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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(MARK ONE)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2010

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 1-11656

The Howard Hughes Corporation

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**36-4673192** (I.R.S. Employer Identification Number)
13355 Noel Road, Suite 950, Dallas, Texas (Address of principal executive offices)	**75240** (Zip Code)

(214) 741-7744

(Registrant s telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class:	Name of Each Exchange on Which Registered:
Common Stock, $.01 par value	**New York Stock Exchange**

Securities Registered Pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES o NO x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES o NO x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES x NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES o NO o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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

Large accelerated filer o	Accelerated filer o
Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES o NO x

The registrant commenced operations on November 9, 2010. Accordingly, there was no public market for the registrant s common stock as of June 30, 2010, the last day of the registrant s most recently completed fiscal quarter.

As of April 4, 2011, there were 37,904,506 shares of the registrant s common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant s Proxy Statement relating to its 2011 Annual Meeting of Stockholders are incorporated by reference in Items 10, 11, 12 13 and 14 of Part III of this Annual Report of Form 10-K. The registrant intends to file this proxy statement with the Securities and Exchange Commission within 120 days of the end of the fiscal year to which this Annual Report on Form 10-K relates.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this Annual Report on Form 10-K are forward-looking statements. Forward-looking statements give our current expectations relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to current or historical facts. These statements may include words such as anticipate, estimate, expect, project, forecast, plan, int believe, may, should, would, likely and other words of similar expression. Forward-looking statements should not be unduly relied upon. They give our expectations about the future and are not guarantees. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance and achievements to materially differ from any future results, performance and achievements expressed or implied by such forward-looking statements. We caution you not to rely on these forward-looking statements.

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

- our history of losses;
- our lack of operating history as an independent company;
- our inability to obtain operating and development capital;
- our inability to establish our own financial, administrative and other support functions to operate as a stand-alone business;
- our new directors and officers may change our long-range plans;
- our new directors may be involved or have interests in other businesses, including real estate activities and investments;
- a prolonged recession in the national economy and adverse economic conditions in the retail sector;
- our inability to compete effectively;
- potential conflicts with GGP (as defined below) arising from agreements with GGP with respect to certain of our assets;
- our inability to control certain of our properties due to the joint ownership of such property and our inability to successfully attract desirable strategic partners;
- risks associated with our spin-off from GGP not qualifying as a tax-free distribution for U.S. federal income tax purposes;
- substantial stockholders having influence over us, whose interests may be adverse to ours or other stockholders; and
- the other risks described in Item 1A. Risk Factors.

These forward-looking statements present our estimates and assumptions only as of the date of this Annual Report on Form 10-K. 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 report.

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PART I

Throughout this Annual Report on Form 10-K, references to the Company, we and our refer to The Howard Hughes Corporation and its consolidated subsidiaries, unless the context requires otherwise.

ITEM 1. BUSINESS

OVERVIEW

We are a real estate company created to specialize in the development of master planned communities, the redevelopment or repositioning of real estate assets currently generating revenues, also called operating assets, and other strategic real estate opportunities in the form of entitled and unentitled land and other development rights, also called strategic developments. Our assets are located across the United States, and our goal is to create sustainable, long-term growth and value for our stockholders. As of December 31, 2010, our debt equaled approximately 10.5% of our total assets, which excludes our $158.2 million proportionate share of the $372.2 million of debt of our non-consolidated Real Estate Affiliates (as defined below). Our master planned communities have won numerous awards for, among other things, design and community contribution. We expect the competitive position and desirable location of our assets (which collectively comprise millions of square feet and thousands of acres of developable land), combined with their operations and long-term opportunity through entitlements, land and home site sales and project developments, to drive our long-term growth. We also expect to pursue development opportunities for a number of our assets that were previously postponed due to lack of liquidity resulting from deteriorating economic conditions, the credit market collapse and the bankruptcy filing of our predecessors (as described below), and to develop plans for other assets for which no plans had been developed. We are in the process of assessing the opportunities for these assets, which are currently in various stages of development, to determine how to finance their completion and how to maximize their long-term value potential.

We currently operate our business in three segments: Master Planned Communities, Operating Assets and Strategic Developments. Unlike most real estate companies which are limited in their activities because they have elected to be taxed as a real estate investment trust, we have no restrictions on our operating activities or types of services that we can offer. We believe our structure provides the greatest flexibility for maximizing the value of our real estate portfolio. Financial information about each of our segments is presented in Note 15 to our audited financial statements included elsewhere in this Annual Report on Form 10-K.

