# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, DC 20549**

# FORM 8-K

**CURRENT REPORT**
**Pursuant to Section 13 or 15(d) of the**
**Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): August 6, 2018

# THE HOWARD HUGHES CORPORATION
(Exact name of registrant as specified in its charter)

| **Delaware** | **001-34856** | **36-4673192** |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

**One Galleria Tower**
**13355 Noel Road, 22nd Floor**
**Dallas, Texas 75240**
(Address of principal executive offices)

Registrant's telephone number, including area code: **(214) 741-7744**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

**Item 2.02 Results of Operations and Financial Condition**

On August 6, 2018, The Howard Hughes Corporation (the "Company") issued a press release announcing the Company's financial results for the second quarter ended June 30, 2018. A copy of this press release is attached hereto as Exhibit 99.1.

The information contained in this Current Report on Form 8-K pursuant to this "Item 2.02 Results of Operations and Financial Condition" is being furnished. This information shall not be deemed to be filed for the purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section or shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, unless specifically identified therein as being incorporated by reference.

**Item 7.01 Regulation FD Disclosure.**

On August 6, 2018, the Company issued supplemental information for the second quarter ended June 30, 2018. The supplemental information contains key information about the Company. The supplemental information is attached hereto as Exhibit 99.2 and has been posted on our website at www.howardhughes.com under the "Investors" tab.

The information contained in this Current Report on Form 8-K pursuant to this "Item 7.01 Regulation FD Disclosure" is being furnished. This information shall not be deemed to be filed for the purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section or shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, unless specifically identified therein as being incorporated by reference.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

| Exhibit No. | Description |
|---|---|
| 99.1 | Press release dated August 6, 2018 announcing the Company's financial results for the second quarter ended June 30, 2018. |
| 99.2 | Supplemental information for the second quarter ended June 30, 2018. |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE HOWARD HUGHES CORPORATION

By: *_/s/_* Peter F. Riley

Peter F. Riley

*Senior Vice President, Secretary and General Counsel*

Date: August 6, 2018

**Exhibit 99.1**

**PRESS RELEASE**
**Contact Information:**
David R. O’Reilly
Chief Financial Officer
(214) 741-7744
David.OReilly@howardhughes.com

# The Howard Hughes Corporation® Reports Second Quarter 2018 Results
## Strong Performance Across Three Business Segments and Growth in Stabilized NOI of 6.0% to $308.6 million

**Dallas, TX, August 6, 2018 –** The Howard Hughes Corporation ® (NYSE: HHC) (the “Company”) announced today operating results for the second quarter ended June 30, 2018. The financial statements, exhibits and reconciliations of non-GAAP measures in the attached Appendix and the Supplemental Information at Exhibit 99.2 provide further details of these results.

**Second Quarter 2018 Highlights**

- Net (loss) income attributable to common stockholders decreased to $(5.1) million, or $(0.12) per diluted share, for the three months ended June 30, 2018, as compared to $3.1 million, or $0.07 per diluted share, for the three months ended June 30, 2017. This decrease was largely attributable to the required adoption of new revenue recognition guidance on January 1, 2018, which mandated a change in revenue recognition for our condominiums as further discussed in the Financial Results section below.
- Total net operating income ("NOI") from operating assets, including our share of NOI from equity investments, was $46.5 million for the three months ended June 30, 2018, an increase of $7.6 million or 19.6% compared to $38.9 million for the three months ended June 30, 2017.
- Master Planned Communities ("MPC") segment earnings before tax ("EBT") was $46.6 million for the three months ended June 30, 2018, a decrease of $6.5 million or 12.3% compared to the three months ended June 30, 2017. The decrease was largely a result of the timing of land sales at Summerlin, The Woodlands and Bridgeland. Our MPC earnings fluctuate each period given the nature of development and sale of land in these large scale, long-term communities; therefore, we believe full year results are a better measurement of performance than quarterly results. We believe the MPC segment remains on track to meet its annual performance goals and are especially pleased by the continued strong performance of the Summerlin MPC. Summerlin was recently ranked by RCLCO as the third highest selling master planned community, and both Bridgeland and The Woodlands ranked in the top 40 in the country through the first half of the year.
- Contracted to sell 183 condominiums at Ward Village in the second quarter of 2018, including 165 at 'A'ali'i, our newest building that began making sales to the public in January 2018. 'A'ali'i was 46.3% presold as of June 30, 2018. Excluding 'A'ali'i, 1,339 homes, or 97.0% of the 1,380 residences available for sale at our four residential buildings that are either delivered or under construction, were closed or under contract as of June 30, 2018.
- Acquired a strategically important, one-acre site at 250 Water Street in the Seaport District for $180.0 million plus closing costs, with a down payment of $53.1 million, and the balance financed under a $129.7 million note payable

described further below. The site sits at the entrance to the Seaport District and, when developed, will be a key addition to the ongoing revitalization of the neighborhood.

- Continued progress at the Seaport District including preparing Pier 17 for its inaugural Rooftop Concert Series and hosting a performance by Carrie Underwood on July 4th.
- Increased our estimated stabilized NOI by $17.6 million to $308.6 million as of the second quarter of 2018 (which excludes the redevelopment of the Seaport District) due to the commencement of construction on a 312-unit multi-family project in Bridgeland and a 386-unit multi-family project in The Woodlands, the announcement of the imminent development of a new day care facility at Hughes Landing in The Woodlands and NOI increases of various existing operating assets. Our continued growth in estimated stabilized NOI has resulted in a compound annual growth rate of 28.9% over the three years ended June 30, 2018.

“Our results continue to demonstrate the strength of our three business segments across the portfolio. In our Operating Assets segment, we saw our second quarter total NOI grow by $7.6 million, or 19.6%, compared to the second quarter of 2017. Our Strategic Developments segment benefited from the incredible pace of sales at 'A'ali'i in Ward Village. Since launching public sales in January, we have pre-sold approximately half of our 751 homes as of June 30, 2018, and approximately 67% as of July 31, 2018. These results validate the strong demand for innovative residential product in Honolulu. We have increased our estimated stabilized NOI target from $291.0 million to $308.6 million, largely due to the announcement of two new multi-family developments in Houston,” said David R. Weinreb, Chief Executive Officer. “Further, our MPC segment showed improvement over the first quarter, and our third quarter is off to an excellent start with a $69.0 million sale at Summerlin that closed in early July, reflecting the continued demand for residential land in our MPCs. The cash flow from our MPCs, operating assets and condominium sales allows us to self-fund development activities and maintain a low leverage, flexible balance sheet.”

**Financial Results**

Primarily due to a required change in accounting method as to how we recognize revenue on our condominium projects in our Strategic Developments segment, during the three and six months ended June 30, 2018, our total revenues were $181.0 million and $342.7 million, a decrease of $127.6 million and $197.7 million compared to the same periods in 2017. We adopted the new revenue recognition standard on January 1, 2018, as mandated by the Financial Accounting Standards Board for all public companies. The adoption mandated a change in revenue recognition for our condominium sales from percentage of completion to recognizing revenue and cost of sales for condominiums only after construction is complete and sales to buyers have closed. This change relates only to the *timing* of revenue recognition and will more closely match the actual cash flows from the sale of units. As a result of this accounting change, condominium revenue will be recognized later than it previously had been and will be lumpier, as revenue will only be recognized as unit sales close. The substantial majority of our closings have occurred at the time of building completion as a result of presales and units sold while construction is underway. The reduction in revenue from this accounting change and lower MPC land sales during the quarter were partially offset by higher hospitality revenues, increased minimum rents, builder price participation and other rental and property revenues.

| (In thousands, except per share amounts) | Three Months Ended June 30, 2018 | Three Months Ended June 30, 2017 | Six Months Ended June 30, 2018 | Six Months Ended June 30, 2017 |
|---|---|---|---|---|
| Net (loss) income attributable to common stockholders | $ (5,088) | $ 3,120 | $ (3,614) | $ 8,779 |
| Basic (loss) income per share | $ (0.12) | $ 0.08 | $ (0.08) | $ 0.22 |
| Diluted (loss) income per share | $ (0.12) | $ 0.07 | $ (0.08) | $ 0.20 |
| | | | | |
| Funds from operations ("FFO") | $ 22,179 | $ 37,037 | $ 51,845 | $ 46,941 |
| FFO per weighted average diluted share | $ 0.52 | $ 0.86 | $ 1.20 | $ 1.09 |
| | | | | |
| Core FFO | $ 36,365 | $ 94,525 | $ 80,177 | $ 165,963 |
| Core FFO per weighted average diluted share | $ 0.85 | $ 2.20 | $ 1.87 | $ 3.85 |
| | | | | |
| AFFO | $ 30,681 | $ 89,677 | $ 69,562 | $ 156,310 |
| AFFO per weighted average diluted share | $ 0.71 | $ 2.08 | $ 1.62 | $ 3.63 |

FFO for the three months ended June 30, 2018 decreased $14.9 million, or $0.34 per diluted share, compared to the same period in 2017. The decrease was primarily due to decreased revenues recognized in condominium sales as a result of the adoption of the new revenue recognition standard, which makes the two periods no longer comparable. FFO for the six months ended June 30, 2018 increased $4.9 million, or $0.11 per diluted share, compared to the same period in 2017. The increase was primarily due to (i) the absence of the 2017 loss on both the redemption of senior notes due in 2021 and warrant liability and (ii) a decrease in the provision for income taxes provided by the Tax Cuts and Jobs Act of 2017, offset by the $32.2 million gain in 2017 on the sale of 36 acres of undeveloped land at The Elk Grove Collection. There were no asset dispositions in the second quarter of 2018.

Core FFO for the three and six months ended June 30, 2018 decreased $58.2 million and $85.8 million, or $1.35 and $1.98 per diluted share, respectively, compared to the same periods in 2017. The decreases were primarily due to decreased revenues in condominium sales as a result of the adoption of the new revenue recognition standard and decreased EBT at our MPC segment, largely driven by the timing of land sales, as discussed above.

Adjusted FFO ("AFFO"), our Core FFO adjusted to exclude recurring capital improvements and leasing commissions, decreased $59.0 million and $86.7 million, or $1.37 and $2.01 per diluted share, for the three and six months ended June 30, 2018 compared to the same periods in 2017 primarily due to the items mentioned in the FFO and Core FFO discussions above. Please reference FFO, Core FFO and AFFO as defined and reconciled to the closest GAAP measure in the Appendix to this release and the reasons why we believe these non-GAAP measures are meaningful to investors and a better indication of our overall performance.

## Business Segment Operating Results

*Master Planned Communities*

Our MPC revenues fluctuate each quarter given the nature of development and sale of land in these large scale, long-term communities; therefore, we believe full year results are a better measurement of performance than quarterly results.

During the three and six months ended June 30, 2018, our MPC segment earnings before tax were $46.6 million and $83.4 million compared to $53.1 million and $97.3 million during the same periods of 2017, decreases of 12.3% and 14.1%, respectively. The primary drivers of these changes are discussed below.

For the three months ended June 30, 2018, the decrease was driven by the timing of land sales in Summerlin, Bridgeland and The Woodlands, as well as by less deferred revenue recognized in Summerlin compared to the previous period. These decreases were partially offset by an increase in Builder Price Participation revenue earned on home closings in Summerlin and strong sales at The Summit and The Woodlands Hills.

The decrease in EBT for the six months ended June 30, 2018 was primarily attributable to the timing of lot sales, coupled with deferred revenue and an easement sale recorded in 2017 that did not recur in 2018. These decreases were offset by an increase in equity in earnings of The Summit joint venture and increased lot sales at The Woodlands Hills, which commenced sales in the fourth quarter of 2017.

*Operating Assets*

In our Operating Assets segment, we increased NOI, including our share of NOI from equity investees and excluding properties sold or in redevelopment, by $7.6 million and $10.2 million, or 19.6% and 12.2%, to $46.5 million and $93.6 million in the three and six months ended June 30, 2018, respectively, compared to the same periods of 2017. For the three and six months ended June 30, 2018, these increases were driven by NOI increases of $3.5 million and $8.4 million, respectively, at our retail, office and multi-family properties, mainly as a result of continued stabilization and increased occupancy at several of these assets. Increases in Hospitality NOI of $2.0 million and $4.0 million, respectively, mainly as a result of conference and food and beverage revenue and bolstered by strong occupancy of 70.3%, further contributed to the overall increase in NOI.

*Strategic Developments*

In our Strategic Developments segment, we experienced another successful quarter, including robust sales of condominium units at Ward Village, continued progress throughout the development portfolio and the acquisition of a new property in the Seaport District. We acquired 250 Water Street, a one-acre parking lot at the gateway of the Seaport District adjacent to our holdings, on June 8, 2018, in order to take advantage of the value we are creating at the Seaport District.

In the Seaport District, we announced, in partnership with our booking partner Live Nation Entertainment, Inc., the full artist lineup for the inaugural Pier 17 Rooftop Concert Series. The Rooftop Concert Series will introduce patrons to the first-of-its-kind Pier 17 venue, with a lineup that features a diverse roster of performers from various genres. We kicked off the Pier 17 Rooftop Concert Series on August 1 with a performance by Amy Schumer & Friends. The Rooftop Concert Series demonstrates our execution of the planned strategy for the Seaport District. In advance of the Rooftop Concert Series, country superstar Carrie Underwood performed in Spotify's inaugural Hot Country Live concert at The Rooftop at Pier 17 on July 4$^{th}$. Chart-topping country music duo Dan + Shay opened the event. As a complement to the Rooftop Concert Series, our summer activations, including the vibrant Heineken Riverdeck that opened earlier this summer and has been attracting thousands of locals to the district, highlight the Seaport as a destination offering a unique combination of food, entertainment and culture.

In Ward Village, our newest tower to launch sales, 'A'ali'i, was nearly 50% presold as of June 30, 2018 and approximately 67% presold as of July 31, 2018. 'A'ali'i launched public sales in January 2018 and demonstrates the continued strong demand for condominiums at Ward Village. Construction of this tower is expected to begin later this year. On May 9, 2018, we celebrated the opening of Whole Foods Market's Honolulu flagship store at Ward Village. The store is the largest Whole Foods Market in the state, and the opening marks an important event in the development of our dynamic neighborhood. June marked the opening of pioneering chef Peter Merriman's newest Oahu restaurant, Merriman's, in the ground floor of our Anaha tower, bringing a delicious new option for Hawaiʻi Regional Cuisine to Ward Village.

Despite strong sales activity and retail openings, segment EBT decreased $44.0 million and $96.4 million for the three and six months ended June 30, 2018, respectively, compared to the same periods in prior year. A change in accounting methods discussed further below contributed to the decreases and makes the periods not comparable. A $13.4 million charge for future window repairs at our Waiea condominium tower also contributed to the decrease in EBT. This charge represents the Company's current best estimate of total costs to complete the repairs. While we expect to recover these costs in future periods, we will not recognize any recovery until the amount can be estimated and is considered probable for financial reporting purposes.

Due to the change in accounting methods for revenue recognition of condominium sales previously discussed, for the current quarter, we reported revenues of $20.9 million from condominium rights and unit sales only for homes that actually closed escrow at the two delivered buildings (Waiea and Anaha) in Ward Village. For the comparable period in 2017, we reported revenue on a percentage of completion basis at Ward Village of $148.2 million. Due to the change in accounting methods, the two quarters are not comparable. From inception through July 31, 2018, we have closed on the sales of a total of 476 units to residents.

On June 14, 2018, we celebrated the ground breaking of 110 North Wacker, the trophy-class office tower set along the Chicago River in the heart of Chicago's Central Business district. The project will result in Chicago's tallest new office building to be constructed in the last three decades, which is already more than thirty percent pre-leased to Bank of America. On April 30, 2018, we and our joint venture partners closed on a $494.5 million construction loan for the project. At loan closing, we received a $52.2 million cash distribution from the venture, which we will reinvest over future periods to meet our remaining equity commitment of approximately $42.7 million.

**Balance Sheet Second Quarter Activity and Subsequent Events**

On July 27, 2018, the Company closed on a $34.2 million construction loan for Bridgeland Apartments, initially bearing interest at one-month LIBOR plus 2.25% with an initial maturity date of July 27, 2022 and one, one-year extension option.

On July 20, 2018, the Company closed on a $51.2 million loan for Summerlin Ballpark, bearing interest at 4.92% with a maturity date of December 15, 2039.

As of June 30, 2018, our total consolidated debt equaled approximately 44.0% of our total assets and our leverage ratio (debt to enterprise value, as defined in the Supplemental Information) was 37.6%. We believe our low leverage, with a focus on project-specific financing, reduces our exposure to potential downturns and provides us with the ability to evaluate new opportunities.

As of June 30, 2018, we have $606.7 million of cash and cash equivalents. Our liquidity was further enhanced during the quarter by obtaining approximately $494.5 million in limited-recourse construction financings.

