provisions of this Article XV shall be jointly and severally liable to the Corporation for, and shall indemnify and hold the Corporation harmless against, any and all damages suffered as a result of such violation, including but not limited to damages resulting from a reduction in, or elimination

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of, the Corporation's ability to utilize its Tax Benefits, and attorneys' and auditors' fees incurred in connection with such violation.

G. Reliance. The Corporation and the members of the Board of Directors shall be fully protected in relying in good faith upon the information, opinions, reports or statements of the chief executive officer, the chief financial officer or the chief accounting officer of the Corporation or of the Corporation's legal counsel, independent auditors, transfer agent, investment bankers or other employees and agents in making the determinations and findings contemplated by this Article XV, and the members of the Board of Directors shall not be responsible for any good faith errors made in connection therewith.

H. Severability. Any provision in this Article XV which is judicially determined to be prohibited, invalid or otherwise unenforceable (whether on its face or as applied to a particular stockholder, transferee or Acquisition) under the laws of the State of Delaware shall be ineffective to the extent of such prohibition, invalidity or unenforceability without prohibiting, invalidating or rendering unenforceable the remaining provisions of this Article XV and of this

Certificate of Incorporation, which shall be thereafter interpreted as if the prohibited, invalid or unenforceable part had been reformed to the extent required to be valid, legal and enforceable, and, to the maximum extent possible, in a manner consistent with preserving the Corporation's use of the Tax Benefits without any Code Section 382 limitation.

I. Waiver of Restrictions. Upon the occurrence of the Restriction Release Date, the Board of Directors shall promptly cause the Corporation to (i) announce waiver of the restrictions in paragraph B of this Article XV by press release and the filing of a Current Report on Form 8-K with the Securities and Exchange Commission and (ii) following the delivery by any stockholder to the Company of a certificate representing Corporation Securities legended in accordance with paragraph E(2) of this Article XV, deliver or cause to be delivered to such stockholder a certificate representing such Corporation Securities that is free from such legend.

IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Incorporation to be signed by its [] this [] day of November, 2010.

THE HOWARD HUGHES CORPORATION

/s/ _____
Name: []
Its: []

SIGNATURE PAGE TO THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF THE HOWARD HUGHES CORPORATION

FORM OF
 AMENDED AND RESTATED
 BYLAWS
 OF
 THE HOWARD HUGHES CORPORATION
 [], 2010

FORM OF AMENDED AND RESTATED
 BYLAWS
 OF
 THE HOWARD HUGHES CORPORATION
 ([], 2010)

ARTICLE I
STOCKHOLDERS

SECTION 1. Stockholder Meetings.

(a) The annual meeting of stockholders of The Howard Hughes Corporation (the "Corporation") for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held each year at such date, time and place, if any, within or without the State of Delaware, as the Board of Directors shall determine.

(b) A special meeting of the stockholders for any purpose or purposes may be called by the Board of Directors. A special meeting of stockholders shall be called by the Secretary promptly upon and in accordance with the written request, stating the purpose, date, time and place within or without the State of Delaware of the meeting, of stockholders of record who together hold fifteen percent (15%) or more of the voting power of the issued and outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors (the "Voting Stock").

SECTION 2. Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a notice of the meeting shall be given that shall state the place, date and time of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present and vote at such meeting, the place at which the list of stockholders may be examined, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, and any other information required by law to be included in the notice. Unless otherwise provided by law, the Corporation's Certificate of Incorporation, as it may be amended from time to time (the "Certificate of Incorporation"), or these amended and restated bylaws (the "Bylaws"), the notice of any meeting shall be mailed or otherwise delivered (including pursuant to electronic transmission in the manner provided in Section 232 of the General Corporation Law of the State of Delaware (the "DGCL")) not less than ten (10) nor more than sixty (60) days prior to the date of the meeting to each stockholder of record entitled to vote at such meeting and shall otherwise comply with applicable law. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at his address as it appears on the stock transfer books of the Corporation. If notice is given by electronic transmission, such notice shall be deemed to be given at the times provided in the DGCL. Any previously scheduled meeting of the stockholders may be postponed, and (unless the Certificate of Incorporation otherwise provides) any special meeting of the stockholders called by the Board of Directors may be cancelled, by resolution of the Board of Directors upon public announcement made prior to the date previously scheduled for such meeting of stockholders.

SECTION 3. Quorum and Adjournment. Except as otherwise provided by law or the Certificate of Incorporation, a quorum for the transaction of business at any meeting of stockholders shall consist of the holders of record of a majority of the voting power of the Voting Stock, present in person or by proxy, except that when specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. The chairman of the meeting may (i) from time to time adjourn any meeting that is not a special meeting called by a stockholder(s) pursuant to Section 1(b), whether or not there is such a quorum and (ii) adjourn a special meeting called by a stockholder(s) pursuant to Section 1(b) only if there is not such a quorum; provided, that, in the case of clauses (i) and (ii), the date, time and place of the adjourned meeting is announced at the meeting such adjournment is taken; provided, however, that notice shall be provided if the meeting is adjourned for more than 30 days or otherwise required by law. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

SECTION 4. Organization. Meetings of stockholders shall be presided over by the Chairman of the Board of Directors (the "Chairman"), or if none or in the Chairman's absence the Presiding Director, or if none or in the Presiding Director's absence, the Vice-Chairman, or if none or in the Vice-Chairman's absence the Chief Executive Officer, or in the Chief Executive Officer's absence a Vice-President, or, if none of the foregoing is present, by a chairman to be chosen by the stockholders entitled to vote who are present in person or by proxy at the meeting. The Secretary of the Corporation, or in the Secretary's absence an Assistant Secretary, shall act as secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present, the chairman of the meeting shall appoint any person present to act as secretary of the meeting.

SECTION 5. Voting; Proxies; Required Vote.

(a) At each meeting of stockholders, every stockholder shall be entitled to vote in person or by proxy appointed by an instrument in writing, subscribed by such stockholder or by such stockholder's duly authorized attorney in fact and otherwise complying with requirements of the DGCL and any stock exchange(s) upon which the Voting Stock is then listed (but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period), and, unless the Certificate of Incorporation provides otherwise, shall have one vote for each share of stock entitled to vote registered in the name of such stockholder on the books of the Corporation on the applicable record date fixed pursuant to these Bylaws. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, in all matters other than the election of directors, which shall be governed by Section 8 of this Article I, the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders.

(b) When specified business is to be voted on by a class or series of stock voting as a class, the affirmative vote of the majority of shares of such class or classes present in person or represented by proxy at the meeting shall be the act of such class, unless otherwise provided in the Certificate of Incorporation.

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SECTION 6. Inspectors. The Board of Directors, in advance of any meeting, may, but need not unless required by law, appoint one or more inspectors of election to act at the meeting or any adjournment thereof. If an inspector or inspectors are not so appointed, the person presiding at the meeting may, but need not, appoint one or more inspectors. In case any person who may be appointed as an inspector fails to appear or act, the vacancy may be filled by appointment made by the directors in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, if any, before entering upon the discharge of such inspector's duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of such inspector's ability. The inspectors, if any, shall determine the number of shares of stock outstanding and the voting power of each, the shares of stock represented at the meeting, the existence of a quorum, and the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the person presiding at the meeting, the inspector or inspectors, if any, shall make a report in writing of any challenge, question or matter determined by such inspector or inspectors and execute a certificate of any fact found by such inspector or inspectors.

SECTION 7. Notice of Stockholder Nominations and Other Business.

(a) Annual Meetings of Stockholders.

(1) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders only (A) pursuant to the Corporation's notice of meeting (or any supplement thereto), (B) by or at the direction of the Board of Directors, or (C) by any stockholder of the Corporation who (i) was a stockholder of record of the Corporation at the time the notice provided for in this Section 7 is delivered to the Secretary of the Corporation and at the time of the annual meeting, (ii) is entitled to vote at the meeting, and (iii) complies with the notice procedures set forth in this Section 7 as to such business or nomination. Clause (C) of the preceding sentence shall be the exclusive means for a stockholder to make nominations or submit other business (other than matters or nominations properly brought under Rule 14a-8 or Rule 14a-11 under the Securities Exchange Act of 1934, as amended (including the rules and regulations promulgated thereunder, the "Exchange Act") and included in the Corporation's proxy statement) at an annual meeting of stockholders.

(2) Without qualification or limitation of any other requirement, for any nominations or any other business to be properly brought before an annual meeting by a stockholder pursuant to clause (C) of paragraph (a)(1) of this Section 7, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and any such proposed business other than the nominations of persons for election to the Board of Directors must constitute a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day nor later than the close of business on the ninetieth (90th) day prior to the first anniversary of the preceding year's annual meeting (provided, however, that in the event that the date of the annual meeting is more than

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thirty (30) days before or more than seventy (70) days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or, if the first public announcement of the date of such annual meeting is less than one hundred (100) days prior to the date of such annual meeting, not later than the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation). In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(3) To be in proper form, a stockholder's notice delivered pursuant to this Section 7 must set forth: (A) as to each person, if any, whom the stockholder proposes to nominate for election or reelection as a director (i) all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in contested election, or is otherwise required, in each case pursuant to and in accordance with Regulation 14A under the Exchange Act, (ii) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected and (iii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such stockholder and, if applicable, the beneficial owner of the shares held of record by such stockholder (the "Beneficial Owner"), if any, and their respective affiliates, or others acting in concert therewith, on the one hand, and each proposed nominee, and such persons' respective affiliates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Item 404 promulgated under Regulation S-K if the stockholder making the nomination and any Beneficial Owner, if any, or any affiliate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant; (B) if the notice relates to any business other than a nomination of a director or directors that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend these Bylaws, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the Beneficial Owner, if any, on whose behalf the proposal is made, and a description of all agreements, arrangements and understandings between such stockholder and Beneficial Owner, if any, (including their names) in connection with the proposal of such business by such

stockholder; and (C) as to the stockholder giving the notice and the Beneficial Owner, if any, (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such Beneficial Owner, if any, (ii) (a) the class or series and number of shares of capital stock of the Corporation which are, directly or indirectly, owned beneficially and of record by such stockholder and such Beneficial Owner, (b) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder has a right to vote any shares of any security of the Corporation, (c) any short interest in any security of the Corporation (for purposes of these Bylaws a person shall be deemed have a short interest of such stockholders and Beneficial Owner, if any, in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship

or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (d) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder and Beneficial Owner, if any, that are separated or separable from the underlying shares of the Corporation and (e) any proportionate interest in shares of the Corporation held, directly or indirectly, by a general or limited partnership in which such stockholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, (iii) a description of any agreement, arrangement or understanding with respect to the nomination or proposal between or among such stockholder and such Beneficial Owner, if any, any of their respective affiliates, and any others acting in concert with any of the foregoing with respect to such nomination or proposal, (iv) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, (v) a representation whether the stockholder or the Beneficial Owner, if any, intends to be or is part of a group which intends (a) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the voting power of the Corporation's outstanding Voting Stock required to approve or adopt the proposal or elect the nominee or (b) otherwise to solicit proxies from stockholders in support of such proposal or nomination, and (vi) any other information relating to such stockholder and Beneficial Owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act. In addition, the stockholder's notice with respect to the election of directors must include, with respect to each nominee for election or reelection to the Board of Directors, the completed and signed questionnaire, representation and agreement required by Section 9 of this Article I. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee. Notwithstanding the foregoing, the information required by clauses (a)(3)(C)(ii) and (a)(3)(C)(iii) of this Section 7 shall be updated by such stockholder and Beneficial Owner, if any, not later than ten (10) days after the record date for the meeting to disclose such information as of the record date.

(4) Notwithstanding anything in the second sentence of paragraph (a)(2) of this Section 7 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation at an annual meeting is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 7 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected

pursuant to the Corporation's notice of meeting (1) by or at the direction of the Board of Directors or a committee thereof, or (2) provided, that the Board of Directors, such committee or stockholder(s) pursuant to Section 1(b) hereof have determined that a purpose of the meeting is to elect directors, by any stockholder of the Corporation who (i) is a stockholder of record of the Corporation at the time the notice provided for in this Section 7 is delivered to the Secretary of the Corporation and at the time of the special meeting, (ii) is entitled to vote at the meeting and upon such election, and (iii) complies with the notice procedures set forth in this Section 7 as to such nomination. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (a)(3) hereof with respect to any nomination (including the completed and signed questionnaire, representation and agreement required by these Bylaws) shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or, if the first public announcement of the date of such special meeting is less than one hundred (100) days prior to the date of such special meeting, the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) Conduct of Meetings. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the person presiding over the meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the person presiding over any meeting of stockholders shall have the right and authority to convene the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the presiding person of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The presiding person at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board of Directors or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

(d) General.

(1) Only such persons who are nominated in accordance with the procedures set forth in this Section 7 and the Certificate of Incorporation shall be eligible to be elected at an annual or special meeting of stockholders of the Corporation to serve as directors and only such other business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 7. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the person presiding at the meeting of stockholders shall have the power and duty (a) to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 7 (including whether the stockholder or Beneficial Owner, if any, solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's nominee or proposal in compliance with such stockholder's representation as required by clause (a)(3)(C)(v) of this Section 7) and (b) if the presiding person determines that any proposed nomination or other business was not made or proposed in compliance with this Section 7, to declare that such nomination shall be disregarded or that such proposed other business shall not be transacted. Notwithstanding the foregoing provisions of this Section 7, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or other business, such nomination shall be disregarded and such proposed other business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 7, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(2) For purposes of this Section 7, "public announcement" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission (the "SEC") pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding anything to the contrary in the foregoing provisions of this Section 7, a stockholder shall also comply with all applicable requirements of the Exchange Act with respect to the matters set forth in this Section 7; provided, however, that any references in these Bylaws to the Exchange Act are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 7 (including clause (a)(1)(C) and paragraph (b) hereof), and compliance with clause (a)(1)(C) and paragraph (b) of this Section 7 shall be the exclusive means for a stockholder to make nominations or submit other business, as applicable (other than matters or nominations brought properly under and in compliance with Rule 14a-8 or Rule 14a-11 of the Exchange Act). Nothing in this Section 7 shall be deemed to affect any rights (A) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 of the Exchange Act or (B) of the holders of any class or series of stock having a preference over the common stock of the Corporation as to dividends or upon liquidation

("Preferred Stock") to elect directors pursuant to any applicable provisions of the Certificate of Incorporation.

SECTION 8. Required Vote for Election of Directors.

(a) Except as otherwise provided pursuant to the Certificate of Incorporation and except as provided by Section 12 of Article II with respect to the filling of vacancies, directors shall be elected by a majority of votes cast by the shares represented at a meeting of stockholders and entitled to vote thereon, a quorum being present at such meeting, unless the election is contested, in which case directors shall be elected by a plurality of votes cast by the shares represented at such meeting. A "majority of votes cast" means that the number of votes cast "for" the election of the nominee exceeds fifty percent (50%) of the total number of votes cast "for" and "against" the election of that nominee. Stockholders shall also be provided the opportunity to abstain from voting with respect to the election of a director. In voting on the election of directors, abstentions, votes designated to be withheld from the election of a director and shares present but not voted in respect of the election of a director shall not be considered as votes cast. An election shall be considered "contested" if the number of nominees for election is greater than the number of directors to be elected. For purposes hereof, the number of nominees shall be determined as of the later of (i) the tenth (10th) day preceding the date the Corporation first mails its notice of meeting for such meeting to the stockholders of the Corporation and (ii) the last date on which a stockholder in accordance with these Bylaws may give notice of the nomination of a person for election as a director in order for such nomination to be required to be presented for a vote of the stockholders of the Corporation. Each director, including a director elected to fill a vacancy, shall hold office until the next annual meeting of stockholders and until such director's successor is duly elected and qualified or until such director's earlier death, incapacity, resignation, retirement, disqualification or removal from office.

(b) If a nominee for director who is an incumbent director is not elected and no successor has been elected at such meeting, the director shall promptly tender such director's resignation to the Board of Directors. The Nominating and Governance Committee shall make a recommendation to the Board of Directors as to whether to accept or reject the tendered resignation, or whether other action should be taken. The Board of Directors shall act on the tendered resignation, taking into account the Nominating and Governance Committee's recommendation, and publicly disclose (by a press release, a filing with the SEC or other broadly disseminated means of communication) its decision regarding the tendered resignation and the rationale behind the decision within ninety (90) days from the date of the certification of the election results. The Nominating and Governance Committee in making its recommendation, and the Board of Directors in making its decision, may each consider any factors or other information that it considers appropriate and relevant. The director who tenders a resignation shall not participate in the recommendation of the Nominating and Governance Committee or the decision of the Board of Directors with respect to such resignation. If such incumbent director's resignation is not accepted by the Board of Directors, such director shall continue to serve until the next annual meeting and until such director's successor is duly elected, or such director's earlier resignation or removal. If a director's resignation is accepted by the Board of Directors pursuant to these Bylaws, or if a nominee for director is not elected and the nominee is not an incumbent director, then the Board of Directors, in its sole discretion, may fill any resulting

vacancy pursuant to the provisions of Article II, Section 12 of these Bylaws or may decrease the size of the Board of Directors pursuant to the provisions of Article II, Section 2 of these Bylaws.

SECTION 9. **Submission of Questionnaire, Representation and Agreement.** To be eligible to be a nominee for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Article I, Section 7 of these Bylaws) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (A) will abide by the requirements of Article I, Section 8 of these Bylaws, (B) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (2) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law as it presently exists or may hereafter be amended, (C) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (D) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation.

SECTION 10. **Removal of Director.** Unless otherwise provided by law and subject to the provisions of the Certificate of Incorporation and subject to the rights of the holders of any series of Preferred Stock, if any outstanding, with respect to such series of Preferred Stock, the stockholders, acting at a duly called annual meeting or a duly called special meeting of the stockholders, at which there is a proper quorum and where notice has been provided in accordance with Section 7 of this Article I, may remove a director or directors of the Corporation, but only for cause.

ARTICLE II

BOARD OF DIRECTORS

SECTION 1. **General Powers.** The business, property and affairs of the Corporation shall be managed by, or under the direction of, the Board of Directors. In addition to the powers and authorities by these Bylaws expressly conferred upon them, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws required to be exercised or done by the stockholders.

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SECTION 2. **Qualification; Number; Term; Remuneration.**

(a) Each director shall be at least 18 years of age. A director need not be a stockholder, a citizen of the United States, or a resident of the State of Delaware. The total number of directors that the Corporation would have if there were no vacancies (the "Whole Board") shall be fixed from time to time exclusively by action of the Board of Directors, one of whom may be selected by the Board of Directors to be its Chairman.

(b) Directors who are elected at an annual meeting of stockholders, and directors who are elected in the interim to fill vacancies and newly created directorships, shall hold office until the next annual meeting of stockholders and until their successors are elected and qualified or until their earlier resignation or removal.

(c) Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and directors who are not employees of the Corporation may be paid a fixed sum for attendance at each meeting of the Board of Directors and each meeting of a committee of the Board of Directors on which such director serves or a stated salary as director or such other compensation scheme (which may include awards of stock, options, or other incentive awards) as the Compensation Committee of the Board of Directors determines from time to time. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for committee service.

SECTION 3. **Quorum and Manner of Voting.** Except as otherwise provided by law or in these Bylaws, a majority of the Whole Board shall constitute a quorum. A majority of the directors present, whether or not a quorum is present, may adjourn a meeting from time to time to another time and place without notice. The vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. The directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

SECTION 4. **Places of Meetings.** Meetings of the Board of Directors may be held at any place within or without the State of Delaware as may from time to time be fixed by resolution of the Board of Directors, or as may be specified in the notice of meeting.

SECTION 5. **Regular Meetings.** Regular meetings of the Board of Directors shall be held at such times and places as the Board of Directors shall from time to time by resolution determine. Notice need not be given of regular meetings of the Board of Directors held at times and places fixed by resolution of the Board of Directors.

SECTION 6. **Special Meetings.** Special meetings of the Board of Directors shall be held whenever called by the Chairman of the Board, Presiding Director, President, Chief Executive Officer or by any two (2) of the directors then in office.

SECTION 7. **Notice of Meetings.** A notice of the place, date and time and the purpose or purposes of each special meeting of the Board of Directors shall be given to each director by mail, personal delivery, electronic transmission or telephone at least twenty-four (24) hours before the day of the meeting; provided, however, if notice is sent by United States Mail, it shall be deposited in the United States Mail at least five (5) days before the date of the meeting.

Notice shall be deemed to be given at the time of mailing, but said twenty-four (24) hours' notice need not be given to any director who consents in writing, whether before or after the meeting, or who attends the meeting without protesting prior thereto or at its commencement, the lack of notice to him.

SECTION 8. **Chairman of the Board of Directors.** Except as otherwise provided by law, the Certificate of Incorporation, or in Section 9 of this Article II, the Chairman of the Board of Directors, if there be one, shall preside at all meetings of the Board of Directors and shall have such other powers and duties as may from time to time be assigned by the Board of Directors.

SECTION 9. **Presiding Director.** If at any time the Chairman of the Board of Directors shall be an executive officer or former executive officer of the Corporation or for any reason shall not be an independent director, a Presiding Director shall be selected by the independent directors from among the directors who are not executive officers or former executive officers of the Corporation and are otherwise independent. If the Chairman of the Board of Directors is not present, the Presiding Director shall chair meetings of the Board of Directors. The Presiding Director shall chair any meeting of the independent directors and shall also perform such other duties as may be assigned to the Presiding Director by these Bylaws or the Board of Directors.

SECTION 10. **Organization.** At all meetings of the Board of Directors, the Chairman, or if none or in the Chairman's absence or inability to act, the Presiding Director, or if none or in the Presiding Director's absence or inability to act, the Chief Executive Officer, or in the Chief Executive Officer's absence or inability to act any Vice-President who is a member of the Board of Directors, or if none or in such Vice-President's absence or inability to act, a chairman chosen by the directors shall preside. The Secretary of the Corporation shall act as secretary at all meetings of the Board of Directors when present, and, in the Secretary's absence, the presiding officer may appoint any person to act as secretary.

SECTION 11. **Resignation.** Any director may resign at any time upon written notice to the Corporation and, except for a resignation tendered pursuant to Section 8(b) of Article I, such resignation shall take effect upon receipt thereof by the Chief Executive Officer or Secretary, unless otherwise specified in the resignation.

SECTION 12. **Vacancies.** Subject to applicable law and the rights of the holders of any series of Preferred Stock with respect to such series of Preferred Stock, if any outstanding, newly created directorships resulting from any increase in the authorized number of directors will be filled by a majority of the Board of Directors then in office, provided, that a majority of the Whole Board is present, unless the Board of Directors otherwise determines that such directorships should be filled by the affirmative vote of the stockholders of record of at least a majority of the Voting Stock, and any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause will be filled generally by the majority vote of the remaining directors in office, even if less than a quorum is present. No change in the number of authorized directors constituting the Whole Board shall shorten or increase the term of any incumbent director.

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SECTION 13. **Conference Telephone Meetings.** Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

SECTION 14. **Action by Unanimous Written Consent.** Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all the directors consent thereto in writing (which may be provided by electronic transmission), and such writing or writings are filed with the minutes of proceedings of the Board of Directors.

ARTICLE III

COMMITTEES

SECTION 1. **Appointment.** From time to time the Board of Directors, by a resolution adopted by a majority of the Whole Board, may appoint any committee or committees, each committee to consist of two (2) (or such other minimum number, if any, mandated by law and the applicable listing requirements of the New York Stock Exchange (or the principal stock exchange on which the Corporation's common stock is listed), as in effect from time to time) or more directors of the Corporation for any purpose or purposes, to the extent lawful, which shall have powers as shall be determined and specified by the Board of Directors in the resolution of appointment, including the following committees:

(a) an Executive Committee, which shall have such authority as has been or shall be delegated by the Board of Directors and shall advise the Board of Directors from time to time with respect to such matters as the Board of Directors shall direct; and

(b) an Audit Committee, a Compensation Committee and a Nominating & Governance Committee, each of which shall have such authority (i) as has been or shall be set forth in the charter for such committee (as in effect from time to time and approved by the Board of Directors), which authority shall at all times be not less than that mandated by law and the applicable listing requirements of the New York Stock Exchange (or the principal stock exchange on which the Corporation's common stock is listed), and (ii) as shall otherwise be delegated by the Board of Directors.

The Board of Directors shall have power at any time to fill vacancies in, to change the membership of, or to dissolve any such committee, provided, that each committee shall consist of at least such minimum number of directors, if any, mandated by law and the applicable listing requirements of the New York Stock Exchange (or the principal stock exchange on which the Corporation's common stock is listed), as in effect from time to time. Nothing herein shall be deemed to prevent the Board of Directors from appointing one or more committees consisting in whole or in part of persons who are not directors of the Corporation; provided, however, that no such committee shall have or may exercise any authority of the Board of Directors.

SECTION 2. **Procedures, Quorum and Manner of Acting.** Each committee shall fix its own rules of procedure and shall meet where and as provided by such rules or by resolution of

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the Board of Directors. Except as otherwise provided by law, the presence of a majority of the then appointed members of a committee shall constitute a quorum for the transaction of business by that committee, and in every case where a quorum is present the affirmative vote of a majority of the members of the

committee present shall be the act of the committee. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Each committee shall keep minutes of its proceedings, and actions taken by a committee shall be reported to the Board of Directors.

SECTION 3. **Action by Unanimous Written Consent.** Any action required or permitted to be taken at any meeting of any committee of the Board of Directors may be taken without a meeting if all the members of the committee consent thereto in writing (which may be provided by electronic transmission), and such writing or writings are filed with the minutes of proceedings of the committee.

SECTION 4. **Term; Termination.** In the event any person shall cease to be a director of the Corporation, such person shall simultaneously therewith cease to be a member of any committee appointed by the Board of Directors.

ARTICLE IV

OFFICERS

SECTION 1. **Election and Qualifications.** The Board of Directors shall elect the officers of the Corporation, which shall include a Chief Executive Officer and a Secretary, and may include, by election or appointment, one or more Vice-Presidents (any one or more of whom may be given an additional designation of rank or function), a Treasurer and such other officers as the Board of Directors may from time to time deem proper. Each officer shall have such powers and duties as may be prescribed by these Bylaws and as may be assigned by the Board of Directors or the Chief Executive Officer. Any two or more offices may be held by the same person; provided, however, no person shall simultaneously hold the offices of Chief Executive Officer and Secretary.

SECTION 2. **Term of Office and Remuneration.** The term of office of all officers shall be one year or until their respective successors have been elected and qualified, but any officer may be removed from office, either with or without cause, at any time by a vote of the Board of Directors. Any vacancy in any office arising from any cause may be filled for the unexpired portion of the term by the Board of Directors. The remuneration of all officers of the Corporation may be fixed by the Board of Directors or in such manner as the Board of Directors shall provide.

SECTION 3. **Resignation; Removal.** Any officer may resign at any time upon written notice to the Corporation and such resignation shall take effect upon receipt thereof by the Chief Executive Officer or Secretary, unless otherwise specified in the resignation. Any officer shall be subject to removal, with or without cause, at any time by a vote of the Board of Directors.

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SECTION 4. **Chief Executive Officer.** The Chief Executive Officer shall have such duties as customarily pertain to that office. The Chief Executive Officer shall have general management and supervision of the property, business and affairs of the Corporation and over its other officers and may appoint and remove assistant officers and other agents and employees other than officers referred to in Section 1 of this Article IV.

SECTION 5. **Vice-President.** A Vice-President shall have such other authority as from time to time may be assigned by the Board of Directors or the Chief Executive Officer.

SECTION 6. **Treasurer.** The Treasurer shall in general have all duties incident to the position of Treasurer and such other duties as may be assigned by the Board of Directors or the Chief Executive Officer.

SECTION 7. **Secretary.** The Secretary shall in general have all the duties incident to the office of Secretary and such other duties as may be assigned by the Board of Directors or the Chief Executive Officer.

SECTION 8. **Assistant Officers.** Any assistant officer shall have such powers and duties of the officer such assistant officer assists as such officer or the Board of Directors shall from time to time prescribe.

SECTION 9. **Other Officers.** The Board of Directors may elect other officers from time to time, and vest such officers with such powers and duties, as the Board of Directors may deem proper.

ARTICLE V

BOOKS AND RECORDS

SECTION 1. **Location.** The books and records of the Corporation may be kept at such place or places within or outside the State of Delaware as the Board of Directors or the respective officers in charge thereof may from time to time determine. The record books containing the names and addresses of all stockholders, the number and class of shares of stock held by each and the dates when they respectively became the owners of record thereof shall be kept by the Secretary and by such officer or agent as shall be designated by the Board of Directors.

SECTION 2. **Addresses of Stockholders.** Notices of meetings and all other corporate notices may be delivered (i) personally or mailed to each stockholder at the stockholder's address as it appears on the records of the Corporation, or (ii) any other method permitted by applicable law and rules and regulations of the SEC as they presently exist or may hereafter be amended.

SECTION 3. **Fixing Date for Determination of Stockholders of Record.**

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which record date shall

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not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

ARTICLE VI

STOCK

SECTION 1. **Stock; Signatures.** Shares of the Corporation's stock may be evidenced by certificates for shares of stock or may be issued in uncertificated form in accordance with applicable law as it presently exists or may hereafter be amended. The Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution or the issuance of shares in uncertificated form shall not affect shares already represented by a certificate until such certificate is surrendered to the Corporation. Every holder of shares of stock in the Corporation that is represented by certificates shall be entitled to have a certificate certifying the number of shares owned by him in the Corporation and registered in certificated form. Stock certificates shall be signed by or in the name of the Corporation by the Chairman or Vice Chairman, if any, of the Board of Directors, or the Chief Executive Officer or Vice-President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, representing the number of shares registered in certificated form. Any and all signatures on any such certificate may be facsimiles. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue. The name of the holder of record of the shares represented by certificated or uncertificated shares, with the number of such shares and the date of issue, shall be entered on the books of the Corporation.

SECTION 2. **Transfers of Stock.** Transfers of shares of stock of the Corporation shall be made on the books of the Corporation after receipt of a request with proper evidence of succession, assignation, or authority to transfer by the record holder of such stock, or by an

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attorney lawfully constituted in writing, and in the case of stock represented by a certificate, upon surrender of the certificate. Subject to the foregoing, the Board of Directors may make such rules and regulations as it shall deem necessary or appropriate concerning the issue, transfer and registration of shares of stock of the Corporation, and to appoint and remove transfer agents and registrars of transfers.

SECTION 3. **Fractional Shares.** The Corporation may, but shall not be required to, issue certificates for fractions of a share where necessary to effect authorized transactions, or the Corporation may pay in cash the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined, or it may issue scrip in registered or bearer form over the manual or facsimile signature of an officer of the Corporation or of its agent, exchangeable as therein provided for full shares, but such scrip shall not entitle the holder to any rights of a stockholder except as therein provided.

SECTION 4. **Lost, Stolen or Destroyed Certificates.** The Corporation may issue a new certificate of stock or uncertificated shares in place of any certificate, theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Board of Directors may require the owner of any lost, stolen or destroyed certificate, or the legal representative thereof, to give the Corporation a bond sufficient to indemnify the Corporation against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificated or uncertificated shares.

SECTION 5. **Special Designation on Certificates.** If the Corporation is authorized to issue more than one class of stock or more than one series of any class, then the powers, designations, preferences, and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of any certificate that the Corporation shall issue to represent such class or series of stock; provided, however, that, except as otherwise provided in the DGCL, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate that the Corporation shall issue to represent such class or series of stock a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences, and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the Corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to this Section 5 or otherwise required by law or with respect to this Section 5 a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences, and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

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ARTICLE VII

DIVIDENDS

Except as otherwise provided by law or the Certificate of Incorporation (including the terms of any Preferred Stock provided for therein), the Board of Directors shall have full power to determine whether any, and, if any, what part of any, funds legally available for the payment of dividends shall be declared as dividends and paid to stockholders; the division of the whole or any part of such funds of the Corporation shall rest wholly within the lawful discretion of the Board of Directors, and it shall not be required at any time, against such discretion, to divide or pay any part of such funds among or to the stockholders as dividends or otherwise; and before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, thinks proper as a reserve or reserves to meet contingencies, or for equalizing

dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Board of Directors shall think conducive to the interest of the Corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created. Dividends may be paid in cash, in property or in shares of the Corporation's capital stock.

ARTICLE VIII

RATIFICATION

Any transaction, questioned in any lawsuit on the ground of lack of authority, defective or irregular execution, adverse interest of director, officer or stockholder, nondisclosure, miscomputation, or the application of improper principles or practices of accounting, may be ratified before or after judgment, by the Board of Directors or by the stockholders, and if so ratified shall have the same force and effect as if the questioned transaction had been originally duly authorized. Such ratification shall be binding upon the Corporation and its stockholders and shall constitute a bar to any claim or execution of any judgment in respect of such questioned transaction.

ARTICLE IX

CORPORATE SEAL

The corporate seal shall have inscribed thereon the name of the Corporation and the year of its incorporation, and shall be in such form and contain such other words and/or figures as the Board of Directors shall determine. The corporate seal may be used by printing, engraving, lithographing, stamping or otherwise making, placing or affixing, or causing to be printed, engraved, lithographed, stamped or otherwise made, placed or affixed, upon any paper or document, by any process whatsoever, an impression, facsimile or other reproduction of said corporate seal. Affixing the corporate seal shall not be required for the validity of any contract or agreement, deed, promissory note or other document executed and delivered by the Corporation, except as otherwise required by law.

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ARTICLE X

FISCAL YEAR

The fiscal year of the Corporation shall be fixed, and shall be subject to change, by the Board of Directors.

ARTICLE XI

WAIVER OF NOTICE

Whenever notice is required to be given by these Bylaws or by the Certificate of Incorporation or by law, the person or persons entitled to said notice may consent in writing, whether before or after the time stated therein, to waive such notice requirement. Notice shall also be deemed waived by any person who attends a meeting without protesting prior thereto or at its commencement, the lack of notice to him.

ARTICLE XII

BANK ACCOUNTS, DRAFTS, CONTRACTS, ETC.

SECTION 1. **Bank Accounts and Drafts.** In addition to such bank accounts as may be authorized by the Board of Directors, the chief financial officer, the Treasurer or any person designated by said chief financial officer or Treasurer, whether or not an employee of the Corporation, may authorize such bank accounts to be opened or maintained in the name and on behalf of the Corporation as such person may deem necessary or appropriate, payments from such bank accounts to be made upon and according to the check of the Corporation in accordance with the written instructions of said chief financial officer, or other person so designated by the Treasurer.

SECTION 2. **Contracts.** The Board of Directors may authorize any person or persons, in the name and on behalf of the Corporation, to enter into or execute and deliver any and all deeds, bonds, mortgages, contracts and other obligations or instruments, and such authority may be general or confined to specific instances. Except as otherwise provided by the Board of Directors or the Chief Executive Officer, any officer of the Corporation may execute and deliver any deed, bond, mortgage, contract or other obligation or instrument on behalf of the Corporation.

SECTION 3. **Proxies; Powers of Attorney; Other Instruments.** The Chief Executive Officer, the Treasurer or any other person designated by either of them shall have the power and authority to execute and deliver proxies, powers of attorney and other instruments on behalf of the Corporation in connection with the rights and powers incident to the ownership of stock by the Corporation. The Chief Executive Officer, the Treasurer or any other person authorized by proxy or power of attorney executed and delivered by either of them on behalf of the Corporation may attend and vote at any meeting of stockholders of any company in which the Corporation may hold stock, and may exercise on behalf of the Corporation any and all of the rights and powers incident to the ownership of such stock at any such meeting, or otherwise as specified in

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the proxy or power of attorney so authorizing any such person. The Board of Directors, from time to time, may confer like powers upon any other person.

SECTION 4. **Financial Reports.** The Board of Directors may appoint the chief financial officer, the Treasurer or other fiscal officer or any other officer to cause to be prepared and furnished to stockholders entitled thereto any special financial notice and/or financial statement, as the case may be, which may be required by any provision of law.

ARTICLE XIII

INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 1. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), any person (a "Covered Person") who was or is a party or is threatened to be made a party to, or is otherwise involved in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative in nature (a "proceeding"), by reason of the fact that such Covered Person, or a person for whom he or she is the legal representative, is or was, at any time during which these Bylaws are in effect or any time prior thereto (whether or not such Covered Person continues to serve in such capacity at the time any indemnification or payment of expenses pursuant hereto is sought or at the time any proceeding relating thereto exists or is brought), a director or officer of the Corporation, or has or had agreed to become a director or officer of the Corporation, or while a director or officer of the Corporation is or was serving at the request of the Corporation as a director, officer, trustee, employee or agent of another corporation, limited liability company, partnership, joint venture, employee benefit plan, trust, nonprofit entity or other enterprise, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, trustee, employee or agent or in any other capacity while serving as a director, officer, trustee, employee or agent, against all liability and loss suffered (including, without limitation, any judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) and expenses (including attorneys' fees and disbursements), actually and reasonably incurred by such Covered Person in connection with such proceeding to the fullest extent permitted by law, and such indemnification shall continue as to a person who has ceased to be a director, officer, trustee, employee or agent and shall inure to the benefit of such person's heirs, executors and administrators, and the Corporation may enter into agreements with any such person for the purpose of providing for such indemnification. For purposes of this Article XIII, a director or officer of the Corporation serving as a director, officer, trustee, employee or agent or in any other capacity while serving as a director, officer, trustee, employee or agent of a company of which the Corporation owns, directly or indirectly, a majority of the shares or other interests entitled to vote in the selection of its directors or the members of a comparable governing body or of an employee benefit plan of the Corporation or of any such company shall be deemed to have served in such capacity at the request of the Corporation and actions taken or omitted by a Covered Person on behalf of such an employee benefit plan of the Corporation or of any direct or indirect subsidiary of the Corporation, if done in good faith and in a manner that he or she reasonably believed was in the best interests of the employee benefit plan or its participants or beneficiaries, shall be deemed to have been done in a

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manner not opposed to the best interests of the Corporation and actions taken or omitted on behalf of a direct or indirect subsidiary of the Corporation (even if not wholly owned by the Corporation), if done in good faith and in a manner that he or she reasonably believed to be in the best interests of the subsidiary or its owners, shall be deemed to have been done in a manner not opposed to the best interests of the Corporation. Except as otherwise provided in this Article XIII, and other than proceedings to enforce rights conferred by the Certificate of Incorporation or this Article XIII, the Corporation shall be required to indemnify a person in connection with a proceeding (or part thereof) initiated by such person only if the proceeding (or part thereof) was authorized by the Board of Directors. The right to indemnification conferred in this Article XIII shall include the right to be paid by the Corporation the expenses (including attorneys' fees) incurred by a Covered Person in defending any such proceeding in advance of its final disposition, such advances to be paid by the Corporation within sixty (60) days after the receipt by the Corporation of a statement or statements from the claimant requesting such advance or advances from time to time (and subject to filing a written request for indemnification pursuant to the following paragraph of Section 1 of this Article XIII); provided, however, that the payment of such expenses incurred by a director or officer (or a former director or officer) in such person's capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) shall be made only upon receipt of an undertaking by or on behalf of the Covered Person to repay all amounts advanced if it shall ultimately be determined by final judicial decision from which there is no further right of appeal that the Covered Person is not entitled to be indemnified by the Corporation for such expenses under this Article XIII or otherwise. The rights conferred upon Covered Persons in this Article XIII shall be contract rights that vest at the time of such person's service to or at the request of the Corporation and such rights shall continue as to a Covered Person who has ceased to be a director, officer, trustee, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators.

To obtain advancement or indemnification under this Article XIII, a claimant shall submit to the Corporation a written request, including therein or therewith such documentation and information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to advancement or indemnification. Upon written request by a claimant for indemnification pursuant to the immediately preceding sentence, a determination, if required by applicable law, with respect to the claimant's entitlement thereto shall be made as follows: (1) if requested by the claimant, by Independent Counsel (as hereinafter defined), or (2) if no request is made by the claimant for a determination by Independent Counsel, (i) by the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors (as hereinafter defined), or (ii) by a committee of Disinterested Directors designated by a majority of such directors, even though less than a quorum, or (iii) if a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, such quorum of Disinterested Directors so directs, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the claimant, or (iv) if a quorum of Disinterested Directors so directs, by the stockholders of the Corporation. In the event the determination of entitlement to indemnification is to be made by Independent Counsel at the request of the claimant, the Independent Counsel shall be selected by the Board of Directors unless there shall have occurred within two (2) years prior to the date of the commencement of the action, suit or proceeding for which indemnification is claimed a "Change

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of Control" (as defined below), in which case the Independent Counsel shall be selected by the claimant unless the claimant shall request that such selection be made by the Board of Directors. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within sixty (60) days after such determination. As used herein, "Change in Control" means the happening of any of the following events: (A) any Person (as hereinafter defined) acquires Beneficial Ownership (as hereinafter defined) of 50% or more of the combined voting power of the then outstanding Voting Stock; (B) consummation of a Business Combination (as hereinafter defined), unless, following such Business Combination, (x) all or substantially all of the individuals and entities that were the Beneficial Owners of the outstanding Voting Stock immediately prior to such Business Combination Beneficially Own, directly or indirectly, more than 50% of the combined voting power of the issued and outstanding voting securities entitled to vote generally in the election of directors (or equivalent) of the entity resulting from such Business Combination (including, without limitation, a company that, as a result of such transaction, owns the Corporation or all or substantially all of the Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the voting power of the Voting Stock, and (y) no Person Beneficially Owns, directly or indirectly, 50% or more of the combined voting power of the issued and outstanding voting securities entitled to vote generally in the election of directors (or equivalent) of such entity; (C) approval by the stockholders of the Corporation of a liquidation or dissolution of the Corporation; or (D) individuals who, as of [Effective Date], 2010, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors (provided, however, that any individual whose election or nomination for election by the Corporation's shareholders was approved by a vote of at

least a majority of the directors comprising the incumbent Board of Directors as of such election or nomination, shall be considered as though such individual were a member of the Incumbent Board). In this paragraph, the terms (I) "Beneficial Owner," "Beneficially Own" and "Beneficial Ownership" are used as defined in Rules 13d-3 and 13d-5 of the Exchange Act (but without taking into account any contractual restrictions or limitations on voting or other rights), (II) "Business Combination" means (a) any merger, consolidation, share exchange or similar business combination transaction involving the Corporation with any Person or (b) the sale or other disposition by the Corporation of all or substantially all of its assets; and (III) "Person" means an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

SECTION 2. If a claim for indemnification or advancement under this Article XIII is not paid in full within sixty (60) days after a written claim pursuant has been received by the Corporation, the claimant may at any time thereafter file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking has been tendered to the Corporation) that the claimant has not met the standard of conduct which makes it permissible under the DGCL for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, Independent Counsel or stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL, nor an

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actual determination by the Corporation (including its Board of Directors, Independent Counsel or stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

SECTION 3. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred on any Covered Person by this Article XIII (i) shall not be exclusive of any other rights which such Covered Person may have or hereafter acquire under any statute, provision of these Bylaws, agreement, vote of stockholders or Disinterested Directors or otherwise and (ii) cannot be terminated by the Corporation, the Board of Directors or the stockholders of the Corporation with respect to a Covered Person's service occurring prior to the date of such termination. The Corporation may enter into agreements providing for indemnity of or advancement of expenses to a director or officer containing such provisions further to or alternative to the provisions of this Article XIII as the Board of Directors determines is in the best interests of the Corporation. However, notwithstanding the foregoing, the Corporation's obligation to indemnify or to advance expenses to any Covered Person who was or is serving at its request as a director, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, employee benefit plan, trust, enterprise or nonprofit entity shall be reduced by any amount such person has collected as indemnification from such other corporation, limited liability company, partnership, joint venture, employee benefit plan, trust, nonprofit entity, or other enterprise; and, in the event the Corporation has fully paid such expenses, the Covered Person shall return to the Corporation any amounts subsequently received from such other source of indemnification.

Any repeal, other termination, amendment, alteration or modification of the provisions of this Article XIII that in any way diminishes, limits, restricts, adversely affects or eliminates any right of an indemnitee or such person's successors to indemnification, advancement of expenses or otherwise shall be prospective only and shall not in any way diminish, limit, restrict, adversely affect or eliminate any such right with respect to any actual or alleged act or omission occurring prior thereto while such a person was a director or officer of the Corporation or any actual or alleged state of facts, occurrence, action or omission then or previously existing, or any action, suit or proceeding previously or thereafter brought or threatened based in whole or in part upon any such actual or alleged state of facts, occurrence, action or omission.

SECTION 4. This Article XIII shall not limit the right of the Corporation, to the extent and in the manner permitted by law, to indemnify and advance expenses (on substantially similar terms and subject to the same obligations as those set forth in Sections 1 through 3 of this Article XIII) to persons other than Covered Persons when and as authorized by the Board of Directors. In addition, the Corporation may purchase and maintain insurance, at its expense, on behalf of any person who is or was a Covered Person and any employee or agent of the Corporation or its subsidiaries against any liability, expense or loss asserted against such person and incurred by such person in such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or obligation to indemnify such person against such liability, expense or loss.

SECTION 5. If any provision or provisions of this Article XIII shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (1) the validity, legality and

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enforceability of the remaining provisions of this Article XIII (including, without limitation, each portion of any paragraph of this Article XIII containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (2) to the fullest extent possible, the provisions of this Article XIII (including, without limitation, each such portion of any paragraph of this Article XIII containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

SECTION 6. For purposes of this Article XIII:

(1) "Disinterested Director" means a director of the Corporation who is not and was not a party to the matter in respect of which indemnification is sought by the claimant.

(2) "Independent Counsel" means a law firm, a member of a law firm, or an independent practitioner, that is experienced in matters of corporation law and indemnification issues and neither presently is, nor in the past five years has been, retained to represent: (i) the Corporation or the claimant in any matter material to either such party, or (ii) any other party to the proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Corporation or the claimant in an action to determine the claimant's rights under this Article XIII.

SECTION 7. Any notice, request or other communication required or permitted to be given to the Corporation under this Article XIII shall be in writing and either delivered in person or sent by telecopy, telex, telegram, overnight mail or courier service, or certified or registered mail, postage prepaid, return receipt requested, to the Secretary of the Corporation and shall be effective only upon receipt by the Secretary.

ARTICLE XIV

AMENDMENTS

The Board of Directors shall have power to amend, modify or repeal these Bylaws or adopt any new provision authorized by the laws of the State of Delaware in force at such time. The stockholders of the Corporation shall have the power to amend, modify or repeal these Bylaws, or adopt any new provision authorized by the laws of the State of Delaware in force at such time, at a duly called meeting of the stockholders; provided, that notice of the proposed adoption, amendment, modification or repeal was given in the notice of the meeting; provided, further, notwithstanding any other provisions of these Bylaws or any provision of law which might otherwise permit a lesser vote or no vote, the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the voting power of the then outstanding Voting Stock, voting together as a single class, shall be required to amend, modify or repeal any provision, or adopt any new or additional provision, in a manner inconsistent with Sections 7 and 8 of Article I, Article XIII and this Article XIV of these Bylaws.

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THE HOWARD HUGHES CORPORATION
a Delaware corporation

CERTIFICATE OF ADOPTION OF AMENDED AND RESTATED BYLAWS

The undersigned hereby certifies that he or she is the duly elected, qualified, and acting [] of The Howard Hughes Corporation, a Delaware corporation, and that the foregoing Amended and Restated Bylaws were adopted as the Corporation's bylaws on November [], 2010 by the Corporation's Board of Directors.

IN WITNESS WHEREOF, the undersigned has hereunto set such person's hand this [] day of , 2010.

By: /s/ _____
[]

THE HOWARD HUGHES CORPORATION
FORM OF REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT, dated as of [•], 2010 (this “Agreement”), by and between the purchasers listed on Schedule I hereto (the “Purchasers”) and The Howard Hughes Corporation, a Delaware corporation (the “Company”).

RECITALS

WHEREAS, Purchasers have, pursuant to the terms of that certain Amended and Restated Cornerstone Investment Agreement, effective as of March 31, 2010, by and between General Growth Properties, Inc. (“GGP”) and REP Investments LLC (as the same may be amended from time to time, the “Cornerstone Investment Agreement”) agreed, among other things, to purchase [2,625,000] shares of common stock, par value \$0.01, of the Company (the “Common Stock”); and

WHEREAS, in case any securities held by a Purchaser or its transferees are at any time not freely transferable by the holder in accordance with applicable laws, the Company and the Purchasers desire to define certain registration rights with respect to the Common Stock, certain warrants and certain other securities on the terms and subject to the conditions herein set forth.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the parties hereby agree as follows:

SECTION 1. DEFINITIONS

As used in this Agreement, the following terms have the respective meanings set forth below:

Affiliate: shall mean as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, the first Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract, or otherwise;

Agreement: shall have the meaning set forth in the Preamble hereto;

Blackstone: shall mean Blackstone Real Estate Partners VI L.P., a Delaware limited partnership, and [·];

Brookfield Consortium Member: shall have the meaning ascribed thereto in the Cornerstone Investment Agreement;

Closing Date: shall have the meaning ascribed thereto in the Cornerstone Investment Agreement;

Commission: shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act;

Common Stock: shall have the meaning set forth in the Recitals hereto;

Company: shall have the meaning set forth in the Preamble hereto;

Cornerstone Investment Agreement: shall have the meaning set forth in the Recitals hereto;

Demand Notice: shall have the meaning set forth in Section 2(a)(i) hereof;

Exchange Act: shall mean the Securities Exchange Act of 1934, as amended (or any successor act), and the rules and regulations promulgated thereunder;

Fairholme Holders: shall mean the “Holder” defined in that certain Registration Rights Agreement, dated as of the date hereof, by and between the Company and The Fairholme Fund, a series of Fairholme Funds, Inc. a Maryland corporation, and Fairholme Focused Income Fund, a series of Fairholme Funds, Inc., a Maryland corporation, as amended from time to time;

Fairholme Stock Purchase Agreement: shall mean that certain Amended and Restated Stock Purchase Agreement, effective as of March 31, 2010, by and between GGP and the Fairholme Holders, as amended from time to time;

Fairholme/Pershing Holders: shall mean, collectively, the Fairholme Holders and Pershing Holders;

Fairholme/Pershing Investors: shall have the meaning ascribed thereto in the Cornerstone Investment Agreement;

FINRA: shall mean the Financial Industry Regulatory Authority;

Holder: shall mean any holder of Registrable Securities subject to this Agreement, solely in their capacity as such, including Permitted Assignees;

Indemnified Party: shall have the meaning set forth in Section 2(f)(iii) hereof;

Indemnifying Party: shall have the meaning set forth in Section 2(f)(iii) hereof;

Initial Investors: shall mean (i) the Purchasers, (ii) any Brookfield Consortium Members, (iii) Blackstone and (iv) any Permitted Assignees under clauses (i) and (ii) of Section 3(e) hereof;

Initiating Holder(s): shall mean any Holder or any group of Holders, other than Blackstone, with respect to the Registrable Securities it is designated to receive pursuant to the Investment Agreements;

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Investment Agreements: shall mean, collectively, the Cornerstone Investment Agreement, the Fairholme Stock Purchase Agreement and the Pershing Stock Purchase Agreement;

Investors: shall mean (i) any Initial Investors and (ii) any Permitted Assignees under clause (iii) of Section 3(e) hereof;

Issuer Free Writing Prospectus: shall mean an "Issuer Free Writing Prospectus," as defined in Rule 433 under the Securities Act, relating to an offer of Registrable Securities;

Losses: shall have the meaning set forth in Section 2(f)(i) hereof;

Other Stockholders: shall have the meaning set forth in Section 2(a)(iii) hereof;

Participating Holders: shall mean Holders participating in the Registration relating to the Registrable Securities;

Permitted Assignees: shall have the meaning set forth in Section 3(e) hereto;

Pershing Holders: shall mean the "Holders" defined in that certain Registration Rights Agreement, dated as of the date hereof, by and between the Company, Pershing Square Capital Management, L.P., on behalf of Pershing Square, L.P., a Delaware limited partnership, Pershing Square II, L.P., a Delaware limited partnership, Pershing Square International, Ltd., a Cayman Islands exempted company and Pershing Square International V, Ltd., a Cayman Islands exempted company, and Blackstone as amended from time to time;

Pershing Stock Purchase Agreement: shall mean that certain Amended and Restated Stock Purchase Agreement, effective as of March 31, 2010, by and between GGP and the Pershing Holders, as amended from time to time;

Person: shall mean an individual, partnership, joint-stock company, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof;

Prospectus: shall mean the prospectus (including any preliminary, final or summary prospectus) included in any Registration Statement, all amendments and supplements to such prospectus and all other material incorporated by reference in such prospectus;

Purchasers: shall have the meaning set forth in the Preamble hereto;

Qualifying Employee Stock: shall mean (i) rights and options issued in the ordinary course of business under employee benefits plans of the Company or any predecessor or otherwise to executives in compensation arrangements approved by the Board of Directors of the Company or any predecessor and any securities issued after the date hereof upon exercise of such rights and options and options issued to employees of the Company or any predecessor as a

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result of adjustments to options in connection with the reorganization of the Company or any predecessor and (ii) restricted stock and restricted stock units issued after the date hereof in the ordinary course of business under employee benefit plans and securities issued after the date hereof in settlement of any such restricted stock units;

Register, Registered and Registration: shall mean a registration effected by preparing and (a) filing a Registration Statement in compliance with the Securities Act (and any post-effective amendments filed or required to be filed) and the declaration or ordering of effectiveness of such Registration Statement, or (b) filing a Prospectus and/or prospectus supplement in respect of an appropriate effective Registration Statement;

Registrable Securities: shall mean (A) any shares of Common Stock acquired or held by an Initial Investor on or after the date hereof (whether or not acquired pursuant to the Cornerstone Investment Agreement), including without limitation shares of Common Stock acquired in connection with the exercise of any Warrants and shares of Common Stock which at any time an Initial Investor has a right or obligation to purchase under the Cornerstone Investment Agreement, (B) (i) any securities of the Company or its Affiliates issued as a dividend or other distribution with respect to, or in exchange for or in conversion, exercise or replacement of, any Registrable Securities described in (A) or (C) (the "Initial Securities") or securities that may become Registrable Securities by virtue of clause (B)(iii) or (ii) any securities of the Company or its Affiliates offered wholly or partly in consideration of the Initial Securities or securities that may become Registrable Securities by virtue of clause (B)(iii) in any tender or exchange offer or (iii) any securities of the Company or its Affiliates issued as a dividend or other distribution with respect to, or in exchange for or in conversion, exercise or replacement of or offered wholly or partly in any tender or exchange offer in consideration of any Registrable Securities described in (B)(i) or (B)(ii), (C) Warrants acquired or held by an Initial Investor on or after the date hereof and (D) any Registrable Securities described in (A), (B) or (C) above acquired or held by a Person, for which rights and obligations have been assigned pursuant to clause (iii) of Section 3(e) and in accordance with the terms of Section 3(e) hereof; provided, that as to any particular Registrable Securities, such securities shall cease to be Registrable Securities (i) when a Registration Statement with respect to such securities has been declared effective under the Securities Act and such securities have been disposed of pursuant to such Registration Statement, (ii) after such securities have been sold in accordance with Rule 144 (but not Rule 144A), (iii) after such securities shall have otherwise been transferred and new securities not subject to transfer restrictions under any federal securities laws and not bearing any legend restricting further transfer shall have been delivered by the Company, all applicable holding periods shall have expired, and no other applicable and legally binding restriction on transfer by the holder thereof shall exist, (iv) when such securities are eligible for sale pursuant to Rule 144 under the Securities Act without limitation thereunder on volume or manner of sale, or (v) when such securities cease to be outstanding;

Registration Expenses: shall mean (a) any and all expenses incurred by the Company and its Subsidiaries in effecting any Registration pursuant to this Agreement, including, without limitation, all (i) Registration and filing fees, and all other fees and expenses payable in connection with the

qualifications of the securities registered), (iii) expenses in connection with the preparation, printing, mailing and delivery of any Registration Statements, Prospectuses, Issuer Free Writing Prospectus and other documents in connection therewith and any amendments or supplements thereto, (iv) security engraving and printing expenses, (v) internal expenses of the Company (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), (vi) fees and disbursements of counsel for the Company and fees and expenses for independent certified public accountants retained by the Company (including the expenses associated with the delivery by independent certified public accountants of any comfort letters requested pursuant to the terms hereof), (vii) fees and expenses of any special experts retained by the Company in connection with such Registration, (viii) fees and expenses in connection with any review by FINRA of any underwriting arrangements or other terms of the offering, and all reasonable fees and expenses of any “qualified independent underwriter”, (ix) reasonable fees and disbursements of underwriters customarily paid by issuers or sellers of securities, but excluding any underwriting fees, discounts and commissions attributable to the sale of Registrable Securities and fees and expenses of counsel, (x) costs of printing and producing any agreements among underwriters, underwriting agreements, any “blue sky” or legal investment memoranda and any selling agreements and other documents in connection with the offering, sale or delivery of the Registrable Securities, (xi) transfer agents’ and registrars’ fees and expenses and the fees and expenses of any other agent or trustee appointed in connection with such offering and (xii) expenses relating to any analyst or investor presentations or any “road shows” undertaken in connection with the Registration, marketing or selling of the Registrable Securities and (b) reasonable and documented fees and expenses of one counsel for all of the Participating Holders, which counsel shall be selected by the Participating Holder holding the largest number of the Registrable Securities to be sold in the applicable Registration. Registration Expenses shall not include any out-of-pocket expenses of the Participating Holders;

Registration Statement: shall mean any registration statement of the Company that covers Registrable Securities pursuant to the provisions of this Agreement filed with, or to be filed with, the Commission under the rules and regulations promulgated under the Securities Act, including the related Prospectus, amendments and supplements to such registration statement, including pre- and post-effective amendments, and all exhibits, financial information and all material incorporated by reference in such registration statement;

Required Shelf Registration Statement: shall have the meaning set forth in Section 2(c);

Rule 144; Rule 144A: shall mean Rule 144 and Rule 144A, respectively, under the Securities Act (or any successor provisions then in force);

S-1 Registration Statement: shall mean a registration statement of the Company on Form S-1 (or any comparable or successor form) filed with the Commission registering any Registrable Securities;

Scheduled Black-Out Period: shall mean the period from and including the last day of a fiscal quarter of the Company to and including the earliest of (i) the Business Day after the day on which the Company publicly releases its earnings information for such quarter or

annual earnings information, as applicable, and (ii) the day on which the executive officers and directors of the Company are no longer prohibited by Company policies applicable with respect to such quarterly earnings period from buying or selling equity securities of the Company;

security, securities: shall have the meaning set forth in Section 2(a)(1) of the Securities Act;

Securities Act: shall mean the Securities Act of 1933, as amended (or any successor statute thereto), and the rules and regulations promulgated thereunder;

Selling Expenses: shall mean all underwriting discounts, selling commissions and stock transfer taxes applicable to the sale of Registrable Securities and all fees and disbursements of counsel for each of the Holders, other than the fees and expenses of one counsel for all of the Holders, which shall be paid for by the Company in accordance with the terms set forth in clause (b) of the definition of “Registration Expenses” set forth herein;

Shelf Registration Statement: shall mean a “shelf” registration statement of the Company that covers all the Registrable Securities (and may cover other securities of the Company) on Form S-3 and under Rule 415 or, if the Company is not then eligible to file on Form S-3, on Form S-1 under the Securities Act, or any successor rule that may be adopted by the Commission, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and any document incorporated by reference therein;

Transfer: shall have the meaning set forth in Section 2(j)(ii) hereof; and

Warrants: shall mean the warrants issued by the Company from time to time pursuant to that certain Warrant Agreement, dated as of November [], 2010, by and between the Company and Mellon Investor Services LLC.

SECTION 2. REGISTRATION RIGHTS

(a) Demand Registration.

(i) Request for Registration. Subject to the limitations and conditions of Section 2(a)(ii), if the Company shall receive from an Initiating Holder(s) a written demand (the “Demand Notice”) that the Company effect any Registration with respect to all or a part of the Registrable Securities owned by such Initiating Holder(s) having an estimated aggregate fair market value of at least \$25 million, the Company shall:

(1) promptly give written notice of the proposed Registration to all other Holders in accordance with the terms of Section 2(b);

(2) use its reasonable best efforts to file a Registration Statement with the Commission in accordance with the request of the Initiating Holder(s), including without limitation the method of disposition specified therein and covering resales of the

Registrable Securities requested to be registered, as promptly as reasonably practicable but no later than (x) in the case of a Registration Statement other than an S-1 Registration Statement, within 30 days of receipt of the Demand Notice or (y) in the case of an S-1 Registration Statement, within 60 days of receipt of the Demand Notice;

(3) use reasonable best efforts to cause such Registration Statement to be declared or become effective as promptly as practicable, but in no event later than 60 days after the date of initial filing of a Registration Statement pursuant to Section 2(a)(i)(2); and

(4) use reasonable best efforts to keep such Registration Statement continuously effective and in compliance with the Securities Act and usable for resale of such Registrable Securities for the period as requested in writing by the Initiating Holder(s) or such longer period as may be requested in writing by any Holder participating in such registration (which periods shall be extended to the extent of any suspensions of sales pursuant to Sections 2(a)(ii)(3) or (4));

provided, however, that the Company shall be permitted, with the consent of the Initiating Holder(s) not to be unreasonably withheld, to file a post-effective amendment or prospectus supplement to any currently effective Shelf Registration Statement (including, without limitation, any resale registration statement filed pursuant to the terms of the Cornerstone Investment Agreement) in lieu of an additional registration statement pursuant to Section 2(a)(i) to the extent the Company reasonably determines that the Registrable Securities of the Initiating Holder(s) may be sold thereunder by such Initiating Holder(s) pursuant to their intended plan of distribution (in which case such post-effective amendment or prospectus supplement shall not be counted against the limited number of demand registrations). It shall not be unreasonable if, following the recommendation of an underwriter, the Initiating Holder(s) do not consent to the Company filing a post-effective amendment or prospectus supplement to a Shelf Registration Statement in lieu of an additional registration statement requested by the Initiating Holder(s).

(ii) Notwithstanding anything to the contrary contained herein, the Company shall not be obligated to effect, or take any action to effect, any such Registration pursuant to this Section 2(a):

(1) In any particular jurisdiction in which the Company would be required to execute a general consent to service of process or qualify to do business in effecting such Registration, qualification or compliance, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act or applicable rules or regulations thereunder;

(2) With respect to securities that are not Registrable Securities;

(3) If the Company has notified the Holders that in the good faith judgment of the Company, it would be materially detrimental to the Company or its security holders for such registration to be effected at such time, in which event the Company shall have the right to defer such registration for a period of not more than 60 days; provided, that such right to delay a registration pursuant to clause (3) shall be exercised by the Company only if the Company has generally exercised (or is concurrently exercising)

similar black-out rights against holders of similar securities that have registration rights, if any; or

(4) Solely with respect to any Affiliate of the Company, during any Scheduled Black-Out Period;

provided, that the total number of days that any such suspension, deferral or delay in registration pursuant to clauses (3) and (4) in the aggregate may be in effect in any 180 day period shall not exceed 60 days. The Company agrees to use its reasonable best efforts to issue earnings releases as promptly as practicable following the end of quarterly reporting periods and to otherwise minimize the duration of Scheduled Black-Out Periods.

(iii) The Registration Statement filed pursuant to the request of the Initiating Holder may, subject to the provisions of Section 2(a) (iv) below, include shares of Common Stock which are held by Holders and Persons who, by virtue of agreements with the Company (other than this Agreement), are entitled to include their securities in any such Registration (such Persons, other than Holders, "Other Stockholders"). In the event the Initiating Holder(s) request a Registration pursuant to this Section 2(a) in connection with a distribution of Registrable Securities to its partners or members or any other Holder elects to participate in such Registration pursuant to Section 2(b) hereof in connection with a distribution of Registrable Securities to its partners or members, the Registration shall provide for the resale by such partners or members, if requested by such Holder.

(iv) Underwriting. If the Initiating Holder(s) intend to distribute the Registrable Securities covered by their request by means of an underwriting, it shall so advise the Company as a part of the request made pursuant to Section 2(a). If Other Stockholders or Holders, to the extent they have any registration rights under Section 2(b), request inclusion of their shares of Common Stock in the underwriting, the Initiating Holder(s) shall offer to include the shares of Common Stock of such Holders and Other Stockholders in the underwriting and may condition such offer on their acceptance of the further applicable provisions of this Section 2. The Holders whose Registrable Securities are to be included in such Registration and the Company shall (together with all Other Stockholders proposing to distribute their shares of Common Stock through such underwriting) enter into an underwriting agreement in customary form for secondary public offerings with the managing underwriter or underwriters selected for such underwriting by a majority-in-interest of the Holders whose Registrable Securities are to be included in such Registration subject to approval by the Company not to be unreasonably withheld (which underwriters may also include a non-bookrunning co-manager selected by the Company subject to approval by a majority-in-interest of the Holders whose Registrable Securities are to be included in such Registration); provided, however, that such underwriting agreement shall not provide for indemnification or contribution obligations on the part of any Holder or Other Stockholder greater than the obligations of the Holders under Section 2(f)(ii) or Section 2(f)(iv). Notwithstanding any other provision of this Section 2(a), if the managing underwriter or underwriters advises the Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, some or all of the securities of the Company held by the Other Stockholders (other than the Fairholme Holders and the Pershing Holders) shall be excluded from such Registration to the extent so required by such limitation. If, after the exclusion of such shares held by such Other Stockholders (other than the Fairholme

Holders and the Pershing Holders), further reductions are still required due to the marketing limitation, the number of Registrable Securities included in the Registration by each Holder (including the Initiating Holder(s)) and the Fairholme/Pershing Holders shall be reduced on a pro rata basis (based on the number of Registrable Securities requested to be included in such registration by such Holders and the Fairholme/Pershing Holders, as applicable), by such minimum number of shares as is necessary to comply with such request. No Registrable Securities or any other securities excluded from the underwriting by reason of the underwriter's marketing limitation shall be included in such Registration. If any Holder or Other Stockholder who has requested inclusion in such Registration as provided above disapproves of the terms of the underwriting, such Person may elect to withdraw therefrom by providing written notice to the Company, the underwriter and the Initiating Holder(s). The securities so withdrawn shall also be withdrawn from Registration. If the underwriter has not limited the number of Registrable Securities or other securities to be underwritten, the Company and executive officers and directors of the Company (whether or not such Persons have registration rights pursuant to Section 2(b) hereof) may include its or their securities for its or their own account in such Registration if the managing underwriter or underwriters and the Company so agree and if the number of Registrable Securities and other securities which would otherwise have been included in such Registration and underwriting will not thereby be limited.

(v) The number of demand registrations that the Holders shall be entitled to request, and that the Company shall be obligated to undertake, pursuant to this Section 2(a) shall be unlimited; provided, that the Company shall not be obligated to undertake more than three underwritten offerings pursuant to this Section 2 during the term of this Agreement; provided, further that in no event shall the Company be required to effect more than one underwritten offerings in any twelve-month period pursuant to this Section 2.