We completed our spin-off from GGP, Inc., formerly known as General Growth Properties, Inc. (GGP), on November 9, 2010 in connection with GGP s emergence from bankruptcy. The Howard Hughes Corporation was incorporated in Delaware in 2010 to receive certain assets and liabilities of GGP and its subsidiaries (collectively, our predecessors). In connection with the spin-off, we issued 32.5 million shares of our common stock. In addition, we issued 5.25 million shares of our common stock and warrants to purchase an additional 8.0 million shares of our common stock for an aggregate price of $250 million. GGP no longer holds any interest in our company.

We believe that our company name, which is identified with quality, excellence and success, can be more broadly utilized to increase value.

Overview of Business Segments

Master Planned Communities. Our Master Planned Communities segment primarily consists of the development and sale of residential and commercial land, primarily in large-scale projects. We own 100% of three master planned communities (Summerlin, Bridgeland and Maryland) and have an unconsolidated 52.5% economic interest in another, The Woodlands. Our master planned community in Maryland includes four separate communities that are commonly and collectively referred to as the Maryland Communities.

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The Master Planned Communities include over 14,000 acres of land remaining to be sold. Residential sales, which are made primarily to home builders, include standard and custom parcels and high density (*i.e.,* condominium, town homes and apartments) parcels designated for detached and attached single- and multi-family homes, ranging from entry-level to luxury homes. Commercial parcels include land designated for retail, office, resort, services and other for-profit activities, as well as those parcels designated for use by government, schools and other not-for-profit entities.

Operating Assets. Our Operating Assets segment consists primarily of commercial mixed use and retail properties currently generating revenues, for many of which we believe there are opportunities to redevelop or reposition the assets to increase operating performance. These opportunities will require new capital investment and vary in complexity and scale. The redevelopment opportunities range from minimal disruption to the property during repositioning to partial or full demolition of existing structures for new construction. We have 13 assets included in our Operating Assets segment. The assets include seven retail properties, two office properties (one of which includes several buildings) and four other assets.

Strategic Developments. Our Strategic Developments segment is made up of near, medium and long-term real estate properties and development projects. At present, these 17 assets generally share the fundamental characteristic of requiring substantial future development to achieve their highest and best use. As discussed elsewhere in this Annual Report on Form 10-K, our new board of directors and management are in the process of creating strategic plans for each of these assets based on market conditions and availability of capital which plans may differ significantly from our predecessors. To be able to realize a development plan for any of these assets, in addition to the permitting and approval process attendant to almost all large-scale real estate development of this nature, we may need to obtain financing.

The chart below presents our assets by reportable segment.

We own non-controlling interests in The Woodlands through various partnerships (the Woodlands Partnerships) and Circle T Ranch and Power Center. The Woodlands Partnerships own The Woodlands master planned community and certain office and other properties, including a conference center. We collectively refer to these investments as our Real Estate Affiliates.

Master Planned Communities

Our Master Planned Communities segment consists of the development and sale of residential and commercial land, primarily in large-scale projects in and around Las Vegas, Nevada; Houston, Texas; and Columbia, Maryland. Certain of the communities are additionally divided into regions or projects as described below in each of the separate community narratives. Revenues are derived primarily from the sale of finished lots and undeveloped pads to both residential and commercial developers. Additional revenues are earned through participations with builders

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in their sales of finished homes to homebuyers. Revenues and net income are affected by factors such as: (1) the availability to purchasers of construction and permanent mortgage financing at acceptable interest rates; (2) consumer and business confidence; (3) regional economic conditions in the areas surrounding the projects; (4) employment levels; (5) levels of homebuilder inventory; (6) other factors generally affecting the homebuilder business and sales of residential properties; (7) availability of saleable land for particular uses; and (8) our decisions to sell, develop or retain land.

Master planned communities in the United States have suffered due to continued weak demand in the residential real estate market following the sharp housing market decline in 2007. As a business venture, development of master planned communities requires expertise in large-scale, long-range land use planning, residential and commercial real estate development, sales and other special skills. The development of these master planned communities requires decades of investments and a continual focus on the changing market dynamics surrounding these communities. We believe that the long-term value of our master planned communities remains strong because of their competitive positioning and our expertise in land use planning and our ability to obtain entitlements for communities such as these.

The following table summarizes our master planned communities as of December 31, 2010:

Community	Location	Ownership (%)	Total Gross Acres (a)	People Living in Community (Approx. No.)	Remaining Saleable Acres (b) Residential (c)	Commercial (d)	Total	Other Acres	Projected Community Sell-Out Date
Summerlin	Las Vegas, NV	100.0	22,500	100,000	5,995	906	6,901		2039
Bridgeland	Houston, TX	100.0	11,400	3,750	3,863	1,226	5,089		2036
Maryland									
Columbia Town Center	Howard County	100.0	14,200	100,000				40(e)	2020(g)
Gateway	Howard County	100.0	630			121	121		2017
Emerson	Howard County	100.0	520	2,000	9	68	77		2017
Fairwood	Prince George s County	100.0	1,100	2,300		11	11	24	2013
The Woodlands	Houston, TX	52.5(f)	28,400	97,000	1,013	973	1,986		2022
Total			78,750	305,050	10,880	3,305	14,185	64	

(a) Encompasses all of the land located within the borders of the master planned community, including parcels already sold, saleable parcels and non-saleable areas, such as roads, parks and recreation and conservation areas.