On June 8, 2018, the Company closed on a $129.7 million mortgage loan with the seller for 250 Water Street, a one-acre parking lot in the Seaport District. The loan has an initial interest-free term of six months with an initial maturity date of December 8, 2018, and three, six-month extension options at a rate of 6.00%. The second and third extension options each require a $30.0 million pay down.

On April 30, 2018, the Company closed on a $494.5 million construction loan for 110 North Wacker. The loan initially bears interest at LIBOR plus 3.00% and steps up or down based on various leasing thresholds. The Company also secured an equity partner for 63.7% of the equity capital for the project with a total equity commitment of $169.6 million. At closing, the Company received a cash distribution of $52.2 million from the venture.

On April 13, 2018, the Company repaid the $11.8 million loan for Lakeland Village Center at Bridgeland.

**About The Howard Hughes Corporation®**

The Howard Hughes Corporation owns, manages and develops commercial, residential and mixed-use real estate throughout the U.S. Our properties include master planned communities, operating properties, development opportunities and other unique assets spanning 14 states from New York to Hawai‘i. The Howard Hughes Corporation is traded on the New York Stock Exchange under HHC with major offices in New York, Columbia, MD, Dallas, Houston, Las Vegas and Honolulu. For additional information about HHC, visit www.howardhughes.com or find us on Facebook, Twitter, Instagram, and LinkedIn.

**Safe Harbor Statement**

We may make forward-looking statements in this press release and in other reports and presentations that we file or furnish with the Securities and Exchange Commission. In addition, our management may make forward-looking statements orally to analysts, investors, creditors, the media and others. Forward-looking statements include:

- budgeted costs, future lot sales and estimates of NOI and EBT;
- capital required for our operations and development opportunities for the properties in our Operating Assets and Strategic Developments segments;
- expected commencement and completion for property developments and timing of sales or rentals of certain properties;
- expected performance of our MPC segment and other current income producing properties;
- transactions related to our non-core assets;
- the performance and our operational success at our Seaport District;
- forecasts of our future economic performance; and
- future liquidity, development opportunities, development spending and management plans.

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. These risk factors are described in our Annual Report on Form 10-K, which has been filed with the Securities and Exchange Commission on February 26, 2018. Any factor could, by itself, or together with one or more other factors, adversely affect our business, results of operations or financial condition. There may be other factors currently unknown to us that we have not described in our Annual Report that could cause results to differ from our expectations. These forward-looking statements present our estimates and assumptions as of the date of this press release. 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 release.

**Our Financial Presentation**

As discussed throughout this release, we use certain non-GAAP performance measures, in addition to the required GAAP presentations, as we believe these measures improve the understanding of our operational results and make comparisons of operating results among peer companies more meaningful. Management continually evaluates the usefulness, relevance, limitations and calculation of the Company's reported non-GAAP performance measures to determine how best to provide relevant information to the public, and thus such reported measures could change. The non-GAAP financial measures used throughout this release are Net operating income, Funds from operations, Core funds from operations, and Adjusted funds from operations. We provide a more detailed discussion about these non-GAAP measures in our reconciliation of non-GAAP measures provided in this earnings release.

**THE HOWARD HUGHES CORPORATION**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**UNAUDITED**

| (In thousands, except per share amounts) | Three Months Ended June 30, 2018 | Three Months Ended June 30, 2017 | Six Months Ended June 30, 2018 | Six Months Ended June 30, 2017 |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Condominium rights and unit sales | $ 20,885 | $ 148,211 | $ 31,722 | $ 228,356 |
| Master Planned Communities land sales | 52,432 | 69,144 | 98,997 | 122,625 |
| Minimum rents | 50,509 | 45,073 | 99,912 | 91,399 |
| Tenant recoveries | 12,250 | 11,642 | 25,002 | 23,041 |
| Hospitality revenues | 22,569 | 19,703 | 45,630 | 39,414 |
| Builder price participation | 5,628 | 4,480 | 10,709 | 9,141 |
| Other land revenues | 4,712 | 4,463 | 8,843 | 15,045 |
| Other rental and property revenues | 12,020 | 5,923 | 21,869 | 11,380 |
| Total revenues | 181,005 | 308,639 | 342,684 | 540,401 |
| **Expenses:** | | | | |
| Condominium rights and unit cost of sales | 28,816 | 106,195 | 35,545 | 166,678 |
| Master Planned Communities cost of sales | 26,383 | 33,376 | 52,426 | 59,245 |
| Master Planned Communities operations | 10,587 | 7,307 | 20,912 | 16,701 |
| Other property operating costs | 25,730 | 20,291 | 48,905 | 38,799 |
| Rental property real estate taxes | 7,502 | 6,550 | 15,629 | 14,087 |
| Rental property maintenance costs | 3,951 | 3,608 | 7,148 | 6,636 |
| Hospitality operating costs | 15,417 | 14,164 | 30,984 | 28,009 |
| Provision for doubtful accounts | 1,359 | 745 | 2,135 | 1,280 |
| Demolition costs | 6,660 | 63 | 13,331 | 128 |
| Development-related marketing costs | 7,188 | 4,716 | 13,266 | 8,921 |
| General and administrative | 26,886 | 22,944 | 51,150 | 41,061 |
| Depreciation and amortization | 29,087 | 34,770 | 57,275 | 60,294 |
| Total expenses | 189,566 | 254,729 | 348,706 | 441,839 |
| Operating (loss) income before other items | (8,561) | 53,910 | (6,022) | 98,562 |
| **Other:** | | | | |
| Gains on sales of properties | — | — | — | 32,215 |
| Other income, net | 266 | 223 | 266 | 910 |
| Total other | 266 | 223 | 266 | 33,125 |
| Operating (loss) income | (8,295) | 54,133 | (5,756) | 131,687 |
| Interest income | 2,603 | 785 | 4,679 | 1,407 |
| Interest expense | (18,903) | (14,448) | (35,512) | (32,306) |
| Loss on redemption of senior notes due 2021 | — | — | — | (46,410) |
| Warrant liability loss | — | (30,881) | — | (43,443) |
| Gain on acquisition of joint venture partner's interest | — | — | — | 5,490 |
| Equity in earnings from real estate and other affiliates | 16,299 | 9,834 | 30,685 | 18,354 |
| (Loss) income before taxes | (8,296) | 19,423 | (5,904) | 34,779 |
| (Benefit) provision for income taxes | (2,417) | 16,303 | (1,859) | 26,000 |
| Net (loss) income | (5,879) | 3,120 | (4,045) | 8,779 |
| Net loss attributable to noncontrolling interests | 791 | — | 431 | — |
| Net (loss) income attributable to common stockholders | $ (5,088) | $ 3,120 | $ (3,614) | $ 8,779 |
| Basic (loss) income per share: | $ (0.12) | $ 0.08 | $ (0.08) | $ 0.22 |
| Diluted (loss) income per share: | $ (0.12) | $ 0.07 | $ (0.08) | $ 0.20 |

**THE HOWARD HUGHES CORPORATION**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**UNAUDITED**

| (In thousands, except shares and par value amounts) | June 30, 2018 | December 31, 2017 |
|---|---|---|
| **Assets:** | | |
| Investment in real estate: | | |
| Master Planned Communities assets | $ 1,640,298 | $ 1,642,278 |
| Buildings and equipment | 2,390,097 | 2,238,617 |
| Less: accumulated depreciation | (341,599) | (321,882) |
| Land | 273,444 | 277,932 |
| Developments | 1,739,787 | 1,196,582 |
| Net property and equipment | 5,702,027 | 5,033,527 |
| Investment in real estate and other affiliates | 99,444 | 76,593 |
| Net investment in real estate | 5,801,471 | 5,110,120 |
| Cash and cash equivalents | 606,715 | 861,059 |
| Restricted cash | 129,654 | 103,241 |
| Accounts receivable, net | 13,471 | 13,041 |
| Municipal Utility District receivables, net | 222,857 | 184,811 |
| Notes receivable, net | 4,085 | 5,864 |
| Deferred expenses, net | 93,319 | 80,901 |
| Prepaid expenses and other assets, net | 262,125 | 370,027 |
| Total assets | $ 7,133,697 | $ 6,729,064 |
| | | |
| **Liabilities:** | | |
| Mortgages, notes and loans payable, net | $ 3,137,773 | $ 2,857,945 |
| Deferred tax liabilities | 141,799 | 160,850 |
| Accounts payable and accrued expenses | 703,514 | 521,718 |
| Total liabilities | 3,983,086 | 3,540,513 |
| | | |
| **Equity:** | | |
| Preferred stock: $.01 par value; 50,000,000 shares authorized, none issued | — | — |
| Common stock: $.01 par value; 150,000,000 shares authorized, 43,545,778 shares issued and 43,040,485 outstanding as of June 30, 2018 and 43,300,253 shares issued and 43,270,880 outstanding as of December 31, 2017 | 436 | 433 |
| Additional paid-in capital | 3,314,197 | 3,302,502 |
| Accumulated deficit | (180,967) | (109,508) |
| Accumulated other comprehensive income (loss) | 2,515 | (6,965) |
| Treasury stock, at cost, 505,293 and 29,373 shares as of June 30, 2018 and December 31, 2017, respectively | (60,743) | (3,476) |
| Total Stockholders' equity | 3,075,438 | 3,182,986 |
| Noncontrolling interests | 75,173 | 5,565 |
| Total equity | 3,150,611 | 3,188,551 |
| Total liabilities and equity | $ 7,133,697 | $ 6,729,064 |

# Appendix – Reconciliations of Non-GAAP Measures

## As of and for the Three and Six Months Ended June 30, 2018

We use certain non-GAAP performance measures, in addition to the required GAAP presentations, as we believe these measures improve the understanding of our operational results and make comparisons of operating results among peer companies more meaningful. Management continually evaluates the usefulness, relevance, limitations, and calculation of the Company's reported non-GAAP performance measures to determine how best to provide relevant information to the public, and thus such reported measures could change. The non-GAAP financial measures used herein are Net operating income ("NOI"), Funds from operations ("FFO"), Core funds from operations ("Core FFO"), and Adjusted funds from operations ("AFFO").

Because our three segments, Master Planned Communities, Operating Assets and Strategic Developments, are managed separately, we use different operating measures to assess operating results and allocate resources among these three segments. The one common operating measure used to assess operating results for our business segments is earnings before tax ("EBT"). EBT, as it relates to each business segment, represents the revenues less expenses of each segment, including interest income, interest expense and Equity in earnings of real estate and other affiliates. EBT excludes corporate expenses and other items that are not allocable to the segments. We present EBT because we use this measure, among others, internally to assess the core operating performance of our assets. However, EBT should not be considered as an alternative to GAAP net income.

| | Three Months Ended June 30, | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | $ Change | 2018 | 2017 | $ Change | 2018 | 2017 | $ Change | 2018 | 2017 | $ Change |
| **(In thousands)** | | **Operating** | | | **MPC** | | | **Strategic** | | | **Consolidated** | |
| Total revenues | $ 93,223 | $ 81,878 | **$ 11,345** | $ 62,765 | $ 78,076 | **$ (15,311)** | $ 25,017 | $ 148,685 | **$ (123,668)** | $ 181,005 | $ 308,639 | **$ (127,634)** |
| Total operating expenses | 44,586 | 42,466 | **(2,120)** | 37,003 | 40,683 | **3,680** | 38,156 | 109,087 | **70,931** | 119,745 | 192,236 | **72,491** |
| **Segment operating income (loss)** | 48,637 | 39,412 | **9,225** | 25,762 | 37,393 | **(11,631)** | (13,139) | 39,598 | **(52,737)** | 61,260 | 116,403 | **(55,143)** |
| Depreciation and amortization | (25,688) | (32,244) | **6,556** | (85) | (79) | **(6)** | (1,113) | (491) | **(622)** | (26,886) | (32,814) | **5,928** |
| Interest (expense) income, net | (17,308) | (15,540) | **(1,768)** | 6,808 | 5,990 | **818** | 6,417 | 6,734 | **(317)** | (4,083) | (2,816) | **(1,267)** |
| Equity in earnings (loss) from real estate and other affiliates | (1,001) | 37 | **(1,038)** | 14,100 | 9,792 | **4,308** | 3,200 | 5 | **3,195** | 16,299 | 9,834 | **6,465** |
| **Segment EBT** | $ 4,640 | $ (8,335) | **$ 12,975** | $ 46,585 | $ 53,096 | **$ (6,511)** | $ (4,635) | $ 45,846 | **$ (50,481)** | $ 46,590 | $ 90,607 | **$ (44,017)** |
| Corporate expenses and other items | | | | | | | | | | 52,469 | 87,487 | **35,018** |
| **Net (loss) income** | | | | | | | | | | $ (5,879) | $ 3,120 | **$ (8,999)** |
| Net loss attributable to noncontrolling interests | | | | | | | | | | 791 | — | **(791)** |
| **Net (loss) income attributable to common stockholders** | | | | | | | | | | $ (5,088) | $ 3,120 | **$ (8,208)** |

| | Six Months Ended June 30, | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | $ Change | 2018 | 2017 | $ Change | 2018 | 2017 | $ Change | 2018 | 2017 | $ Change |
| **(In thousands)** | **Operating** | | | **MPC** | | | **Strategic** | | | **Consolidated** | | |
| Total revenues | $ 184,481 | $ 163,965 | **$ 20,516** | $ 118,530 | $ 146,782 | **$ (28,252)** | $ 39,673 | $ 229,654 | **$ (189,981)** | $ 342,684 | $ 540,401 | **$ (197,717)** |
| Total operating expenses | 89,390 | 82,042 | **(7,348)** | 73,371 | 75,948 | **2,577** | 50,923 | 173,444 | **122,521** | 213,684 | 331,434 | **117,750** |
| **Segment operating income (loss)** | 95,091 | 81,923 | **13,168** | 45,159 | 70,834 | **(25,675)** | (11,250) | 56,210 | **(67,460)** | 129,000 | 208,967 | **(79,967)** |
| Depreciation and amortization | (50,861) | (55,033) | **4,172** | (166) | (171) | **5** | (2,178) | (1,159) | **(1,019)** | (53,205) | (56,363) | **3,158** |
| Interest (expense) income, net | (33,995) | (30,064) | **(3,931)** | 13,200 | 11,547 | **1,653** | 13,941 | 11,338 | **2,603** | (6,854) | (7,179) | **325** |
| Equity in earnings (loss) from real estate and other affiliates | 1,585 | 3,422 | **(1,837)** | 25,228 | 15,072 | **10,156** | 3,872 | (140) | **4,012** | 30,685 | 18,354 | **12,331** |
| Gains on sales of properties | — | — | **—** | — | — | **—** | — | 32,215 | **(32,215)** | — | 32,215 | **(32,215)** |
| **Segment EBT** | $ 11,820 | $ 248 | **$ 11,572** | $ 83,421 | $ 97,282 | **$ (13,861)** | $ 4,385 | $ 98,464 | **$ (94,079)** | $ 99,626 | $ 195,994 | **$ (96,368)** |
| | | | | | | | | | | | | |
| Corporate expenses and other items | | | | | | | | | | 103,671 | 187,215 | **83,544** |
| **Net (loss) income** | | | | | | | | | | $ (4,045) | $ 8,779 | **$ (12,824)** |
| Net loss attributable to noncontrolling interests | | | | | | | | | | 431 | — | **(431)** |
| **Net (loss) income attributable to common stockholders** | | | | | | | | | | $ (3,614) | $ 8,779 | **$ (12,393)** |

## NOI

We believe that NOI is a useful supplemental measure of the performance of our Operating Assets portfolio because it provides a performance measure that, when compared year over year, reflects the revenues and expenses directly associated with owning and operating real estate properties and the impact on operations from trends in rental and occupancy rates and operating costs. We define NOI as operating revenues (rental income, tenant recoveries and other revenue) less operating expenses (real estate taxes, repairs and maintenance, marketing and other property expenses, including our share of NOI from equity investees). NOI excludes straight-line rents and amortization of tenant incentives, net interest expense, ground rent amortization, demolition costs, amortization, depreciation, and development-related marketing. All management fees have been eliminated for all internally-managed properties. We use NOI to evaluate our operating performance on a property-by-property basis because NOI allows us to evaluate the impact that factors, which vary by property, such as lease structure, lease rates and tenant base have on our operating results, gross margins and investment returns. Variances between years in NOI typically result from changes in rental rates, occupancy, tenant mix and operating expenses. Although we believe that NOI provides useful information to investors about the performance of our Operating Assets, due to the exclusions noted above, NOI should only be used as an additional measure of the financial performance of the assets of this segment of our business and not as an alternative to GAAP net income (loss). For reference, and as an aid in understanding our computation of NOI, a reconciliation of Operating Assets EBT to Operating Assets NOI has been presented in the table below.

| (In thousands) | Three Months Ended June 30, 2018 | Three Months Ended June 30, 2017 | Six Months Ended June 30, 2018 | Six Months Ended June 30, 2017 |
|---|---|---|---|---|
| **Total Operating Assets segment EBT (a)** | $ 4,640 | $ (8,335) | $ 11,820 | $ 248 |
| Add Back: | | | | |
| Depreciation and amortization | 25,688 | 32,244 | 50,861 | 55,033 |
| Interest expense (income), net | 17,308 | 15,540 | 33,995 | 30,064 |
| Equity in earnings (loss) from real estate and other affiliates | 1,001 | (37) | (1,585) | (3,422) |
| Straight-line rent revenue | (2,867) | (1,816) | (5,918) | (3,777) |
| Other | 63 | 15 | (274) | 42 |
| **Total Operating Assets NOI - Consolidated** | **45,833** | **37,611** | **88,899** | **78,188** |
| Dispositions: | | | | |
| Cottonwood Square | — | (161) | — | (335) |
| Park West | — | 39 | — | 53 |
| **Total Operating Asset Dispositions NOI** | **—** | **(122)** | **—** | **(282)** |
| **Consolidated Operating Assets NOI excluding properties sold or in redevelopment** | **$ 45,833** | **$ 37,489** | **$ 88,899** | **$ 77,906** |
| **Company's Share NOI - Equity investees** | 664 | 1,385 | 1,239 | 2,131 |
| Distributions from Summerlin Hospital Investment | — | — | 3,435 | 3,383 |
| **Total NOI** | **$ 46,497** | **$ 38,874** | **$ 93,573** | **$ 83,420** |

(a) EBT excludes corporate expenses and other items that are not allocable to the segments. Prior periods have been adjusted to be consistent with current year presentation.