(vi) In the case of an underwritten offering under this Section 2(a), the price, underwriting discount and other financial terms for the Registrable Securities shall be determined by the Initiating Holder(s).

(b) Piggyback Registration.

(i) If the Company shall determine to register any of its capital stock (including any warrants) either (x) for its own account, (y) for the account of the Holders listed in Section 2(a) pursuant to the terms thereof, or (z) for the account of Other Stockholders (other than (A) a Registration relating solely to Qualifying Employee Stock, (B) a Registration relating solely to a Rule 145 transaction under the Securities Act or (C) a Registration on any Registration form which does not permit secondary sales or does not include substantially the same information as would be required to be included in a Registration Statement), the Company will, subject to the conditions set forth in this Section 2(b):

(1) promptly give to each of the Holders a written notice thereof (which shall include a list of the jurisdictions in which the Company intends to attempt to qualify such securities under the applicable blue sky or other state securities laws); and

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(2) subject to Section 2(b)(ii) below and any transfer restrictions any Holder may be a party to, include in such Registration (and any related qualification under blue sky laws or other compliance), and in any underwriting involved therein, all the Registrable Securities specified in a written request or requests, made by the Holders. Such written request may specify all or a part of the Holders' Registrable Securities and shall be received by the Company within ten (10) days after written notice from the Company is given under Section 2(b)(i)(1) above. In the event any Holder requests inclusion in a Registration pursuant to this Section 2(b) in connection with a distribution of Registrable Securities to its partners or members, the Registration shall provide for the resale by such partners or members, if requested by such Holder.

(ii) Underwriting. If the Registration of which the Company gives notice is for a Registered public offering involving an underwriting, the Company shall so advise each of the Holders as a part of the written notice given pursuant to Section 2(b)(i)(1) above. In such event, the right of each of the Holders to Registration pursuant to this Section 2(b) shall be conditioned upon such Holders' participation in such underwriting and the inclusion of such Holders' Registrable Securities in the underwriting to the extent provided herein. The Holders whose Registrable Securities are to be included in such Registration shall (together with the Company and the Other Stockholders distributing their securities through such underwriting) enter into an underwriting agreement in customary form for secondary public offerings with the managing underwriter or underwriters selected for underwriting by the Company (and if the Registration was initiated by a Holder pursuant to Section 2(a), such underwriters must be selected by the Initiating Holder(s) and reasonably acceptable to the Company); provided, however, that such underwriting agreement shall not provide for indemnification or contribution obligations on the part of any Holder or Other Stockholder greater than the obligations of the Holders under Section 2(f)(ii) or Section 2(f)(iv). Notwithstanding any other provision of this Section 2(b), if any Registration in respect of which any Holder is exercising its rights under this Section 2(b) involves an underwritten public offering (other than a demand Registration pursuant to Section 2(a), in which case the provisions with respect to priority of inclusion in such Registration set forth in Section 2(a) shall apply) and the managing underwriter or underwriters advises the Company that in its view marketing factors require a limitation on the number of securities to be underwritten, then there shall be included in such underwritten offering the number or dollar amount of securities of the Company that in the opinion of the managing underwriter or underwriters can be sold without adversely affecting such offering, and such number of securities of the Company shall be allocated for inclusion as follows: (1) first all securities of the Company being sold by the Company for its own account or by any Person (other than a Holder or a Pershing Holder or a Fairholme Holder) exercising a contractual right to demand registration; (2) second, all Registrable Securities requested to be included by the Holders, all Registrable Securities to be included by the Fairholme/Pershing Holders pursuant to piggyback registration rights and securities of the Company being sold by any Person with similar piggyback registration rights, pro rata, based on the number of shares requested to be included in such registration by such Holders, Fairholme/Pershing Holders and Persons; and (3) third, among any other holders of securities of the Company requesting such registration, pro rata, based on the number of securities requested to be included in such registration by each such holder. For the avoidance of doubt, in the event any Fairholme Holder or any Pershing Holder exercises demand registration rights, such registration is an underwritten public offering and the

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managing underwriter advises that marketing factors require a limitation on the number of securities to be so underwritten, Registrable Securities of any Holders exercising piggyback rights under this Section 2(b) in connection with such offering and any securities to be included in such offering by the Fairholme Holders and the Pershing Holders shall be included in such offering in the same priority and allocated on a pro rata basis, as set forth in clause (2) above. If any of the Holders or any officer, director or Other Stockholder disapproves of the terms of any such underwriting, he, she or it may elect to withdraw therefrom by

providing written notice to the Company, the underwriter and the Initiating Holder(s). Any Registrable Securities or other securities excluded or withdrawn from such underwriting shall be withdrawn from such Registration.

(c) Required Shelf Registration Statement. From and after the declaration of effectiveness by the Commission of the Shelf Registration Statement contemplated by Section 5.16(b) of the Cornerstone Investment Agreement (the “Required Shelf Registration Statement”), the Company shall use reasonable best efforts to cause such Required Shelf Registration Statement to be continuously effective so long as there are any Registrable Securities outstanding. In connection with the Required Shelf Registration Statement, the Company will, subject to the terms and limitations of this Section 2, as promptly as reasonably practicable upon notice from any Holder requesting Registration in accordance with the terms of this Section 2(c), cooperate in any shelf take-down by amending or supplementing the Prospectus related to such Registration as may be reasonably requested by such Holder or as otherwise required to reflect the number of Registrable Securities to be sold thereunder.

(d) Expenses of Registration. All Registration Expenses incurred in connection with any Registration, qualification or compliance pursuant to this Section 2 shall be borne by the Company, and all Selling Expenses shall be borne by the Holders of the securities so registered pro rata on the basis of the number of their shares so registered (or, in the case of fees and disbursements of counsel and advisors to any Holders that do not constitute Registration Expenses, by the Holders as incurred).

(e) Registration Procedures. In the case of each Registration effected by the Company pursuant to this Section 2, the Company will keep the Participating Holders advised in writing as to the initiation of each Registration and as to the completion thereof. At its expense, the Company will:

(i) as promptly as practicable, prepare and file with the Commission such pre- and post-effective amendments to such Registration Statement, supplements to the Prospectus and such amendments or supplements to any Issuer Free Writing Prospectus as may be (1) reasonably requested by the Initiating Holder(s) (if any), (2) reasonably requested by any other Participating Holder (to the extent such request relates to information relating to such Participating Holder), or (3) necessary to keep such Registration effective for the period of time required by this Agreement, and comply with provisions of the applicable securities laws with respect to the sale or other disposition of all securities covered by such Registration Statement during such period in accordance with the intended method or methods of disposition by the sellers thereof set forth in such Registration Statement;

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(ii) notify the Participating Holders and the managing underwriter or underwriters, if any, and (if requested) confirm such advice in writing and provide copies of the relevant documents, as promptly as practicable after notice thereof is received by the Company (1) when the applicable Registration Statement or any amendment thereto has been filed or becomes effective, and when the applicable Prospectus or Issuer Free Writing Prospectus or any amendment or supplement thereto has been filed, (2) to the extent any of the following relates to the Participating Holders or information supplied by the Participating Holders, of any written comments by the Commission or any request by the Commission or any other federal or state governmental authority for amendments or supplements to such Registration Statement, Prospectus or Issuer Free Writing Prospectus or for additional information, (3) of the issuance by the Commission of any stop order suspending the effectiveness of such Registration Statement or any order by the Commission or any other regulatory authority preventing or suspending the use of any Prospectus or any Issuer Free Writing Prospectus or the initiation or threatening of any proceedings for such purposes, (4) if, at any time, the representations and warranties of the Company in any applicable underwriting agreement cease to be true and correct in all material respects, and (5) of the receipt by the Company or its legal counsel of any notification with respect to the suspension of the qualification of the Registrable Securities for offering or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(iii) promptly notify the Participating Holders and the managing underwriter or underwriters, if any, when the Company becomes aware of the happening of any event as a result of which the applicable Registration Statement, the Prospectus included in such Registration Statement (as then in effect) or any Issuer Free Writing Prospectus contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein (in the case of such Prospectus or any Issuer Free Writing Prospectus, in light of the circumstances under which they were made) not misleading, and when any Issuer Free Writing Prospectus includes information that may conflict with the information contained in the Registration Statement, or, if for any other reason it shall be necessary during such time period to amend or supplement such Registration Statement, Prospectus or Issuer Free Writing Prospectus in order to comply with the Securities Act and, in either case as promptly as reasonably practicable thereafter, prepare and file with the Commission, and furnish without charge to the Participating Holders and the managing underwriter or underwriters, if any, an amendment or supplement to such Registration Statement, Prospectus or Issuer Free Writing Prospectus which shall correct such misstatement or omission or effect such compliance;

(iv) use its reasonable best efforts to prevent, or obtain the withdrawal of, any stop order or other order suspending the use of any Prospectus or any Issuer Free Writing Prospectus;

(v) deliver to each Participating Holder and each underwriter, if any, without charge, as many copies of the applicable Prospectus (including each preliminary Prospectus), any Issuer Free Writing Prospectus and any amendment or supplement thereto as such Participating Holder or underwriter may reasonably request (it being understood that the Company consents to the use of such Prospectus, any Issuer Free Writing Prospectus and any amendment or supplement thereto by such Holder and the underwriters, if any, in connection with the offering and sale of the Registrable Securities thereby) and such other documents as such Participating

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Holder or underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities by such Participating Holder or underwriter;

(vi) subject to the terms set forth in Section 2(a)(ii)(1) and Section 2(c) hereof, on or prior to the date on which the applicable Registration Statement is declared effective, use its reasonable best efforts to register or qualify the Registrable Securities covered by such Registration Statement under such other securities or “blue sky” laws of such jurisdictions in the United States as any Participating Holder reasonably (in light of such Participating Holder’s intended plan of distribution) requests and do any and all other acts and things that may be reasonably necessary or advisable to enable such Participating Holder to consummate the disposition of the Registrable Securities owned by such Participating Holder pursuant to such Registration Statement;

(vii) make such representations and warranties to the Participating Holders and the underwriters or agents, if any, in form, substance and scope as are customarily made by issuers in underwritten public offerings;

(viii) enter into such customary agreements (including underwriting and indemnification agreements) and take such other actions as the Initiating Holder(s) or the managing underwriter, if any, reasonably requests in order to expedite or facilitate the Registration and disposition of such Registrable Securities;

(ix) use its reasonable best efforts to obtain for delivery to the managing underwriter, if any, an opinion or opinions from counsel for the Company dated the effective date of the Registration Statement or, in the event of an underwritten offering, the date of the closing under the underwriting agreement, in form and substance as is customarily given to underwriters in an underwritten secondary public offering;

(x) in the case of an underwritten offering, use reasonable best efforts to obtain for delivery to the Company and the managing underwriter, if any, a “comfort” letter from the Company’s independent certified public accountants in form and substance as is customarily given by independent certified public accountants in an underwritten secondary public offering;

(xi) cooperate with each Participating Holder and the underwriters, if any, of such Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA;

(xii) use its reasonable best efforts to cause all Registrable Securities covered by the applicable Registration Statement to be listed or quoted on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(xiii) cooperate with the Participating Holders and the underwriters, if any, to facilitate the timely preparation and delivery of certificates, with requisite CUSIP numbers, representing Registrable Securities to be sold and not bearing any restrictive legends;

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(xiv) in the case of an underwritten offering, make reasonably available the senior executive officers of the Company to participate in the customary “road show” presentations that may be reasonably requested by the managing underwriter in any such underwritten offering and otherwise to facilitate, cooperate with, and participate in each proposed offering contemplated herein and customary selling efforts related thereto;

(xv) use its reasonable best efforts to procure the cooperation of the Company’s transfer agent in settling any offering or sale of Registrable Securities, including with respect to the transfer of physical security instruments into book-entry form in accordance with any procedures reasonably requested by the Holders or any managing underwriter(s);

(xvi) use its reasonable best efforts to take such actions as are under its control to become or remain a well-known seasoned issuer (as such term is defined in Rule 405 under the Securities Act) and not become an illegible issuer (as such term is defined in Rule 405 under the Securities Act) during the period when such Registration Statement remains in effect; and

(xvii) make available for inspection by a representative of Participating Holders that are selling at least five percent (5%) of the Registrable Securities included in such Registration (and who is named in the applicable prospectus supplement as a Person who may be deemed to be an underwriter with respect to an offering and sale of Registrable Securities), the managing underwriter(s), if any, and any attorneys or accountants retained by such Holders or the managing underwriters(s), at the offices where normally kept, during reasonable business hours, financial and other records and pertinent corporate documents of the Company, and cause the officers, directors and employees of the Company to supply all information in each case reasonably requested by any such representative, managing underwriter, attorney or accountant in connection with such Registration Statement; provided, that if any such information is identified by the Company as being confidential or proprietary, each Person receiving such information shall take such actions as are reasonably necessary to protect the confidentiality of such information and shall sign customary confidentiality agreements reasonably requested by the Company prior to the receipt of such information.

(f) Indemnification.

(i) Indemnification by the Company. With respect to each Registration which has been effected pursuant to this Section 2, the Company agrees to indemnify and hold harmless, to the fullest extent permitted by law, (1) each of the Participating Holders and each of its officers, directors, limited or general partners and members thereof, (2) each member, limited or general partner of each such member, limited or general partner, (3) each of their respective Affiliates, officers, directors, shareholders, employees, advisors, and agents and each Person who controls (within the meaning of the Securities Act or the Exchange Act) such Persons and each underwriter, if any, and each person who controls (within the meaning of the Securities Act or the Exchange Act) any underwriter, against any and all claims, losses, damages, penalties, judgments, suits, costs, liabilities and expenses (or actions in respect thereof) (collectively, the “Losses”) arising out of or based on (A) any untrue statement (or alleged untrue statement) of a material fact contained in any Registration Statement (including any Prospectus or Issuer Free Writing Prospectus) or any other document incident to any such Registration, qualification or compliance, (B) any omission (or alleged omission) to state therein a material fact required to be

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stated therein or necessary to make the statements therein not misleading (in the case of any Prospectus or Issuer Free Writing Prospectus, in light of the circumstances under which they were made not misleading), or (C) any violation by the Company of the Securities Act or the Exchange Act applicable to the Company and relating to action or inaction required of the Company in connection with any such Registration, qualification or compliance, and will reimburse each of the Persons listed above, for any reasonable and documented legal and any other expenses reasonably incurred in connection with investigating and defending any such Losses, provided, that the Company will not be liable in any such case to the extent that any such Losses arise out of or are based on any untrue statement or omission based upon written information furnished to the Company by the Participating Holders or underwriter and stated to be specifically for use therein.

(ii) Indemnification by the Participating Holders. Each of the Participating Holders agrees (severally and not jointly) to indemnify and hold harmless, to the fullest extent permitted by law, the Company, each of its directors and officers and each underwriter, if any, of the Company’s securities covered by such a Registration Statement, each Person who controls the Company (within the meaning of the Securities Act or the Exchange Act) or such underwriter, each other Participating Holder and each of their respective officers, directors, partners and members, and each Person controlling such Participating Holder (within the meaning of the Securities Act or the Exchange Act) against any and all Losses arising out of or based on (A) any untrue

statement (or alleged untrue statement) of a material fact contained in any Registration Statement (including any Prospectus or Issuer Free Writing Prospectus) or any other document incident to any such Registration, qualification or compliance (including any notification or the like) made by such Participating Holder in writing or (B) any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements by such Participating Holder therein not misleading (in the case of any Prospectus or Issuer Free Writing Prospectus, in light of the circumstances under which they were made not misleading) and will reimburse the Persons listed above for any reasonable and documented legal or any other expenses reasonably incurred in connection with investigating or defending any such Losses, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in reliance upon and in conformity with written information furnished to the Company by such Participating Holder and stated to be specifically for use therein; provided, however, that the obligations of each of the Participating Holders hereunder shall be limited to an amount equal to the net proceeds (after giving effect to any underwriters discounts and commissions) such Participating Holder receives in such Registration.

(iii) Conduct of the Indemnification Proceedings. Each party entitled to indemnification under this Section 2(f) (the “Indemnified Party”) shall give notice to the party required to provide indemnification (the “Indemnifying Party”) promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; provided, that counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld) and the Indemnified Party may participate in such defense at such party’s expense (unless the Indemnified Party shall have reasonably

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concluded that there may be a conflict of interest between the Indemnifying Party and the Indemnified Party in such action, in which case the fees and expenses of counsel shall be at the expense of the Indemnifying Party), and provided, further, that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 2(f) unless the Indemnifying Party is prejudiced thereby. It is understood and agreed that the Indemnifying Party shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate legal counsel for all Indemnified Parties; provided, however, that where the failure to be provided separate legal counsel could potentially result in a conflict of interest on the part of such legal counsel for all Indemnified Parties, separate counsel shall be appointed for Indemnified Parties to the extent needed to alleviate such potential conflict of interest. No Indemnifying Party, in the defense of any such claim or litigation shall, except with the prior written consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. Each Indemnified Party shall furnish such information regarding itself or the claim in question as an Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with the defense of such claim and litigation resulting therefrom.

(iv) If the indemnification provided for in this Section 2(f) is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to any Losses, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party hereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the statements or omissions (or alleged statements or omissions) which resulted in such Losses, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Indemnified Party shall be determined by reference to, among other things, whether the untrue (or alleged untrue) statement of a material fact or the omission (or alleged omission) to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, however, that the obligations of each of the Participating Holders hereunder shall be several and not joint and shall be limited to an amount equal to the net proceeds (after giving effect to any underwriters discounts and commissions) such Participating Holder receives in such Registration and, provided, further, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 2(f)(iv), each Person, if any, who controls an underwriter or agent within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as such underwriter or agent and each director of the Company, each officer of the Company who signed a Registration Statement, and each Person, if any, who controls the Company or a selling Holder within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as the Company or such selling Holder, as the case may be.

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(v) Subject to the limitations on the Holders’ liability set forth in Section 2(f)(ii) and Section 2(f)(iv), the remedies provided for in this Section 2(f) are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Party at law or equity. The remedies shall remain in full force and effect regardless of any investigation made by or on behalf of such Holder or any Indemnified Party and survive the transfer of such securities by such Holder.

(vi) The obligations of the Company and of the Participating Holders hereunder to indemnify any underwriter or agent who participates in an offering (or any Person, if any controlling such underwriter or agent within the meaning of Section 15 of the Securities Act) shall be conditioned upon the underwriting or agency agreement with such underwriter or agent containing an agreement by such underwriter or agent to indemnify and hold harmless the Company, each of its directors and officers, each other Participating Holder, and each Person who controls the Company (within the meaning of the Securities Act or the Exchange Act) or such Participating Holder against all Losses, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such underwriter or agent expressly for use in such filings described in this sentence.

(g) Participating Holders.

(i) Each of the Participating Holders shall furnish to the Company such information regarding such Participating Holder and its partners and members, and the distribution proposed by such Holder as the Company may reasonably request in writing and as shall be reasonably requested in connection with any Registration, qualification or compliance referred to in this Section 2.

(ii) In the event that, either immediately prior to or subsequent to the effectiveness of any Registration Statement, any Participating Holder shall distribute Registrable Securities to its partners or members, such Participating Holder shall so advise the Company and provide such information as shall be necessary to permit an amendment to such Registration Statement to provide information with respect to such partners or members, as selling security

holders. As soon as is reasonably practicable following receipt of such information, the Company shall file an appropriate amendment to such Registration Statement reflecting the information so provided. Any incremental expense to the Company resulting from such amendment shall be borne by such Participating Holder.

(iii) Each Holder agrees that at the time that such Holder is a Participating Holder, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 2(e)(iii), such Holder shall forthwith discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such Holder's receipt of the copies of a supplemented or amended Prospectus or Issuer Free Writing Prospectus or until such Holder is advised in writing by the Company that the use of the Prospectus or Issuer Free Writing Prospectus, as the case may be, may be resumed, and, if so

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directed by the Company, such Holder shall deliver to the Company all copies, other than any permanent file copies then in such Holder's possession, of the most recent Prospectus or any Issuer Free Writing Prospectus covering such Registrable Securities at the time of receipt of such notice. If the Company shall give such notice, the Company shall extend the period during which such Registration Statement shall be maintained effective by the number of days during the period from and including the date of the giving of notice pursuant to Section 2(e)(iii) to the date when the Company shall make available to such Holder a copy of the supplement or amended Prospectus or Issuer Free Writing Prospectus or is advised in writing that the use of the Prospectus or Issuer Free Writing Prospectus may be resumed.

(h) Rule 144. With a view to making available the benefits of certain rules and regulations of the Commission which may permit the sale of restricted securities to the public without Registration, the Company agrees to use its reasonable best efforts to file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act at any time after it has become subject to such reporting requirements (or, if the Company is not required to file such reports, it will, upon the reasonable request of the Holders holding a majority of the then outstanding Registrable Securities, make publicly available such necessary information for so long as necessary to permit sales pursuant to Rules 144 under the Securities Act).

(i) Termination. The registration rights set forth in this Section 2 shall terminate and cease to be available as to any securities held by an Investor at such time as such Investor (after owning) first ceases to own any Registrable Securities.

(j) Lock-Up Agreements.

(i) The Company agrees that, if requested by the managing underwriter in any underwritten public offering contemplated by this Agreement, it will enter into a customary "lock-up" agreement providing that it will not, directly or indirectly, sell, offer to sell, grant any option for the sale of, or otherwise dispose of any Common Stock or securities convertible into or exchangeable or exercisable for Common Stock (subject to customary exceptions), other than any such sale or distribution of Common Stock upon exercise of the Company's Warrants, for a period of 60 days from the effective date of the Registration Statement pertaining to such Common Stock; provided, however, that any such lock-up agreement shall not prohibit the Company from directly or indirectly (i) selling, offering to sell, granting any option for the sale of, or otherwise disposing of any Qualifying Employee Stock (or otherwise maintaining its employee benefits plans in the ordinary course of business) or (ii) issuing Common Stock or securities convertible into or exchangeable for Common Stock upon exercise or conversion of any warrant (including any other Warrant), option, right or convertible or exchangeable security issued in connection with the plan of reorganization. Each Holder shall coordinate with other Holders and the Fairholme Holders and the Pershing Holders such that the total number of days that the Company will be subject to such restrictions (including similar restrictions pursuant to any registration rights agreements with the Fairholme Holders and the Pershing Holders) as may be in effect in any 365-day period shall not exceed 120 days.

(ii) To the extent Purchasers and any Brookfield Consortium Members in the aggregate hold in excess of 20% of the then outstanding Common Stock on a fully diluted basis,

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if requested by the managing underwriter in any underwritten public offering permitted by this Agreement, Purchasers and such Brookfield Consortium Members will enter into a customary "lock-up" agreement providing that it will not sell, grant any option for the sale of, or otherwise dispose (each, "Transfer") of any Common Stock outside of such public offering (subject to customary exceptions) for a period of 60 days from the effective date of the Registration Statement pertaining to such Common Stock.

(k) Notwithstanding any provision of this Agreement to the contrary, in order for a Registration to be included as a Registration for purposes of this SECTION 2. , the Registration Statement in connection therewith shall have been continually effective in compliance with the Securities Act and usable for resale for the full period established with respect to such Registration (except in the case of any suspension of sales pursuant to (A) a Scheduled Black-Out Period, or (B) Section 2(e)(iii) hereof, in which case such period shall be extended to the extent of such suspension).

(l) Notwithstanding any provision of this Agreement to the contrary, if the Company is required to file a post-effective amendment to a Registration Statement to incorporate the Company's quarterly and annual reports and related financial statements on Form 10-Q and Form 10-K, the Company shall use its reasonable best efforts to promptly file such post-effective amendment and may postpone or suspend effectiveness of such Registration Statement for a period not to exceed thirty (30) consecutive days to the extent the Company determines necessary to comply with applicable securities laws; provided, that the period by which the Company postpones or suspends the effectiveness of a shelf Registration Statement pursuant to this Section 2(l) plus any suspension, deferral or delay pursuant to Section 2(e)(iii) shall not exceed 60 days in the aggregate in any twelve-month period.

SECTION 3. MISCELLANEOUS

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State without regard to conflicts of law principles.

(b) Section Headings. The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof.

(c) Notices.

(i) All communications under this Agreement shall be in writing and shall be delivered by hand or facsimile or mailed by overnight courier:

(1) if to the Company, to:

The Howard Hughes Corporation
13355 Noel Road, Suite 950
Dallas, TX 75240
Attention: General Counsel
Facsimile: (214) 741-3021

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with a copy (which shall not constitute notice) to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Attention: Malcolm E. Landau, Esq.
Matthew D. Bloch, Esq.
Facsimile: (212) 310-8007

(2) if to the Holders, at the address or facsimile number listed on Schedule I hereto, or at such other address or facsimile number as may have been furnished to the Company in writing.

(ii) Any notice so addressed shall be deemed to be given: if delivered by hand or facsimile, on the date of such delivery; and if mailed by overnight courier, on the first business day following the date of such mailing.

(d) Reproduction of Documents. This Agreement and all documents relating thereto, including, without limitation, any consents, waivers and modifications which may hereafter be executed may be reproduced by the Holders by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and the Holders may destroy any original document so reproduced. The parties hereto agree and stipulate that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by the Holders in the regular course of business) and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

(e) Successors and Assigns. Neither this Agreement nor any right or obligation hereunder may be assigned in whole or in part by any party without the prior written consent of the other parties hereto and any purported assignment in violation of this provision shall be void; provided, however, that the rights and obligations hereunder of any Investor may be assigned, in whole or in part, to any Person who acquires such Registrable Securities that (i) is a Brookfield Consortium Member, (ii) is an Affiliate of any Initial Investor or (iii) is unable to immediately sell, without limitations (including, but not limited to, any limitation on volume or manner of sale) or restrictions under Rule 144, all Registrable Securities and other shares of Common Stock held by such Person (provided, that for this clause (iii), any such rights and obligations may be assigned solely with respect to such Registrable Securities) (each such Person described in clauses (i), (ii) or (iii), a “Permitted Assignee”). Any assignment pursuant to this Section 3(e) shall be effective and any Person shall become a Permitted Assignee only upon receipt by the Company of (1) a written notice from the transferring Holder stating the name and address of the transferee and identifying the number of shares of Registrable Securities with respect to which the rights under this Agreement are being transferred and, if fewer than all of the rights attributable to a Holder hereunder are to be so transferred, the nature of the rights so transferred and (2) a written instrument by which the transferee agrees to be bound by all of the

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terms and conditions applicable to a Holder of such Registrable Securities. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties.

(f) Several Nature of Commitments. The obligations of each Holder hereunder are several and not joint and several, and relate only to the Registrable Securities held by such Holder from time to time. No Holder shall bear responsibility to the Company for breach of this Agreement or any information provided by any other Holder.

(g) Additional Investors. The parties hereto acknowledge that certain Persons may become stockholders of the Company and the Company may wish to grant such Persons registration rights with respect to the shares of Common Stock issued to such Persons. The Company may do so in its discretion so long as such registration rights are not inconsistent with the registration rights granted to the Holders hereunder and, if any registrations rights granted are more favorable than those provided to Holders of Common Stock hereunder, conforming changes reasonably acceptable to the Purchasers are made to this Agreement to provide Holders hereunder with substantially similar rights.

(h) Entire Agreement; Amendment and Waiver. This Agreement constitutes the entire understanding of the parties hereto relating to the subject matter hereof and supersedes all prior understandings among such parties. This Agreement may be amended with (and only with) the written consent of the Company and the Holders holding a majority of the then outstanding Registrable Securities and any such amendment shall apply to all Holders and all of their Registrable Securities; provided, that, notwithstanding the foregoing, additional Holders may become party hereto upon an assignment of rights and obligations hereunder pursuant to Section 3(e); provided further, however, that other than as set forth in Section 3(e), the Company may not add additional parties hereto without the consent of Holders holding a majority of the then outstanding Registrable Securities. The observance of any term of this Agreement may be waived by the party or parties waiving any rights hereunder; provided, that any such waiver shall apply to all Holders and all of their Registrable Securities only if made by Holders holding a majority of then-outstanding Registrable Securities.

(i) Injunctive Relief. It is hereby agreed and acknowledged that it will be impossible to measure in money the damage that would be suffered if the parties fail to comply with any of the obligations herein imposed on them and that in the event of any such failure, an aggrieved Person will be irreparably damaged and will not have an adequate remedy at law. Any such Person shall, therefore, be entitled (in addition to any other remedy to which it may be entitled in law or in equity) to injunctive relief, including specific performance, to enforce such obligations, and if any action should be brought in equity to enforce any of the provisions of this Agreement, none of the parties hereto shall raise the defense that there is an adequate remedy at law.

(j) WAIVER OF JURY TRIAL. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE,

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EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTIONS, SUITS, DEMAND LETTERS, JUDICIAL, ADMINISTRATIVE OR REGULATORY PROCEEDINGS, OR HEARINGS, NOTICES OF VIOLATION OR INVESTIGATIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER AND (B) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY.

(k) No Inconsistent Agreements. The Company is not currently a party to any agreement which is, or could be inconsistent with, the rights granted to the Holders by this Agreement.

(l) Severability. In the event that any part or parts of this Agreement shall be held illegal or unenforceable by any court or administrative body of competent jurisdiction, such determination shall not affect the remaining provisions of this Agreement which shall remain in full force and effect.

(m) Counterparts. This Agreement may be executed in two or more counterparts (including by email or facsimile signature), each of which shall be deemed an original and all of which together shall be considered one and the same agreement.

(n) Interpretation of this Agreement. Where any provision in this Agreement refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

[Remainder of Page Intentionally Left Blank]

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IN WITNESS WHEREOF, the undersigned have executed this Registration Rights Agreement as of the date first set forth above.

THE HOWARD HUGHES CORPORATION

By: _____
Name:
Title:

[PURCHASER]

By: _____
Name:
Title:

Schedule I

REP Investments LLC, a Delaware limited liability company
[any other Brookfield Consortium Members who hold Common Stock]

THE HOWARD HUGHES CORPORATION
FORM OF REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT, dated as of [-], 2010 (this "Agreement"), by and between the purchasers listed on Schedule I hereto (the "Purchasers") and The Howard Hughes Corporation, a Delaware corporation (the "Company").

RECITALS

WHEREAS, Purchasers have, pursuant to the terms of that certain Amended and Restated Stock Purchase Agreement, effective as of March 31, 2010, by and between General Growth Properties, Inc. ("GGP") and the Purchasers (as the same may be amended from time to time, the "Stock Purchase Agreement") agreed, among other things, to purchase [1,312,500] shares of common stock, par value \$0.01, of the Company (the "Common Stock"); and

WHEREAS, in case any securities held by a Purchaser or its transferees are at any time not freely transferable by the holder in accordance with applicable laws, the Company and the Purchasers desire to define certain registration rights with respect to the Common Stock, certain warrants and certain other securities on the terms and subject to the conditions herein set forth.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the parties hereby agree as follows:

SECTION 1. DEFINITIONS

As used in this Agreement, the following terms have the respective meanings set forth below:

Affiliate: shall mean as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, the first Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract, or otherwise;

Agreement: shall have the meaning set forth in the Preamble hereto;

Blackstone: shall mean Blackstone Real Estate Partners VI L.P., a Delaware limited partnership, and [-];

Brookfield Holders: shall mean the "Holders" defined in that certain Registration Rights Agreement, dated as of the date hereof, by and between the Company and REP Investments LLC, a Delaware limited liability company, as amended from time to time;

Brookfield/Pershing Holders: shall mean, collectively, the Brookfield Holders and Pershing Holders and a Brookfield/Pershing Holder shall mean any Brookfield Holder or Pershing Holder;

Closing Date: shall have the meaning ascribed thereto in the Stock Purchase Agreement;

Commission: shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act;

Common Stock: shall have the meaning set forth in the Recitals hereto;

Company: shall have the meaning set forth in the Preamble hereto;

Cornerstone Investment Agreement: shall mean that certain Amended and Cornerstone Investment Agreement, effective as of March 31, 2010, by and between GGP and REP Investments LLC, a Delaware limited liability company, as amended from time to time;

Demand Notice: shall have the meaning set forth in Section 2(a)(i) hereof;

Exchange Act: shall mean the Securities Exchange Act of 1934, as amended (or any successor act), and the rules and regulations promulgated thereunder;

FINRA: shall mean the Financial Industry Regulatory Authority;

Holder: shall mean any holder of Registrable Securities subject to this Agreement, solely in their capacity as such, including Permitted Assignees;

Indemnified Party: shall have the meaning set forth in Section 2(f)(iii) hereof;

Indemnifying Party: shall have the meaning set forth in Section 2(f)(iii) hereof;

Initial Investors: shall mean (i) the Purchasers, (ii) any member of the Purchaser Group, (iii) Blackstone and (iv) any Permitted Assignees under clauses (i) and (ii) of Section 3(e) hereof;

Initiating Holder(s): shall mean any Holder or any group of Holders, other than Blackstone, with respect to the Registrable Securities it is designated to receive pursuant to the Investment Agreements;

Investment Agreements: shall mean, collectively, the Cornerstone Investment Agreement, the Pershing Stock Purchase Agreement and the Stock Purchase Agreement;

Investors: shall mean (i) any Initial Investors and (ii) any Permitted Assignees under clause (iii) of Section 3(e) hereof;

Issuer Free Writing Prospectus: shall mean an “Issuer Free Writing Prospectus,” as defined in Rule 433 under the Securities Act, relating to an offer of Registrable Securities;

Losses: shall have the meaning set forth in Section 2(f)(i) hereof;

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Other Stockholders: shall have the meaning set forth in Section 2(a)(iii) hereof;

Participating Holders: shall mean Holders participating in the Registration relating to the Registrable Securities;

Permitted Assignees: shall have the meaning set forth in Section 3(e) hereto;

Pershing Holders: shall mean the “Holders” defined in that certain Registration Rights Agreement, dated as of the date hereof, by and between the Company, Pershing Square Capital Management, L.P., on behalf of Pershing Square, L.P., a Delaware limited partnership, Pershing Square II, L.P., a Delaware limited partnership, Pershing Square International, Ltd. a Cayman Islands exempted company, Pershing Square International V, Ltd., a Cayman Islands exempted company, and Blackstone, as amended from time to time;

Pershing Stock Purchase Agreement: shall mean that certain Amended and Restated Stock Purchase Agreement, effective as of March 31, 2010, by and between GGP and the Pershing Holders, as amended from time to time;

Person: shall mean an individual, partnership, joint-stock company, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof;

Prospectus: shall mean the prospectus (including any preliminary, final or summary prospectus) included in any Registration Statement, all amendments and supplements to such prospectus and all other material incorporated by reference in such prospectus;

Purchaser Group: shall have the meaning ascribed thereto in the Stock Purchase Agreement;

Purchasers: shall have the meaning set forth in the Preamble hereto;

Qualifying Employee Stock: shall mean (i) rights and options issued in the ordinary course of business under employee benefits plans of the Company or any predecessor or otherwise to executives in compensation arrangements approved by the Board of Directors of the Company or any predecessor and any securities issued after the date hereof upon exercise of such rights and options and options issued to employees of the Company or any predecessor as a result of adjustments to options in connection with the reorganization of the Company or any predecessor and (ii) restricted stock and restricted stock units issued after the date hereof in the ordinary course of business under employee benefit plans and securities issued after the date hereof in settlement of any such restricted stock units;

Register, Registered and Registration: shall mean a registration effected by preparing and (a) filing a Registration Statement in compliance with the Securities Act (and any post-effective amendments filed or required to be filed) and the declaration or ordering of

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effectiveness of such Registration Statement, or (b) filing a Prospectus and/or prospectus supplement in respect of an appropriate effective Registration Statement;

Registrable Securities: shall mean (A) any shares of Common Stock acquired or held by an Initial Investor on or after the date hereof (whether or not acquired pursuant to the Stock Purchase Agreement), including without limitation shares of Common Stock acquired in connection with the exercise of any Warrants and shares of Common Stock which at any time an Initial Investor has a right or obligation to purchase under the Stock Purchase Agreement, (B) (i) any securities of the Company or its Affiliates issued as a dividend or other distribution with respect to, or in exchange for or in conversion, exercise or replacement of, any Registrable Securities described in (A) or (C) (the “Initial Securities”) or securities that may become Registrable Securities by virtue of clause (B)(iii) or (ii) any securities of the Company or its Affiliates offered wholly or partly in consideration of the Initial Securities or securities that may become Registrable Securities by virtue of clause (B)(iii) in any tender or exchange offer or (iii) any securities of the Company or its Affiliates issued as a dividend or other distribution with respect to, or in exchange for or in conversion, exercise or replacement of or offered wholly or partly in any tender or exchange offer in consideration of any Registrable Securities described in (B)(i) or (B)(ii), (C) Warrants acquired or held by an Initial Investor on or after the date hereof and (D) any Registrable Securities described in (A), (B) or (C) above acquired or held by a Person, for which rights and obligations have been assigned pursuant to clause (iii) of Section 3(e) and in accordance with the terms of Section 3(e) hereof; provided, that as to any particular Registrable Securities, such securities shall cease to be Registrable Securities (i) when a Registration Statement with respect to such securities has been declared effective under the Securities Act and such securities have been disposed of pursuant to such Registration Statement, (ii) after such securities have been sold in accordance with Rule 144 (but not Rule 144A), (iii) after such securities shall have otherwise been transferred and new securities not subject to transfer restrictions under any federal securities laws and not bearing any legend restricting further transfer shall have been delivered by the Company, all applicable holding periods shall have expired, and no other applicable and legally binding restriction on transfer by the holder thereof shall exist, (iv) when such securities are eligible for sale pursuant to Rule 144 under the Securities Act without limitation thereunder on volume or manner of sale, or (v) when such securities cease to be outstanding;

Registration Expenses: shall mean (a) any and all expenses incurred by the Company and its Subsidiaries in effecting any Registration pursuant to this Agreement, including, without limitation, all (i) Registration and filing fees, and all other fees and expenses payable in connection with the listing of securities on any securities exchange or automated interdealer quotation system, (ii) fees and expenses of compliance with any securities or “blue sky” laws (including fees and disbursements of counsel in connection with “blue sky” qualifications of the securities registered), (iii) expenses in connection with the preparation, printing, mailing and delivery of any Registration Statements, Prospectuses, Issuer Free Writing Prospectus and other documents in connection therewith and any amendments or supplements thereto, (iv) security engraving and printing expenses, (v) internal expenses of the Company (including, without

limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), (vi) fees and disbursements of counsel for the Company and fees and expenses for independent certified public accountants retained by the Company (including the expenses associated with the delivery by independent certified public accountants of any comfort

letters requested pursuant to the terms hereof), (vii) fees and expenses of any special experts retained by the Company in connection with such Registration, (viii) fees and expenses in connection with any review by FINRA of any underwriting arrangements or other terms of the offering, and all reasonable fees and expenses of any “qualified independent underwriter”, (ix) reasonable fees and disbursements of underwriters customarily paid by issuers or sellers of securities, but excluding any underwriting fees, discounts and commissions attributable to the sale of Registrable Securities and fees and expenses of counsel, (x) costs of printing and producing any agreements among underwriters, underwriting agreements, any “blue sky” or legal investment memoranda and any selling agreements and other documents in connection with the offering, sale or delivery of the Registrable Securities, (xi) transfer agents’ and registrars’ fees and expenses and the fees and expenses of any other agent or trustee appointed in connection with such offering and (xii) expenses relating to any analyst or investor presentations or any “road shows” undertaken in connection with the Registration, marketing or selling of the Registrable Securities and (b) reasonable and documented fees and expenses of one counsel for all of the Participating Holders, which counsel shall be selected by the Participating Holder holding the largest number of the Registrable Securities to be sold in the applicable Registration. Registration Expenses shall not include any out-of-pocket expenses of the Participating Holders;

Registration Statement: shall mean any registration statement of the Company that covers Registrable Securities pursuant to the provisions of this Agreement filed with, or to be filed with, the Commission under the rules and regulations promulgated under the Securities Act, including the related Prospectus, amendments and supplements to such registration statement, including pre- and post-effective amendments, and all exhibits, financial information and all material incorporated by reference in such registration statement;

Required Shelf Registration Statement: shall have the meaning set forth in Section 2(c);

Rule 144; Rule 144A: shall mean Rule 144 and Rule 144A, respectively, under the Securities Act (or any successor provisions then in force);

S-1 Registration Statement: shall mean a registration statement of the Company on Form S-1 (or any comparable or successor form) filed with the Commission registering any Registrable Securities;

Scheduled Black-Out Period: shall mean the period from and including the last day of a fiscal quarter of the Company to and including the earliest of (i) the Business Day after the day on which the Company publicly releases its earnings information for such quarter or annual earnings information, as applicable, and (ii) the day on which the executive officers and directors of the Company are no longer prohibited by Company policies applicable with respect to such quarterly earnings period from buying or selling equity securities of the Company;

security, securities: shall have the meaning set forth in Section 2(a)(1) of the Securities Act;

Securities Act: shall mean the Securities Act of 1933, as amended (or any successor statute thereto), and the rules and regulations promulgated thereunder;

Selling Expenses: shall mean all underwriting discounts, selling commissions and stock transfer taxes applicable to the sale of Registrable Securities and all fees and disbursements of counsel for each of the Holders, other than the fees and expenses of one counsel for all of the Holders, which shall be paid for by the Company in accordance with the terms set forth in clause (b) of the definition of “Registration Expenses” set forth herein;

Shelf Registration Statement: shall mean a “shelf” registration statement of the Company that covers all the Registrable Securities (and may cover other securities of the Company) on Form S-3 and under Rule 415 or, if the Company is not then eligible to file on Form S-3, on Form S-1 under the Securities Act, or any successor rule that may be adopted by the Commission, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and any document incorporated by reference therein;

Stock Purchase Agreement: shall have the meaning set forth in the Recitals hereto;

Transfer: shall have the meaning set forth in Section 2(j)(ii) hereof; and

Warrants: shall mean the warrants issued by the Company from time to time pursuant to that certain Warrant Agreement, dated as of November [], 2010, by and between the Company and Mellon Investor Services LLC.

SECTION 2. REGISTRATION RIGHTS

(a) Demand Registration.

(i) Request for Registration. Subject to the limitations and conditions of Section 2(a)(ii), if the Company shall receive from an Initiating Holder(s) a written demand (the “Demand Notice”) that the Company effect any Registration with respect to all or a part of the Registrable Securities owned by such Initiating Holder(s) having an estimated aggregate fair market value of at least \$25 million, the Company shall:

(1) promptly give written notice of the proposed Registration to all other Holders in accordance with the terms of Section 2(b);

(2) use its reasonable best efforts to file a Registration Statement with the Commission in accordance with the request of the Initiating Holder(s), including without limitation the method of disposition specified therein and covering resales of the Registrable Securities requested to be registered, as promptly as reasonably practicable but no later than (x) in the case of a Registration Statement other than an S-1 Registration Statement, within 30 days of receipt of the Demand Notice or (y) in the case of an S-1 Registration Statement, within 60 days of receipt of the Demand Notice;

(3) use reasonable best efforts to cause such Registration Statement to be declared or become effective as promptly as practicable, but in no event later than 60 days after the date of initial filing of a Registration Statement pursuant to Section 2(a)(i)(2); and

(4) use reasonable best efforts to keep such Registration Statement continuously effective and in compliance with the Securities Act and usable for resale of such Registrable Securities for the period as requested in writing by the Initiating Holder(s) or such longer period as may be requested in writing by any Holder participating in such registration (which periods shall be extended to the extent of any suspensions of sales pursuant to Sections 2(a)(ii)(3) or (4));

provided, however, that the Company shall be permitted, with the consent of the Initiating Holder(s) not to be unreasonably withheld, to file a post-effective amendment or prospectus supplement to any currently effective Shelf Registration Statement (including, without limitation, any resale registration statement filed pursuant to the terms of the Stock Purchase Agreement) in lieu of an additional registration statement pursuant to Section 2(a)(i) to the extent the Company reasonably determines that the Registrable Securities of the Initiating Holder(s) may be sold thereunder by such Initiating Holder(s) pursuant to their intended plan of distribution (in which case such post-effective amendment or prospectus supplement shall not be counted against the limited number of demand registrations). It shall not be unreasonable if, following the recommendation of an underwriter, the Initiating Holder(s) do not consent to the Company filing a post-effective amendment or prospectus supplement to a Shelf Registration Statement in lieu of an additional registration statement requested by the Initiating Holder(s).

(ii) Notwithstanding anything to the contrary contained herein, the Company shall not be obligated to effect, or take any action to effect, any such Registration pursuant to this Section 2(a):

(1) In any particular jurisdiction in which the Company would be required to execute a general consent to service of process or qualify to do business in effecting such Registration, qualification or compliance, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act or applicable rules or regulations thereunder;

(2) With respect to securities that are not Registrable Securities;

(3) If the Company has notified the Holders that in the good faith judgment of the Company, it would be materially detrimental to the Company or its security holders for such registration to be effected at such time, in which event the Company shall have the right to defer such registration for a period of not more than 60 days; provided, that such right to delay a registration pursuant to clause (3) shall be exercised by the Company only if the Company has generally exercised (or is concurrently exercising) similar black-out rights against holders of similar securities that have registration rights, if any; or

(4) Solely with respect to any Affiliate of the Company, during any Scheduled Black-Out Period;

provided, that the total number of days that any such suspension, deferral or delay in registration pursuant to clauses (3) and (4) in the aggregate may be in effect in any 180 day period shall not exceed 60 days. The Company agrees to use its reasonable best efforts to issue earnings releases as promptly as practicable following the end of quarterly reporting periods and to otherwise minimize the duration of Scheduled Black-Out Periods.

(iii) The Registration Statement filed pursuant to the request of the Initiating Holder may, subject to the provisions of Section 2(a)(iv) below, include shares of Common Stock which are held by Holders and Persons who, by virtue of agreements with the Company (other than this Agreement), are entitled to include their securities in any such Registration (such Persons, other than Holders, "Other Stockholders"). In the event the Initiating Holder(s) request a Registration pursuant to this Section 2(a) in connection with a distribution of Registrable Securities to its partners or members or any other Holder elects to participate in such Registration pursuant to Section 2(b) hereof in connection with a distribution of Registrable Securities to its partners or members, the Registration shall provide for the resale by such partners or members, if requested by such Holder.

(iv) Underwriting. If the Initiating Holder(s) intend to distribute the Registrable Securities covered by their request by means of an underwriting, it shall so advise the Company as a part of the request made pursuant to Section 2(a). If Other Stockholders or Holders, to the extent they have any registration rights under Section 2(b), request inclusion of their shares of Common Stock in the underwriting, the Initiating Holder(s) shall offer to include the shares of Common Stock of such Holders and Other Stockholders in the underwriting and may condition such offer on their acceptance of the further applicable provisions of this Section 2. The Holders whose Registrable Securities are to be included in such Registration and the Company shall (together with all Other Stockholders proposing to distribute their shares of Common Stock through such underwriting) enter into an underwriting agreement in customary form for secondary public offerings with the managing underwriter or underwriters selected for such underwriting by a majority-in-interest of the Holders whose Registrable Securities are to be included in such Registration subject to approval by the Company not to be unreasonably withheld (which underwriters may also include a non-bookrunning co-manager selected by the Company subject to approval by a majority-in-interest of the Holders whose Registrable Securities are to be included in such Registration); provided, however, that such underwriting agreement shall not provide for indemnification or contribution obligations on the part of any Holder or Other Stockholder greater than the obligations of the Holders under Section (2)(f)(ii) or Section 2(f)(iv). Notwithstanding any other provision of this Section 2(a), if the managing underwriter or underwriters advises the Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, some or all of the securities of the Company held by the Other Stockholders (other than the Brookfield/Pershing Holders) shall be excluded from such Registration to the extent so required by such limitation. If, after the exclusion of such shares held by such Other Stockholders (other than the Brookfield/Pershing Holders), further reductions are still required due to the marketing limitation, the number of Registrable Securities included in the Registration by each Holder (including the Initiating Holder(s)) and the Brookfield/Pershing Holders shall be reduced on a pro rata basis (based on the number of Registrable Securities requested to be included in such registration by such Holders and the Brookfield/Pershing Holders, as applicable), by such minimum number of shares as is necessary to comply with such request. No Registrable

Securities or any other securities excluded from the underwriting by reason of the underwriter's marketing limitation shall be included in such Registration. If any Holder or Other Stockholder who has requested inclusion in such Registration as provided above disapproves of the terms of the underwriting, such Person may elect to withdraw therefrom by providing written notice to the Company, the underwriter and the Initiating Holder(s). The securities so withdrawn shall also be withdrawn from Registration. If the underwriter has not limited the number of Registrable Securities or other securities to be underwritten, the Company and executive officers and directors of the Company (whether or not such Persons have registration rights pursuant to Section 2(b) hereof) may include its or their securities for its or their own account in such Registration if the managing underwriter or underwriters and the Company so agree and if the number of Registrable Securities and other securities which would otherwise have been included in such Registration and underwriting will not thereby be limited.

(v) The number of demand registrations that the Holders shall be entitled to request, and that the Company shall be obligated to undertake, pursuant to this Section 2(a) shall be unlimited; provided, that the Company shall not be obligated to undertake more than three underwritten offerings pursuant to this Section 2 during the term of this Agreement, provided, further that in no event shall the Company be required to effect more than one underwritten offering in any twelve-month period pursuant to this Section 2.

(vi) In the case of an underwritten offering under this Section 2(a), the price, underwriting discount and other financial terms for the Registrable Securities shall be determined by the Initiating Holder(s).

(b) Piggyback Registration.

(i) If the Company shall determine to register any of its capital stock (including any warrants) either (x) for its own account, (y) for the account of the Holders listed in Section 2(a) pursuant to the terms thereof, or (z) for the account of Other Stockholders (other than (A) a Registration relating solely to Qualifying Employee Stock, (B) a Registration relating solely to a Rule 145 transaction under the Securities Act or (C) a Registration on any Registration form which does not permit secondary sales or does not include substantially the same information as would be required to be included in a Registration Statement), the Company will, subject to the conditions set forth in this Section 2(b):

(1) promptly give to each of the Holders a written notice thereof (which shall include a list of the jurisdictions in which the Company intends to attempt to qualify such securities under the applicable blue sky or other state securities laws); and

(2) subject to Section 2(b)(ii) below and any transfer restrictions any Holder may be a party to, include in such Registration (and any related qualification under blue sky laws or other compliance), and in any underwriting involved therein, all the Registrable Securities specified in a written request or requests, made by the Holders. Such written request may specify all or a part of the Holders' Registrable Securities and shall be received by the Company within ten (10) days after written notice from the Company is given under Section 2(b)(i)(1) above. In the event any Holder requests

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inclusion in a Registration pursuant to this Section 2(b) in connection with a distribution of Registrable Securities to its partners or members, the Registration shall provide for the resale by such partners or members, if requested by such Holder.

(ii) Underwriting. If the Registration of which the Company gives notice is for a Registered public offering involving an underwriting, the Company shall so advise each of the Holders as a part of the written notice given pursuant to Section 2(b)(i)(1) above. In such event, the right of each of the Holders to Registration pursuant to this Section 2(b) shall be conditioned upon such Holders' participation in such underwriting and the inclusion of such Holders' Registrable Securities in the underwriting to the extent provided herein. The Holders whose Registrable Securities are to be included in such Registration shall (together with the Company and the Other Stockholders distributing their securities through such underwriting) enter into an underwriting agreement in customary form for secondary public offerings with the managing underwriter or underwriters selected for underwriting by the Company (and if the Registration was initiated by a Holder pursuant to Section 2(a), such underwriters must be selected by the Initiating Holder(s) and reasonably acceptable to the Company); provided, however, that such underwriting agreement shall not provide for indemnification or contribution obligations on the part of any Holder or Other Stockholder greater than the obligations of the Holders under Section 2(f)(ii) or Section 2(f)(iv). Notwithstanding any other provision of this Section 2(b), if any Registration in respect of which any Holder is exercising its rights under this Section 2(b) involves an underwritten public offering (other than a demand Registration pursuant to Section 2(a), in which case the provisions with respect to priority of inclusion in such Registration set forth in Section 2(a) shall apply) and the managing underwriter or underwriters advises the Company that in its view marketing factors require a limitation on the number of securities to be underwritten, then there shall be included in such underwritten offering the number or dollar amount of securities of the Company that in the opinion of the managing underwriter or underwriters can be sold without adversely affecting such offering, and such number of securities of the Company shall be allocated for inclusion as follows: (1) first all securities of the Company being sold by the Company for its own account or by any Person (other than a Holder or a Brookfield/Pershing Holder) exercising a contractual right to demand registration; (2) second, all Registrable Securities requested to be included by the Holders, all Registrable Securities to be included by the Brookfield/Pershing Holders pursuant to piggyback registration rights and securities of the Company being sold by any Person (other than a Holder or a Brookfield/Pershing Holder) with similar piggyback registration rights, pro rata, based on the number of shares requested to be included in such registration by such Holders, the Brookfield/Pershing Holders and such Persons; and (3) third, among any other holders of securities of the Company requesting such registration, pro rata, based on the number of securities requested to be included in such registration by each such holder. For the avoidance of doubt, in the event any Brookfield/Pershing Holder exercises demand registration rights, such registration is an underwritten public offering and the managing underwriter advises that marketing factors require a limitation on the number of securities to be so underwritten, Registrable Securities of any Holders exercising piggyback rights under this Section 2(b) in connection with such offering and any securities to be included in such offering by the Brookfield/Pershing Holders shall be included in such offering in the same priority and allocated on a pro rata basis, as set forth in clause (2) above. If any of the Holders or any officer, director or Other Stockholder disapproves of the terms of any such underwriting, he, she or it may elect to withdraw therefrom

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by providing written notice to the Company, the underwriter and the Initiating Holder(s). Any Registrable Securities or other securities excluded or withdrawn from such underwriting shall be withdrawn from such Registration.

(c) Required Shelf Registration Statement. From and after the declaration of effectiveness by the Commission of the Shelf Registration Statement contemplated by Section 7.1(l) of the Stock Purchase Agreement (the "Required Shelf Registration Statement"), the Company shall use reasonable

best efforts to cause such Required Shelf Registration Statement to be continuously effective so long as there are any Registrable Securities outstanding. In connection with the Required Shelf Registration Statement, the Company will, subject to the terms and limitations of this Section 2, as promptly as reasonably practicable upon notice from any Holder requesting Registration in accordance with the terms of this Section 2(c), cooperate in any shelf take-down by amending or supplementing the Prospectus related to such Registration as may be reasonably requested by such Holder or as otherwise required to reflect the number of Registrable Securities to be sold thereunder.

(d) Expenses of Registration. All Registration Expenses incurred in connection with any Registration, qualification or compliance pursuant to this Section 2 shall be borne by the Company, and all Selling Expenses shall be borne by the Holders of the securities so registered pro rata on the basis of the number of their shares so registered (or, in the case of fees and disbursements of counsel and advisors to any Holders that do not constitute Registration Expenses, by the Holders as incurred).

(e) Registration Procedures. In the case of each Registration effected by the Company pursuant to this Section 2, the Company will keep the Participating Holders advised in writing as to the initiation of each Registration and as to the completion thereof. At its expense, the Company will:

(i) as promptly as practicable, prepare and file with the Commission such pre- and post-effective amendments to such Registration Statement, supplements to the Prospectus and such amendments or supplements to any Issuer Free Writing Prospectus as may be (1) reasonably requested by the Initiating Holder(s) (if any), (2) reasonably requested by any other Participating Holder (to the extent such request relates to information relating to such Participating Holder), or (3) necessary to keep such Registration effective for the period of time required by this Agreement, and comply with provisions of the applicable securities laws with respect to the sale or other disposition of all securities covered by such Registration Statement during such period in accordance with the intended method or methods of disposition by the sellers thereof set forth in such Registration Statement;

(ii) notify the Participating Holders and the managing underwriter or underwriters, if any, and (if requested) confirm such advice in writing and provide copies of the relevant documents, as promptly as practicable after notice thereof is received by the Company (1) when the applicable Registration Statement or any amendment thereto has been filed or becomes effective, and when the applicable Prospectus or Issuer Free Writing Prospectus or any amendment or supplement thereto has been filed, (2) to the extent any of the following relates to the Participating Holders or information supplied by the Participating Holders, of any written comments by the Commission or any request by the Commission or any other federal or state

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governmental authority for amendments or supplements to such Registration Statement, Prospectus or Issuer Free Writing Prospectus or for additional information, (3) of the issuance by the Commission of any stop order suspending the effectiveness of such Registration Statement or any order by the Commission or any other regulatory authority preventing or suspending the use of any Prospectus or any Issuer Free Writing Prospectus or the initiation or threatening of any proceedings for such purposes, (4) if, at any time, the representations and warranties of the Company in any applicable underwriting agreement cease to be true and correct in all material respects, and (5) of the receipt by the Company or its legal counsel of any notification with respect to the suspension of the qualification of the Registrable Securities for offering or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(iii) promptly notify the Participating Holders and the managing underwriter or underwriters, if any, when the Company becomes aware of the happening of any event as a result of which the applicable Registration Statement, the Prospectus included in such Registration Statement (as then in effect) or any Issuer Free Writing Prospectus contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein (in the case of such Prospectus or any Issuer Free Writing Prospectus, in light of the circumstances under which they were made) not misleading, and when any Issuer Free Writing Prospectus includes information that may conflict with the information contained in the Registration Statement, or, if for any other reason it shall be necessary during such time period to amend or supplement such Registration Statement, Prospectus or Issuer Free Writing Prospectus in order to comply with the Securities Act and, in either case as promptly as reasonably practicable thereafter, prepare and file with the Commission, and furnish without charge to the Participating Holders and the managing underwriter or underwriters, if any, an amendment or supplement to such Registration Statement, Prospectus or Issuer Free Writing Prospectus which shall correct such misstatement or omission or effect such compliance;

(iv) use its reasonable best efforts to prevent, or obtain the withdrawal of, any stop order or other order suspending the use of any Prospectus or any Issuer Free Writing Prospectus;

(v) deliver to each Participating Holder and each underwriter, if any, without charge, as many copies of the applicable Prospectus (including each preliminary Prospectus), any Issuer Free Writing Prospectus and any amendment or supplement thereto as such Participating Holder or underwriter may reasonably request (it being understood that the Company consents to the use of such Prospectus, any Issuer Free Writing Prospectus and any amendment or supplement thereto by such Holder and the underwriters, if any, in connection with the offering and sale of the Registrable Securities thereby) and such other documents as such Participating Holder or underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities by such Participating Holder or underwriter;

(vi) subject to the terms set forth in Section 2(a)(ii)(1) and Section 2(c) hereof, on or prior to the date on which the applicable Registration Statement is declared effective, use its reasonable best efforts to register or qualify the Registrable Securities covered by such Registration Statement under such other securities or "blue sky" laws of such jurisdictions in the United States as any Participating Holder reasonably (in light of such Participating Holder's intended plan of distribution) requests and do any and all other acts and things that may be

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reasonably necessary or advisable to enable such Participating Holder to consummate the disposition of the Registrable Securities owned by such Participating Holder pursuant to such Registration Statement;

(vii) make such representations and warranties to the Participating Holders and the underwriters or agents, if any, in form, substance and scope as are customarily made by issuers in underwritten public offerings;

(viii) enter into such customary agreements (including underwriting and indemnification agreements) and take such other actions as the Initiating Holder(s) or the managing underwriter, if any, reasonably requests in order to expedite or facilitate the Registration and disposition of such

Registrable Securities;

(ix) use its reasonable best efforts to obtain for delivery to the managing underwriter, if any, an opinion or opinions from counsel for the Company dated the effective date of the Registration Statement or, in the event of an underwritten offering, the date of the closing under the underwriting agreement, in form and substance as is customarily given to underwriters in an underwritten secondary public offering;

(x) in the case of an underwritten offering, use reasonable best efforts to obtain for delivery to the Company and the managing underwriter, if any, a “comfort” letter from the Company’s independent certified public accountants in form and substance as is customarily given by independent certified public accountants in an underwritten secondary public offering;

(xi) cooperate with each Participating Holder and the underwriters, if any, of such Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA;

(xii) use its reasonable best efforts to cause all Registrable Securities covered by the applicable Registration Statement to be listed or quoted on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(xiii) cooperate with the Participating Holders and the underwriters, if any, to facilitate the timely preparation and delivery of certificates, with requisite CUSIP numbers, representing Registrable Securities to be sold and not bearing any restrictive legends;

(xiv) in the case of an underwritten offering, make reasonably available the senior executive officers of the Company to participate in the customary “road show” presentations that may be reasonably requested by the managing underwriter in any such underwritten offering and otherwise to facilitate, cooperate with, and participate in each proposed offering contemplated herein and customary selling efforts related thereto;

(xv) use its reasonable best efforts to procure the cooperation of the Company’s transfer agent in settling any offering or sale of Registrable Securities, including with respect to the transfer of physical security instruments into book-entry form in accordance with any procedures reasonably requested by the Holders or any managing underwriter(s);

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(xvi) use its reasonable best efforts to take such actions as are under its control to become or remain a well-known seasoned issuer (as such term is defined in Rule 405 under the Securities Act) and not become an illegible issuer (as such term is defined in Rule 405 under the Securities Act) during the period when such Registration Statement remains in effect; and

(xvii) make available for inspection by a representative of Participating Holders that are selling at least five percent (5%) of the Registrable Securities included in such Registration (and who is named in the applicable prospectus supplement as a Person who may be deemed to be an underwriter with respect to an offering and sale of Registrable Securities), the managing underwriter(s), if any, and any attorneys or accountants retained by such Holders or the managing underwriters(s), at the offices where normally kept, during reasonable business hours, financial and other records and pertinent corporate documents of the Company, and cause the officers, directors and employees of the Company to supply all information in each case reasonably requested by any such representative, managing underwriter, attorney or accountant in connection with such Registration Statement; provided, that if any such information is identified by the Company as being confidential or proprietary, each Person receiving such information shall take such actions as are reasonably necessary to protect the confidentiality of such information and shall sign customary confidentiality agreements reasonably requested by the Company prior to the receipt of such information.

(f) Indemnification.

(i) Indemnification by the Company. With respect to each Registration which has been effected pursuant to this Section 2, the Company agrees to indemnify and hold harmless, to the fullest extent permitted by law, (1) each of the Participating Holders and each of its officers, directors, limited or general partners and members thereof, (2) each member, limited or general partner of each such member, limited or general partner, (3) each of their respective Affiliates, officers, directors, shareholders, employees, advisors, and agents and each Person who controls (within the meaning of the Securities Act or the Exchange Act) such Persons and each underwriter, if any, and each person who controls (within the meaning of the Securities Act or the Exchange Act) any underwriter, against any and all claims, losses, damages, penalties, judgments, suits, costs, liabilities and expenses (or actions in respect thereof) (collectively, the “Losses”) arising out of or based on (A) any untrue statement (or alleged untrue statement) of a material fact contained in any Registration Statement (including any Prospectus or Issuer Free Writing Prospectus) or any other document incident to any such Registration, qualification or compliance, (B) any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any Prospectus or Issuer Free Writing Prospectus, in light of the circumstances under which they were made not misleading), or (C) any violation by the Company of the Securities Act or the Exchange Act applicable to the Company and relating to action or inaction required of the Company in connection with any such Registration, qualification or compliance, and will reimburse each of the Persons listed above, for any reasonable and documented legal and any other expenses reasonably incurred in connection with investigating and defending any such Losses, provided, that the Company will not be liable in any such case to the extent that any such Losses arise out of or are based on any untrue statement or omission based upon written information furnished to the Company by the Participating Holders or underwriter and stated to be specifically for use therein.

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(ii) Indemnification by the Participating Holders. Each of the Participating Holders agrees (severally and not jointly) to indemnify and hold harmless, to the fullest extent permitted by law, the Company, each of its directors and officers and each underwriter, if any, of the Company’s securities covered by such a Registration Statement, each Person who controls the Company (within the meaning of the Securities Act or the Exchange Act) or such underwriter, each other Participating Holder and each of their respective officers, directors, partners and members, and each Person controlling such Participating Holder (within the meaning of the Securities Act or the Exchange Act) against any and all Losses arising out of or based on (A) any untrue statement (or alleged untrue statement) of a material fact contained in any Registration Statement (including any Prospectus or Issuer Free Writing Prospectus) or any other document incident to any such Registration, qualification or compliance (including any notification or the like) made by such Participating Holder in writing or (B) any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements by such Participating Holder therein not misleading (in the case of any Prospectus or Issuer Free Writing Prospectus, in light of the circumstances under which they were made not misleading) and will reimburse the Persons listed above for any reasonable and documented legal or any other expenses reasonably incurred in

connection with investigating or defending any such Losses, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in reliance upon and in conformity with written information furnished to the Company by such Participating Holder and stated to be specifically for use therein; provided, however, that the obligations of each of the Participating Holders hereunder shall be limited to an amount equal to the net proceeds (after giving effect to any underwriters discounts and commissions) such Participating Holder receives in such Registration.

(iii) Conduct of the Indemnification Proceedings. Each party entitled to indemnification under this Section 2(f) (the “Indemnified Party”) shall give notice to the party required to provide indemnification (the “Indemnifying Party”) promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; provided, that counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld) and the Indemnified Party may participate in such defense at such party’s expense (unless the Indemnified Party shall have reasonably concluded that there may be a conflict of interest between the Indemnifying Party and the Indemnified Party in such action, in which case the fees and expenses of counsel shall be at the expense of the Indemnifying Party), and provided, further, that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 2(f) unless the Indemnifying Party is prejudiced thereby. It is understood and agreed that the Indemnifying Party shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate legal counsel for all Indemnified Parties; provided, however, that where the failure to be provided separate legal counsel could potentially result in a conflict of interest on the part of such legal counsel for all Indemnified Parties, separate counsel shall be appointed for Indemnified Parties to the extent needed to alleviate such potential conflict of interest. No

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Indemnifying Party, in the defense of any such claim or litigation shall, except with the prior written consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. Each Indemnified Party shall furnish such information regarding itself or the claim in question as an Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with the defense of such claim and litigation resulting therefrom.

(iv) If the indemnification provided for in this Section 2(f) is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to any Losses, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party hereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the statements or omissions (or alleged statements or omissions) which resulted in such Losses, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Indemnified Party shall be determined by reference to, among other things, whether the untrue (or alleged untrue) statement of a material fact or the omission (or alleged omission) to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, however, that the obligations of each of the Participating Holders hereunder shall be several and not joint and shall be limited to an amount equal to the net proceeds (after giving effect to any underwriters discounts and commissions) such Participating Holder receives in such Registration and, provided, further, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 2(f)(iv), each Person, if any, who controls an underwriter or agent within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as such underwriter or agent and each director of the Company, each officer of the Company who signed a Registration Statement, and each Person, if any, who controls the Company or a selling Holder within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as the Company or such selling Holder, as the case may be.

(v) Subject to the limitations on the Holders’ liability set forth in Section 2(f)(ii) and Section 2(f)(iv), the remedies provided for in this Section 2(f) are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Party at law or equity. The remedies shall remain in full force and effect regardless of any investigation made by or on behalf of such Holder or any Indemnified Party and survive the transfer of such securities by such Holder.