(b) Includes only parcels that are intended for sale or joint venture. The mix of intended use, as well as the amount of remaining saleable acres, are primarily based on assumptions regarding entitlements and zoning of the remaining project and are likely to change overtime as the master plan is refined. Remaining saleable acres are estimates.

(c) Includes standard, custom and high density residential land parcels. Standard residential lots are designed for detached and attached single- and multi-family homes, of a broad range, from entry-level to luxury homes. At Summerlin, we have designated certain residential parcels as custom lots as their premium price reflects their larger size and other distinguishing features - such as being within a gated community, having golf course access, or being located at higher elevations. High density residential includes townhomes, apartments and condominiums.

(d) Designated for retail, office, resort, services and other for-profit activities, as well as those parcels allocated for use by government, schools, houses of worship and other not-for-profit entities.

(e) Reflects the number of net developable acres in raw land and subdivided land parcel available for new development, but which we currently intend to hold.

(f) Reflects our current economic interest. Our ownership interest is 42.5% and we make decisions with our joint venture partner.

(g) Reflects the projected redevelopment completion date.

Summerlin (Las Vegas, Nevada)

Spanning the western rim of the Las Vegas Valley and located approximately nine miles from downtown Las Vegas, our 22,500-acre Summerlin master planned community is comprised of planned and developed villages and offers suburban living with accessibility to the Las Vegas Strip. For the last decade, Summerlin has consistently ranked in the Robert Charles Lesser annual poll of Top Ten Master Planned Communities in the nation. With 25 public and private schools, five institutions of higher learning, nine golf courses, and cultural facilities, Summerlin is a fully integrated community. The first residents moved into their homes in 1991. As of December 31, 2010, there were approximately 40,000 homes occupied by approximately 100,000 residents.

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

Summerlin is divided generally into three separate regions or projects known as Summerlin North, Summerlin West and Summerlin South. Summerlin North is fully developed. In Summerlin South, we are entitled to develop 740 acres of commercial property with no square footage restrictions, 338 acres of which are owned by third parties or already committed to commercial development. We are also entitled to develop 32,600 residential units in Summerlin South. In Summerlin West, we are entitled to develop 5,850,000 square feet of commercial space on up to 508 acres of which 100,000 square feet have already been developed through the construction of a grocery store anchored shopping center. We are also entitled to develop 30,000 residential units in Summerlin West. As of December 31, 2010, Summerlin had approximately 5,995 residential acres and 906 commercial acres remaining to be sold. Summerlin s population upon completion of the project is expected to be approximately 220,000 residents.

On May 10, 2010, we entered into purchase agreements with two residential lot purchasers, Richmond American Homes of Nevada, Inc. (Richmond) and PN II, Inc., d/b/a Pulte Homes of Nevada (Pulte), for the sale of certain lots in our Summerlin master planned community. The purchase agreement with Richmond is for 115 and 117 lots for aggregate purchase prices of $9.7 million and $12.5 million, respectively. The purchase agreement with Pulte is for 109 and 162 lots for aggregate purchase prices of $9.0 million and $14.0 million, respectively. Both purchase agreements provide for closings of the remaining lots in stages through 2012. As of December 31, 2010, we have closed transactions for the sale of 45 finished lots sold to Richmond for $4.7 million and 50 finished lots to Pulte for $4.2 million.

Bridgeland (Houston, Texas)