**FFO, Core FFO, and Adjusted FFO (AFFO)**

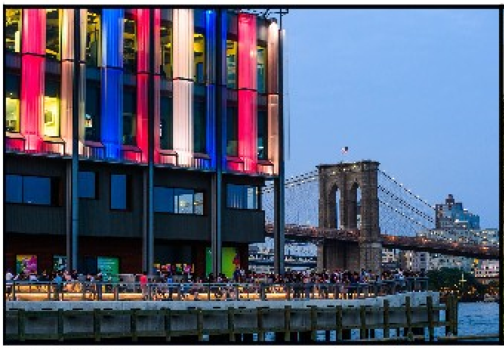
FFO is defined by the National Association of Real Estate Investment Trusts (NAREIT) as net income calculated in accordance with GAAP, excluding gains or losses from real estate dispositions, plus real estate depreciation and amortization and impairment charges (which we believe are not indicative of the performance of our operating portfolio). We calculate FFO in accordance with NAREIT’s definition. Since FFO excludes depreciation and amortization and gains and losses from depreciable property dispositions, and impairments, it can provide a performance measure that, when compared year over year, reflects the impact on operations from trends in land sales prices, occupancy rates, rental rates, operating costs, acquisition and development activities, and financing costs. This provides a perspective of our financial performance not immediately apparent from net income determined in accordance with GAAP. Core FFO is calculated by adjusting FFO to exclude the impact of certain non-cash and/or nonrecurring income and expense items, as set forth in the calculation below. These items can vary greatly from period to period, depending upon the volume of our acquisition activity and debt retirements, among other factors. We believe that by excluding these items, Core FFO serves as a useful, supplementary measure of the ongoing operating performance of our core operations, and we believe it is used by investors in a similar manner. Finally, AFFO adjusts our Core FFO operating measure to deduct cash spent on recurring tenant improvements and capital expenditures of a routine nature as well as leasing commissions to present an adjusted measure of Core FFO. Core FFO and AFFO are non-GAAP and non-standardized measures and may be calculated differently by other peer companies.

While FFO, Core FFO, AFFO and NOI are relevant and widely used measures of operating performance of real estate companies, they do not represent cash flows from operations or net income as defined by GAAP and should not be considered an alternative to those measures in evaluating our liquidity or operating performance. FFO, Core FFO, AFFO and NOI do not purport to be indicative of cash available to fund our future cash requirements. Further, our computations of FFO, Core FFO, AFFO and NOI may not be comparable to those reported by other real estate companies. We have included a reconciliation of FFO, Core FFO and AFFO to GAAP net income below. Non-GAAP financial measures should not be considered independently, or as a substitute, for financial information presented in accordance with GAAP.

| (In thousands) | Three Months Ended June 30, 2018 | Three Months Ended June 30, 2017 | Six Months Ended June 30, 2018 | Six Months Ended June 30, 2017 |
|---|---|---|---|---|
| **Net (loss) income attributable to common shareholders** | $ (5,088) | $ 3,120 | $ (3,614) | $ 8,779 |
| Add: | | | | |
| Segment real estate related depreciation and amortization | 26,886 | 32,814 | 53,205 | 56,363 |
| Gains on sales of properties | — | — | — | (32,215) |
| Income tax expense (benefit) adjustments - deferred | | | | |
| Gains on sales of properties | — | — | — | 12,081 |
| Reconciling items related to noncontrolling interests | (791) | — | (431) | — |
| Our share of the above reconciling items included in earnings from unconsolidated joint ventures | 1,172 | 1,103 | 2,685 | 1,933 |
| **FFO** | **$ 22,179** | **$ 37,037** | **$ 51,845** | **$ 46,941** |
| | | | | |
| Adjustments to arrive at Core FFO: | | | | |
| Acquisition expenses | $ — | $ — | $ — | $ 32 |
| Loss on redemption of senior notes due 2021 | — | — | — | 46,410 |
| Gain on acquisition of joint venture partner's interest | — | — | — | (5,490) |
| Warrant loss | — | 30,881 | — | 43,443 |
| Severance expenses | 63 | 630 | 281 | 1,458 |
| Non-real estate related depreciation and amortization | 2,201 | 1,956 | 4,070 | 3,931 |
| Straight-line amortization | (3,088) | 1,816 | (6,428) | 3,777 |
| Deferred income tax expense (benefit) | (1,170) | 15,576 | (924) | 12,383 |
| Non-cash fair value adjustments related to hedging instruments | (652) | 133 | (868) | 331 |
| Share based compensation | 2,828 | 1,501 | 5,354 | 3,407 |
| Other non-recurring expenses (development related marketing and demolition costs) | 13,848 | 4,779 | 26,597 | 9,049 |
| Our share of the above reconciling items included in earnings from unconsolidated joint ventures | 156 | 216 | 250 | 291 |
| **Core FFO** | **$ 36,365** | **$ 94,525** | **$ 80,177** | **$ 165,963** |
| | | | | |
| Adjustments to arrive at AFFO: | | | | |
| Tenant and capital improvements | $ (4,633) | $ (4,245) | $ (9,165) | $ (8,967) |
| Leasing Commissions | (1,051) | (603) | (1,450) | (686) |
| **AFFO** | **$ 30,681** | **$ 89,677** | **$ 69,562** | **$ 156,310** |
| | | | | |
| **FFO per diluted share value** | **$ 0.52** | **$ 0.86** | **$ 1.20** | **$ 1.09** |
| | | | | |
| **Core FFO per diluted share value** | **$ 0.85** | **$ 2.20** | **$ 1.87** | **$ 3.85** |
| | | | | |
| **AFFO per diluted share value** | **$ 0.71** | **$ 2.08** | **$ 1.62** | **$ 3.63** |

NYSE: HHC

# Supplemental Information
## Three months ended June 30, 2018



*Seaport District*
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*Houston, TX*

*Three Merriweather*
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## Forward Looking Statements

This presentation includes 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," "likely," "may," "realize," "should," "transform," "would," and other statements of similar expression. Forward looking statements 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 not to rely on these forward-looking statements. For a discussion of the risk factors that could have an impact on these forward-looking statements, see our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, and filed with the Securities and Exchange Commission on February 26, 2018. The statements made herein speak only as of the date of this presentation and we do not undertake to update this information except as required by law. Past performance does not guarantee future results. Performance during time periods shown is limited and may not reflect the performance for the full year or future years, or in different economic and market cycles.

## Non-GAAP Financial Measures

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP); however, we use certain non-GAAP performance measures in this presentation, in addition to GAAP measures, as we believe these measures improve the understanding of our operational results and make comparisons of operating results among peer companies more meaningful. Management continually evaluates the usefulness, relevance, limitations, and calculation of our reported non-GAAP performance measures to determine how best to provide relevant information to the public, and thus such reported measures could change. The non-GAAP financial measures used in this presentation are funds from operations, or FFO, core funds from operations, or Core FFO, adjusted funds from operations, or AFFO, and net operating income, or NOI.

FFO is defined by the National Association of Real Estate Investment Trusts (NAREIT) as net income calculated in accordance with GAAP, excluding gains or losses from real estate dispositions, plus real estate depreciation and amortization and impairment charges (which we believe are not indicative of the performance of our operating portfolio). We calculate FFO in accordance with NAREIT's definition. Since FFO excludes depreciation and amortization, gains and losses from depreciable property dispositions, and impairments, it can provide a performance measure that, when compared year over year, reflects the impact on operations from trends in occupancy rates, rental rates, operating costs, acquisition, development activities and financing costs. This provides a perspective of our financial performance not immediately apparent from net income determined in accordance with GAAP. Core FFO is calculated by adjusting FFO to exclude the impact of certain non-cash and/or nonrecurring income and expense items, as set forth in the calculation herein. These items can vary greatly from period to period, depending upon the volume of our acquisition activity and debt retirements, among other factors. We believe that by excluding these items, Core FFO serves as a useful, supplementary measure of the ongoing operating performance of the core operations across all segments, and we believe it is used by investors in a similar manner. Finally, AFFO adjusts our Core FFO operating measure to deduct cash expended on recurring tenant improvements and capital expenditures of a routine nature to present an adjusted measure of Core FFO. Core FFO and AFFO are non-GAAP and non-standardized measures and may be calculated differently by other peer companies.

We define NOI as operating revenues (rental income, tenant recoveries and other revenue) less operating expenses (real estate taxes, repairs and maintenance, marketing and other property expenses), plus our share of NOI from equity investees. NOI excludes straight-line rents and amortization of tenant incentives, net interest expense, ground rent amortization, demolition costs, amortization, depreciation, development-related marketing costs and Equity in earnings from Real Estate and Other Affiliates. We use NOI to evaluate our operating performance on a property-by- property basis because NOI allows us to evaluate the impact that factors which vary by property, such as lease structure, lease rates and tenant bases, have on our operating results, gross margins and investment returns. We believe that NOI is a useful supplemental measure of the performance of our Operating Assets because it provides a performance measure that, when compared year over year, reflects the revenues and expenses directly associated with owning and operating real estate properties and the impact on operations from trends in rental and occupancy rates and operating costs.

While FFO, Core FFO, AFFO and NOI are relevant and widely used measures of operating performance of real estate companies, they do not represent cash flows from operations or net income as defined by GAAP and should not be considered an alternative to those measures in evaluating our liquidity or operating performance. FFO, Core FFO, AFFO and NOI do not purport to be indicative of cash available to fund our future cash requirements. Further, our computations of FFO, Core FFO, AFFO and NOI may not be comparable to FFO, Core FFO, AFFO and NOI reported by other real estate companies. We have included in this presentation a reconciliation from GAAP net income to FFO, Core FFO and AFFO, as well as a reconciliation of our GAAP Operating Assets Earnings Before Taxes ("EBT") segment measure to NOI. Non-GAAP financial measures should not be considered independently, or as a substitute, for financial information presented in accordance with GAAP.

## Additional Information

Our website address is www.howardhughes.com. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other publicly filed or furnished documents are available and may be accessed free of charge through the "Investors" section of our website under the "SEC Filings" subsection, as soon as reasonably practicable after those documents are filed with, or furnished to, the SEC. Also available through the Investors section of our website are beneficial ownership reports filed by our directors, certain officers and shareholders on Forms 3, 4 and 5.

## Company Overview - 2Q18

| | | |
|---|---|---|
| Exchange / Ticker | NYSE: | HHC |
| Share Price - June 30, 2018 | $ | 132.50 |
| Diluted Earnings / Share | $ | (0.12) |
| FFO / Diluted Share | $ | 0.52 |
| Core FFO / Diluted Share | $ | 0.85 |
| AFFO / Diluted Share | $ | 0.71 |

## Recent Company Highlights

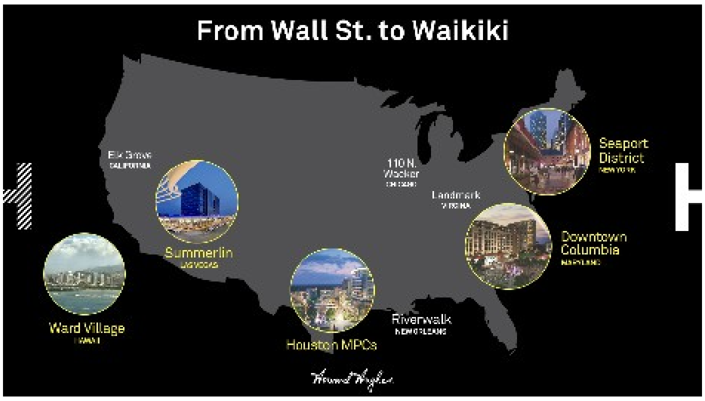
**CHICAGO--(PRNewswire)--June 15, 2018--**The Howard Hughes Corporation® (NYSE: HHC) and Riverside Investment & Development, along with Mayor Rahm Emanuel, Alderman Brendan Reilly, Commissioner David Reifman, Chicago President of Bank of America Paul Lambert and other stakeholders gathered yesterday to break ground on 110 North Wacker, the trophy-class office tower set along the Chicago River in the heart of Chicago's Central Business district.

**NEW YORK--(PRNewswire)--June 12, 2018--**The Howard Hughes Corporation® (NYSE: HHC) announced today that it has acquired the property at 250 Water Street in Lower Manhattan from Peck Slip Associates, an entity controlled by the Milstein family. The one-acre site, currently used as a parking lot, encompasses a full city block bounded by Peck Slip, Pearl Street, Water Street, and Beekman Street. The company purchased the site for $180 million plus closing costs, consisting of an initial payment of $53 million and a mortgage for the balance. The financing has an initial interest-free term of six months, with three six-month extension options at a rate of 6% per annum. The second and third extension options each require a $30 million paydown.

**NEW YORK--(PRNewswire)--May 14, 2018--** The Howard Hughes Corporation® (NYSE: HHC), in partnership with exclusive booking partner Live Nation Entertainment, Inc. (NYSE: LYV) announced today the full artist lineup for the inaugural Pier 17 Rooftop Concert Series in the Seaport District. In conjunction with previously announced headliners, Amy Schumer and Kings of Leon, the full lineup features a diverse roster of A-list talent from various genres, including musical icons Diana Ross and Gladys Knight; TIME 100 Honoree, comedian and host of The Daily Show, Trevor Noah; EDM artist deadmau5; pop star Bebe Rexha; emerging country artist, Hunter Hayes; legendary singer-songwriter Paul Anka and many more. The Rooftop Concert Series will introduce residents and tourists alike to the first-of-its-kind Pier 17 venue, which has New York City as its backdrop surrounded by the Brooklyn Bridge, Empire State Building, Statue of Liberty and One World Trade.