(vi) The obligations of the Company and of the Participating Holders hereunder to indemnify any underwriter or agent who participates in an offering (or any Person, if any controlling such underwriter or agent within the meaning of Section 15 of the Securities Act) shall be conditioned upon the underwriting or agency agreement with such underwriter or agent containing an agreement by such underwriter or agent to indemnify and hold harmless the Company, each of its directors and officers, each other Participating Holder, and each Person

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who controls the Company (within the meaning of the Securities Act or the Exchange Act) or such Participating Holder against all Losses, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such underwriter or agent expressly for use in such filings described in this sentence.

(g) Participating Holders.

(i) Each of the Participating Holders shall furnish to the Company such information regarding such Participating Holder and its partners and members, and the distribution proposed by such Holder as the Company may reasonably request in writing and as shall be reasonably requested in connection with any Registration, qualification or compliance referred to in this Section 2.

(ii) In the event that, either immediately prior to or subsequent to the effectiveness of any Registration Statement, any Participating Holder shall distribute Registrable Securities to its partners or members, such Participating Holder shall so advise the Company and provide such information as shall be necessary to permit an amendment to such Registration Statement to provide information with respect to such partners or members, as selling security holders. As soon as is reasonably practicable following receipt of such information, the Company shall file an appropriate amendment to such Registration Statement reflecting the information so provided. Any incremental expense to the Company resulting from such amendment shall be borne by such Participating Holder.

(iii) Each Holder agrees that at the time that such Holder is a Participating Holder, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 2(e)(iii), such Holder shall forthwith discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such Holder's receipt of the copies of a supplemented or amended Prospectus or Issuer Free Writing Prospectus or until such Holder is advised in writing by the Company that the use of the Prospectus or Issuer Free Writing Prospectus, as the case may be, may be resumed, and, if so directed by the Company, such Holder shall deliver to the Company all copies, other than any permanent file copies then in such Holder's possession, of the most recent Prospectus or any Issuer Free Writing Prospectus covering such Registrable Securities at the time of receipt of such notice. If the Company shall give such notice, the Company shall extend the period during which such Registration Statement shall be maintained effective by the number of days during the period from and including the date of the giving of notice pursuant to Section 2(e)(iii) to the date when the Company shall make available to such Holder a copy of the supplement or amended Prospectus or Issuer Free Writing Prospectus or is advised in writing that the use of the Prospectus or Issuer Free Writing Prospectus may be resumed.

(h) Rule 144. With a view to making available the benefits of certain rules and regulations of the Commission which may permit the sale of restricted securities to the

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public without Registration, the Company agrees to use its reasonable best efforts to file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act at any time after it has become subject to such reporting requirements (or, if the Company is not required to file such reports, it will, upon the reasonable request of the Holders holding a majority of the then outstanding Registrable Securities, make publicly available such necessary information for so long as necessary to permit sales pursuant to Rules 144 under the Securities Act).

(i) Termination. The registration rights set forth in this Section 2 shall terminate and cease to be available as to any securities held by an Investor at such time as such Investor (after owning) first ceases to own any Registrable Securities.

(j) Lock-Up Agreements.

(i) The Company agrees that, if requested by the managing underwriter in any underwritten public offering contemplated by this Agreement, it will enter into a customary "lock-up" agreement providing that it will not, directly or indirectly, sell, offer to sell, grant any option for the sale of, or otherwise dispose of any Common Stock or securities convertible into or exchangeable or exercisable for Common Stock (subject to customary exceptions), other than any such sale or distribution of Common Stock upon exercise of the Company's Warrants, for a period of 60 days from the effective date of the Registration Statement pertaining to such Common Stock; provided, however, that any such lock-up agreement shall not prohibit the Company from directly or indirectly (i) selling, offering to sell, granting any option for the sale of, or otherwise disposing of any Qualifying Employee Stock (or otherwise maintaining its employee benefits plans in the ordinary course of business) or (ii) issuing Common Stock or securities convertible into or exchangeable for Common Stock upon exercise or conversion of any warrant (including any other Warrant), option, right or convertible or exchangeable security issued in connection with the plan of reorganization. Each Holder shall coordinate with other Holders and the Brookfield Holders and the Pershing Holders such that the total number of days that the Company will be subject to such restrictions (including similar restrictions pursuant to any registration rights agreements with the Brookfield Holders and the Pershing Holders) as may be in effect in any 365-day period shall not exceed 120 days.

(ii) In the event that any Holder is an Affiliate of the Company, if requested by the managing underwriter in any underwritten public offering permitted by this Agreement, such Holder will enter into a customary "lock-up" agreement providing that it will not sell, grant any option for the sale of, or otherwise dispose (each, "Transfer") of any Common Stock outside of such public offering (subject to customary exceptions) for a period of 60 days from the effective date of the Registration Statement pertaining to such Common Stock; provided, however, that a Purchaser or member of its Purchaser Group may Transfer such Common Stock in such amounts, and at such times, as Fairholme Capital Management, LLC, such Purchaser or such member of its Purchaser Group determines to be in such Purchaser's or such member of its Purchaser Group's best interests in light of its then current circumstances and the laws and regulations applicable to it as a management investment company registered under the Investment Company Act of 1940, as amended, with a policy of qualifying as a "regulated investment company" as defined in Subchapter M of the Internal Revenue Code of 1986, as amended.

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(k) Notwithstanding any provision of this Agreement to the contrary, in order for a Registration to be included as a Registration for purposes of this SECTION 2. , the Registration Statement in connection therewith shall have been continually effective in compliance with the Securities Act and usable for resale for the full period established with respect to such Registration (except in the case of any suspension of sales pursuant to (A) a Scheduled Black-Out Period, or (B) Section 2(e)(iii) hereof, in which case such period shall be extended to the extent of such suspension).

(l) Notwithstanding any provision of this Agreement to the contrary, if the Company is required to file a post-effective amendment to a Registration Statement to incorporate the Company's quarterly and annual reports and related financial statements on Form 10-Q and Form 10-K, the Company shall use its reasonable best efforts to promptly file such post-effective amendment and may postpone or suspend effectiveness of such Registration Statement for a period not to exceed thirty (30) consecutive days to the extent the Company determines necessary to comply with applicable securities laws; provided, that the period by which the Company postpones or suspends the effectiveness of a shelf Registration Statement pursuant to this Section 2(l) plus any suspension, deferral or delay pursuant to Section 2(e)(iii) shall not exceed 60 days in the aggregate in any twelve-month period.

SECTION 3. MISCELLANEOUS

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State without regard to conflicts of law principles.

(b) Section Headings. The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof.

(c) Notices.

(i) All communications under this Agreement shall be in writing and shall be delivered by hand or facsimile or mailed by overnight courier:

- (1) if to the Company, to:
The Howard Hughes Corporation
13355 Noel Road, Suite 950
Dallas, TX 75240
Attention: General Counsel
Fax: (214) 741-3021

with a copy (which shall not constitute notice) to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Attention: Malcolm E. Landau, Esq.

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Matthew D. Bloch, Esq.
Facsimile: (212) 310-8007

(2) if to the Holders, at the address or facsimile number listed on Schedule I hereto, or at such other address or facsimile number as may have been furnished to the Company in writing.

(ii) Any notice so addressed shall be deemed to be given: if delivered by hand or facsimile, on the date of such delivery; and if mailed by overnight courier, on the first business day following the date of such mailing.

(d) Reproduction of Documents. This Agreement and all documents relating thereto, including, without limitation, any consents, waivers and modifications which may hereafter be executed may be reproduced by the Holders by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and the Holders may destroy any original document so reproduced. The parties hereto agree and stipulate that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by the Holders in the regular course of business) and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

(e) Successors and Assigns. Neither this Agreement nor any right or obligation hereunder may be assigned in whole or in part by any party without the prior written consent of the other parties hereto and any purported assignment in violation of this provision shall be void; provided, however, that the rights and obligations hereunder of any Investor may be assigned, in whole or in part, to any Person who acquires such Registrable Securities that (i) is a member of the Purchaser Group, (ii) is an Affiliate of any Initial Investor or (iii) is unable to immediately sell, without limitations (including, but not limited to, any limitation on volume or manner of sale) or restrictions under Rule 144, all Registrable Securities and other shares of Common Stock held by such Person (provided, that for this clause (iii), any such rights and obligations may be assigned solely with respect to such Registrable Securities) (each such Person described in clauses (i), (ii) or (iii), a "Permitted Assignee"). Any assignment pursuant to this Section 3(e) shall be effective and any Person shall become a Permitted Assignee only upon receipt by the Company of (1) a written notice from the transferring Holder stating the name and address of the transferee and identifying the number of shares of Registrable Securities with respect to which the rights under this Agreement are being transferred and, if fewer than all of the rights attributable to a Holder hereunder are to be so transferred, the nature of the rights so transferred and (2) a written instrument by which the transferee agrees to be bound by all of the terms and conditions applicable to a Holder of such Registrable Securities. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties.

(f) Several Nature of Commitments. The obligations of each Holder hereunder are several and not joint and several, and relate only to the Registrable Securities held

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by such Holder from time to time. No Holder shall bear responsibility to the Company for breach of this Agreement or any information provided by any other Holder.

(g) Additional Investors. The parties hereto acknowledge that certain Persons may become stockholders of the Company and the Company may wish to grant such Persons registration rights with respect to the shares of Common Stock issued to such Persons. The Company may do so in its discretion so long as such registration rights are not inconsistent with the registration rights granted to the Holders hereunder and, if any registrations rights granted are more favorable than those provided to Holders of Common Stock hereunder, conforming changes reasonably acceptable to the Purchasers are made to this Agreement to provide Holders hereunder with substantially similar rights.

(h) Entire Agreement; Amendment and Waiver. This Agreement constitutes the entire understanding of the parties hereto relating to the subject matter hereof and supersedes all prior understandings among such parties. This Agreement may be amended with (and only with) the written consent of the Company and the Holders holding a majority of the then outstanding Registrable Securities and any such amendment shall apply to all Holders and all of their Registrable Securities; provided, that, notwithstanding the foregoing, additional Holders may become party hereto upon an assignment of rights and obligations hereunder pursuant to Section 3(e); provided further, however, that other than as set forth in Section 3(e), the Company may not add additional parties hereto without the consent of Holders holding a majority of the then outstanding Registrable Securities. The observance of any term of this Agreement may be waived by the party or parties waiving any rights hereunder; provided, that any such waiver shall apply to all Holders and all of their Registrable Securities only if made by Holders holding a majority of then-outstanding Registrable Securities.

(i) Injunctive Relief. It is hereby agreed and acknowledged that it will be impossible to measure in money the damage that would be suffered if the parties fail to comply with any of the obligations herein imposed on them and that in the event of any such failure, an aggrieved Person will be irreparably damaged and will not have an adequate remedy at law. Any such Person shall, therefore, be entitled (in addition to any other remedy to which it

may be entitled in law or in equity) to injunctive relief, including specific performance, to enforce such obligations, and if any action should be brought in equity to enforce any of the provisions of this Agreement, none of the parties hereto shall raise the defense that there is an adequate remedy at law.

(j) WAIVER OF JURY TRIAL. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTIONS, SUITS, DEMAND LETTERS, JUDICIAL, ADMINISTRATIVE OR REGULATORY PROCEEDINGS, OR HEARINGS, NOTICES OF VIOLATION OR INVESTIGATIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) SUCH PARTY HAS

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CONSIDERED THE IMPLICATIONS OF THIS WAIVER AND (B) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY.

(k) No Inconsistent Agreements. The Company is not currently a party to any agreement which is, or could be inconsistent with, the rights granted to the Holders by this Agreement.

(l) Severability. In the event that any part or parts of this Agreement shall be held illegal or unenforceable by any court or administrative body of competent jurisdiction, such determination shall not affect the remaining provisions of this Agreement which shall remain in full force and effect.

(m) Counterparts. This Agreement may be executed in two or more counterparts (including by email or facsimile signature), each of which shall be deemed an original and all of which together shall be considered one and the same agreement.

(n) Interpretation of this Agreement. Where any provision in this Agreement refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

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IN WITNESS WHEREOF, the undersigned have executed this Registration Rights Agreement as of the date first set forth above.

THE HOWARD HUGHES CORPORATION

By: _____
Name:
Title:

Fairholme Funds, Inc.
On behalf of its series The Fairholme Fund

By: _____
Name: Bruce R. Berkowitz
Title: President

Fairholme Funds, Inc.
On behalf of its series Fairholme Focused Income Fund

By: _____
Name: Bruce R. Berkowitz
Title: President

Schedule I

The Fairholme Fund, a series of Fairholme Funds, Inc.
Fairholme Focused Income Fund, a series of Fairholme Funds, Inc.

Notice to any Purchaser set forth above (which shall constitute notice to each Purchaser set forth above) shall be made to:

Fairholme Capital Management, LLC
4400 Biscayne Boulevard, 9th Floor
Miami, FL 33137
Attention: Charles M. Fernandez
Facsimile: (305) 358-8002



**THE HOWARD HUGHES CORPORATION
REGISTRATION RIGHTS AGREEMENT**

THIS REGISTRATION RIGHTS AGREEMENT, dated as of [·], 2010 (this “Agreement”), by and between the purchasers listed on Schedule I hereto (the “Purchasers”), Blackstone Real Estate Partners VI L.P., a Delaware limited partnership (“BREP VI”, and collectively with the entities listed on Schedule II hereto, “Blackstone”), and The Howard Hughes Corporation, a Delaware corporation (the “Company”).

RECITALS

WHEREAS, the Purchasers have, pursuant to the terms of that certain Amended and Restated Stock Purchase Agreement, effective as of March 31, 2010, by and between the Company and the Purchasers (as the same may be amended from time to time, the “Stock Purchase Agreement”) agreed, among other things, to purchase [1,312,500] shares of common stock, par value \$0.01, of the Company (the “Common Stock”);

WHEREAS, (a) the Purchasers have, pursuant to the terms of that certain Purchase Agreement, dated as of August 2, 2010, by and among the Purchasers and BREP VI agreed, among other things, that Blackstone shall purchase in the Purchasers’ place 100,191 shares of Common Stock under the Stock Purchase Agreement, (b) REP Investments LLC (“REP”) has, pursuant to the terms of that certain Purchase Agreement, dated as of August 2, 2010, by and between REP and BREP VI agreed, among other things, that Blackstone shall purchase in REP’s place 200,382 shares of Common Stock under the Cornerstone Investment Agreement (as defined below) and (c) The Fairholme Fund, a series of Fairholme Funds, Inc. and Fairholme Focused Income Fund, a series of Fairholme Funds, Inc. have, pursuant to the terms of that certain Purchase Agreement, dated as of August 2, 2010, by and among such entities and BREP VI agreed, among other things, that Blackstone shall purchase in their place 100,191 shares of Common Stock under the Fairholme Stock Purchase Agreement (as defined below); and

WHEREAS, in case any securities held by a Purchaser or Blackstone or any of their respective transferees are at any time not freely transferable by the holder in accordance with applicable laws, the Company, Blackstone and the Purchasers desire to define certain registration rights with respect to the Common Stock, certain warrants and certain other securities on the terms and subject to the conditions herein set forth.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the parties hereby agree as follows:

SECTION 1. DEFINITIONS

As used in this Agreement, the following terms have the respective meanings set forth below:

Affiliate: shall mean as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, the first Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or

indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract, or otherwise;

Agreement: shall have the meaning set forth in the Preamble hereto;

Blackstone: shall have the meaning set forth in the Preamble hereto;

Brookfield Holders: shall mean the “Holders” defined in that certain Registration Rights Agreement, dated as of the date hereof, by and between the Company and REP Investments LLC, a Delaware limited liability company, as amended from time to time;

Brookfield/Fairholme Holders: shall mean, collectively, the Brookfield Holders and Fairholme Holders, and Brookfield/Fairholme Holder shall mean any Brookfield Holder or Fairholme Holder;

Closing Date: shall have the meaning ascribed thereto in the Stock Purchase Agreement;

Commission: shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act;

Common Stock: shall have the meaning set forth in the Recitals hereto;

Company: shall have the meaning set forth in the Preamble hereto;

Cornerstone Investment Agreement: shall mean that certain Amended and Cornerstone Investment Agreement, effective as of March 31, 2010, by and between GGP and REP Investments LLC, a Delaware limited liability company, as amended from time to time;

Demand Notice: shall have the meaning set forth in Section 2(a)(i) hereof;

Exchange Act: shall mean the Securities Exchange Act of 1934, as amended (or any successor act), and the rules and regulations promulgated thereunder;

Fairholme Holders: shall mean the “Holders” defined in that certain Registration Rights Agreement, dated as of the date hereof, by and between the Company and The Fairholme Fund, a series of Fairholme Funds, Inc. a Maryland corporation, and Fairholme Focused Income Fund, a series of Fairholme Funds, Inc., a Maryland corporation, as amended from time to time;

Fairholme Stock Purchase Agreement: shall mean that certain Amended and Restated Stock Purchase Agreement, effective as of March 31, 2010, by and between GGP and the Fairholme Holders, as amended from time to time;

Holder: shall mean any holder of Registrable Securities subject to this Agreement, solely in their capacity as such, including Permitted Assignees;

Indemnified Party: shall have the meaning set forth in Section 2(f)(iii) hereof;

Indemnifying Party: shall have the meaning set forth in Section 2(f)(iii) hereof;

Initial Investors: shall mean (i) the Purchasers, (ii) any member of the Purchaser Group, (iii) Blackstone and (iv) any Permitted Assignees under clauses (i) and (ii) of Section 3(e) hereof;

Initiating Holder(s): shall mean any Holder or any group of Holders, other than Blackstone, with respect to the Registrable Securities it is designated to receive pursuant to the Investment Agreements;

Investment Agreements: shall mean, collectively, the Cornerstone Investment Agreement, the Fairholme Stock Purchase Agreement and the Stock Purchase Agreement;

Investors: shall mean (i) any Initial Investors and (ii) any Permitted Assignees under clause (iii) of Section 3(e) hereof;

Issuer Free Writing Prospectus: shall mean an "Issuer Free Writing Prospectus," as defined in Rule 433 under the Securities Act, relating to an offer of Registrable Securities;

Losses: shall have the meaning set forth in Section 2(f)(i) hereof;

Other Stockholders: shall have the meaning set forth in Section 2(a)(iii) hereof;

Participating Holders: shall mean Holders participating in the Registration relating to the Registrable Securities;

Permitted Assignees: shall have the meaning set forth in Section 3(e) hereto;

Person: shall mean an individual, partnership, joint-stock company, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof;

Prospectus: shall mean the prospectus (including any preliminary, final or summary prospectus) included in any Registration Statement, all amendments and supplements to such prospectus and all other material incorporated by reference in such prospectus;

Purchaser Group: shall have the meaning ascribed thereto in the Stock Purchase Agreement;

Purchasers: shall have the meaning set forth in the Preamble hereto;

Qualifying Employee Stock: shall mean (i) rights and options issued in the ordinary course of business under employee benefits plans of the Company or any predecessor or otherwise to executives in compensation arrangements approved by the Board of Directors of the Company or any predecessor and any securities issued after the date hereof upon exercise of such rights and options and options issued to employees of the Company or any predecessor as a result of adjustments to options in connection with the reorganization of the Company or any predecessor and (ii) restricted stock and restricted stock units issued after the date hereof in the ordinary course of business under employee benefit plans and securities issued after the date hereof in settlement of any such restricted stock units;

Register, Registered and Registration: shall mean a registration effected by preparing and (a) filing a Registration Statement in compliance with the Securities Act (and any post-effective amendments filed or required to be filed) and the declaration or ordering of effectiveness of such Registration Statement, or (b) filing a Prospectus and/or prospectus supplement in respect of an appropriate effective Registration Statement;

Registrable Securities: shall mean (A) any shares of Common Stock acquired or held by an Initial Investor on or after the date hereof (whether or not acquired pursuant to the Stock Purchase Agreement), including without limitation shares of Common Stock acquired in connection with the exercise of any Warrants and shares of Common Stock which at any time an Initial Investor has a right or obligation to purchase under the Stock Purchase Agreement, (B) (i) any securities of the Company or its Affiliates issued as a dividend or other distribution with respect to, or in exchange for or in conversion, exercise or replacement of, any Registrable Securities described in (A) or (C) (the "Initial Securities") or securities that may become Registrable Securities by virtue of clause (B)(iii) or (ii) any securities of the Company or its Affiliates offered wholly or partly in consideration of the Initial Securities or securities that may become Registrable Securities by virtue of clause (B)(iii) in any tender or exchange offer or (iii) any securities of the Company or its Affiliates issued as a dividend or other distribution with respect to, or in exchange for or in conversion, exercise or replacement of or offered wholly or partly in any tender or exchange offer in consideration of any Registrable Securities described in (B)(i) or (B)(ii), (C) Warrants acquired or held by an Initial Investor on or after the date hereof and (D) any Registrable Securities described in (A), (B) or (C) above acquired or held by a Person, for which rights and obligations have been assigned pursuant to clause (iii) of Section 3(e) and in accordance with the terms of Section 3(e) hereof; provided, that as to any particular Registrable Securities, such securities shall cease to be Registrable Securities (i) when a Registration Statement with respect to such securities has been declared effective under the Securities Act and such securities have been disposed of pursuant to such Registration Statement, (ii) after such securities have been sold in accordance with Rule 144 (but not Rule 144A), (iii) after such securities shall have otherwise been transferred and new securities not subject to transfer restrictions under any federal securities laws and not bearing any legend restricting further transfer shall have been delivered by the Company, all applicable holding periods shall have expired, and no other applicable and legally binding restriction on transfer by the holder thereof shall exist, (iv) when such securities

Registration Expenses: shall mean (a) any and all expenses incurred by the Company and its Subsidiaries in effecting any Registration pursuant to this Agreement, including, without limitation, all (i) Registration and filing fees, and all other fees and expenses payable in connection with the listing of securities on any securities exchange or automated interdealer quotation system, (ii) fees and expenses of compliance with any securities or “blue sky” laws (including fees and disbursements of counsel in connection with “blue sky” qualifications of the securities registered), (iii) expenses in connection with the preparation, printing, mailing and delivery of any Registration Statements, Prospectuses, Issuer Free Writing Prospectus and other documents in connection therewith and any amendments or supplements thereto, (iv) security engraving and printing expenses, (v) internal expenses of the Company (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), (vi) fees and disbursements of counsel for the Company and fees and expenses for independent certified public accountants retained by the Company (including the expenses associated with the delivery by independent certified public accountants of any comfort letters requested pursuant to the terms hereof), (vii) fees and expenses of any special experts retained by the Company in connection with such Registration, (viii) fees and expenses in connection with any review by FINRA of any underwriting arrangements or other terms of the offering, and all reasonable fees and expenses of any “qualified independent underwriter”, (ix) reasonable fees and disbursements of underwriters customarily paid by issuers or sellers of securities, but excluding any underwriting fees, discounts and commissions attributable to the sale of Registrable Securities and fees and expenses of counsel, (x) costs of printing and producing any agreements among underwriters, underwriting agreements, any “blue sky” or legal investment memoranda and any selling agreements and other documents in connection with the offering, sale or delivery of the Registrable Securities, (xi) transfer agents’ and registrars’ fees and expenses and the fees and expenses of any other agent or trustee appointed in connection with such offering and (xii) expenses relating to any analyst or investor presentations or any “road shows” undertaken in connection with the Registration, marketing or selling of the Registrable Securities and (b) reasonable and documented fees and expenses of one counsel for all of the Participating Holders, which counsel shall be selected by the Participating Holder holding the largest number of the Registrable Securities to be sold in the applicable Registration. Registration Expenses shall not include any out-of-pocket expenses of the Participating Holders;

Registration Statement: shall mean any registration statement of the Company that covers Registrable Securities pursuant to the provisions of this Agreement filed with, or to be filed with, the Commission under the rules and regulations promulgated under the Securities Act, including the related Prospectus, amendments and supplements to such registration statement, including pre- and post-effective amendments, and all exhibits, financial information and all material incorporated by reference in such registration statement;

Required Shelf Registration Statement: shall have the meaning set forth in Section 2(c);

Rule 144; Rule 144A: shall mean Rule 144 and Rule 144A, respectively, under the Securities Act (or any successor provisions then in force);

S-1 Registration Statement: shall mean a registration statement of the Company on Form S-1 (or any comparable or successor form) filed with the Commission registering any Registrable Securities;

Scheduled Black-Out Period: shall mean the period from and including the last day of a fiscal quarter of the Company to and including the earliest of (i) the Business Day after the day on which the Company publicly releases its earnings information for such quarter or annual earnings information, as applicable, and (ii) the day on which the executive officers and directors of the Company are no longer prohibited by Company policies applicable with respect to such quarterly earnings period from buying or selling equity securities of the Company;

security, securities: shall have the meaning set forth in Section 2(a)(1) of the Securities Act;

Securities Act: shall mean the Securities Act of 1933, as amended (or any successor statute thereto), and the rules and regulations promulgated thereunder;

Selling Expenses: shall mean all underwriting discounts, selling commissions and stock transfer taxes applicable to the sale of Registrable Securities and all fees and disbursements of counsel for each of the Holders, other than the fees and expenses of one counsel for all of the Holders, which shall be paid for by the Company in accordance with the terms set forth in clause (b) of the definition of “Registration Expenses” set forth herein;

Shelf Registration Statement: shall mean a “shelf” registration statement of the Company that covers all the Registrable Securities (and may cover other securities of the Company) on Form S-3 and under Rule 415 or, if the Company is not then eligible to file on Form S-3, on Form S-1 under the Securities Act, or any successor rule that may be adopted by the Commission, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and any document incorporated by reference therein;

Stock Purchase Agreement: shall have the meaning set forth in the Recitals hereto; and

Warrants: shall mean the warrants issued by the Company from time to time pursuant to that certain Warrant Agreement, dated as of November [], 2010, by and between the Company and Mellon Investor Services LLC.

SECTION 2. REGISTRATION RIGHTS

(a) **Demand Registration.**

(i) **Request for Registration.** Subject to the limitations and conditions of Section 2(a)(ii), if the Company shall receive from an Initiating Holder(s) a written demand (the “Demand Notice”) that the Company effect any Registration with respect to all or a part of the

Registrable Securities owned by such Initiating Holder(s) having an estimated aggregate fair market value of at least \$25 million, the Company shall:

- (1) promptly give written notice of the proposed Registration to all other Holders in accordance with the terms of Section 2(b);
- (2) use its reasonable best efforts to file a Registration Statement with the Commission in accordance with the request of the Initiating Holder(s), including without limitation the method of disposition specified therein and covering resales of the Registrable Securities requested to be registered, as promptly as reasonably practicable but no later than (x) in the case of a Registration Statement other than an S-1 Registration Statement, within 30 days of receipt of the Demand Notice or (y) in the case of an S-1 Registration Statement, within 60 days of receipt of the Demand Notice;
- (3) use reasonable best efforts to cause such Registration Statement to be declared or become effective as promptly as practicable, but in no event later than 60 days after the date of initial filing of a Registration Statement pursuant to Section 2(a)(i)(2); and
- (4) use reasonable best efforts to keep such Registration Statement continuously effective and in compliance with the Securities Act and usable for resale of such Registrable Securities for the period as requested in writing by the Initiating Holder(s) or such longer period as may be requested in writing by any Holder participating in such registration (which periods shall be extended to the extent of any suspensions of sales pursuant to Sections 2(a)(ii)(3) or (4));

provided, however, that the Company shall be permitted, with the consent of the Initiating Holder(s) not to be unreasonably withheld, to file a post-effective amendment or prospectus supplement to any currently effective Shelf Registration Statement (including, without limitation, any resale registration statement filed pursuant to the terms of the Stock Purchase Agreement) in lieu of an additional registration statement pursuant to Section 2(a)(i) to the extent the Company reasonably determines that the Registrable Securities of the Initiating Holder(s) may be sold thereunder by such Initiating Holder(s) pursuant to their intended plan of distribution (in which case such post-effective amendment or prospectus supplement shall not be counted against the limited number of demand registrations). It shall not be unreasonable if, following the recommendation of an underwriter, the Initiating Holder(s) do not consent to the Company filing a post-effective amendment or prospectus supplement to a Shelf Registration Statement in lieu of an additional registration statement requested by the Initiating Holder(s).

(ii) Notwithstanding anything to the contrary contained herein, the Company shall not be obligated to effect, or take any action to effect, any such Registration pursuant to this Section 2(a):

- (1) In any particular jurisdiction in which the Company would be required to execute a general consent to service of process or qualify to do business in effecting such Registration, qualification or compliance, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act or applicable rules or regulations thereunder;

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- (2) With respect to securities that are not Registrable Securities;

(3) If the Company has notified the Holders that in the good faith judgment of the Company, it would be materially detrimental to the Company or its security holders for such registration to be effected at such time, in which event the Company shall have the right to defer such registration for a period of not more than 60 days; provided, that such right to delay a registration pursuant to clause (3) shall be exercised by the Company only if the Company has generally exercised (or is concurrently exercising) similar black-out rights against holders of similar securities that have registration rights, if any; or

- (4) Solely with respect to any Affiliate of the Company, during any Scheduled Black-Out Period;

provided, that the total number of days that any such suspension, deferral or delay in registration pursuant to clauses (3) and (4) in the aggregate may be in effect in any 180 day period shall not exceed 60 days. The Company agrees to use its reasonable best efforts to issue earnings releases as promptly as practicable following the end of quarterly reporting periods and to otherwise minimize the duration of Scheduled Black-Out Periods.

(iii) The Registration Statement filed pursuant to the request of the Initiating Holder may, subject to the provisions of Section 2(a)(iv) below, include shares of Common Stock which are held by Holders and Persons who, by virtue of agreements with the Company (other than this Agreement), are entitled to include their securities in any such Registration (such Persons, other than Holders, "Other Stockholders"). In the event the Initiating Holder(s) request a Registration pursuant to this Section 2(a) in connection with a distribution of Registrable Securities to its partners or members or any other Holder elects to participate in such Registration pursuant to Section 2(b) hereof in connection with a distribution of Registrable Securities to its partners or members, the Registration shall provide for the resale by such partners or members, if requested by such Holder.

(iv) Underwriting. If the Initiating Holder(s) intend to distribute the Registrable Securities covered by their request by means of an underwriting, it shall so advise the Company as a part of the request made pursuant to Section 2(a). If Other Stockholders or Holders, to the extent they have any registration rights under Section 2(b), request inclusion of their shares of Common Stock in the underwriting, the Initiating Holder(s) shall offer to include the shares of Common Stock of such Holders and Other Stockholders in the underwriting and may condition such offer on their acceptance of the further applicable provisions of this Section 2. The Holders whose Registrable Securities are to be included in such Registration and the Company shall (together with all Other Stockholders proposing to distribute their shares of Common Stock through such underwriting) enter into an underwriting agreement in customary form for secondary public offerings with the managing underwriter or underwriters selected for such underwriting by a majority-in-interest of the Holders whose Registrable Securities are to be included in such Registration subject to approval by the Company not to be unreasonably withheld (which underwriters may also include a non-bookrunning co-manager selected by the Company subject to approval by a majority-in-interest of the Holders whose Registrable Securities are to be included in such Registration); provided, however, that such underwriting

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agreement shall not provide for indemnification or contribution obligations on the part of any Holder or Other Stockholder greater than the obligations of the Holders under Section 2(f)(ii) or Section 2(f)(iv). Notwithstanding any other provision of this Section 2(a), if the managing underwriter or underwriters advises the Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, some or all of the securities of the Company held by the Other Stockholders (other than the Brookfield/Fairholme Holders) shall be excluded from such Registration to the extent so required by such limitation. If, after the exclusion of such shares held by such Other Stockholders (other than the Brookfield/Fairholme Holders), further reductions are still required due to the marketing limitation, the number of Registrable Securities included in the Registration by each Holder (including the Initiating Holder(s)) and the Brookfield/Fairholme Holders shall be reduced on a pro rata basis (based on the number of Registrable Securities requested to be included in such registration by such Holders and the Brookfield/Fairholme Holders, as applicable), by such minimum number of shares as is necessary to comply with such request. No Registrable Securities or any other securities excluded from the underwriting by reason of the underwriter's marketing limitation shall be included in such Registration. If any Holder or Other Stockholder who has requested inclusion in such Registration as provided above disapproves of the terms of the underwriting, such Person may elect to withdraw therefrom by providing written notice to the Company, the underwriter and the Initiating Holder(s). The securities so withdrawn shall also be withdrawn from Registration. If the underwriter has not limited the number of Registrable Securities or other securities to be underwritten, the Company and executive officers and directors of the Company (whether or not such Persons have registration rights pursuant to Section 2(b) hereof) may include its or their securities for its or their own account in such Registration if the managing underwriter or underwriters and the Company so agree and if the number of Registrable Securities and other securities which would otherwise have been included in such Registration and underwriting will not thereby be limited.

(v) The number of demand registrations that the Holders shall be entitled to request, and that the Company shall be obligated to undertake, pursuant to this Section 2(a) shall be unlimited; provided, that the Company shall not be obligated to undertake more than three underwritten offerings pursuant to this Section 2 during the term of this Agreement, provided, further that in no event shall the Company be required to effect more than one underwritten offering in any twelve-month period pursuant to this Section 2.

(vi) In the case of an underwritten offering under this Section 2(a), the price, underwriting discount and other financial terms for the Registrable Securities shall be determined by the Initiating Holder(s).

(b) Piggyback Registration.

(i) If the Company shall determine to register any of its capital stock (including any warrants) either (x) for its own account, (y) for the account of the Holders listed in Section 2(a) pursuant to the terms thereof, or (z) for the account of Other Stockholders (other than (A) a Registration relating solely to Qualifying Employee Stock, (B) a Registration relating solely to a Rule 145 transaction under the Securities Act or (C) a Registration on any Registration form which does not permit secondary sales or does not include substantially the

same information as would be required to be included in a Registration Statement), the Company will, subject to the conditions set forth in this Section 2(b):

(1) promptly give to each of the Holders a written notice thereof (which shall include a list of the jurisdictions in which the Company intends to attempt to qualify such securities under the applicable blue sky or other state securities laws); and

(2) subject to Section 2(b)(ii) below and any transfer restrictions any Holder may be a party to, include in such Registration (and any related qualification under blue sky laws or other compliance), and in any underwriting involved therein, all the Registrable Securities specified in a written request or requests, made by the Holders. Such written request may specify all or a part of the Holders' Registrable Securities and shall be received by the Company within ten (10) days after written notice from the Company is given under Section 2(b)(i)(1) above. In the event any Holder requests inclusion in a Registration pursuant to this Section 2(b) in connection with a distribution of Registrable Securities to its partners or members, the Registration shall provide for the resale by such partners or members, if requested by such Holder.

(ii) Underwriting. If the Registration of which the Company gives notice is for a Registered public offering involving an underwriting, the Company shall so advise each of the Holders as a part of the written notice given pursuant to Section 2(b)(i)(1) above. In such event, the right of each of the Holders to Registration pursuant to this Section 2(b) shall be conditioned upon such Holders' participation in such underwriting and the inclusion of such Holders' Registrable Securities in the underwriting to the extent provided herein. The Holders whose Registrable Securities are to be included in such Registration shall (together with the Company and the Other Stockholders distributing their securities through such underwriting) enter into an underwriting agreement in customary form for secondary public offerings with the managing underwriter or underwriters selected for underwriting by the Company (and if the Registration was initiated by a Holder pursuant to Section 2(a), such underwriters must be selected by the Initiating Holder(s) and reasonably acceptable to the Company); provided, however, that such underwriting agreement shall not provide for indemnification or contribution obligations on the part of any Holder or Other Stockholder greater than the obligations of the Holders under Section 2(f)(ii) or Section 2(f)(iv). Notwithstanding any other provision of this Section 2(b), if any Registration in respect of which any Holder is exercising its rights under this Section 2(b) involves an underwritten public offering (other than a demand Registration pursuant to Section 2(a), in which case the provisions with respect to priority of inclusion in such Registration set forth in Section 2(a) shall apply) and the managing underwriter or underwriters advises the Company that in its view marketing factors require a limitation on the number of securities to be underwritten, then there shall be included in such underwritten offering the number or dollar amount of securities of the Company that in the opinion of the managing underwriter or underwriters can be sold without adversely affecting such offering, and such number of securities of the Company shall be allocated for inclusion as follows: (1) first all securities of the Company being sold by the Company for its own account or by any Person (other than a Holder or a Brookfield/Fairholme Holder) exercising a contractual right to demand registration; (2) second, all Registrable Securities requested to be included by the Holders, all Registrable Securities to be included by the Brookfield/Fairholme Holders and securities of the

Company being sold by any Person (other than a Holder or a Brookfield/Fairholme Holder) with similar piggyback registration rights, pro rata, based on the number of shares requested to be included in such registration by such Holders, the Brookfield/Fairholme Holders and such Persons; and (3) third, among any other holders of securities of the Company requesting such registration, pro rata, based on the number of securities requested to be included in such registration by each such holder. For the avoidance of doubt, in the event any Brookfield/Fairholme Holder exercises demand registration rights, such registration is an underwritten public offering and the managing underwriter advises that marketing factors require a limitation on the number of securities to be so underwritten, Registrable Securities of any Holders exercising piggyback rights under this Section 2(b) in connection with such offering and any securities to be included in such offering by the Brookfield/Fairholme Holders shall be included in such offering in the same priority and allocated on a pro rata basis, as set forth in clause (2) above. If any of the Holders or any officer, director or Other Stockholder disapproves of the terms of any such underwriting, he, she or it may elect to

withdraw therefrom by providing written notice to the Company, the underwriter and the Initiating Holder(s). Any Registrable Securities or other securities excluded or withdrawn from such underwriting shall be withdrawn from such Registration.

(c) Required Shelf Registration Statement. From and after the declaration of effectiveness by the Commission of the Shelf Registration Statement contemplated by Section 7.1(l) of the Stock Purchase Agreement (the "Required Shelf Registration Statement"), the Company shall use reasonable best efforts to cause such Required Shelf Registration Statement to be continuously effective so long as there are any Registrable Securities outstanding. In connection with the Required Shelf Registration Statement, the Company will, subject to the terms and limitations of this Section 2, as promptly as reasonably practicable upon notice from any Holder requesting Registration in accordance with the terms of this Section 2(c), cooperate in any shelf take-down by amending or supplementing the Prospectus related to such Registration as may be reasonably requested by such Holder or as otherwise required to reflect the number of Registrable Securities to be sold thereunder.

(d) Expenses of Registration. All Registration Expenses incurred in connection with any Registration, qualification or compliance pursuant to this Section 2 shall be borne by the Company, and all Selling Expenses shall be borne by the Holders of the securities so registered pro rata on the basis of the number of their shares so registered (or, in the case of fees and disbursements of counsel and advisors to any Holders that do not constitute Registration Expenses, by the Holders as incurred).

(e) Registration Procedures. In the case of each Registration effected by the Company pursuant to this Section 2, the Company will keep the Participating Holders advised in writing as to the initiation of each Registration and as to the completion thereof. At its expense, the Company will:

(i) as promptly as practicable, prepare and file with the Commission such pre- and post-effective amendments to such Registration Statement, supplements to the Prospectus and such amendments or supplements to any Issuer Free Writing Prospectus as may be (1) reasonably requested by the Initiating Holder(s) (if any), (2) reasonably requested by any other Participating Holder (to the extent such request relates to information relating to such

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Participating Holder), or (3) necessary to keep such Registration effective for the period of time required by this Agreement, and comply with provisions of the applicable securities laws with respect to the sale or other disposition of all securities covered by such Registration Statement during such period in accordance with the intended method or methods of disposition by the sellers thereof set forth in such Registration Statement;

(ii) notify the Participating Holders and the managing underwriter or underwriters, if any, and (if requested) confirm such advice in writing and provide copies of the relevant documents, as promptly as practicable after notice thereof is received by the Company (1) when the applicable Registration Statement or any amendment thereto has been filed or becomes effective, and when the applicable Prospectus or Issuer Free Writing Prospectus or any amendment or supplement thereto has been filed, (2) to the extent any of the following relates to the Participating Holders or information supplied by the Participating Holders, of any written comments by the Commission or any request by the Commission or any other federal or state governmental authority for amendments or supplements to such Registration Statement, Prospectus or Issuer Free Writing Prospectus or for additional information, (3) of the issuance by the Commission of any stop order suspending the effectiveness of such Registration Statement or any order by the Commission or any other regulatory authority preventing or suspending the use of any Prospectus or any Issuer Free Writing Prospectus or the initiation or threatening of any proceedings for such purposes, (4) if, at any time, the representations and warranties of the Company in any applicable underwriting agreement cease to be true and correct in all material respects, and (5) of the receipt by the Company or its legal counsel of any notification with respect to the suspension of the qualification of the Registrable Securities for offering or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(iii) promptly notify the Participating Holders and the managing underwriter or underwriters, if any, when the Company becomes aware of the happening of any event as a result of which the applicable Registration Statement, the Prospectus included in such Registration Statement (as then in effect) or any Issuer Free Writing Prospectus contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary in order to make the statements therein (in the case of such Prospectus or any Issuer Free Writing Prospectus, in light of the circumstances under which they were made) not misleading, and when any Issuer Free Writing Prospectus includes information that may conflict with the information contained in the Registration Statement, or, if for any other reason it shall be necessary during such time period to amend or supplement such Registration Statement, Prospectus or Issuer Free Writing Prospectus in order to comply with the Securities Act and, in either case as promptly as reasonably practicable thereafter, prepare and file with the Commission, and furnish without charge to the Participating Holders and the managing underwriter or underwriters, if any, an amendment or supplement to such Registration Statement, Prospectus or Issuer Free Writing Prospectus which shall correct such misstatement or omission or effect such compliance;

(iv) use its reasonable best efforts to prevent, or obtain the withdrawal of, any stop order or other order suspending the use of any Prospectus or any Issuer Free Writing Prospectus;

(v) deliver to each Participating Holder and each underwriter, if any, without charge, as many copies of the applicable Prospectus (including each preliminary Prospectus), any

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Issuer Free Writing Prospectus and any amendment or supplement thereto as such Participating Holder or underwriter may reasonably request (it being understood that the Company consents to the use of such Prospectus, any Issuer Free Writing Prospectus and any amendment or supplement thereto by such Holder and the underwriters, if any, in connection with the offering and sale of the Registrable Securities thereby) and such other documents as such Participating Holder or underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities by such Participating Holder or underwriter;

(vi) subject to the terms set forth in Section 2(a)(ii)(1) and Section 2(c) hereof, on or prior to the date on which the applicable Registration Statement is declared effective, use its reasonable best efforts to register or qualify the Registrable Securities covered by such Registration Statement under such other securities or "blue sky" laws of such jurisdictions in the United States as any Participating Holder reasonably (in light of such Participating Holder's intended plan of distribution) requests and do any and all other acts and things that may be reasonably necessary or advisable to enable such Participating Holder to consummate the disposition of the Registrable Securities owned by such Participating Holder pursuant to such Registration Statement;

(vii) make such representations and warranties to the Participating Holders and the underwriters or agents, if any, in form, substance and scope as are customarily made by issuers in underwritten public offerings;

(viii) enter into such customary agreements (including underwriting and indemnification agreements) and take such other actions as the Initiating Holder(s) or the managing underwriter, if any, reasonably requests in order to expedite or facilitate the Registration and disposition of such Registrable Securities;

(ix) use its reasonable best efforts to obtain for delivery to the managing underwriter, if any, an opinion or opinions from counsel for the Company dated the effective date of the Registration Statement or, in the event of an underwritten offering, the date of the closing under the underwriting agreement, in form and substance as is customarily given to underwriters in an underwritten secondary public offering;

(x) in the case of an underwritten offering, use reasonable best efforts to obtain for delivery to the Company and the managing underwriter, if any, a “comfort” letter from the Company’s independent certified public accountants in form and substance as is customarily given by independent certified public accountants in an underwritten secondary public offering;

(xi) cooperate with each Participating Holder and the underwriters, if any, of such Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA;

(xii) use its reasonable best efforts to cause all Registrable Securities covered by the applicable Registration Statement to be listed or quoted on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

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(xiii) cooperate with the Participating Holders and the underwriters, if any, to facilitate the timely preparation and delivery of certificates, with requisite CUSIP numbers, representing Registrable Securities to be sold and not bearing any restrictive legends;

(xiv) in the case of an underwritten offering, make reasonably available the senior executive officers of the Company to participate in the customary “road show” presentations that may be reasonably requested by the managing underwriter in any such underwritten offering and otherwise to facilitate, cooperate with, and participate in each proposed offering contemplated herein and customary selling efforts related thereto;

(xv) use its reasonable best efforts to procure the cooperation of the Company’s transfer agent in settling any offering or sale of Registrable Securities, including with respect to the transfer of physical security instruments into book-entry form in accordance with any procedures reasonably requested by the Holders or any managing underwriter(s);

(xvi) use its reasonable best efforts to take such actions as are under its control to become or remain a well-known seasoned issuer (as such term is defined in Rule 405 under the Securities Act) and not become an illegible issuer (as such term is defined in Rule 405 under the Securities Act) during the period when such Registration Statement remains in effect; and

(xvii) make available for inspection by a representative of Participating Holders that are selling at least five percent (5%) of the Registrable Securities included in such Registration (and who is named in the applicable prospectus supplement as a Person who may be deemed to be an underwriter with respect to an offering and sale of Registrable Securities), the managing underwriter(s), if any, and any attorneys or accountants retained by such Holders or the managing underwriters(s), at the offices where normally kept, during reasonable business hours, financial and other records and pertinent corporate documents of the Company, and cause the officers, directors and employees of the Company to supply all information in each case reasonably requested by any such representative, managing underwriter, attorney or accountant in connection with such Registration Statement; provided, that if any such information is identified by the Company as being confidential or proprietary, each Person receiving such information shall take such actions as are reasonably necessary to protect the confidentiality of such information and shall sign customary confidentiality agreements reasonably requested by the Company prior to the receipt of such information.

(f) Indemnification.

(i) Indemnification by the Company. With respect to each Registration which has been effected pursuant to this Section 2, the Company agrees to indemnify and hold harmless, to the fullest extent permitted by law, (1) each of the Participating Holders and each of its officers, directors, limited or general partners and members thereof, (2) each member, limited or general partner of each such member, limited or general partner, (3) each of their respective Affiliates, officers, directors, shareholders, employees, advisors, and agents and each Person who controls (within the meaning of the Securities Act or the Exchange Act) such Persons and each underwriter, if any, and each person who controls (within the meaning of the Securities Act or the Exchange Act) any underwriter, against any and all claims, losses, damages, penalties, judgments, suits, costs, liabilities and expenses (or actions in respect thereof) (collectively, the

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“Losses”) arising out of or based on (A) any untrue statement (or alleged untrue statement) of a material fact contained in any Registration Statement (including any Prospectus or Issuer Free Writing Prospectus) or any other document incident to any such Registration, qualification or compliance, (B) any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any Prospectus or Issuer Free Writing Prospectus, in light of the circumstances under which they were made not misleading), or (C) any violation by the Company of the Securities Act or the Exchange Act applicable to the Company and relating to action or inaction required of the Company in connection with any such Registration, qualification or compliance, and will reimburse each of the Persons listed above, for any reasonable and documented legal and any other expenses reasonably incurred in connection with investigating and defending any such Losses, provided, that the Company will not be liable in any such case to the extent that any such Losses arise out of or are based on any untrue statement or omission based upon written information furnished to the Company by the Participating Holders or underwriter and stated to be specifically for use therein.

(ii) Indemnification by the Participating Holders. Each of the Participating Holders agrees (severally and not jointly) to indemnify and hold harmless, to the fullest extent permitted by law, the Company, each of its directors and officers and each underwriter, if any, of the Company’s securities

covered by such a Registration Statement, each Person who controls the Company (within the meaning of the Securities Act or the Exchange Act) or such underwriter, each other Participating Holder and each of their respective officers, directors, partners and members, and each Person controlling such Participating Holder (within the meaning of the Securities Act or the Exchange Act) against any and all Losses arising out of or based on (A) any untrue statement (or alleged untrue statement) of a material fact contained in any Registration Statement (including any Prospectus or Issuer Free Writing Prospectus) or any other document incident to any such Registration, qualification or compliance (including any notification or the like) made by such Participating Holder in writing or (B) any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements by such Participating Holder therein not misleading (in the case of any Prospectus or Issuer Free Writing Prospectus, in light of the circumstances under which they were made not misleading) and will reimburse the Persons listed above for any reasonable and documented legal or any other expenses reasonably incurred in connection with investigating or defending any such Losses, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in reliance upon and in conformity with written information furnished to the Company by such Participating Holder and stated to be specifically for use therein; provided, however, that the obligations of each of the Participating Holders hereunder shall be limited to an amount equal to the net proceeds (after giving effect to any underwriters discounts and commissions) such Participating Holder receives in such Registration.

(iii) Conduct of the Indemnification Proceedings. Each party entitled to indemnification under this Section 2(f) (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting

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therefrom; provided, that counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld) and the Indemnified Party may participate in such defense at such party's expense (unless the Indemnified Party shall have reasonably concluded that there may be a conflict of interest between the Indemnifying Party and the Indemnified Party in such action, in which case the fees and expenses of counsel shall be at the expense of the Indemnifying Party), and provided, further, that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 2(f) unless the Indemnifying Party is prejudiced thereby. It is understood and agreed that the Indemnifying Party shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate legal counsel for all Indemnified Parties; provided, however, that where the failure to be provided separate legal counsel could potentially result in a conflict of interest on the part of such legal counsel for all Indemnified Parties, separate counsel shall be appointed for Indemnified Parties to the extent needed to alleviate such potential conflict of interest. No Indemnifying Party, in the defense of any such claim or litigation shall, except with the prior written consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. Each Indemnified Party shall furnish such information regarding itself or the claim in question as an Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with the defense of such claim and litigation resulting therefrom.

(iv) If the indemnification provided for in this Section 2(f) is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to any Losses, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party hereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the statements or omissions (or alleged statements or omissions) which resulted in such Losses, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Indemnified Party shall be determined by reference to, among other things, whether the untrue (or alleged untrue) statement of a material fact or the omission (or alleged omission) to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, however, that the obligations of each of the Participating Holders hereunder shall be several and not joint and shall be limited to an amount equal to the net proceeds (after giving effect to any underwriters discounts and commissions) such Participating Holder receives in such Registration and, provided, further, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 2(f)(iv), each Person, if any, who controls an underwriter or agent within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as such underwriter or agent and each director of the Company, each officer of the Company who signed a Registration Statement, and each Person, if any, who controls the Company or a selling Holder within the meaning of Section 15 of the Securities Act

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shall have the same rights to contribution as the Company or such selling Holder, as the case may be.

(v) Subject to the limitations on the Holders' liability set forth in Section 2(f)(ii) and Section 2(f)(iv), the remedies provided for in this Section 2(f) are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Party at law or equity. The remedies shall remain in full force and effect regardless of any investigation made by or on behalf of such Holder or any Indemnified Party and survive the transfer of such securities by such Holder.

(vi) The obligations of the Company and of the Participating Holders hereunder to indemnify any underwriter or agent who participates in an offering (or any Person, if any controlling such underwriter or agent within the meaning of Section 15 of the Securities Act) shall be conditioned upon the underwriting or agency agreement with such underwriter or agent containing an agreement by such underwriter or agent to indemnify and hold harmless the Company, each of its directors and officers, each other Participating Holder, and each Person who controls the Company (within the meaning of the Securities Act or the Exchange Act) or such Participating Holder against all Losses, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such underwriter or agent expressly for use in such filings described in this sentence.

(g) Participating Holders.

(i) Each of the Participating Holders shall furnish to the Company such information regarding such Participating Holder and its partners and members, and the distribution proposed by such Holder as the Company may reasonably request in writing and as shall be reasonably requested in

connection with any Registration, qualification or compliance referred to in this Section 2.

(ii) In the event that, either immediately prior to or subsequent to the effectiveness of any Registration Statement, any Participating Holder shall distribute Registrable Securities to its partners or members, such Participating Holder shall so advise the Company and provide such information as shall be necessary to permit an amendment to such Registration Statement to provide information with respect to such partners or members, as selling security holders. As soon as is reasonably practicable following receipt of such information, the Company shall file an appropriate amendment to such Registration Statement reflecting the information so provided. Any incremental expense to the Company resulting from such amendment shall be borne by such Participating Holder.

(iii) Each Holder agrees that at the time that such Holder is a Participating Holder, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 2(e)(iii), such Holder shall forthwith discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such

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Holder's receipt of the copies of a supplemented or amended Prospectus or Issuer Free Writing Prospectus or until such Holder is advised in writing by the Company that the use of the Prospectus or Issuer Free Writing Prospectus, as the case may be, may be resumed, and, if so directed by the Company, such Holder shall deliver to the Company all copies, other than any permanent file copies then in such Holder's possession, of the most recent Prospectus or any Issuer Free Writing Prospectus covering such Registrable Securities at the time of receipt of such notice. If the Company shall give such notice, the Company shall extend the period during which such Registration Statement shall be maintained effective by the number of days during the period from and including the date of the giving of notice pursuant to Section 2(e)(iii) to the date when the Company shall make available to such Holder a copy of the supplement or amended Prospectus or Issuer Free Writing Prospectus or is advised in writing that the use of the Prospectus or Issuer Free Writing Prospectus may be resumed.

(h) Rule 144. With a view to making available the benefits of certain rules and regulations of the Commission which may permit the sale of restricted securities to the public without Registration, the Company agrees to use its reasonable best efforts to file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act at any time after it has become subject to such reporting requirements (or, if the Company is not required to file such reports, it will, upon the reasonable request of the Holders holding a majority of the then outstanding Registrable Securities, make publicly available such necessary information for so long as necessary to permit sales pursuant to Rules 144 under the Securities Act).

(i) Termination. The registration rights set forth in this Section 2 shall terminate and cease to be available as to any securities held by an Investor at such time as such Investor (after owning) first ceases to own any Registrable Securities.

(j) Lock-Up Agreements.

(i) The Company agrees that, if requested by the managing underwriter in any underwritten public offering contemplated by this Agreement, it will enter into a customary "lock-up" agreement providing that it will not, directly or indirectly, sell, offer to sell, grant any option for the sale of, or otherwise dispose of any Common Stock or securities convertible into or exchangeable or exercisable for Common Stock (subject to customary exceptions), other than any such sale or distribution of Common Stock upon exercise of the Company's Warrants, for a period of 60 days from the effective date of the Registration Statement pertaining to such Common Stock; provided, however, that any such lock-up agreement shall not prohibit the Company from directly or indirectly (i) selling, offering to sell, granting any option for the sale of, or otherwise disposing of any Qualifying Employee Stock (or otherwise maintaining its employee benefits plans in the ordinary course of business) or (ii) issuing Common Stock or securities convertible into or exchangeable for Common Stock upon exercise or conversion of any warrant (including any other Warrant), option, right or convertible or exchangeable security issued in connection with the plan of reorganization. Each Holder shall coordinate with other Holders and the Brookfield Holders and the Fairholme Holders such that the total number of days that the Company will be subject to such restrictions (including similar restrictions pursuant

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to any registration rights agreements with the Brookfield Holders and the Fairholme Holders) as may be in effect in any 365-day period shall not exceed 120 days.

(ii) In the event that any Holder is an Affiliate of the Company, if requested by the managing underwriter in any underwritten public offering permitted by this Agreement, such Holder will enter into a customary "lock-up" agreement providing that it will not sell, grant any option for the sale of, or otherwise dispose of any Common Stock outside of such public offering (subject to customary exceptions) for a period of 60 days from the effective date of the Registration Statement pertaining to such Common Stock.

(k) Notwithstanding any provision of this Agreement to the contrary, in order for a Registration to be included as a Registration for purposes of this SECTION 2. , the Registration Statement in connection therewith shall have been continually effective in compliance with the Securities Act and usable for resale for the full period established with respect to such Registration (except in the case of any suspension of sales pursuant to (A) a Scheduled Black-Out Period, or (B) Section 2(e)(iii) hereof, in which case such period shall be extended to the extent of such suspension).

(l) Notwithstanding any provision of this Agreement to the contrary, if the Company is required to file a post-effective amendment to a Registration Statement to incorporate the Company's quarterly and annual reports and related financial statements on Form 10-Q and Form 10-K, the Company shall use its reasonable best efforts to promptly file such post-effective amendment and may postpone or suspend effectiveness of such Registration Statement for a period not to exceed thirty (30) consecutive days to the extent the Company determines necessary to comply with applicable securities laws; provided, that the period by which the Company postpones or suspends the effectiveness of a shelf Registration Statement pursuant to this Section 2(l) plus any suspension, deferral or delay pursuant to Section 2(e)(iii) shall not exceed 60 days in the aggregate in any twelve-month period.

SECTION 3. MISCELLANEOUS

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State without regard to conflicts of law principles.

(b) Section Headings. The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute a part thereof.

(c) Notices.

(i) All communications under this Agreement shall be in writing and shall be delivered by hand or facsimile or mailed by overnight courier:

(1) if to the Company, to:

The Howard Hughes Corporation
13355 Noel Road, Suite 950

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Dallas, TX 75240
Attention: General Counsel
Facsimile: (214) 741-3021

with a copy (which shall not constitute notice) to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Attention: Malcolm E. Landau, Esq.
Matthew D. Bloch, Esq.
Facsimile: (212) 310-8007

(2) if to the Holders, at the address or facsimile number listed on Schedule I hereto, or at such other address or facsimile number as may have been furnished to the Company in writing.

(ii) Any notice so addressed shall be deemed to be given: if delivered by hand or facsimile, on the date of such delivery; and if mailed by overnight courier, on the first business day following the date of such mailing.

(d) Reproduction of Documents. This Agreement and all documents relating thereto, including, without limitation, any consents, waivers and modifications which may hereafter be executed may be reproduced by the Holders by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and the Holders may destroy any original document so reproduced. The parties hereto agree and stipulate that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by the Holders in the regular course of business) and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

(e) Successors and Assigns. Neither this Agreement nor any right or obligation hereunder may be assigned in whole or in part by any party without the prior written consent of the other parties hereto and any purported assignment in violation of this provision shall be void; provided, however, that the rights and obligations hereunder of any Investor may be assigned, in whole or in part, to any Person who acquires such Registrable Securities that (i) is a member of the Purchaser Group, (ii) is an Affiliate of any Initial Investor or (iii) is unable to immediately sell, without limitations (including, but not limited to, any limitation on volume or manner of sale) or restrictions under Rule 144, all Registrable Securities and other shares of Common Stock held by such Person (provided, that for this clause (iii), any such rights and obligations may be assigned solely with respect to such Registrable Securities) (each such Person described in clauses (i), (ii) or (iii), a "Permitted Assignee"). Any assignment pursuant to this Section 3(e) shall be effective and any Person shall become a Permitted Assignee only upon receipt by the Company of (1) a written notice from the transferring Holder stating the name and address of the transferee and identifying the number of shares of Registrable Securities with

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respect to which the rights under this Agreement are being transferred and, if fewer than all of the rights attributable to a Holder hereunder are to be so transferred, the nature of the rights so transferred and (2) a written instrument by which the transferee agrees to be bound by all of the terms and conditions applicable to a Holder of such Registrable Securities. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties.

(f) Several Nature of Commitments. The obligations of each Holder hereunder are several and not joint and several, and relate only to the Registrable Securities held by such Holder from time to time. No Holder shall bear responsibility to the Company for breach of this Agreement or any information provided by any other Holder.

(g) Additional Investors. The parties hereto acknowledge that certain Persons may become stockholders of the Company and the Company may wish to grant such Persons registration rights with respect to the shares of Common Stock issued to such Persons. The Company may do so in its discretion so long as such registration rights are not inconsistent with the registration rights granted to the Holders hereunder and, if any registrations rights granted are more favorable than those provided to Holders of Common Stock hereunder, conforming changes reasonably acceptable to the Purchasers are made to this Agreement to provide Holders hereunder with substantially similar rights. For the avoidance of doubt, notwithstanding anything to the contrary set forth herein, Blackstone and its Permitted Assignees shall not be entitled to demand registration rights (pursuant to Section 2(a) hereof).

(h) Entire Agreement; Amendment and Waiver. This Agreement constitutes the entire understanding of the parties hereto relating to the subject matter hereof and supersedes all prior understandings among such parties. This Agreement may be amended with (and only with) the written consent of the Company and the Holders holding a majority of the then outstanding Registrable Securities and any such amendment shall apply to all Holders and all of their Registrable Securities; provided, however, that, notwithstanding the foregoing, no amendment to this Agreement may adversely affect the rights of a

Holder hereunder without the prior written consent of such Holder; provided, further, that, notwithstanding the foregoing, additional Holders may become party hereto upon an assignment of rights and obligations hereunder pursuant to Section 3(e); provided further, however, that other than as set forth in Section 3(e), the Company may not add additional parties hereto without the consent of Holders holding a majority of the then outstanding Registrable Securities. The observance of any term of this Agreement may be waived by the party or parties waiving any rights hereunder; provided, that any such waiver shall apply to all Holders and all of their Registrable Securities only if made by Holders holding a majority of then-outstanding Registrable Securities.

(i) Injunctive Relief. It is hereby agreed and acknowledged that it will be impossible to measure in money the damage that would be suffered if the parties fail to comply with any of the obligations herein imposed on them and that in the event of any such failure, an aggrieved Person will be irreparably damaged and will not have an adequate remedy at law. Any such Person shall, therefore, be entitled (in addition to any other remedy to which it may be entitled in law or in equity) to injunctive relief, including specific performance, to enforce such obligations, and if any action should be brought in equity to enforce any of the provisions of this

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Agreement, none of the parties hereto shall raise the defense that there is an adequate remedy at law.

(j) WAIVER OF JURY TRIAL. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTIONS, SUITS, DEMAND LETTERS, JUDICIAL, ADMINISTRATIVE OR REGULATORY PROCEEDINGS, OR HEARINGS, NOTICES OF VIOLATION OR INVESTIGATIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER AND (B) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY.

(k) No Inconsistent Agreements. The Company is not currently a party to any agreement which is, or could be inconsistent with, the rights granted to the Holders by this Agreement.

(l) Severability. In the event that any part or parts of this Agreement shall be held illegal or unenforceable by any court or administrative body of competent jurisdiction, such determination shall not affect the remaining provisions of this Agreement which shall remain in full force and effect.

(m) Counterparts. This Agreement may be executed in two or more counterparts (including by email or facsimile signature), each of which shall be deemed an original and all of which together shall be considered one and the same agreement.

(n) Interpretation of this Agreement. Where any provision in this Agreement refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

[Remainder of Page Intentionally Left Blank]

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IN WITNESS WHEREOF, the undersigned have executed this Registration Rights Agreement as of the date first set forth above.

THE HOWARD HUGHES CORPORATION

By: _____

Name: _____

Title: _____

PERSHING SQUARE CAPITAL MANAGEMENT, L.P.

On behalf of each of the Purchasers

By: PS Management GP, LLC

Its: General Partner

By: _____

Name: _____

Title: _____

BLACKSTONE REAL ESTATE PARTNERS VI L.P.

By: Blackstone Real Estate Associates VI L.P., its general partner

By: BREA VI Sub L.L.C., its general partner

By: BREA VI L.L.C., its sole member

By: _____

Name: _____

Title: _____

[Additional Blackstone entities to come.]

Schedule I

Pershing Square, L.P., a Delaware limited partnership
Pershing Square II, L.P., a Delaware limited partnership
Pershing Square International, Ltd. a Cayman Islands exempted company
Pershing Square International V, Ltd., a Cayman Islands exempted company

Notice to any Purchaser set forth above (which shall constitute notice to each Purchaser set forth above) shall be made to:

Pershing Square Capital Management, L.P.
888 Seventh Avenue, 42nd Floor
New York, NY 10019
Attention: William A. Ackman
Roy J. Katzovicz
Facsimile: (212) 286-1133

Schedule II

[Blackstone entities to come.]

Notice to any Blackstone entity set forth above (which shall constitute notice to each Blackstone entity set forth above) shall be made to:

Blackstone Real Estate Partners VI L.P.
345 Park Avenue
New York, New York 10154
Attention: A.J. Agarwal
Facsimile: (212) 583-5725

with a copy (which shall not constitute notice) to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Brian M. Stadler, Esq.
Facsimile: (212) 455-2502

REGISTRATION RIGHTS AGREEMENT

among

THE HOWARD HUGHES CORPORATION

and

EACH OF THE HOLDERS

PARTY HERETO

Dated as of _____, 2010

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REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT, dated as of [_____], 2010 (this “**Agreement**”), is entered into among THE HOWARD HUGHES CORPORATION, a Delaware corporation (the “**Company**”), and the Holders. Capitalized terms not otherwise defined herein have the meanings set forth in Section 1.

WITNESSETH:

WHEREAS, commencing on April 16, 2009, General Growth Properties, Inc. (“**GGP**”) and certain of its direct and indirect subsidiaries (the “**Plan Debtors**”) each filed a voluntary petition in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”) initiating cases under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”);

WHEREAS, the [Third] Amended and Restated Joint Plan of Reorganization of the Plan Debtors, as confirmed on [_____], 2010 by an order of the Bankruptcy Court entered on [_____], 2010 (the “**Plan**”), provides, among other things, that on or prior to the Effective Date, approximately 32.5 million shares of Common Stock of the Company will be distributed to the common and preferred unit holders of GGP Limited Partnership (“**GGPLP**”), which includes GGP, and then GGP will distribute its portion of such shares to holders of GGP common stock (the “**Distribution**”);

WHEREAS, the shares of Common Stock to be distributed pursuant to the Plan (the “**Shares**”), are being issued in reliance upon Section 1145 of the Bankruptcy Code (“**Section 1145**”) without registration under the Securities Act or any state securities laws;

WHEREAS, notwithstanding the provisions of Section 1145, resales of the Shares may be required to be registered under the Securities Act and applicable state securities laws, depending upon the status of a Holder or the intended method of distribution of the Shares; and

WHEREAS, the Company is granting to the Holders certain rights to cause the Company to register the Shares and certain other Registrable Securities, on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **Definitions.** As used in this Agreement, the following terms have the following meanings:

“Affiliate” means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with

such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Agreement” has the meaning set forth in the introduction.

“Bankruptcy Code” has the meaning set forth in the preamble.

“Bankruptcy Court” has the meaning set forth in the preamble.

“Business Day” means any day (other than a day which is a Saturday, Sunday or legal holiday in the States of New York) on which banks are open for business in the States of New York.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated) of corporate stock issued by such person, including each class of common stock and preferred stock of such person.

“Company” has the meaning set forth in the preamble.

“Common Stock” means the Company’s common stock, no par value per share.

“Company” has the meaning set forth in the introduction.

“Delay Period” has the meaning set forth in Section 3(d).

“Demand Notice” has the meaning set forth in Section 3(a)(i).

“Demand Registration” has the meaning set forth in Section 3(b).

“Effectiveness Period” has the meaning set forth in Section 3(c).