Bridgeland is a master planned community near Houston, Texas consisting of approximately 11,400 acres, and was voted by The National Association of Home Builders as the Master Planned Community of the Year in 2009. The first residents moved into their homes in June 2006. There were approximately 950 homes occupied by approximately 3,750 residents as of December 31, 2010. Bridgeland s conceptual plan includes four villages Lakeland Village, Parkland Village, Prairieland Village and Creekland Village plus a town center mixed-use district as well as a carefully designed network of trails totaling over 60 miles that will provide pedestrian connectivity to distinct residential villages and neighborhoods. Bridgeland s first four neighborhoods are located in Lakeland Village. These neighborhoods offer a unique home buying experience that includes one convenient model home park showcasing 13 models by ten of Houston s top builders. Many home sites in Bridgeland enjoy views of water, buried power lines to maximize the views of open space and water, fiber-optic technology, brick-lined terrace walkways and brick, stone and timber architecture. The prices of the homes range from approximately $150,000 to more than $1 million. Lakeland Village is approximately 30% completed. The Lakeland Activity Center, the first of several planned activity complexes to be constructed as development progresses and more residents move to Bridgeland, opened in May 2007. The complex is anchored by a 6,000 square foot community center and features a water park with three swimming pools, two lighted tennis courts and a state-of-the-art fitness room. A grand promenade wrapping around Lake Bridgeland offers a boat dock, canoes, kayaks, sailboats and paddleboats. An extensive lake and trail system is planned to link villages and neighborhoods with recreational, educational, cultural, employment, retail, religious and other offerings. Bridgeland is also expected to feature more than 3,000 acres of waterways, lakes, trails, parks and open spaces, as well as an expansive town center with room for employment, retail, educational and entertainment facilities.

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Bridgeland s conceptual plan includes a 900-acre town center mixed-use district. The conceptual plan contemplates that the town center will be located adjacent to The Grand Parkway Section E, which will provide residents with direct access to US 290 (three miles), Interstate 10 (11 miles) and the Energy Corridor Employment Center on Interstate 10. A construction date has not yet been established for this highway segment. The commencement of construction of this segment of the highway will trigger a final $7 million payment from the Company to the former owner of certain parcels of land that are now included in Bridgeland.

We anticipate that the Bridgeland community will one day accommodate more than 20,000 homes and 65,000 residents and we believe that it is poised to be one of the top master planned communities in the nation. As of December 31, 2010, Bridgeland had approximately 3,863 residential acres and 1,226 commercial acres remaining to be sold.

Maryland Communities

Our Maryland communities consist of four distinct projects:

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

Columbia Town Center

Columbia Town Center, located in Howard County, Maryland, is an internationally recognized model of a successful master planned community developed in the 1960 s. Situated only 11 miles from Fort Meade, Columbia Town Center is expected to benefit from the positive economic impact of the Base Realignment and Closure Program underway by the Department of Defense. It is expected that 22,000 new jobs will come to Fort Meade in the next five to seven years. Columbia Town Center is a community offering a wide variety of living, business and recreational opportunities.

As of December 31, 2010, Columbia Town Center was home to approximately 100,000 people. Columbia Town Center s full range of housing options are located in ten distinct, self-contained villages. Each village is comprised of several neighborhoods, a shopping center and community and recreational facilities. In Columbia Town Center s downtown, 1.6 million square feet of office space is located close to shopping, restaurants and entertainment venues.

We own approximately 40 net acres of land in Columbia Town Center which we expect to develop. The land currently consists of raw land and subdivided land parcels readily available for new development. In addition we also own existing operating assets (including our Columbia regional office), surface and structured parking and dedicated open space. We will have the opportunity to redevelop this portion of the master planned community in the future. Columbia Town Center recently received entitlements to develop up to 5,500 new residential units, approximately one million square feet of retail, approximately five million square feet of commercial office space and 640 hotel rooms.

We entered into development agreements with GGP that clarifies the division of properties between us and GGP in an area within the mall ring road adjacent to The Mall in Columbia which is owned by GGP. The development agreements contain the key terms, conditions, responsibilities and obligations with respect to the future development of this area within the greater Downtown Columbia Redevelopment District. The agreements designate us as the preferred residential and commercial developer and provides us with a five-year right of first offer and a subsequent six-month purchase option to acquire seven office buildings and associated parking lots, totaling approximately 22 acres.

Gateway

Gateway is a 630-acre premier master planned corporate community located in a high traffic area in Howard

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County, Maryland. Gateway offers quality office space in a campus setting with approximately 121 commercial acres remaining to be sold as of December 31, 2010.

Emerson

Emerson is a substantially completed master planned community located in Howard County, Maryland and consists of approximately 520 acres. The first residents moved into their homes in 2002. There were approximately 850 homes occupied by approximately 2,000 residents as of December 31, 2010.

Emerson offers a wide assortment of single-family and townhome housing opportunities by some of the region s top homebuilders, and is located in one of Maryland s top-performing public school districts. As of December 31, 2010, we had approximately nine residential acres and 68 commercial acres remaining to be sold. The remaining land is fully entitled for build-out, subject to meeting local requirements for subdivision and land development permits. In addition, 86 of our townhouse lots are under contract to builders and scheduled to close in stages through 2013. As of December 31, 2010, we have sold 29 townhouse lots for an aggregate price of $2.7 million.