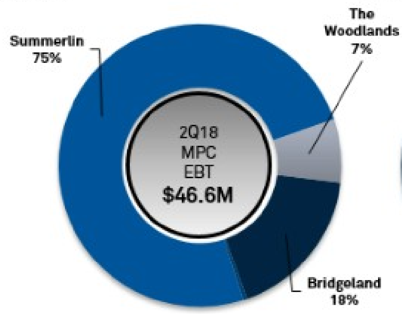
**For more press releases, please visit www.howardhughes.com/press**

## Operating Portfolio by Region

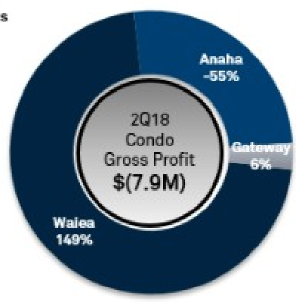



## 2Q18 MPC & Condominium Results

*$ in millions*




*$ in millions*

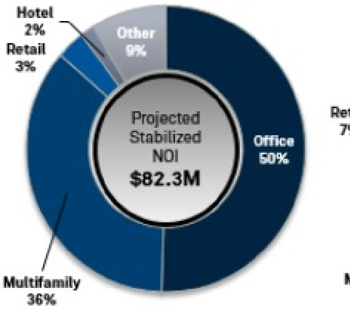



| 2Q18 MPC EBT | | |
|---|---|---|
| Bridgeland | $ | 8.3 |
| Columbia | | (0.2) |
| Summerlin | | 35.1 |
| The Woodlands/The Woodlands Hills | | 3.4 |
| **Total** | **$** | **46.6** |

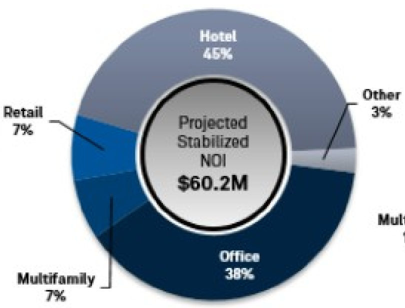
| 2Q18 Condo Gross Profit | | |
|---|---|---|
| Waiea | $ | (11.8) |
| Anaha | | 4.4 |
| Ke Kilohana | | — |
| Ae`o | | — |
| Gateway | | (0.5) |
| **Total** | **$** | **(7.9)** |

## Path to Projected Annual Stabilized NOI

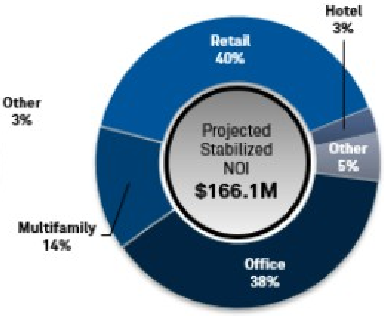
### Currently Under Construction



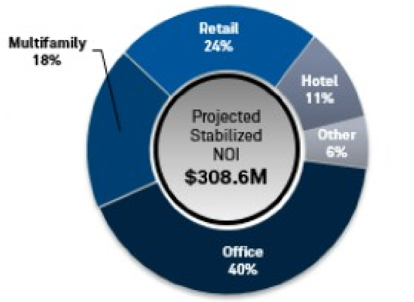

### Currently Unstabilized




### Currently Stabilized




### Total




| | Currently Under Construction | Currently Unstabilized | Currently Stabilized | Total |
|---|---|---|---|---|
| Retail & Office S.F. | 2,330,200 | 1,181,570 | 5,171,895 | 8,683,665 |
| Multifamily Units | 1,639 | 437 | 1,622 | 3,698 |
| Hotel Keys | 66 | 705 | 205 | 976 |
| Other Units | — | 1,437 | — | 1,437 |
| Projected Stabilized NOI $ | 82.3 | 60.2 | 166.1 | 308.6 |

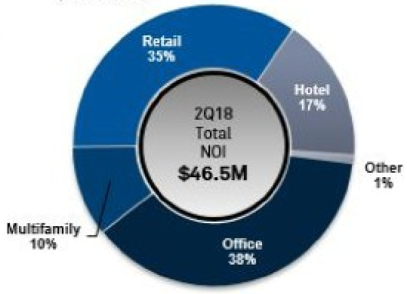
## 2Q18 - Operating Results by Property Type

### Currently Under Construction


### Currently Unstabilized


### Currently Stabilized


### Total




Path to Projected Annual Stabilized NOI charts exclude Seaport NOI until we have greater clarity with respect to the performance of our tenants; however, the operating portion of Seaport is included in 2Q18 Operating Results by Property Type. See page 17 for Stabilized NOI Yield and other project information

| Company Profile | Q2 2018 | Q1 2018 | Q4 2017 | Q3 2017 | Q2 2017 | YTD Q2 2018 | YTD Q2 2017 |
|---|---|---|---|---|---|---|---|
| Share price[1] | $132.50 | $139.13 | $131.27 | $117.93 | $122.84 | $132.50 | $122.84 |
| Market Capitalization[2] | $5.7b | $6.0b | $5.9b | $5.1b | $5.3b | $5.7b | $5.3b |
| Enterprise Value[3] | $8.3b | $8.3b | $7.9b | $7.5b | $7.7b | $8.3b | $7.7b |
| Weighted avg. shares - basic (*in thousands*) | 42,573 | 42,976 | 42,860 | 42,845 | 40,373 | 43,014 | 40,088 |
| Weighted avg. shares - diluted (*in thousands*) | 42,942 | 43,363 | 43,120 | 43,267 | 43,051 | 43,386 | 43,082 |
| Total diluted share equivalents outstanding (*in thousands*)[1] | 43,325 | 43,301 | 44,917 | 43,380 | 43,401 | 43,325 | 43,401 |
| **Earnings Profile (in *thousands* except for Avg. NOI margin)** | | | | | | | |
| Operating Segment Income | | | | | | | |
| Revenues | $89,752 | $87,494 | $80,727 | $77,651 | $79,643 | $177,246 | $159,283 |
| Expenses | ($43,919) | ($44,428) | ($45,566) | ($41,492) | ($42,154) | ($88,347) | ($81,377) |
| Company's Share of Equity Method Investments NOI and Cost Basis Investment | $664 | $4,010 | $1,084 | $1,186 | $1,385 | $4,674 | $5,514 |
| Net Operating Income[4] | $46,497 | $47,076 | $36,245 | $37,345 | $38,874 | $93,573 | $83,420 |
| Avg. NOI margin | 52% | 54% | 45% | 48% | 49% | 53% | 52% |
| MPC Segment Earnings | | | | | | | |
| Total revenues | $62,765 | $55,765 | $87,832 | $64,929 | $78,076 | $118,530 | $146,782 |
| Total expenses[5] | ($37,088) | ($36,449) | ($43,300) | ($37,299) | ($40,762) | ($73,537) | ($76,119) |
| Interest (expense) income, net[6] | $6,808 | $6,392 | $6,390 | $6,355 | $5,990 | $13,200 | $11,547 |
| Equity in earnings in Real Estate and Other Affiliates | $14,100 | $11,128 | $1,682 | $6,480 | $9,792 | $25,228 | $15,072 |
| MPC Segment EBT[6] | $46,585 | $36,836 | $52,604 | $40,465 | $53,096 | $83,421 | $97,282 |
| Condo Gross Profit | | | | | | | |
| Revenues[7] | $20,885 | $10,837 | $122,043 | $113,852 | $148,211 | $31,722 | $228,356 |
| Expenses[7] | ($28,816) | ($6,729) | ($85,152) | ($86,531) | ($106,195) | ($35,545) | ($166,678) |
| Condo Net Income | ($7,931) | $4,108 | $36,891 | $27,321 | $42,016 | ($3,823) | $61,678 |
| **Debt Summary (in *thousands* except for percentages)** | | | | | | | |
| Total debt payable[8] | $3,163,771 | $2,915,220 | $2,877,789 | $3,014,280 | $3,023,122 | $3,163,771 | $3,023,122 |
| Fixed rate debt outstanding at end of period | $1,643,194 | $1,522,488 | $1,526,875 | $1,508,746 | $1,514,192 | $1,643,194 | $1,514,192 |
| Weighted avg. rate - fixed | 4.60% | 4.98% | 5.04% | 4.99% | 5.06% | 4.60% | 5.06% |
| Variable rate debt outstanding at end of period, excluding condominium financing | $1,355,523 | $1,299,119 | $1,317,311 | $1,310,265 | $1,324,125 | $1,355,523 | $1,324,125 |
| Weighted avg. rate - variable | 3.37% | 4.32% | 4.10% | 3.67% | 3.64% | 3.37% | 3.64% |
| Condominium debt outstanding at end of period | $165,054 | $93,613 | $33,603 | $195,269 | $184,805 | $165,054 | $184,805 |
| Weighted avg. rate - condominium financing | 5.93% | 5.78% | 4.49% | 7.98% | 7.92% | 5.93% | 7.92% |
| Leverage ratio (debt to enterprise value) | 37.59% | 34.92% | 36.20% | 39.90% | 39.10% | 37.59% | 39.10% |

(1) Presented as of period end date.
(2) Market capitalization = Closing share price at of the last trading day of the respective period times total diluted share equivalents outstanding as of the date presented.
(3) Enterprise Value = (Market capitalization + book value of debt + noncontrolling interest) - cash and equivalents.
(4) Net Operating Income = Operating Assets NOI excluding properties sold or in redevelopment + Company's Share of Equity Method Investments NOI and the annual Distribution from our Cost Basis Investment.
(5) Expenses include both actual and estimated future costs of sales allocated on a relative sales value to land parcels sold, including MPC-level G&A and real estate taxes on remaining residential and commercial land.
(6) MPC Segment EBT (Earnings before tax, as discussed in our GAAP financial statements), includes negative interest expense relating to capitalized interest for the segment on debt held in other segments and at corporate.
(7) Revenues in 2018 represent "Condominium rights and unit sales" and expenses represent "Condominium rights and unit cost of sales" as stated in our GAAP financial statements, based on the new revenue standard adopted January 1, 2018. Prior periods are presented based on the percentage of completion method ("POC") and are therefore not comparable.
(8) Represents Total mortgages, notes, and loans payable, as stated in our GAAP financial statements as of the respective date, excluding unamortized deferred financing costs and bond issuance costs.

| *(In thousands, except shares and par value amounts)* | Q2 2018 | Q2 2017 | FY 2017 | FY 2016 |
|---|---|---|---|---|
| | Unaudited | Unaudited | | |
| **ASSETS** | | | | |
| Investment in real estate: | | | | |
| Master Planned Communities assets | $ 1,640,298 | $ 1,676,263 | $ 1,642,278 | $ 1,669,561 |
| Buildings and equipment | 2,390,097 | 2,152,915 | 2,238,617 | 2,027,363 |
| Less: accumulated depreciation | (341,599) | (282,557) | (321,882) | (245,814) |
| Land | 273,444 | 314,383 | 277,932 | 320,936 |
| Developments | 1,739,787 | 1,048,849 | 1,196,582 | 961,980 |
| Net property and equipment | 5,702,027 | 4,909,853 | 5,033,527 | 4,734,026 |
| Investment in real estate and other affiliates | 99,444 | 81,797 | 76,593 | 76,376 |
| Net investment in real estate | 5,801,471 | 4,991,650 | 5,110,120 | 4,810,402 |
| Cash and cash equivalents | 606,715 | 660,086 | 861,059 | 665,510 |
| Restricted cash | 129,654 | 208,187 | 103,241 | 249,629 |
| Accounts receivable, net | 13,471 | 11,893 | 13,041 | 9,883 |
| Municipal Utility District receivables, net | 222,857 | 175,822 | 184,811 | 150,385 |
| Notes receivable, net | 4,085 | 60 | 5,864 | 155 |
| Deferred expenses, net | 93,319 | 75,351 | 80,901 | 64,531 |
| Prepaid expenses and other assets, net | 262,125 | 544,400 | 370,027 | 416,887 |
| **Total Assets** | **$ 7,133,697** | **$ 6,667,449** | **$ 6,729,064** | **$ 6,367,382** |
| **LIABILITIES AND EQUITY** | | | | |
| **Liabilities** | | | | |
| Mortgages, notes and loans payable | $ 3,137,773 | $ 3,002,846 | $ 2,857,945 | $ 2,690,747 |
| Deferred tax liabilities | 141,799 | 224,097 | 160,850 | 200,945 |
| Warrant liabilities | — | — | — | 332,170 |
| Accounts payable and accrued expenses | 703,514 | 473,013 | 521,718 | 572,010 |
| **Total Liabilities** | **$ 3,983,086** | **$ 3,699,956** | **$ 3,540,513** | **$ 3,795,872** |
| **Equity** | | | | |
| Common stock: $.01 par value; 150,000,000 shares authorized, 43,545,778 shares issued and 43,040,485 outstanding as of June 30, 2018 and 43,300,253 shares issued and 43,270,880 outstanding as of December 31, 2017 | 436 | 432 | 433 | 398 |
| Additional paid-in capital | 3,314,197 | 3,243,342 | 3,302,502 | 2,853,269 |
| Accumulated deficit | (180,967) | (269,133) | (109,508) | (277,912) |
| Accumulated other comprehensive income (loss) | 2,515 | (9,157) | (6,965) | (6,786) |
| Treasury stock, at cost, 505,293 and 29,373 shares as of June 30, 2018 and December 31, 2017, respectively | (60,743) | (1,763) | (3,476) | (1,231) |
| Total stockholders' equity | 3,075,438 | 2,963,721 | 3,182,986 | 2,567,738 |
| Noncontrolling interests | 75,173 | 3,772 | 5,565 | 3,772 |
| **Total Equity** | **$ 3,150,611** | **$ 2,967,493** | **$ 3,188,551** | **$ 2,571,510** |
| **Total Liabilities and Equity** | **$ 7,133,697** | **$ 6,667,449** | **$ 6,729,064** | **$ 6,367,382** |
| **Share Count Details (In thousands)** | | | | |
| Shares outstanding at end of period (including restricted stock) | 43,041 | 43,186 | 43,271 | 39,790 |
| Dilutive effect of stock options[1] | 127 | 213 | 200 | 277 |
| Dilutive effect of warrants[2] | 157 | 2 | 1,446 | 2,894 |
| **Total Diluted Share Equivalents Outstanding** | **43,325** | **43,401** | **44,917** | **42,961** |

(1) Stock options assume net share settlement calculated for the year-to-date period presented.
(2) Warrants assume net share settlement and incremental shares for dilution calculated as of the date presented.

| *(In thousands, except share amounts)* | Q2 2018 | Q2 2017 | YTD Q2 2018 | YTD Q2 2017 |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Condominium rights and unit sales | $ 20,885 | $ 148,211 | $ 31,722 | $ 228,356 |
| Master Planned Communities land sales | 52,432 | 69,144 | 98,997 | 122,625 |
| Minimum rents | 50,509 | 45,073 | 99,912 | 91,399 |
| Tenant recoveries | 12,250 | 11,642 | 25,002 | 23,041 |
| Hospitality revenues | 22,569 | 19,703 | 45,630 | 39,414 |
| Builder price participation | 5,628 | 4,480 | 10,709 | 9,141 |
| Other land revenues | 4,712 | 4,463 | 8,843 | 15,045 |
| Other rental and property revenues | 12,020 | 5,923 | 21,869 | 11,380 |
| **Total revenues** | 181,005 | 308,639 | 342,684 | 540,401 |
| **Expenses:** | | | | |
| Condominium rights and unit cost of sales | 28,816 | 106,195 | 35,545 | 166,678 |
| Master Planned Communities cost of sales | 26,383 | 33,376 | 52,426 | 59,245 |
| Master Planned Communities operations | 10,587 | 7,307 | 20,912 | 16,701 |
| Other property operating costs | 25,730 | 20,291 | 48,905 | 38,799 |
| Rental property real estate taxes | 7,502 | 6,550 | 15,629 | 14,087 |
| Rental property maintenance costs | 3,951 | 3,608 | 7,148 | 6,636 |
| Hospitality operating costs | 15,417 | 14,164 | 30,984 | 28,009 |
| Provision for doubtful accounts | 1,359 | 745 | 2,135 | 1,280 |
| Demolition costs | 6,660 | 63 | 13,331 | 128 |
| Development-related marketing costs | 7,188 | 4,716 | 13,266 | 8,921 |
| General and administrative | 26,886 | 22,944 | 51,150 | 41,061 |
| Depreciation and amortization | 29,087 | 34,770 | 57,275 | 60,294 |
| **Total expenses** | 189,566 | 254,729 | 348,706 | 441,839 |
| **Operating income before other items** | (8,561) | 53,910 | (6,022) | 98,562 |
| **Other:** | | | | |
| Gains on sales of properties | — | — | — | 32,215 |
| Other (loss) income, net | 266 | 223 | 266 | 910 |
| **Total other** | 266 | 223 | 266 | 33,125 |
| **Operating Income** | (8,295) | 54,133 | (5,756) | 131,687 |
| Interest income | 2,603 | 785 | 4,679 | 1,407 |
| Interest expense | (18,903) | (14,448) | (35,512) | (32,306) |
| Loss on redemption of senior notes due 2021 | — | — | — | (46,410) |
| Warrant liability loss | — | (30,881) | — | (43,443) |
| Gain on acquisition of joint venture partner's interest | — | — | — | 5,490 |
| Equity in earnings from real estate and other affiliates | 16,299 | 9,834 | 30,685 | 18,354 |
| (Loss) income before taxes | (8,296) | 19,423 | (5,904) | 34,779 |
| (Benefit) provision for income taxes | (2,417) | 16,303 | (1,859) | 26,000 |
| Net (loss) income | (5,879) | 3,120 | (4,045) | 8,779 |
| Net loss attributable to noncontrolling interests | 791 | — | 431 | — |
| **Net (loss) income attributable to common stockholders** | $ (5,088) | $ 3,120 | $ (3,614) | $ 8,779 |
| **Basic (loss) income per share** | **$ (0.12)** | **$ 0.08** | **$ (0.08)** | **$ 0.22** |
| **Diluted (loss) income per share** | **$ (0.12)** | **$ 0.07** | **$ (0.08)** | **$ 0.20** |

The Company's 2018 results are presented in accordance with Topic 606, the new revenue standard adopted January 1, 2018. Please refer to Note 2 in the Company's Form 10-Q for further information.