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

“Free Writing Prospectus” shall have the meaning set forth in Rule 405 under the Securities Act.

“Holder” means each person identified as a Holder on the signature pages hereto who is the record or beneficial owner of Registrable Securities, together with their respective successors and permitted assigns who become parties to this Agreement.

“Indemnified Party” shall have the meaning set forth in Section 8(c).

“Indemnifying Party” shall have the meaning set forth in Section 8(c).

“Initial Outstanding Amount” has the meaning set forth in Section 3(a).

“Inspectors” has the meaning set forth in Section 5(i).

“Interruption Period” has the meaning set forth in Section 5(k).

“Losses” has the meaning set forth in Section 8(a).

“Marketing Materials” has the meaning set forth in Section 8(a).

“Person” means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Piggyback Registration” has the meaning set forth in Section 4(a).

“**Plan**” has the meaning set forth in the preamble.

“**Prospectus**” means the prospectus included in any Registration Statement (including a prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement and all other amendments and supplements to such prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such prospectus, including any Free Writing Prospectus.

“**Records**” has the meaning set forth in Section 5(i).

“**Registrable Securities**” means (i) the Shares and (ii) any additional shares of Common Stock issued or distributed by way of a dividend, stock split or other distribution in respect of the Shares, or conversion of securities into Shares, in each case, if such shares of Common Stock would, in the hands of such Holder, not be freely transferable in accordance with the intended method of disposition (x) in accordance with Section 1145 or (y) under Rule 144 under the Securities Act, without regard to any information, volume, manner of sale or holding period restriction under Rule 144 under the Securities Act. As to any particular Registrable Securities, once issued, such securities shall cease to be Registrable Securities when (i) a registration statement with respect to the sale of such Registrable Securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, (ii) they shall have been distributed pursuant to Rule 144 under the Securities Act and are no longer “restricted securities”, or (iii) they shall have ceased to be outstanding.

“**Registration**” means registration under the Securities Act of an offering of Registrable Securities pursuant to a Demand Registration or a Piggyback Registration.

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“**Registration Date**” has the meaning set forth in the preamble.

“**Registration Statement**” means any registration statement of the Company filed under the Securities Act that covers resales of any of the Registrable Securities pursuant to the provisions of this Agreement, including the related Prospectus, all amendments and supplements to such registration statement, including pre- and post-effective amendments, all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference in such registration statement. The term “**Registration Statement**” shall also include any registration statement filed pursuant to Rule 462(b) to register additional securities in connection with any offering.

“**road show**” means any “road show” as defined in Rule 433 under the Securities Act, including an electronic road show.

“**SEC**” means the Securities and Exchange Commission or any other governmental agency at the time administering the Securities Act.

“**Section 1145**” has the meaning set forth in the preamble.

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

“**Scheduled Black-Out Period**” means the period from and including the last day of a fiscal quarter of the Company to and including the earliest of (i) the Business Day after the day on which the Company publicly releases its earnings information for such quarter or annual earnings information, as applicable, and (ii) the day on which the executive officers and directors of the Company are no longer prohibited by Company policies applicable with respect to such quarterly earnings period from buying or selling equity securities of the Company.

“**Shares**” has the meaning set forth in the preamble.

“**Shelf Registration**” has the meaning set forth in Section 2(a).

“**underwritten registration**” or “**underwritten offering**” means a registration under the Securities Act in which securities of the Company are sold to an underwriter for reoffering to the public.

2. Shelf Registration Statement.

(a) On or before the date of this Agreement, to the extent permitted by applicable SEC rules, the Company shall use its commercially reasonable efforts to cause a Registration Statement relating to all Registrable Securities, which provides for the sale by the holders thereof (as well as other holders of Common Stock and warrants to acquire Common Stock held by other holders with registration rights) of the Registrable Securities from time to time on a delayed or continuous basis pursuant to Rule 415 under the Securities Act (a “**Shelf Registration**”), to be declared effective by the SEC.

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(b) The Company shall use commercially reasonable efforts to keep the Registration Statement filed pursuant to this Section 2 continuously effective and usable for the resale of the Registrable Securities covered thereby for a period of two (2) years from the date on which the SEC declares such Registration Statement effective, or until such earlier date as all of the Registrable Securities covered by such Registration Statement have been sold pursuant to such Registration Statement. If any Registrable Securities remain issued and outstanding after two (2) years following the initial effective date of such Shelf Registration, upon the request of Holder(s) of at least ten percent (10%) of the Registrable Securities then outstanding, the Company shall, prior to the expiration of such Shelf Registration, file a new Shelf Registration and shall thereafter use its commercially reasonable efforts to cause to be declared effective as promptly as practical, such new Shelf Registration.

3. Demand Registration.

(a) (i) Provided that the Company does not have the Registration Statement filed pursuant to Section 2 effective and usable to such Holder or group of Holders requesting a Demand Registration under this Section, at any time after the date that the Company becomes a registrant under the Exchange

Act, any Holder or group of Holders holding, in the aggregate, ten percent (10%) or more of the Registrable Securities issued and outstanding immediately following the effective date of the Plan (the “**Initial Outstanding Amount**”), shall have the right, by written notice given to the Company (a “**Demand Notice**”), to request the Company to register under and in accordance with the provisions of the Securities Act all or any portion of the Registrable Securities designated by such Holder(s); provided, however, that (x) the estimated fair market value of the Registrable Securities requested to be registered is equal to at least \$10 million (or the entire amount of Registrable Securities then owned by the Holders if the estimated fair market value of the remaining Registrable Securities is less than \$10 million), and (y) prior to the time the Company is eligible to use Form S-3 for the registration of Registrable Securities for resale, such Holder(s), in the aggregate, shall only be entitled to one Demand Registration per calendar year pursuant to the provisions of this Section 3(a)(i) unless any Demand Registration does not become effective or is not maintained in effect for the respective periods set forth in Section 3(c), in which case the relevant Holder(s) will be entitled to an additional Demand Registration pursuant hereto. Following the time that the Company becomes eligible for use of Form S-3 (or any successor form), any Holder or group of Holders holding, in the aggregate, ten percent (10%) or more of the Initial Outstanding Amount, shall have the right to request the Company to register under and in accordance with the provisions of the Securities Act all or any portion of the Registrable Securities designated by such Holder(s); provided, however, that the estimated fair market value of the Registrable Securities requested to be registered is at least \$10 million (or the entire amount of Registrable Securities then owned by the Holders if the estimated fair market value of the remaining Registrable Securities is less than \$10 million), provided, however, that there shall be no more than five (5) Demand Registrations pursuant to this Agreement.

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(ii) Upon receipt of a Demand Notice, the Company shall promptly (and in any event within ten (10) Business Days from the date of receipt of such Demand Notice), notify all other Holders of the receipt of such Demand Notice and allow them the opportunity to include Registrable Securities held by them in the proposed registration by submitting their own Demand Notice. In connection with any Demand Registration in which more than one Holder participates, in the event that such Demand Registration involves an underwritten offering and the managing underwriter or underwriters participating in such offering advise in writing the Holders of Registrable Securities to be included in such offering that the total number of Registrable Securities to be included in such offering exceeds the amount that can be sold in (or during the time of) such offering without delaying or jeopardizing the success of such offering (including the price per share of the Registrable Securities to be sold), then the Registrable Securities to be offered shall be distributed first, amongst the participating Holders *pro rata* according to each Holder’s overall percentage of participating Registrable Securities and second, amongst holders of any securities included by the Company (whether for its own account or otherwise) that are not Registrable Securities in any such offering. In the event of such a pro-rata distribution, to the extent that any Holder (or Holders) has not submitted a Demand Notice, or withdraws from the underwriting, then those Shares that would have been allocated *pro-rata* to the non-participating Holder if they had participated shall be distributed first amongst the participating Holders, *pro rata* according to each participating Holder’s overall percentage of participating Registrable Securities and second, amongst holders of any securities included by the Company (whether for its own account or otherwise) that are not Registrable Securities in any such offering.

(b) The Company, within forty-five (45) days of the date on which the Company receives a Demand Notice given by Holders in accordance with Section 3(a), shall file with the SEC, and the Company shall thereafter use its commercially reasonable efforts to cause to be declared effective as promptly as practicable, a Registration Statement on the appropriate form for the registration and sale, in accordance with the intended method or methods of distribution, of the total number of Registrable Securities specified by the Holders in such Demand Notice (a “**Demand Registration**”). Any Demand Registration may, at the request of the Holders submitting the Demand Notice, be a Shelf Registration to the extent permitted by the rules and regulations of the SEC.

(c) The Company shall use commercially reasonable efforts to keep each Registration Statement filed pursuant to this Section 3 continuously effective and usable for the resale of the Registrable Securities covered thereby (i) in the case of a Registration that is not a Shelf Registration, for a period of one hundred twenty (120) days from the date on which the SEC declares such Registration Statement effective and (ii) in the case of a Shelf Registration, for a period of two (2) years from the date on which the SEC declares such Registration Statement effective, in either case (x) until such earlier date as all of the Registrable Securities covered by such Registration Statement have been sold pursuant to such Registration Statement, and (y) as such period may be extended pursuant to this Section 3. The time period for which the Company is required to maintain the effectiveness of any Registration Statement shall be extended by

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the aggregate number of days of all Delay Periods and all Interruption Periods occurring with respect to such Registration and such period and any extension thereof is hereinafter referred to as the “**Effectiveness Period**”.

(d) The Company shall be entitled to postpone the filing of any Registration Statement otherwise required to be prepared and filed by the Company pursuant to this Section 3, or suspend the use of any effective Registration Statement under Section 2 or this Section 3, for a reasonable period of time (a “**Delay Period**”), (i) if the Company has notified the Holders that in the good faith judgment of the Company, it would be materially detrimental to the Company or its security holders for such registration to be effected at such time, in which event the Company shall have the right to defer such registration for a period of not more than 60 days; provided, that such right to delay a registration pursuant to this clause (d)(i) shall be exercised by the Company only if the Company has generally exercised (or is concurrently exercising) similar black-out rights against holders of similar securities that have registration rights, if any or (ii) during any Scheduled Black-Out Period; provided, that the total number of days that any such suspension, deferral or delay in registration pursuant to clauses (d)(i) and d(ii) in the aggregate may be in effect in any 180 day period shall not exceed 60 days.

(e) Notwithstanding any provision of this Agreement to the contrary, if the Company is required to file a post-effective amendment to a Registration Statement to incorporate the Company’s quarterly and annual reports and audited financial statements on Form 10-Q and Form 10-K, the Company may (A) postpone or suspend the filing of such Registration Statement for a period not to exceed thirty (30) consecutive days or (B) postpone or suspend effectiveness of such Registration Statement for a period not to exceed twenty (20) consecutive days; provided that the Company may not postpone or suspend effectiveness of a Registration Statement pursuant to this clause (e) for more than sixty (60) days in the aggregate in any twelve-month period.

(f) Notwithstanding anything to the contrary contained herein, the Company shall not be obligated to effect, or take any action to effect, any such Registration pursuant to this Section 3, in any particular jurisdiction in which the Company would be required to execute a general consent to service of process or qualify to do business in effecting such Registration, qualification or compliance, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act or applicable rules or regulations thereunder.

(g) Without prior written notice, the Company shall not include any securities (whether for its own account or otherwise) that are not Registrable Securities in any Registration Statement filed pursuant to this Section 3. Any such securities so included shall be subject to the cut-back provisions of Section 3(a)(ii).

(h) Holders of a majority in number of the Registrable Securities to be included in a Registration Statement pursuant to this Section 3 may, at any time prior to the effective date of the Registration Statement relating to such Registration, revoke such request by providing a written notice to the Company revoking such request. Any such

Demand Request so withdrawn shall not be counted for purposes of determining the number of requests for registration to which the Holders of Registrable Securities are entitled pursuant to this Section 3 if the Holders of Registrable Securities who revoked such request reimburse the Company for all its out-of-pocket expenses incurred in the preparation, filing and processing of the Registration Statement; provided, however, that, if such revocation was based on (i) the Company's failure to comply in any material respect with its obligations hereunder or (ii) the institution by the Company of a Delay Period or the occurrence of any Interruption Period, such reimbursement shall not be required.

4. Piggyback Registration.

(a) Right to Piggyback. If at any time the Company proposes to file a registration statement for Common Stock under the Securities Act with respect to a public offering by the Company for its own account or for the account of any other Person who is a holder of securities of the same type as the Registrable Securities (other than a registration statement (i) relating solely to employee benefit plans, (ii) relating solely to a Rule 145 transaction under the Securities Act or (iii) which does not permit secondary sales or does not include substantially the same information as would be required to be included in a Registration Statement), then the Company shall give written notice of such proposed filing to the Holders at least fifteen (15) days before the anticipated filing date. Such notice shall offer the Holders the opportunity to register such amount of Registrable Securities as they may request (a "**Piggyback Registration**"). Subject to Section 4(b), the Company shall include in each such Piggyback Registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein within ten (10) days after notice has been given to the Holders. Each Holder shall be permitted to withdraw all or any portion of the Registrable Securities of such Holder from a Piggyback Registration at any time prior to the effective date of such Piggyback Registration.

(b) Priority on Piggyback Registrations. The Company shall permit the Holders to include all such Registrable Securities on the same terms and conditions as any similar securities, if any, of the Company or any other persons included therein. Notwithstanding the foregoing, if the registration statement involves an underwritten offering and the managing underwriter or underwriters advises the Company that in its view marketing factors require a limitation on the number of shares to be underwritten, then there shall be included in such underwritten offering the number or dollar amount of securities of the Company that in the opinion of the managing underwriter or underwriters can be sold without adversely affecting such offering, and such number of securities of the Company shall be allocated for inclusion as follows: (1) first all securities of the Company being sold by the Company for its own account or by any Person (other than a Holder) exercising a contractual right to demand registration; (2) second all Registrable Securities requested to be included by the Holders of securities of the Company and holder of securities of the Company being sold by any Person (other than a Holder) exercising similar piggyback registration rights, pro rata, based on the number of shares beneficially owned by each such Holder and any such Person and (3)

third, among any other holders of securities of the Company requesting such registration, pro rata, based on the number of securities beneficially owned by each such holder.

(c) Right To Abandon. Nothing in this Section 4 shall create any liability on the part of the Company to the Holders if the Company in its sole discretion should decide not to file a registration statement proposed to be filed pursuant to Section 4(a) or to withdraw such registration statement subsequent to its filing, regardless of any action whatsoever that a Holder may have taken, whether as a result of the issuance by the Company of any notice hereunder or otherwise. Any such determination not to file or to withdraw a registration statement shall not affect the obligations of the Company to pay or to reimburse all Registration Expenses pursuant to Section 6.

5. Registration Procedures. In connection with the registration obligations of the Company pursuant to and in accordance with Sections 2, 3 and 4 (and subject to Sections 2, 3 and 4), the Company shall use commercially reasonable efforts to effect such registration to permit the sale of such Registrable Securities in accordance with the intended method or methods of disposition thereof, and pursuant thereto the Company shall as expeditiously as possible:

(a) prepare and file with the SEC a Registration Statement for the sale of the Registrable Securities on any form for which the Company then qualifies or which counsel for the Company shall deem appropriate in accordance with such Holders' intended method or methods of distribution thereof, and, subject to the Company's right to terminate or abandon a registration pursuant to Section 4(c), use commercially reasonable efforts to cause such Registration Statement to become effective and remain effective as provided herein;

(b) prepare and file with the SEC such amendments (including post-effective amendments) to such Registration Statement, and such supplements to the related Prospectus, as may be required by the rules, regulations or instructions applicable under the Securities Act during the applicable period in accordance with the intended methods of disposition specified by the Holders of the Registrable Securities covered by such Registration Statement, make generally available earnings statements satisfying the provisions of Section 11(a) of the Securities Act (provided that the Company shall be deemed to have complied with this Section if it has complied with Rule 158 under the Securities Act), and cause the related Prospectus as so supplemented to be filed pursuant to Rule 424 under the Securities Act; provided, however, that before filing a Registration Statement or Prospectus, or any amendments or supplements thereto (other than reports required to be filed by it under the Exchange Act that are incorporated or deemed to be incorporated by reference into the Registration Statement and the Prospectus except to the extent that such reports related primarily to the offering), the Company shall furnish to the Holders of Registrable Securities covered by such Registration Statement and their counsel for review and comment, copies of all documents required to be filed;

(c) notify the Holders of any Registrable Securities covered by such Registration Statement promptly and (if requested) confirm such notice in writing, (i)

when a Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to such Registration Statement or any post-effective amendment, when the same has become effective, (ii) of any request by the SEC for amendments or supplements to such Registration Statement or the related Prospectus or for additional information regarding the Company or the Holders, (iii) of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or the initiation of any proceedings for that purpose, (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, and (v) of the happening of any event that requires the making of any changes in such Registration Statement, Prospectus or documents incorporated or deemed to be incorporated therein by reference so that they will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading;

(d) use commercially reasonable efforts to prevent the issuance of any order suspending the effectiveness of such Registration Statement or the qualification or exemption from qualification of any Registrable Securities for sale in any jurisdiction in the United States, and to obtain the lifting or withdrawal of any such order at the earliest practicable time;

(e) furnish to the Holder such number of copies of the preliminary prospectus, any amended preliminary prospectus, any Free Writing Prospectus, each final Prospectus and any post-effective amendment or supplement thereto, as such Holder may reasonably request in order to facilitate the disposition of the Registrable Securities of such Holder covered by such Registration Statement in conformity with the requirements of the Securities Act;

(f) prior to any public offering of Registrable Securities covered by such Registration Statement, use its commercially reasonable efforts to register or qualify such Registrable Securities for offer and sale under the securities or "Blue Sky" laws of such jurisdictions as the Holders of such Registrable Securities shall reasonably request in writing; provided, however, that the Company shall in no event be required to qualify generally to do business as a foreign corporation or as a dealer in any jurisdiction where it is not at the time required to be so qualified or to execute or file a general consent to service of process in any such jurisdiction where it has not theretofore done so or to take any action that would subject it to general service of process or taxation in any such jurisdiction where it is not then subject;

(g) upon the occurrence of any event contemplated by Section 5(c)(v), prepare a supplement or post-effective amendment to such Registration Statement or the related Prospectus or any document incorporated or deemed to be incorporated therein by reference and file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities being sold thereunder (including upon the termination of any Delay Period), such Prospectus will not contain an untrue statement of

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a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(h) use commercially reasonable efforts to cause all Registrable Securities covered by such Registration Statement to be listed on each securities exchange or automated interdealer quotation system, if any, on which similar securities issued by the Company are then listed or quoted, or, if none, on such securities exchange or automated interdealer quotation system reasonably selected by the Company;

(i) if such offering is an underwritten offering, make available for inspection by any Holder of Registrable Securities included in such Registration Statement, any underwriter participating in any offering pursuant to such Registration Statement, and any attorney, accountant or other agent retained by any such Holder or underwriter (collectively, the "**Inspectors**"), all financial and other records and other information, pertinent corporate documents and properties of any of the Company and its subsidiaries and affiliates (collectively, the "**Records**"), as shall be reasonably necessary to enable them to exercise their due diligence responsibilities; provided, however, that the Records that the Company determines, in good faith, to be confidential and which it notifies the Inspectors in writing are confidential shall not be disclosed to any Inspector unless such Inspector signs a confidentiality agreement reasonably satisfactory to the Company, which shall permit the disclosure of such Records in such Registration Statement or the related Prospectus if (i) necessary to avoid or correct a material misstatement in or material omission from such Registration Statement or Prospectus or (ii) the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction; provided further, however, that (A) any decision regarding the disclosure of information pursuant to subsection (i) shall be made only after consultation with counsel for the applicable Inspectors and the Company and (B) with respect to any release of Records pursuant to subsection (ii), each Holder of Registrable Securities agrees that it shall, promptly after learning that disclosure of such Records is sought in a court having jurisdiction, give notice to the Company so that the Company, at the Company's expense, may undertake appropriate action to prevent disclosure of such Records;

(j) not later than the effective date of a Registration Statement, the Company shall provide to the Holders the CUSIP number for all Registrable Securities; and

(k) if such offering is an underwritten offering, enter into such agreements (including an underwriting agreement in form, scope and substance as is customary in underwritten offerings) and take all such other appropriate and reasonable actions requested by the Holders of a majority of the Registrable Securities being sold in connection therewith (including those reasonably requested by the managing underwriters) in order to expedite or facilitate the disposition of such Registrable Securities, and in such connection, (i) use commercially reasonable efforts to obtain opinions of counsel to the Company and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters, addressed to each of the underwriters as to the matters customarily covered in opinions

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requested in underwritten offerings and such other matters as may be reasonably requested by the underwriters, (ii) use commercially reasonable efforts to obtain "cold comfort" letters and updates thereof from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements and financial data are, or are required to be, included in the Registration Statement), addressed to each of the underwriters, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings, (iii) if requested and if an underwriting agreement is entered into, provide indemnification provisions and procedures customary for underwritten public offerings, but in any event no less favorable to the indemnified parties than the provisions set forth in Section 8, and (iv) provide for the reasonable participation and cooperation by the management of the Company with respect thereto, including participation by management in road shows, investor meetings and other customary cooperation. The above shall be done at each closing under such underwriting or similar agreement, or as and to the extent required thereunder.

The Company may require each Holder of Registrable Securities covered by a Registration Statement to furnish such information regarding such Holder and such Holder's intended method of disposition of such Registrable Securities as it may from time to time reasonably request in writing. If any such information is not furnished within a reasonable period of time after receipt of such request, the Company may exclude such Holder's Registrable Securities from such Registration Statement.

Each Holder of Registrable Securities covered by a Registration Statement agrees that, on receipt of any notice from the Company of the happening of any event of the kind described in Section 5(c)(i), 5(c)(iii), 5(c)(iv) or 5(c)(v), that such Holder shall discontinue disposition of any Registrable Securities covered by such Registration Statement or the related Prospectus until receipt of the copies of the supplemented or amended Prospectus contemplated by Section 5(g), or until such Holder is advised in writing by the Company that the use of the applicable Prospectus may be resumed, and has received copies of any amended or supplemented Prospectus or any additional or supplemental filings which are incorporated, or deemed to be incorporated, by reference in such Prospectus (such period during which disposition is discontinued being an "**Interruption Period**") and, if requested by the Company, the Holder shall deliver to the Company (at the expense of the Company) all copies then in its possession, other than permanent file copies then in such holder's possession, of the Prospectus covering such Registrable Securities at the time of receipt of such request.

Each Holder of Registrable Securities covered by a Registration Statement further agrees not to utilize any material other than the applicable current preliminary prospectus, Free Writing Prospectus, road show or Prospectus in connection with the offering of such Registrable Securities.

6. Registration Expenses. Whether or not any Registration Statement is filed or becomes effective, the Company shall pay all costs, fees and expenses incident to the

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Company's performance of or compliance with this Agreement, including (i) all registration and filing fees, including FINRA filing fees, (ii) all fees and expenses of compliance with securities or "Blue Sky" laws, including reasonable fees and disbursements of counsel in connection therewith, (iii) printing expenses (including expenses of printing certificates for Registrable Securities and of printing prospectuses if the printing of prospectuses is requested by the Holders or the managing underwriter, if any) and the expenses ordinarily paid by issuers in connection with a road show, (iv) messenger, telephone and delivery expenses, (v) fees and disbursements of counsel for the Company, (vi) fees and disbursements of all independent certified public accountants of the Company (including expenses of any "cold comfort" letters required in connection with this Agreement) and all other persons retained by the Company in connection with such Registration Statement, (vii) the reasonable fees and disbursements of one counsel, other than the Company's counsel, selected by Holders of a majority of the Registrable Securities being registered, to represent all such Holders, provided that such amount shall not exceed \$50,000, (viii) in the event of an underwritten offering, the expenses of the Company and the underwriters associated with any "road show" which are customarily paid or reimbursed by issuers, and (ix) all other costs, fees and expenses incident to the Company's performance or compliance with this Agreement. Notwithstanding the foregoing, the fees and expenses of any persons retained by any Holder, other than one counsel for all such Holders, will be payable by such Holder and the Company will have no obligation to pay any such amounts. The Holders shall be responsible for any underwriting discounts or commissions and transfer taxes relating to the sale of any Registrable Securities pursuant to this Agreement.

7. Underwriting Requirements.

(a) Subject to Section 7(c), any Holder shall have the right, by written notice, to request that any take down of the Shelf Registration or any Demand Registration which such Holder is entitled to elect hereunder provide for an underwritten offering but the Company shall be under no obligation to conduct more than two (2) underwritten offerings pursuant to this Agreement.

(b) In the case of any underwritten offering pursuant to a Demand Registration, the Holders of a majority of the Registrable Securities to be disposed of in connection therewith shall select the institution or institutions that shall manage or lead such offering, which institution or institutions shall be reasonably satisfactory to the Company. In the case of any underwritten offering pursuant to a Piggyback Registration, the Company shall select the institution or institutions that shall manage or lead such offering.

(c) In the case of any Shelf Registration, Demand Registration or Piggyback Registration that is an underwritten offering, no Holder shall be entitled to participate in an underwritten offering unless and until such Holder has entered into (i) an underwriting or other agreement with such institution or institutions for such offering, and (ii) powers of attorney and custody agreements, in each case in such form as the Company and such institution or institutions shall reasonably determine; provided, that no holder of

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Registrable Securities included in any underwritten registration shall be required to make any representation or warranties to the Company or the underwriters (other than representations and warranties regarding such holder and such holder's ownership of the shares to be sold pursuant to such underwriting, such holder's stabilization activities, and with respect to information provided in writing by such holder expressly for use in any Registration Statement) or to undertake any indemnification or contribution obligations to the Company or any underwriter with respect thereto, which is greater than the obligations of the Holders provided in Section 8.

8. Indemnification

(a) Indemnification by the Company. The Company shall, without limitation as to time, indemnify and hold harmless, to the fullest extent permitted by law, each Holder of Registrable Securities whose Registrable Securities are covered by a Registration Statement or Prospectus, the officers, directors and agents and employees of each of them, each Person who controls each such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, agents and employees of each such controlling person, to the fullest extent lawful, from and against any and all losses, claims, damages, liabilities, judgment, costs (including costs of investigation or preparation and reasonable attorneys' fees) and expenses (collectively, "**Losses**"), as incurred, arising out of or based upon (w) any untrue or alleged untrue statement of a material fact contained in such Registration Statement or Prospectus or in any amendment or supplement thereto, any preliminary prospectus, any Free Writing Prospectus, any information the Company has filed or is required to file pursuant to Rule 433(d) under the Securities Act, or any other material or information provided to or made available to investors by, or with the approval of, the Company in connection with the offering, including any road show for the offering (collectively, "**Marketing Materials**"), or (x) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as

the same are based upon information furnished in writing to the Company by or on behalf of such Holder expressly for use in the Marketing Materials; provided, however, that the Company shall not be liable to any such Holder to the extent that any such Losses arise out of or are based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any preliminary prospectus if (i) having previously been furnished by or on behalf of the Company with copies of the Prospectus, such Holder failed to send or deliver a copy of the Prospectus with or prior to the delivery of written confirmation of the sale of Registrable Securities by such Holder to the person asserting the claim from which such Losses arise and (ii) the Prospectus would have corrected in all material respects such untrue statement or alleged untrue statement or such omission or alleged omission; and provided further, however, that the Company shall not be liable in any such case to the extent that any such Losses arise out of or are based upon an untrue statement or alleged untrue statement or omission or alleged omission in the Prospectus, if (A) such untrue statement or alleged untrue statement, omission or alleged omission is corrected in all material respects in an amendment or supplement to the Prospectus, (B) having previously been furnished by or

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on behalf of the Company with copies of the Prospectus as so amended or supplemented, such Holder thereafter fails to deliver such Prospectus as so amended or supplemented, prior to or concurrently with the sale of Registrable Securities, and (C) such losses relate to sales during an Interruption Period or Delay Period.

(b) Indemnification by Holder of Registrable Securities. In connection with any Registration Statement in which a Holder is participating, such Holder shall furnish to the Company in writing such information as the Company reasonably requests for use in connection with the Marketing Materials and agrees to indemnify, severally and not jointly with the other Holders and to the full extent permitted by law, the Company, its directors, officers, agents or employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) and the directors, officers, agents or employees of such controlling Persons, from and against all Losses arising out of or based upon (x) any untrue or alleged untrue statement of a material fact contained in the Marketing Materials or (y) any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, to the extent, but only to the extent, that such untrue or alleged untrue statement or omission or alleged omission is based upon and is consistent with information so furnished in writing by or on behalf of such Holder to the Company expressly for use in such Marketing Materials. No Holder shall be held liable for any damages in excess of the total amount of proceeds received by such Holder from the sale of the Registrable Securities sold by such Holder (net of all underwriting discounts and commissions) under that particular Registration Statement.

(c) Conduct of Indemnification Proceedings. If any Person shall be entitled to indemnity hereunder (an "**Indemnified Party**"), such Indemnified Party shall give prompt notice to the party from which such indemnity is sought (the "**Indemnifying Party**") of any claim or of the commencement of any proceeding with respect to which such Indemnified Party seeks indemnification or contribution pursuant hereto; provided, however, that the delay or failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party from any obligation or liability except to the extent that the Indemnifying Party has been materially prejudiced by such delay or failure. The Indemnifying Party shall have the right, exercisable by giving written notice to an Indemnified Party promptly after the receipt of written notice from such Indemnified Party of such claim or proceeding, to assume, at the Indemnifying Party's expense, the defense of any such claim or proceeding, with counsel reasonably satisfactory to such Indemnified Party; provided, however, that (i) an Indemnified Party shall have the right to employ separate counsel in any such claim or proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless: (1) the Indemnifying Party agrees to pay such fees and expenses; (2) the Indemnifying Party fails promptly to assume the defense of such claim or proceeding or fails to employ counsel reasonably satisfactory to such Indemnified Party; or (3) the named parties to any proceeding (including impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that there may be one or more legal defenses

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available to it that are in addition to or are inconsistent with those available to the Indemnifying Party or that a conflict of interest is likely to exist among such Indemnified Party and any other indemnified parties (in which case the Indemnifying Party shall not have the right to assume the defense of such action on behalf of such Indemnified Party); and (ii) subject to subsection (3) above, the Indemnifying Party shall not, in connection with any one such claim or proceeding or separate but substantially similar or related claims or proceedings in the same jurisdiction, arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one firm of attorneys (together with appropriate local counsel) at any time for all of the indemnified parties. Whether or not such defense is assumed by the Indemnifying Party, such Indemnified Party shall not be subject to any liability for any settlement made without its consent, which consent shall not be unreasonably withheld, conditioned or delayed. The Indemnifying Party shall not consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release, in form and substance reasonably satisfactory to the Indemnified Party, from all liability in respect of such claim or litigation for which such Indemnified Party would be entitled to indemnification hereunder.

(d) Contribution. If the indemnification provided for in this Section 8 is applicable in accordance with its terms but is legally unavailable to an Indemnified Party in respect of any Losses, then each applicable Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party, on the one hand, and such Indemnified Party, on the other hand, in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party, on the one hand, and Indemnified Party, on the other hand, shall be determined by reference to, among other things, whether any action in question, including any untrue statement of a material fact or omission or alleged omission to state a material fact, has been taken by, or relates to info/illation supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent any such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include any legal or other fees or expenses incurred by such party in connection with any investigation or proceeding. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 8(d), an Indemnifying Party that is a Holder shall not be required to contribute any amount which is in excess of the amount by which the total proceeds received by such Holder from the sale of the Registrable Securities sold by such Holder (net of all underwriting discounts and commissions) exceeds the amount of any damages that such Indemnifying Party has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or

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alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

9. Rule 144 Information. With a view to making available the benefits of certain rules and regulations of the Commission which may at any time permit the sale of the Registrable Securities to the public without registration, after such time as a registration statement relating to the Common Stock has been declared effective under either the Securities Act or the Exchange Act, the Company agrees to use its commercially reasonable efforts to:

(a) Make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act, at all times after the earlier of (i) such time as a registration statement relating to the Common Stock has been declared effective under either the Securities Act or the Exchange Act or (ii) the date that the Company becomes subject to the periodic reporting requirements under Section 13 or 15(d) of the Exchange Act, for so long as the Company remains subject to the periodic reporting requirements under Section 13 or 15(d) of the Exchange Act.

(b) Use its commercially reasonable efforts to file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time it is subject to such reporting requirements).

(c) Furnish to any Holder forthwith upon request a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act (at any time after ninety (90) days after the effective date of the first registration statement filed by the Company for an offering of its securities to the general public), and of the Securities Act and the Exchange Act (at any time after it has become subject to the reporting requirements of the Exchange Act), a copy of the most recent annual or quarterly report of the Company, and such other reports and documents of the Company and other information as such Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing such Holder to sell any such securities without registration.

10. Miscellaneous.

(a) Termination. This Agreement and the obligations of the Company and the Holders hereunder (other than with respect to Section 8) shall terminate on the first date on which no Registrable Securities remain outstanding. In addition, the obligations of the Company and of any Holder, other than those obligations contained in Section 8, shall terminate with respect to the Company and such Holder when such Holder no longer holds any Registrable Securities.

(b) Notices. All notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be deemed to have been

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effectively given (i) when personally delivered to the party to be notified; (ii) when sent by confirmed facsimile to the party to be notified at the number set forth below; (iii) when sent by email to the party to be notified at the email address set forth below; (iv) three (3) Business Days after deposit in the United States mail postage prepaid by certified or registered mail return receipt requested and addressed to the party to be notified as set forth below; or (v) one (1) Business Day after deposit with a national overnight delivery service, postage prepaid, addressed to the party to be notified as set forth below with next-business-day delivery guaranteed, in each case as follows:

In the case of the Company, to:

The Howard Hughes Corporation
13355 Noel Road, Suite 950
Dallas, TX 75240
Attention: Ronald L. Gern
Facsimile: (214) 741-3021

With a copy (which shall not constitute notice) to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Attention: Matthew D. Bloch
Telephone: 212-310-8000
Facsimile: (212) 310-8007
e-mail: matthew.bloch@weil.com

In the case of the Holders:

To the names and addresses set forth on the signature pages hereto.

With a copy (which copy shall not constitute notice) to:

Neal, Gerber & Eisenberg LLP
Two North LaSalle Street
Suite 1700
Chicago, IL 60602-3801
Attention: Earl N. Melamed
Telephone: (312) 269-8012
Facsimile: (312) 429-3544
e-mail: emelamed@ngelaw.com

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(c) Separability. If any provision of this Agreement shall be declared to be invalid or unenforceable, in whole or in part, such invalidity or unenforceability shall not affect the remaining provisions hereof which shall remain in full force and effect.

(d) Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, devisees, legatees, legal representatives, successors and assigns. The rights to cause the Company to register Registrable Securities pursuant to Sections 2, 3 and 4 may be assigned in connection with any transfer or assignment by a Holder of Registrable Securities, provided, that: (i) such transfer may otherwise be effected in accordance with applicable securities laws; (ii) such transfer is effected in compliance with the restrictions on transfer contained in this Agreement and in any other agreement between the Company and the Holder; and (iii) such assignee or transferee executes this Agreement and is an affiliate of the Holder. No transfer or assignment will divest a Holder or any subsequent owner of any rights or powers hereunder unless all Registrable Securities held by such Holder are transferred or assigned.

(e) Specific Performance. The Company acknowledges and agrees that (a) irreparable damages would occur in the event that any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached and (b) remedies at law would not be adequate to compensate the non-breaching party. Accordingly, the Company agrees that each Holder of Registrable Securities shall have the right, in addition to any other rights and remedies existing in its favor, to an injunction or injunctions to prevent breaches of this Agreement and to enforce its rights hereunder. The right to equitable relief, including an injunction, shall not be limited by any other provision of this Agreement. In any action or proceeding against it seeking an injunction or other equitable relief to enforce the provisions of this Agreement, the Company hereby (i) waives and agrees not to assert any defense that an adequate remedy exists at law or that a Holder of Registrable Securities would not be irreparably harmed and (ii) waives and agrees not to seek any requirement for the posting of any bond or other security in connection with any such action or proceeding.

(f) Entire Agreement. This Agreement represents the entire agreement of the parties and shall supersede any and all previous contracts, arrangements or understandings between the parties hereto with respect to the subject matter hereof.

(g) Amendments and Waivers. Except as otherwise provided herein, the provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless (i) the Company has obtained the written consent of Holders of at least a majority in number of the Registrable Securities then outstanding, or (ii) such changes are not adverse to any Holder.

(h) Publicity. No public release or announcement concerning the transactions contemplated hereby shall be issued by any party without the prior consent of the Company and any other party mentioned in such release or announcement, except

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to the extent that such issuing party is advised by counsel that such release or announcement is necessary or advisable under applicable law or the rules or regulations of any securities exchange, in which case the party required to make the release or announcement shall to the extent practicable provide the Company and any such other party with an opportunity to review and comment on such release or announcement in advance of its issuance.

(i) Expenses. Whether or not the transactions contemplated hereby are consummated, except as otherwise provided herein, all costs and expenses incurred in connection with the execution of this Agreement shall be paid by the party incurring such costs or expenses, except as otherwise set forth herein.

(j) Interpretation.

(i) The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(ii) The meaning assigned to each term defined herein shall be equally applicable to both the singular and the plural forms of such term and vice versa, and words denoting either gender shall include both genders as the context requires. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(iii) The terms “hereof”, “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement.

(iv) When a reference is made in this Agreement to a Section, paragraph, Exhibit or Schedule, such reference is to a Section, paragraph, Exhibit or Schedule to this Agreement unless otherwise specified.

(v) The word “include”, “includes”, and “including” when used in this Agreement shall be deemed to include the words “without limitation”, unless otherwise specified.

(vi) A reference to any party to this Agreement or any other agreement or document shall include such party’s predecessors, successors and permitted assigns.

(k) Counterparts. This Agreement may be executed in two or more counterparts, all of which shall be one and the same agreement, and shall become effective when counterparts have been signed by each of the parties and delivered to each other party.

(l) Governing Law. This Agreement shall be construed, interpreted, and governed in accordance with the internal laws of the State of New York.

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(m) Calculation of Time Periods. Except as otherwise indicated, all periods of time referred to herein shall include all Saturdays, Sundays and holidays; provided, however, that if the date to perform the act or give any notice with respect to this Agreement shall fall on a day other than a Business Day,

such act or notice may be timely performed or given if performed or given on the next succeeding Business Day.

(n) FWP Consent. No Holder shall use a Holder Free Writing Prospectus without the prior written consent of the Company, which consent shall not be unreasonably withheld.

[Signature Pages Follow]

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IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed and delivered by its duly authorized officer as of the date first above written.

THE HOWARD HUGHES CORPORATION, INC.

By: _____

Name:

Title:

[Signature Page to Registration Rights Agreement]

By: M.B. Capital Partners, a South Dakota general partnership

By: MBA Trust, a partner

By: General Trust Company, Trustee

By: _____

Name:

Title:

Address: c/o M.B. Capital Units LLC, 300 North Dakota Avenue, Suite 202,
Sioux Falls, South Dakota 57104

By: M.B. Capital Partners III, a South Dakota general partnership

By: MBA Trust, a partner

By: General Trust Company, Trustee

By: _____

Name:

Title:

Address: c/o M.B. Capital Units LLC, 300 North Dakota Avenue, Suite 202,
Sioux Falls, South Dakota 57104

By: M.B. Capital Units LLC a South Dakota limited liability company

By: M.B Capital, as sole member

By: _____

Name:

Title:

Address: c/o M.B. Capital Units LLC, 300 North Dakota Avenue, Suite 202,
Sioux Falls, South Dakota 57104

TAX MATTERS AGREEMENT

by and between

General Growth Properties, Inc.

and

The Howard Hughes Corporation

Dated as of []

TAX MATTERS AGREEMENT

THIS TAX MATTERS AGREEMENT (this "Agreement"), dated as of [], is by and between General Growth Properties, Inc., a Delaware corporation ("GGP") and The Howard Hughes Corporation, a Delaware corporation ("Spinco"). Each of GGP and Spinco is sometimes referred to herein as a "Party" and, collectively, as the "Parties."

WHEREAS, the board of directors of GGP has determined that it is in the best interests of GGP and its shareholders to create a new publicly traded company which shall operate the Spinco Business;

WHEREAS, the board of directors of GGP and the board of directors of Spinco have approved (i) the Restructuring, and (ii) the Distribution, all as more fully described in the Separation Agreement and the other Transaction Documents;

WHEREAS, for U.S. federal income tax purposes, certain steps of the Restructuring and the Distribution are intended to qualify for tax-free treatment under Sections 351, 355, 368(a) and related provisions of the Code;

WHEREAS, GGP has received the Private Letter Ruling from the IRS to the effect that, among other things, (i) certain steps of the Restructuring and the Distribution, taken together, qualify as a transaction (a) that is described in Sections 355(a) and 368(a)(1)(G) of the Code, (b) in which the Spinco Common Stock distributed is "qualified property" under Section 361(c) of the Code and (c) in which the holders of GGP Common Shares recognize no income or gain for U.S. federal income tax purposes under Section 355 of the Code, and (ii) certain other steps of the Spinoff Plan qualify as transactions that are described in Sections 355(a) and 368(a)(1)(G) of the Code;

WHEREAS, as a result of the Restructuring and Distribution, the Parties desire to enter into this Agreement to provide for certain Tax matters, including the assignment of responsibility for the preparation and filing of Tax Returns, the payment of and indemnification for Taxes (including any Taxes incurred in connection with the Restructuring and Distribution), entitlement to refunds of Taxes, and the prosecution and defense of any Tax controversies;

NOW, THEREFORE, in consideration of the foregoing and the terms, conditions, covenants and provisions of this Agreement, each of the Parties mutually covenants and agrees as follows:

ARTICLE I

DEFINITIONS

Section 1.01. General. As used in this Agreement, the following terms shall have the following meanings:

"Accounting Firm" has the meaning set forth in Section 9.01.

"Adjusted CDND" has the meaning ascribed to it in the Investment Agreements.

"Adjustment" means any proposed or final change in the Tax liability of a taxpayer.

"Agreement" has the meaning set forth in the preamble to this Agreement.

"Common Parent" means (i) for U.S. federal income tax purposes, the "common parent corporation" of an "affiliated group" (in each case, within the meaning of Section 1504 of the Code) filing a U.S. federal consolidated income Tax Return, or (ii) for state, local or foreign Tax purposes, the common parent (or the equivalent thereof) of a Tax Group.

"Consolidated Return" means, with respect to the GGP Group and Spinco Group, respectively, the U.S. federal income Tax Return required to be filed by (i) a GGP Entity as the Common Parent or (ii) a Spinco Entity as the Common Parent.

"Cornerstone Investment Agreement" means that certain Cornerstone Investment Agreement effective as of March 31, 2010 between REP Investments LLC and GGP, as amended to the date hereof.

"Disqualifying Action" means a GGP Disqualifying Action or a Spinco Disqualifying Action.

“Due Date” means (i) with respect to a Tax Return, the date (taking into account all valid extensions) on which such Tax Return is required to be filed under applicable Law and (ii) with respect to a payment of Taxes, the date on which such payment is required to be made to avoid the incurrence of interest, penalties and/or additions to Tax.

“Effective Date” means the date of the Distribution.

“Excess Surplus Amount” has the meaning ascribed to it in the Investment Agreements.

“Final Determination” means the final resolution of liability for any Tax for any taxable period, by or as a result of (i) a final decision, judgment, decree or other order by any court of competent jurisdiction that can no longer be appealed; (ii) a final settlement with the IRS, a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement under the Laws of other jurisdictions, which resolves the entire Tax liability for any taxable period; (iii) any allowance of a refund or credit in respect of an overpayment of Tax, but only after the expiration of all periods during which such refund or credit may be recovered by the jurisdiction imposing the Tax; or (iv) any other final resolution, including by reason of the expiration of the applicable statute of limitations or the execution of a pre-filing agreement with the IRS or other Taxing Authority.

“GGP” has the meaning set forth in the preamble to this Agreement.

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“GGP Disqualifying Action” means (i) any action (or the failure to take any action) within its control by any GGP Entity (including entering into any agreement, understanding or arrangement or any negotiations with respect to any transaction or series of transactions) that, (ii) any event (or series of events) involving the capital stock of GGP or any assets of any GGP Entity that, or (iii) any breach by any GGP Entity of any representation, warranty or covenant made by them in the Transaction Documents that, in each case, would reasonably be expected to negate the Tax-Free Status of the Transactions; provided, however, the term “GGP Disqualifying Action” shall not include any action required by the Separation Agreement or any other Transaction Document or that is undertaken pursuant to the Restructuring or the Distribution.

“GGP Entity” means any member of the GGP Group.

“GGP Liability Percentage” means the quotient, expressed as a percentage and rounded to two (2) decimal points, of (i) the GGP Market Capitalization, divided by (ii) the sum of the GGP Market Capitalization plus the Spinco Market Capitalization.

“GGP Market Capitalization” means the product of (i) the volume-weighted average trading price per share of GGP Common Shares for the twenty (20) consecutive trading days beginning on and following the thirty-first (31st) trading day following the Effective Time, as quoted by Bloomberg Financial Services through its “Volume at Price” function, rounded to the nearest whole cent, multiplied by (ii) the arithmetic average of the number of GGP Common Shares outstanding, on a fully-diluted basis, on each of such twenty (20) trading days, rounded to two (2) decimal points.

“GGP Taxes” means any Taxes allocated to GGP pursuant to Article II.

“Income Taxes” means any Taxes based upon, measured by, or calculated with respect to net income, profits, or gains (including, but not limited to, any capital gains, minimum Tax or any Tax on items of Tax preference, but not including sales, use, real or personal property, excise, or transfer or similar Taxes).

“Indemnity Cap” has the meaning ascribed to it in Section 2.01(b).

“Indemnifying Party” means the Party from which the other Party is entitled to seek indemnification pursuant to the provisions of Article IV.

“Indemnified Party” means the Party which is entitled to seek indemnification from the other Party pursuant to the provisions of Article IV.

“Independent Firm” has the meaning set forth in Section 8.01(b).

“Information” has the meaning set forth in Section 8.01(a).

“Information Request” has the meaning set forth in Section 8.01(a).

“IRS” means the U.S. Internal Revenue Service or any successor thereto, including, but not limited to its agents, representatives, and attorneys.

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“MPC Assets” means residential and commercial lots in the “master planned communities” owned, for federal income tax purposes, by Howard Hughes Properties, Inc. or The Hughes Corporation or related to the Emerson Master Planned Community.

“MPC Taxes” means all liability for Income Taxes in respect of sales of MPC assets sold prior to March 31, 2010.

“New GGPI” means, after the Distribution, the publicly held corporation that will indirectly acquire 100% of the outstanding common stock of GGP.

“Notified Action” has the meaning set forth in Section 7.02(a).

“Party” has the meaning set forth in the preamble to this Agreement.

“Past Practice” has the meaning set forth in Section 3.03(a)(i).

“Pre-Closing Period” means any taxable period ending on or before the Effective Date.

“Post-Closing Period” means any taxable period beginning after the Effective Date.

“Refund” means any refund (or credit in lieu thereof) of Taxes (including any overpayment of Taxes that can be refunded or, alternatively, applied to other Taxes payable), including any interest paid on or with respect to such refund of Taxes.

“Restructuring/Distribution Taxes” means any Taxes incurred in or by reason of the Restructuring or the Distribution, other than Spin-Off Taxes. For the avoidance of doubt, Restructuring/Distribution Taxes include Taxes by reason of deferred intercompany transactions triggered by the Restructuring or the Distribution.

“Representative” has the meaning set forth in Section 8.01(b).

“Response Deadline” has the meaning set forth in Section 8.01(b).

“Separate Return” means (i) in the case of the GGP Group, a Tax Return of any GGP Entity (including any Consolidated, combined, affiliated, or unitary Tax Return) that does not include, for any portion of the relevant taxable period, any Spinco Entity that is a regarded entity for U.S. federal income tax purposes and (ii) in the case of the Spinco Group, a Tax Return of any Spinco Entity (including any Consolidated, combined, affiliated, or unitary Tax Return) and that does not include, for any portion of the relevant taxable period, any GGP Entity that is a regarded entity for U.S. federal income tax purposes.

“Separation Agreement” means the Separation Agreement by and between the Parties dated as of [].

“Spin-off Taxes” means any Taxes or other Liabilities incurred solely as a result of the failure of the Tax-Free Status of the Transactions.

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“Spinco” has the meaning set forth in the preamble to this Agreement.

“Spinco Disqualifying Action” means (i) any action (or the failure to take any action) within its control by any Spinco Entity (including entering into any agreement, understanding or arrangement or any negotiations with respect to any transaction or series of transactions) that, (ii) any event (or series of events) involving the capital stock of Spinco or any assets of any Spinco Entity that, or (iii) any breach by any Spinco Entity of any representation, warranty or covenant made by them in the Transaction Documents that, in each case, would reasonably be expected to negate the Tax-Free Status of the Transactions; provided, however, the term “Spinco Disqualifying Action” shall not include any action required by the Separation Agreement or any other Transaction Document or that is undertaken pursuant to the Restructuring or the Distribution.

“Spinco Entity” means any member of the Spinco Group.

“Spinco Liability Percentage” means the difference, expressed as a percentage, of (i) one hundred percent (100%) minus (ii) the GGP Liability Percentage.

“Spinco Market Capitalization” means the product of (i) the volume-weighted average trading price per share of shares of Spinco Common Stock for the twenty (20) consecutive trading days beginning on and following the thirty-first (31st) trading day following the Effective Time, as quoted by Bloomberg Financial Services through its “Volume at Price” function, rounded to the nearest whole cent, multiplied by (ii) the arithmetic average of the number of shares of Spinco Common Stock outstanding, on a fully-diluted basis, on each of such twenty (20) trading days, rounded to two (2) decimal points.

“Spinco Taxes” means any Taxes allocated to Spinco pursuant to Article II.

“Straddle Period” means any taxable period that begins on or before and ends after the Effective Date.

“Supplemental Ruling” means a private letter ruling, without substantive qualifications, of the IRS, to the effect that a transaction will not affect the Tax-Free Status of the Transactions.

“Suspended Deductions” means the interest deductions of The Hughes Corporation suspended by Section 163(j) of the Code and available for use as of the Effective Date. Such deductions were estimated to be approximately \$406,000,000 as of December 31, 2009. The amount of Suspended Deductions available for use as of the Effective Date will be calculated based on an interim closing of the books and records of The Hughes Corporation as of the close of business on the Effective Date.

“Tax” means (i) all taxes, charges, fees, duties, levies, imposts, or other similar assessments, imposed by any U.S. federal, state or local or foreign governmental authority, including, but not limited to, income, gross receipts, excise, property, sales, use, license, capital stock, transfer, franchise, payroll, withholding, social security, value added and other taxes, (ii) any interest, penalties or additions attributable thereto and (iii) all liabilities in respect of any

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items described in clauses (i) or (ii) payable by reason of assumption, transferee or successor liability, operation of Law or Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof or any analogous or similar provision under Law).

“Tax Attributes” means net operating losses, capital losses, earnings and profits, overall foreign losses, previously taxed income, separate limitation losses, deferred or suspended losses or deductions, foreign tax credits or other tax credits and all other Tax attributes.

“Tax Detriment” shall mean an increase in the Tax liability of a Person for any Taxable Period. Except as otherwise provided in this Agreement, a Tax Detriment shall be deemed to have been realized or suffered from a Tax Item or Items in a taxable period only if and to the extent that the Tax

liability of such Person for such period is greater than it would have been if such Tax liability were determined without regard to such Tax Item.

“Tax-Free Status of the Transactions” means the tax-free treatment accorded to certain of the transactions taken in connection with the Restructuring and the Distribution as set forth in the Private Letter Ruling.

“Tax Group” means any U.S. federal, state, local or foreign affiliated, consolidated, combined, unitary or similar group or fiscal unity that joins in the filing of a single Tax Return.

“Taxing Authority” means any governmental authority or any subdivision, agency, commission or entity thereof or any quasi-governmental or private body having jurisdiction over the assessment, determination, collection or imposition of any Tax (including the IRS).

“Tax Item” shall mean any item of income, gain, loss, deduction, credit, recapture of credit, Tax Attribute, or any other item which may have the effect of increasing or decreasing Taxes paid or payable.

“Tax Matter” has the meaning set forth in Section 8.01(a).

“Tax Package” means all relevant Tax-related information relating to the operations of the GGP Business or the Spinco Business, as applicable, that is reasonably necessary to prepare and file the applicable Tax Return.

“Tax Proceeding” means any audit, assessment of Taxes, pre-filing agreement, other examination by any Taxing Authority, proceeding, appeal of a proceeding or litigation relating to Taxes, whether administrative or judicial, including proceedings relating to competent authority determinations.

“Tax Return” means any return, report, certificate, form or similar statement or document (including any related or supporting information or schedule attached thereto and any information return, or declaration of estimated Tax) supplied to, or filed with, or required to be supplied to, or filed with, a Taxing Authority with respect to Taxes.

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“Treasury Regulations” means the final and temporary (but not proposed) income Tax regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“Unqualified Tax Opinion” means a “will” opinion, without substantive qualifications, of a nationally recognized law firm, which law firm is reasonably acceptable to GGP and Spinco, to the effect that a transaction will not affect the Tax-Free Status of the Transactions.

Section 1.02. Additional Definitions.

- (a) Capitalized terms not defined in this Agreement shall have the meaning ascribed to them in the Separation Agreement.

ARTICLE II

ALLOCATION OF TAX LIABILITIES AND REFUNDS

Section 2.01. Allocation of Tax Liabilities.

(a) Income and Other Taxes.

(i) Except as provided in Section 2.01 (d), GGP shall be liable for all Taxes of GGP Entities for all taxable periods; provided, that Spinco shall be liable for and shall indemnify GGP from and against all Taxes imposed on a GGP Entity pursuant to Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof or any analogous or similar provision under Law) resulting from operations of a Spinco Entity.

(ii) Except as provided in Section 2.01(b), (c) and (d), Spinco shall be liable for all Taxes of Spinco Entities for all taxable periods; provided that (A), notwithstanding any provision of any of the Investment Agreements to the contrary, if Spinco is obligated to pay in cash (after utilization of any available Tax Attributes), in the period ending 36 months after the Effective Date, any MPC Taxes and GGP is not liable for its allocable share of such MPC Taxes pursuant to Section 2.01(b) below as a consequence of the Indemnity Cap, then GGP shall loan to Spinco the amount of such MPC Taxes not payable by GGP as a consequence of the Indemnity Cap (any such loan shall have the terms and conditions described in Section 5.17(g) of the Cornerstone Investment Agreement); and (B) GGP shall be liable for and shall indemnify Spinco from and against Taxes imposed on a Spinco Entity pursuant to Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof or any analogous or similar provision under Law) resulting from operations of a GGP Entity.

(b) MPC Taxes. Notwithstanding any provision of any of the Investment Agreements or any provision of this Agreement or any of the other Transaction Documents to the contrary, GGP shall be liable for 93.75% of any MPC Taxes payable in cash by Spinco or any of its Subsidiaries; provided, however, that, except as provided herein with respect to interest or penalties, GGP’s liability pursuant to this Section 2.01(b) shall be capped at the lesser of (i) \$303,750,000 and (ii) the then effective Excess Surplus Amount (if any) (the applicable amount described in clause (i) or clause (ii) is referred to herein as the “Indemnity Cap”). In the event

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that any Suspended Deductions are utilized by Spinco or any of its Subsidiaries to offset taxable income or gain realized by Spinco or any of its Subsidiaries other than taxable income attributable to sales of MPC Assets sold prior to March 31, 2010, GGP’s current and future liability, if any, pursuant to this Section 2.01(b) shall be reduced by an amount equal to 93.75% of the incremental Taxes that would have been payable in cash by Spinco or any of its Subsidiaries had such Suspended Deductions not been so utilized. In the event that any Tax Attributes other than Suspended Deductions are utilized by Spinco or any of its Subsidiaries to offset and reduce taxable income or gain generated with respect to sales of MPC Assets sold prior to March 31, 2010, GGP shall be

liable for 93.75% of any Income Taxes payable in cash by Spinco or any of its Subsidiaries that would not have been so payable had such Tax Attributes not been so utilized. In addition, notwithstanding any provision of the Investment Agreements or any provision of this Agreement or any of the other Transaction Documents to the contrary, GGP shall also be liable for one hundred percent (100%) of any interest or penalties attributable to any MPC Taxes which interest or penalties accrue with respect to periods ending on or before the date that Spinco assumes control of all Tax Proceedings relating to MPC Taxes pursuant to Section 6.03 (it being understood and agreed by the parties hereto that, for purposes of this Agreement, all penalties are deemed to accrue as of the date that the applicable penalty has been asserted or claimed by the IRS) and GGP's liability for such interest or penalties shall not be limited by or subject to the Indemnity Cap. Spinco shall use commercially reasonable efforts to utilize the Suspended Deductions as expeditiously as possible and will not take any action, the principal purpose of which is, to cause GGP's aggregate liability pursuant to this Section 2.01(b) to be materially greater than it would have been had such action not been taken.

In order to place Spinco and GGP in the same economic position as they would have been had certain post-Effective Date determinations been made as of the Effective Date, the Indemnity Cap shall be re-calculated and adjusted to reflect any such determination using the Adjusted CDND as provided in the Investment Agreements. Additionally, to the extent any promissory note was issued by Spinco in favor of GGP pursuant to Section 2.01(a)(ii), then, in order to place Spinco and GGP in the same economic position as they would have been had the recalculated Indemnity Cap been used for purposes of calculating such note, (i) the principal amount of such note will be reduced based on the new calculation using the Adjusted CDND, and (ii) to the extent applicable, any interest payments made by Spinco to GGP on such note prior to such re-calculation shall be refunded in respect of such reductions and accrued but unpaid interest in respect of such reductions shall be eliminated. Consistent with the foregoing, this Section 2.01(b) shall be retroactively applied using the recalculated Indemnity Cap and any resulting amounts payable thereunder shall be promptly paid by GGP.

(c) Restructuring/Distribution Taxes.

(i) GGP shall be liable for all Restructuring/Distribution Taxes.

(d) Spin-Off Taxes.

(i) GGP shall be liable for any Spin-Off Taxes attributable to a GGP Disqualifying Action.

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(ii) Spinco shall be liable for any Spin-Off Taxes attributable to a Spinco Disqualifying Action.

(iii) Any Spin-Off Taxes that are not the result of a Disqualifying Action shall be allocated between GGP and Spinco according to the GGP Liability Percentage and the Spinco Liability Percentage, respectively.

Section 2.02. Allocation of Refunds.

(a) Except as provided in Section 2.02(b), GGP shall be entitled to all Refunds with respect to Taxes for which GGP is or may be liable pursuant to Article II, and Spinco shall be entitled to all Refunds of Taxes for which Spinco is or may be liable pursuant to Article II. A Party receiving a Refund to which the other Party is entitled pursuant to this Agreement shall pay the amount to which such other Party is entitled (less any costs or Taxes incurred with respect to the receipt thereof) within ten (10) days after the receipt of such Refund.

(b) To the extent that the amount of any Refund under this Section 2.02 is later reduced by a Taxing Authority or a Tax Proceeding, such reduction shall be allocated to the Party to which such Refund was allocated pursuant to this Section 2.02 and an appropriate adjusting payment shall be made.

ARTICLE III

PREPARATION, FILING AND PAYMENT OF TAXES SHOWN DUE ON TAX RETURNS

Section 3.01. Preparation and Filing of Tax Returns. GGP shall prepare and file all Tax Returns of the GGP Group (including Consolidated Returns of the GGP Group) relating to any taxable period and shall pay all Taxes shown to be due and payable on such Tax Returns. Spinco shall prepare and file all Tax Returns of the Spinco Group (including Consolidated Returns of the Spinco Group) relating to any taxable period and shall pay all Taxes shown to be due and payable on such Tax Returns.

Section 3.02. Amended Tax Returns.

(a) Returns Filed by GGP. GGP shall, in its sole discretion, be permitted to amend any Tax Return that a GGP Entity is responsible for filing pursuant to Section 3.01; provided, however, that, unless otherwise required by Law or a Final Determination, GGP shall not amend any such Tax Return to the extent that any such amendment would reasonably be expected to cause a Spinco Entity to experience any Tax Detriment (including through an increase in Taxes or a loss or reduction of a Tax Attribute regardless of whether or when such Tax Attribute otherwise would have been used), without the prior written consent of Spinco, which consent shall not be unreasonably withheld or delayed.

(b) Returns Filed by Spinco. Spinco shall, in its sole discretion, be permitted to amend any Tax Return that a Spinco Entity is responsible for filing pursuant to Section 3.01; provided, however, that, unless otherwise required by Law or a Final Determination, Spinco shall not amend any such Tax Return to the extent that any such amendment would reasonably

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be expected to cause a GGP Entity to experience any Tax Detriment (including through an increase in Taxes or a loss or reduction of a Tax Attribute regardless of whether or when such Tax Attribute otherwise would have been used) without the prior written consent of GGP, which consent shall not be unreasonably withheld or delayed.

Section 3.03. Tax Return Procedures.

(a) Procedures Relating to the Manner of Preparing Tax Returns.

(i) All Tax Returns prepared by GGP that include a member of the Spinco Group or by Spinco that include a member of the GGP Group shall be prepared in accordance with past practices, accounting methods, elections and conventions (“Past Practice”), unless otherwise required by Law or agreed to in writing by Spinco or GGP, as applicable.

(ii) In the event that Past Practice is not applicable to a particular item or matter arising in a Tax Return described in Section 3.03(a)(i), GGP or Spinco, as applicable, shall determine the reporting of such item or matter provided that such reporting is more likely than not to be sustained and provided further that the other Party shall agree as to the reporting of any such item or matter which is not more likely than not to be sustained. The Parties shall attempt in good faith to mutually resolve any disagreements, including by appointing an Accounting Firm pursuant to Section 9.01, regarding such items or matters prior to the Due Date for filing the applicable Tax Return; provided, that the failure to resolve all disagreements prior to such date shall not relieve the Indemnified Party of its obligation to file (or cause to be filed) such Tax Return.

(b) Timing of Tax Return Filing and Payments. All Taxes or Tax Returns required to be paid or filed pursuant to this Article III by either GGP or Spinco to or with an applicable Taxing Authority shall be paid or filed on or before the Due Date for the payment or filing of such Taxes or Tax Returns.

(c) Review of Tax Returns. With respect to any Tax Return including Taxes subject to indemnification pursuant to Article IV, the Indemnified Party preparing such Tax Return shall, at least 10 days prior to the Due Date applicable to such Tax Return, prepare and deliver to the Indemnifying Party a schedule showing in reasonable detail the Indemnified Party’s good faith calculation of any indemnification payments to be made by the Indemnifying Party. The Indemnifying Party shall have the right to review and approve (such approval shall not be unreasonably withheld) such schedule. The Parties shall attempt in good faith to mutually resolve any disagreements, including by appointing an Accounting Firm pursuant to Section 9.01, regarding such schedule prior to the Due Date for filing the applicable Tax Return; provided, however, that the failure to resolve all disagreements prior to such date shall not relieve the Indemnified Party of its obligation to file (or cause to be filed) such Tax Return.

Section 3.04. Expenses. Except as otherwise provided in this Agreement, each Party shall bear its own expenses incurred in connection with this Article III.

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ARTICLE IV

INDEMNIFICATION

Section 4.01. Indemnification by GGP. GGP shall pay, and shall indemnify and hold the Spinco Indemnified Parties harmless from and against, without duplication, (i) all GGP Taxes, (ii) all Taxes incurred by Spinco or any Spinco Entity by reason of the breach by GGP of any of its representations, warranties or covenants hereunder, and (iii) any costs and expenses related to the foregoing (including reasonable attorneys’ fees and expenses).

Section 4.02. Indemnification by Spinco. Spinco shall pay, and shall indemnify and hold the GGP Indemnified Parties harmless from and against, without duplication, (i) all Spinco Taxes, (ii) all Taxes incurred by GGP or any GGP Entity by reason of the breach by Spinco of any of its representations, warranties or covenants hereunder, and (iii) any costs and expenses related to the foregoing (including reasonable attorneys’ fees and expenses).

Section 4.03. Characterization of and Adjustments to Payments. For all Tax purposes, GGP and Spinco agree to treat (i) any payment required by this Article IV (other than payments with respect to interest accruing after the Effective Date) as either a contribution by GGP to Spinco or a distribution by Spinco to GGP, as the case may be, occurring immediately prior to the Effective Date or as a payment of an assumed or retained liability and (ii) any payment of non-federal Taxes by or to a Taxing Authority or any payment of interest as taxable or deductible, as the case may be, to the Party entitled under this Agreement to retain such payment or required under this Agreement to make such payment, in either case except as otherwise required by applicable Law.

Section 4.04. Timing of Indemnification Payments. Indemnification payments in respect of any Liabilities for which an Indemnified Party is entitled to indemnification pursuant to this Article IV shall be paid by the Indemnifying Party to the Indemnified Party (i) with respect to Liabilities requiring a payment to a Taxing Authority, not later than one business day prior to the Due Date of such Liability, and (ii) with respect to any other Liabilities, as such Liabilities are incurred upon demand by the Indemnified Party, including reasonably satisfactory documentation setting forth the basis for the amount of such indemnification payment.

ARTICLE V

CARRYBACKS, AMENDMENTS AND TAX ITEMS

Section 5.01. Carrybacks.

(a) The carryback of any loss, credit or other Tax Attribute from any Post-Closing Period shall be in accordance with the provisions of the Code and Treasury Regulations (and any applicable state, local or foreign Laws).

(b) To the extent permitted by applicable Law, GGP and Spinco shall waive the right to carryback any Tax Attribute of a member of their respective Groups arising in a Post-Closing Period to a Pre-Closing or Straddle Period; provided, however, that (i) GGP and Spinco may carryback any Tax Attribute if such carryback claim is reported on a Separate Return or is

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utilized to offset and reduce the liability for MPC Taxes, (ii) GGP may carryback any Tax Attribute if such carryback claim is reported on a Consolidated Return of the GGP Group, and (iii) Spinco may carryback any Tax Attribute if such carryback claim is reported on a Consolidated Return of the Spinco Group.

(c) In the event that, notwithstanding Section 5.01(b), GGP or Spinco is required to carryback Tax Attributes in order to avoid losing the benefit of such Tax Attributes, the Party responsible for filing the Tax Return on which such carryback claim is reported will cooperate with the other Party in seeking from the appropriate Taxing Authority any Refund that would be allocated to the other Party pursuant to Section 2.02 and that reasonably would result from such carryback (including by filing an amended Tax Return) at the other Party's cost and expense; provided, however, that no Party shall be required or permitted to seek such Refund to the extent that such Refund would reasonably be expected to result in a Tax Detriment to a GGP Entity or a Spinco Entity, as the case may be, (including through an increase in Taxes or a loss or reduction of a Tax Attribute regardless of whether or when such Tax Attribute otherwise would have been used), in each case, without the prior written consent of GGP or Spinco, as applicable, which consent shall not be unreasonably withheld or delayed.