Fairwood

Fairwood is a fully developed master planned community located in Prince George s County, Maryland, consisting of approximately 1,100 acres. As of December 31, 2010, 11 commercial acres were available for sale. The first residents moved into their single-family homes in 2002. There were approximately 1,000 homes occupied by approximately 2,300 residents on December 31, 2010. Fairwood consists of single-family and townhouse lots, as well as undedicated open space and two historic houses. In addition to the commercial acres remaining to be sold, we own a few undedicated open space parcels, and 24 acres of unsubdivided land which cannot be developed as long as the nearby airport is operating.

The Woodlands (Houston, Texas)

We have a 52.5% economic interest in The Woodlands, currently one of the best-selling master planned communities in Texas. The Woodlands is managed jointly with our venture partner. The Woodlands is a mixed-use master planned community situated 27 miles north of Houston and consists of 28,400 acres. The Woodlands is a self-contained community that integrates recreational amenities, residential neighborhoods, commercial office space, retail shops and entertainment venues. Home site sales began in 1974. As of December 31, 2010, there were approximately 40,000 homes occupied by approximately 97,000 residents and more than 1,500 businesses providing employment for approximately 43,000 people. Approximately 28% of The Woodlands is dedicated to green space, including parks, pathways, open spaces, golf courses and forest preserves. The population of The Woodlands is projected to be approximately 130,000 by 2020.

The Woodlands includes a waterway, outdoor art and an open-air performance pavilion, a resort and conference center, a luxury hotel and convention center, educational opportunities for all ages, hospitals and health care facilities and office space. The Fountains at Waterway Square located on The Woodlands Waterway connects the projects to the community via a water taxi system serving the community.

We also have interest in commercial office buildings, as well as a resort and conference center and two golf courses through our investment in the Woodlands Partnerships.

As of December 31, 2010, we had approximately 1,013 residential acres and 973 commercial acres remaining to be sold at The Woodlands.

Operating Assets

We own 13 assets, consisting primarily of commercial mixed use and retail properties, currently generating revenues. We believe, based on a variety of factors, that there are opportunities to redevelop or reposition several of

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these assets to improve their operating performance. These factors include, but are not limited to, the following: (1) existing and forecasted demographics surrounding the property; (2) competition related to existing and/or alternative uses; (3) existing entitlements of the property and our ability to change them, compatibility of the physical site with proposed uses; and (4) environmental considerations, traffic patterns and access to the properties. We believe that, subject to obtaining all necessary consents and approvals, these assets have the potential for future growth by means of an improved tenant mix, additional gross leasable area (GLA), or repositioning of the asset for alternative use. This segment includes approximately 2.6 million total square feet of GLA in the aggregate. As of December 31, 2010, redevelopment plans for these assets may include office, retail or residential space, shopping centers, movie theaters, parking complexes and open space. Any future redevelopment will require the receipt of permits, licenses, consents and waivers from various parties and may include a reclassification of the asset to the Strategic Developments segment.

The following table summarizes our retail operating assets as of December 31, 2010:

Asset	**Location**	**Existing Gross Leasable Area**	**Size (Acres)**		**Net Book Value (Millions)**	**Acquisition Year**
Ward Centers	Honolulu, HI	1,000,817(a)	60	$	336.3	2002
South Street Seaport	New York, NY	298,759(b)	11		3.1	2004
Landmark Mall	Alexandria, VA	440,325(c)	22		23.5	2004
Park West	Peoria, AZ	249,168	48		82.0	2006
Rio West Mall	Gallup, NM	333,077(b)(d)	50		11.4	1981(e)
Riverwalk Marketplace	New Orleans, LA	194,452(b)	11		11.7	2004
Cottonwood Square	Salt Lake City, UT	77,079(b)	21		5.2	2002
Total		2,593,677	223	$	473.2	

(a) Excludes 153,928 SF related to ground leases of which we are the lessor.

(b) All of the project is on a ground lease where we are the ground lessee.

(c) Excludes 438,937 SF in project that is owned and occupied by Sears and Macy s.

(d) Excludes 180,946 SF of outparcel improvements in project currently owned by tenant.

(e) Reflects the year that Rio West Mall opened.

The following is a description of our retail operating assets.

Ward Centers (Honolulu, Hawaii)

Ward Centers is comprised of approximately 60 acres situated along Ala Moana Beach Park and is within one mile of Waikiki and downtown Honolulu. It is also a ten minute walk from Ala Moana Center. Ward Centers currently includes a 550,000 square foot shopping district containing six specialty centers and over 135 unique shops, a variety of restaurants and an entertainment center which includes a 16 screen movie theater. We are nearing completion of construction of a 732 stall parking deck that is expected to facilitate the leasing of additional space at Ward Centers. In January 2009, the Hawaii Community Development Authority approved a 15-year master plan, which entitles a mixed-use development encompassing a maximum of 9.3 million square feet, including up to 7.6 million square feet of residential (4,300 units), five million square feet of retail and four million square feet of office, commercial and other uses.