| *(In thousands, except share amounts)* | Q2 2018 | Q2 2017 | YTD Q2 2018 | YTD Q2 2017 |
|---|---|---|---|---|
| **RECONCILIATIONS OF NET INCOME TO FFO** | | | | |
| Net (loss) income attributable to common shareholders | $ (5,088) | $ 3,120 | $ (3,614) | $ 8,779 |
| Add: | | | | |
| Segment real estate related depreciation and amortization | 26,886 | 32,814 | 53,205 | 56,363 |
| Gains on sales of properties | — | — | — | (32,215) |
| Income tax expense (benefit) adjustments - deferred | | | | |
| Gains on sales of properties | — | — | — | 12,081 |
| Reconciling items related to noncontrolling interests | (791) | — | (431) | — |
| Our share of the above reconciling items included in earnings from unconsolidated joint ventures | 1,172 | 1,103 | 2,685 | 1,933 |
| **FFO** | **$ 22,179** | **$ 37,037** | **$ 51,845** | **$ 46,941** |
| Adjustments to arrive at Core FFO: | | | | |
| Acquisition expenses | $ — | $ — | $ — | $ 32 |
| Loss on redemption of senior notes due 2021 | — | — | — | 46,410 |
| Gain on acquisition of joint venture partner's interest | — | — | — | (5,490) |
| Warrant loss | — | 30,881 | — | 43,443 |
| Severance expenses | 63 | 630 | 281 | 1,458 |
| Non-real estate related depreciation and amortization | 2,201 | 1,956 | 4,070 | 3,931 |
| Straight-line amortization | (3,088) | 1,816 | (6,428) | 3,777 |
| Deferred income tax expense (benefit) | (1,170) | 15,576 | (924) | 12,383 |
| Non-cash fair value adjustments related to hedging instruments | (652) | 133 | (868) | 331 |
| Share based compensation | 2,828 | 1,501 | 5,354 | 3,407 |
| Other non-recurring expenses (development related marketing and demolition costs) | 13,848 | 4,779 | 26,597 | 9,049 |
| Our share of the above reconciling items included in earnings from unconsolidated joint ventures | 156 | 216 | 250 | 291 |
| **Core FFO** | **$ 36,365** | **$ 94,525** | **$ 80,177** | **$ 165,963** |
| Adjustments to arrive at AFFO: | | | | |
| Tenant and capital improvements | $ (4,633) | $ (4,245) | $ (9,165) | $ (8,967) |
| Leasing Commissions | (1,051) | (603) | (1,450) | (686) |
| **AFFO** | **$ 30,681** | **$ 89,677** | **$ 69,562** | **$ 156,310** |
| **FFO per diluted share value** | **$ 0.52** | **$ 0.86** | **$ 1.20** | **$ 1.09** |
| **Core FFO per diluted share value** | **$ 0.85** | **$ 2.20** | **$ 1.87** | **$ 3.85** |
| **AFFO per diluted share value** | **$ 0.71** | **$ 2.08** | **$ 1.62** | **$ 3.63** |

| Property | % Ownership (a) | Total | | 2Q18 Occupied (#) | | 2Q18 Leased (#) | | 2Q18 Occupied (%) | | 2Q18 Leased (%) | | 2Q18 Annualized NOI (b) | Stabilized NOI (c) | Time to Stabilize (Years) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Sq. Ft. | Units | Sq. Ft. | Units | Sq. Ft. | Units | Sq. Ft. | Units | Sq. Ft. | Units | | | |
| **Stabilized Properties** | | | | | | | | | | | | | | |
| Office - Houston | 100% | 1,477,006 | — | 1,426,183 | — | 1,429,377 | — | 97% | —% | 97% | —% | $38,463 | $40,061 | — |
| Office - Columbia | 100% | 1,049,748 | — | 982,043 | — | 999,830 | — | 94% | —% | 95% | —% | 17,758 | 17,758 | — |
| Office - Summerlin | 100% | 206,279 | — | 197,307 | — | 203,271 | — | 96% | —% | 99% | —% | 5,426 | 5,700 | — |
| Retail - Houston | 100% | 292,652 | — | 285,603 | — | 285,603 | — | 98% | —% | 98% | —% | 9,515 | 9,903 | — |
| Retail - Columbia | 100% | 89,199 | — | 89,199 | — | 89,199 | — | 100% | —% | 100% | —% | 2,105 | 2,200 | — |
| Retail - Hawaii | 100% | 918,669 | — | 871,056 | — | 879,756 | — | 95% | —% | 96% | —% | 21,421 | 21,421 | — |
| Retail - Other | 100% | 265,021 | — | 260,717 | — | 264,505 | — | 98% | —% | 100% | —% | 6,169 | 6,500 | — |
| Retail - Summerlin | 100% | 823,450 | — | 759,254 | — | 773,670 | — | 92% | —% | 94% | —% | 19,945 | 26,300 | — |
| Multi-Family - Houston (d) | 100% | 23,280 | 1,097 | 21,552 | 1,055 | 23,126 | 1,074 | 93% | 96% | 99% | 98% | 13,999 | 16,600 | — |
| Multi-Family - Columbia (d) | 50% | 13,591 | 380 | 13,591 | 357 | 13,591 | 376 | 100% | 94% | 100% | 99% | 2,825 | 3,500 | — |
| Multi-Family - Summerlin | 100% | — | 124 | — | 115 | — | 115 | —% | 93% | —% | 93% | 2,230 | 2,200 | — |
| Multi-Family - New York (d) | 100% | 13,000 | 21 | 13,000 | 21 | 13,000 | 21 | 100% | 100% | 100% | 100% | 599 | 600 | — |
| Hospitality - Houston | 100% | — | 205 | — | 172 | — | 172 | —% | 84% | —% | 84% | 5,953 | 4,500 | — |
| Other Assets (e) | — | — | — | — | — | — | — | —% | —% | —% | —% | 9,383 | 8,845 | — |
| **Total Stabilized Properties (f)** | | | | | | | | | | | | **$155,791** | **$166,088** | — |
| **Unstabilized Properties** | | | | | | | | | | | | | | |
| Office - Houston | 100% | 652,569 | — | 431,355 | — | 448,352 | — | 66% | —% | 69% | —% | $5,977 | $14,500 | 2.0 |
| Office - Columbia | 100% | 330,727 | — | 248,516 | — | 248,516 | — | 75% | —% | 75% | —% | 2,254 | 8,700 | 2.4 |
| Retail - Houston (g) | 100% | 83,497 | — | 67,138 | — | 67,138 | — | 80% | —% | 80% | —% | 1,140 | 1,700 | 0.0 |
| Retail - Hawaii | 100% | 86,248 | — | 68,446 | — | 72,435 | — | 79% | —% | 84% | —% | 60 | 2,709 | 1.0 |
| Multi-Family - Columbia | 50% | 28,529 | 437 | 6,672 | 219 | 6,672 | 258 | 23% | 50% | 23% | 59% | (179) | 4,000 | 1.0 |
| Hospitality - Houston | 100% | — | 705 | — | 467 | — | 467 | —% | 66% | —% | 66% | 24,499 | 27,000 | 2.0 |
| Self Storage - Houston | 100% | — | 1,437 | — | 692 | — | 692 | —% | 48% | —% | 48% | 119 | 1,600 | 2.0 |
| **Total Unstabilized Properties** | | | | | | | | | | | | **$33,870** | **$60,209** | **1.9** |
| **Under Construction Properties** | | | | | | | | | | | | | | |
| Office - Houston | 100% | 203,000 | — | — | — | 203,000 | — | —% | —% | 100% | —% | — | $5,100 | 1.0 |
| Office - Columbia | 100% | 320,000 | — | — | — | 150,000 | — | —% | —% | 47% | —% | — | 9,200 | 5.0 |
| Office - Summerlin | 100% | 325,000 | — | — | — | 225,335 | — | —% | —% | 69% | —% | — | 7,600 | 1.5 |
| Office - Other | 33% | 1,400,000 | — | — | — | 584,664 | — | —% | —% | 42% | —% | — | 19,641 | 5.0 |
| Retail - Houston | 100% | 60,300 | — | — | — | 46,825 | — | —% | —% | 78% | —% | — | 1,668 | 2.0 |
| Retail - Hawaii | 100% | 21,900 | — | — | — | 21,900 | — | —% | —% | 100% | —% | — | 1,081 | 2.0 |
| Multi-Family - Houston | 100% | — | 990 | — | — | — | — | —% | —% | —% | —% | — | 15,904 | 4.4 |
| Multi-Family - Columbia | 100% | — | 382 | — | — | — | — | —% | —% | —% | —% | — | 9,162 | 5.0 |
| Multi-Family - Summerlin | 100% | — | 267 | — | — | — | — | —% | —% | —% | —% | — | 4,400 | 2.0 |
| Hospitality - New York | 35% | — | 66 | — | — | — | — | —% | —% | —% | —% | — | 1,300 | 0.0 |
| Other - Houston | 100% | — | — | — | — | — | — | —% | —% | —% | —% | — | 217 | 1.0 |
| Other - Summerlin | 100% | — | — | — | — | — | — | —% | —% | —% | —% | — | 7,000 | 1.0 |
| **Total Under Construction Properties** | | | | | | | | | | | | — | **$82,273** | **3.7** |
| **Total/ Wtd. Avg. for Portfolio** | | | | | | | | | | | | **$189,661** | **$308,570** | **3.3** |

(a) Includes our share of NOI for our joint ventures.

(b) Annualized 2Q18 NOI includes distribution received from cost method investment in 1Q18. For purposes of this calculation, this one time annual distribution is not annualized.

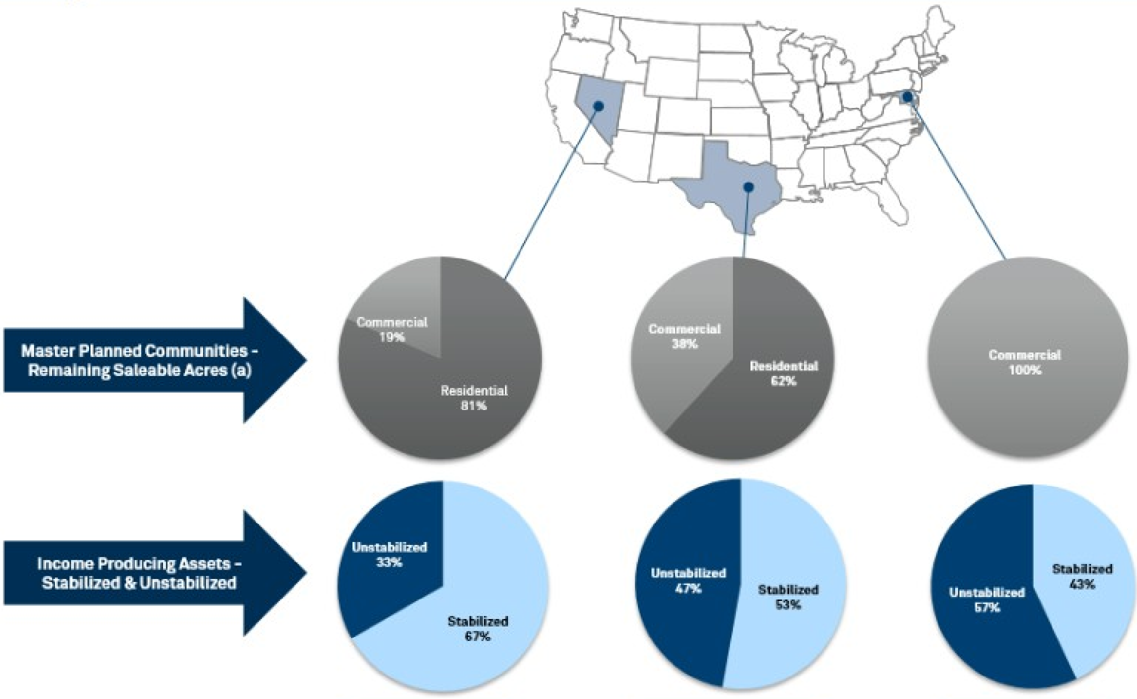
(c) Table above excludes Seaport NOI until we have greater clarity with respect to the performance of our tenants. See page 17 for Stabilized NOI Yield and other project information.

(d) Multi-Family square feet represent ground floor retail whereas multi-family units represent residential units for rent.

(e) Other assets are primarily made up of our share of equity method investments not included in other categories. These assets can be found on page 15 of this presentation.

(f) The difference between 2Q18 Annualized NOI and Stabilized NOI is attributable to a number of factors which may include timing, free rent or other temporary abatements, tenant turnover and market factors.

(g) Retail - Houston in the Unstabilized Properties section is inclusive of retail in Bridgeland.

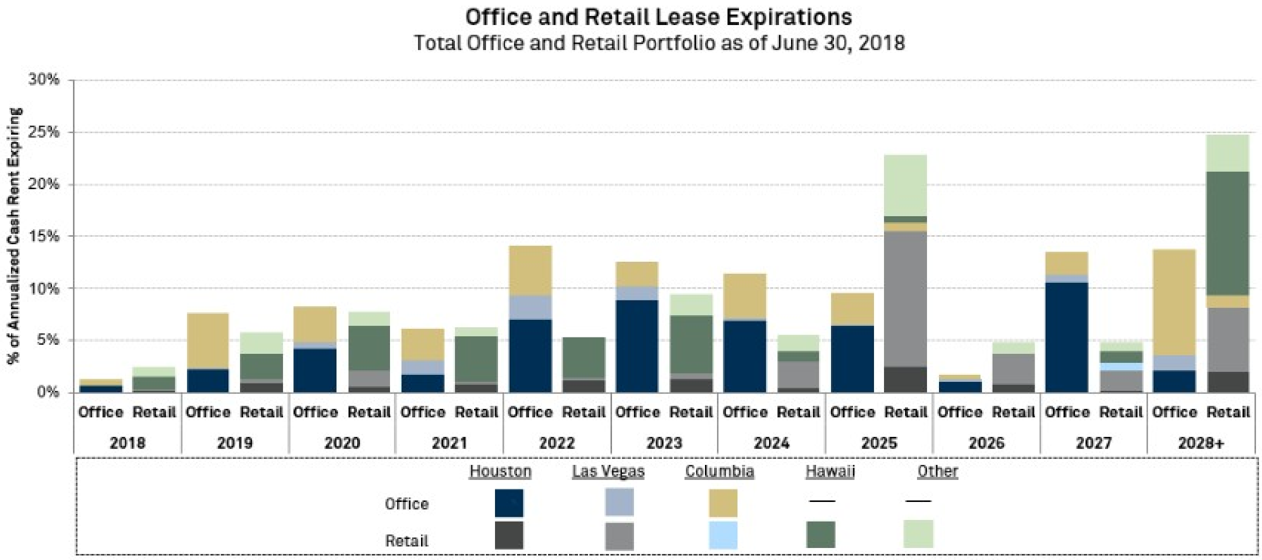



| ($ in thousands) | Nevada | Texas | Maryland | Total (c) |
|---|---|---|---|---|
| **MPC Performance - 2Q18 & 2Q17** | | | | |
| MPC Net Contribution (2Q18) (b) | $31,596 | $(20,682) | $(183) | $10,731 |
| MPC Net Contribution (2Q17) (b) | $23,637 | $1,133 | $244 | $25,014 |
| **Operating Asset Performance - 2018 & Future** | | | | |
| Annualized 2Q18 In-Place NOI | $32,052 | $104,254 | $24,764 | $161,070 |
| Est. Stabilized NOI (Future) (d) | $57,112 | $143,340 | $54,520 | $254,972 |
| Wtd. Avg. Time to Stab. (yrs.) | 1.6 | 2.7 | 4.0 | — |

(a) Commercial acres may be developed by us or sold.
(b) Reconciliation from GAAP MPC segment earnings before tax (EBT) measure to MPC Net Contribution for the three months ended June 30, 2018 is found under Reconciliation of Non-GAAP Measures on page 27.
(c) Total excludes NOI from non-core operating assets, and NOI from core assets within Hawaii and New York as these regions are not defined as MPCs.
(d) Est. Stabilized NOI (Future) represents all assets within the respective MPC regions, inclusive of stabilized, unstabilized, and under construction.