Section 5.02. Tax Items.

(a) Tax Items arising in a Pre-Closing Period shall be allocated to the GGP Group and the Spinco Group in accordance with the Code and Treasury Regulations (and any applicable state, local and foreign Laws) and in accordance with the allocation of Tax Liabilities in Article II. GGP and Spinco shall jointly determine the allocation of such Tax Items arising in Pre-Closing Periods as soon as reasonably practicable following the Effective Date, and hereby agree to compute all Taxes for all Straddle Periods and Post-Closing Periods consistently with that determination unless otherwise required by Law or a Final Determination.

(b) To the extent that the amount of any Tax Item is later reduced or increased by a Taxing Authority or Tax Proceeding, such reduction or increase shall be allocated to or borne by the Party to which such Tax Item was allocated pursuant to Section 5.02(a).

Section 5.03. Treatment of Deductions Associated with Equity-Related Compensation.

(a) To the extent permitted by Law, solely GGP, New GGPI, or a GGP Entity, as the case may be, shall be entitled to claim any Tax deduction associated with the following items:

(i) The exercise of any Spinco stock options or stock appreciation rights by any GGP Employee (as defined below) and the vesting of Spinco restricted stock or the vesting or settlement of Spinco restricted stock units held by any GGP Employee and the payment of any dividends with respect to such Spinco restricted stock.

(ii) The exercise of any GGP or New GGPI stock options or stock appreciation rights by any GGP Employee and the vesting of GGP or New GGPI restricted stock or the vesting or settlement of GGP or New GGPI restricted stock units held by any GGP Employee (and payment of any dividends on such GGP restricted stock).

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(b) To the extent permitted by Law, solely Spinco or a Spinco Entity, as the case may be, shall be entitled to claim any Tax deduction associated with the following items:

(i) The exercise of any GGP or New GGPI stock options or stock appreciation rights by any Spinco Employee (as defined below) and the vesting of GGP or New GGPI restricted stock or the vesting or settlement of GGP or New GGPI restricted stock units held by any Spinco Employee and the payment of any dividends on such restricted stock at any time on or after the first date any Spinco Entity employed such Spinco Employee.

(ii) The exercise of any Spinco stock options or stock appreciation rights by any Spinco Employee and the vesting of Spinco restricted stock or the vesting or settlement of Spinco restricted stock units held by any Spinco Employee and the payment of any dividends with respect to such Spinco restricted stock.

(c) The following terms shall have the following meanings:

(i) **"Spinco Employee"** means any person employed or formerly employed by any Spinco Entity at the time of the exercise, vesting, settlement, disqualifying disposition or payment, as appropriate, unless, at such time, such person is employed by a member of the GGP Group or was more recently employed by a GGP Entity than by a Spinco Entity;

(ii) **"GGP Employee"** means any person employed or formerly employed by any GGP Entity at the time of the exercise, vesting, settlement, disqualifying disposition or payment, as appropriate, unless, at such time, such person is a Spinco Employee.

ARTICLE VI

TAX PROCEEDINGS

Section 6.01. Notification of Tax Proceedings. Within ten (10) days after an Indemnified Party becomes aware of the commencement of a Tax Proceeding that may give rise to Taxes for which an Indemnifying Party is responsible pursuant to Article II, such Indemnified Party shall notify the Indemnifying Party of such Tax Proceeding, and thereafter shall promptly forward or make available to the Indemnifying Party copies of notices and communications relating to such Tax Proceeding. The failure of the Indemnified Party to notify the Indemnifying Party of the commencement of any such Tax Proceeding within such ten (10) day period or promptly forward any further notices or communications shall not relieve the Indemnifying Party of any obligation which it may have to the Indemnified Party under this Agreement except to the extent that the Indemnifying Party is actually prejudiced by such failure.

Section 6.02. Statute of Limitations. Any extension of the statute of limitations for any Taxes or a Tax Return for any Pre-Closing Period or a Straddle Period shall be made by the Party required to file such Tax Return or pay such Taxes to a Taxing Authority; provided that to the extent such Taxes or Tax Return may result in an indemnity payment pursuant to this Agreement by the Party other than the filing Party, the Indemnifying Party may, in its reasonable discretion, require that the filing Party extend the applicable statute of limitations for such period as determined by the Indemnifying Party.

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Section 6.03. Tax Proceeding Procedures Generally. Except as provided herein or in Section 6.04, each Party shall be entitled to contest, compromise and settle any Adjustment proposed, asserted or assessed pursuant to any Tax Proceeding involving a Tax reported (or that, it is asserted, should have been reported) on a Tax Return that such Party is responsible for preparing and filing (or causing to be prepared and filed) pursuant to Article III; provided, however, that (A) GGP shall retain exclusive control over all Tax Proceedings relating to MPC Taxes (whether ongoing as of the date of this Agreement or not) for so long as GGP may be liable under Section 2.01(b) for more than 50% of the total MPC Taxes at issue in the relevant Tax Proceeding, (B) GGP may not enter into any closing, settlement or other similar agreement with any Taxing Authority with respect to Tax Proceedings described in the preceding clause (A) without the prior written consent of Spinco, which consent shall not be unreasonably withheld, (C) GGP shall keep Spinco informed in a timely manner of all actions proposed to be taken by GGP and shall permit Spinco to observe (at its own cost) all proceedings with respect to such Tax Proceedings, (D) GGP shall provide Spinco with written notice reasonably in advance of, and Spinco shall have the right to attend and participate in (at its own cost), any scheduled meetings with any Taxing Authority with respect to such Tax Proceedings and (E) notwithstanding the foregoing, Spinco shall have the right (but not the obligation) to immediately assume control of any and all Tax Proceedings relating to MPC Taxes, at its own cost and expense, if, at any time prior to the conclusion of such Tax Proceeding, the potential liability of GGP for MPC Taxes under the provisions set forth in Section 2.01(b) is less than fifty percent (50%) of the total liability for MPC Taxes at issue in the relevant Tax Proceeding.

Section 6.04. Tax Proceedings in Respect of Indemnified Taxes.

(a) In General. Notwithstanding Section 6.03, if the Party entitled to control a Tax Proceeding is an Indemnified Party, any defense of the Tax Proceeding shall be conducted by such Party diligently and in good faith; provided, however, that the Indemnified Party shall keep the Indemnifying Party informed in a timely manner of all actions proposed to be taken by the Indemnified Party and shall permit the Indemnifying Party to observe (at its own cost) all proceedings with respect to such Tax Proceeding; and provided further, that, if the applicable Tax Proceeding (or any Adjustments proposed or asserted in connection therewith) reasonably would be expected to give rise to an indemnity obligation in excess of \$1 million, in the aggregate, then, unless waived by the Parties in writing, the Indemnified Party shall (a) prepare all correspondence or filings to be submitted to any Taxing Authority or judicial authority in a manner consistent with the Tax Return which is the subject of such Adjustment as filed and timely provide the Indemnifying Party with copies of any such correspondence or filings for the Indemnifying Party's prior review and consent, which consent shall not be unreasonably withheld, (b) provide the Indemnifying Party with written notice reasonably in advance of, and the Indemnifying Party shall have the right to attend and participate in (at its own cost), any formally scheduled meetings with any Taxing Authority or hearings or proceedings before any judicial authority with respect to such Adjustment, (c) not enter into any closing, settlement or other similar agreement with any Taxing Authority with respect to the relevant Tax Proceeding (or any proposed Adjustment) without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld and (d) not contest any proposed or asserted Adjustment before a judicial authority unless (A) such Adjustment (separately or together with other proposed or asserted Adjustments) reasonably would be expected to give rise to Taxes payable by the Indemnified Party in an amount of \$1 million or more, in the aggregate, or (B) the

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Indemnified Party has received an opinion of a nationally recognized law firm that it is more likely than not to prevail on the merits.

(b) Tax Proceedings in Respect of Restructuring/Distribution Taxes and Disqualifying Actions. Notwithstanding Section 6.03, GGP and Spinco shall be entitled to jointly contest, compromise and settle any Adjustment proposed, asserted or assessed pursuant to any Tax Proceeding relating to (i) Restructuring/Distribution Taxes and (ii) any Taxes attributable to a Spinco Disqualifying Action. Notwithstanding Section 6.03, GGP shall be entitled to contest, compromise and settle any Adjustment proposed, asserted or assessed pursuant to any Tax Proceeding relating to any Taxes attributable to a GGP Disqualifying Action and shall defend such Adjustment diligently and in good faith; provided, that, unless waived by the Parties in writing, GGP shall (i) keep Spinco informed in a timely manner of all actions taken or proposed to be taken by GGP, (ii) provide copies of all correspondence or filings to be submitted to any Taxing Authority or judicial authority to Spinco for its prior review and consent, which consent shall not be unreasonably withheld and (iii) provide Spinco with written notice reasonably in advance of, and Spinco shall have the right to attend (at its own cost), any formally scheduled meetings with any Taxing Authority or hearings or proceedings before any judicial authority.

ARTICLE VII

TAX-FREE STATUS OF THE DISTRIBUTION

Section 7.01. Representations and Warranties.

(a) Tax Reporting. Each of GGP and Spinco covenants and agrees that it will not take, and will cause its respective Affiliates to refrain from taking, any position on any Tax Return that is inconsistent with the Tax-Free Status of the Transactions.

(b) Restrictions Relating to the Distribution. Neither GGP nor Spinco shall, nor shall GGP or Spinco permit any GGP Entity or any Spinco Entity, respectively, to, take or fail to take, as applicable, any action that constitutes a Disqualifying Action described in the definitions of GGP Disqualifying Action and Spinco Disqualifying Action, respectively.

(c) Ordinary Course of Business. GGP represents that neither it nor any of its Subsidiaries altered the manner in which they satisfied their respective Tax payment obligations as a result of the pendency of the Restructuring and Distribution.

Section 7.02. Procedures Regarding Opinions and Rulings.

(a) If Spinco notifies GGP that it desires to take one of the actions potentially described in Section 7.01 (a "Notified Action"), GGP shall cooperate with Spinco and use its reasonable best efforts to seek to obtain, as expeditiously as possible, a Supplemental Ruling or an Unqualified Tax Opinion for the purpose of permitting Spinco to take the Notified Action unless GGP shall have waived the requirement to obtain such ruling or opinion. If such a ruling is to be sought, GGP shall apply for such ruling and GGP and Spinco shall jointly control the process of obtaining such ruling. In no event shall GGP be required to file any such request unless Spinco represents that (i) it has read such request, and (ii) all information and

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representations, if any, relating to any member of the Spinco Group, contained in such request documents are (subject to any qualifications therein) true, correct and complete. Spinco shall reimburse GGP for all reasonable costs and expenses incurred by the GGP Group in obtaining a Supplemental Ruling or Unqualified Tax Opinion requested by Spinco within ten (10) days after receiving an invoice from GGP therefor.

(b) GGP shall have the right to obtain a Supplemental Ruling or an Unqualified Tax Opinion at any time in its sole and absolute discretion. If GGP determines to obtain such ruling or opinion, Spinco shall (and shall cause each Spinco Entity to) cooperate with GGP and take any and all actions reasonably requested by GGP in connection with obtaining such ruling or opinion (including by making any representation or reasonable covenant or providing any materials requested by the IRS or the law firm issuing such opinion); provided that Spinco shall not be required to make (or cause a Spinco Entity to make) any representation or covenant that is inconsistent with historical facts or as to future matters or events over which it has no control. In connection with obtaining such ruling, GGP shall apply for such ruling and shall have sole and exclusive control over the process of obtaining such ruling. GGP shall reimburse Spinco for all reasonable costs and expenses incurred by the Spinco Group in obtaining a Supplemental Ruling or Unqualified Tax Opinion requested by GGP.

(c) Except as provided in Sections 7.02(a) and (b), no Spinco Entity shall seek any guidance from the IRS or any other Tax Authority (whether written, verbal or otherwise) at any time concerning the Restructuring or Distribution (including the impact of any transaction on the Restructuring or Distribution).

ARTICLE VIII

COOPERATION

Section 8.01. General Cooperation.

(a) Subject to Section 8.03, the Parties shall each cooperate fully (and each shall cause its respective Subsidiaries to cooperate fully) with all reasonable requests in writing ("Information Request") from another Party hereto, or from an agent, representative or advisor to such Party, in connection with the preparation and filing of Tax Returns (including the preparation of Tax Packages), claims for Refunds, Tax Proceedings, and calculations of amounts required to be paid pursuant to this Agreement, in each case, related or attributable to or arising in connection with Taxes of any of the Parties or their respective Subsidiaries covered by this Agreement and the establishment of any reserve required in connection with any financial reporting (a "Tax Matter"). Such cooperation shall include the provision of any information reasonably necessary or helpful in connection with a Tax Matter ("Information") and shall include, without limitation, at each Party's own cost:

(i) the provision of any Tax Returns of the Parties and their respective Subsidiaries, books, records (including information regarding ownership and Tax basis of property), documentation and other information relating to such Tax Returns, including accompanying schedules, related work papers, and documents relating to rulings or other determinations by Taxing Authorities;

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(ii) the execution of any document (including any power of attorney) in connection with any Tax Proceedings of any of the Parties or their respective Subsidiaries, or the filing of a Tax Return or a Refund claim of the Parties or any of their respective Subsidiaries;

(iii) the use of the Party's reasonable best efforts to obtain any documentation in connection with a Tax Matter; and

(iv) the use of the Party's reasonable best efforts to obtain any Tax Returns (including accompanying schedules, related work papers, and documents), documents, books, records or other information in connection with the filing of any Tax Returns of any of the Parties or their Subsidiaries.

Each Party shall make its employees, advisors, and facilities available, without charge, on a reasonable and mutually convenient basis in connection with the foregoing matters.

(b) Subject to Section 8.03, with respect to any written request by a Party in accordance with the provisions of Section 8.01(a) for access to Information or Representatives of the other Party and members of such other Party's Tax Group in connection with any Tax Return, Tax Proceeding or otherwise in connection with this Agreement:

(i) The responding Party shall (A) make available to the requesting Party the requested Information within the deadline reasonably agreed upon by the Parties (the "Response Deadline"), and (B) following the Response Deadline, promptly (and no later than five (5) days following its discovery of such Information) make available to the requesting Party any other Information it discovers that is within its possession or control which would reasonably be expected to be relevant to the Information Request.

(ii) In the event that the responding Party breaches its obligations under the preceding sentence by (A) failing to respond to the Information Request by the Response Deadline without providing a legitimate reason for such failure that is reasonably satisfactory to the requesting Party (provided, that the provision of Information by the responding Party after the Response Deadline pursuant to paragraph (b)(i)(B) shall not be deemed to be a breach described in this clause (A)) or (B) withholding Information within its possession or control that is material to the Information Request, then the provisions of paragraph (b)(iii) shall apply.

(iii) In the event of a breach described in paragraph (b)(ii)(A) that is not cured within ten (10) days following the Response Deadline or an alleged breach described in Paragraph (b)(ii)(B), the requesting Party shall have the right to engage an independent consulting, accounting or law firm selected in its sole discretion (the "Independent Firm") to access any and all books, records and other documents of the responding Party and any applicable members of such responding Party's group or an agent, representative or advisor of the responding Party (or such members of their relevant group) ("Representative") for purposes of identifying and extracting the Information requested by the requesting Party and the responding Party shall be required to provide to the Independent Firm access to all such books, records and other documents and Representatives; provided, that (x) the Independent Firm shall have executed, for the benefit of both parties, a non-disclosure and confidentiality agreement that

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is in form and substance customary for similar engagements, (y) such access shall be provided by the responding Party only upon at least two (2) days prior written notice and during reasonable business hours, and (z) in the event of a breach described in paragraph (b)(ii)(A) that is not cured within ten (10) days following the Response Deadline or a breach described in paragraph (b)(ii)(B), as determined by the Independent Firm following its extraction of Information pursuant to this sentence, the costs and expenses of the Independent Firm shall be borne by (i) the responding Party in the event of a breach by the responding Party of paragraph (b)(i), or (ii) the requesting Party in the event there has been no breach by the responding Party of paragraph (b)(i).

Section 8.02. Retention of Records. GGP and Spinco shall retain or cause to be retained all Tax Returns, schedules and workpapers, and all material records or other documents relating thereto in their possession, until sixty (60) days after the expiration of the applicable statute of limitations (including any waivers or extensions thereof) of the taxable periods to which such Tax Returns and other documents relate or until the expiration of any additional period that any Party reasonably requests, in writing, with respect to specific material records or documents. A Party intending to destroy any material records or documents shall provide the other Party with reasonable advance notice and the opportunity to copy or take possession of such records and documents. The Parties hereto will notify each other in writing of any waivers or extensions of the applicable statute of limitations that may affect the period for which the foregoing records or other documents must be retained.

Section 8.03. Confidentiality. Notwithstanding any other provision of this Agreement or any other Transaction Document, any information obtained by either Party under this Agreement shall be kept confidential, except as may be necessary in connection with the filing of Tax Returns or claims for Refunds or in connection with any Tax Proceeding or any dispute, proceeding, suit or action concerning any issues or matters addressed in this Agreement, or unless a Party is compelled to disclose information by judicial or administrative process, or, in the opinion of its counsel, by other requirements of Law. Spinco shall not be required to make available to GGP or its representatives any books, records, documents or other information that Spinco reasonably determines to be subject to attorney-client privilege; provided, however, that Spinco shall be required to make available to GGP any information reasonably requested by GGP pursuant to Section 8.01 in connection with the preparation of any Tax Return required to be prepared by GGP pursuant to this Agreement or any Tax Proceeding in connection with such Tax Returns. GGP shall not be required to make available to Spinco or its representatives any books, records, documents or other information that GGP reasonably determines to be subject to attorney-client privilege; provided, however, that GGP shall be required to make available to Spinco any information reasonably requested by Spinco pursuant to Section 8.01 in connection with the preparation of any Tax Return required to be prepared by Spinco pursuant to this Agreement or any Tax Proceeding in connection with such Tax Returns.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Dispute Resolution. Other than as set forth in Section 8.01(b)(iii), with respect to any dispute between the Parties as to any matter covered by this Agreement, the

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Parties shall appoint a nationally recognized independent public accounting firm (the "Accounting Firm") to resolve such dispute. In this regard, the Accounting Firm shall make determinations with respect to the disputed items based solely on representations made by GGP and Spinco and their respective representatives, and not by independent review, and shall function only as an expert and not as an arbitrator and shall be required to make a determination in favor of one Party only. The Parties shall require the Accounting Firm to resolve all disputes no later than thirty (30) days after the submission of such dispute to the Accounting Firm, but in no event later than the Due Date for the payment of Taxes or the filing of the applicable Tax Return, if applicable, and agree that all decisions by the Accounting Firm with respect thereto shall be final and conclusive and binding on the Parties. The Accounting Firm shall resolve all disputes in a manner consistent with this Agreement and, to the extent not inconsistent with this Agreement, in a manner consistent with the Past Practices of GGP and its Subsidiaries, except as otherwise required by applicable Law. The Parties shall require the Accounting Firm to render all determinations in writing and to set forth, in reasonable detail, the basis for such determination. The fees and expenses of the Accounting Firm shall be paid by the non-prevailing Party.

Section 9.02. Tax Sharing Agreements. All Tax sharing, indemnification and similar agreements, written or unwritten, as between a GGP Entity, on the one hand, and a Spinco Entity, on the other (other than this Agreement or any other Transaction Document), shall be or shall have been terminated on or before the Effective Date and, after the Effective Date, no GGP Entity, on the one hand, or Spinco Entity, on the other, shall have any further rights or obligations with respect to each other under any such Tax sharing, indemnification or similar agreement.

Section 9.03. Interest on Late Payments. With respect to any payment between the Parties pursuant to this Agreement not made by the due date set forth in this Agreement for such payment, the outstanding amount will accrue interest at a rate per annum equal to the rate in effect for underpayments under Section 6621 of the Code from such due date to and including the earlier of the ninetieth (90th) day or the payment date and thereafter will accrue interest at a rate per annum equal to 9%.

Section 9.04. Survival of Covenants. Except as otherwise contemplated by this Agreement, all covenants and agreements of the Parties contained in this Agreement shall survive the Effective Date and remain in full force and effect in accordance with their applicable terms, provided, however, that the representations and warranties and all indemnification for Taxes shall survive until sixty (60) days following the expiration of the applicable statute of limitations (taking into account all extensions thereof), if any, of the Tax that gave rise to the indemnification, provided, further, that, in the event that notice for indemnification has been given within the applicable survival period, such indemnification shall survive until such time as such claim is finally resolved.

Section 9.05. Termination. This Agreement may not be terminated except by an agreement in writing signed by each of the Parties to this Agreement.

Section 9.06. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all

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other conditions and provisions of this Agreement shall remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties to this Agreement shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner.

Section 9.07. Entire Agreement. Except as otherwise expressly provided in this Agreement, this Agreement constitutes the entire agreement of the Parties hereto with respect to the subject matter of this Agreement and supersedes all prior agreements and undertakings, both written and oral, between or on behalf of the Parties hereto with respect to the subject matter of this Agreement.

Section 9.08. Assignment; No Third-Party Beneficiaries. This Agreement shall not be assigned by any Party without the prior written consent of the other Party hereto, except that GGP may assign (i) any or all of its rights and obligations under this Agreement to any of its Affiliates and (ii) any or all of its rights and obligations under this Agreement in connection with a sale or disposition of any assets or entities or lines of business of GGP; provided, however, that, in each case, no such assignment shall release GGP from any liability or obligation under this Agreement nor change any of the steps in the Spinoff Plan. Except as provided in Article IV with respect to indemnified Parties, this Agreement is for the sole benefit of the Parties to this Agreement and their respective Subsidiaries and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 9.09. Specific Performance. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party who is or is to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, may be inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by the Parties to this Agreement.

Section 9.10. Amendment. No provision of this Agreement may be amended or modified except by a written instrument signed by the Parties to this Agreement. No waiver by any Party of any provision of this Agreement shall be effective unless explicitly set forth in writing and executed by the Party so waiving. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other subsequent breach.

Section 9.11. Rules of Construction. Interpretation of this Agreement shall be governed by the following rules of construction: (i) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires; (ii) references to the terms Article, Section, paragraph, clause, Exhibit and

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Schedule are references to the Articles, Sections, paragraphs, clauses, exhibits and schedules of this Agreement unless otherwise specified; (iii) the terms “hereof,” “herein,” “hereby,” “hereto,” and derivative or similar words refer to this entire Agreement, including the Schedules and Exhibits hereto; (iv) references to “\$” shall mean U.S. dollars; (v) the word “including” and words of similar import when used in this Agreement shall mean “including without limitation,” unless otherwise specified; (vi) the word “or” shall not be exclusive; (vii) references to “written” or “in writing” include in electronic form; (viii) provisions shall apply, when appropriate, to successive events and transactions; (ix) the table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (x) GGP and Spinco have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or burdening either Party by virtue of the authorship of any of the provisions in this Agreement or any interim drafts of this Agreement; and (xi) a reference to any Person includes such Person’s successors and permitted assigns.

Section 9.12. Counterparts. This Agreement may be executed in one or more counterparts each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or portable document format (PDF) shall be as effective as delivery of a manually executed counterpart of any such Agreement.

Section 9.13. Coordination with the Employee Matters Agreement. To the extent any covenants or agreements between the Parties with respect to employee withholding Taxes are set forth in the Employee Matters Agreement, such Taxes shall be governed exclusively by the Employee Matters Agreement and not by this Agreement.

Section 9.14. Coordination with the Separation Agreement. To the extent any representations, warranties, covenants or agreements between the parties with respect to Taxes or other Tax matters are set forth in this Agreement, such Taxes and other Tax matters shall be governed exclusively by this Agreement and not by the Separation Agreement.

Section 9.15. Effective Date. This Agreement shall become effective only upon the occurrence of the Distribution.

[The remainder of this page is intentionally left blank.]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

GGP, Inc.

By

[name]
[title]

The Howard Hughes Corporation

By

[name]

[title]

Signature page – Tax Matters Agreement

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the “Agreement”) is made as of the [·] day of [], 2010 by and between The Howard Hughes Corporation, a Delaware corporation (the “Company”), and [·] (the “Indemnitee”).

WHEREAS, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself;

WHEREAS, highly competent persons have become more reluctant to serve corporations as directors, officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Company (the “Board of Directors”) has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company’s stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, although the [Amended and Restated] Certificate of Incorporation of the Company (the “Certificate”) and the [Amended and Restated] Bylaws of the Company (the “Bylaws”) require indemnification of the officers and directors of the Company under the circumstances specified therein, and Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (“DGCL”), the Certificate, the Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and authorize the Company to enter into contracts between the Company and members of the board of directors, officers and other persons with respect to indemnification; and

WHEREAS, this Agreement is a supplement to and in furtherance of the Certificate and the Bylaws and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

NOW, THEREFORE, in consideration of Indemnitee’s agreement to serve or continue serving as a director or officer, or both, of the Company after the date hereof, the parties hereto agree as follows:

1. Definitions. For purposes of this Agreement:

(a) “Change in Control” shall mean a change in control of the Company occurring after the date hereof of a nature that would be required to be reported in response to Item 6(e) on Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the “Act”), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, a Change in Control shall include: (i) the acquisition (other than acquisition by or from the Company) after the date hereof by any person, entity or “group,” within the meaning of Section 13(d)(3) or 14(d)(2) of the Act (excluding, for this purpose, the Company or its subsidiaries, any employee benefit plan of the Company or its subsidiaries that acquires beneficial ownership of voting securities of the Company, and any qualified institutional investor that meets the requirements of Rule 13d-1(b)(1) promulgated under the Act) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Act), of 50% or more of either the then-outstanding shares of common stock or the combined voting power of the Company’s then-outstanding capital stock entitled to vote generally in the election of directors; (ii) individuals who, as of the date hereof, constitute the Board of Directors (the “Incumbent Board”) ceasing for any reason to constitute at least a majority of the Board of Directors, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company) shall be, for purposes of this Agreement, considered as though such person were a member of the Incumbent Board; or (iii) approval by the stockholders of the Company of (A) a reorganization, merger or consolidation, in each case, with respect to which persons who were the stockholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged, consolidated or other surviving corporation’s then-outstanding voting securities, (B) a liquidation or dissolution of the Company, or (C) the sale of all or substantially all of the assets of the Company.

(b) “Corporate Status” describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company or of any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in a similar capacity at the written request of the Company.

(c) “Disinterested Director” means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification or advancement is sought by Indemnitee.

(d) “Enterprise” shall mean the Company and any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the written request of the Company as a director, officer, employee, agent or fiduciary.

(e) “Expenses” shall include all reasonable attorneys’ fees, retainers, disbursements of counsel, court costs, filing fees, transcript costs, fees and expenses of experts, witness fees and expenses, travel expenses, duplicating and imaging costs, printing and binding costs, telephone charges, facsimile transmission charges, computer legal research costs, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, as well as all other “expenses” within the meaning of that term as used in Section 145 of the General Corporation Law of the State of Delaware and all other disbursements or expenses of types customarily and reasonably incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, actions, suits, or proceedings similar to or of the same type as the Proceeding with respect to which such disbursements or expenses were incurred; but, notwithstanding anything in the foregoing to the contrary, “Expenses” shall not include amounts of judgments, penalties, or fines actually levied against the Indemnitee in connection with any Proceeding. Expenses also shall include the foregoing incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent.

(f) “Independent Counsel” means a law firm, a member of a law firm or an independent practitioner that is experienced in matters of corporation law and indemnification issues and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

(g) “Proceeding” includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation (including any internal investigation), inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether civil, criminal, administrative or investigative, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of the fact that Indemnitee is or was an officer or director of the Company, by reason of any action taken by Indemnitee or of any inaction on such Indemnitee’s part while acting as an officer or director of the Company, or by reason of the fact that such Indemnitee is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other Enterprise; in each case whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement; including one pending on or before the date of this Agreement, but excluding one initiated by an Indemnitee pursuant to Section 8 of this Agreement to enforce such Indemnitee’s rights under this Agreement.

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(h) References herein to “fines” shall not include any excise tax assessed with respect to any employee benefit plan.

(i) References herein to a director of another Enterprise or a director of an other Enterprise shall include, in the case of any entity that is not managed by a board of directors, such other position, such as manager or trustee or member of the governing body of such entity, that entails responsibility for the management and direction of such entity’s affairs, including, without limitation, the general partner of any partnership (general or limited) and the manager or managing member of any limited liability company.

(j) (i) References herein to serving at the request of the Company as a director, officer, employee, agent, or fiduciary of another Enterprise shall include any service as a director, officer, employee, or agent of the Company that imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan of the Company or any of its affiliates, other than solely as a participant or beneficiary of such a plan; and (ii) if the Indemnitee has acted in good faith and in a manner the Indemnitee reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan, the Indemnitee shall be deemed to have acted in a manner not opposed to the best interests of the Company for purposes of this Agreement.

2. Indemnity of Indemnitee. The Company hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent permitted by applicable law, as such may be amended from time to time. In furtherance of the foregoing indemnification, and without limiting the generality thereof:

(a) Proceedings Other Than Proceedings by or in the Right of the Company. Except as provided in Section 10 hereof, Indemnitee shall be entitled to the rights of indemnification provided in this Section 2(a) if, by reason of Indemnitee’s Corporate Status, the Indemnitee is or was, or is or was threatened to be made, a party to or is otherwise involved in any Proceeding other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 2(a), Indemnitee shall be indemnified against all Expenses, judgments, penalties, fines, liabilities and amounts paid in settlement actually and reasonably incurred by Indemnitee, or on Indemnitee’s behalf, in connection with such Proceeding or any claim, issue or matter therein, but only if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, had no reasonable cause to believe the Indemnitee’s conduct was unlawful.

(b) Proceedings by or in the Right of the Company. Except as provided in Section 10 hereof, Indemnitee shall be entitled to the rights of indemnification provided in this Section 2(b) if, by reason of Indemnitee’s Corporate Status, the Indemnitee is or was, or is or was threatened to be made, a party to or is or was otherwise involved in any Proceeding brought by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 2(b), Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee, or on the Indemnitee’s behalf, in connection with such Proceeding or any claim, issue or matter therein, but only if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company;

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provided, however, if applicable law so provides, no indemnification for such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which the Indemnitee shall have been adjudged liable to the Company unless (and only to the extent that) the Court of Chancery of the State of Delaware or the court in which such Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such Expenses that the Court of Chancery or such other court shall deem proper.

(c) Overriding Right to Indemnification if Successful on the Merits. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is or was, by reason of Indemnitee’s Corporate Status or otherwise, a party to and is or was successful, on the merits or otherwise, in any

Proceeding, he shall be indemnified to the maximum extent permitted by applicable law, as such may be amended from time to time, against all Expenses actually and reasonably incurred by Indemnatee or on Indemnatee's behalf in connection therewith. If Indemnatee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnatee to the maximum extent permitted by applicable law, as such may be amended from time to time, against all Expenses actually and reasonably incurred by Indemnatee or on Indemnatee's behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

3. Additional Indemnity. In addition to, and without regard to any limitations on, the indemnification provided for in Section 2 of this Agreement, the Company shall and hereby does, to the fullest extent permissible under applicable law, indemnify and hold harmless Indemnatee against all Expenses, judgments, penalties, fines, liabilities and amounts paid in settlement actually and reasonably incurred by Indemnatee or on Indemnatee's behalf if, by reason of Indemnatee's Corporate Status, he is, or is threatened to be made, a party to or participant in any Proceeding (including a Proceeding by or in the right of the Company), including, without limitation, all liability arising out of the negligence or active or passive wrongdoing of Indemnatee. The only limitation that shall exist upon the Company's obligations pursuant to this Agreement shall be that the Company shall not be obligated to make any payment to Indemnatee that is finally determined (under the procedures, and subject to the presumptions, set forth in Section 7 and Section 8 hereof) to be unlawful.

4. Contribution.

(a) To the fullest extent permissible under applicable law, whether or not the indemnification provided in Section 2 and Section 3 hereof is available, in respect of any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnatee (or would be if joined in such action, suit or proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such action, suit or proceeding without requiring Indemnatee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have against Indemnatee. The Company shall not enter into any settlement of any action, suit or proceeding in which the Company is jointly liable with Indemnatee (or would be if joined in such action, suit or

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proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnatee.

(b) To the fullest extent permissible under applicable law, without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph, if, for any reason, Indemnatee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnatee (or would be if joined in such action, suit or proceeding), the Company shall contribute to the amount of Expenses, judgments, fines, liabilities and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnatee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company, other than Indemnatee, who are jointly liable with Indemnatee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnatee, on the other hand, from the transaction from which such action, suit or proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company, other than Indemnatee, who are jointly liable with Indemnatee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnatee, on the other hand, in connection with the events that resulted in such Expenses, judgments, fines, liabilities or settlement amounts, as well as any other equitable considerations which the law may require to be considered. The relative fault of the Company and all officers, directors or employees of the Company, other than Indemnatee, who are jointly liable with Indemnatee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnatee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive.

(c) The Company hereby agrees to fully indemnify and hold Indemnatee harmless from any claim of contribution brought by officers, directors or employees of the Company, other than Indemnatee, who may be jointly liable with Indemnatee.

(d) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnatee for any reason whatsoever, the Company, in lieu of indemnifying Indemnatee, shall contribute to the amount incurred by Indemnatee, whether for judgments, fines, liabilities, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as the Board of Directors deems fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company (together with its directors, officers, employees and agents) and Indemnatee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnatee in connection with such event(s) and/or transaction(s).

5. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnatee is or was, by reason of Indemnatee's Corporate Status or otherwise, a witness, or is or was made (or asked) to respond to discovery requests, in

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any Proceeding to which Indemnatee is not a party, he shall be indemnified to the fullest extent permissible under applicable law against all Expenses actually and reasonably incurred by Indemnatee or on Indemnatee's behalf in connection therewith.

6. Advancement of Expenses. Notwithstanding any other provision of this Agreement, but subject to Section 9(e) hereof, the Company shall advance all Expenses incurred by or on behalf of Indemnatee in connection with any Proceeding by reason of Indemnatee's Corporate Status or otherwise within thirty (30) calendar days after the receipt by the Company of a statement or statements from Indemnatee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by or on behalf of Indemnatee and for which advancement is requested, and shall include or be preceded or accompanied by an undertaking by or on behalf of Indemnatee to repay any Expenses advanced if it shall finally be determined (under the procedures, and subject to the presumptions, set forth in Section 7 and Section 8 hereof) that Indemnatee is not entitled to be indemnified against such Expenses. Such undertaking shall be sufficient for purposes of this Section 6 if it is substantially in the form attached hereto as Exhibit A. Any advances and undertakings to repay pursuant to this Section 6 shall be unsecured and interest-free. The Indemnatee shall be entitled to advancement of Expenses as provided in this Section 6 regardless of any determination by or on behalf of the Company that the Indemnatee has not met the standards of conduct set forth in Sections 2(a) and 2(b) hereof.

7. Procedures and Presumptions for Determination of Entitlement to Indemnification. It is the intent of this Agreement to secure for Indemnitee rights of indemnity that are as favorable as may be permitted under the DGCL and public policy of the State of Delaware. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) Indemnitee shall give the Company notice in writing as soon as practicable of any claim made against Indemnitee for which indemnification will or could be sought under this Agreement. To obtain indemnification under this Agreement, the Indemnitee shall submit to the Company a written request for indemnification, including therein or therewith, except to the extent previously provided to the Company in connection with a request or requests for advancement pursuant to Section 6 hereof, a statement or statements reasonably evidencing all Expenses incurred or paid by or on behalf of the Indemnitee and for which indemnification is requested, together with such documentation and information as is reasonably available to Indemnitee and as is reasonably necessary for the Company to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that Indemnitee has requested indemnification. Failure to provide any notice required hereby shall not impair Indemnitee's rights of indemnification and contribution under this Agreement except to the extent that such failure to provide notice actually and materially prejudices the rights of the Company to defend any action or proceeding which is the basis of the claimed indemnification.

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(b) Upon written request by Indemnitee for indemnification pursuant to the second sentence of Section 7(a) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made by the following person or persons, who shall be empowered to make such determination: (i) if a Change in Control shall have occurred, by Independent Counsel (unless Indemnitee shall request in writing that such determination be made by the Board of Directors (or a committee thereof) in the manner provided for in clause (ii) of this Section 7(b)) in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee; or (ii) if a Change of Control shall not have occurred, (A)(1) by Independent Counsel, if Indemnitee shall request in writing that such determination be made by Independent Counsel upon making Indemnitee's request for indemnification pursuant to the second sentence of Section 7(a), (2) by the Board of Directors of the Company, by a majority vote of Disinterested Directors even though less than a quorum, or (3) by a committee of Disinterested Directors designated by majority vote of Disinterested Directors, even though less than a quorum, or (B) if there are no such Disinterested Directors or, even if there are such Disinterested Directors, if the Board of Directors, by the majority vote of Disinterested Directors, so directs, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee.

(c) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 7(b) hereof, the Independent Counsel shall be selected by the Board of Directors and approved by Indemnitee. Upon failure of the Board of Directors to so select, or upon the failure of Indemnitee to so approve, such Independent Counsel within 20 days after submission by Indemnitee of a written request for indemnification pursuant to Section 7(a) hereof, the Independent Counsel shall be selected by the Court of Chancery of the State of Delaware or such other person or body as the Indemnitee and the Company may agree in writing. Such determination of entitlement to indemnification shall be made not later than forty-five (45) days after receipt by the Company of a written request for indemnification. If the person making such determination shall determine that Indemnitee is entitled to indemnification as to part (but not all) of the application for indemnification, such person shall reasonably pro-rate such part of indemnification among such claims, issues or matters. If it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 7(b) hereof, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 7(c), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) In connection with any determination (including a determination by the Court of Chancery of the State of Delaware (or other court of competent jurisdiction)) with respect to entitlement to indemnification hereunder, the burden of proof shall be on the Company to establish that Indemnitee is not entitled to indemnification and any decision that Indemnitee is not entitled to indemnification must be supported by clear and convincing evidence. The failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, or an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall not

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be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(e) In making a determination with respect to whether Indemnitee acted in good faith and in a manner that Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, the person or persons or entity making such determination shall presume that Indemnitee acted in good faith and in a manner that Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and any decision that Indemnitee is not entitled to indemnification must be supported by clear and convincing evidence. In addition, and in no way limiting the provisions of this Section 7, Indemnitee shall be deemed to have acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Enterprise, or with respect to any criminal action or proceeding to have had no reasonable cause to believe Indemnitee's conduct was unlawful, if Indemnitee's action is based on (i) the records or books of account of the Enterprise, (ii) information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, (iii) the advice of legal counsel for the Enterprise or (iv) information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise; provided, however, that any failure by Indemnitee to act on the advice of legal counsel for the Enterprise shall not, in and of itself, constitute grounds for an adverse determination with respect to whether Indemnitee acted in good faith and in a manner that Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

(f) If the person, persons or entity empowered or selected under this Section 7 to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such sixty (60) day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making such determination with respect to

entitlement to indemnification in good faith requires such additional time to obtain or evaluate documentation and/or information relating thereto and so notifies the Indemnitee.

(g) Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Independent Counsel or member of the Board of Directors shall act reasonably and in good faith in making a determination regarding the Indemnitee's entitlement to indemnification under this Agreement. Any costs or expenses (including attorneys' fees and disbursements) incurred by

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Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby agrees to indemnify and hold Indemnitee harmless therefrom.

(h) The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any Proceeding to which Indemnitee is or becomes a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such Proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(i) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification under this Agreement or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

8. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 7 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 6 of this Agreement, (iii) no determination of entitlement to indemnification is made pursuant to Section 7(b) of this Agreement within ninety (90) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to this Agreement within fifty-five (55) days after receipt by the Company of a written request therefor or (v) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 7 of this Agreement, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of Indemnitee's entitlement to such indemnification and/or advancement of Expenses. The Company shall not oppose Indemnitee's right to seek any such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 7(b) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 8 shall be conducted in all respects as a de novo trial on the merits, and Indemnitee shall not be prejudiced by reason of the adverse determination under Section 7(b).

(c) If a determination shall have been made pursuant to Section 7(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 8, absent (i) a

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misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's misstatement not materially misleading in connection with the application for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that (a) the Indemnitee commences a proceeding seeking (1) to establish or enforce the Indemnitee's entitlement to indemnification or advancement pursuant to this Agreement, (2) to otherwise enforce Indemnitee's rights under or to interpret the terms of this Agreement, (3) to recover damages for breach of this Agreement, (4) to establish or enforce Indemnitee's entitlement to indemnification or advancement pursuant to the Certificate or the Bylaws, or (5) to enforce or interpret the terms of any liability insurance policy maintained by the Company (each such proceeding an "Indemnitee Enforcement Proceeding"), or (b) the Company commences a proceeding against the Indemnitee seeking (1) to recover, pursuant to an undertaking or otherwise, amounts previously advanced to Indemnitee, (2) to enforce the Company's rights under or to interpret the terms of this Agreement, or (3) to recover damages for breach of this Agreement (each such proceeding a "Company Enforcement Proceeding" and together with each form of Indemnitee Enforcement Proceeding, an "Enforcement Proceeding"), then the Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company against, any and all Expenses actually and reasonably incurred by or on behalf of such Indemnitee in connection with such Enforcement Proceeding, provided, however, if applicable law so provides, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding on which Indemnitee does not prevail, unless (and only to the extent that) the Court of Chancery of the State of Delaware or the court in which such Proceeding was brought shall determine upon application that, despite the adjudication in respect of such claim, issue or matter but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such Expenses that the Court of Chancery or such other court shall deem proper. The Company also shall be required to advance all Expenses actually and reasonably incurred by or on behalf of the Indemnitee in connection with any Enforcement Proceeding in advance of the final disposition of such Enforcement Proceeding within thirty (30) days after the receipt by the Company of a written request for such advance or advances from time to time, which request shall include or be accompanied by a statement or statements reasonably evidencing the Expenses incurred by or on behalf of the Indemnitee and for which advancement is requested; provided, however, that any such advancement shall be made only after the Company receives an undertaking by or on behalf of the Indemnitee to repay any Expenses so advanced if it shall be finally determined that Indemnitee is not entitled to be indemnified against such Expenses.

(e) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 8 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

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9. Non-Exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate, the Bylaws, any agreement, a vote of stockholders, a resolution of directors or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status or otherwise prior to such amendment, alteration or repeal. To the extent that a change in the DGCL or applicable law, whether by statute or judicial decision, permits greater indemnification or advancement than would be afforded currently under the Certificate, the Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy. Notwithstanding anything in this Agreement to the contrary, the indemnification and contribution provided for in this Agreement will remain in full force and effect regardless of any investigation made by or on behalf of Indemnitee or any of Indemnitee's agents.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents or fiduciaries of the Company or of any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other Enterprise that such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any director, officer, employee, agent or fiduciary under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability or other applicable insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(c) Subject to Section 9(f), except as otherwise agreed between the Company, on the one hand, and Indemnitee or another indemnitor of Indemnitee, on the other, in the event of any payment to or on behalf of the Indemnitee under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers reasonably required and take all action reasonably necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) Subject to Section 9(f), except as otherwise agreed between the Company, on the one hand, and Indemnitee or another indemnitor of Indemnitee, on the other, the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such

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payment under any Company insurance policy, Company contract, Company agreement or otherwise (except to the extent that Indemnitee is required (by court order or otherwise) to return such payment or to surrender it to the Company).

(e) Subject to Section 9(f), except as otherwise agreed between the Company, on the one hand, and Indemnitee or another indemnitor of Indemnitee, on the other, the Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise (except to the extent that Indemnitee is required (by court order or otherwise) to return such payment or to surrender it to the Company).

(f) The Company hereby acknowledges that Indemnitee is serving as a director or officer of the Company at the request of the Company or its Board of Directors. The Company hereby further acknowledges that Indemnitee might have certain rights to indemnification, advancement of Expenses and/or insurance coverage provided by one or more third parties other than the Company and its insurers (collectively, the "Third Party Indemnitors"). The Company hereby agrees that: (i) as between the Company and any Third Party Indemnitor, the Company is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of any Third Party Indemnitor to advance Expenses or to provide indemnification or insurance coverage for the same Expenses or liabilities incurred by Indemnitee are secondary); (ii) it shall be required to advance the full amount of Expenses incurred by or on behalf of Indemnitee and shall be liable for the full amount of all judgments or amounts paid in settlement to the extent legally permitted and as required by the terms of this Agreement, the Certificate or the Bylaws (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against any Third Party Indemnitor; and (iii) it hereby irrevocably and unconditionally waives, relinquishes and releases any and all Third Party Indemnitors from any and all claims against the Third Party Indemnitors (or any of them) for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by any Third Party Indemnitor on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing in any respect and the Third Party Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Third Party Indemnitors are express third party beneficiaries of the terms of this Section 9.

10. Exception to Right of Indemnification. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy, or other indemnity provision or otherwise, except with respect to any

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excess beyond the amount so paid, and except as may otherwise be agreed between the Company, on the one hand, and Indemnitee or another indemnitor of Indemnitee, on the other;

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Act, as amended, or similar provisions of state statutory law or common law; or

(c) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or any of its direct or indirect subsidiaries or the directors, officers, employees or other indemnitees of the Company or its direct or indirect subsidiaries (other than any Proceeding initiated by Indemnitee pursuant to Section 8(d), which shall be governed by the terms of such section), unless (i) the Board of Directors of the Company authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

11. Successors. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives.

12. Security. To the extent requested by Indemnitee and approved by the Board of Directors of the Company, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of the Indemnitee.

13. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumes the obligations imposed on it hereby in order to induce Indemnitee to serve or continue serving as an officer or director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as an officer or director of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

(c) The Company represents that this Agreement has been approved by the Company's Board of Directors.

14. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision hereof. Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnitee

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indemnification rights to the fullest extent permitted by applicable laws. In the event any provision hereof conflicts with any applicable law, such provision shall be deemed modified, consistent with the aforementioned intent, to the extent necessary to resolve such conflict.

15. Modification and Waiver. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

16. Notice By Indemnitee. Indemnitee agrees to promptly notify the Company in writing upon being served with or otherwise receiving any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise unless and only to the extent that such failure or delay materially prejudices the Company.

17. Disclosure of Payments. Except as expressly required by any law, neither party shall publicly disclose any payments under this Agreement unless prior approval of the other party is obtained.

18. Notices. Unless otherwise provided herein, any notice required or permitted under this Agreement shall be deemed effective upon the earlier of (a) actual receipt, or (b) (i) one (1) business day after the date of delivery by confirmed facsimile transmission, (ii) one (1) business day after the business day of deposit with a nationally recognized overnight courier service for next day delivery, freight prepaid, or (iii) three (3) business days after deposit with the United States Post Office for delivery by registered or certified mail, postage prepaid. Any such notice shall be in writing and shall be addressed to the party to be notified at the address indicated for such party indicated on the signature pages or exhibits hereto, as otherwise set forth in this Section 18, or at such other address as such party may designate by ten (10) days' advance written notice to the other parties. All communications shall be sent:

(a) To Indemnitee at the address set forth below Indemnitee's signature hereto;

(b) To the Company at:

The Howard Hughes Corporation
13355 Noel Road, Suite 950
Dallas, TX 75240
Attention: General Counsel
Facsimile: (214) 741-3021

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

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19. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. This Agreement may also be executed and delivered by facsimile or electronic signature.

20. Headings. The headings of the sections and subsections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

21. Governing Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "Delaware Court"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) consent to service of any summons and complaint and any other process that may be served in any action, suit, or proceeding arising out of or relating to this Agreement by mailing by certified or registered mail, with postage prepaid, copies of such process to such party at its address for receiving notice pursuant to Section 18 hereof, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum. Nothing herein shall preclude service of process by any other means permitted by applicable law.

22. Assignment. Neither party hereto may assign this Agreement without the prior written consent of the other party; provided, however, that the Company may assign this Agreement upon a Change in Control.

23. Construction. The parties acknowledge that both parties have contributed to the drafting of this Agreement and, therefore, waive the application of any law, regulation, holding or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INDEMNITEE:

Signature: _____

Name: [-]

Address: [-]

COMPANY:

THE HOWARD HUGHES CORPORATION

By: _____

Name:

Title: Authorized Officer

Address:

[Signature Page to Holdings Indemnification Agreement]

Exhibit A

UNDERTAKING

Reference is hereby made to that certain Indemnification Agreement, by and between The Howard Hughes Corporation, a Delaware corporation (the "Company"), and the undersigned, dated as of [-] (the "Indemnification Agreement"). All initially capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Indemnification Agreement.

Pursuant to the Indemnification Agreement, I, _____, agree to reimburse the Company for all Expenses paid to me or on my behalf by the Company in connection with my involvement in [**name or description of proceeding or proceedings**], in the event, and to the extent, that it shall ultimately be determined (pursuant to the terms of the Indemnification Agreement) that I am not entitled to be indemnified by the Company for such Expenses.

Signature _____

Typed Name _____

) ss:

Before me _____, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument, and who, after being duly sworn, stated that the contents of said instrument is to the best of his/her knowledge and belief true and correct and who acknowledged that he/she executed the same for the purpose and consideration therein expressed.

GIVEN under my hand and official seal at _____, this _____ day of _____, 20 _____.

Notary Public

My commission expires:

WARRANT AGREEMENT

BETWEEN

THE HOWARD HUGHES CORPORATION

AND

MELLON INVESTOR SERVICES LLC,

as WARRANT AGENT

Dated as of November [], 2010

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List of Exhibits

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WARRANT AGREEMENT

WARRANT AGREEMENT, dated as of [INSERT CLOSING DATE], 2010 (together with the Warrants, this “Agreement”), by and between The Howard Hughes Corporation, a Delaware corporation (the “Company”), and Mellon Investor Services LLC, a New Jersey limited liability company (together with its successors and assigns, the “Warrant Agent”).

WITNESSETH:

WHEREAS, the Company is issuing and delivering warrant certificates (the “Warrant Certificates”) evidencing Warrants to purchase up to an aggregate of 8,000,000 shares of its Common Stock, subject to adjustment, including (a) Series A-1 Warrants to purchase 3,833,333 shares of its Common Stock, subject to adjustment, in connection with that certain Amended and Restated Cornerstone Investment Agreement, effective as of March 31, 2010, by and between REP Investments LLC and General Growth Properties, Inc. (“GGP”) (as amended from time to time, the “Investment Agreement”), (b) Series A-2 Warrants to purchase 1,916,667 shares of its Common Stock, subject to adjustment, in connection with that certain Amended and Restated Stock Purchase Agreement, effective as of March 31, 2010, by and between each of The Fairholme Fund and The Fairholme Focused Income Fund (each a “Fairholme Purchaser”, and collectively, the “Fairholme Purchasers”) and GGP (as amended from time to time, the “Fairholme Stock Purchase Agreement”), (c) Series A-2 Warrants to purchase 1,916,667 shares of its Common Stock in connection with that certain Amended and Restated Stock Purchase Agreement, effective as of March 31, 2010, by and between each of Pershing Square, L.P., Pershing Square II, L.P., Pershing Square International, Ltd. and Pershing Square International V, Ltd. (each, a “Pershing Square Purchaser”, collectively, the “Pershing Square Purchasers”) and GGP (as amended from time to time, the “Pershing Square Stock Purchase Agreement” and, together with the Fairholme Stock Purchase Agreement, the “Stock Purchase Agreements”) and (d) Series A-1 Warrants to purchase 333,333 shares of its Common Stock in connection with the Blackstone Purchase Agreements (as defined herein) and those certain designations, dated as of November [], 2010, by and among the Company, Blackstone Real Estate Partners VI L.P. (the “Blackstone Purchaser” and each of the Blackstone

Purchaser, Brookfield Purchaser (as defined herein), the Fairholme Purchasers and Pershing Square Purchasers, a “Purchaser”) and each of Brookfield Retail Holdings LLC (formerly known as REP Investments LLC), the Fairholme Purchasers and the Pershing Square Purchasers (the “Blackstone Designations”) and, together with the Blackstone Purchase Agreements, the “Blackstone Agreements”) pursuant to each of which each Purchaser has agreed to make an equity investment in the Company upon the terms and subject to the conditions specified therein; and

WHEREAS, the Company desires the Warrant Agent to act on behalf of the Company, and the Warrant Agent is willing so to act, in connection with the issuance, transfer, exchange, replacement and exercise of the Warrant Certificates and other matters as provided herein;

NOW, THEREFORE, in consideration of the foregoing and for the purpose of defining the terms and provisions of the Warrants and the respective rights and obligations thereunder of the Company and the record holders of the Warrants, the Company and the Warrant Agent each hereby agree as follows:

1. DEFINITIONS.

As used in this Agreement, the following terms shall have the following meanings:

Affiliate: of any particular Person means any other Person controlling, controlled by or under common control with such particular Person. For the purposes of this definition, (i) “control” means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, contract or otherwise and (ii) none of the Initial Investors or their Affiliates shall be deemed to “control” the Company or any of the Company’s controlled Affiliates prior to such Initial Investor or Affiliate, as applicable, acquiring or becoming part of the acquiring group for purposes of clauses (i) or (ii) or combining with the Company for purposes of clause (iii) of the definition of Change of Control Event.

Announcement Date: the meaning set forth in Section 5.4.

Blackstone Agreements: the meaning set forth in the recitals hereto.

Blackstone B Warrant: means a Warrant (whether held by a Blackstone Investor or by any transferee or any other Person) that was initially issued to a Blackstone Investor pursuant to the Brookfield Purchase Agreement (and the corresponding Blackstone Designation) or its designees in accordance with the last sentence of Section 2.2(a).

Blackstone Designations: the meaning set forth in the recitals hereto.

Blackstone F/P Warrant: means a Warrant (whether held by a Blackstone Investor or by any transferee or any other Person) that was initially issued to a Blackstone Investor pursuant to either the Fairholme Purchase Agreement or the Pershing Purchase Agreement (and the corresponding Blackstone Designations) or its designees in accordance with the last sentence of Section 2.2(a).

Blackstone Investors: means all members, collectively, of the Blackstone Purchaser Group.

Blackstone Purchase Agreements: means, collectively, the Brookfield Purchase Agreement, the Fairholme Purchase Agreement and the Pershing Purchase Agreement.

Blackstone Purchaser: the meaning set forth in the recitals hereto.

Blackstone Purchaser Group: means the Blackstone Purchaser, its investment manager and their respective “controlled Affiliates”. For such purpose, one or more investment funds under common investment management shall constitute “controlled Affiliates” of their investment manager.

Board: the board of directors of the Company.

Brookfield Consortium Member: as defined in the Investment Agreement.

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Brookfield Investors: means, collectively, the Brookfield Consortium Members.

Brookfield Purchase Agreement: means that certain Purchase Agreement, dated as of August 2, 2010, by and between REP Investments LLC and the Blackstone Purchaser.

Brookfield Purchaser: the Purchaser defined in the Investment Agreement.

Brookfield Warrant: means a Warrant (whether held by Brookfield Purchaser or a Brookfield Consortium Member or by any transferee or any other Person) that was initially issued to [Brookfield Purchaser *[Revise as appropriate if the Brookfield warrants are issued to another Brookfield Consortium Member or to BAM, etc.]*] pursuant to the Investment Agreement or its designees in accordance with the last sentence of Section 2.2(a).

Business Day: any day that is not a Saturday, Sunday, or a day on which banks in the states of New York or New Jersey are required or permitted to be closed.

Cash Consideration Ratio: means, in connection with a Mixed Consideration Merger, a fraction, (i) the numerator of which shall be the aggregate Fair Market Value of cash and all other property (other than Public Stock) that holders of Common Stock will receive for each such share of Common Stock in connection with such Mixed Consideration Merger, and (ii) the denominator of which shall be the Fair Market Value of all of the consideration holders of Common Stock will receive for each such share of Common Stock in connection with such Mixed Consideration Merger; provided, that, if the holders of Common Stock have the opportunity to elect the consideration to be received in such Mixed Consideration Merger, the Cash Consideration Ratio shall be determined by reference to the weighted average of the types and amounts of consideration received in such transaction in respect of shares of Common Stock held by holders who are not affiliated with the Company or any entity acquiring the Company.

Cash Redemption Value: the meaning set forth in Section 6.1.

Certificate of Incorporation: the Company's certificate of incorporation (or equivalent organizational document), as amended from time to time.

Change of Control Event: an event or series of events, by which (i) any Person or group of Persons shall have acquired beneficial ownership (within the meaning of Rule 13d-3(a) promulgated by the SEC under the Exchange Act), directly or indirectly, of fifty percent (50%) or more (by voting power) of the outstanding shares of Voting Securities, (ii) all or substantially all of the consolidated assets of the Company are sold, leased (other than leases to tenants in the ordinary course of business), exchanged or transferred to any Person or group of Persons, (iii) the Company is consolidated, merged, amalgamated, reorganized or otherwise enters into a similar transaction in which it is combined with another Person (in each case, other than pursuant to the Plan), unless shares of Common Stock held by holders who are not affiliated with the Company or any entity acquiring the Company remain unchanged or are exchanged for, converted into or constitute solely (except to the extent of applicable appraisal rights or cash received in lieu of fractional shares) the right to receive as consideration Public Stock and the Persons who beneficially own the outstanding Voting Securities of the Company immediately before consummation of the transaction beneficially own a majority (by voting power) of the outstanding Voting Securities of the combined or surviving entity or new parent immediately

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thereafter, (iv) the Company engages in a reclassification or similar transaction pursuant to which shares of Common Stock are converted into the right to receive anything other than Public Stock, or (v) the holders of capital stock of the Company have approved any plan or proposal for the liquidation or dissolution of the Company; provided that with respect to an election by any Holder pursuant to Section 6.1, no event or series of events shall constitute a Change of Control Event if (x) such event or series of events is not approved by a majority of the disinterested directors of the Company and (y) such Holder or any of its Affiliates is the acquiror or part of the acquiring group for purposes of clause (i) or (ii) above or is combined with the Company for purposes of clause (iii) above. For purposes of this definition, a "group" means a group of Persons within the meaning of Rule 13d-5 under the Exchange Act.

Closing Sale Price: as of any date, the last reported per share sales price of a share of Common Stock or the applicable security on such date (or, if no last reported sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices on such date) as reported on the New York Stock Exchange, or if the Common Stock or such other security is not listed on the New York Stock Exchange, as reported by the principal U.S. national or regional securities exchange or quotation system on which the Common Stock or such other security is then listed or quoted; provided, however, that in the absence of such listing or quotations, the Closing Sale Price shall be determined by an Independent Financial Expert appointed for such purpose, using one or more valuation methods that the Independent Financial Expert in its best professional judgment determines to be most appropriate, assuming such Common Stock or securities are fully distributed and are to be sold in an arm's-length transaction and there was no compulsion on the part of any party to such sale to buy or sell and taking into account all relevant factors.

Code: the U.S. Internal Revenue Code of 1986, as amended.

Common Stock: the common stock, par value \$0.01, of the Company.

Company: the meaning set forth in the preamble to this Agreement and its successors and assigns.

Distribution: the meaning set forth in Section 5.2.

Exchange Act: the U.S. Securities Exchange Act of 1934, as amended.

Exercise Date: the meaning set forth in Section 3.4.

Exercise Price: means \$50.00 per share, subject to all adjustments made on or prior to the date of exercise thereof as herein provided.

Expiration Date: the meaning set forth in Section 3.3.

Fairholme Investors: all members, collectively, of the Fairholme Purchaser Group.

Fairholme/Pershing Warrant: means a Warrant (whether held by a Fairholme Investor, Pershing Investor or by any transferee or any other Person) that was initially issued to a

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Fairholme Investor or Pershing Investor pursuant to one of the Stock Purchase Agreements or any of their designees in accordance with the last sentence of Section 2.2(a).

Fairholme Purchase Agreement: means that certain Purchase Agreement, dated as of August 2, 2010, by and between the Fairholme Purchasers and the Blackstone Purchaser.

Fairholme Purchasers: the meaning set forth in the recitals hereto.

Fairholme Purchaser Group: the Purchaser Group defined in the Fairholme Stock Purchase Agreement.

Fairholme Stock Purchase Agreement: the meaning set forth in the recitals hereto.

Fair Market Value:

(i) in the case of shares or securities, the average of the daily volume weighted average prices per share of such shares or securities for the ten consecutive trading days immediately preceding the day as of which Fair Market Value is being determined, as reported on the New York Stock Exchange, or if such shares or securities are not listed on the New York Stock Exchange, as reported by the principal U.S. national or regional securities exchange or quotation

system on which such shares or securities are then listed or quoted; provided, however, if (x) such shares or securities are not listed or quoted on the New York Stock Exchange or any U.S. national or regional securities exchange or quotations system or (y) a transaction impacting such shares or securities makes it unjust or inequitable to value such shares or securities in the manner provided above as reasonably determined in good faith by the Board, then the Fair Market Value of such securities shall be the fair market value per share or unit of such shares or securities as determined by an Independent Financial Expert appointed for such purpose, using one or more valuation methods that the Independent Financial Expert in its best professional judgment determines to be most appropriate, assuming such shares or other securities are fully distributed and are to be sold in an arm's-length transaction and there was no compulsion on the part of any party to such sale to buy or sell and taking into account all relevant factors.

(ii) in the case of cash, the amount thereof.

(iii) in the case of other property, the Fair Market Value of such property shall be the fair market value thereof as determined by an Independent Financial Expert appointed for such purpose, using one or more valuation methods that the Independent Financial Expert in its best professional judgment determines to be most appropriate, assuming such property is to be sold in an arm's-length transaction and there was no compulsion on the part of any party to such sale to buy or sell and taking into account all relevant factors.

Full Physical Settlement: the settlement method with respect to Series A-1 Warrants pursuant to which an exercising Holder shall be entitled to receive from the Company, for each Warrant exercised, a number of shares of Common Stock equal to the Full Physical Share Amount in exchange for payment by the Holder of the aggregate Exercise Price applicable to such Warrant.

Full Physical Share Amount: the meaning set forth in Section 3.4.

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Holders: from time to time, the holders of the Warrants and, unless otherwise provided or indicated herein, the holders of the Warrant Securities, solely in their capacity as such.

Independent Financial Expert: a nationally recognized financial advisory firm mutually agreed by the Company and the Majority Holders. If the Company and the Majority Holders are unable to agree on an Independent Financial Expert for a valuation contemplated herein, each of them shall choose promptly a separate Independent Financial Expert and these two Independent Financial Experts shall choose promptly a third Independent Financial Expert to conduct such valuation.

Initial Investor: means, as applicable, (i) the Fairholme Purchasers, (ii) Pershing Square Capital Management, L.P. and the Pershing Square Purchasers, (iii) the Brookfield Purchaser; provided that, solely for the purposes of this definition, in the event the Brookfield Purchaser is not in existence, the Brookfield Purchaser shall be Brookfield Asset Management Inc. or an Affiliate designated by Brookfield Asset Management Inc and (iv) the Blackstone Purchaser.

Investment Agreement: the meaning set forth in the recitals hereto.

Majority Holders: means at any time Holders of a majority in number of the outstanding Warrants not held by the Company or any of the Company's Affiliates.

Mixed Consideration Merger: means an event described in clause (iii) of the definition of Change of Control Event pursuant to which all of the outstanding shares of Common Stock held by holders who are not affiliated with the Company or any entity acquiring the Company are exchanged for, converted into or constitute solely (except to the extent of applicable appraisal rights or cash received in lieu of fractional shares) the right to receive as consideration a combination of (i) Public Stock and (ii) other securities, cash or other property.

Net Share Amount: the meaning set forth in Section 3.4.

Net Share Settlement: the settlement method for Series A-1 Warrants, if elected in accordance with Section 3.4, and for Series A-2 Warrants pursuant to which an exercising Holder shall be entitled to receive from the Company, for each Warrant exercised, a number of shares of Common Stock equal to the Net Share Amount without any payment therefor.

Organic Change: the meaning set forth in Section 5.5.

Pershing Investors: all members, collectively, of the Pershing Purchaser Group.

Pershing Square Purchasers: the meaning set forth in the recitals hereto.

Pershing Purchase Agreement: means that certain Purchase Agreement, dated as of August 2, 2010, by and between the Pershing Purchasers and the Blackstone Purchaser.

Pershing Purchaser Group: the Purchaser Group defined in the Pershing Stock Purchase Agreement.

Pershing Square Stock Purchase Agreement: the meaning set forth in the recitals hereto.

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Person: any individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust, unincorporated organization or government or any agency or political subdivision thereof.

Plan: the plan of reorganization as contemplated by the Plan Term Sheet attached as Exhibit A to the Investment Agreement and Stock Purchase Agreements.

Preliminary Change of Control Event: with respect to the Company, the first public announcement that describes the economic terms of a transaction that results in a Change of Control Event.

Premium Per Post-Tender Share: the meaning set forth in Section 5.4.

Public Stock: means common stock listed on a recognized U.S. national securities exchange with an aggregate market capitalization (held by non-Affiliates of the issuer) in excess of \$1 billion in Fair Market Value.

Purchaser Group: (a) means with respect to Brookfield Purchaser, the Brookfield Consortium Members, (b) with respect to Fairholme Purchasers, the Fairholme Purchaser Group, (c) with respect to Pershing Square Purchasers, the Pershing Purchaser Group and (d) with respect to the Blackstone Purchaser, the Blackstone Purchaser Group.

Public Stock Merger: means an event described in clause (iii) of the definition of Change of Control Event pursuant to which all of the outstanding shares of Common Stock held by holders who are not affiliated with the Company or any entity acquiring the Company are exchanged for, converted into or constitute solely (except to the extent of applicable appraisal rights or cash received in lieu of fractional shares) the right to receive as consideration Public Stock.

Purchaser: the meaning set forth in the recitals hereto.

Registration Rights Agreements: means those certain registration rights agreements, dated as of November [], 2010, between the Company, and separately, each of (i) the Pershing Investors and [](1), (ii) the Fairholme Investors and (iii) [Brookfield Retail Holdings LLC (formerly known as REP Investments LLC) and any other Brookfield Consortium Members that hold Common Stock](2).

Rule 144: means such rule promulgated under the Securities Act (or any successor provision), as the same shall be amended from time to time.

Sale: the meaning set forth in Section 3.6(a) of this Agreement.

SEC: the U.S. Securities and Exchange Commission.

(1) Blackstone parties to be added once finalized.

(2) To be revised based on actual parties to agreement.

Securities Act: the U.S. Securities Act of 1933, as amended.

Securities Exchange Act: the U.S. Securities Exchange Act of 1934, as amended.

Sell: the meaning set forth in Section 3.6(a) of this Agreement.

Series A-1 Warrants: the Series A-1 Warrants issued by the Company from time to time pursuant to this Agreement.

Series A-2 Warrants: the Series A-2 Warrants issued by the Company from time to time pursuant to this Agreement.

Settlement Date: means, in respect of a Warrant that is exercised hereunder, a reasonable time, not to exceed three Business Days, immediately following the Exercise Date for such Warrant.

Stock Consideration Ratio: means, in connection with a Mixed Consideration Merger, 1 — the Cash Consideration Ratio for such Mixed Consideration Merger.