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South Street Seaport (New York, New York)

South Street Seaport is comprised of three historic buildings and one pavilion shopping mall, which is located at Pier 17 on the East River in lower Manhattan. The property is subject to two ground leases with the city of New York. The property includes 298,759 square feet of retail space. Cobblestone streets, gas lamps, sailing ships and a museum make the South Street Seaport a moment-in-time experience in New York City. Our redevelopment plan for South Street Seaport may ultimately include hotels, residential units, retail space and restaurants. The implementation of any redevelopment plan would require numerous permits and approvals, including the approval of our ground lessor, the City of New York.

Landmark Mall (Alexandria, Virginia)

Currently anchored by Macy s and Sears, Landmark Mall is an 879,262 square foot shopping mall located in affluent Alexandria, Virginia. This mall is located just nine miles west of Washington, D.C. and the Pentagon, and is within approximately one mile of public rail service on D.C. s metro blue line. Following a re-zoning effort that allows for the development of up to 5.5 million square feet, Landmark Mall has the potential to be developed into a dynamic destination for shopping, dining, working and living. Any redevelopment of Landmark Mall will be dependent upon the Company reaching agreements with existing anchor tenants.

Park West (Peoria, Arizona)

Park West is a 249,168 square foot open-air shopping, dining and entertainment destination in Peoria, Arizona on Northern Avenue at the northwest corner of Loop 101. Park West is approximately one mile northwest of the Arizona Cardinals football stadium and the Phoenix Coyote s hockey arena. Park West has an additional 100,000 square feet of available development rights for retail, restaurant and hotel as permitted uses.

Rio West Mall (Gallup, New Mexico)

Rio West Mall is located in Gallup, New Mexico. This 514,023 square foot shopping center is the only enclosed regional shopping center within a 125 mile radius, and is easily accessed from I-40 and historic Route 66.

Riverwalk Marketplace (New Orleans, Louisiana)

Riverwalk Marketplace is located along the Mississippi River in downtown New Orleans. The 194,452 square foot shopping center is comprised of more than 100 local and national retail shops, restaurants and entertainment venues. It is adjacent to the New Orleans Memorial Convention Center and the Audubon Aquarium of the Americas.

Cottonwood Square (Salt Lake City, Utah)

Cottonwood Square is currently a 77,079 square foot community center located in Salt Lake City, Utah. The center is located in a high traffic area and sits across from our Cottonwood Mall, providing an opportunity for development synergies.

The following is a description of our office operating assets and other ownership interests.

110 N. Wacker (Chicago, Illinois)

We own a 99% joint venture interest in an entity that has, through 2055, a ground leasehold interest in the land underlying an office building at 110 N. Wacker Drive in downtown Chicago. The building is approximately 226,000 square feet, and is currently the corporate headquarters of GGP. The land and the building are currently subleased to a subsidiary of GGP through October 2019. GGP has multiple options to extend the sublease through the duration of the ground lease. We have the right to terminate the lease with six months notice following the expiration of the initial term in 2019. We receive 100% of the annual lease payment made by GGP, which is approximately $6.1 million. As part of our joint venture agreement, we remit a monthly amount of $31,250 to our partner through May 1, 2013.

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Columbia Office Properties (Columbia, Maryland)

We own five office buildings with approximately 300,000 square feet in the heart of downtown Columbia including: (1) the American City Building; (2) the Columbia Association Building; (3) the Columbia Exhibit Building; (4) the Ridgley Building; and (5) the Columbia Regional Building. Columbia, Maryland is located 14 miles from the Baltimore Beltway and 17 miles from the Washington Beltway.

Minority Ownership Interest in Head Acquisition (Hexalon)

We own 100% of the ownership interests in Hexalon Real Estate, LLC (Hexalon). Hexalon owns a 1.42% interest in Head Acquisition, LP, a joint venture between GGP, Simon Property Group, L.P. and Westfield Group. The partnership owns certain retail mall interests. Hexalon receives a quarterly preferred interest distribution from Head Acquisition, L.P. which totaled approximately $64,000 in 2010. The entity possesses significant tax attributes that we expect to be able to utilize in the future. These attributes are expected reduce our tax liability by approximately $76.8 million (net of a valuation allowance as of December 31, 2010), subject to potential offset provided in the Tax Matters Agreement between us and GGP. Our annual taxable income will determine how our tax liability is reduced each year. This tax attribute carries over indefinitely until it is fully utilized.