| | MPC Regions | | | | | | Non-MPC Regions | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Woodlands<br>Houston, TX | Woodlands Hills<br>Houston, TX | Bridgeland<br>Houston, TX | Summerlin<br>Las Vegas, NV | Columbia<br>Columbia, MD | Total<br>MPC Regions | Hawaii<br>Honolulu, HI | Seaport<br>New York, NY | Other | Total<br>Non-MPC |
| **Operating - Stabilized Properties** | | | | | | | | | | |
| Office s.f. | 1,477,006 | — | — | 206,279 | 1,049,748 | 2,733,033 | — | — | — | — |
| Retail s.f. | 315,932 | — | — | 823,450 | 102,790 | 1,242,172 | 918,669 | 13,000 | 265,021 | 1,196,690 |
| Multifamily units | 1,097 | — | — | 124 | 380 | 1,601 | — | 21 | — | 21 |
| Hotel Rooms | 205 | — | — | — | — | 205 | — | — | — | — |
| Self Storage Units | — | — | — | — | — | — | — | — | — | — |
| **Operating - Unstabilized Properties** | | | | | | | | | | |
| Office s.f. | 652,569 | — | — | — | 330,727 | 983,296 | — | — | — | — |
| Retail s.f. (a) | — | — | 83,497 | — | 28,529 | 112,026 | 86,248 | — | — | 86,248 |
| Multifamily units | — | — | — | — | 437 | 437 | — | — | — | — |
| Hotel rooms | 705 | — | — | — | — | 705 | — | — | — | — |
| Self Storage Units | 1,437 | — | — | — | — | 1,437 | — | — | — | — |
| **Operating - Under Construction Properties** | | | | | | | | | | |
| Office s.f. | 203,000 | — | — | 325,000 | 320,000 | 848,000 | — | — | 1,400,000 | 1,400,000 |
| Retail s.f. (b) | 60,300 | — | — | — | — | 60,300 | 21,900 | — | — | 21,900 |
| Multifamily units | 678 | — | 312 | 267 | 382 | 1,639 | — | — | — | — |
| Hotel rooms | — | — | — | — | — | — | — | 66 | — | 66 |
| Self Storage Units | — | — | — | — | — | — | — | — | — | — |
| **Residential Land** | | | | | | | | | | |
| Total gross acreage/condos (c) | 28,475 ac. | 2,055 ac. | 11,470 ac. | 22,500 ac. | 16,450 ac. | 80,950 ac. | 1,380 | n.a. | n.a. | 1,380 |
| Current Residents (c) | 116,000 | — | 8,800 | 108,000 | 112,000 | 344,800 | n.a. | n.a. | n.a. | — |
| Remaining saleable acres/condos | 209 | 1,405 | 2,387 | 3,484 | n.a. | 7,485 | 41 | n.a. | n.a. | 41 |
| Estimated price per acre (d) | 798 | 260 | 399 | 592 | n.a. | | n.a. | n.a. | n.a. | — |
| **Commercial Land** | | | | | | | | | | |
| Total acreage remaining | 762 | 171 | 1,533 | 793 | 97 | 3,356 | n.a. | n.a. | n.a. | — |
| Estimated price per acre (e) | 945 | 552 | 573 | 759 | 576 | | n.a. | n.a. | n.a. | — |

Portfolio Key Metrics herein include square feet, units and rooms included in joint venture projects. sq. ft. and units are not shown at share.
(a) Retail Sq. ft. within the Summerlin region excludes 381,767 sq. ft. of anchors.
(b) Retail Sq. ft. within New York region excludes 449,527 sq. ft for Pier 17, Uplands and Tin Building, pending final plans for this project.
(c) Acreage and current residents shown as of June 30, 2018.
(d) Residential pricing represents average price per acre in 2018.
(e) Commercial pricing: estimate of current value based upon recent sales, third party appraisals and third party MPC experts. At all MPCs except Bridgeland, commercial pricing represents average price per acre in 2017 as Bridgeland was the only MPC with commercial sales in 2Q18.




| Expiration Year | Office Expirations (a) Annualized Cash Rent (In thousands) | Office Expirations (a) Percentage of Annualized Cash Rent | Office Expirations (a) Wtd. Avg. Annualized Cash Rent Per Leased Sq. Ft. | Retail Expirations (a) Annualized Cash Rent (In thousands) | Retail Expirations (a) Percentage of Annualized Cash Rent | Retail Expirations (a) Wtd. Avg. Annualized Cash Rent Per Leased Sq. Ft. |
|---|---|---|---|---|---|---|
| 2018 | $ 1,292 | 1.25% | $ 32.66 | $ 2,791 | 2.52% | $ 37.43 |
| 2019 | 7,858 | 7.60% | 29.52 | 6,393 | 5.78% | 42.45 |
| 2020 | 8,579 | 8.30% | 30.66 | 8,533 | 7.72% | 53.19 |
| 2021 | 6,405 | 6.20% | 32.16 | 7,001 | 6.33% | 28.65 |
| 2022 | 14,558 | 14.09% | 32.77 | 5,925 | 5.36% | 47.88 |
| 2023 | 12,982 | 12.56% | 29.64 | 10,435 | 9.44% | 52.56 |
| 2024 | 11,770 | 11.39% | 29.75 | 6,186 | 5.60% | 38.41 |
| 2025 | 9,864 | 9.55% | 33.73 | 25,249 | 22.84% | 55.06 |
| 2026 | 1,885 | 1.82% | 33.57 | 5,308 | 4.80% | 36.90 |
| 2027 | 13,949 | 13.50% | 28.91 | 5,397 | 4.88% | 41.09 |
| Thereafter | 14,200 | 13.74% | 41.30 | 27,332 | 24.72% | 27.66 |
| **Total** | **$ 103,342** | **100.00%** | | **$ 110,550** | **100.00%** | |

(a) Excludes leases with an initial term of 12 months or less

*(Dollars in thousands)*

| Property | Location | % Ownership | Rentable Sq. Ft./Units | 2Q18 % Occ. | 2Q18 % Leased | Annualized 2Q18 NOI | Est. Stabilized NOI |
|---|---|---|---|---|---|---|---|
| **Office** | | | | | | | |
| 3 Waterway Square | Houston, TX | 100 % | 232,021 | 100 % | 100 % | $ 6,928 | $ 6,900 |
| 4 Waterway Square | Houston, TX | 100 % | 218,551 | 100 % | 100 % | 6,723 | 6,856 |
| 1400 Woodloch Forest | Houston, TX | 100 % | 95,667 | 97 % | 97 % | 1,998 | 1,890 |
| 1735 Hughes Landing Boulevard | Houston, TX | 100 % | 318,170 | 100 % | 100 % | 7,736 | 7,696 |
| 2201 Lake Woodlands Drive | Houston, TX | 100 % | 24,119 | 100 % | 100 % | (61) | 410 |
| 3831 Technology Forest | Houston, TX | 100 % | 95,078 | 100 % | 100 % | 2,226 | 2,269 |
| 9303 New Trails | Houston, TX | 100 % | 97,967 | 63 % | 64 % | 960 | 1,800 |
| One Hughes Landing | Houston, TX | 100 % | 197,719 | 99 % | 100 % | 6,125 | 6,240 |
| Two Hughes Landing | Houston, TX | 100 % | 197,714 | 95 % | 95 % | 5,828 | 6,000 |
| 10-70 Columbia Corporate Center | Columbia, MD | 100 % | 889,103 | 93 % | 95 % | 14,330 | 14,330 |
| 5565 Sterrett Place | Columbia, MD | 100 % | — | — % | — % | 79 | 79 |
| Columbia Office Properties | Columbia, MD | 100 % | 62,038 | 100 % | 100 % | 1,402 | 1,402 |
| One Mall North | Columbia, MD | 100 % | 98,607 | 96 % | 96 % | 1,947 | 1,947 |
| One Summerlin | Las Vegas, NV | 100 % | 206,279 | 96 % | 99 % | 5,426 | 5,700 |
| **Total Office** | | | **2,733,033** | | | **$ 61,647** | **$ 63,519** |
| | | | | | | | |
| **Retail** | | | | | | | |
| 20/25 Waterway Avenue | Houston, TX | 100 % | 50,062 | 100 % | 100 % | $ 1,940 | $ 2,013 |
| 1701 Lake Robbins | Houston, TX | 100 % | 12,376 | 100 % | 100 % | 565 | 400 |
| 2000 Woodlands Parkway | Houston, TX | 100 % | 7,900 | 100 % | 100 % | 7 | 218 |
| Creekside Village Green | Houston, TX | 100 % | 74,670 | 93 % | 93 % | 2,052 | 2,097 |
| Hughes Landing Retail | Houston, TX | 100 % | 126,131 | 99 % | 99 % | 4,152 | 4,375 |
| Waterway Garage Retail | Houston, TX | 100 % | 21,513 | 100 % | 100 % | 799 | 800 |
| Columbia Regional | Columbia, MD | 100 % | 89,199 | 100 % | 100 % | 2,105 | 2,200 |
| Ward Village Retail | Honolulu, HI | 100 % | 918,669 | 95 % | 96 % | 21,421 | 21,421 |
| Downtown Summerlin | Las Vegas, NV | 100 % | 823,450 | 92 % | 94 % | 19,945 | 26,300 |
| Outlet Collection at Riverwalk | New Orleans, LA | 100 % | 265,021 | 98 % | 100 % | 6,169 | 6,500 |
| **Total Retail** | | | **2,388,991** | | | **$ 59,155** | **$ 66,324** |

*(Dollars in thousands)*

| Property | Location | Ownership | Rentable Sq. Ft. / Units | 2Q18 % Occ. | 2Q18 % Leased | Annualized 2Q18 NOI | Est. Stabilized NOI |
|---|---|---|---|---|---|---|---|
| **Residential** | | | | | | | |
| Millennium Six Pines Apartments | Houston, TX | 100% | 314 | 96% | 98% | $ 3,898 | $ 4,500 |
| Millennium Waterway Apartments | Houston, TX | 100% | 393 | 96% | 97% | 3,169 | 4,600 |
| One Lakes Edge | Houston, TX | 100% | 23,280 / 390 | 93% / 96% | 99% / 98% | 6,932 | 7,500 |
| The Metropolitan | Columbia, MD | 50% | 13,591 / 380 | 100% / 94% | 100% / 99% | 2,825 | 3,500 |
| Constellation | Las Vegas, NV | 100% | 124 | 93% | 93% | 2,230 | 2,200 |
| 85 South Street | New York, NY | 100% | 13,000 / 21 | 100% / 100% | 100% / 100% | 599 | 600 |
| **Total Residential** | | | **49,871 / 1,622** | | | **$ 19,653** | **$ 22,900** |
| **Hotel** | | | | | | | |
| Embassy Suites at Hughes Landing (a) | Houston, TX | 100% | 205 | 84% | 84 % | 5,953 | 4,500 |
| **Total Hotel** | | | **205** | | | **$ 5,953** | **$ 4,500** |
| **Other** | | | | | | | |
| Sarofim Equity Investment | Houston, TX | 20% | NA | NA | NA | 2,143 | 2,143 |
| Stewart Title of Montgomery County, TX | Houston, TX | 50% | NA | NA | NA | 862 | 862 |
| Woodlands Ground Leases | Houston, TX | 100% | NA | NA | NA | 1,656 | 1,656 |
| Hockey Ground Lease | Las Vegas, NV | 100% | NA | NA | NA | 478 | 478 |
| Summerlin Hospital Distribution | Las Vegas, NV | 5% | NA | NA | NA | 3,435 | 3,435 |
| Other Assets | Various | 100% | NA | NA | NA | 809 | 271 |
| **Total Other** | | | **NA** | | | **$ 9,383** | **$ 8,845** |
| **Total Stabilized** | | | | | | **$ 155,791** | **$ 166,088** |

(a) Hotel property Percentage Occupied is the average for Q2 2018.

*(Dollars in thousands)*

| Project Name | Location | % Ownership | Rentable Sq. Ft. / Units | 2Q18 % Occ. (a) | 2Q18 % Leased (a) | Develop. Costs Incurred | Est. Total Cost (Excl. Land) | Annualized 2Q18 NOI | Est. Stabilized NOI (b) | Est. Stab. Date | Est. Stab. Yield |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Office** | | | | | | | | | | | |
| Three Hughes Landing | Houston, TX | 100% | 320,815 | 62% | 65% | $ 72,558 | $ 90,162 | $ 933 | $ 7,600 | 2020 | 8% |
| 1725 Hughes Landing | Houston, TX | 100% | 331,754 | 70% | 73% | 55,171 | 74,994 | 5,044 | 6,900 | 2020 | 9% |
| One Merriweather | Columbia, MD | 100% | 206,588 | 85% | 85% | 72,819 | 78,187 | 2,500 | 5,100 | 2020 | 7% |
| Two Merriweather | Columbia, MD | 100% | 124,139 | 58% | 58% | 32,030 | 40,941 | (246) | 3,600 | 2021 | 9% |
| **Total Office** | | | **983,296** | | | **$ 232,578** | **$ 284,284** | **$ 8,231** | **$ 23,200** | | |
| **Retail** | | | | | | | | | | | |
| Lakeland Village Center | Houston, TX | 100% | 83,497 | 80% | 80% | $ 14,031 | $ 16,274 | $ 1,140 | $ 1,700 | 2018 | 10% |
| Anaha & Ae`o Retail (c) | Honolulu, HI | 100% | 86,248 | 79% | 84 % | — | — | 60 | 2,709 | 2019 | n.a. |
| **Total Retail** | | | **169,745** | | | **$ 14,031** | **$ 16,274** | **$ 1,200** | **$ 4,409** | | |
| **Residential** | | | | | | | | | | | |
| m.flats/TEN.M (d) | Columbia, MD | 50% | 28,529 / 437 | 23% / 50% | 23% / 59% | $ 53,048 | $ 54,673 | $ (179) | $ 4,000 | 2019 | 7% |
| **Total Residential** | | | **28,529 / 437** | | | **$ 53,048** | **$ 54,673** | **$ (179)** | **$ 4,000** | | |
| **Hotel** | | | | | | | | | | | |
| The Woodlands Resort & Conference Center (e) | Houston, TX | 100% | 403 | 58% | 58% | $ 72,360 | $ 72,360 | $ 15,017 | $ 16,500 | 2020 | 13% |
| The Westin at The Woodlands | Houston, TX | 100% | 302 | 77% | 77% | 92,529 | 98,444 | 9,481 | 10,500 | 2020 | 11% |
| **Total Hotel** | | | **705** | | | **$ 164,889** | **$ 170,804** | **$ 24,498** | **$ 27,000** | | |
| **Other** | | | | | | | | | | | |
| HHC 242 Self-Storage | Houston, TX | 100% | 654 | 54% | 54% | $ 8,196 | $ 8,607 | $ 74 | $ 800 | 2020 | 9% |
| HHC 2978 Self-Storage | Houston, TX | 100% | 783 | 43% | 43% | 7,801 | 8,476 | 46 | 800 | 2020 | 9% |
| **Total Other** | | | **1,437** | | | **$ 15,997** | **$ 17,083** | **$ 120** | **$ 1,600** | | |
| **Total Unstabilized** | | | | | | **$ 480,543** | **$ 543,118** | **$ 33,870** | **$ 60,209** | | |

(a) With the exception of Hotel properties, Percentage Occupied and Percentage Leased are as of June 30, 2018. Each Hotel property Percentage Occupied is the average for Q2 2018.
(b) Company estimates of stabilized NOI are based on current leasing velocity, excluding inflation and organic growth.
(c) Condominium retail Develop. Cost Incurred and Est. Total Costs (Excl. Land) are combined with their respective condominium costs on page 20 of this supplement.
(d) Total Develop. Costs Incurred, Est. Total Cost (Excl. Land), and Est. Stabilized NOI are shown at share.
(e) Develop. Costs Incurred represent renovation costs only, not the total costs to construct the property.