Stock Dividend: the meaning set forth in Section 5.1.

Stock Purchase Agreements: the meaning set forth in the recitals to this Agreement.

Supermajority Holders: means at any time Holders of two-thirds or greater in number of the outstanding Warrants not held by the Company or any of the Company's Affiliates.

Underlying Common Stock: the shares of Common Stock issuable or issued upon the exercise of the Warrants.

Voting Securities: means any securities of the Company, surviving entity or parent, as applicable, having power generally to vote in the election of directors of the Company, surviving entity or parent, as applicable.

Warrant Agent: the meaning set forth in the preamble to this Agreement.

Warrant Certificates: the meaning set forth in the recitals to this Agreement.

Warrant Registrar: the meaning set forth in Article 7.

Warrant Securities: the meaning set forth in Section 3.6(a).

Warrants: the Series A-1 Warrants and the Series A-2 Warrants.

2.1 Form of Warrant Certificates. The Warrant Certificates shall be in registered form only and substantially in the form attached hereto as Exhibit A-1, with respect to Series A-1 Warrants, and Exhibit A-2, with respect to Series A-2 Warrants, with such appropriate instructions, omissions, substitutions and other variations as are required or permitted by this

Agreement (but which do not affect the rights, duties or responsibilities of the Warrant Agent) shall be dated the date on which countersigned by the Warrant Agent and may have such legends and endorsements typed, stamped, printed, lithographed or engraved thereon as required by the Certificate of Incorporation or as may be required to comply with any law or with any rule or regulation pursuant thereto or with any rule or regulation of any securities exchange on which the Warrants may be listed.

2.2 Execution and Delivery of Warrant Certificates; Vesting.

(a) Simultaneously with the execution of this Agreement, Warrant Certificates evidencing such total number of Warrants to be delivered to each Initial Investor as set forth on Schedule A shall be executed by the Company and delivered to the Warrant Agent for countersignature, by manual or facsimile signature, and the Warrant Agent shall thereupon countersign and deliver such Warrant Certificates to each Initial Investor (or their designee(s) in accordance with the last sentence of this Section 2.2(a)). The Warrant Certificates shall be executed on behalf of the Company by its President or a Vice President, either manually or by facsimile signature printed thereon. Each Initial Investor, in its sole discretion, may designate that some or all of its Warrants and Warrant Certificates be issued in the name of, and delivered to, one or more of the members of its Purchaser Group.

(b) From time to time, the Warrant Agent shall countersign and deliver Warrant Certificates in required denominations to Persons entitled thereto in connection with any transfer or exchange permitted under this Agreement. The Warrant Agent is hereby irrevocably (but subject to Article 9) authorized to countersign and deliver Warrant Certificates as required by Section 2.2, Section 3.4, Article 7, and Section 12.4 or otherwise as provided herein. The Warrant Certificates shall be executed on behalf of the Company by its President or a Vice President, either manually or by facsimile signature printed thereon. The Warrant Certificates shall be countersigned by the Warrant Agent, either manually or by facsimile signature, and shall not be valid for any purpose unless so countersigned. In case any officer of the Company whose signature shall have been placed upon any of the Warrant Certificates shall cease to be such officer of the Company before countersignature by the Warrant Agent and issue and delivery thereof, such Warrant Certificates may, nevertheless, be countersigned by the Warrant Agent, either manually or by facsimile signature printed thereon, and issued and delivered with the same force and effect as though such Person had not ceased to be such officer of the Company

(c) No Warrant Certificate shall be entitled to any benefit under this Agreement or be valid or obligatory for any purpose, and no Warrant evidenced thereby may be exercised, unless such Warrant Certificate has been countersigned by the manual or facsimile signature of the Warrant Agent. Such signature by the Warrant Agent upon any Warrant Certificate executed by the Company shall be conclusive evidence that such Warrant Certificate has been duly issued under the terms of this Agreement.

3. EXERCISE PRICE; EXERCISE OF WARRANTS AND EXPIRATION OF WARRANTS.

3.1 Exercise Price. Each Warrant Certificate shall, when countersigned by the Warrant Agent, entitle the Holder thereof, subject to the provisions of this Agreement, to

purchase, except as provided in Section 3.3 hereof, one share of Common Stock for each Warrant represented thereby, subject to all adjustments made on or prior to the date of exercise thereof, at the applicable Exercise Price.

3.2 Exercise of Warrants. The Warrants shall be exercisable in whole or in part from time to time on any Business Day beginning on the date hereof and ending on the Expiration Date, in the manner provided for herein; provided, that solely with respect to the exercise any time prior to the date that is 180 days prior to the Expiration Date of any Warrant held at the time of exercise by a Fairholme Investor, such Fairholme Investor must have delivered written notice of its intent to exercise such Warrant to the Company 90 days prior to the Exercise Date of such Warrant and no exercise of such Warrant shall be effective until such 90-day period has lapsed.(3)

3.3 Expiration of Warrants. Any unexercised Warrants shall expire and the rights of the Holders of such Warrants to purchase Underlying Common Stock shall terminate at the close of business on November [], 2017 (the "Expiration Date").

3.4 Method of Exercise; Settlement of Warrant. In order to exercise a Warrant, the Holder thereof must (i) surrender the Warrant Certificate evidencing such Warrant to the Warrant Agent, with the form on the reverse of or attached to the Warrant Certificate properly completed and duly executed (the date of the surrender of such Warrant Certificate, the "Exercise Date"), and (ii) with respect to Series A-1 Warrants for which Net Share Settlement is not elected, deliver in full the aggregate Exercise Price then in effect for the shares of Underlying Common Stock as to which a Warrant Certificate is submitted for exercise, not later than the Settlement Date as more fully set forth herein. Full Physical Settlement shall apply to each Series A-1 Warrant unless the Holder elects for Net Share Settlement to apply upon exercise of such Warrant. Only Net Share Settlement shall apply (and shall be automatically deemed to have been irrevocably elected) upon exercise of each Series A-2 Warrant. The election of Net Share Settlement shall be made in the form on the reverse of or attached to the Warrant Certificate for each Series A-1 Warrant.

(a) If Full Physical Settlement is applicable with respect to the exercise of a Warrant, then, for each Series A-1 Warrant exercised hereunder (i) prior to 11:00 a.m., New York City time, on the Settlement Date for such Warrant, the Holder shall pay the aggregate Exercise Price (determined as of such Exercise Date) for the number of shares of Common Stock obtainable upon exercise of such Warrant at such time by federal wire or other immediately available funds payable to the order of the Company to the account maintained by the Warrant Agent and notified to the Holder upon request of the Holder, and (ii) on the Settlement Date, following receipt by the Warrant Agent of such Exercise Price, the Company shall cause to be delivered to the Holder the number of shares of Common Stock obtainable upon exercise of each Series A-1 Warrant at such time (the "Full Physical Share Amount"), together with cash in respect of any fractional shares of Common Stock as provided in Section 3.4(f).

(b) If Net Share Settlement is applicable with respect to the exercise of a Warrant, then, for each Warrant exercised hereunder, on the Settlement Date for such Warrant, the Company shall cause to be delivered to the Holder a number of shares of Common Stock (which in no event will be less than zero) (the “Net Share Amount”) equal to (i) the number of shares of Common Stock issuable upon exercise of such Warrant at such time, multiplied by (ii) the Closing Sale Price on the relevant Exercise Date, minus the Exercise Price (determined as of such Exercise Date), divided by (iii) such Closing Sale Price, together with cash in respect of any fractional shares of Common Stock as provided in Section 3.4(f). The Warrant Agent shall not take any action under this Section unless and until the Company has provided it with written instructions containing the Net Share Amount. The Warrant Agent shall have no duty or obligation to investigate or confirm whether the Company’s determination of the number of the Net Share Amount is accurate or correct.

(c) Upon surrender of a Warrant Certificate to the Warrant Agent in conformity with the foregoing provisions and, in the event of Full Physical Settlement of a Series A-1 Warrant, receipt by the Warrant Agent of the Exercise Price therefor, the Warrant Agent shall thereupon promptly notify the Company, and the Company shall instruct its transfer agent to transfer to the Holder of such Warrant Certificate appropriate evidence of ownership of any shares of Underlying Common Stock or other securities or property to which the Holder is entitled, registered or otherwise placed in, or payable to the order of, such name or names as may be directed in writing by the Holder, and shall deliver such evidence of ownership to the Person or Persons entitled to receive the same, together with cash in respect of any fractional shares of Common Stock as provided in Section 3.4(f), provided that if the Holder shall direct that such securities be registered in a name other than that of the Holder, such direction shall be tendered in conjunction with a signature guarantee by a participant in a Medallion Signature Guarantee Program at a guarantee level acceptable to the Company’s transfer agent, and any other reasonable evidence of authority that may be required by the Warrant Agent. Upon surrender of a Warrant Certificate to the Warrant Agent in conformity with subsection (a) above and, in the event of Full Physical Settlement of a Series A-1 Warrant, receipt by the Warrant Agent of the Exercise Price therefor, a Holder shall be deemed to own and have all of the rights associated with any Underlying Common Stock or other securities or property to which such Holder is entitled pursuant to this Agreement upon the surrender of a Warrant Certificate in accordance with this Agreement.

(d) The Company acknowledges that the bank accounts maintained by the Warrant Agent in connection with its performance under this Agreement shall be in the Warrant Agent’s name and that the Warrant Agent may receive investment earnings in connection with the investment at the Warrant Agent’s risk and for its benefit of funds held in those accounts from time to time. The Warrant Agent shall remit any payments received in connection with the exercise of Warrants to the Company as soon as practicable and in any event within three Business Days by federal wire or other immediately available funds to an account selected by the Company and notified in writing to the Warrant Agent.

(e) If fewer than all the Warrants represented by a Warrant Certificate are surrendered, such Warrant Certificate shall be surrendered and a new Warrant Certificate of the same tenor and for the number of Warrants that were not surrendered shall promptly be executed and delivered to the Warrant Agent by the Company. The Warrant Agent shall promptly

countersign, by either manual or facsimile signature, the new Warrant Certificate, register it in such name or names as may be directed in writing by the Holder and deliver the new Warrant Certificate to the Person or Persons entitled to receive the same.

(f) The Company shall not be required to issue any fraction of a share of Common Stock upon exercise of any Warrants; provided, that, if more than one Warrant shall be exercised hereunder at one time by the same Holder, the number of full shares of Common Stock which shall be issuable upon exercise thereof shall be computed on the basis of all Warrants so exercised, and shall include the aggregation of all fractional shares of Common Stock issuable upon exercise of such Warrants. If after giving effect to the aggregation of all shares of Common Stock (and fractions thereof) issuable upon exercise of Warrants by the same Holder at one time as set forth in the previous sentence, any fraction of a share of Common Stock would, except for the provisions of this Section 3.4(f), be issuable on the exercise of any Warrant or Warrants, the Company shall pay the Holder cash in lieu of such fractional share valued at the Closing Sale Price on the Exercise Date.

3.5 Transferability of Warrants and Common Stock. Except as any Holder may otherwise agree in writing, any Warrants, all rights with respect thereto and any shares of Underlying Common Stock may be sold, transferred or disposed of, in whole or in part, without any requirement of obtaining the consent of the Company to so sell, transfer or dispose of, provided that any such sale, transfer or disposition shall be in accordance with the terms of this Agreement, including, without limitation, Article 7 hereof.

3.6 Compliance with Law. (a) To the extent the Warrants or Common Stock issued upon exercise of the Warrants are “Registrable Securities” under the Registration Rights Agreements (“Warrant Securities”), no Series A-1 Warrant may be exercised using Full Physical Settlement (and the Warrant Agent shall be under no obligation to process any such exercise) and no such Warrant Securities may be sold, transferred, hypothecated, pledged or otherwise disposed of (any such sale, transfer or other disposition, a “Sale”, and the action of making any such sale, transfer or other disposition, to “Sell”), except in compliance with applicable Federal and state securities and other applicable laws and this Section 3.6.

(b) A Holder may exercise its Warrants if it is an “accredited investor” or a “qualified institutional buyer”, as defined in Regulation D and Rule 144A under the Securities Act, respectively, and a Holder may Sell its Warrant Securities to a transferee that is an “accredited investor” or a “qualified institutional buyer”, as such terms are defined in Regulation D and Rule 144A under the Securities Act, respectively, provided that each of the following conditions is satisfied:

(i) such Holder or transferee, as the case may be, provides certification establishing to the reasonable satisfaction of the Company that it is an “accredited investor”;

(ii) such Holder or transferee represents to the Company in writing that it is acquiring the applicable Warrant Securities for its own account and that it is not acquiring such Warrant Securities with a view to, or for offer or Sale in connection with, any distribution thereof (within the meaning of the Securities Act) that would be in

violation of the securities laws of the United States or any applicable state thereof, but subject, nevertheless, to the disposition of its property being at all times within its control;

(iii) such Holder or transferee agrees to be bound by the provisions of this Section 3.6 with respect to any exercise of the Warrants and any Sale of the Warrant Securities; and

(iv) such Holder or transferee represents and warrants in writing to the Company that the Holder or transferee has sufficient knowledge and experience in investment transactions of this type to evaluate the merits and risks of its exercise or purchases, as applicable.

(c) A Holder may exercise its Warrants and may Sell its Warrant Securities in accordance with Regulation S under the Securities Act.

(d) A Holder may exercise its Warrants and may Sell its Warrant Securities if:

(i) such Holder gives written notice to the Company of its intention to exercise or effect such Sale, which notice shall describe the manner and circumstances of the proposed transaction in reasonable detail;

(ii) such notice includes a customary opinion from internal or external counsel to the Holder to the effect that, in either case, such proposed exercise or Sale may be effected without registration under the Securities Act or under applicable blue sky laws; and

(iii) such Holder or transferee complies with Sections 3.6(b)(ii), 3.6(b)(iii), and 3.6(b)(iv).

(e) subject to Section 12.5, each certificate representing Warrant Securities shall bear the following legend:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED UNDER APPLICABLE STATE SECURITIES LAWS. SUCH SECURITIES MAY BE OFFERED, SOLD OR TRANSFERRED ONLY IN COMPLIANCE WITH THE REQUIREMENTS OF SUCH ACT AND OF ANY APPLICABLE STATE SECURITIES LAWS AND SUBJECT TO THE PROVISIONS OF THE WARRANT AGREEMENT DATED AS OF NOVEMBER [], 2010 BETWEEN THE HOWARD HUGHES CORPORATION (THE "COMPANY"), AND MELLON INVESTOR SERVICES LLC, AS WARRANT AGENT. A COPY OF SUCH WARRANT AGREEMENT IS AVAILABLE AT THE OFFICES OF THE COMPANY.

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(f) [Intentionally omitted.]

(g) the provisions of Section 3.6 shall not apply to, and any Holder may exercise its Warrants or may Sell its Warrant Securities:

(i) in a transaction that is registered under the Securities Act; and

(ii) in a transaction pursuant to Rule 144 of the Exchange Act; and

(iii) in a transaction following receipt of a legal opinion of counsel to a Holder that the applicable Warrant Securities are eligible for resale by the Holder without volume limitations or other limitations under Rule 144; and

(iv) with respect to an exercise of a Warrant, in an exercise using Net Share Settlement.

(h) The Warrant Agent shall not take any action with respect to a Sale of Warrant Securities under this Section 3.6 unless and until it has received appropriate instructions from the Company and a certification of compliance with these provisions from the Company.

4. REGISTRATION RIGHTS.

4.1 Rule 144 Reporting. With a view to making available to the Holders the benefits of certain rules and regulations of the SEC which may permit the sale of the Warrant Securities to the public without registration, the Company agrees, so long as it is subject to the periodic reporting requirements of the Securities Act, to use its reasonable best efforts to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144(c)(1) or any similar or analogous rule promulgated under the Securities Act, at all times after the effective date of this Agreement;

(b) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act; and

(c) so long as the Holders own any Warrant Securities, furnish to such Holders forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act, and of the Exchange Act; and such other reports and documents as any Initial Investor or Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities without registration.

4.2 Obtaining Exchange Listing. The Company will file a listing application for listing on the exchange on which the then outstanding Common Stock is listed with respect to the Underlying Common Stock as soon as practicable after the date hereof. The Company shall use reasonable best efforts to list the Warrants, and maintain such listing, on such exchange or, if not possible, another U.S. national securities exchange, in connection with any proposed underwritten distribution of the Warrants that meets the applicable listing criteria. A copy of any opinion of counsel accompanying a listing application by the Company with respect to the

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Underlying Common Stock or Warrants shall be furnished to the Warrant Agent, together with a letter to the effect that the Warrant Agent may rely on the statements made in such opinion.

4.3 The Warrant Agent. The Warrant Agent shall have no duties or obligations under the Registration Rights Agreements and shall have no duty to monitor or enforce the Company's compliance with this Article 4 or the Registration Rights Agreements.

5. ADJUSTMENTS AND OTHER RIGHTS.

5.1 Stock Dividend; Subdivision or Combination of Common Stock. If the Company at any time issues to holders of the Common Stock a dividend payable solely in, or other distribution solely of, Common Stock (a "Stock Dividend"), the Exercise Price in effect at the close of business on the record date for such dividend or distribution shall be reduced immediately thereafter to the price determined by multiplying such Exercise Price by the quotient of (x) the number of shares of Common Stock outstanding at the close of business on such record date divided by (y) the sum of such number of shares and the total number of shares constituting such dividend or other distribution. If the Company at any time subdivides or combines (by stock split, reverse stock split, recapitalization or otherwise) the outstanding Common Stock into a greater or smaller number of shares, the Exercise Price in effect immediately prior to the time of effectiveness of such subdivision or combination shall be adjusted at such time of effectiveness to the price determined by multiplying such Exercise Price by the quotient of (x) the number of shares of Common Stock outstanding immediately prior to such time of effectiveness divided by (y) the number of shares of Common Stock outstanding at the time of effectiveness of and after giving effect to such subdivision or combination. In any such event referred to in this Section 5.1, the number of shares of Common Stock issuable upon exercise of each Warrant as in effect immediately prior to the Exercise Price adjustment contemplated by the foregoing shall be adjusted immediately thereafter to the amount determined by multiplying such number by the quotient of (x) the Exercise Price in effect immediately prior to such Exercise Price adjustment divided by (y) the Exercise Price determined in accordance with such Exercise Price adjustment.

5.2 Other Dividends and Distributions. If at any time or from time to time prior to the exercise of any Warrant the Company shall fix a record date for the making of a dividend or other distribution (other than (i) as contemplated by Section 5.5, (ii) a Stock Dividend covered by Section 5.1 or (iii) a distribution of rights or warrants covered by Section 5.3), to the holders of its Common Stock (collectively, a "Distribution") of:

(A) any evidences of its indebtedness, any shares of its capital stock or any other securities or property of any nature whatsoever (including cash); or

(B) any options, warrants or other rights to subscribe for or purchase any of the following: any evidences of its indebtedness, any shares of its capital stock or any other securities or property of any nature whatsoever;

then, in each such case, the Exercise Price in effect immediately prior to the close of business on such record date shall be reduced immediately thereafter to the price determined by multiplying such Exercise Price by the quotient of (x) the Fair Market Value of the Common Stock on the

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last trading day immediately preceding the first date on which the Common Stock trades regular way on the principal national securities exchange on which the Common Stock is listed or admitted to trading without the right to receive such Distribution, minus the amount of cash and/or the Fair Market Value of the securities, evidences of indebtedness, assets, rights or warrants to be so distributed in respect of one share of Common Stock divided by (y) the Fair Market Value of the Common Stock on the last trading day immediately preceding the first date on which the Common Stock trades regular way on the principal national securities exchange on which the Common Stock is listed or admitted to trading without the right to receive such Distribution; such adjustment shall be made successively whenever such a record date is fixed. In such event, the number of shares of Common Stock issuable upon the exercise of each Warrant as in effect immediately prior to the close of business on such record date shall be increased immediately thereafter to the amount determined by multiplying such number by the quotient of (x) the Exercise Price in effect immediately prior to the adjustment contemplated by the immediately preceding sentence divided by (y) the new Exercise Price determined in accordance with the immediately preceding sentence. If the Distribution includes Common Stock as well as other items of the sort referred to in Section 5.2(A) or (B), then instead of adjusting for the entire Distribution under this Section 5.2 the Common Stock portion shall be treated as a Stock Dividend that triggers an adjustment to the Exercise Price and number of shares of Common Stock obtainable upon exercise of each Warrant under Section 5.1 and the other items in the Distribution shall trigger a further adjustment to such adjusted Exercise Price and number of shares under this Section 5.2. In the event that such Distribution is not so made, the Exercise Price and the number of shares of Common Stock issuable upon exercise of each Warrant then in effect shall be readjusted, effective as of the date when the Board determines not to distribute such shares, evidences of indebtedness, assets, rights, cash or warrants, as the case may be, to the Exercise Price that would then be in effect and the number of Shares that would then be issuable upon exercise of this Warrant if such record date had not been fixed.

5.3 Rights Offerings. If at any time the Company shall distribute rights or warrants to all or substantially all holders of its Common Stock entitling them, for a period of not more than 45 days, to subscribe for or purchase shares of Common Stock at a price per share less than the Fair Market Value of the Common Stock on the last trading day preceding the date on which the Board declares such distribution of rights or warrants, the Exercise Price in effect immediately prior to the close of business on the record date for such distribution shall be reduced immediately thereafter to the price determined by multiplying such Exercise Price by the quotient of (x) the number of shares of Common Stock outstanding at the close of business on such record date plus the number of shares of Common Stock which the aggregate of the offering price of the total number of shares of Common Stock so offered for subscription or purchase would purchase at such Fair Market Value divided by (y) the number of shares of Common Stock outstanding at the close of business on such record date plus the number of shares of Common Stock so offered for subscription or purchase. In such event, the number of shares of Common Stock issuable upon the exercise of each Warrant as in effect immediately prior to the close of business on such record date shall be increased immediately thereafter to the amount determined by multiplying such number by the quotient of (x) the Exercise Price in effect immediately prior to the adjustment contemplated by the immediately preceding sentence divided by (y) the new Exercise Price determined in accordance with the immediately preceding sentence. In case any rights or warrants referred to in this Section 5.3 in respect of which an adjustment shall have been made shall expire unexercised and any shares that would have been

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underlying such rights or warrants shall not have been allocated pursuant to any backstop commitment or any similar arrangement, the Exercise Price and the number of shares of Common Stock issuable upon exercise of each Warrant then in effect shall be readjusted at the time of such expiration to the Exercise Price that would then be in effect and the number of Shares that would then be issuable upon exercise of each Warrant if no adjustment had been made on account of such expired rights or warrants.

5.4 Issuer Tender or Exchange Offers. If the Company or any subsidiary of the Company shall consummate a tender or exchange offer for all or any portion of the Common Stock for a consideration per share with a Fair Market Value greater than the Fair Market Value of the Common Stock on the date such tender or exchange offer is first publicly announced (the “Announcement Date”), the Exercise Price in effect immediately prior to the expiration date for such tender or exchange offer shall be reduced immediately thereafter to the price determined by multiplying such Exercise Price by the quotient of (x) the Fair Market Value of the Common Stock on the Announcement Date minus the Premium Per Post-Tender Share divided by (y) the Fair Market Value of the Common Stock on the Announcement Date. In such event, the number of shares of Common Stock issuable upon the exercise of each Warrant as in effect immediately prior to such expiration date shall be increased immediately thereafter to the amount determined by multiplying such number by the quotient of (x) the Exercise Price in effect immediately prior to the adjustment contemplated by the immediately preceding sentence divided by (y) the new Exercise Price determined in accordance with the immediately preceding sentence. As used in this Section 5.4 with respect to any tender or exchange offer, “Premium Per Post-Tender Share” means the quotient of (x) the amount by which the aggregate Fair Market Value of the consideration paid in such tender or exchange offer exceeds the aggregate Fair Market Value on the Announcement Date of the shares of Common Stock purchased therein divided by (y) the number of shares of Common Stock outstanding at the close of business on the expiration date for such tender or exchange offer (after giving pro forma effect to the purchase of shares being purchased in the tender or exchange offer).

5.5 Reorganization, Reclassification, Consolidation, Merger or Sale. Any recapitalization, reorganization, reclassification, consolidation, merger, sale of all or substantially all of the Company’s assets or other transaction, which in each case is effected in such a way that the shares of Common Stock are converted into the right to receive (either directly or upon subsequent liquidation) stock, securities, other equity interests or assets (including cash) with respect to or in exchange for shares of Common Stock is referred to herein as “Organic Change.” Prior to the consummation of any Organic Change, the Company shall make appropriate provision to ensure that each of the Holders shall thereafter have the right to acquire and receive, in lieu of or in addition to (as the case may be) the Common Stock immediately theretofore acquirable and receivable upon the exercise of such Holder’s Warrants, (x) in the case of a Mixed Consideration Merger, the Public Stock issued in such Mixed Consideration Merger and (y) in the case of any other Organic Change, such stock, securities, other equity interests or assets, in each case as may be issued or payable in connection with the Organic Change with respect to or in exchange for the number of shares of Common Stock immediately theretofore acquirable and receivable upon exercise of such Holder’s Warrants, for an aggregate Exercise Price per Warrant equal to (i) in the case of a Mixed Consideration Merger, the aggregate Exercise Price per Warrant as in effect immediately prior to such Mixed Consideration Merger times the Stock Consideration Ratio and (ii) in the case of any other Organic Change, the

aggregate Exercise Price per Warrant as in effect immediately prior to such Organic Change. In any such case, the Company shall make appropriate provision to insure that all of the provisions of the Warrants shall thereafter be applicable to such stock, securities, other equity interests or assets. The Company shall not effect any such consolidation, merger or sale of all or substantially all of the Company’s assets where the Warrants will be assumed by the successor entity, unless prior to the consummation thereof, the successor entity (if other than the Company) resulting from consolidation or merger or the entity purchasing such assets assumes by written instrument the obligation to deliver to each such Holder upon exercise of any Warrant, such stock, securities, equity interests or assets (including cash) as, in accordance with Article 5, such Holder may be entitled to acquire. This Section 5.5 shall not apply to any Warrants or Common Stock redeemed or sold in connection with any Organic Change pursuant to Section 6.1, Section 6.2(b), Section 6.3(a)(i) and Section 6.3(b), provided that, for the avoidance of doubt, the adjustments set forth in this Section 5.5 shall be applicable to any Warrants that remain outstanding pursuant to this Agreement in connection with a Public Stock Merger or Mixed Consideration Merger (including any adjustment applicable in connection with such Public Stock Merger or Mixed Consideration Merger).

5.6 Other Adjustments. The Board shall make appropriate adjustments to the amount of cash or number of shares of Common Stock, as the case may be, due upon exercise of the Warrants, as may be necessary or appropriate to effectuate the intent of this Article 5 and to avoid unjust or inequitable results as determined in its reasonable good faith judgment, in each case to account for any adjustment to the Exercise Price and the number of shares purchasable on exercise of Warrants for the relevant Warrant Certificate that becomes effective, or any event requiring an adjustment to the Exercise Price and the number of shares purchasable on exercise of Warrants for the relevant Warrant Certificate where the record date or effective date (in the case of a subdivision or combination of the Common Stock) of the event occurs, during the period beginning on, and including, the Exercise Date and ending on, and including, the related Settlement Date.

5.7 Notice of Adjustment. Whenever the number of shares of Common Stock issuable upon the exercise of each Warrant is adjusted, as herein provided, the Company shall cause the Warrant Agent promptly to mail by first class mail, postage prepaid, to each Holder notice of such adjustment or adjustments and shall promptly deliver to the Warrant Agent a certificate of a firm of independent public accountants selected by the Board (who may be the regular accountants employed by the Company) setting forth the number of shares of Common Stock issuable upon the exercise of each Warrant after such adjustment, setting forth a brief statement in reasonable detail of the facts requiring such adjustment and setting forth the computation by which such adjustment was made. The Warrant Agent shall be fully protected in relying on such certificate, and on any adjustment contained therein, and shall not be deemed to have any knowledge of such adjustment unless and until it shall have received such certificate, and shall be under no duty or responsibility with respect to any such certificate, except to exhibit the same from time to time, to any Holder desiring an inspection thereof during reasonable business hours. The Warrant Agent shall not at any time be under any duty or responsibility to any Holders to determine whether any facts exist that may require any adjustment of the number of shares of Common Stock or other stock or property issuable on exercise of the Warrants, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making such adjustment or the validity or value (or the kind or amount) of

any shares of Common Stock or other stock or property which may be issuable on exercise of the Warrants, or to investigate or confirm whether the information contained in the above referenced certificate complies with the terms of this Agreement or any other document. The Warrant Agent shall not be responsible for any failure of the Company to make any cash payment or to issue, transfer or deliver any shares of Common Stock or security instruments or other securities or properties upon the exercise of any Warrant.

6. CHANGE OF CONTROL.

6.1 Redemption in Connection with a Change of Control Event. Upon the occurrence of a Change of Control Event (other than a Public Stock Merger or Mixed Consideration Merger), at the election of each Holder in its sole discretion by written notice to the Company or the successor to the Company on or prior to the Exercise Date, the Company shall pay to such Holder of outstanding Warrants as of the date of such Change of Control Event, an amount in immediately available funds equal to the Cash Redemption Value for such Warrants, not later than the date which is ten (10) Business Days after such Change

of Control Event and the Warrants shall thereafter be extinguished. For purposes of this Section 6.1, the Exercise Date shall mean (a) if the Company entered into a definitive agreement with respect to a Change of Control Event and has provided to the Holders notice of the date on which the Change in Control Event will become effective at least twenty (20) Business Days prior to the effectiveness of such event, the tenth (10th) Business Day prior to such event and (b) otherwise, the fifth (5th) Business Day following the effectiveness of the Change of Control Event. The “Cash Redemption Value” for any Warrant will equal the fair value of the Warrant as of the date of such Change of Control Event as determined by an Independent Financial Expert, by employing a valuation based on a computation of the option value of each Warrant using the calculation methods and making the assumptions set forth in Exhibit C. The Cash Redemption Value of the Warrants shall be due and payable within ten (10) Business Days after the date of the applicable Change of Control Event. If a Holder of Warrants does not elect to receive the Cash Redemption Value for such Holder’s Warrants as provided by this Section 6.1, such Warrants will remain outstanding as adjusted pursuant to the provisions of Article 5 hereof.

6.2 Public Stock Merger. (a) In connection with a Public Stock Merger, the Company may by written notice to the Holders not less than ten (10) Business Days prior to the effective date of such Public Stock Merger elect to have all the unexercised Warrants remain outstanding after the Public Stock Merger, in which case the Warrants will remain outstanding as adjusted pursuant to Section 5.5 and the other provisions of Article 5 hereof.

(b) In the case of any Public Stock Merger with respect to which the Company does not make a timely election as contemplated by Section 6.2(a) above, the Company shall pay within five (5) Business Days after the effective date of such Public Stock Merger, to the Warrant Agent on behalf of each Holder of outstanding Warrants as of the effective date of such Public Stock Merger, an amount in cash in immediately available funds equal to the Cash Redemption Value for such Warrants determined in accordance with Section 6.1 and the Warrants shall be terminated and extinguished.

6.3 Mixed Consideration Merger. (a) In connection with a Mixed Consideration Merger, the Company may by written notice to the Holders not less than ten (10) Business Days

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prior to the effective date of such Mixed Consideration Merger elect the following treatment with respect to each outstanding Warrant: (i) pay to the Holder of such Warrant as of the date of such Mixed Consideration Merger the product of the Cash Consideration Ratio multiplied by the Cash Redemption Value for such Warrant, which amount shall be paid in immediately available funds, not later than the date which is ten (10) Business Days after such Mixed Consideration Merger and (ii) the Warrant shall remain outstanding after the Mixed Consideration Merger, as further adjusted pursuant to Section 5.5 and the other provisions of Article 5. The portion of the Cash Redemption Value of the Warrants payable pursuant to clause (i) of this Section 6.3(a) shall be due and payable not later than the tenth (10th) Business Day after the date of the Mixed Consideration Merger.

(b) In the case of any Mixed Consideration Merger with respect to which the Company does not make a timely election as contemplated by Section 6.3(a) above, the Company shall pay, within ten (10) Business Days after the effective date of such Mixed Consideration Merger, to the Warrant Agent on behalf of each Holder of outstanding Warrants as of the effective date of such Mixed Consideration Merger, an amount in cash in immediately available funds equal to the Cash Redemption Value for such Warrants determined in accordance with Section 6.1 and the Warrants shall be terminated and extinguished.

6.4 The Warrant Agent. The Warrant Agent shall have no duty or obligation to make any of the payments required under this Article 6 unless and until it has been provided with available cash.

7. **WARRANT TRANSFER BOOKS.**

The Warrant Certificates shall be issued in registered form only. The Company shall cause to be kept at the office of the Warrant Agent designated for such purpose a register in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Warrant Certificates and of transfers or exchanges of Warrant Certificates as herein provided (the “Warrant Register”).

At the option of the Holder, Warrant Certificates may be exchanged at such office, and upon payment of the charges hereinafter provided. Whenever any Warrant Certificates are so surrendered for exchange, the Company shall execute, and the Warrant Agent shall countersign, by manual or facsimile signature, and deliver, the Warrant Certificates that the Holder making the exchange is entitled to receive.

All Warrant Certificates issued upon any registration of transfer or exchange of Warrant Certificates shall be the valid obligations of the Company, evidencing the same obligations, and entitled to the same benefits under this Agreement, as the Warrant Certificates surrendered for such registration of transfer or exchange.

Every Warrant Certificate surrendered for registration of transfer or exchange shall (if so required by the Company or the Warrant Agent) be duly endorsed, or be accompanied by a written instrument of transfer in the form attached hereto as Exhibit B or otherwise satisfactory to the Warrant Agent, properly completed and duly executed by the Holder thereof or his attorney duly authorized in writing. Until a Warrant Certificate is transferred in the Warrant

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Register, the Company and the Warrant Agent may treat the person in whose name the Warrant Certificate is registered as the absolute owner thereof and of the Warrants represented thereby for all purposes, notwithstanding any notice to the contrary. Neither the Company nor the Warrant Agent will be liable or responsible for any registration or transfer of any Warrants that are registered or to be registered in the name of a fiduciary or the nominee of a fiduciary.

No service charge shall be made to a Holder for any registration of transfer or exchange of Warrant Certificates. The Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Warrant Certificates. The Warrant Agent shall have no duty under this Section or any Section of this Agreement requiring the payment of taxes and other governmental charges unless and until it is satisfied that all such taxes and/or governmental charges have been paid. The Warrant Agent shall be deemed satisfied if it receives a certificate from the Company stating that all required taxes and governmental charges have been paid.

8. **WARRANT HOLDERS.**

8.1 No Voting Rights. Prior to the exercise of Warrants and full payment of the Exercise Price thereof, or in the event of Net Share Settlement, prior to the election of a Holder for Net Share Settlement in accordance with the terms of this Agreement, no Holder of a Warrant Certificate, in respect of such Warrants, shall be entitled to any rights of a stockholder of the Company, including, without limitation, the right to vote, to consent, to exercise any preemptive right (except as otherwise agreed in writing by the Company, including the subscription rights set forth in the Investment Agreement and the Stock Purchase Agreements), to receive any notice of meetings of stockholders for the election of directors of the Company or any other matter or to receive any notice of any proceedings of the Company.

8.2 Right of Action. All rights of action in respect of this Agreement are vested in the Holders of the Warrants, and any Holder of Warrants, without the consent of the Warrant Agent or the Holder of any other Warrant, may, on such Holder's own behalf and for such Holder's own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company suitable to enforce, or otherwise in respect of, such Holder's right to exercise or exchange such Holder's Warrants in the manner provided in this Agreement or any other obligation of the Company under this Agreement.

9. WARRANT AGENT

9.1 Nature of Duties and Responsibilities Assumed. The Company hereby appoints the Warrant Agent to act as agent of the Company as expressly set forth in this Agreement. The Warrant Agent hereby accepts such appointment as agent of the Company and agrees to perform that agency upon the express terms and conditions herein set forth (and no implied terms), by all of which the Company and the Holders, by their acceptance thereof, shall be bound. The Warrant Agent shall not by countersigning Warrant Certificates or by any other act hereunder be deemed to make any representations as to validity or authorization of the Warrants or the Warrant Certificates (except as to its countersignature thereon) or of any securities or other property

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delivered upon exercise or tender of any Warrant, or as to the accuracy of the computation of the Exercise Price or the number or kind or amount of stock or other securities or other property deliverable upon exercise of any Warrant, the independence of any Independent Financial Expert or the correctness of the representations of the Company made in such certificates that the Warrant Agent receives. The Warrant Agent shall not have any duty to calculate or determine any adjustments with respect to the Exercise Price and the Warrant Agent shall have no duty or responsibility in determining the accuracy or correctness of such calculation. The Warrant Agent shall not (a) be liable for any recital or statement of fact contained herein or in the Warrant Certificates or for any action taken, suffered or omitted to be taken by it in good faith on the belief that any Warrant Certificate or any other documents or any signatures are genuine or properly authorized, (b) be responsible for any failure on the part of the Company to comply with any of its covenants and obligations contained in this Agreement or in the Warrant Certificates, or (c) be liable for any act or omission in connection with this Agreement except for its own gross negligence or willful misconduct (as each is determined by a final, non-appealable judgment of a court of competent jurisdiction). The Warrant Agent is hereby authorized to accept instructions with respect to the performance of its duties hereunder from the President, any Vice President or the Secretary of the Company and to apply to any such officer for instructions (which instructions will be promptly given in writing when requested) and the Warrant Agent shall not be liable and shall be indemnified and held harmless for any action taken or suffered to be taken by it in accordance with the instructions of any such officer, but in its discretion the Warrant Agent may in lieu thereof accept other evidence of such or may require such further or additional evidence as it may deem reasonable.

The Warrant Agent may execute and exercise any of the rights and powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys, agents or employees, provided reasonable care has been exercised in the selection and in the continued employment of any such attorney, agent or employee. The Warrant Agent shall not be under any obligation or duty to institute, appear in or defend any action, suit or legal proceeding in respect hereof, unless first indemnified to its satisfaction, but this provision shall not affect the power of the Warrant Agent to take such action as the Warrant Agent may consider proper, whether with or without such indemnity. The Warrant Agent shall promptly notify the Company in writing of any claim made or action, suit or proceeding instituted against it arising out of or in connection with this Agreement.

The Company will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further acts, instruments and assurances as may reasonably be required by the Warrant Agent in order to enable it to carry out or perform its duties under this Agreement. The Warrant Agent shall be protected and shall incur no liability for or in respect of any action taken or thing suffered by it in reliance upon any notice, direction, consent, certificate, affidavit, statement or other paper or document reasonably believed by it to be genuine and to have been presented or signed by the proper parties.

The Warrant Agent shall act solely as agent of the Company hereunder and does not assume any obligation or relationship of agency or trust with any of the owners or holders of the Warrants. The Warrant Agent shall not be liable except for the failure to perform such duties as are specifically set forth herein, and no implied covenants or obligations shall be read into this Agreement against the Warrant Agent, whose duties and obligations shall be determined solely by the express provisions hereof. Notwithstanding anything in this Agreement to the contrary, Warrant Agent's aggregate liability under this Agreement with respect to, arising from, or arising

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in connection with this Agreement, or from all services provided or omitted to be provided under this Agreement, whether in contract, or in tort, or otherwise, is limited to, and shall not exceed, the amounts paid hereunder by the Company to Warrant Agent as fees and charges, but not including reimbursable expenses.

The Warrant Agent may consult with counsel satisfactory to it (which may be counsel to the Company).

Whenever in the performance of its duties under this Agreement the Warrant Agent deems it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter may be deemed to be conclusively proved and established by a certificate signed by any authorized officer of the Company and delivered to the Warrant Agent; and such certificate will be full authorization to the Warrant Agent for any action taken, suffered or omitted by it under the provisions of this Agreement in reliance upon such certificate. The Warrant Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any one of the authorized officers of the Company, and to apply to such officers for advice or instructions in connection with its duties, and it will not be liable for any action taken, suffered or omitted to be taken by it in good faith in accordance with instructions of any such officer.

The Warrant Agent will not be under any duty or responsibility to insure compliance with any applicable federal or state securities laws in connection with the issuance, transfer or exchange of Warrant Certificates.

The Warrant Agent shall have no duties, responsibilities or obligations as the Warrant Agent except those which are expressly set forth herein, and in any modification or amendment hereof to which the Warrant Agent has consented in writing, and no duties, responsibilities or obligations shall be implied or inferred. Without limiting the foregoing, unless otherwise expressly provided in this Agreement, the Warrant Agent shall not be subject to, nor be required to comply with, or determine if any person or entity has complied with, the Warrant Certificate or any other agreement between or among the parties hereto, even though reference thereto may be made in this Warrant Agreement, or to comply with any notice, instruction, direction, request or other communication, paper or document other than as expressly set forth in this Warrant Agreement.

In the event the Warrant Agent believes any ambiguity or uncertainty exists hereunder or in any notice, instruction, direction, request or other communication, paper or document received by the Warrant Agent hereunder, the Warrant Agent, may, in its sole discretion, refrain from taking any action, and shall be fully protected and shall not be liable in any way to the Company or any Holder or other person or entity for refraining from taking such action, unless the Warrant Agent receives written instructions signed by the Company which eliminates such ambiguity or uncertainty to the satisfaction of the Warrant Agent.

9.2 Compensation and Reimbursement. The Company agrees to pay to the Warrant Agent from time to time compensation for all services rendered by it hereunder in accordance with Schedule B hereto and as the Company and the Warrant Agent may agree from time to time, and to reimburse the Warrant Agent for reasonable expenses and disbursements actually

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incurred in connection with the preparation, delivery, negotiation, amendment, execution and administration of this Agreement (including the reasonable compensation and out of pocket expenses of its counsel), and further agrees to indemnify the Warrant Agent for, and to hold it harmless against, any loss, liability, suit, action, proceeding, judgment, claim, settlement, cost or expense incurred without gross negligence, willful misconduct or bad faith on its part, (as each is determined by a final, non-appealable judgment of a court of competent jurisdiction), for any action taken, suffered or omitted to be taken by the Warrant Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder, indirectly or directly. The Warrant Agent shall not be obligated to expend or risk its own funds or to take any action which it believes would expose it to expense or liability or to a risk of incurring expense or liability, unless it has been furnished with assurances of repayment or indemnity satisfactory to it.

9.3 Warrant Agent May Hold Company Securities. The Warrant Agent and any stockholder, director, officer or employee of the Warrant Agent may buy, sell or deal in any of the Warrants or other securities of the Company or its Affiliates or become pecuniarily interested in transactions in which the Company or its Affiliates may be interested, or contract with or lend money to the Company or its Affiliates or otherwise act as fully and freely as though it were not the Warrant Agent under this Agreement. Nothing herein shall preclude the Warrant Agent from acting in any other capacity for the Company or for any other legal entity.

9.4 Resignation and Removal; Appointment of Successor. (a) No resignation or removal of the Warrant Agent and no appointment of a successor warrant agent shall become effective until the acceptance of appointment by the successor warrant agent as provided herein. The Warrant Agent may resign its duties and be discharged from all further duties and liability hereunder (except liability arising as a result of the Warrant Agent's own gross negligence, willful misconduct or bad faith) after giving written notice to the Company at least thirty (30) days prior to the date such resignation will become effective. The Company shall, upon written request of Holders of a majority of the outstanding Warrants, remove the Warrant Agent upon written notice provided at least thirty (30) days prior to the date of such removal, and the Warrant Agent shall thereupon in like manner be discharged from all further duties and liabilities hereunder, except as aforesaid. The Warrant Agent shall, at the Company's expense, cause to be mailed at the Company's expense (by first-class mail, postage prepaid) to each Holder of a Warrant at his last address as shown on the register of the Company maintained by the Warrant Agent a copy of said notice of resignation or notice of removal, as the case may be. Upon such resignation or removal, the Person holding the greatest number of Warrants as of the date of such event shall appoint in writing a new warrant agent reasonably acceptable to the Company. If the Person holding the greatest number of Warrants as of the date of such event shall fail to make such appointment within a period of twenty (20) days after it has been notified in writing of such resignation by the resigning Warrant Agent or after such removal, then the Company shall appoint a new warrant agent. Any new warrant agent, whether appointed by a Holder or by the Company, shall be a reputable bank, trust company or transfer agent doing business under the laws of the United States or any state thereof, in good standing and having a combined capital and surplus of not less than \$50,000,000. The combined capital and surplus of any such new warrant agent shall be deemed to be the combined capital and surplus as set forth in the most recent annual report of its condition published by such warrant agent prior to its appointment,

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provided that such reports are published at least annually pursuant to law or to the requirements of a Federal or state supervising or examining authority. After acceptance in writing of such appointment by the new warrant agent, it shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as the Warrant Agent, without any further assurance, conveyance, act or deed; but if for any reason it shall be necessary or expedient to execute and deliver any further assurance, conveyance, act or deed, the same shall be done at the expense of the Company and shall be legally and validly executed and delivered by the resigning or removed Warrant Agent. Not later than the effective date of any such appointment, the Company shall give notice thereof to the resigning or removed Warrant Agent. Failure to give any notice provided for in this Section 9.4(a), however, or any defect therein, shall not affect the legality or validity of the resignation of the Warrant Agent or the appointment of a new warrant agent, as the case may be.

(b) Any Person into which the Warrant Agent or any new warrant agent may be merged or any Person resulting from any consolidation to which the Warrant Agent or any Person resulting from any merger, conversion or consolidation to which the Warrant Agent shall be a party or any Person to which the Warrant Agent shall sell or otherwise transfer all or substantially all the assets and business of the Warrant Agent or any new warrant agent shall be a party, shall be a successor Warrant Agent under this Agreement without any further act, provided that such Person would be eligible for appointment as successor to the Warrant Agent under the provisions of Section 9.4(a). Any such successor Warrant Agent shall promptly cause notice of succession as Warrant Agent to be mailed (by first-class mail, postage prepaid) to each Holder of a Warrant at such Holder's last address as shown on the register of the Company maintained by the Warrant Agent.

9.5 Damages. No party to this Agreement shall be liable to any other party for any consequential, indirect, punitive, special or incidental damages under any provision of this Agreement or for any consequential, indirect, punitive, special or incidental damages arising out of any act or failure to act hereunder even if that party has been advised of or has foreseen the possibility of such damages.

9.6 Force Majeure. In no event shall the Warrant Agent be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused by, directly or indirectly, forces beyond its reasonable control, including without limitation strikes, work

stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software or hardware) services.

9.7 Survival. The provisions of this Article 9 shall survive the termination of this Warrant Agreement and the resignation or removal of the Warrant Agent

10. REPRESENTATIONS AND WARRANTIES.

10.1 Representations and Warranties of the Company. The Company hereby represents and warrants that the representations and warranties of the Company set forth in Sections 3.1, 3.2, 3.3, 3.4, 3.5 and 3.6 of the Investment Agreement and Stock Purchase Agreements and any other representations and warranties made by the Company in Article III of

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the Investment Agreement and Stock Purchase Agreements, in each case, to the extent relating to the authorization and issuance of the Warrants and the shares of Common Stock issuable upon exercise thereof, are true and accurate in all respects and not misleading in any respect.

11. COVENANTS.

11.1 Reservation of Common Stock for Issuance on Exercise of Warrants. The Company covenants that it will at all times reserve and keep available, free from preemptive rights, out of its authorized but unissued Common Stock, solely for the purpose of issue upon exercise of Warrants as herein provided, such number of shares of Common Stock as shall then be issuable upon the exercise of all Warrants issuable hereunder plus such number of shares of Common Stock as shall then be issuable upon the exercise of other outstanding warrants, options and rights (whether or not vested), the settlement of any forward sale, swap or other derivative contract, and the conversion of all outstanding convertible securities or other instruments convertible into Common Stock or rights to acquire Common Stock. The Company covenants that all shares of Common Stock which shall be issuable shall, upon such issue, be duly and validly issued and fully paid and non-assessable.

11.2 Notice of Distributions. At any time when the Company declares any Distribution on its Common Stock, it shall give notice to the Holders of all the then outstanding Warrants of any such declaration not less than 15 days prior to the related record date for payment of the Distribution so declared.

12. MISCELLANEOUS.

12.1 Money and Other Property Deposited with the Warrant Agent. Any moneys, securities or other property which at any time shall be deposited by the Company or on its behalf with the Warrant Agent pursuant to this Agreement shall be and are hereby assigned, transferred and set over to the Warrant Agent in trust for the purpose for which such moneys, securities or other property shall have been deposited; but such moneys, securities or other property need not be segregated from other funds, securities or other property except to the extent required by law. The Warrant Agent shall distribute any money deposited with it for payment and distribution to a Holder to an account designated by such Holder in such amount as is appropriate. Any money deposited with the Warrant Agent for payment and distribution to the Holders that remains unclaimed for two years after the date the money was deposited with the Warrant Agent shall be paid to the Company. The Warrant Agent shall not be under any liability for interest on any monies at any time received by it pursuant to any of the provisions of this Agreement.

12.2 Payment of Taxes. The Company shall pay all transfer, stamp and other similar taxes that may be imposed in respect of the issuance or delivery of the Warrants or in respect of the issuance or delivery by the Company of any securities upon exercise of the Warrants with respect thereto. The Company shall not be required, however, to pay any tax or other charge imposed in connection with any transfer involved in the issue of any Warrants, certificate for shares of Common Stock or other securities underlying the Warrants or payment of cash to any Person other than the Holder of a Warrant Certificate surrendered upon the exercise or purchase of a Warrant, and in case of such transfer or payment, the Warrant Agent and the Company shall not be required to issue any security or to pay any cash until such tax or charge has been paid or

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it has been established to the Warrant Agent's and the Company's satisfaction that no such tax or other charge is due. The Company and each Initial Investor agree that neither the issuance nor exercise of the Warrants is governed by Section 83(a) of the Code or otherwise a compensatory transaction, and the Company agrees that it will not deduct any amount as compensation in connection with such issuance or exercise for federal income tax purpose.

12.3 Surrender of Certificates. Any Warrant Certificate surrendered for exercise or purchase shall, if surrendered to the Company, be delivered to the Warrant Agent, and all Warrant Certificates surrendered or so delivered to the Warrant Agent shall be promptly cancelled by the Warrant Agent and shall not be reissued by the Company. The Warrant Agent shall destroy such cancelled Warrant Certificates.

12.4 Mutilated, Destroyed, Lost and Stolen Warrant Certificates. If (a) any mutilated Warrant Certificate is surrendered to the Warrant Agent or (b) the Company and the Warrant Agent receive evidence to their satisfaction of the destruction, loss or theft of any Warrant Certificate, and there is delivered to the Company and the Warrant Agent such appropriate affidavit of loss, applicable processing fee and a corporate bond of indemnity as may be required by them and satisfactory to them to save each of them harmless, then, in the absence of notice to the Company or the Warrant Agent that such Warrant Certificate has been acquired by a bona fide purchaser, the Company shall execute and upon its written request the Warrant Agent shall countersign and deliver, in exchange for any such mutilated Warrant Certificate or in lieu of any such destroyed, lost or stolen Warrant Certificate, a new Warrant Certificate of like tenor and for a like aggregate number of Warrants.

Upon the issuance of any new Warrant Certificate under this Section 12.4, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and other expenses (including the reasonable fees and expenses of the Warrant Agent and of counsel to the Company) in connection therewith.

Every new Warrant Certificate executed and delivered pursuant to this Section 12.4 in lieu of any destroyed, lost or stolen Warrant Certificate shall constitute an original contractual obligation of the Company, whether or not the destroyed, lost or stolen Warrant Certificate shall be at any time enforceable by

anyone, and shall be entitled to the benefits of this Agreement equally and proportionately with any and all other Warrant Certificates of like tenor properly completed and duly executed and delivered hereunder.

The provisions of this Section 12.4 are exclusive and shall preclude (to the extent lawful) all other rights or remedies with respect to the replacement of mutilated, destroyed lost or stolen Warrant Certificates.

12.5 Removal of Legends. Certificates evidencing the Warrants and shares of Common Stock issued upon exercise of the Warrants shall not be required to contain any legend referenced in Sections 2.1 or 3.6(e) (A) while a registration statement covering the resale of the Warrants or the shares of Common Stock is effective under the Securities Act, or (B) following any sale of any such Warrants or shares of Common Stock pursuant to Rule 144, or (C) following receipt of a legal opinion of counsel to Holder that the remaining Warrants or shares of Common Stock held by Holder are eligible for resale without volume limitations or limitations

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on manner of sale under Rule 144. In addition, the Company and the Warrant Agent will agree to the removal of all legends with respect to Warrants or shares of Common Stock deposited with DTC from time to time in anticipation of sale in accordance with the volume limitations and other limitations under Rule 144, subject to the Company's approval of appropriate procedures, such approval not to be unreasonably withheld, conditioned or delayed.

Following the time at which any such legend is no longer required (as provided above) for certain Warrants or shares of Common Stock, the Company shall promptly, following the delivery by Holder to the Warrant Agent of a legended certificate representing such Warrants or shares of Common Stock, as applicable, deliver or cause to be delivered to the Holder a certificate representing such Warrants or shares of Common Stock that is free from such legend. In the event any of the legends referenced in Sections 2.1 or 3.6(e) are removed from any of the Warrants or shares of Common Stock, and thereafter the effectiveness of a registration statement covering such Warrants or shares of Common Stock is suspended or the Company determines that a supplement or amendment thereto is required by applicable securities Laws, then the Company may require that such legends, as applicable, be placed on any such applicable Warrants or shares of Common Stock that cannot then be sold pursuant to an effective registration statement or under Rule 144 and Holder shall cooperate in the replacement of such legend. Such legend shall thereafter be removed when such Warrants or shares of Common Stock may again be sold pursuant to an effective registration statement or under Rule 144.

12.6 Notices. (a) Any notice, demand or delivery authorized by this Agreement shall be sufficiently given or made when mailed if sent by first-class mail, postage prepaid, addressed to any Holder of a Warrant at such Holder's address shown on the register of the Company maintained by the Warrant Agent and to the Company or the Warrant Agent as follows:

If to the Company, to:

The Howard Hughes Corporation
13355 Noel Road, Suite 950
Dallas, TX 75240
Attention: General Counsel
Facsimile: (214) 741-3021

with a copy (which shall not constitute notice) to:

Jones Day
2727 N. Harwood St.
Dallas, Texas 75201
Attention: James E. O'Bannon
Facsimile: (214) 969-5100

If to the Warrant Agent, to:

Mellon Investor Services LLC
200 W. Monroe Street, Suite 1590

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Chicago, IL 60606
Attention: Relationship Manager
Facsimile: (312) 325-7610

with a copy to:

Mellon Investor Services LLC
Newport Office Center VII
480 Washington Blvd.
Jersey City, NJ 07310
Attention: General Counsel
Facsimile: 201-680-4610

or such other address as shall have been furnished to the party giving or making such notice, demand or delivery.

(b) Any notice required to be given by the Company to the Holders pursuant to this Agreement, shall be made by mailing by registered mail, return receipt requested, to the Holders at their respective addresses shown on the register of the Company maintained by the Warrant Agent. The Company hereby irrevocably authorizes the Warrant Agent, in the name and at the expense of the Company, to mail any such notice upon receipt thereof from

the Company. Any notice that is mailed in the manner herein provided shall be conclusively presumed to have been duly given when mailed, whether or not the Holder receives the notice.

12.7 Applicable Law; Jurisdiction. This Agreement and each Warrant issued hereunder and all rights arising hereunder shall be governed by the internal laws of the State of New York. In connection with any action, suit or proceeding arising out of or relating to this Agreement or the Warrants, the parties hereto and each Holder irrevocably submit to (i) the exclusive jurisdiction of the United States Bankruptcy Court for the Southern District of New York until the chapter 11 cases of General Growth Properties, Inc. and its Affiliates are closed, and (ii) the nonexclusive jurisdiction of any federal or state court located within the County of New York, State of New York.

12.8 Persons Benefiting. This Agreement shall be binding upon and inure to the benefit of the Company and the Warrant Agent, and their respective successors, assigns, beneficiaries, executors and administrators, and the Holders from time to time of the Warrants. The Holders of the Warrants are express third party beneficiaries of this Agreement and each such Holder of Warrants is hereby conferred the benefits, rights and remedies under or by reason of the provisions of this Agreement as if a signatory hereto. Nothing in this Agreement is intended or shall be construed to confer upon any Person, other than the Company, the Warrant Agent and the Holders of the Warrants, any right, remedy or claim under or by reason of this Agreement or any part hereof.

12.9 Counterparts. This Agreement may be executed in any number of counterparts, each or which shall be deemed an original, but all of which together constitute one and the same instrument.

12.10 Amendments. (a) The Company and the Warrant Agent may from time to time supplement or amend this Agreement without the approval of any Holder in order to cure any ambiguity, to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein, or to make any other provisions with regard to matters or questions arising hereunder which the Company and the Warrant Agent may deem necessary or desirable and, in each case, which shall not adversely affect the interests of any Holder.

(b) In addition to the foregoing, with the consent of the Supermajority Holders, the Company and the Warrant Agent may modify this Agreement for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Warrant Agreement or modifying in any manner the rights of the Holders hereunder; provided, however, that no modification effecting the terms upon which the Warrants are exercisable, redeemable or transferable, or reduction in the percentage required for consent to modification of this Agreement, may be made without the consent of each Holder affected thereby.

12.11 Headings. The descriptive headings of the several Articles and Sections of this Agreement are inserted for convenience and shall not control or affect the meaning or construction of any of the provisions hereof.

12.12 Entire Agreement. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof. In the event of any conflict, discrepancy, or ambiguity between the terms and conditions contained in this Agreement and any schedules or attachments hereto, the terms and conditions contained in this Agreement shall take precedence.

12.13 Specific Performance. The parties shall be entitled to specific performance of the terms of this Agreement. Each of the parties hereto hereby waives (i) any defenses in any action for specific performance, including the defense that a remedy at law would be adequate and (ii) any requirement under any Law to post a bond or other security as a prerequisite to obtaining equitable relief.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, as of the day and year first above written.

THE HOWARD HUGHES CORPORATION

By: _____

Name: _____

Title: _____

**MELLON INVESTOR SERVICES LLC,
as Warrant Agent**

By: _____

Name: _____

Title: _____

FORM OF FACE OF WARRANT CERTIFICATE

THESE WARRANTS AND THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED UNDER APPLICABLE STATE SECURITIES LAWS. THESE WARRANTS AND SUCH SECURITIES MAY BE OFFERED, SOLD OR TRANSFERRED ONLY IN COMPLIANCE WITH THE REQUIREMENTS OF SUCH ACT AND OF ANY APPLICABLE STATE SECURITIES LAWS AND SUBJECT TO THE PROVISIONS OF THE WARRANT AGREEMENT DATED AS OF NOVEMBER [], 2010 BETWEEN THE HOWARD HUGHES CORPORATION (THE "COMPANY") AND MELLON INVESTOR SERVICES LLC, WARRANT AGENT. A COPY OF SUCH WARRANT AGREEMENT IS AVAILABLE AT THE OFFICES OF THE COMPANY.

WARRANTS TO PURCHASE COMMON STOCK
OF THE HOWARD HUGHES CORPORATION

No. Certificate for Series A-1 Warrants

This certifies that [HOLDER], or registered assigns, is the registered holder of the number of Series A-1 Warrants set forth above. Each Series A-1 Warrant entitles the holder thereof (a "Holder"), subject to the provisions contained herein and in the Warrant Agreement referred to below, to purchase from THE HOWARD HUGHES CORPORATION (the "Company") a number of shares of the Company's common stock, par value \$0.01 ("Common Stock"), equal to \$50.00 divided by the Exercise Price (as defined in the Warrant Agreement referred to below), for a price per share of Common Stock equal to the Exercise Price.

This Warrant Certificate is issued under and in accordance with the Warrant Agreement, dated as of November [], 2010 (the "Warrant Agreement"), between the Company and Mellon Investor Services LLC, a New Jersey limited liability company, as warrant agent (the "Warrant Agent", which term includes any successor Warrant Agent under the Warrant Agreement), and is subject to the terms and provisions contained in the Warrant Agreement, to all of which terms and provisions the Holder of this Warrant Certificate consents by acceptance hereof. The Warrant Agreement is hereby incorporated herein by reference and made a part hereof. Reference is hereby made to the Warrant Agreement for a full statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Warrant Agent and the Holders of the Warrants.

This Warrant Certificate shall terminate and be void as of the close of business on November [], 2017 (the "Expiration Date").

As provided in the Warrant Agreement and subject to the terms and conditions therein set forth, the Series A-1 Warrants shall be exercisable from time to time on any Business Day and ending on the Expiration Date.

The Exercise Price and the number of shares of Common Stock issuable upon the exercise of each Series A-1 Warrant are subject to adjustment as provided in the Warrant Agreement.

All shares of Common Stock issuable by the Company upon the exercise of Series A-1 Warrants shall, upon such issue, be duly and validly issued and fully paid and non-assessable.

In order to exercise a Series A-1 Warrant, the registered holder hereof must surrender this Warrant Certificate at the corporate trust office of the Warrant Agent, with the Exercise Subscription Form on the reverse hereof duly executed by the Holder hereof, with signature guaranteed as therein specified, together with any required payment in full of the Exercise Price (unless the Holder shall have elected Net Share Settlement, as such term is defined in the Warrant Agreement) then in effect for the shares(s) of Underlying Common Stock as to which the Series A-1 Warrant(s) represented by this Warrant Certificate are submitted for exercise, all subject to the terms and conditions hereof and of the Warrant Agreement.

The Company shall pay all transfer, stamp and other similar taxes that may be imposed in respect of the issuance or delivery of the Series A-1 Warrants or in respect of the issuance or delivery by the Company of any securities upon exercise of the Series A-1 Warrants with respect thereto. The Company shall not be required, however, to pay any tax or other charge imposed in connection with any transfer involved in the issue of any Series A-1 Warrants, certificate for shares of Common Stock or other securities underlying the Series A-1 Warrants or payment of cash in each case to any Person other than the Holder of a Warrant Certificate surrendered upon the exercise or purchase of a Series A-1 Warrant, and in case of such transfer or payment, the Warrant Agent and the Company shall not be required to issue any security or to pay any cash until such tax or charge has been paid or it has been established to the Warrant Agent's and the Company's satisfaction that no such tax or other charge is due.

This Warrant Certificate and all rights hereunder are transferable by the registered holder hereof, subject to the terms of the Warrant Agreement, in whole or in part, on the register of the Company, upon surrender of this Warrant Certificate for registration of transfer at the office of the Warrant Agent maintained for such purpose in the City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Warrant Agent duly executed by, the Holder hereof or his attorney duly authorized in writing, with signature guaranteed as specified in the attached Form of Assignment. Upon any partial transfer, the Company will issue and deliver to such holder a new Warrant Certificate or Certificates with respect to any portion not so transferred.

No service charge shall be made to a Holder for any registration of transfer or exchange of the Warrant Certificates, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Subject to compliance with any restrictions on transfer under applicable law and this Warrant Agreement, each taker and holder of this Warrant Certificate by taking or holding the same, consents and agrees that this Warrant Certificate when duly endorsed in blank shall be deemed negotiable and that when this Warrant Certificate shall have been so endorsed, the holder hereof may be treated by the Company, the Warrant Agent and all other Persons dealing

with this Warrant Certificate as the absolute owner hereof for any purpose and as the Person entitled to exercise the rights represented hereby, or to the transfer hereof on the register of the Company maintained by the Warrant Agent, any notice to the contrary notwithstanding, but until such transfer on such register, the Company and the Warrant Agent may treat the registered Holder hereof as the owner for all purposes.

This Warrant Certificate and the Warrant Agreement are subject to amendment as provided in the Warrant Agreement.

All terms used in this Warrant Certificate that are defined in the Warrant Agreement shall have the meanings assigned to them in the Warrant Agreement.

Copies of the Warrant Agreement are on file at the office of the Company and the Warrant Agent and may be obtained by writing to the Company or the Warrant Agent at the following address: Mellon Investor Services LLC, 200 W. Monroe Street, Suite 1590, Chicago, IL 60606.

This Warrant Certificate shall not be valid for any purpose until it shall have been countersigned by the Warrant Agent.

Dated: November [], 2010

THE HOWARD HUGHES CORPORATION

By: _____
Name and Title:

By: _____
Name and Title:

Countersigned:

Mellon Investor Services LLC, as Warrant Agent

By: _____
Name:
Authorized Officer

EXHIBIT A

FORM OF REVERSE OF SERIES A-1 WARRANT CERTIFICATE

EXERCISE SUBSCRIPTION FORM

(To be executed only upon exercise of Warrant)

To:

The undersigned irrevocably exercises _____ of the Series A-1 Warrants for the purchase of one share (subject to adjustment in accordance with the Warrant Agreement) of common stock, par value \$0.01, of The Howard Hughes Corporation for each Series A-1 Warrant represented by the Warrant Certificate and herewith (i) elects for Net Share Settlement of such Series A-1 Warrants by marking X in the space that follows _____, or (ii) makes payment of \$ _____ (such payment being by means permitted by the Warrant Agreement and the within Warrant Certificate), in each case at the Exercise Price and on the terms and conditions specified in the within Warrant Certificate and the Warrant Agreement therein referred to, and herewith surrenders this Warrant Certificate and all right, title and interest therein to _____ and directs that the shares of Common Stock deliverable upon the exercise of such Series A-1 Warrants be registered in the name and delivered at the address specified below.

Date _____

(Signature of Owner) *

(Street Address)

(City) (State) (Zip Code)

Signature Guaranteed by:

* The signature must correspond with the name as written upon the face of the within Warrant Certificate in every particular, without alteration or enlargement or any change whatever, and must be guaranteed by a participant in a Medallion Signature Guarantee Program at a guarantee level acceptable to the Company's transfer agent.

Please insert social security or identifying number:

Name:

Street Address:

City, State and Zip Code:

Any unexercised Series A-1 Warrants evidenced by the within Warrant Certificate to be issued to:

Please insert social security or identifying number:

Name:

Street Address:

City, State and Zip Code:

EXHIBIT A-2

FORM OF FACE OF WARRANT CERTIFICATE

THESE WARRANTS AND THE SECURITIES ISSUABLE UPON THE EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED UNDER APPLICABLE STATE SECURITIES LAWS. THESE WARRANTS AND SUCH SECURITIES MAY BE OFFERED, SOLD OR TRANSFERRED ONLY IN COMPLIANCE WITH THE REQUIREMENTS OF SUCH ACT AND OF ANY APPLICABLE STATE SECURITIES LAWS AND SUBJECT TO THE PROVISIONS OF THE WARRANT AGREEMENT DATED AS OF NOVEMBER [], 2010 BETWEEN THE HOWARD HUGHES CORPORATION (THE “COMPANY”) AND MELLON INVESTOR SERVICES LLC, WARRANT AGENT. A COPY OF SUCH WARRANT AGREEMENT IS AVAILABLE AT THE OFFICES OF THE COMPANY.