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

We have an indirect ownership interest of approximately 6.8% in the Summerlin Hospital Medical Center. This property is a 450-bed hospital located on a 32-acre medical campus near Las Vegas. The ownership structure entitles us to a pro-rata share of the cumulative undistributed profit in the hospital. As of December 31, 2010, our share of the current undistributed profit was approximately $3.9 million, all of which has been collected as of April 4, 2011. Summerlin Hospital Medical Center is located in our Summerlin master planned community. It is an acute care facility with adjoining outpatient services for surgery, laboratory and radiology, as well as two medical office buildings. The hospital completed a major renovation in 2009 that expanded the hospital to 450 beds (from 281 beds) and added a new six-story patient tower, an expanded emergency room, a four-story, 80,000 square foot medical office building and a 600-space parking garage.

The property s majority owner and operator is a subsidiary of Universal Health Services, Inc. (UHS), one of the largest healthcare management companies in the nation. UHS and our predecessors formed a joint venture to build and manage the hospital. Our predecessor contributed the land and UHS provided the funds to build the hospital.

Note Approximating Office Lease Payments (Phoenix, Arizona)

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

Profit Interest in Golf Courses at Summerlin and TPC Las Vegas, located in the Summerlin Master Planned Community (Las Vegas, Nevada)

We are entitled to receive residual payments from the Professional Golfers Association of America (the PGA) with respect to two golf courses, the TPC Summerlin and the TPC Las Vegas, through October 31, 2021. We receive 75% of the net operating profits and 90% of all profits from membership sales at TPC Summerlin until such time as the original investment in the courses of $23.5 million has been recouped, which is projected to occur no sooner than 2015. As of December 31, 2010, the remaining balance on our return on investment is approximately $7.4 million. Once we have received payments from the PGA totaling $23.5 million, we are entitled to receive 20% of all net operating profits from the two courses through October 31, 2021, the termination date of the agreement with the PGA. The TPC Summerlin is an 18-hole private championship course designed by golf course architect Bobby Weed with player consultant Fuzzy Zoeller. TPC Las Vegas is an 18-hole public championship course

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designed by golf course architect Bobby Weed with player consultant Raymond Floyd. These represent the only two golf courses in Nevada that are owned and operated by the PGA Tour.

Strategic Developments

Our Strategic Developments segment is made up of near, medium and long-term real estate properties and development projects. At present, these assets generally share the fundamental characteristic of requiring substantial future development to achieve their highest and best use. As discussed elsewhere in this Annual Report on Form 10-K, our new board of directors and management are in the process of creating strategic plans for each of these assets based on market conditions and availability of capital which plans may differ significantly from our predecessors. To be able to realize a development plan for any of these assets, in addition to the permitting and approval process attendant to almost all large-scale real estate development of this nature, we may need to obtain financing.

The following table summarizes our strategic development projects as of December 31, 2010:

Asset	Location	GLA	Size (Acres)		Net Book Value (Millions)	Acquisition Year
Bridges at Mint Hill	Charlotte, NC		162	$	12.4	2007
Circle T Ranch and Power Center (a)	Dallas/Ft. Worth, TX		279		9.0	2005
Elk Grove Promenade	Elk Grove, CA		100		10.7	2003
The Shops at Summerlin Centre	Las Vegas, NV		106		35.6	2004
Ala Moana Condo Project	Honolulu, HI				22.8	2002(c)
AllenTowne	Allen, TX		238		25.4	2006
Cottonwood Mall	Holladay, UT	6,600	54		20.3	2002
Kendall Town Center	Kendall, FL		91		18.6	2004
West Windsor	Princeton, NJ		658		20.6	2004
Fashion Show Air Rights	Las Vegas, NV					2004
Alameda Plaza	Pocatello, ID	190,341	22		2.4	2002
Century Plaza	Birmingham, AL	169,072(b)	63		4.5	1997
Village at Redlands	Redlands, CA		5		6.9	2004
Redlands Promenade	Redlands, CA		10		2.8	2004
Lakemoor (Volo) Land	Lakemoor, IL		40		0.3	1995
Maui Ranch Land	Maui, HI		10			2002
Nouvelle at Natick	Natick, MA				13.4	2007(c)
Total		366,013	1,838	$	205.7	

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

(b) Operating tenant space totals 16,706 square feet.

(c) Represents date of initial construction.

Bridges at Mint Hill (Charlotte, North Carolina)

This property consists of vacant land located southeast of Charlotte, North Carolina, in the middle of some of the fastest growing areas in the Charlotte region. The parcel is approximately 162 acres and consists of 120 developable acres and is currently zoned for approximately 997,000 square feet of retail, hotel and commercial development. The land is divided by a small stream known as Goose Creek. The current zoning plan contemplates connecting the two resulting parcels with two bridges over the creek. Development will require construction of internal roadways, connecting bridges, expansion of roads and an installation of a force main (offsite) and pump station (onsite) for sewer utility.