*Dollars in thousands, except per sq. ft. and unit amounts*

*Owned & Managed*

| Project Name | City, State | % Ownership | Est. Rentable Sq. Ft. | Percent Pre-Leased[1] | Project Status | Const. Start Date | Est. Stabilized Date[2] | Develop. Costs Incurred | Est. Total Cost (Excl. Land) | Est. Stabilized NOI | Stabilized NOI Yield |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Office** | | | | | | | | | | | |
| 110 North Wacker[3] | Chicago, IL | 33% | 1,400,000 | 42% | Under construction | Q1 2018 | 2023 | $ 5,945 | $ 48,918 | $ 19,641 | 8% |
| 100 Fellowship Dr | Houston, TX | 100% | 203,000 | 100% | Under construction | Q2 2017 | Q4 2019 | 30,253 | 63,278 | 5,100 | 8% |
| Aristocrat | Las Vegas, NV | 100% | 180,000 | 100% | Under construction | Q2 2017 | Q1 2019 | 18,162 | 46,661 | 4,100 | 9% |
| Two Summerlin | Las Vegas, NV | 100% | 145,000 | 31% | Under construction | Q2 2017 | 2020 | 20,556 | 49,320 | 3,500 | 7% |
| Three Merriweather | Columbia, MD | 100% | 320,000 | 50% | Pending construction | Q1 2018 | 2023 | 7,046 | 138,221 | 9,200 | 7% |
| **Total Office** | | | **2,248,000** | | | | | **$ 81,962** | **$ 346,398** | **$ 41,541** | |
| **Retail** | | | | | | | | | | | |
| Seaport - Uplands / Pier 17[4] | New York, NY | 100% | 449,527 | 61% | Under construction | Q4 2013 | Q1 2021 | $ 435,480 | $ 731,000 | $43,000 - 58,000 | 6% - 8% |
| Ke Kilohana[5] | Honolulu, HI | 100% | 21,900 | 100% | Under construction | Q4 2016 | 2019 | — | — | 1,081 | —% |
| Lake Woodlands Crossing | Houston, TX | 100% | 60,300 | 78% | Under construction | Q4 2017 | Q4 2020 | 4,720 | 15,381 | 1,668 | 11% |
| **Total Retail** | | | **531,727** | | | | | **$ 440,200** | **$ 746,381** | **$45,749 - 60,749** | |
| **Other** | | | | | | | | | | | |
| Summerlin Ballpark[6] | Las Vegas, NV | 100% | n.a. | n.a. | Under construction | Q1 2018 | 2019 | $ 8,501 | $ 114,670 | $ 7,000 | 6% |
| Hughes Landing Daycare | Houston, TX | 100% | n.a. | n.a. | Pending construction | Q3 2018 | 2019 | 72 | 2,706 | 217 | 8% |
| **Total Other** | | | **n.a.** | | | | | **$ 8,573** | **$ 117,376** | **$ 7,217** | |

| Project Name | City, State | % Ownership | Est. Number of Units | Monthly Est. Rent Per Unit | Project Status | Const. Start Date | Est. Stabilized Date[2] | Develop. Costs Incurred | Est. Total Cost (Excl. Land) | Est. Stabilized NOI | Stabilized NOI Yield |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Multifamily** | | | | | | | | | | | |
| Columbia Multifamily | Columbia, MD | 100% | 382 | $2,053 | Pending construction | Q2 2018 | 2023 | $ 11,526 | $ 116,386 | $ 9,162 | 8% |
| Creekside Apartments | Houston, TX | 100% | 292 | $1,538 | Under construction | Q1 2017 | Q4 2019 | 28,952 | 42,111 | 3,499 | 8% |
| Downtown Summerlin Apartments | Las Vegas, NV | 100% | 267 | $1,924 | Under construction | Q1 2018 | Q3 2020 | 7,231 | 59,276 | 4,400 | 7% |
| Two Lakes Edge | Houston, TX | 100% | 386 | $2,690 | Pending construction | Q3 2018 | 2024 | 457 | 107,706 | 8,529 | 8% |
| Bridgeland Apartments | Houston, TX | 100% | 312 | $1,686 | Under construction | Q2 2018 | 2021 | 794 | 48,412 | 3,875 | 8% |
| **Total Multifamily** | | | **1,639** | | | | | **$ 48,960** | **$ 373,891** | **$ 29,465** | |
| **Total Under Construction** | | | | | | | | **$ 579,695** | **$ 1,584,046** | **$123,972 - 138,972** | |

(1) Represents leases signed as of June 30, 2018 and is calculated as the total leased square feet divided by total leasable square feet, expressed as a percentage.
(2) Represents management's estimate of the first quarter of operations in which the asset may be stabilized.
(3) 110 North Wacker represents our member only. Est.Total Cost (Excl. Land) represents HHC's total cash equity requirement. Developments costs incurred represent HHC's equity in the project at June 30, 2018. Stabilized NOI Yield is based on the projected building NOI at stabilization and our percentage ownership of the equity capitalization of the project. It does not include the impact of the partnership distribution waterfall, which is discussed in Note 3 of Form 10-Q.
(4) Seaport - Uplands / Pier 17 Estimated Rentable sq. ft. and costs are inclusive of the Tin Building, the plans for which are being finalized. Develop. Costs Incurred and Est. Total Costs are shown net of insurance proceeds of approximately $54 million.
(5) Condominium retail Develop. Cost Incurred and Est. Total Costs (Excl. Land) are combined with their respective condominium costs on page 20 of this supplement.
(6) Est. Total Cost (Excl. Land) and Stabilized NOI Yield are exclusive of $27 million of costs to acquire the franchise.

In *thousands*, except rentable SF / Units / Acres

**2Q 2018 Acquisitions**

| Date Acquired | Property | % Ownership | Location | Rentable Sq. Ft. / Units / Acres | Acquisition Price |
|---|---|---|---|---|---|
| 6/8/2018 | 250 Water Street | 100% | New York, NY | 1 acre | $180,000 |
| 5/4/2018 | Sterrett Place[1] | 100% | Columbia, MD | 119,000 sq. ft. | $5,300 |

**2Q 2018 Dispositions**

| Date Sold | Property | % Ownership | Location | Rentable Sq. Ft. / Units / Acres | Sale Price |
|---|---|---|---|---|---|

No disposition activity in 2Q18

(1) In November 2017, we acquired the Note secured by the land and improvements for a purchase price of $5.3M. Subsequent to this acquisition, we foreclosed on the property resulting in a 100% ownership interest.

| (Dollars in thousands) | Woodlands 2Q 2018 | Woodlands 2Q 2017 | Woodlands Hills 2Q 2018 | Woodlands Hills 2Q 2017 | Bridgeland 2Q 2018 | Bridgeland 2Q 2017 | Summerlin 2Q 2018 | Summerlin 2Q 2017 | Maryland 2Q 2018 | Maryland 2Q 2017 | Total 2Q 2018 | Total 2Q 2017 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | | | | | | | |
| Residential land sale revenues | $ 10,910 | $ 13,600 | $ 2,273 | $ — | $ 9,011 | $ 9,374 | $ 28,838 | $ 41,960 | $ — | $ — | $ 51,032 | $ 64,934 |
| Commercial land sale revenues | — | — | — | — | 1,400 | 3,655 | — | 55 | — | 500 | 1,400 | 4,210 |
| Builder price participation | 90 | 259 | — | — | 125 | 232 | 5,413 | 3,989 | — | — | 5,628 | 4,480 |
| Other land sale revenues | 1,795 | 1,651 | 4 | 5 | 42 | 49 | 2,864 | 2,716 | — | 31 | 4,705 | 4,452 |
| **Total revenues** | **$ 12,795** | **$ 15,510** | **$ 2,277** | **$ 5** | **$ 10,578** | **$ 13,310** | **$ 37,115** | **$ 48,720** | **$ —** | **$ 531** | **$ 62,765** | **$ 78,076** |
| **Expenses:** | | | | | | | | | | | | |
| Cost of sales - residential land | $ (4,209) | $ (7,006) | $ (1,043) | $ — | $ (3,010) | $ (3,230) | $(17,789) | $(21,829) | $ — | $ — | $ (26,051) | $ (32,065) |
| Cost of sales - commercial land | — | — | — | — | (331) | (1,058) | — | (34) | — | (219) | (331) | (1,311) |
| Real estate taxes | (1,528) | (1,422) | (83) | (75) | (430) | (340) | (674) | (708) | (150) | (159) | (2,865) | (2,704) |
| Land sales operations | (3,301) | (736) | (482) | (101) | (1,656) | (1,324) | (2,133) | (2,304) | (184) | (138) | (7,756) | (4,603) |
| Depreciation and amortization | (34) | (30) | — | — | (33) | (23) | (18) | (25) | — | (1) | (85) | (79) |
| **Total Expenses** | **$ (9,072)** | **$ (9,194)** | **$ (1,608)** | **$ (176)** | **$ (5,460)** | **$ (5,975)** | **$(20,614)** | **$(24,900)** | **$ (334)** | **$ (517)** | **$ (37,088)** | **$ (40,762)** |
| Net interest capitalized (expense) | (1,175) | (1,039) | 206 | 141 | 3,155 | 2,510 | 4,471 | 4,378 | 151 | — | 6,808 | 5,990 |
| Equity in earnings from real estate affiliates | — | — | — | — | — | — | 14,100 | 9,792 | — | — | 14,100 | 9,792 |
| **EBT** | **$ 2,548** | **$ 5,277** | **$ 875** | **$ (30)** | **$ 8,273** | **$ 9,845** | **$ 35,072** | **$ 37,990** | **$ (183)** | **$ 14** | **$ 46,585** | **$ 53,096** |

| **Key Performance Metrics:** | Woodlands 2Q 2018 | Woodlands 2Q 2017 | Woodlands Hills 2Q 2018 | Woodlands Hills 2Q 2017 | Bridgeland 2Q 2018 | Bridgeland 2Q 2017 | Summerlin 2Q 2018 | Summerlin 2Q 2017 | Maryland 2Q 2018 | Maryland 2Q 2017 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Residential** | | | | | | | | | | |
| Total acres closed in current period | 13.7 | 24.0 | 8.8 | 0 | 22.6 | 24.3 | 38.6 | 51.8 | NM | NM |
| Price per acre achieved | $798 | $567 | $260 | NM | $399 | $386 | $592 | $559 | NM | NM |
| Avg. gross margins | 61.0% | 48.0% | 54.0% | NM | 67.0% | 66.0% | 38.0% | 48.0% | NM | NM |
| **Commercial** | | | | | | | | | | |
| Total acres closed in current period | — | — | — | — | 2.0 | — | — | — | NM | 1.0 |
| Price per acre achieved | NM | NM | NM | NM | $573 | NM | NM | NM | NM | $500 |
| Avg. gross margins | NM | NM | NM | NM | 76.0% | 71.0% | NM | 38.0% | NM | 56.0% |
| Avg. combined before-tax net margins | 61.0% | 48.0% | 54.0% | NM | 68.0% | 67.0% | 38.0% | 48.0% | NM | NM |

| **Key Valuation Metrics** | Woodlands | | Woodlands Hills | | Bridgeland | | Summerlin | | Maryland |
|---|---|---|---|---|---|---|---|---|---|
| **Remaining saleable acres** | | | | | | | | | |
| Residential | 209 | | 1,405 | | 2,387 | | 3,484 | | — |
| Commercial | 762 | | 171 | | 1,533 | | 793 | | 97 (a) |
| Projected est. % superpads / lot size | —% | — | —% | — | —% | — | 88% | 0.25 ac | NM |
| Projected est. % single-family detached lots / lot size | 69% | 0.29 ac | 87% | 0.29 ac | 89% | 0.16 ac | —% | — | NM |
| Projected est. % single-family attached lots / lot size | 31% | 0.08 ac | 13% | 0.13 ac | 10% | 0.12 ac | —% | — | NM |
| Projected est. % custom homes / lot size | —% | — | —% | — | 1% | 1.00 ac | 12% | 0.45 ac | NM |
| Estimated builder sale velocity (blended total - TTM) (b) | 33 | | — | | 47 | | 110 | | NM |
| Gross margin range (GAAP), net of MUDs (c) | 61.0% | | 54.0% | | 68.0% | | 38.0% | | NM |
| Projected gross margin range (Cash), net of MUDs (c) | 99.4% | | 85.9% | | 75.4% | | 75.4% | | NM |
| **Residential sellout / Commercial buildout date estimate** | | | | | | | | | |
| Residential | 2023 | | 2029 | | 2034 | | 2039 | | — |
| Commercial | 2026 | | 2028 | | 2045 | | 2039 | | 2021 |

(a) Does not include 31 commercial acres in Downtown Columbia which are held for future development in the Strategic Developments segment.
(b) Represents the average monthly builder homes sold over the last twelve months ended June 30, 2018. There were no builder homes sold at The Woodlands Hills in the current quarter as we began closing land sales there in 4Q17.
(c) GAAP gross margin is based on GAAP revenues and expenses which exclude revenues deferred on sales closed where revenue did not meet criteria for recognition, and includes revenues previously deferred that met criteria for recognition in the current period. Gross margin for each MPC may vary from period to period based on the locations of the land sold and the related costs associated with developing the land sold. Projected cash gross margin includes all future projected revenue less all future projected development costs, net of expected reimbursable costs, and capitalized overhead, taxes and interest.

| | Waiea (a) | Anaha (b) | Ae'o | Ke Kilohana (c) | Total |
|---|---|---|---|---|---|
| **Key Metrics** | | | | | |
| Type of building | Ultra-Luxury | Luxury | Upscale | Workforce | |
| Number of units | 174 | 317 | 465 | 424 | 1,380 |
| Avg. unit Sq. Ft. | 2,174 | 1,417 | 834 | 694 | 1,094 |
| Condo Sq. Ft. | 378,238 | 449,205 | 388,039 | 294,273 | 1,509,755 |
| Street retail Sq. Ft. | 8,200 | 16,100 | 68,300 | 21,900 | 114,500 |
| Stabilized retail NOI ($ in thousands) | $453 | $1,152 | $1,557 | $1,081 | $4,243 |
| Stabilization year | 2017 | 2019 | 2019 | 2020 | |
| **Development progress** | | | | | |
| Status | Opened | Opened | U/C | U/C | |
| Start date | 2Q14 | 4Q14 | 1Q16 | 4Q16 | |
| Completion date (actual or est.) | Complete | Complete | 4Q18 | 2019 | |
| Total development cost ($m) | $440.0 | $401.3 | $428.5 | $218.9 | $1,488.7 |
| Cost-to-date ($m) | $396.2 | $381.1 | $339.1 | $113.5 | $1,229.9 |
| **Remaining to be funded ($m)** | $43.8 | $20.2 | $89.4 | $105.4 | $258.8 |
| **Financial Summary (Dollars in thousands, except per sq. ft.)** | | | | | |
| Units closed (through 2Q18) | 163 | 313 | — | — | 476 |
| Units under contract (through 2Q18) | 4 | — | 464 | 395 | 863 |
| Total % of units closed or under contract | 96.0% | 98.7% | 99.8% | 93.2% | 97.0% |
| Units Closed (current quarter) | 3 | 3 | — | — | 6 |
| Units under contract (current quarter) | n.a. | n.a. | 12 | — | 12 |
| Square footage closed or under contract (total) | 346,427 | 432,274 | 386,710 | 264,488 | 1,429,899 |
| Total % square footage closed or under contract | 91.6% | 96.2% | 99.7% | 89.9% | 94.7% |
| Target condo profit margin at completion (excl. land cost) | — | — | — | — | ~30% |
| Total cash received (closings & deposits) | — | — | — | — | $1,255,469 |
| Total GAAP revenue recognized | — | — | — | — | $1,102,167 |
| Expected avg. price per sq. ft. | $1,900 - $1,950 | $1,100 - $1,150 | $1,300 - $1,350 | $700 - $750 | $1,300 - $1,325 |
| Expected construction costs per retail sq. ft. | — | — | — | — | ~$1,100 |
| **Deposit Reconciliation (in thousands)** | | | | | |
| Deposits from sales commitment | | | | | |
| Spent towards construction | $117,916 | $79,872 | $68,241 | $20,553 | $286,582 |
| Held for future use (d) | $4,726 | $0 | $58,329 | $300 | $63,355 |
| Total deposits from sales commitment | **$122,642** | **$79,872** | **$126,570** | **$20,853** | **$349,937** |

(a) We began delivering units at Waiea in November 2016. As of June 30, 2018, we have closed 163 units, we have 4 under contract, and 7 units remain to be sold.
(b) We began delivering units at Anaha in October 2017. As of June 30, 2018, we have closed 313 units, we have 0 under contract, and 4 units remain to be sold.
(c) Ke Kilohana consists of 375 workforce units and 49 market rate units. Of the units under contract, 375 are workforce units and 20 are market units.
(d) Total deposits held for future use are shown in Restricted cash on the balance sheet.
U/C = Under Construction

| Property Name | City, State | % Own | Acres | Notes |
|---|---|---|---|---|
| **Planned Future Development** | | | | |
| The Elk Grove Collection | Elk Grove, CA | 100% | 64 | Plan to build a 400,000 Sq. Ft. outlet retail center. Sold 36 acres for $36 million in total proceeds in 2017. |
| Landmark Mall | Alexandria, VA | 100% | 33 | Plan to transform the mall into an open-air, mixed-use community. In January 2017, we acquired the 11.4 acre Macy's site for $22.2 million. |
| Cottonwood Mall | Holladay, UT | 100% | 54 | Under contract to sell in separate parcels. First closing expected in 2018. |
| Circle T Ranch and Power Center | Westlake, TX | 50% | 207 | 50/50 joint venture with Hillwood Development Company. In 2016, HHC sold 72 acres to an affiliate of Charles Schwab Corporation. |
| West Windsor | West Windsor, NJ | 100% | 658 | Zoned for approximately 6 million square feet of commercial uses. |
| Monarch City (formerly known as AllenTowne) | Allen, TX | 100% | 238 | Located 27 miles north of Downtown Dallas. Agricultural property tax exemptions are in place for most of the property, which reduces carrying costs. |
| Bridges at Mint Hill | Charlotte, NC | 91% | 210 | Zoned for approximately 1.3 million square feet of commercial uses. |
| Maui Ranch Land | Maui, HI | 100% | 20 | Two, non-adjacent, ten-acre parcels zoned for native vegetation. |
| Fashion Show Air Rights | Las Vegas, NV | 80% | N/A | Air rights above the Fashion Show Mall located on the Las Vegas Strip. |
| 250 Water Street | New York, NY | 100% | 1 | The one-acre site is situated at the entrance of the Seaport district. While the Company is in the initial planning stages for this strategic site, it will continue to be used as a parking lot. |
| Sterrett Place | Columbia, MD | 100% | 3 | In November 2017, we acquired the Note secured by the land and improvements for a purchase price of $5.3M. In 2018, we foreclosed on the property, resulting in the acquisition of the land and improvements. |
| American City Building | Columbia, MD | 100% | 3 | On December 20, 2016, we acquired the American City Building, a 117,098 square foot building in Columbia, Maryland, for $13.5 million. We are in the process of formulating redevelopment plans for this property. |

| *(In thousands)* | June 30, 2018 | December 31, 2017 |
|---|---|---|
| **Fixed-rate debt:** | | |
| Unsecured 5.375% Senior Notes due 2025 | $ 1,000,000 | $ 1,000,000 |
| Secured mortgages, notes and loans payable | 621,959 | 499,299 |
| Special Improvement District bonds | 21,235 | 27,576 |
| **Variable-rate debt:** | | |
| Mortgages, notes and loans payable, excluding condominium financing (a) | 1,355,523 | 1,317,311 |
| Condominium financing (a) | 165,054 | 33,603 |
| **Mortgages, notes and loans payable** | 3,163,771 | 2,877,789 |
| Unamortized bond issuance costs | (6,502) | (6,898) |
| Deferred financing costs, net | (19,496) | (12,946) |
| Total consolidated mortgages, notes and loans payable | 3,137,773 | 2,857,945 |
| Total unconsolidated mortgages, notes and loans payable at pro-rata share | 88,877 | 84,983 |
| **Total Debt** | **$ 3,226,650** | **$ 2,942,928** |