**WARRANTS TO PURCHASE COMMON STOCK
OF THE HOWARD HUGHES CORPORATION**

No.	Certificate for	Series A-2 Warrants
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This certifies that [HOLDER], or registered assigns, is the registered holder of the number of Series A-2 Warrants set forth above. Each Series A-2 Warrant entitles the holder thereof (a “Holder”), subject to the provisions contained herein and in the Warrant Agreement referred to below, to purchase from THE HOWARD HUGHES CORPORATION (the “Company”) by means of Net Share Settlement (as defined in the Warrant Agreement defined below) a number of shares of the Company’s common stock, par value \$0.01 (“Common Stock”), equal to \$50.00 divided by the Exercise Price (as defined in the Warrant Agreement referred to below), for a price per share of Common Stock equal to the Exercise Price.

This Warrant Certificate is issued under and in accordance with the Warrant Agreement, dated as of November [], 2010 (the “Warrant Agreement”), between the Company and Mellon Investor Services LLC, a New Jersey limited liability company, as warrant agent (the “Warrant Agent”, which term includes any successor Warrant Agent under the Warrant Agreement), and is subject to the terms and provisions contained in the Warrant Agreement, to all of which terms and provisions the Holder of this Warrant Certificate consents by acceptance hereof. The Warrant Agreement is hereby incorporated herein by reference and made a part hereof. Reference is hereby made to the Warrant Agreement for a full statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Warrant Agent and the Holders of the Warrants.

This Warrant Certificate shall terminate and be void as of the close of business on November [], 2017 (the “Expiration Date”).

As provided in the Warrant Agreement and subject to the terms and conditions therein set forth, the Series A-2 Warrants shall be exercisable from time to time on any Business Day and ending on the Expiration Date.

The Exercise Price and the number of shares of Common Stock issuable upon the exercise of each Series A-2 Warrant are subject to adjustment as provided in the Warrant Agreement.

All shares of Common Stock issuable by the Company upon the exercise of Series A-2 Warrants shall, upon such issue, be duly and validly issued and fully paid and non-assessable.

In order to exercise a Series A-2 Warrant, the registered holder hereof must surrender this Warrant Certificate at the corporate trust office of the Warrant Agent, with the Exercise Subscription Form on the reverse hereof duly executed by the Holder hereof, with signature guaranteed as therein specified, all subject to the terms and conditions hereof and of the Warrant Agreement.

The Company shall pay all transfer, stamp and other similar taxes that may be imposed in respect of the issuance or delivery of the Series A-2 Warrants or in respect of the issuance or delivery by the Company of any securities upon exercise of the Series A-2 Warrants with respect thereto. The Company shall not be required, however, to pay any tax or other charge imposed in connection with any transfer involved in the issue of any Series A-2 Warrants, certificate for shares of Common Stock or other securities underlying the Series A-2 Warrants or payment of cash in each case to any Person other than the Holder of a Warrant Certificate surrendered upon the exercise or purchase of a Series A-2 Warrant, and in case of such transfer or payment, the Warrant Agent and the Company shall not be required to issue any security or to pay any cash until such tax or charge has been paid or it has been established to the Warrant Agent's and the Company's satisfaction that no such tax or other charge is due.

This Warrant Certificate and all rights hereunder are transferable by the registered holder hereof, subject to the terms of the Warrant Agreement, in whole or in part, on the register of the Company, upon surrender of this Warrant Certificate for registration of transfer at the office of the Warrant Agent maintained for such purpose in the City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Warrant Agent duly executed by, the Holder hereof or his attorney duly authorized in writing, with signature guaranteed as specified in the attached Form of Assignment. Upon any partial transfer, the Company will issue and deliver to such holder a new Warrant Certificate or Certificates with respect to any portion not so transferred.

No service charge shall be made to a Holder for any registration of transfer or exchange of the Warrant Certificates, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Subject to compliance with any restrictions on transfer under applicable law and this Warrant Agreement, each taker and holder of this Warrant Certificate by taking or holding the same, consents and agrees that this Warrant Certificate when duly endorsed in blank shall be deemed negotiable and that when this Warrant Certificate shall have been so endorsed, the holder hereof may be treated by the Company, the Warrant Agent and all other Persons dealing with this Warrant Certificate as the absolute owner hereof for any purpose and as the Person entitled to exercise the rights represented hereby, or to the transfer hereof on the register of the Company maintained by the Warrant Agent, any notice to the contrary notwithstanding, but until

such transfer on such register, the Company and the Warrant Agent may treat the registered Holder hereof as the owner for all purposes.

This Warrant Certificate and the Warrant Agreement are subject to amendment as provided in the Warrant Agreement.

All terms used in this Warrant Certificate that are defined in the Warrant Agreement shall have the meanings assigned to them in the Warrant Agreement.

Copies of the Warrant Agreement are on file at the office of the Company and the Warrant Agent and may be obtained by writing to the Company or the Warrant Agent at the following address: Mellon Investor Services LLC, 200 W. Monroe Street, Suite 1590, Chicago, IL 60606.

This Warrant Certificate shall not be valid for any purpose until it shall have been countersigned by the Warrant Agent.

Dated: November [], 2010

THE HOWARD HUGHES CORPORATION

By: _____
Name and Title:

By: _____
Name and Title:

Countersigned:

Mellon Investor Services LLC, as Warrant Agent

By: _____
Name:
Authorized Officer

EXHIBIT A

FORM OF REVERSE OF SERIES A-2 WARRANT CERTIFICATE

EXERCISE SUBSCRIPTION FORM

(To be executed only upon exercise of Warrant)

To:

The undersigned irrevocably exercises of the Series A-2 Warrants for the purchase of one share (subject to adjustment in accordance with the Warrant Agreement) of common stock, par value \$0.01, of The Howard Hughes Corporation for each Series A-2 Warrant represented by the Warrant Certificate by means of Net Share Settlement of such Series A-2 Warrants, at the Exercise Price and on the terms and conditions specified in the within Warrant Certificate and the Warrant Agreement therein referred to, and herewith surrenders this Warrant Certificate and all right, title and interest therein to and directs that the shares of Common Stock deliverable upon the exercise of such Series A-2 Warrants be registered in the name and delivered at the address specified below.

Date _____

(Signature of Owner) *

(Street Address)

(City) (State) (Zip Code)

Signature Guaranteed by:

* The signature must correspond with the name as written upon the face of the within Warrant Certificate in every particular, without alteration or enlargement or any change whatever, and must be guaranteed by a participant in a Medallion Signature Guarantee Program at a guarantee level acceptable to the Company's transfer agent.

Securities to be issued to:

Please insert social security or identifying number:

Name:

Street Address:

City, State and Zip Code:

Any unexercised Series A-2 Warrants evidenced by the within Warrant Certificate to be issued to:

Please insert social security or identifying number:

Name:

Street Address:

City, State and Zip Code:

EXHIBIT B

FORM OF ASSIGNMENT

FOR VALUE RECEIVED the undersigned registered holder of the within Warrant Certificate hereby sells, assigns, and transfers unto the Assignee(s) named below (including the undersigned with respect to any Warrants constituting a part of the Warrants evidenced by the within Warrant Certificate not being assigned hereby) all of the right of the undersigned under the within Warrant Certificate, with respect to the number of Warrants set forth below:

Names of Assignees	Address	Social Security or other Identifying	Series and Number of
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and does hereby irrevocably constitute and appoint _____ the undersigned's attorney to make such transfer on the books of _____ maintained for that purpose, with full power of substitution in the premises.

Date: _____

(Signature of Owner) *

(Street Address)

(City)

(State) (Zip Code)

Signature Guaranteed by:

* The signature must correspond with the name as written upon the face of the within Warrant Certificate in every particular, without alteration or enlargement or any change whatever, and must be guaranteed by a participant in a Medallion Signature Guarantee Program at a guarantee level acceptable to the Company's transfer agent.

EXHIBIT C

Option Pricing Assumptions / Methodology

For the purpose of this Exhibit C:

"Acquiror" means (A) the third party that has entered into definitive document for a transaction, or (B) the offeror in the event of a tender or exchange offer.

"Reference Date" means the date of consummation of a Change of Control Event.

The Cash Redemption Value of the Warrants shall be determined using the Black-Scholes Model as applied to third party options (*i.e.*, options issued by a third party that is not affiliated with the issuer of the underlying stock). For purposes of the model, the following terms shall have the respective meanings set forth below:

Underlying Security Price:

In the event of a merger or other acquisition,

(A) that is an "all cash" deal, the cash per share of Common Stock to be paid to the Company's stockholders in the transaction;

(B) that is an "all Public Stock" deal,

(1) that is a "fixed exchange ratio" transaction, a "fixed value" transaction where as a result of a cap, floor, collar or similar mechanism the number of Acquiror's shares to be paid per share of Common Stock to the Company's stockholders in the transaction is greater or less than it would otherwise have been or a transaction that is not otherwise described in this clause (B)(1) or clause (B)(2) below, the product of (i) the Fair Market Value of the Acquiror's common stock on the day preceding the date of the Preliminary Change of Control Event and (ii) the number of Acquiror's shares per share of Common Stock to be paid to the Company's stockholders in the transaction (provided that the Independent Financial Expert shall make appropriate adjustments to the Fair Market Value of the Acquiror's common stock referred to above as may be necessary or appropriate to effectuate the intent of this Exhibit C and to avoid unjust or inequitable results as determined in its reasonable good faith judgment, in each case to account for any event impacting the Acquiror's common stock that is analogous to any of the events described in Article V of this Agreement if the record date, ex date or effective date of that event occurs during or after the 10 trading

day period over which such Fair Market Value is measured) and

(2) that is a “fixed value” transaction not covered by clause (B)(1) above, the value per share of Common Stock to be paid to the Company’s stockholders in the transaction;

(C) that is a transaction contemplating various forms of consideration for each share of Common Stock,

(1) the cash portion, if any, shall be valued as described in clause (A) above,

(2) the Public Stock portion shall be valued as described in clause (B) above and

(3) any other forms of consideration shall be valued by the Independent Financial Expert valuing the Warrants, using one or more valuation methods that the Independent Financial Expert in its best professional judgment determines to be most appropriate, assuming such consideration (if securities) is fully distributed and is to be sold in an arm’s-length transaction and there was no compulsion on the part of any party to such sale to buy or sell and taking into account all relevant factors and without applying any discounts to such consideration.

· In the event of all other Change of Control Event events, the Fair Market Value per share of the Common Stock on the last trading day preceding the date of the Change of Control Event.

Exercise Price: The Exercise Price as adjusted and then in effect for the Warrant.

Dividend Rate: 0 (which reflects the fact that the antidilution adjustment provisions cover all dividends).

Interest Rate: The annual yield as of the Reference Date (expressed on a semi-annual basis in the manner in which U.S. treasury notes are ordinarily quoted) of the U.S. treasury note maturing approximately at the Expiration Date as selected by the Independent Financial Expert.

Put or Call: Call

Time to Expiration The number of days from the Expiration Date (as defined in Section 3.3) to the Reference Date divided by 365.

Settlement Date: The scheduled date of payment of the Cash Redemption Value.

Volatility: For calculation of Cash Redemption Value in connection with a Change of Control Event with respect to the Warrants, the lesser of (A) 30% or (B) the volatility of the Company as determined by an Independent Financial Expert engaged to make the calculation, who shall be instructed to assume for purposes of the determination of volatility referred to in this clause (B) that the Change of Control Event had not occurred; provided, however, that if the Warrants are adjusted as a result of a Change of Control Event, volatility for purposes of calculating Cash Redemption Value in connection with succeeding Change of Control Events with respect to such warrants (or their successors) shall be as determined by an Independent Financial Expert engaged to make the calculation, who shall be instructed to assume for purposes of the calculation that such succeeding Change of Control Event had not occurred.

Such valuation of the Warrant shall not be discounted in any way.

For illustrative purposes only, an example Black-Scholes model calculation with respect to a hypothetical warrant appears on the following page.

Illustrative Example

Inputs:

S = Underlying Security Price

X = Exercise Price

PV(X) = Present value of the Exercise Price, discounted at a rate of $R = \frac{X}{e^{R \cdot T}}$

V = Volatility

R = continuously compounded risk free rate = $2 * [\ln(1 + \text{Interest Rate} / 2)]$

T = Time to Expiration

W = warrant value per underlying share

Z = number of shares underlying warrants

Value = total warrant value

Formulaic inputs:

$$D1 = [\ln [S / X] + (R + (V^2 / 2)) * T] \div (V * \sqrt{T})$$

$$D2 = [\ln [S / X] + (R - (V^2 / 2)) * T] \div (V * \sqrt{T})$$

Black-Scholes Formula

$$W = [N(D1) * S] - [N(D2) * PV(X)]$$

Where "N" is the cumulative normal probability function

$$\text{Value} = W * Z$$

Example of a Hypothetical Warrant:(4)

(4) Note: Amounts calculated herein may not foot due to rounding error. For precise calculations, decimal points should not be rounded.

Inputs:

Interest Rate = 4.00%

S = \$50.00

X = \$60.00

PV(X) = \$55.43

V = 25%

R = 3.96%

T = 2

Z = 100

Formulaic inputs:

$$\begin{aligned} D1 &= [\ln [S / X] + (R + (V^2 / 2)) * T] \div (V * \sqrt{T}) \\ &= (-0.1149) \end{aligned}$$

$$\begin{aligned} D2 &= [\ln [S / X] + (R - (V^2 / 2)) * T] \div (V * \sqrt{T}) \\ &= (-0.4684) \end{aligned}$$

Black-Scholes Formula

$$\begin{aligned} W &= [N(D1) * S] - [N(D2) * PV(E)] \\ &= \$4.99 \end{aligned}$$

Total Warrant Value

$$\begin{aligned} \text{Value} &= W * Z \\ &= \$499 \end{aligned}$$

ALLOCATIONS OF WARRANTS TO INITIAL INVESTORS

Initial Investor	Total Number and Series of Warrants to be Delivered to Initial Investor (on date of Warrant Agreement)
Blackstone Purchaser	333,333 Series A-1 Warrants
Brookfield Purchaser	3,833,333 Series A-1 Warrants
Fairholme Purchasers	1,916,667 Series A-2 Warrants
Pershing Square Purchasers	1,916,667 Series A-2 Warrants

SCHEDULE B

WARRANT AGENT COMPENSATION

Service Description	Fees
Warrant Agent	
Initial Setup (one-time charge)	\$ 2,500.00
Annual Administration	\$ 3,500.00
Warrant Conversion Agent	
Set Up and Administrative Fee	\$ 5,000.00
Processing Accounts, each	\$ 50.00
Conversions requiring additional handling (window items, deficient items, correspondence items, legal items, items not providing a taxpayer identification number, Transfer Requests, etc), additional each	\$ 15.00
Requisitioning Funds, each requisition	\$ 25.00
Expiration	\$ 1,000.00
Special Services	Additional
Out of Pocket Expenses Including Postage, Printing, Stationery, Overtime, Transportation, Microfilming, Imprinting, Mailing, etc.	Additional

**The Howard Hughes Corporation
2010 Long-Term Incentive Plan**

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**The Howard Hughes Corporation
Long-Term Incentive Plan**

Article 1. Establishment & Purpose

1.1 Establishment. The Howard Hughes Corporation, a Delaware corporation hereby establishes The Howard Hughes Corporation 2010 Equity Incentive Plan (hereinafter referred to as the “Plan”) as set forth in this document.

1.2 Purpose of the Plan. The purpose of this Plan is to attract, retain and motivate officers, employees, and non-employee directors providing services to the Company, any of its Subsidiaries, or Affiliates and to promote the success of the Company’s business by providing the participants of the Plan with appropriate incentives.

Article 2. Definitions

Whenever capitalized in the Plan, the following terms shall have the meanings set forth below.

2.1 “Affiliate” means any entity that the Company, either directly or indirectly, is in common control with, is controlled by or controls, or any entity in which the Company has a substantial equity interest, direct or indirect; provided, however, to the extent that Awards must cover “service recipient stock” in order to comply with Section 409A of the Code, “Affiliate” shall be limited to those entities which could qualify as an “eligible issuer” under Section 409A of the Code.

2.2 “Annual Award Limit” shall have the meaning set forth in Section 5.2.

2.3 “Award” means any Option, Stock Appreciation Right, Restricted Stock, Other Stock-Based Award, or Performance-Based Compensation Award that is granted under the Plan.

2.4 **“Award Agreement”** means either (a) a written agreement entered into by the Company and a Participant setting forth the terms and provisions applicable to an Award granted under this Plan, or (b) a written statement issued by the Company, a Subsidiary, or Affiliate to a Participant describing the terms and conditions of the actual grant of such Award.

2.5 **“Beneficial Owner”** or **“Beneficial Ownership”** shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

2.6 **“Board”** means the Board of Directors of the Company.

2.7 **“Change of Control”** unless otherwise specified in the Award Agreement, means the occurrence of any of the following events:

- (a) any consolidation, amalgamation, or merger of the Company with or into any other Person, or any other corporate reorganization, business combination, transaction or transfer of securities of the Company by its stockholders, or a series of transactions (including the acquisition of capital stock of the Company), whether or not the Company is a party thereto, in which the stockholders of the Company immediately prior to such consolidation, merger, reorganization, business combination or transaction, collectively have Beneficial Ownership, directly or indirectly, of capital stock representing directly, or indirectly through one or more entities, less than fifty percent (50%) of the equity (measured by

1

economic value or voting power (by contract, share ownership or otherwise) of the Company or other surviving entity immediately after such consolidation, merger, reorganization, business combination or transaction;

- (b) the sale or disposition, in one transaction or a series of related transactions, of all or substantially all of the assets of the Company to any Person;
- (c) during any period of twelve consecutive months commencing on or after the Effective Date, individuals who as of the beginning of such period constituted the entire Board (together with any new directors whose election by such Board or nomination for election by the Company’s shareholders was approved by a vote of at least two-thirds of the directors of the Company, then still in office, who were directors at the beginning of the period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority thereof; or
- (d) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

2.8 **“Code”** means the U.S. Internal Revenue Code of 1986, as amended from time to time.

2.9 **“Committee”** means the Compensation Committee of the Board or any other committee designated by the Board to administer this Plan. To the extent applicable, the Committee shall have at least two members, each of whom shall be (i) a Non-Employee Director, (ii) an Outside Director, and (iii) an “independent director” within the meaning of the listing requirements of any exchange on which the Company is listed.

2.10 **“Company”** means The Howard Hughes Corporation, a Delaware corporation, and any successor thereto.

2.11 **“Covered Employee”** means for any Plan Year, a Participant designated by the Company as a potential “covered employee” as such term is defined in Section 162(m) of the Code.

2.12 **“Director”** means a member of the Board who is not an Employee.

2.13 **“Effective Date”** means the date set forth in Section 14.15.

2.14 **“Employee”** means an officer or other employee of the Company, a Subsidiary or Affiliate, including a member of the Board who is an employee of the Company, a Subsidiary or Affiliate.

2.15 **“Exchange Act”** means the Securities Exchange Act of 1934, as amended from time to time.

2.16 **“Fair Market Value”** means, as of any date, the per Share value determined as follows, in accordance with applicable provisions of Section 409A of the Code:

- (a) The closing price of a Share on a recognized national exchange or any established over-the-counter trading system on which dealings take place, or if no trades were made on any such day, the immediately preceding day on which trades were made; or

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- (b) In the absence of an established market for the Shares of the type described in (a) above, the per Share Fair Market Value thereof shall be determined by the Committee in good faith and in accordance with applicable provisions of Section 409A of the Code.

2.17 **“Incentive Stock Option”** means an Option intended to meet the requirements of an incentive stock option as defined in Section 422 of the Code and designated as an Incentive Stock Option.

2.18 **“Joint Plan of Reorganization”** means that certain Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code by the Company and certain of its Subsidiaries filed with the United States Bankruptcy Court for the Southern District of New York on [·].

2.19 **“Non-Employee Director”** means a person defined in Rule 16b-3(b)(3) promulgated by the Securities and Exchange Commission under the Exchange Act, or any successor definition adopted by the Securities and Exchange Commission.

- 2.20 “**Nonqualified Stock Option**” means an Option that is not an Incentive Stock Option.
- 2.21 “**Other Stock-Based Award**” means any right granted under Article 9 of the Plan.
- 2.22 “**Option**” means any stock option granted under Article 6 of the Plan.
- 2.23 “**Option Price**” means the purchase price per Share subject to an Option, as determined pursuant to Section 6.2 of the Plan.
- 2.24 “**Outside Director**” means a member of the Board who is an “outside director” within the meaning of Section 162(m) of the Code and the regulations promulgated thereunder.
- 2.25 “**Participant**” means any eligible person as set forth in Section 4.1 to whom an Award is granted.
- 2.26 “**Performance-Based Compensation**” means compensation under an Award that is intended to constitute “qualified performance-based compensation” within the meaning of the regulations promulgated under Section 162(m) of Code or any successor provision.
- 2.27 “**Performance Measures**” means measures as described in Section 10.2 on which the performance goals are based in order to qualify Awards as Performance-Based Compensation.
- 2.28 “**Performance Period**” means the period of time during which the performance goals must be met in order to determine the degree of payout and/or vesting with respect to an Award.
- 2.29 “**Person**” shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) thereof.
- 2.30 “**Plan**” means The Howard Hughes Corporation 2010 Equity Incentive Plan.
- 2.31 “**Plan Year**” means the applicable fiscal year of the Company.
- 2.32 “**Restricted Stock**” means any Award granted under Article 8 of the Plan.

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- 2.33 “**Restriction Period**” means the period during which Restricted Stock awarded under Article 8 of the Plan is subject to forfeiture.
- 2.34 “**Service**” means service as an Employee or Director.
- 2.35 “**Share**” means a share of common stock of the Company, par value \$0.01 per share, or such other class or kind of shares or other securities resulting from the application of Article 12 hereof.
- 2.36 “**Stock Appreciation Right**” means any right granted under Article 7 of the Plan.
- 2.37 “**Subsidiary**” means any corporation, partnership, limited liability company or other legal entity of which the Company, directly or indirectly, owns stock or other equity interests possessing fifty percent (50%) or more of the total combined voting power of all classes of stock or other equity interests (as determined in a manner consistent with Section 409A of the Code).
- 2.38 “**Ten Percent Shareholder**” means a person who on any given date owns, either directly or indirectly (taking into account the attribution rules contained in Section 424(d) of the Code), stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or a Subsidiary or Affiliate.

Article 3. Administration

3.1 **Authority of the Committee.** The Plan shall be administered by the Committee, which shall have full power to interpret and administer the Plan and Award Agreements and full authority to select the Employees and Directors to whom Awards will be granted, and to determine the type and amount of Awards to be granted to each such Employee or Director, and the terms and conditions of Awards and Award Agreements. Without limiting the generality of the foregoing, the Committee may, in its sole discretion but subject to the limitations in Article 13, clarify, construe or resolve any ambiguity in any provision of the Plan or any Award Agreement, extend the term or period of exercisability of any Awards, or waive any terms or conditions applicable to any Award. Awards may, in the discretion of the Committee, be made under the Plan in assumption of, or in substitution for, outstanding awards previously granted by the Company or any of its Subsidiaries or Affiliates or a company acquired by the Company or with which the Company combines. The Committee shall have full and exclusive discretionary power to adopt rules, forms, instruments, and guidelines for administering the Plan as the Committee deems necessary or proper. All actions taken and all interpretations and determinations made by the Committee or by the Board (or any other committee or sub-committee thereof), as applicable, shall be final and binding upon the Participants, the Company, and all other interested individuals.

3.2 **Delegation.** The Committee may delegate to one or more of its members or one or more executive officers of the Company such administrative duties or powers as it may deem advisable; *provided* that no delegation shall be permitted under the Plan that is prohibited by applicable law.

Article 4. Eligibility and Participation

4.1 **Eligibility.** Participants will consist of such Employees and Directors as the Committee in its sole discretion determines and whom the Committee may designate from time to time to receive Awards. Designation of a Participant in any year shall not require the Committee to designate such person to receive an Award in any other year or, once designated, to receive the same type or amount of Award as granted to the Participant in any other year.

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4.2 Type of Awards. Awards under the Plan may be granted in any one or a combination of: (a) Options, (b) Stock Appreciation Rights, (c) Restricted Stock, (d) Other Stock-Based Awards, and (e) Performance-Based Compensation Awards. The Plan sets forth the types of performance goals and sets forth procedural requirements to permit the Company to design Awards that qualify as Performance-Based Compensation, as described in Article 10 hereof. Awards granted under the Plan shall be evidenced by Award Agreements (which need not be identical) that provide additional terms and conditions associated with such Awards, as determined by the Committee in its sole discretion; *provided, however*, that in the event of any conflict between the provisions of the Plan and any such Award Agreement, the provisions of the Plan shall prevail.

Article 5. Shares Subject to the Plan and Maximum Awards

5.1 General. Subject to adjustment as provided in Article 12 hereof, the maximum number of Shares available for issuance to Participants pursuant to Awards under the Plan shall be equal to [eight percent (8%) of the outstanding fully diluted Shares of the Company as of the Effective Date (including shares issuable under the Joint Plan of Reorganization)]. The number of Shares available for granting Incentive Stock Options under the Plan shall not exceed [eight percent (8%) of the outstanding fully diluted Shares of the Company as of the Effective Date (including shares issuable under the Joint Plan of Reorganization)], subject to Article 12 hereof and the provisions of Sections 422 or 424 of the Code and any successor provisions. The Shares available for issuance under the Plan may consist, in whole or in part, of authorized and unissued Shares or treasury Shares.

5.2 Annual Award Limits. The maximum number of Shares with respect to Awards denominated in Shares (or the equivalent dollar value) that may be granted to any Participant in any Plan Year shall be 500,000 Shares, subject to adjustments made in accordance with Article 12 hereof (the "Annual Award Limit").

5.3 Additional Shares. In the event that any outstanding Award expires, is forfeited, cancelled or otherwise terminated without the issuance of Shares or is otherwise settled for cash, the Shares subject to such Award, to the extent of any such forfeiture, cancellation, expiration, termination or settlement for cash, shall again be available for Awards. If the Committee authorizes the assumption under this Plan, in connection with any merger, consolidation, acquisition of property or stock, or reorganization, of awards granted under another plan, such assumption shall not (i) reduce the maximum number of Shares available for issuance under this Plan or (ii) be subject to or counted against a Participant's Annual Award Limit.

Article 6. Stock Options

6.1 Grant of Options. The Committee is hereby authorized to grant Options to Participants. Each Option shall permit a Participant to purchase from the Company a stated number of Shares at an Option Price established by the Committee, subject to the terms and conditions described in this Article 6 and to such additional terms and conditions, as established by the Committee, in its sole discretion, that are consistent with the provisions of the Plan. Options shall be designated as either Incentive Stock Options or Nonqualified Stock Options, provided that Options granted to Directors shall be Nonqualified Stock Options. An Option granted as an Incentive Stock Option shall, to the extent it fails to qualify as an Incentive Stock Option, be treated as a Nonqualified Stock Option. Neither the Committee, the Company, any of its Subsidiaries or Affiliates, nor any of their employees and representatives shall be liable to any Participant or to any other Person if it is determined that an Option intended to be an Incentive Stock Option does not qualify as an Incentive Stock Option. Each option shall be evidenced by Award Agreements which shall state the number of Shares covered by such Option. Such agreements shall conform to the requirements of the Plan, and may contain such other provisions, as the Committee shall deem advisable.

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6.2 Terms of Option Grant. The Option Price shall be determined by the Committee at the time of grant, but shall not be less than one-hundred percent (100%) of the Fair Market Value of a Share on the date of grant. In the case of any Incentive Stock Option granted to a Ten Percent Shareholder, the Option Price shall not be less than one-hundred-ten percent (110%) of the Fair Market Value of a Share on the date of grant.

6.3 Option Term. The term of each Option shall be determined by the Committee at the time of grant and shall be stated in the Award Agreement, but in no event shall such term be greater than ten (10) years (or, in the case on an Incentive Stock Option granted to a Ten Percent Shareholder, five (5) years).

6.4 Method of Exercise. Except as otherwise provided in the Plan or in an Award Agreement, an Option may be exercised for all, or from time to time any part, of the Shares for which it is then exercisable. For purposes of this Article 6, the exercise date of an Option shall be the later of the date a notice of exercise is received by the Company and, if applicable, the date payment is received by the Company pursuant to clauses (i), (ii), (iii) or (iv) of the following sentence (including the applicable tax withholding pursuant to Section 14.3 of the Plan). The aggregate Option Price for the Shares as to which an Option is exercised shall be paid to the Company in full at the time of exercise at the election of the Participant (i) in cash or its equivalent (e.g., by cashier's check), (ii) to the extent permitted by the Committee, in Shares (whether or not previously owned by the Participant) having a Fair Market Value equal to the aggregate Option Price for the Shares being purchased and satisfying such other requirements as may be imposed by the Committee, (iii) partly in cash and, to the extent permitted by the Committee, partly in such Shares (as described in (ii) above) or (iv) if there is a public market for the Shares at such time, subject to such requirements as may be imposed by the Committee, through the delivery of irrevocable instructions to a broker to sell Shares obtained upon the exercise of the Option and to deliver promptly to the Company an amount out of the proceeds of such sale equal to the aggregate Option Price for the Shares being purchased. The Committee may prescribe any other method of payment that it determines to be consistent with applicable law and the purpose of the Plan.

6.5 Limitations on Incentive Stock Options. Incentive Stock Options may be granted only to employees of the Company or of a "parent corporation" or "subsidiary corporation" (as such terms are defined in Section 424 of the Code) at the date of grant. The aggregate Fair Market Value (generally determined as of the time the Option is granted) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year under all plans of the Company and of any "parent corporation" or "subsidiary corporation" shall not exceed one hundred thousand dollars (\$100,000), or the Option shall be treated as a Nonqualified Stock Option. For purposes of the preceding sentence, Incentive Stock Options will be taken into account generally in the order in which they are granted. Each provision of the Plan and each Award Agreement relating to an Incentive Stock Option shall be construed so that each Incentive Stock Option shall be an incentive stock option as defined in Section 422 of the Code, and any provisions of the Award Agreement thereof that cannot be so construed shall be disregarded.

6.6 Performance Goals. The Committee may condition the grant of Options or the vesting of Options upon the Participant's achievement of one or more performance goal(s) (including the Participant's provision of Services for a designated time period), as specified in the Award Agreement. If the Participant fails to achieve the specified performance goal(s), the Committee shall not grant the Option to such Participant or the Option shall not vest, as applicable.

Article 7. Stock Appreciation Rights

7.1 Grant of Stock Appreciation Rights. The Committee is hereby authorized to grant Stock Appreciation Rights to Participants, including a grant of Stock Appreciation Rights in tandem with any Option at the same time such Option is granted (a "Tandem SAR"). Stock Appreciation Rights shall be evidenced by Award Agreements that shall conform to the requirements of the Plan and may contain such other provisions, as the Committee shall deem advisable. Subject to the terms of the Plan and any applicable Award Agreement, a Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive, upon exercise thereof, the excess of (a) the Fair Market Value of a specified number of Shares on the date of exercise over (b) the grant price of the right as specified by the Committee on the date of the grant. Such payment may be in the form of cash, Shares, other property or any combination thereof, as the Committee shall determine in its sole discretion.

7.2 Terms of Stock Appreciation Right. Subject to the terms of the Plan and any applicable Award Agreement, the grant price (which shall not be less than one hundred percent (100%) of the Fair Market Value of a Share on the date of grant), term, methods of exercise, methods of settlement, and any other terms and conditions of any Stock Appreciation Right shall be as determined by the Committee. The Committee may impose such other conditions or restrictions on the exercise of any Stock Appreciation Right as it may deem appropriate. No Stock Appreciation Right shall have a term of more than ten (10) years from the date of grant.

7.3 Tandem Stock Appreciation Rights and Options. A Tandem SAR shall be exercisable only to the extent that the related Option is exercisable and shall expire no later than the expiration of the related Option. Upon the exercise of all or a portion of a Tandem SAR, a Participant shall be required to forfeit the right to purchase an equivalent portion of the related Option (and, when a Share is purchased under the related Option, the Participant shall be required to forfeit an equivalent portion of the Stock Appreciation Right).

Article 8. Restricted Stock

8.1 Grant of Restricted Stock. An Award of Restricted Stock is a grant by the Committee of a specified number of Shares to the Participant, which Shares are subject to forfeiture upon the occurrence of specified events. Restricted Stock shall be evidenced by an Award Agreement, which shall conform to the requirements of the Plan and may contain such other provisions, as the Committee shall deem advisable.

8.2 Terms of Restricted Stock Awards. Each Award Agreement evidencing a Restricted Stock grant shall specify the period(s) of restriction, the number of Shares of Restricted Stock subject to the Award, the performance, employment or other conditions (including the termination of a Participant's Service whether due to death, disability or other reason) under which the Restricted Stock may be forfeited to the Company and such other provisions as the Committee shall determine. At the end of the Restriction Period, the restrictions imposed hereunder and under the Award Agreement shall lapse with respect to the number of Shares of Restricted Stock as determined by the Committee, and the legend shall be removed and such number of Shares delivered to the Participant (or, where appropriate, the Participant's legal representative).

8.3 Voting and Dividend Rights. Unless otherwise provided in an Award Agreement, Participants shall have none of the rights of a stockholder of the Company with respect to Restricted Stock until the end of the Restricted Period; provided, that, Participants shall have the right to vote and receive dividends on Restricted Stock during the Restriction Period. Dividends shall be paid to Participants at the same time that other shareholders of common stock of the Company receive such dividends.

8.4 Performance Goals. The Committee may condition the grant of Restricted Stock or the expiration of the Restriction Period upon the Participant's achievement of one or more performance goal(s) (including the Participant's provision of Services for a designated time period), as specified in the Award Agreement. If the Participant fails to achieve the specified performance goal(s), the Committee shall not grant the Restricted Stock to such Participant or the Participant shall forfeit the Award of Restricted Stock to the Company, as applicable.

8.5 Section 83(b) Election. If a Participant makes an election pursuant to Section 83(b) of the Code concerning Restricted Stock, the Participant shall be required to file promptly a copy of such election with the Company.

Article 9. Other Stock-Based Awards

The Committee, in its sole discretion, may grant Awards of Shares and Awards that are valued, in whole or in part, by reference to, or are otherwise based on the Fair Market Value of, Shares (the "Other Stock-Based Awards"), including without limitation, restricted stock units and other phantom awards. Such Other Stock-Based Awards shall be in such form, and dependent on such conditions, as the Committee shall determine, including, without limitation, the right to receive one or more Shares (or the equivalent cash value of such Shares) upon the completion of a specified period of Service, the occurrence of an event and/or the attainment of performance objectives. Other Stock-Based Awards may be granted alone or in addition to any other Awards granted under the Plan. Subject to the provisions of the Plan, the Committee shall determine to whom and when Other Stock-Based Awards will be made, the number of Shares to be awarded under (or otherwise related to) such Other Stock-Based Awards, whether such Other Stock-Based Awards shall be settled in cash, Shares or a combination of cash and Shares, and all other terms and conditions of such Awards (including, without limitation, the vesting provisions thereof and provisions ensuring that all Shares so awarded and issued shall be fully paid and non-assessable).

Article 10. Performance-Based Compensation

10.1 Grant of Performance-Based Compensation. To the extent permitted by Section 162(m) of the Code, the Committee is authorized to design any Award so that the amounts or Shares payable or distributed pursuant to such Award are treated as "qualified performance-based compensation" within the meaning of Section 162(m) of the Code and related regulations.

10.2 Performance Measures. The vesting, crediting and/or payment of Performance-Based Compensation shall be based on the achievement of objective performance goals based on one or more of the following Performance Measures: (i) consolidated earnings before or after taxes (including earnings before interest, taxes, depreciation and amortization); (ii) net income; (iii) operating income; (iv) earnings per Share; (v) book value per Share; (vi) return on shareholders' equity; (vii) expense management; (viii) return on investment; (ix) improvements in capital structure; (x) profitability of an identifiable business

unit or product; (xi) maintenance or improvement of profit margins; (xii) stock price; (xiii) market share; (xiv) revenues or sales; (xv) costs; (xvi) cash flow; (xvii) working capital; (xviii) return on assets; (xix) store openings or refurbishment plans; (xx) staff training; and (xxi) corporate social responsibility policy implementation.

Any Performance Measure may be (i) used to measure the performance of the Company and/or any of its Subsidiaries or Affiliates as a whole, any business unit thereof or any combination thereof against any goal including past performance or (ii) compared to the performance of a group of comparable companies, or a published or special index, in each case that the Committee, in its sole discretion, deems appropriate. Subject to Section 162(m) of the Code, the Committee may adjust the

performance goals (including to prorate goals and payments for a partial Plan Year) in the event of the following occurrences: (a) non-recurring events, including divestitures, spin-offs, or changes in accounting standards or policies; (b) mergers and acquisitions; and (c) financing transactions, including selling accounts receivable.

10.3 Establishment of Performance Goals for Covered Employees. No later than ninety (90) days after the commencement of a Performance Period (but in no event after twenty-five percent (25%) of such Performance Period has elapsed), the Committee shall establish in writing: (i) the performance goals applicable to the Performance Period; (ii) the Performance Measures to be used to measure the performance goals in terms of an objective formula or standard; (iii) the formula for computing the amount of compensation payable to the Participant if such performance goals are obtained; and (iv) the Participants or class of Participants to which such performance goals apply. The outcome of such performance goals must be substantially uncertain when the Committee establishes the goals.

10.4 Adjustment of Performance-Based Compensation. Awards that are designed to qualify as Performance-Based Compensation may not be adjusted upward. The Committee shall retain the discretion to adjust such Awards downward, either on a formula or discretionary basis or any combination, as the Committee determines.

10.5 Certification of Performance. Except for Awards that pay compensation attributable solely to an increase in the value of Shares, no Award designed to qualify as Performance-Based Compensation shall be vested, credited or paid, as applicable, with respect to any Participant until the Committee certifies in writing that the performance goals and any other material terms applicable to such Performance Period have been satisfied.

10.6 Interpretation. Each provision of the Plan and each Award Agreement relating to Performance-Based Compensation shall be construed so that each such Award shall be “qualified performance-based compensation” within the meaning of Section 162(m) of the Code and related regulations, and any provisions of the Award Agreement thereof that cannot be so construed shall be disregarded.

Article 11. Compliance with Section 409A of the Code and Section 457A of the Code

11.1 General. The Company intends that any Awards be structured in compliance with, or to satisfy an exemption from, Section 409A of the Code and all regulations, guidance, compliance programs and other interpretative authority thereunder (“Section 409A”), such that there are no adverse tax consequences, interest, or penalties as a result of the Awards. Notwithstanding the Company’s intention, in the event any Award is subject to Section 409A, the Committee may, in its sole discretion and without a Participant’s prior consent, amend the Plan and/or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and actions with retroactive effect) as are necessary or appropriate to (i) exempt the Plan and/or any Award from the application of Section 409A, (ii) preserve the intended tax treatment of any such Award, or (iii) comply with the requirements of Section 409A, including without limitation any such regulations guidance, compliance programs and other interpretative authority that may be issued after the date of grant of an Award.

11.2 Payments to Specified Employees. Notwithstanding any contrary provision in the Plan or Award Agreement, any payment(s) of nonqualified deferred compensation (within the meaning of Section 409A) that are otherwise required to be made under the Plan to a “specified employee” (as defined under Section 409A) as a result of his or her separation from service (other than a payment that is not subject to Section 409A) shall be delayed for the first six (6) months following such separation from service (or, if earlier, the date of death of the specified employee) and shall instead be paid (in a manner

set forth in the Award Agreement) on the payment date that immediately follows the end of such six-month period or as soon as administratively practicable within 90 days thereafter, but in no event later than the end of the applicable taxable year.

11.3 Separation from Service. A termination of employment shall not be deemed to have occurred for purposes of any provision of the Plan or any Award Agreement providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation under Section 409A upon or following a termination of employment, unless such termination is also a “separation from service” within the meaning of Section 409A and the payment thereof prior to a “separation from service” would violate Section 409A. For purposes of any such provision of the Plan or any Award Agreement relating to any such payments or benefits, references to a “termination,” “termination of employment” or like terms shall mean “separation from service.”

11.4 Section 457A. In the event any Award is subject to Section 457A of the Code (“Section 457A”), the Committee may, in its sole discretion and without a Participant’s prior consent, amend the Plan and/or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and actions with retroactive effect) as are necessary or appropriate to (i) exempt the Plan and/or any Award from the application of Section 457A, (ii) preserve the intended tax treatment of any such Award, or (iii) comply with the requirements of Section 457A, including without limitation any such regulations, guidance, compliance programs and other interpretative authority that may be issued after the date of the grant.

Article 12. Adjustments

12.1 Adjustments in Authorized Shares. In the event of any corporate event or transaction involving the Company, a Subsidiary and/or an Affiliate (including, but not limited to, a change in the Shares of the Company or the capitalization of the Company) such as a merger, consolidation, reorganization, recapitalization, separation, stock dividend, stock split, reverse stock split, split up, spin-off, combination of Shares, exchange of Shares, dividend in kind, amalgamation, or other like change in capital structure (other than regular cash dividends to shareholders of the Company), or any similar

corporate event or transaction, the Committee, to prevent dilution or enlargement of Participants' rights under the Plan, shall substitute or adjust, in its sole discretion, the number and kind of Shares or other property that may be issued under the Plan or under particular forms of Awards, the number and kind of Shares or other property subject to outstanding Awards, the Option Price, grant price or purchase price applicable to outstanding Awards, the Annual Award Limits, and/or other value determinations applicable to the Plan or outstanding Awards.

12.2 Change of Control. Upon the occurrence of a Change of Control after the Effective Date, unless otherwise specifically prohibited under applicable laws or by the rules and regulations of any governing governmental agencies or national securities exchanges, or unless the Committee shall determine otherwise in the Award Agreement, the Committee shall make one or more of the following adjustments to the terms and conditions of outstanding Awards: (i) continuation or assumption of such outstanding Awards under the Plan by the Company (if it is the surviving company or corporation) or by the surviving company or corporation or its parent; (ii) substitution by the surviving company or corporation or its parent of awards with substantially the same terms for such outstanding Awards; (iii) accelerated exercisability, vesting and/or lapse of restrictions under outstanding Awards immediately prior to the occurrence of such event; (iv) upon written notice, provide that any outstanding Awards must be exercised, to the extent then exercisable, during a reasonable period of time immediately prior to the scheduled consummation of the event, or such other period as determined by the Committee (contingent upon the consummation of the event), and at the end of such period, such Awards shall terminate to the extent not so exercised within the relevant period; and (v) cancellation of all or any portion of outstanding

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Awards for fair value (as determined in the sole discretion of the Committee and which may be zero) which, in the case of Options and Stock Appreciation Rights or similar Awards, if the Committee so determines, may equal the excess, if any, of the value of the consideration to be paid in the Change of Control transaction to holders of the same number of Shares subject to such Awards (or, if no such consideration is paid, Fair Market Value of the Shares subject to such outstanding Awards or portion thereof being canceled) over the aggregate Option Price or grant price, as applicable, with respect to such Awards or portion thereof being canceled (which may be zero).

Article 13. Duration, Amendment, Modification, Suspension and Termination

13.1 Duration of the Plan. Unless sooner terminated as provided in Section 13.2, the Plan shall terminate on the tenth (10th) anniversary of the Effective Date.

13.2 Amendment, Modification, Suspension and Termination of Plan. The Committee may amend, alter, suspend, discontinue, or terminate (for purposes of this Section 13.2, an "**Action**") the Plan or any portion thereof or any Award (or Award Agreement) thereunder at any time; *provided* that no such Action shall be made, other than as permitted under Article 11 or 12, (i) without shareholder approval (A) if such approval is necessary to comply with any tax or regulatory requirement applicable to the Plan, (B) if such Action increases the number of Shares available under the Plan (other than an increase permitted under Article 5 absent shareholder approval), (C) if such Action results in a material increase in benefits permitted under the Plan (but excluding increases that are immaterial or that are minor and to benefit the administration of the Plan, to take account of any changes in applicable law, or to obtain or maintain favorable tax, exchange, or regulatory treatment for the Company, a Subsidiary, and/or an Affiliate) or a change in eligibility requirements under the Plan, or (D) for any Action that results in a reduction of the Option Price or grant price per Share, as applicable, of any outstanding Options or Stock Appreciation Rights or cancellation of any outstanding Options or Stock Appreciation Rights in exchange for cash, or for other Awards, such as other Options or Stock Appreciation Rights, with an Option Price or grant price per Share, as applicable, that is less than such price of the original Options or Stock Appreciation Rights, and (ii) without the written consent of the affected Participant, if such Action would materially diminish the rights of any Participant under any Award theretofore granted to such Participant under the Plan; *provided, further*, that the Committee may amend the Plan, any Award or any Award Agreement without such consent of the Participant in such manner as it deems necessary to comply with applicable laws, including without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Article 14. General Provisions

14.1 No Right to Service. The granting of an Award under the Plan shall impose no obligation on the Company, any Subsidiary or any Affiliate to continue the Service of a Participant and shall not lessen or affect any right that the Company, any Subsidiary or any Affiliate may have to terminate the Service of such Participant. No Participant or other Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants, or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant (whether or not such Participants are similarly situated).

14.2 Settlement of Awards; Fractional Shares. Each Award Agreement shall establish the form in which the Award shall be settled. The Committee shall determine whether cash, Awards, other securities or other property shall be issued or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be rounded, forfeited or otherwise eliminated.

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14.3 Tax Withholding. The Company shall have the power and the right to deduct or withhold automatically from any amount deliverable under the Award or otherwise, or require a Participant to remit to the Company, the minimum statutory amount to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan. With respect to required withholding, Participants may elect (subject to the Company's automatic withholding right set out above), subject to the approval of the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having a Fair Market Value on the date the tax is to be determined equal to the minimum statutory total tax that could be imposed on the transaction.

14.4 No Guarantees Regarding Tax Treatment. Participants (or their beneficiaries) shall be responsible for all taxes with respect to any Awards under the Plan. The Committee and the Company make no guarantees to any Person regarding the tax treatment of Awards or payments made under the Plan. Neither the Committee nor the Company has any obligation to take any action to prevent the assessment of any tax on any Person with respect to any Award under Section 409A of the Code or Section 457A of the Code or otherwise and none of the Company, any of its Subsidiaries or Affiliates, or any of their employees or representatives shall have any liability to a Participant with respect thereto.

14.5 Non-Transferability of Awards. Unless otherwise determined by the Committee, an Award shall not be transferable or assignable by the Participant except in the event of his death (subject to the applicable laws of descent and distribution) and any such purported assignment, alienation, pledge,

attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate. No transfer shall be permitted for value or consideration. An award exercisable after the death of a Participant may be exercised by the heirs, legatees, personal representatives or distributees of the Participant. Any permitted transfer of the Awards to heirs, legatees, personal representatives or distributees of the Participant shall not be effective to bind the Company unless the Committee shall have been furnished with written notice thereof and a copy of such evidence as the Committee may deem necessary to establish the validity of the transfer and the acceptance by the transferee or transferees of the terms and conditions hereof.

14.6 Conditions and Restrictions on Shares. The Committee may impose such other conditions or restrictions on any Shares received in connection with an Award as it may deem advisable or desirable. These restrictions may include, but shall not be limited to, a requirement that the Participant hold the Shares received for a specified period of time or a requirement that a Participant represent and warrant in writing that the Participant is acquiring the Shares for investment and without any present intention to sell or distribute such Shares. The certificates for Shares may include any legend which the Committee deems appropriate to reflect any conditions and restrictions applicable to such Shares.

14.7 Compliance with Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies, or any stock exchanges on which the Shares are admitted to trading or listed, as may be required. The Company shall have no obligation to issue or deliver evidence of title for Shares issued under the Plan prior to:

- (a) Obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and
- (b) Completion of any registration or other qualification of the Shares under any applicable national, state or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable.

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The restrictions contained in this Section 14.7 shall be in addition to any conditions or restrictions that the Committee may impose pursuant to Section 14.6. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company, its Subsidiaries and Affiliates, and all of their employees and representatives of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

14.8 Rights as a Shareholder. Except as otherwise provided herein or in the applicable Award Agreement, a Participant shall have none of the rights of a shareholder with respect to Shares covered by any Award until the Participant becomes the record holder of such Shares.

14.9 Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person, or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

14.10 Unfunded Plan. Participants shall have no right, title, or interest whatsoever in or to any investments that the Company or any of its Subsidiaries or Affiliates may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, beneficiary, legal representative, or any other Person. To the extent that any Person acquires a right to receive payments from the Company under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder shall be paid from the general funds of the Company and no special or separate fund shall be established and no segregation of assets shall be made to assure payment of such amounts. The Plan is not subject to the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time.

14.11 No Constraint on Corporate Action. Nothing in the Plan shall be construed to (i) limit, impair, or otherwise affect the Company's right or power to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell, or transfer all or any part of its business or assets, or (ii) limit the right or power of the Company to take any action which such entity deems to be necessary or appropriate.

14.12 Successors. All obligations of the Company under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business or assets of the Company.

14.13 Governing Law. The Plan and each Award Agreement shall be governed by the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

14.14 Data Protection. By participating in the Plan, the Participant consents to the collection, processing, transmission and storage by the Company in any form whatsoever, of any data of a professional or personal nature which is necessary for the purposes of introducing and administering the Plan. The Company may share such information with any Subsidiary or Affiliate, the trustee of any employee benefit trust, its registrars, trustees, brokers, other third party administrator or any Person who

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obtains control of the Company or acquires the Company, undertaking or part-undertaking which employs the Participant, wherever situated.

14.15 Effective Date. The Plan shall be effective as of the date on which distributions to holders of claims and equity interests commences pursuant to the Joint Plan of Reorganization (the "Effective Date").

* * *

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THE HOWARD HUGHES CORPORATION

[Effective Date], 2010

REP Investments LLC
 c/o Brookfield Asset Management Inc.
 Brookfield Place, Suite 300
 181 Bay Street
 P.O. Box 762
 Toronto, Ontario M5J 2T3
 Canada
 Attention: Joseph Freedman

Ladies and Gentlemen:

Reference is made to the Amended and Restated Cornerstone Investment Agreement (the "Cornerstone Agreement"), effective as of March 31, 2010, as amended, between General Growth Properties, Inc. and REP Investments LLC ("Purchaser"), an affiliate of Brookfield Asset Management Inc. Capitalized terms used but not otherwise defined in this letter agreement (this "Agreement") shall have the meanings attributed to such terms in the Cornerstone Agreement as in effect on the date hereof.

Pursuant to the terms of the Cornerstone Agreement and the Plan, The Howard Hughes Corporation ("THHC") and Purchaser hereby agree as follows:

1. Subscription Right.

(i) Sale of New Equity Securities. Following the date hereof, Purchaser shall have the right, or shall at any time and from time to time have the right to appoint Brookfield Consortium Members in accordance with and subject to the Designation Conditions and subject to such Brookfield Consortium Members agreeing in writing for the benefit of THHC to be bound by the terms of Section 5 hereof, to exercise the Subscription Right (as defined below) set forth in this Section 1 (Purchaser or one or more Brookfield Consortium Members, each a "Subscribing Entity" and collectively the "Subscribing Entities"). If THHC or any Subsidiary of THHC at any time or from time to time makes any public or non-public offering of any shares of GGO Common Stock (or securities that are convertible into or exchangeable or exercisable for, or linked to the performance of, GGO Common Stock) (other than (1) pursuant to the granting or exercise of employee stock options or other stock incentives pursuant to THHC's stock incentive plans and employment arrangements as in effect from time to time or the issuance of stock pursuant to THHC's employee stock purchase plan as in effect from time to time, (2) pursuant to or in consideration for the acquisition of another Person, business or assets by THHC or any of its Subsidiaries, whether by purchase of stock, merger, consolidation, purchase of all or substantially all of the assets of such Person or otherwise or (3) to strategic partners or joint venturers in connection with a commercial

relationship with THHC or its Subsidiaries or to parties in connection with such Persons providing THHC or its Subsidiaries with loans, credit lines, cash price reductions or similar transactions, under arm's-length arrangements) (the "Proposed Securities"), the Subscribing Entities shall have the right to acquire from THHC (the "Subscription Right") for the same price (net of any underwriting discounts or sales commissions or any other discounts or fees if not purchasing from or through an underwriter, placement agent or broker) and on the same terms as such Proposed Securities are proposed to be offered to others, up to the amount of such Proposed Securities in the aggregate required to enable it to maintain its proportionate GGO Common Stock-equivalent interest in THHC on a Fully Diluted Basis determined in accordance with the following sentence, in each case, subject to such limitations as may be imposed by applicable Law or stock exchange rules. The amount of such Proposed Securities that the Subscribing Entities shall be entitled to purchase in the aggregate in any offering pursuant to the above shall (subject to such limitations as may be imposed by applicable Law or stock exchange rules) be determined by multiplying (x) the total number of such offered shares of Proposed Securities by (y) a fraction, the numerator of which is the number of shares of GGO Common Stock held by Purchaser and Brookfield Consortium Members on a Fully Diluted Basis as of the date of THHC's notice pursuant to Section 1(ii) in respect of the issuance of such Proposed Securities, and the denominator of which is the number of shares of GGO Common Stock then outstanding on a Fully Diluted Basis. For the avoidance of doubt, the actual amount of securities to be sold or offered to the Subscribing Entities pursuant to its exercise of the Subscription Right hereunder shall be proportionally reduced if the aggregate amount of Proposed Securities sold or offered is reduced. Any offers and sales pursuant to this Section 1 in the context of a registered public offering shall be conditioned upon reasonably acceptable representations and warranties of each Subscribing Entity regarding its status as the type of offeree to whom a private sale can be made concurrently with a registered public offering in compliance with applicable securities Laws.

(ii) Notice. In the event THHC proposes to offer Proposed Securities, it shall give Purchaser written notice of its intention, describing the estimated price (or range of prices), anticipated amount of securities, timing and other terms upon which THHC proposes to offer the same (including, in the case of a registered public offering and to the extent possible, a copy of the prospectus included in the registration statement filed with respect to such offering), no later than ten (10) Business Days after the commencement of marketing with respect to such offering or after THHC takes substantial steps to pursue any other offering. The Subscribing Entity shall have three (3) Business Days from the date of receipt of such a notice to notify THHC in writing that it intends to exercise its Subscription Right and as to the amount of Proposed Securities the Subscribing Entity desires to purchase, up to the maximum amount calculated pursuant to Section 1(i). In connection with an underwritten public offering, such notice shall constitute a non-binding indication of interest to purchase Proposed Securities at such a range of prices as the Subscribing Entity may specify and, with respect to other offerings, such notice shall constitute a binding commitment of the Subscribing Entity to purchase the amount of Proposed Securities so specified at the price and other terms set forth in THHC's notice to such Subscribing Entity. The failure of the Subscribing Entity to so respond within such three (3) Business Day period shall be deemed to be a waiver of the

Subscription Right under this Section 1 only with respect to the offering described in the applicable notice. In connection with an underwritten public offering or a private placement, the Subscribing Entity shall further enter into an agreement (in form and substance customary for transactions of this type) to purchase the Proposed Securities to be acquired contemporaneously with the execution of any underwriting agreement or purchase agreement entered into with THHC, the underwriters or initial purchasers of such underwritten public offering or private placement, and the failure to enter into such an agreement at or prior to such time shall constitute a waiver of the Subscription Right in respect of such offering.

(iii) Purchase Mechanism. If the Subscribing Entity exercises its Subscription Right provided in this Section 1, the closing of the purchase of the Proposed Securities with respect to which such right has been exercised shall take place concurrently with the sale to the other investors in the applicable offering, which period of time for the closing of the purchase of the Proposed Securities with respect to which such right has been exercised shall be extended for a maximum of one hundred eighty (180) days in order to comply with applicable Laws (including receipt of any applicable regulatory or stockholder approvals). Each of THHC and the Subscribing Entity shall use its reasonable best efforts to secure any regulatory or stockholder approvals or other consents, and to comply with any Law necessary in connection with the offer, sale and purchase of, such Proposed Securities.

(iv) Failure of Purchase. In the event (A) the Subscribing Entity fails to exercise its Subscription Right provided in this Section 1 within said three (3) Business Day period, or (B) if so exercised, the Subscribing Entity fails or is unable to consummate such purchase within the one hundred eighty (180) day period specified in Section 1(iii), without prejudice to other remedies, THHC shall thereafter be entitled during the Additional Sale Period to sell the Proposed Securities not elected to be purchased pursuant to this Section 1 or which the Subscribing Entity fails to, or is unable to, purchase, at a price and upon terms no more favorable in any material respect to the purchasers of such securities than were specified in THHC's notice to Purchaser. In the event THHC has not sold the Proposed Securities within the Additional Sale Period, THHC shall not thereafter offer, issue or sell such Proposed Securities without first offering such securities to Purchaser in the manner provided above.

(v) Non-Cash Consideration. In the case of the offering of securities for a consideration in whole or in part other than cash, including securities acquired in exchange therefor (other than securities by their terms so exchangeable), the consideration other than cash shall be deemed to be the fair value thereof as determined by the Board of Directors of THHC (the "Board"); provided, however, that such fair value as determined by the Board shall not exceed the aggregate market price of the securities being offered as of the date the Board authorizes the offering of such securities.

(vi) Cooperation. THHC and Purchaser shall cooperate in good faith to facilitate the exercise of the Subscribing Entity's Subscription Right hereunder, including using reasonable efforts to secure any required approvals or consents.

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(vii) General. Notwithstanding anything herein to the contrary, (A) if (1) the Subscribing Entity exercises its Subscription Right pursuant to this Section 1 and is unable to complete the purchase of the Proposed Securities concurrently with the sales to the other investors in the applicable offering as contemplated by Section 1(iii) due to applicable regulatory or stockholder approvals and (2) THHC or the Board determines in good faith that any delay in completion of an offering in respect of which the Brookfield Consortium Members are entitled to Subscription Rights would materially impair the financing objective of such offering, THHC may proceed with such offering without the participation of Purchaser in such offering, in which event THHC and Purchaser shall promptly thereafter agree on a process otherwise consistent with this Section 1 as would allow Purchaser to purchase, at the same price (net of any underwriting discounts or sales commissions or any other discounts or fees if not purchasing from or through an underwriter, placement agent or broker) as in such offering, up to the amount of shares of GGO Common Stock (or securities that are convertible into or exchangeable or exercisable for, or linked to the performance of, GGO Common Stock) as shall be necessary to enable Purchaser to maintain its proportionate GGO Common Stock-equivalent interest in THHC on a Fully Diluted Basis, (B) if THHC or the Board determines in good faith that compliance with the notice provisions in Section 1(ii) would materially impair the financing objective of an offering in respect of which the Brookfield Consortium Members are entitled to Subscription Rights, THHC shall be permitted by notice to the Subscribing Entity to reduce the notice period required under Section 1(ii) (but not to less than one (1) Business Day) to the minimum extent required to meet the financing objective of such offering, and the Subscribing Entity shall have the right to either (x) exercise its Subscription Rights during the shortened notice periods specified in such notice or (y) require THHC to promptly thereafter agree on a process otherwise consistent with this Section 1 as would allow Purchaser to purchase, at the same price (net of any underwriting discounts or sales commissions or any other discounts or fees if not purchasing from or through an underwriter, placement agent or broker) as in such offering, up to the amount of shares of GGO Common Stock (or securities that are convertible into or exchangeable or exercisable for, or linked to the performance of, GGO Common Stock) as shall be necessary to enable Purchaser to maintain its proportionate GGO Common Stock-equivalent interest in THHC on a Fully Diluted Basis and (C) in the event THHC is unable to issue shares of GGO Common Stock (or securities that are convertible into or exchangeable or exercisable for, or linked to the performance of, GGO Common Stock) to Purchaser as a result of a failure to receive regulatory or stockholder approval therefor, THHC shall take such action or cause to be taken such other action in order to place the Subscribing Entity, in so far as reasonably practicable (subject to any limitations that may be imposed by applicable Law or stock exchange rules), in the same position in all material respects as if the Subscribing Entity was able to effectively exercise its Subscription Rights hereunder, including, at the option of the Subscribing Entity, issuing to the Subscribing Entity another class of securities of THHC having terms to be agreed by THHC and Purchaser having a value at least equal to the value per share of GGO Common Stock, in each case, as shall be necessary to enable Purchaser to maintain its proportionate GGO Common Stock-equivalent interest in THHC on a Fully Diluted Basis.

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(viii) Termination. This Section 1 shall terminate at such time as Purchaser together with the Brookfield Consortium Members collectively beneficially own less than 5% of the outstanding shares of GGO Common Stock on a Fully Diluted Basis.

2. Board of Directors.

(i) As of the date hereof, the GGO Board shall have nine (9) members and one (1) of such members shall be a person designated by Purchaser (the "Purchaser GGO Board Designee").

(ii) THHC shall nominate one (1) Purchaser GGO Board Designee as part of its slate of directors and use its reasonable best efforts to have him or her elected to the Board (including through the solicitation of proxies for such person to the same extent as it does for any of its other nominees to the Board) (subject to applicable Law and stock exchange rules (provided that the Purchaser GGO Board Designee need not be "independent" under the applicable rules of the applicable stock exchange or the SEC)) so long as Purchaser and the Brookfield Consortium Members

beneficially own (directly or indirectly) in the aggregate at least 10% of the shares of GGO Common Stock on a Fully Diluted Basis. For the avoidance of doubt, at and following such time as Purchaser and the Brookfield Consortium Members beneficially own (directly or indirectly) in the aggregate less than 10% of the shares of GGO Common Stock on a Fully Diluted Basis, Purchaser and the Brookfield Consortium Members shall no longer have the right to designate any director for election to the Board.

(iii) Subject to applicable Law and stock exchange rules, there shall be proportional representation by the Purchaser GGO Board Designee on any committee of the Board, except for special committees established for potential conflict of interest situations involving any Brookfield Consortium Member or any Affiliate thereof, and except that the Purchaser GGO Board Designee may serve on committees where qualification under the applicable rules of the applicable stock exchange or the SEC are required only if the Purchaser GGO Board Designee so qualifies. If at any time Purchaser is no longer entitled to designate the Purchaser GGO Board Designee as a result of a decrease in the percentage of shares of GGO Common Stock beneficially owned by Purchaser and the Brookfield Consortium Members, Purchaser shall, to the extent it is within Purchaser's control, use commercially reasonable efforts to cause any such Purchaser GGO Board Designee to offer to resign.

(iv) Except with respect to the resignation of the Purchaser GGO Board Designee pursuant to Section 2(iii), (A) Purchaser shall have the power to designate the Purchaser GGO Board Designee's replacement upon the death, resignation, retirement, disqualification or removal from office of such Purchaser GGO Board Designee and (B) the Board shall promptly take all action reasonably required to fill any vacancy resulting therefrom with such replacement Purchaser GGO Board Designee (including nominating such person, subject to applicable Law, as THHC's nominee to serve on the Board and causing THHC to use all reasonable efforts to have such person elected as a director of THHC and solicit proxies for such person to the same extent as it does for any of THHC's other nominees to the Board).

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(v) (A) The Purchaser GGO Board Designee shall be entitled to the same compensation and same indemnification in connection with his or her role as a director as the members of the Board, and the Purchaser GGO Board Designee shall be entitled to reimbursement for documented, reasonable out-of-pocket expenses incurred in attending meetings of the Board or any committees thereof, to the same extent as other members of the Board, (B) THHC shall notify the Purchaser GGO Board Designee of all regular and special meetings of the Board and shall notify the Purchaser GGO Board Designee of all regular and special meetings of any committee of the Board of which the Purchaser GGO Board Designee is a member, and (C) THHC shall provide the Purchaser GGO Board Designee with copies of all notices, minutes, consents and other materials provided to all other members of the Board concurrently as such materials are provided to the other members (except, for the avoidance of doubt, as are provided to members of committees of which the Purchaser GGO Board Designee is not a member).

(vi) Purchaser GGO Board Designee candidates shall be subject to such reasonable eligibility criteria as applied in good faith by the nominating, corporate governance or similar committee of the Board to other candidates for the Board.

3. Stockholder Vote With Respect to Subscription Right. THHC shall, for the benefit of Purchaser, to the extent required by any U.S. national securities exchange upon which shares of GGO Common Stock are listed, for so long as Purchaser has subscription rights as contemplated by Section 1, put up for a stockholder vote at the annual meeting of its stockholders, and include in its proxy statement distributed to such stockholders in connection with such annual meeting, approval of Purchaser's subscription rights for the maximum period permitted by the rules of such U.S. national securities exchange.

[4. Shelf Registration Statement. Promptly following the Effective Date, THHC shall file with the SEC a shelf registration statement on Form S-1 or Form S-11, as applicable, covering the resale by Purchaser of the GGO Shares and the shares of GGO Common Stock issuable upon exercise of the GGO Warrants, containing a plan of distribution reasonably satisfactory to Purchaser, and THHC shall use its reasonable best efforts to cause such registration statement to be declared effective by the SEC no later than one hundred eighty (180) days after the Effective Date. Notwithstanding the foregoing, in the event that THHC files a registration statement covering the resale of shares of GGO Common Stock for any Other Sponsor prior to such date, THHC shall include the GGO Shares and shares of GGO Common Stock issuable upon exercise of the GGO Warrants for resale by Purchaser in such registration statement.] **[NTD: This provision is needed only if a shelf registration statement is not filed prior to the Effective Date.]**

5. Transfer Restrictions. Purchaser covenants and agrees that the GGO Shares (and shares issuable upon exercise of GGO Warrants) shall be disposed of only pursuant to an effective registration statement under the Securities Act or pursuant to an available exemption from the registration requirements of the Securities Act, and in compliance with any applicable state securities Laws. Purchaser agrees to the imprinting, so long as is required by this Section 5, of the following legend on any certificate evidencing the GGO Shares (and shares issuable upon exercise of GGO Warrants):

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THE SHARES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AS AMENDED (THE "ACT") OR UNDER ANY STATE SECURITIES LAWS ("BLUE SKY") OR THE SECURITIES LAWS OF ANY OTHER RELEVANT JURISDICTION. THE SHARES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE. THE SHARES MAY NOT BE SOLD, ASSIGNED, MORTGAGED, PLEDGED, ENCUMBERED, HYPOTHECATED, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS EITHER (I) A REGISTRATION STATEMENT WITH RESPECT TO THE SHARES IS EFFECTIVE UNDER THE ACT AND APPLICABLE BLUE SKY LAWS AND THE SECURITIES LAWS OF ANY OTHER RELEVANT JURISDICTION ARE COMPLIED WITH OR (II) UNLESS WAIVED BY THE ISSUER, THE ISSUER RECEIVES AN OPINION OF LEGAL COUNSEL SATISFACTORY TO THE ISSUER THAT NO VIOLATION OF THE ACT OR OTHER APPLICABLE LAWS WILL BE INVOLVED IN SUCH TRANSACTION.

Certificates evidencing the GGO Shares (and shares issuable upon exercise of GGO Warrants) shall not be required to contain such legend (A) while a registration statement covering the resale of the GGO Shares is effective under the Securities Act, or (B) following any sale of any such GGO Shares pursuant to Rule 144 of the Exchange Act ("Rule 144"), or (C) following receipt of a legal opinion of counsel to Purchaser that the remaining GGO Shares held by Purchaser are eligible for resale without volume limitations or other limitations under Rule 144. In addition, THHC will agree to the removal of all legends with respect to shares of GGO Common Stock deposited with DTC from time to time in anticipation of sale in accordance with the volume limitations and other limitations under Rule 144, subject to THHC's approval of appropriate procedures, such approval not to be unreasonably withheld, conditioned or delayed.

Following the time at which such legend is no longer required (as provided above) for certain GGO Shares, THHC shall promptly, following the delivery by Purchaser to THHC of a legended certificate representing such GGO Shares, deliver or cause to be delivered to Purchaser a certificate representing such GGO Shares that is free from such legend. In the event the above legend is removed from any of the GGO Shares, and thereafter the effectiveness of a registration statement covering such GGO Shares is suspended or THHC determines that a supplement or amendment thereto is required by applicable securities Laws, then THHC may require that the above legend be placed on any such GGO Shares that cannot then be sold pursuant to an effective registration statement or under Rule 144 and Purchaser shall cooperate in the replacement of such legend. Such legend shall thereafter be removed when such GGO Shares may again be sold pursuant to an effective registration statement or under Rule 144.

Purchaser shall not sell, transfer or dispose of (each, a “Transfer”) (x) GGO Shares, GGO Warrants, or shares issuable upon exercise of the GGO Warrants during the period from and after the Closing Date to the six (6) month anniversary of the Closing Date, (y) in excess of (A) 8.25% of the GGO Shares and (B) 8.25% of the GGO Warrants or the shares issuable upon exercise of the GGO Warrants, in the aggregate, during the period from and after the six (6) month anniversary of the Closing Date to the one (1) year anniversary of the Closing Date and (z) in excess of (A) 16.5% of the GGO Shares and (B) 16.5% of the GGO Warrants or

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the shares issuable upon exercise of the GGO Warrants, in the aggregate (and taken together with any Transfers effected under clause (y)), during the period from and after the six (6) month anniversary of the Closing Date to the eighteen (18) month anniversary of the Closing Date. For clarity, Purchaser shall not be restricted from Transferring any GGO Shares, GGO Warrants, or shares issuable upon exercise of the GGO Warrants from and after the eighteen (18) month anniversary of the Closing Date.

Notwithstanding anything herein to the contrary, Purchaser shall be permitted to Transfer any portion or all of its GGO Shares, the GGO Warrants and the shares of GGO Common Stock issuable upon exercise of the GGO Warrants at any time under the following circumstances (provided, that none of Purchaser’s rights and benefits under this Agreement shall inure to the benefit of any transferee under clause (ii) or (iii) below):

- (i) Transfers to any Affiliate of Purchaser, any member of Purchaser, any Brookfield Consortium Member and any member, partner or shareholder or any Affiliate of any Brookfield Consortium Member, in accordance with and subject to the Designation Conditions and subject to the transferee agreeing in writing for the benefit of THHC to be bound by the terms of this Section 5.
- (ii) Transfers pursuant to a merger or tender offer or exchange offer involving THHC in which any Person acquires more than 50% of the outstanding GGO Common Stock on a Fully Diluted Basis.
- (iii) Any bona fide mortgage, encumbrance, pledge or hypothecation of capital stock to a financial institution in connection with any bona fide loan.

For the avoidance of doubt, Purchaser’s rights to designate for nomination the Purchaser GGO Board Designee pursuant to Section 2 and Subscription Rights pursuant to Section 1 may not be Transferred to a Person that is not a Brookfield Consortium Member.

Purchaser agrees to the imprinting of a legend referencing the above transfer restrictions on any certificate evidencing the GGO Shares (and shares issuable upon exercise of GGO Warrants). In connection with any transfer of the GGO Shares (and shares issuable upon exercise of GGO Warrants), THHC shall remove such legends from such certificates to the extent the transferee thereof is not bound by such transfer restrictions.

6. Rights Agreement. In the event THHC adopts a rights plan analogous to the Rights Agreement (the “GGO Rights Agreement”), (i) the GGO Rights Agreement shall be inapplicable to the Cornerstone Agreement, this Agreement and the transactions contemplated thereby and hereby, (ii) neither Purchaser, nor any Brookfield Consortium Member, shall be deemed to be an Acquiring Person (as defined in the Rights Agreement) whether in connection with the acquisition of shares of GGO Common Stock or GGO Warrants or the shares issuable upon exercise of the GGO Warrants, (iii) neither a Shares Acquisition Date (as defined in the Rights Agreement) nor a Distribution Date (as defined in the Rights Agreement) shall be deemed to occur and (iv) the Rights (as defined in the Rights Agreement) will not separate from the GGO Common Stock, in each case under (ii), (iii) and (iv), as a result of the execution, delivery or performance of the Cornerstone Agreement or this Agreement or the consummation of the

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transactions contemplated thereby and hereby including the acquisition of shares of GGO Common Stock by Purchaser and any Brookfield Consortium Member after the date hereof as otherwise permitted by the Cornerstone Agreement and this Agreement, or the GGO Warrants.

7. Assignment; Third Party Beneficiaries. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned by any party without the prior written consent of the other party. Notwithstanding the previous sentence, this Agreement, or Purchaser’s rights, interests or obligations hereunder, may be assigned or transferred, in whole or in part, by Purchaser to Brookfield Consortium Members; provided, that any such assignee assumes the obligations of Purchaser hereunder and agrees in writing to be bound by the terms of this Agreement in the same manner as Purchaser and the Designation Conditions are otherwise satisfied. Notwithstanding the foregoing or any other provisions herein, no such assignment shall relieve Purchaser of its obligations hereunder if such assignee fails to perform such obligations.

8. Prior Negotiations; Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior agreements, arrangements or understandings, whether written or oral, between the parties with respect to the subject matter of this Agreement.

9. Governing Law; Venue. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK. EACH OF THE PARTIES HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF, AND VENUE IN, ANY STATE OR FEDERAL COURT LOCATED IN NEW YORK, NEW YORK AND WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS.

10. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties; and delivered to the other party (including via facsimile or other electronic transmission), it being understood that each party need not sign the same counterpart.

11. Waivers and Amendments. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions of this Agreement may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege pursuant to this Agreement shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege pursuant to this Agreement, nor shall any single or partial exercise of any right, power or privilege pursuant to this Agreement, preclude any other or further exercise thereof or the exercise of any other right, power or privilege pursuant to this Agreement. The rights and remedies provided pursuant to this Agreement are cumulative and are not exclusive of any rights or remedies which any party otherwise may have at law or in equity.

12. Certain Remedies. The parties agree that irreparable damage would occur in the event that any provisions of this Agreement were not performed in accordance with their specific terms. It is accordingly agreed that each of the parties shall be entitled to an injunction or injunctions (without necessity of proving damages or posting a bond or other security) to prevent breaches of this Agreement, and to enforce specifically the terms and provisions of this Agreement, in addition to any other applicable remedies at law or equity

[Signature Page Follows]

Please evidence your acceptance of, and agreement to, the terms and conditions of this Agreement by executing and returning an executed copy of this Agreement to the address first written above as soon as practicable.

Very truly yours,

THE HOWARD HUGHES CORPORATION

By: _____

Name:

Title:

Accepted and agreed as of the date of this Agreement:

REP INVESTMENTS LLC

By: _____

Name:

Title:

[SIGNATURE PAGE TO LETTER AGREEMENT]

THE HOWARD HUGHES CORPORATION

[Effective Date], 2010

Fairholme Capital Management, LLC
 4400 Biscayne Boulevard, 9th Floor
 Miami, Florida 33137
 Attention: Charles M. Fernandez

Ladies and Gentlemen:

Reference is made to the Amended and Restated Stock Purchase Agreement (the "Stock Purchase Agreement"), effective as of March 31, 2010, as amended, between General Growth Properties, Inc. and The Fairholme Fund and Fairholme Focused Income Fund (each, together with its permitted nominees and assigns, a "Purchaser"). Capitalized terms used but not otherwise defined in this letter agreement (this "Agreement") shall have the meanings attributed to such terms in the Stock Purchase Agreement as in effect on the date hereof.

Pursuant to the terms of the Stock Purchase Agreement and the Plan, The Howard Hughes Corporation ("THHC") and each Purchasers hereby agree as follows:

1. Subscription Right.

(i) Sale of New Equity Securities. If THHC or any Subsidiary of THHC at any time or from time to time makes any public or non-public offering of any shares of GGO Common Stock (or securities that are convertible into or exchangeable or exercisable for, or linked to the performance of, GGO Common Stock) (other than (1) pursuant to the granting or exercise of employee stock options or other stock incentives pursuant to THHC's stock incentive plans and employment arrangements as in effect from time to time or the issuance of stock pursuant to THHC's employee stock purchase plan as in effect from time to time, (2) pursuant to or in consideration for the acquisition of another Person, business or assets by THHC or any of its Subsidiaries, whether by purchase of stock, merger, consolidation, purchase of all or substantially all of the assets of such Person or otherwise or (3) to strategic partners or joint venturers in connection with a commercial relationship with THHC or its Subsidiaries or to parties in connection with them providing THHC or its Subsidiaries with loans, credit lines, cash price reductions or similar transactions, under arm's-length arrangements) (the "Proposed Securities"), each Purchaser shall have the right to acquire from THHC (the "Subscription Right") for the same price (net of any underwriting discounts or sales commissions or any other discounts or fees if not purchasing from or through an underwriter, placement agent or broker) and on the same terms as such Proposed Securities are proposed to be offered to others, up to the amount of such Proposed Securities in the aggregate required to enable it to maintain its aggregate proportionate GGO Common Stock-equivalent interest in THHC on a Fully Diluted Basis determined in accordance with the following sentence, in each case, subject to such limitations as

may be imposed by applicable Law or stock exchange rules. The amount of such Proposed Securities that each Purchaser shall be entitled to purchase in the aggregate in any offering pursuant to the above shall (subject to such limitations as may be imposed by applicable Law or stock exchange rules) be determined by multiplying (x) the total number of such offered shares of Proposed Securities by (y) a fraction, the numerator of which is the number of shares of GGO Common Stock held by such Purchaser on a Fully Diluted Basis as of the date of THHC's notice pursuant to Section 1(ii) in respect of the issuance of such Proposed Securities, and the denominator of which is the number of shares of GGO Common Stock then outstanding on a Fully Diluted Basis. For the avoidance of doubt, the actual amount of securities to be sold or offered to each Purchaser pursuant to its exercise of the Subscription Right hereunder shall be proportionally reduced if the aggregate amount of Proposed Securities sold or offered is reduced. Any offers and sales pursuant to this Section 1 in the context of a registered public offering shall be conditioned upon reasonably acceptable representations and warranties of the applicable Purchaser regarding its status as the type of offeree to whom a private sale can be made concurrently with a registered public offering in compliance with applicable securities Laws.

(ii) Notice. In the event THHC proposes to offer Proposed Securities, it shall give each Purchaser written notice of its intention, describing the estimated price (or range of prices), anticipated amount of securities, timing and other terms upon which THHC proposes to offer the same (including, in the case of a registered public offering and to the extent possible, a copy of the prospectus included in the registration statement filed with respect to such offering), no later than ten (10) Business Days after the commencement of marketing with respect to such offering or after THHC takes substantial steps to pursue any other offering. Each Purchaser shall have three (3) Business Days from the date of receipt of such a notice to notify THHC in writing that it intends to exercise its Subscription Right and as to the amount of Proposed Securities such Purchaser desires to purchase, up to the maximum amount calculated pursuant to Section 1(i). In connection with an underwritten public offering, such notice shall constitute a non-binding indication of interest to purchase Proposed Securities at such a range of prices as such Purchaser may specify and, with respect to other offerings, such notice shall constitute a binding commitment of such Purchaser to purchase the amount of Proposed Securities so specified at the price and other terms set forth in THHC's notice to such Purchaser. The failure of such Purchaser to so respond within such three (3) Business Day period shall be deemed to be a waiver of the applicable Subscription Right under this Section 1 only with respect to the offering described in the applicable notice. In connection with an underwritten public offering or a private placement, each Purchaser shall further enter into an agreement (in form and substance customary for transactions of this type) to purchase the Proposed Securities to be acquired by it contemporaneously with the execution of any underwriting agreement or purchase agreement entered into with THHC, the underwriters or initial purchasers of such underwritten public offering or private placement, and the failure of such Purchaser to enter into such an agreement at or prior to such time shall constitute a waiver of the Subscription Right in respect of such offering.

(iii) Purchase Mechanism. If a Purchaser exercises its Subscription Right provided in this Section 1, the closing of the purchase of the Proposed Securities with respect to which such right has been exercised shall take place concurrently with the sale to the other investors in the applicable offering, which period of time for the closing of the purchase of the Proposed Securities with respect to which such right has been exercised

shall be extended for a maximum of one hundred eighty (180) days in order to comply with applicable Laws (including receipt of any applicable regulatory or stockholder approvals). Each of THHC and each Purchaser shall use its reasonable best efforts to secure any regulatory or stockholder approvals or other consents, and to comply with any Law necessary in connection with the offer, sale and purchase of, such Proposed Securities.

(iv) Failure of Purchase. In the event (A) a Purchaser fails to exercise its Subscription Right provided in this Section 1 within said three (3) Business Day period, or (B) if so exercised, a Purchaser fails or is unable to consummate such purchase within the one hundred eighty (180) day period specified in Section 1(iii), without prejudice to other remedies, THHC shall thereafter be entitled during the Additional Sale Period to sell the Proposed Securities not elected to be purchased pursuant to this Section 1 or which such Purchaser fails to, or is unable to, purchase, at a price and upon terms no more favorable in any material respect to the purchasers of such securities than were specified in THHC's notice to such Purchaser. In the event THHC has not sold the Proposed Securities within the Additional Sale Period, THHC shall not thereafter offer, issue or sell such Proposed Securities without first offering such securities to the applicable Purchaser in the manner provided above.

(v) Non-Cash Consideration. In the case of the offering of securities for a consideration in whole or in part other than cash, including securities acquired in exchange therefor (other than securities by their terms so exchangeable), the consideration other than cash shall be deemed to be the fair value thereof as determined by the Board of Directors of THHC (the "Board"); provided, however, that such fair value as determined by the Board shall not exceed the aggregate market price of the securities being offered as of the date the Board authorizes the offering of such securities.

(vi) Cooperation. THHC and each Purchaser shall cooperate in good faith to facilitate the exercise of such Purchaser's Subscription Right hereunder, including using reasonable efforts to secure any required approvals or consents.

(vii) General. Notwithstanding anything herein to the contrary, (A) if (1) a Purchaser exercises its Subscription Right pursuant to this Section 1 and is unable to complete the purchase of the Proposed Securities concurrently with the sales to the other investors in the applicable offering as contemplated by Section 1(iii) due to applicable regulatory or stockholder approvals and (2) THHC or the Board determines in good faith that any delay in completion of an offering in respect of which such Purchaser is entitled to Subscription Rights would materially impair the financing objective of such offering, THHC may proceed with such offering without the participation of such Purchaser in such offering, in which event THHC and such Purchaser shall promptly thereafter agree on a process otherwise consistent with this Section 1 as would allow such Purchaser to

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purchase, at the same price (net of any underwriting discounts or sales commissions or any other discounts or fees if not purchasing from or through an underwriter, placement agent or broker) as in such offering, up to the amount of shares of GGO Common Stock (or securities that are convertible into or exchangeable or exercisable for, or linked to the performance of, GGO Common Stock) as shall be necessary to enable such Purchaser to maintain its aggregate proportionate GGO Common Stock-equivalent interest in THHC on a Fully Diluted Basis, (B) if THHC or the Board determines in good faith that compliance with the notice provisions in Section 1(ii) would materially impair the financing objective of an offering in respect of which a Purchaser is entitled to Subscription Rights, THHC shall be permitted by notice to such Purchaser to reduce the notice period required under Section 1(ii) (but not to less than one (1) Business Day) to the minimum extent required to meet the financing objective of such offering, and such Purchaser shall have the right to either (x) exercise its Subscription Rights during the shortened notice periods specified in such notice or (y) require THHC to promptly thereafter agree on a process otherwise consistent with this Section 1 as would allow such Purchaser to purchase, at the same price (net of any underwriting discounts or sales commissions or any other discounts or fees if not purchasing from or through an underwriter, placement agent or broker) as in such offering, up to the amount of shares of GGO Common Stock (or securities that are convertible into or exchangeable or exercisable for, or linked to the performance of, GGO Common Stock) as shall be necessary to enable such Purchaser to maintain its aggregate proportionate GGO Common Stock-equivalent interest in THHC on a Fully Diluted Basis and (C) in the event THHC is unable to issue shares of GGO Common Stock (or securities that are convertible into or exchangeable or exercisable for, or linked to the performance of, GGO Common Stock) to a Purchaser as a result of a failure to receive regulatory or stockholder approval therefor, THHC shall take such action or cause to be taken such other action in order to place such Purchaser, in so far as reasonably practicable (subject to any limitations that may be imposed by applicable Law or stock exchange rules), in the same position in all material respects as if such Purchaser was able to effectively exercise its Subscription Rights hereunder, including, without limitation, at the option of such Purchaser, issuing to such Purchaser another class of securities of THHC having terms to be agreed by THHC and such member having a value at least equal to the value per share of GGO Common Stock, in each case, as shall be necessary to enable such Purchaser to maintain its proportionate GGO Common Stock-equivalent interest in THHC on a Fully Diluted Basis.

(viii) Termination. This Section 1 shall terminate at such time as the Purchaser Group collectively beneficially own less than 5% of the outstanding shares of GGO Common Stock on a Fully Diluted Basis.

2. Stockholder Vote With Respect to Subscription Right. THHC shall, for the benefit of each Purchaser, to the extent required by any U.S. national securities exchange upon which shares of GGO Common Stock are listed, for so long as any Purchaser has subscription rights as contemplated by Section 1, put up for a stockholder vote at the annual meeting of its stockholders, and include in its proxy statement distributed to such stockholders in connection with such annual meeting, approval of such Purchaser's subscription rights for the maximum period permitted by the rules of such U.S. national securities exchange.

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3. Transfer Restrictions. Each Purchaser covenants and agrees that the GGO Shares (and shares issuable upon exercise of GGO Warrants) shall be disposed of only pursuant to an effective registration statement under the Securities Act or pursuant to an available exemption from the registration requirements of the Securities Act, and in compliance with any applicable state securities Laws. Each Purchaser agrees to the imprinting, so long as is required by this Section 3, of the following legend on any certificate evidencing the GGO Shares (and shares issuable upon exercise of GGO Warrants):

THE SHARES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AS AMENDED (THE "ACT") OR UNDER ANY STATE SECURITIES LAWS ("BLUE SKY") OR THE SECURITIES LAWS OF ANY OTHER RELEVANT JURISDICTION. THE SHARES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE. THE SHARES MAY NOT BE SOLD, ASSIGNED, MORTGAGED, PLEDGED, ENCUMBERED, HYPOTHECATED, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS EITHER (I) A REGISTRATION STATEMENT WITH RESPECT TO THE SHARES IS EFFECTIVE UNDER THE ACT AND APPLICABLE BLUE SKY LAWS AND THE SECURITIES LAWS OF ANY OTHER RELEVANT JURISDICTION ARE COMPLIED WITH OR

Certificates evidencing the GGO Shares (and shares issuable upon exercise of GGO Warrants) shall not be required to contain such legend (A) while a registration statement covering the resale of the GGO Shares is effective under the Securities Act, or (B) following any sale of any such GGO Shares pursuant to Rule 144 of the Exchange Act ("Rule 144"), or (C) following receipt of a legal opinion of counsel to the applicable Purchaser that the remaining GGO Shares held by such Purchaser are eligible for resale without volume limitations or other limitations under Rule 144. In addition, THHC will agree to the removal of all legends with respect to shares of GGO Common Stock deposited with DTC from time to time in anticipation of sale in accordance with the volume limitations and other limitations under Rule 144, subject to THHC's approval of appropriate procedures, such approval not to be unreasonably withheld, conditioned or delayed.

Following the time at which such legend is no longer required (as provided above) for certain GGO Shares, THHC shall promptly, following the delivery by the applicable Purchaser to THHC of a legended certificate representing such GGO Shares, deliver or cause to be delivered to such Purchaser a certificate representing such GGO Shares that is free from such legend. In the event the above legend is removed from any of the GGO Shares, and thereafter the effectiveness of a registration statement covering such GGO Shares is suspended or THHC determines that a supplement or amendment thereto is required by applicable securities Laws, then THHC may require that the above legend be placed on any such GGO Shares that cannot then be sold pursuant to an effective registration statement or under Rule 144 and such Purchaser shall cooperate in the replacement of such legend. Such legend shall thereafter be removed when

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such GGO Shares may again be sold pursuant to an effective registration statement or under Rule 144.

For the avoidance of doubt, each Purchaser's Subscription Rights pursuant to Section 1 may not be sold, transferred or disposed of to a Person that is not a member of the Purchaser Group.

4. Rights Agreement. In the event THHC adopts a rights plan analogous to the Rights Agreement (the "GGO Rights Agreement"), (i) the GGO Rights Agreement shall be inapplicable to the Stock Purchase Agreement, this Agreement and the transactions contemplated thereby and hereby, (ii) no Purchaser, nor any other member of its Purchaser Group, shall be deemed to be an Acquiring Person (as defined in the Rights Agreement) whether in connection with the acquisition of shares of GGO Common Stock or GGO Warrants or the shares issuable upon exercise of the GGO Warrants, (iii) neither a Shares Acquisition Date (as defined in the Rights Agreement) nor a Distribution Date (as defined in the Rights Agreement) shall be deemed to occur and (iv) the Rights (as defined in the Rights Agreement) will not separate from the GGO Common Stock, in each case under (ii), (iii) and (iv), as a result of the execution, delivery or performance of the Stock Purchase Agreement or this Agreement or the consummation of the transactions contemplated thereby and hereby including the acquisition of shares of GGO Common Stock by any Purchaser or other member of the Purchaser Group after the date hereof as otherwise permitted by the Stock Purchase Agreement and this Agreement, or the GGO Warrants.

5. Assignment; Third Party Beneficiaries. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned by any party without the prior written consent of the other party. Notwithstanding the previous sentence, this Agreement, or a Purchaser's rights, interests or obligations hereunder, may be assigned or transferred, in whole or in part, by such Purchaser to one or more members of its Purchaser Group. Notwithstanding the foregoing or any other provisions herein, no such assignment shall relieve Purchaser of its obligations hereunder if such assignee fails to perform such obligations.

6. Prior Negotiations; Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior agreements, arrangements or understandings, whether written or oral, between the parties with respect to the subject matter of this Agreement.

7. Governing Law; Venue. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK. EACH OF THE PARTIES HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF, AND VENUE IN, ANY STATE OR FEDERAL COURT LOCATED IN NEW YORK, NEW YORK AND WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS.

8. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties; and delivered to the other

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party (including via facsimile or other electronic transmission), it being understood that each party need not sign the same counterpart.

9. Waivers and Amendments. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions of this Agreement may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege pursuant to this Agreement shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege pursuant to this Agreement, nor shall any single or partial exercise of any right, power or privilege pursuant to this Agreement, preclude any other or further exercise thereof or the exercise of any other right, power or privilege pursuant to this Agreement. The rights and remedies provided pursuant to this Agreement are cumulative and are not exclusive of any rights or remedies which any party otherwise may have at law or in equity.

10. Certain Remedies. The parties agree that irreparable damage would occur in the event that any provisions of this Agreement were not performed in accordance with their specific terms. It is accordingly agreed that each of the parties shall be entitled to an injunction or injunctions (without necessity of proving damages or posting a bond or other security) to prevent breaches of this Agreement, and to enforce specifically the terms and provisions of this Agreement, in addition to any other applicable remedies at law or equity

[Signature Page Follows]

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Please evidence your acceptance of, and agreement to, the terms and conditions of this Agreement by executing and returning an executed copy of this Agreement to the address first written above as soon as practicable.

Very truly yours,

THE HOWARD HUGHES CORPORATION

By: _____

Name:

Title:

Accepted and agreed as of the date of this Agreement:

FAIRHOLME FUNDS, INC.,
on behalf of its series The Fairholme Fund

By: _____

Name: Bruce R. Berkowitz

Title: President

FAIRHOLME FUNDS, INC.,
on behalf of its series Fairholme Focused Income Fund

By: _____

Name: Bruce R. Berkowitz

Title: President

[SIGNATURE PAGE TO LETTER AGREEMENT]

THE HOWARD HUGHES CORPORATION

[Effective Date], 2010

Pershing Square Capital Management, L.P.
 888 Seventh Avenue, 42nd Floor
 New York, New York 10019
 Attention: William A. Ackman
 Roy J. Katzovicz

Ladies and Gentlemen:

Reference is made to the Amended and Restated Stock Purchase Agreement (the "Stock Purchase Agreement"), effective as of March 31, 2010, as amended, between General Growth Properties, Inc. and Pershing Square Capital Management, L.P. ("PSCM"), on behalf of Pershing Square, L.P., Pershing Square II, L.P., Pershing Square International, Ltd. and Pershing Square International V, Ltd. (each, except PSCM, together with its permitted nominees and assigns, a "Purchaser"). Capitalized terms used but not otherwise defined in this letter agreement (this "Agreement") shall have the meanings attributed to such terms in the Stock Purchase Agreement as in effect on the date hereof.

Pursuant to the terms of the Stock Purchase Agreement and the Plan, The Howard Hughes Corporation ("THHC") and each Purchaser hereby agree as follows:

1. Subscription Right.

(i) Sale of New Equity Securities. If THHC or any Subsidiary of THHC at any time or from time to time makes any public or non-public offering of any shares of GGO Common Stock (or securities that are convertible into or exchangeable or exercisable for, or linked to the performance of, GGO Common Stock) (other than (1) pursuant to the granting or exercise of employee stock options or other stock incentives pursuant to THHC's stock incentive plans and employment arrangements as in effect from time to time or the issuance of stock pursuant to THHC's employee stock purchase plan as in effect from time to time, (2) pursuant to or in consideration for the acquisition of another Person, business or assets by THHC or any of its Subsidiaries, whether by purchase of stock, merger, consolidation, purchase of all or substantially all of the assets of such Person or otherwise or (3) to strategic partners or joint venturers in connection with a commercial relationship with THHC or its Subsidiaries or to parties in connection with them providing THHC or its Subsidiaries with loans, credit lines, cash price reductions or similar transactions, under arm's-length arrangements) (the "Proposed Securities"), the members of the Purchaser Group shall have the right to acquire from THHC (the "Subscription Right") for the same price (net of any underwriting discounts or sales commissions or any other discounts or fees if not purchasing from or through an underwriter, placement agent or broker) and on the same terms as such Proposed Securities are proposed to be offered to others, up to the amount of such Proposed

Securities in the aggregate required to enable it to maintain its aggregate proportionate GGO Common Stock-equivalent interest in THHC on a Fully Diluted Basis determined in accordance with the following sentence, in each case, subject to such limitations as may be imposed by applicable Law or stock exchange rules. The aggregate amount of such Proposed Securities that the members of the Purchaser Group shall be entitled to purchase in the aggregate in any offering pursuant to the above shall (subject to such limitations as may be imposed by applicable Law or stock exchange rules) be determined by multiplying (x) the total number of such offered shares of Proposed Securities by (y) a fraction, the numerator of which is the aggregate number of shares of GGO Common Stock held by the Purchaser Group on a Fully Diluted Basis as of the date of THHC's notice pursuant to Section 1(ii) in respect of the issuance of such Proposed Securities, and the denominator of which is the number of shares of GGO Common Stock then outstanding on a Fully Diluted Basis. For the avoidance of doubt, the actual amount of securities to be sold or offered to the members of the Purchaser Group pursuant to their exercise of the Subscription Right hereunder shall be proportionally reduced if the aggregate amount of Proposed Securities sold or offered is reduced. Any offers and sales pursuant to this Section 1 in the context of a registered public offering shall be conditioned upon reasonably acceptable representations and warranties of each applicable member of the Purchaser Group designated pursuant to Section 1(vi) regarding its status as the type of offeree to whom a private sale can be made concurrently with a registered public offering in compliance with applicable securities Laws.

(ii) Notice. In the event THHC proposes to offer Proposed Securities, it shall give each Purchaser written notice of its intention, describing the estimated price (or range of prices), anticipated amount of securities, timing and other terms upon which THHC proposes to offer the same (including, in the case of a registered public offering and to the extent possible, a copy of the prospectus included in the registration statement filed with respect to such offering), no later than ten (10) Business Days after the commencement of marketing with respect to such offering or after THHC takes substantial steps to pursue any other offering. The applicable member of the Purchaser Group shall have three (3) Business Days from the date of receipt of such a notice to notify THHC in writing that it intends to exercise the applicable Subscription Right and as to the amount of Proposed Securities such member of the Purchaser Group desires to purchase, up to the maximum amount calculated pursuant to Section 1(i). In connection with an underwritten public offering, such notice shall constitute a non-binding indication of interest to purchase Proposed Securities at such a range of prices as such member of the Purchaser Group may specify and, with respect to other offerings, such notice shall constitute a binding commitment of the applicable member of such Purchaser Group to purchase the amount of Proposed Securities so specified at the price and other terms set forth in THHC's notice to each Purchaser. The failure of such member of the Purchaser Group to so respond within such three (3) Business Day period shall be deemed to be a waiver of the applicable Subscription Right under this Section 1 only with respect to the offering described in the applicable notice. In connection with an underwritten public offering or a private placement, the applicable member of the Purchaser Group shall further enter into an agreement (in form and substance customary for transactions of this type) to purchase the Proposed Securities to be acquired contemporaneously with the execution of any underwriting agreement or purchase agreement entered into with

THHC, the underwriters or initial purchasers of such underwritten public offering or private placement, and the failure of such member of the Purchaser Group to enter into such an agreement at or prior to such time shall constitute a waiver of the Subscription Right in respect of such offering.

(iii) *Purchase Mechanism.* If a member of the Purchaser Group exercises its Subscription Right provided in this Section 1, the closing of the purchase of the Proposed Securities with respect to which such right has been exercised shall take place concurrently with the sale to the other investors in the applicable offering, which period of time for the closing of the purchase of the Proposed Securities with respect to which such right has been exercised shall be extended for a maximum of one hundred eighty (180) days in order to comply with applicable Laws (including receipt of any applicable regulatory or stockholder approvals). Each of THHC and the applicable member of the Purchaser Group shall use its reasonable best efforts to secure any regulatory or stockholder approvals or other consents, and to comply with any Law necessary in connection with the offer, sale and purchase of, such Proposed Securities.

(iv) *Failure of Purchase.* In the event (A) the applicable member of the Purchaser Group fails to exercise its Subscription Right provided in this Section 1 within said three (3) Business Day period, or (B) if so exercised, such member of the Purchaser Group fails to or is unable to consummate such purchase within the one hundred eighty (180) day period specified in Section 1(iii), without prejudice to other remedies, THHC shall thereafter be entitled during the Additional Sale Period to sell the Proposed Securities not elected to be purchased pursuant to this Section 1 or which the applicable member of the Purchaser Group fails to, or is unable to, purchase, at a price and upon terms no more favorable in any material respect to the purchasers of such securities than were specified in THHC's notice to each Purchaser. In the event THHC has not sold the Proposed Securities within the Additional Sale Period, THHC shall not thereafter offer, issue or sell such Proposed Securities without first offering such securities to the members of the Purchaser Group in the manner provided above.

(v) *Non-Cash Consideration.* In the case of the offering of securities for a consideration in whole or in part other than cash, including securities acquired in exchange therefor (other than securities by their terms so exchangeable), the consideration other than cash shall be deemed to be the fair value thereof as determined by the Board of Directors of THHC (the "Board"); provided, however, that such fair value as determined by the Board shall not exceed the aggregate market price of the securities being offered as of the date the Board authorizes the offering of such securities.

(vi) *Cooperation.* THHC and each applicable member of the Purchaser Group shall cooperate in good faith to facilitate the exercise of such member of the Purchaser Group's Subscription Right hereunder, including using reasonable efforts to secure any required approvals or consents.

(vii) *Allocation Among Purchaser Group.* PSCM shall have the right as attorney-in-fact of each member of the Purchaser Group to exercise all of the rights of the members of the Purchaser Group hereunder and designate the members of such Purchaser

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Group to receive any securities to be issued and THHC may rely on any designations made by PSCM. As a condition to the THHC's obligations with respect to the exercise of a Subscription Right by a member of the Purchaser Group not a party to this Agreement, such member will agree to perform each obligation applicable to it under this Section 1.

(viii) *General.* Notwithstanding anything herein to the contrary, (A) if (1) a member of the Purchaser Group exercises its Subscription Right pursuant to this Section 1 and is unable to complete the purchase of the Proposed Securities concurrently with the sales to the other investors in the applicable offering as contemplated by Section 1(iii) due to applicable regulatory or stockholder approvals and (2) THHC or the Board determines in good faith that any delay in completion of an offering in respect of which such member of the Purchaser Group is entitled to Subscription Rights would materially impair the financing objective of such offering, THHC may proceed with such offering without the participation of such member of the Purchaser Group in such offering, in which event THHC and such member of the Purchaser Group shall promptly thereafter agree on a process otherwise consistent with this Section 1 as would allow such member of the Purchaser Group to purchase, at the same price (net of any underwriting discounts or sales commissions or any other discounts or fees if not purchasing from or through an underwriter, placement agent or broker) as in such offering, up to the amount of shares of GGO Common Stock (or securities that are convertible into or exchangeable or exercisable for, or linked to the performance of, GGO Common Stock) as shall be necessary to enable the Purchaser Group to maintain its aggregate proportionate GGO Common Stock-equivalent interest in THHC on a Fully Diluted Basis, (B) if THHC or the Board determines in good faith that compliance with the notice provisions in Section 1(ii) would materially impair the financing objective of an offering in respect of which the members of the Purchaser Group are entitled to Subscription Rights, THHC shall be permitted by notice to each Purchaser to reduce the notice period required under Section 1(ii) (but not to less than one (1) Business Day) to the minimum extent required to meet the financing objective of such offering, and the members of the Purchaser Group shall have the right to either (x) exercise their Subscription Rights during the shortened notice periods specified in such notice or (y) require THHC to promptly thereafter agree on a process otherwise consistent with this Section 1 as would allow the applicable members of the Purchaser Group to purchase, at the same price (net of any underwriting discounts or sales commissions or any other discounts or fees if not purchasing from or through an underwriter, placement agent or broker) as in such offering, up to the amount of shares of GGO Common Stock (or securities that are convertible into or exchangeable or exercisable for, or linked to the performance of, GGO Common Stock) as shall be necessary to enable the Purchaser Group to maintain its aggregate proportionate GGO Common Stock-equivalent interest in THHC on a Fully Diluted Basis and (C) in the event THHC is unable to issue shares of GGO Common Stock (or securities that are convertible into or exchangeable or exercisable for, or linked to the performance of, GGO Common Stock) to the applicable members of the Purchaser Group as a result of a failure to receive regulatory or stockholder approval therefor, THHC shall take such action or cause to be taken such other action in order to place the Purchaser Group, in so far as reasonably practicable (subject to any limitations that may be imposed by applicable Law or stock exchange rules), in the same position in all material respects as if the applicable

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member of the Purchaser Group was able to effectively exercise its Subscription Rights hereunder, including, without limitation, at the option of such member, issuing to such member of the Purchaser Group another class of securities of THHC having terms to be agreed by THHC and such member having a value at least equal to the value per share of GGO Common Stock, in each case, as shall be necessary to enable the Purchaser Group to maintain its aggregate proportionate GGO Common Stock-equivalent interest in THHC on a Fully Diluted Basis.

(ix) *Termination.* This Section 1 shall terminate at such time as the Purchaser Group collectively beneficially own less than 5% of the outstanding shares of GGO Common Stock on a Fully Diluted Basis.

2. Board of Directors.

(i) As of the date hereof, the GGO Board shall have nine (9) members and three (3) of such members shall be persons designated by PSCM (the "Purchaser GGO Board Designees").

(ii) THHC shall nominate as part of its slate of directors and use its reasonable best efforts to have them elected to the Board (including through the solicitation of proxies for such person to the same extent as it does for any of its other nominees to the GGO Board) (subject to applicable Law and stock exchange rules (provided that the Purchaser GGO Board Designees need not be "independent" under the applicable rules of the applicable stock exchange or the SEC)) (x) so long as the Purchaser Group has at least a 17.5% Fully Diluted GGO Economic Interest, three (3) Purchaser Board Designees, and (y) otherwise, so long as the Purchaser Group beneficially owns (directly or indirectly) in the aggregate at least 10% of the shares of GGO Common Stock on a Fully Diluted Basis, two (2) Purchaser Board Designees. For the avoidance of doubt, at and following such time as the Purchaser Group beneficially owns (directly or indirectly) in the aggregate less than 10% of the shares of GGO Common Stock on a Fully Diluted Basis, PSCM shall no longer have the right to designate directors for election to the GGO Board.

(iii) Subject to applicable Law and stock exchange rules, there shall be proportional representation by Purchaser GGO Board Designees on any committee of the GGO Board, except for special committees established for potential conflict of interest situations, and except that only Purchaser GGO Board Designees who qualify under the applicable rules of the applicable stock exchange or the SEC may serve on committees where such qualification is required. If at any time the number of Purchaser GGO Board Designees serving on the GGO Board exceeds the number of Purchaser GGO Board Designees that PSCM is then otherwise entitled to designate as a result of a decrease in the percentage of shares of GGO Common Stock beneficially owned by the Purchaser Group, such Purchaser Group shall, to the extent it is within such Purchaser Group's control, use commercially reasonable efforts to cause any such additional Purchaser GGO Board Designees to offer to resign such that the number of Purchaser GGO Board Designees serving on the GGO Board after giving effect to such resignation does not

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exceed the number of Purchaser GGO Board Designees that PSCM is entitled to designate for election to the GGO Board.

(iv) Except with respect to the resignation of a Purchaser GGO Board Designee pursuant to Section 2(iii), (A) PSCM shall have the power to designate a Purchaser GGO Board Designee's replacement upon the death, resignation, retirement, disqualification or removal from office of such Purchaser GGO Board Designee and (B) the Board shall promptly take all action reasonably required to fill any vacancy resulting therefrom with such replacement Purchaser GGO Board Designee (including nominating such person, subject to applicable Law, as THHC's nominee to serve on the Board and causing THHC to use all reasonable efforts to have such person elected as a director of THHC and solicit proxies for such person to the same extent as it does for any of THHC's other nominees to the Board).

(v) (A) Each Purchaser GGO Board Designee shall be entitled to the same compensation and same indemnification in connection with his or her role as a director as the members of the Board, and each Purchaser GGO Board Designee shall be entitled to reimbursement for documented, reasonable out-of-pocket expenses incurred in attending meetings of the Board or any committees thereof, to the same extent as other members of the Board, (B) THHC shall notify each Purchaser GGO Board Designee of all regular and special meetings of the Board and shall notify each Purchaser GGO Board Designee of all regular and special meetings of any committee of the Board of which such Purchaser GGO Board Designee is a member, and (C) THHC shall provide each Purchaser GGO Board Designee with copies of all notices, minutes, consents and other materials provided to all other members of the Board concurrently as such materials are provided to the other members (except, for the avoidance of doubt, as are provided to members of committees of which such Purchaser GGO Board Designee is not a member).

(vi) Purchaser GGO Board Designee candidates shall be subject to such reasonable eligibility criteria as applied in good faith by the nominating, corporate governance or similar committee of the Board to other candidates for the Board.

3. Stockholder Vote With Respect to Subscription Right. THHC shall, for the benefit of each Purchaser, to the extent required by any U.S. national securities exchange upon which shares of GGO Common Stock are listed, for so long as any Purchaser has subscription rights as contemplated by Section 1, put up for a stockholder vote at the annual meeting of its stockholders, and include in its proxy statement distributed to such stockholders in connection with such annual meeting, approval of such Purchaser's subscription rights for the maximum period permitted by the rules of such U.S. national securities exchange.

4. Transfer Restrictions. Each Purchaser covenants and agrees that the GGO Shares (and shares issuable upon exercise of GGO Warrants) shall be disposed of only pursuant to an effective registration statement under the Securities Act or pursuant to an available exemption from the registration requirements of the Securities Act, and in compliance with any applicable state securities Laws. Each Purchaser agrees to the imprinting, so long as is required by this Section 4, of the following legend on any certificate evidencing the GGO Shares (and shares issuable upon exercise of GGO Warrants):

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THE SHARES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AS AMENDED (THE "ACT") OR UNDER ANY STATE SECURITIES LAWS ("BLUE SKY") OR THE SECURITIES LAWS OF ANY OTHER RELEVANT JURISDICTION. THE SHARES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE. THE SHARES MAY NOT BE SOLD, ASSIGNED, MORTGAGED, PLEDGED, ENCUMBERED, HYPOTHECATED, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS EITHER (I) A REGISTRATION STATEMENT WITH RESPECT TO THE SHARES IS EFFECTIVE UNDER THE ACT AND APPLICABLE BLUE SKY LAWS AND THE SECURITIES LAWS OF ANY OTHER RELEVANT JURISDICTION ARE COMPLIED WITH OR (II) UNLESS WAIVED BY THE ISSUER, THE ISSUER RECEIVES AN OPINION OF LEGAL COUNSEL SATISFACTORY TO THE ISSUER THAT NO VIOLATION OF THE ACT OR OTHER APPLICABLE LAWS WILL BE INVOLVED IN SUCH TRANSACTION.

Certificates evidencing the GGO Shares (and shares issuable upon exercise of GGO Warrants) shall not be required to contain such legend (A) while a registration statement covering the resale of the GGO Shares is effective under the Securities Act, or (B) following any sale of any such GGO Shares pursuant to Rule 144 of the Exchange Act ("Rule 144"), or (C) following receipt of a legal opinion of counsel to the applicable Purchaser that the remaining GGO Shares held by such Purchaser are eligible for resale without volume limitations or other limitations under Rule 144. In addition, THHC will agree to the removal of all legends with respect to shares of GGO Common Stock deposited with DTC from time to time in anticipation of sale in accordance

with the volume limitations and other limitations under Rule 144, subject to THHC's approval of appropriate procedures, such approval not to be unreasonably withheld, conditioned or delayed.

Following the time at which such legend is no longer required (as provided above) for certain GGO Shares, THHC shall promptly, following the delivery by the applicable Purchaser to THHC of a legended certificate representing such GGO Shares, deliver or cause to be delivered to such Purchaser a certificate representing such GGO Shares that is free from such legend. In the event the above legend is removed from any of the GGO Shares, and thereafter the effectiveness of a registration statement covering such GGO Shares is suspended or THHC determines that a supplement or amendment thereto is required by applicable securities Laws, then THHC may require that the above legend be placed on any such GGO Shares that cannot then be sold pursuant to an effective registration statement or under Rule 144 and such Purchaser shall cooperate in the replacement of such legend. Such legend shall thereafter be removed when such GGO Shares may again be sold pursuant to an effective registration statement or under Rule 144.

Each Purchaser further covenants and agrees not to sell, transfer or dispose of (each, a "Transfer") any GGO Shares or GGO Warrants in violation of the GGO Non-Control Agreement.

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For the avoidance of doubt, the Purchaser Group's rights to designate for nomination the Purchaser GGO Board Designees pursuant to Section 2 and Subscription Rights pursuant to Section 1 may not be Transferred to a Person that is not a member of the Purchaser Group.

5. Rights Agreement. In the event THHC adopts a rights plan analogous to the Rights Agreement (the "GGO Rights Agreement"), (i) the GGO Rights Agreement shall be inapplicable to the Stock Purchase Agreement, this Agreement and the transactions contemplated thereby and hereby, (ii) no Purchaser, nor any other member of its Purchaser Group, shall be deemed to be an Acquiring Person (as defined in the Rights Agreement) whether in connection with the acquisition of shares of GGO Common Stock or GGO Warrants or the shares issuable upon exercise of the GGO Warrants, (iii) neither a Shares Acquisition Date (as defined in the Rights Agreement) nor a Distribution Date (as defined in the Rights Agreement) shall be deemed to occur and (iv) the Rights (as defined in the Rights Agreement) will not separate from the GGO Common Stock, in each case under (ii), (iii) and (iv), as a result of the execution, delivery or performance of the Stock Purchase Agreement or this Agreement or the consummation of the transactions contemplated thereby and hereby including the acquisition of shares of GGO Common Stock by any Purchaser or other member of the Purchaser Group after the date hereof as otherwise permitted by the Stock Purchase Agreement and this Agreement, or the GGO Warrants or as otherwise contemplated by the GGO Non-Control Agreement.

6. Assignment; Third Party Beneficiaries. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned by any party without the prior written consent of the other party. Notwithstanding the previous sentence, this Agreement, or a Purchaser's rights, interests or obligations hereunder, may be assigned or transferred, in whole or in part, by such Purchaser to one or more members of its Purchaser Group. Notwithstanding the foregoing or any other provisions herein, no such assignment shall relieve Purchaser of its obligations hereunder if such assignee fails to perform such obligations.

7. Prior Negotiations; Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior agreements, arrangements or understandings, whether written or oral, between the parties with respect to the subject matter of this Agreement.

8. Governing Law; Venue. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK. EACH OF THE PARTIES HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF, AND VENUE IN, ANY STATE OR FEDERAL COURT LOCATED IN NEW YORK, NEW YORK AND WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS.

9. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties; and delivered to the other party (including via facsimile or other electronic transmission), it being understood that each party need not sign the same counterpart.

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10. Waivers and Amendments. This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions of this Agreement may be waived, only by a written instrument signed by the parties or, in the case of a waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power or privilege pursuant to this Agreement shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege pursuant to this Agreement, nor shall any single or partial exercise of any right, power or privilege pursuant to this Agreement, preclude any other or further exercise thereof or the exercise of any other right, power or privilege pursuant to this Agreement. The rights and remedies provided pursuant to this Agreement are cumulative and are not exclusive of any rights or remedies which any party otherwise may have at law or in equity.

11. Certain Remedies. The parties agree that irreparable damage would occur in the event that any provisions of this Agreement were not performed in accordance with their specific terms. It is accordingly agreed that each of the parties shall be entitled to an injunction or injunctions (without necessity of proving damages or posting a bond or other security) to prevent breaches of this Agreement, and to enforce specifically the terms and provisions of this Agreement, in addition to any other applicable remedies at law or equity

[Signature Page Follows]

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Please evidence your acceptance of, and agreement to, the terms and conditions of this Agreement by executing and returning an executed copy of this Agreement to the address first written above as soon as practicable.

Very truly yours,

THE HOWARD HUGHES CORPORATION

By: _____

Name:

Title:

Accepted and agreed as of the date of this Agreement:

PERSHING SQUARE CAPITAL MANAGEMENT, L.P.

On behalf of each of the Purchasers

By: PS Management GP, LLC

Its: General Partner

By: _____

Name: William A. Ackman

Title: Managing Member

[SIGNATURE PAGE TO LETTER AGREEMENT]

**THE HOWARD HUGHES CORPORATION
NON-QUALIFIED STOCK OPTION AGREEMENT**

THIS AGREEMENT (the "Agreement") is made and entered into as of [·], 2010 by and between The Howard Hughes Corporation, a Delaware corporation (the "Company"), and [·] (the "Director").

WHEREAS, General Growth Properties, Inc., a Delaware corporation ("GGP") granted Director an option to purchase [·] shares of GGP pursuant to that certain Non-Qualified Stock Option Agreement, dated as of January 3, 2006 (the "Original Agreement") and the General Growth Properties, Inc. 2003 Incentive Stock Plan (the "Plan"), the terms and conditions of which are hereby incorporated herein;

WHEREAS, the Company is a newly formed corporation that was created to hold certain assets and liabilities of GGP, which will be transferred pursuant to that certain Separation Agreement, dated as of the date hereof (the "Separation Agreement");

WHEREAS, pursuant to the plan of reorganization filed by GGP and certain of its subsidiaries under Chapter 11 of title 11 of the United States Code (as amended from time to time, the "Plan of Reorganization"), the option shall be converted into (i) an option to acquire the same number of shares of common stock of GGP and (ii) an option (the "Option" or "5-Year Option") to acquire .0983 shares of common stock of the Company, par value \$0.01 per share ("Common Stock") for each existing option for one share of GGP;

WHEREAS, the Company has adopted The Howard Hughes Corporation 2010 Equity Incentive Plan (the "2010 Plan") and the Option will be assumed by the 2010 Plan as of the Plan Effective Date (as defined in the Separation Agreement);

WHEREAS, the Director and the Company desire to adjust the exercise price and number and kind of shares subject to the Option pursuant to Section 6 of the Original Agreement and Section 13 of the Plan and in accordance with Section 409A of the Code; and

WHEREAS, the Company shall deliver Common Stock to the Director upon the exercise of the Option, subject to the terms of this Agreement and the Plan.

NOW, THEREFORE, for good and valuable consideration, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Grant of Option. In accordance with the terms and conditions of the Plan which are hereby incorporated herein, the Company hereby grants to the Director an option to purchase [·] shares of Common Stock at a purchase price per share that shall be determined in accordance with the methodology set forth in the Plan of Reorganization. This Option is a Non-Qualified Stock Option and is not intended to qualify as an Incentive Stock Option described in Section 422 of the Code.

2. Time for Exercise of Options.

(a) The Option may be exercised by the Director from and after the date hereof (the "Grant Date"), whether in whole or in part, in accordance with the terms and conditions set forth herein and in the Plan.

(b) The 5-year Option must be exercised if at all on or before the fifth anniversary of the Grant Date and only at such time as the Director is serving as a director of the Company or GGP or as provided in Paragraph 3 hereof.

3. Termination of Service.

(a) If the Director ceases to serve as a member of the Board of Directors of the Company and GGP by reason of death, then, notwithstanding the provisions of Section 2 of this Agreement, the 5-year Option may thereafter be exercised for a period of one year from the date of such death or until the expiration of the term of the 5-year Option, whichever period is shorter.

(b) If the Director ceases to serve as a member of the Board of Directors of the Company and GGP by reason of Retirement or Disability, then, notwithstanding the provisions of Section 2 of this Agreement, the 5-year Option may thereafter be exercised by the Director for a period of three years from the date of such termination of employment or until the expiration of the term of the 5-year Option, whichever period is shorter; provided, however, that if the Director dies within such three-year period, any unexercised portion of such Option shall, notwithstanding the expiration of such three-year period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of one year from the date of such death or until the expiration of the stated term of such Option, whichever period is shorter.

(c) If the Director ceases to serve as a member of the Board of Directors of the Company and GGP for any reason other than death, Disability, Retirement or Cause (as hereinafter defined) then, notwithstanding the provisions of Section 2 of this Agreement, the 5-year Option may be exercised for the lesser of one year from the date the Director ceases to serve as a member of the Board of Directors of the Company and GGP or the balance of the term of the 5-year Option; provided, however, that if the Director dies within such one year period, any unexercised portion of such Option shall, notwithstanding the expiration of such one year period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of one year from the date of such death or until the expiration of the stated term of such Option, whichever period is shorter.

(d) In the event the Director ceases to serve as a member of the Board of Directors by reason of Cause, any unexercised portion of the 5-year Option shall expire immediately upon termination of the Director's service as a member of the Board of Directors or, if earlier, upon the giving to the Director of notice of termination of such service.

(e) For purposes of this Agreement, the term "Cause" shall mean, unless otherwise determined by the Committee (as defined in the 2010 Plan), (i) the conviction of the Recipient for committing a felony under federal law or the law of the state in which such action occurred, (ii) dishonesty in the course of fulfilling the Recipient's employment duties or (iii) willful and deliberate failure on the part of the Recipient to perform his or her employment duties in any material respect.

4. Method of Exercise. The Option may be exercised by written notice (the "Notice"), addressed and delivered to the Company specifying the number of whole shares of Common Stock subject to the Option to be purchased. The Notice shall be accompanied by (i) cash, or (ii) that number of Mature Shares of unrestricted or restricted (if the requirements of Section 7(c)(ii) of the Plan are satisfied) Common Stock which has an aggregate Fair Market Value (as of the date of exercise) equal to the aggregate exercise price for all of the shares of Common Stock subject to such exercise, or (iii) by a combination of (i) and (ii), above, or (iv) subject to Section 17(g) of the Plan, at the discretion of the Committee, by delivery of such documentation as the Committee and a qualified broker, if applicable, shall require to effect an exercise of the Option and delivery to the Company of the sale or loan proceeds required to pay the exercise price. The Director agrees that no later than the date as of which an amount first becomes includible in his gross income for Federal income tax purposes with respect to the Option, the Director shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any Federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount. Unless otherwise determined by the Committee, withholding obligations may be settled with Common Stock, including Common Stock that is acquired upon exercise of the Option. The obligations of the Company under this Agreement and the Plan shall be conditional on such payment or arrangements, and the Company shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Director.

5. Delivery of Stock Certificates. The Option shall be deemed to have been exercised upon receipt by the Company of written notice of exercise accompanied by the exercise price (the "Exercise Date") and the Director shall be treated as the holder of record of the shares with respect to which the Option is exercised as of the Exercise Date for all purposes.

6. Adjustment Provisions. Subject to the terms of the Plan, if, during the term of this Agreement, there shall be any merger, reorganization, consolidation, recapitalization, stock dividend, stock split, extraordinary distribution with respect to the Common Stock, or other change in corporate structure affecting the Common Stock, the Board (as defined in the 2010 Plan) shall make an appropriate and equitable substitution or adjustment in the aggregate number, kind and option price of shares subject to this Option.

7. Non-Transferability. The Option is not transferable or assignable by the Director other than by will or by the laws of descent and distribution, or pursuant to a qualified domestic relations order, and is exercisable during the lifetime of the Director

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only by the Director, his guardian or legal representative or by an alternate payee pursuant to such qualified domestic relations order.

8. Compliance with Law. By accepting the Option, the Director agrees for himself and his guardian or legal representative that no shares of Common Stock shall be delivered pursuant to the Option until qualified for delivery under applicable securities laws and regulations as determined by the Company or its legal counsel,

9. Limitations. The Director shall have no rights as a stockholder with respect to shares as to which the Option shall not have been exercised and payment made as herein provided and shall have no rights with respect to such shares not expressly conferred by this Agreement.

10. Construction.

(a) Successors. This Agreement and all the terms and provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, heirs and successors, except as expressly herein otherwise provided.

(b) Entire Agreement; Modification. This Agreement contains the entire understanding between the parties with respect to the matters referred to herein. Subject to Section 15(a) of the Plan, this Agreement may be amended by the Committee.

(c) Capitalized Terms; Headings; Pronouns; Governing Law. Capitalized terms used and not otherwise defined herein are deemed to have the same meanings as in the Plan. The descriptive headings of the respective sections and subsections of this Agreement are inserted for convenience of reference only and shall not be deemed to modify or construe the provisions which follow them. Any use of any masculine pronoun shall include the feminine and vice-versa and any use of a singular, the plural and vice-versa, as the context and facts may require. The construction and interpretation of this Agreement shall be governed in all respects by the laws of the State of Delaware.

(d) Notices. All communications between the parties shall be in writing and shall be deemed to have been duly given as of the date and time of hand delivery or three days after mailing via certified or registered mail, return receipt requested, proper postage prepaid to the following or such other addresses of which the parties shall from time to time notify one another.

(1) If to the Company: The Howard Hughes Corporation
13355 Noel Road
Suite 950
Dallas, Texas 75240

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(2) If to the Director: [·]
c/o General Growth Properties, Inc.
110 North Wacker Drive
Chicago, Illinois 60606

(e) Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement or the application thereof to any party or circumstance shall be prohibited by or invalid under

applicable law, such provision shall be ineffective to the minimal extent of such provision or the remaining provisions of this Agreement or the application of such provision to other parties or circumstances.

(f) Counterpart Execution. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute the entire document.

IN WITNESS WHEREOF, the parties have executed or caused to be executed this Agreement as of the date first above written.

THE HOWARD HUGHES CORPORATION

Name: [·]
Title: [·]

DIRECTOR

[·]

**THE HOWARD HUGHES CORPORATION
NON-QUALIFIED STOCK OPTION AGREEMENT**

THIS AGREEMENT (the "Agreement") is made and entered into as of [·], 2010 (the "Grant Date") by and between The Howard Hughes Corporation, a Delaware corporation (the "Company") and [·] (the "Employee").

WHEREAS, General Growth Properties, Inc., a Delaware corporation ("GGP") granted Employee an option to purchase [·] shares of GGP pursuant to that certain Non-Qualified Stock Option Agreement, dated as of November 3, 2008 (the "Original Agreement");

WHEREAS, the Company is a newly formed corporation that was created to hold certain assets and liabilities of GGP, which will be transferred pursuant to that certain Separation Agreement, dated as of the date hereof (the "Separation Agreement");

WHEREAS, pursuant to the plan of reorganization filed by GGP and certain of its subsidiaries under Chapter 11 of title 11 of the United States Code (as amended from time to time, the "Plan of Reorganization"), the option shall be converted into (i) an option to acquire the same number of shares of common stock of GGP and (ii) an option (the "Option") to acquire .0983 shares of common stock of the Company, par value \$0.01 per share ("Common Stock") for each existing option for one share of GGP;

WHEREAS, the Company has adopted The Howard Hughes Corporation 2010 Equity Incentive Plan (the "2010 Plan") and the Option will be assumed by the 2010 Plan as of the Plan Effective Date (as defined in the Separation Agreement);

WHEREAS, the Employee and the Company desire to adjust the exercise price and number and kind of shares subject to the Option pursuant to Section 6 of the Original Agreement and Section 13 of the Plan and in accordance with Section 409A of the Code; and

WHEREAS, the Company shall deliver Common Stock to the Employee upon the exercise of the Option, subject to the terms of this Agreement and the Plan.

NOW, THEREFORE, for good and valuable consideration, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Grant of Option. The Company hereby grants to the Employee an option to purchase [·] shares of Common Stock at a purchase price per share that shall be determined in accordance with the methodology set forth in the Plan of Reorganization, subject to the vesting and exercise requirements as set forth in this Agreement. This Option is a Non-Qualified Stock Option and is not intended to qualify as an incentive stock option as defined in, and subject to, Section 422 of the Code.

The grant of this Option has been approved by the Compensation Committee of the Company's Board of Directors.

2. Time for Exercise of Options.

(a) The Option shall become exercisable for 100% of the shares of Common Stock subject hereto on the first to occur of (i) October 25, 2009 and (ii) a Change in Control (as defined in the General Growth Properties, Inc. 2003 Incentive Stock Plan, as Amended and Restated (the "Plan")).

(b) Notwithstanding the foregoing, if prior to October 25, 2009, GGP terminates the Employee's employment for other than Cause or Disability (as each term is defined in the employment agreement between GGP and the Employee dated as of November 3, 2008 (the "Employment Agreement")), then a pro-rata portion (but not less than 50%) of the Option shall vest, based on the number of days the Employee was employed with the Company through the Date of Termination (as defined in the Employment Agreement), *divided by 365*.

(c) The Option must be exercised if at all on or before the fifth anniversary of the Grant Date (November 3, 2013) and only at such time as the Employee is employed by the Company or GGP or as provided in Section 3 hereof.

3. Termination of Employment.

(a) If the Employee's employment with the Company and GGP, an Affiliate or a Subsidiary terminates by reason of a termination by the Company and GGP without Cause or by reason of death then, notwithstanding the provisions of Section 2 of this Agreement, the Option may thereafter be exercised, to the extent then exercisable, or on such accelerated basis as the Committee (as defined in the 2010 Plan) may determine, for a period of one year from the date of such death or termination or until the expiration of the term of the Option, whichever period is shorter.

(b) If the Employee's employment with the Company and GGP, an Affiliate or a Subsidiary terminates by reason of Retirement then, notwithstanding the provisions of Section 2 of this Agreement, the Option may thereafter be exercised by the Employee, to the extent exercisable at the time of such Retirement, or on such accelerated basis as the Committee may determine, for a period of three years from the date of such termination of employment or until the expiration of the term hereof, whichever period is shorter; provided, however, that if the Employee dies within such three year period, any unexercised portion of this Option shall, notwithstanding the expiration of such three year period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of one year from the date of such death or until the expiration of the term hereof, whichever period is shorter.

(c) If the Employee's employment with the Company and GGP, an Affiliate or a Subsidiary terminates by reason of Disability then, notwithstanding the provisions of Section 2 of this Agreement, the Option may thereafter be exercised by the Employee, to the extent exercisable at the time of termination, or on such accelerated basis as the Committee may determine, for a period of three years from the date of such termination of employment or until the expiration of the term hereof, whichever period is shorter; provided, however, that if the Employee dies within such three year period, any unexercised

portion of the Option shall, notwithstanding the expiration of such three year period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of one year from the date of such death or until the expiration of the term hereof, whichever period is shorter.

(d) If the Employee's employment with the Company and GGP, an Affiliate or a Subsidiary terminates for any reason other than death, Disability, Retirement Cause or without Cause, then, notwithstanding the provisions of Section 2 of this Agreement, the Option shall terminate, except that the Option, to the extent then exercisable, or on such accelerated basis as the Committee may determine, may be exercised for the lesser of one year from the date of such termination of employment or the balance of the term of the Option; provided, however, that if the Employee dies within such one year period, any unexercised portion of the Option shall, notwithstanding the expiration of such one year period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of one year from the date of such death or until the expiration of the stated term of the Option, whichever period is shorter.

(e) In the event the Employee's employment with the Company and GGP, an Affiliate or a Subsidiary terminates for Cause, any unexercised portion of the Option shall expire immediately upon the giving to the Employee of notice of such termination of employment.

(f) Notwithstanding any language to the contrary set forth in Section 1(h) of the Plan, for purposes of this Agreement, the term "Cause" as used herein shall have the meaning set forth in the Employment Agreement.

4. Method of Exercise. The Option may be exercised by written notice (the "Notice"), addressed and delivered to the Company specifying the number of whole shares of Common Stock subject to the Option to be purchased. The Notice shall be accompanied by (i) cash, or (ii) that number of Mature Shares of unrestricted Common Stock which have an aggregate Fair Market Value (as defined in the Plan), as of the date of exercise, equal to the aggregate exercise price for all of the shares of Common Stock subject to such exercise, or (iii) any combination of (i) or (ii) hereof or (iv) subject to Section 17(g) of the Plan in the case of an "Executive Officer" (as defined in Rule 3b-7 of the Exchange Act), by delivery of a properly executed exercise notice together with such other documentation as the Committee and a qualified broker, if applicable, shall require to effect an exercise of the Option, and delivery to the Company of the sale or loan proceeds required to pay the exercise price. The

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Employee agrees, that no later than the date as of which an amount first becomes includible in his gross income for Federal income tax purposes with respect to the Option, the Employee shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any Federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount. Withholding obligations may be settled with Common Stock, including Common Stock that is acquired upon exercise of the Option. The obligations of the Company under this Agreement and the Plan shall be conditional on such payment or arrangements, and the Company, its Affiliates and Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Employee.

5. Delivery of Stock Certificates. The Option shall be deemed to have been exercised upon receipt by the Company of the Notice accompanied by the exercise price (the "Exercise Date") and the Employee shall be treated as the holder of record of the shares with respect to which the Option is exercised as of the Exercise Date for all purposes.

6. Adjustment Provisions. Subject to any required action by the stockholders of the Company and the terms of the Plan, if, during the term of this Agreement, there shall be any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company, the Board (as defined in the 2010 Plan) shall make an appropriate and equitable adjustment in the aggregate number, kind and option price of shares subject to this Option; provided, however, that the dilution effect of the Shares authorized, plus the shares reserved for issuance pursuant to all other stock-related plans of the Company, shall not exceed 10 percent. Such adjustment shall be made by the Board in its sole discretion, whose determination in that respect shall be final, binding and conclusive.

7. Non-Transferability. The Option is not transferable or assignable by the Employee other than by will or by the laws of descent and distribution, or pursuant to a qualified domestic relations order and is exercisable during the lifetime of the Employee only by the Employee, his guardian or legal representative or by an alternate payee pursuant to such qualified domestic relations order.

8. Compliance with Law. By accepting the Option, the Employee agrees for himself and his guardian or legal representative that no shares of Common Stock shall be delivered pursuant to the Option until qualified for delivery under applicable securities laws and regulations as determined by the Company or its legal counsel.

The Company shall promptly upon the grant of this Option file a registration statement on Form S-8 with the Securities and Exchange Commission covering the securities subject to the Option.

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9. Limitations. The Employee shall have no rights as a stockholder with respect to shares as to which the Option shall not have been exercised and payment made as herein provided and shall have no rights with respect to such shares not expressly conferred by this Agreement. Nothing contained in this Agreement shall be construed to be a contract of employment between the Company, an Affiliate or a Subsidiary and the Employee.

10. Construction.

(a) Successors. This Agreement and all the terms and provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal representatives, heirs and successors, except as expressly herein otherwise provided.

(b) Entire Agreement; Modification. This Agreement contains the entire understanding between the parties with respect to the matters referred to herein. Subject to Section 15 of the Plan, this Agreement may be amended by the Committee.

(c) Capitalized Terms; Headings; Pronouns; Governing Law. Capitalized terms used and not otherwise defined herein are deemed to have the same meanings as in the Plan. The descriptive headings of the respective sections and subsections of this Agreement are inserted for convenience of

reference only and shall not be deemed to modify or construe the provisions which follow them. Any use of any masculine pronoun shall include the feminine and vice-versa and any use of a singular, the plural and vice-versa, as the context and facts may require. The construction and interpretation of this Agreement shall be governed in all respects by the laws of the State of Delaware.

(d) Notices. All communications between the parties shall be in writing and shall be deemed to have been duly given as of the date and time of hand delivery or three days after mailing via certified or registered mail, return receipt requested, proper postage prepaid to the following or such other addresses of which the parties shall from time to time notify one another.

(1) If to the Company: The Howard Hughes Corporation
13355 Noel Road
Suite 950
Dallas, Texas 75240

(2) If to the Employee: [·]
c/o General Growth Properties, Inc.
110 North Wacker Drive
Chicago, Illinois 60606

(e) Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under

applicable law, but if any provision of this Agreement or the application thereof to any party or circumstance shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the minimal extent of such provision or the remaining provisions of this Agreement or the application of such provision to other parties or circumstances.

(f) Counterpart Execution. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute the entire document.

11. Incorporation of the Company 2003 Incentive Stock Plan Terms. The parties hereby incorporate all of the terms and conditions of the Plan into the terms of this Agreement, and this Agreement shall be interpreted and administered as if the Option were granted pursuant to the Plan.

IN WITNESS WHEREOF, the parties have executed or caused to be executed this Agreement as of the date first above written.

THE HOWARD HUGHES CORPORATION

Name: [·]

Title: [·]

EMPLOYEE

[·]