**Net Debt on a Segment Basis, at share as of June 30, 2018**

| (In thousands) Segment Basis (b) | Master Planned Communities | Operating Assets | Strategic Developments | Segment Totals | Non- Segment Amounts | Total |
|---|---|---|---|---|---|---|
| Mortgages, notes and loans payable, excluding condominium financing (a) | $ 231,040 | $ 1,633,806 | $ 191,540 | $ 2,056,386 | $ 1,005,210 | $ 3,061,596 |
| Condominium financing | — | — | 165,054 | 165,054 | — | 165,054 |
| Less: cash and cash equivalents (a) | (123,914) | (78,773) | (57,199) | (259,886) | (471,948) | (731,834) |
| Special Improvement District receivables | (25,206) | — | — | (25,206) | — | (25,206) |
| Municipal Utility District receivables | (222,857) | — | — | (222,857) | — | $ (222,857) |
| **Net Debt** | **$ (140,937)** | **$ 1,555,033** | **$ 299,395** | **$ 1,713,491** | **$ 533,262** | **2,246,753** |

**Consolidated Debt Maturities and Contractual Obligations by Extended Maturity Date as of June 30, 2018 (c)**

| *(In thousands)* | 1 year | 1-3 years | 3-5 years | Thereafter | Total |
|---|---|---|---|---|---|
| Mortgages, notes and loans payable | $ 106,530 | $ 1,304,510 | $ 397,102 | $ 1,355,629 | $ 3,163,771 |
| Interest Payments | 152,100 | 368,143 | 155,837 | 125,112 | 801,192 |
| Ground lease and other leasing commitments | 8,769 | 16,378 | 15,527 | 314,129 | 354,803 |
| **Total consolidated debt maturities and contractual obligations** | **$ 267,399** | **$ 1,689,031** | **$ 568,466** | **$ 1,794,870** | **$ 4,319,766** |

(a) $172.5 million and $428.3 million of variable-rate debt has been swapped to a fixed-rate for the term of the related debt as of June 30, 2018 and December 31, 2017, respectively.
(b) Each segment includes our share of related cash and debt balances for all joint ventures included in Investments in Real Estate and Other Affiliates.
(c) Mortgages, notes and loans payable and condominium financing are presented based on extended maturity date. Extension periods generally can be exercised at our option at the initial maturity date, subject to customary extension terms that are based on property performance as of the initial maturity date and/or extension date. Such extension terms may include, but are not limited to, minimum debt service coverage, minimum occupancy levels or condominium sales levels, as applicable, and other performance criteria. We may have to pay down a portion of the debt if we do not meet the requirements to exercise the extension option.

*($ in thousands)*

| Asset | 2Q18 Principal Balance | Contract Interest Rate | Interest Rate Hedge | Current Annual Interest Rate | Initial / Extended Maturity (a) |
|---|---|---|---|---|---|
| **Master Planned Communities** | | | | | |
| The Woodlands Master Credit Facility | $ 150,000 | L+275 | Floating/Cap | 4.84% | Apr-20 / Apr-21 |
| Bridgeland Credit Facility | 65,000 | L+315 | Floating | 5.49% | Nov-20 / Nov-22 |
| | 215,000 | | | | |
| **Operating Assets** | | | | | |
| Outlet Collection at Riverwalk | 52,872 | L+275 | Floating | 4.84% | Oct-17 / Oct-18 |
| 1725-35 Hughes Landing Boulevard | 119,346 | L+165 | Floating | 3.74% | Jun-18 / Jun-19 |
| The Westin at The Woodlands | 57,946 | L+265 | Floating | 4.74% | Aug-18 / Aug-19 |
| 250 Water Street | 126,242 | 0%, 6.00% | Fixed | —% | Dec-18 / Jun-20 |
| Embassy Suites at Hughes Landing | 31,245 | L+250 | Floating | 4.59% | Oct-18 / Oct-20 |
| Three Hughes Landing | 50,169 | L+260 | Floating | 4.69% | Dec-18 / Dec-20 |
| The Woodlands Resort & Conference Center | 62,500 | L+325 | Floating | 5.34% | Dec-18 / Dec-20 |
| One Merriweather | 45,765 | L+215 | Floating | 4.24% | Feb-20 / Feb-21 |
| Downtown Summerlin | 270,450 | L+215 | Floating / Swap | 4.24% | Sep-20 / Sep-21 |
| Two Merriweather | 23,512 | L+250 | Floating | 4.59% | Oct-20 / Oct-21 |
| HHC 242 Self-Storage | 6,438 | L+260 | Floating | 4.69% | Oct-19 / Oct-21 |
| HHC 2978 Self-Storage | 5,864 | L+260 | Floating | 4.69% | Jan-20 / Jan-22 |
| 70 Columbia Corporate Center | 20,000 | L+200 | Floating | 4.09% | May-20 / May-22 |
| One Mall North | 14,463 | L+225 | Floating | 4.34% | May-20 / May-22 |
| 10-60 Corporate Centers | 80,000 | L+175 | Floating / Swap | 3.62% | May-20 / May-22 |
| 20/25 Waterway Avenue | 13,521 | 4.79% | Fixed | 4.79% | May-22 |
| Millennium Waterway Apartments | 54,591 | 3.75% | Fixed | 3.75% | Jun-22 |
| Ward Village | 238,718 | L+250 | Floating / Swap | 4.12% | Sep-21 / Sep-23 |
| 9303 New Trails | 11,809 | 4.88% | Fixed | 4.88% | Dec-23 |
| 4 Waterway Square | 34,582 | 4.88% | Fixed | 4.88% | Dec-23 |
| 3831 Technology Forest Drive | 21,780 | 4.50% | Fixed | 4.50% | Mar-26 |
| Kewalo Basin Harbor | — | L+275 | Floating | 4.84% | Sep-27 |
| Millennium Six Pines Apartments | 42,500 | 3.39% | Fixed | 3.39% | Aug-28 |
| 3 Waterway Square | 49,676 | 3.94% | Fixed | 3.94% | Aug-28 |
| One Hughes Landing | 52,000 | 4.30% | Fixed | 4.30% | Dec-29 |
| Two Hughes Landing | 48,000 | 4.20% | Fixed | 4.20% | Dec-30 |
| One Lakes Edge | 69,440 | 4.50% | Fixed | 4.50% | Mar-29 / Mar-31 |
| Constellation Apartments | 24,200 | 4.07% | Fixed | 4.07% | Jan-33 |
| Hughes Landing Retail | 35,000 | 3.50% | Fixed | 3.50% | Dec-36 |
| Columbia Regional Building | 25,000 | 4.48% | Fixed | 4.48% | Feb-37 |
| | 1,687,629 | | | | |
| **Strategic Developments** | | | | | |
| Ke Kilohana | 35,758 | L+325 | Floating | 5.34% | Dec-19 / Dec-20 |
| Ae'o | 129,296 | L+400 | Floating/Cap | 6.09% | Dec-19 / Dec-21 |
| 110 North Wacker | 13,126 | L+300 | Floating/Collar | 5.09% | Apr-22 |
| 100 Fellowship Drive | 25,572 | L+150 | Floating | 3.59% | May-22 |
| Aristocrat | 11,192 | P+40 | Floating | 5.04% | Oct-22 |
| Two Summerlin | 6,664 | P+40 | Floating | 5.04% | Oct-22 |
| Lake Woodlands Crossing Retail | 4,681 | L+180 | Floating | 3.89% | Jan-23 |
| Downtown Summerlin Apartments | — | L+225 | Floating | 4.05% | Oct-21 / Oct-24 |
| | 226,289 | | | | |
| **Total (b)** | $ 2,128,918 | | | | |

(a) Extended maturity assumes all extension options are exercised if available based on property performance.
(b) Excludes JV debt, Corporate level debt, and SID bond debt related to Summerlin MPC & Retail.

**Minimum Contractual Ground Lease Payments ($ in thousands)**

| | | | | Future Cash Payments | | | |
|---|---|---|---|---|---|---|---|
| | | | | | Year Ended December 31, | | |
| Ground Leased Asset | Pro-Rata Share | Expiration Date | Three months ended June 30, 2018 | Remaining 2018 | 2019 | Thereafter | Total |
| Riverwalk (a) | 100% | 2045-2046 | $ 499 | $ 1,140 | $ 2,131 | $ 57,455 | $ 60,726 |
| Seaport | 100% | 2031 (b) | 393 | 806 | 1,636 | 204,078 | 206,520 |
| Kewalo Basin Harbor | 100% | 2049 | 75 | 150 | 300 | 8,900 | 9,350 |
| | | | $ 967 | $ 2,096 | $ 4,067 | $ 270,433 | $ 276,596 |

(a) Includes base ground rent, deferred ground rent and the participation rent, as applicable. Future payments of participation rent are calculated based on the floor only.
(b) Initial expiration is 12/30/2031 but subject to extension options through 12/31/2072.

**Under Construction** - Projects in the Strategic segment for which construction has commenced as of June 30, 2018, unless otherwise noted. This excludes MPC and condominium development.

**Unstabilized** - Properties in the Operating segment that have been in service for less than 36 months and do not exceed 90% occupancy. If an office, retail or multi-family property has been in service for more than 36 months but does not exceed 90% occupancy, the asset is considered underperforming and is included in Stabilized.

**Stabilized** - Properties in the Operating segment that have been in service for more than 36 months or have reached 90% occupancy, whichever occurs first. If an office, retail or multifamily property has been in service for more than 36 months but does not exceed 90% occupancy, the asset is considered underperforming.

**Net Operating Income (NOI)** - We define NOI as operating cash revenues (rental income, tenant recoveries and other revenue) less operating cash expenses (real estate taxes, repairs and maintenance, marketing and other property expenses), including our share of NOI from equity investees. NOI excludes straight-line rents and amortization of tenant incentives, net interest expense, ground rent amortization, demolition costs, amortization, depreciation, development-related marketing costs and, unless otherwise indicated, Equity in earnings from Real Estate and Other Affiliates. We use NOI to evaluate our operating performance on a property-by-property basis because NOI allows us to evaluate the impact that factors which vary by property, such as lease structure, lease rates and tenant bases, have on our operating results, gross margins and investment returns. We believe that net operating income ("NOI") is a useful supplemental measure of the performance of our Operating Assets because it provides a performance measure that, when compared year over year, reflects the revenues and expenses directly associated with owning and operating real estate properties and the impact on operations from trends in rental and occupancy rates and operating costs.

**Reconciliation of Operating Assets segment EBT to Total NOI:**

| *(In thousands)* | Q2 2018 | Q1 2018 | Q4 2017 | Q3 2017 | Q2 2017 | YTD Q2 2018 | YTD Q2 2017 |
|---|---|---|---|---|---|---|---|
| **Total Operating Assets segment EBT (a)** | $ 4,640 | $ 7,180 | $ (11,834) | $ (11,812) | $ (8,335) | $ 11,820 | $ 248 |
| Depreciation and amortization | 25,688 | 25,173 | 33,503 | 33,885 | 32,244 | 50,861 | 55,033 |
| Interest expense (income), net | 17,308 | 16,687 | 15,580 | 15,940 | 15,540 | 33,995 | 30,064 |
| Equity in earnings (loss) from real estate and other affiliates | 1,001 | (2,586) | 472 | (317) | (37) | (1,585) | (3,422) |
| Straight-line rent revenue | (2,867) | (3,051) | (2,801) | (1,421) | (1,816) | (5,918) | (3,777) |
| Other | 63 | (337) | 492 | 41 | 15 | (274) | 42 |
| **Total Operating Assets NOI - Consolidated** | **45,833** | **43,066** | **35,412** | **36,316** | **37,611** | **88,899** | **78,188** |
| **Dispositions** | | | | | | | |
| Cottonwood Square | — | — | 250 | 165 | 161 | — | 335 |
| Park West | — | — | 1 | (8) | (39) | — | (53) |
| **Total Operating Asset Dispositions NOI** | **—** | **—** | **251** | **157** | 122 | **—** | **282** |
| **Consolidated Operating Assets NOI excluding properties sold or in redevelopment** | **45,833** | **43,066** | **35,161** | **36,159** | **37,489** | **88,899** | **77,906** |
| **Company's Share NOI - Equity investees** | **664** | **575** | **1,084** | **1,186** | **1,385** | **1,239** | **2,131** |
| **Distributions from Summerlin Hospital Investment** | **—** | **3,435** | **—** | **—** | **—** | **3,435** | **3,383** |
| **Total NOI** | **$ 46,497** | **$ 47,076** | **$ 36,245** | **$ 37,345** | **$ 38,874** | **$ 93,573** | **$ 83,420** |

(a) EBT excludes corporate expenses and other items that are not allocable to the segments. Prior periods have been adjusted to be consistent with current year presentation.

| Reconciliation of MPC Land Sales Closed to GAAP Land Sales Revenue: (In thousands) | Three Months Ended June 30, 2018 | Three Months Ended June 30, 2017 | Six Months Ended June 30, 2018 | Six Months Ended June 30, 2017 |
|---|---|---|---|---|
| Total residential land sales closed in period | $ 45,063 | $ 51,909 | $ 87,842 | $ 87,791 |
| Total commercial land sales closed in period | 1,398 | 500 | 1,398 | 4,299 |
| Net recognized (deferred) revenue: | | | | |
| Bridgeland | 2 | 3,655 | 4 | 5,122 |
| Summerlin | 3,134 | 9,455 | 3,887 | 19,167 |
| Total net recognized (deferred) revenue | 3,136 | 13,110 | 3,891 | 24,289 |
| Special Improvement District bond revenue | 2,834 | 3,625 | 5,866 | 6,247 |
| Total land sales revenue - GAAP basis | $ 52,431 | $ 69,144 | $ 98,997 | $ 122,626 |
| Total MPC segment revenue - GAAP basis | $ 62,765 | $ 78,076 | $ 118,530 | $ 146,782 |

| Reconciliation of MPC segment EBT to MPC Net Contribution: (In thousands) | Three Months Ended June 30, 2018 | Three Months Ended June 30, 2017 | Six Months Ended June 30, 2018 | Six Months Ended June 30, 2017 |
|---|---|---|---|---|
| MPC segment EBT | $ 46,585 | $ 53,096 | $ 83,421 | $ 97,282 |
| Plus: | | | | |
| Cost of sales - land | 26,383 | 33,376 | 52,426 | 59,245 |
| Depreciation and amortization | 85 | 79 | 166 | 171 |
| MUD and SID bonds collections, net | (2,380) | (4,395) | (5,004) | 10,817 |
| Less: | | | | |
| MPC development expenditures | (46,538) | (47,350) | (90,403) | (90,973) |
| MPC land acquisitions | (2,049) | — | (2,555) | (1,415) |
| Equity in earnings in Real Estate and Other Affiliates | (11,355) | (9,792) | (22,483) | (15,072) |
| MPC Net Contribution | $ 10,731 | $ 25,014 | $ 15,568 | $ 60,055 |

| Reconciliation of Segment EBTs to Net Income (In thousands) | Three Months Ended June 30, 2018 | Three Months Ended June 30, 2017 | Six Months Ended June 30, 2018 | Six Months Ended June 30, 2017 |
|---|---|---|---|---|
| MPC segment EBT | $ 46,585 | $ 53,096 | $ 83,421 | $ 97,282 |
| Operating Assets segment EBT | 4,640 | (8,335) | 11,820 | 248 |
| Strategic Developments segment EBT | (4,635) | 45,846 | 4,385 | 98,464 |
| Corporate and other items | (54,886) | (71,184) | (105,530) | (161,215) |
| (Loss) Income before taxes | (8,296) | 19,423 | (5,904) | 34,779 |
| Provision for income taxes | 2,417 | (16,303) | 1,859 | (26,000) |
| Net (loss) income | (5,879) | 3,120 | (4,045) | 8,779 |
| Net loss attributable to noncontrolling interests | 791 | — | 431 | — |
| Net (loss) income attributable to common stockholders | $ (5,088) | $ 3,120 | $ (3,614) | $ 8,779 |