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The Mint Hill parcel is adjacent to a 52-acre parcel owned by Charlotte-based regional developer. The developer parcel has been approved for up to 270,000 square feet of space and is expected to be anchored by three to five junior box retailers.

Circle T Ranch and Circle T Power Center (Dallas-Fort Worth, Texas)

Located at the intersection of Texas highways 114 and 170, Circle T Ranch is 20 miles north of downtown Fort Worth, in Westlake, Texas. The property is approximately 279 total acres on two parcels. The Circle T Ranch parcel contains 128 acres while the Circle T Power Center parcel contains 151 acres. We maintain a 50% joint venture ownership interest with a local developer.

Elk Grove Promenade (Elk Grove, California)

Elk Grove Promenade was originally planned as a 1.1 million square foot outdoor shopping center on approximately 100 acres. Construction of the site began in 2007, but was delayed due to changing market conditions. Located approximately 17 miles southeast of Sacramento, the location affords easy access and visibility from State Highway 99 at Grant Line Road. Plans for the site are being evaluated in light of evolving market conditions.

The Shops at Summerlin Centre (Las Vegas, Nevada)

Construction of The Shops at Summerlin Centre began in 2008 but was delayed due to changing market conditions. The development project fronts Interstate 215 between Sahara Drive and Charleston Boulevard approximately nine miles west of the Las Vegas Strip. Originally planned for approximately 1.5 million square feet of retail and office development, the 106 acre parcel is part of a 1,300 acre mixed-use town center for the Summerlin master planned community. The project has the potential to be developed with retail, office, hotel and multifamily residential. Plans for the future of this project are being evaluated in light of evolving market conditions.

Ala Moana Tower Condo Project (Honolulu, Hawaii)

We own the rights to develop a residential condominium tower over a parking structure at Ala Moana Center in Honolulu, Hawaii pursuant to a condominium declaration. The declaration permits the construction of a first-class residential tower with up to 18 stories, and requires, among other things, that the scope of work for the residential tower project will include certain street-level improvements and a sewer line. The plans and specifications for the residential tower project will be subject to GGP s review and approval per the declaration.

AllenTowne (Allen, Texas)

AllenTowne consists of 238 acres located at the high-traffic intersection of Highway 121 and U.S. Highway 75 in Allen, Texas, 27 miles northeast of downtown Dallas. We are considering plans to best position the property for the opportunities presented by evolving market conditions.

Cottonwood Mall (Holladay, Utah)

Located 7.5 miles from downtown Salt Lake City, in the city of Holladay, Utah, Cottonwood Mall is a unique infill development opportunity. In 2008, work began on a complete redevelopment of the 54-acre site, but development was delayed due to the changing economic environment. The original mall was completely demolished with the exception of Macy s, a tenant which continues to operate as a stand-alone store on the site. The project is entitled for 575,000 square feet of retail, 195,000 square feet of office and 614 residential units.

Kendall Town Center (Kendall, Florida)

Kendall Town Center is part of a 158-acre site located at the intersection of North Kendall Drive and SW 157th, approximately 18 miles southwest of downtown Miami. A 31 acre parcel was sold to Baptist Hospital in March 2008, and a 282,000 square foot hospital with 134 beds along with a 62,600 square foot medical office building are scheduled to open in 2011. Two separate 12 and six-acre parcels have also been sold. One parcel is expected to include a 120 room hotel with ancillary office and retail, while the other parcel is expected to house office space and

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a senior housing development. We own the remaining 91 acres, which is currently entitled for 621,300 square feet of retail, 60,000 square feet of office space, and a 50,000 square foot community center.

West Windsor (Princeton, New Jersey)

West Windsor is a former Wyeth Agricultural Research & Development Campus on Quakerbridge Road and U.S. Route One near Princeton, New Jersey. The land consists of 658 total acres comprised of two large parcels which are bisected by Clarksville Meadows Road and a third smaller parcel. Zoning, environmental and other development factors are currently being addressed in conjunction with a feasibility study of the site.

Fashion Show Air Rights (Las Vegas, Nevada)

We entered into a binding set of core principles with GGP pursuant to which we will have the right to acquire for nominal consideration an 80% ownership interest in the air rights above the portions of Fashion Show Mall located on the Las Vegas Strip. This right is contingent upon the satisfaction of a number of conditions and will not become effective unless and until the existing loans and guaranties of Fashion Show Mall and The Shoppes at the Palazzo are satisfied in full. This is currently scheduled to occur in May 2017.

Alameda Plaza (Pocatello, Idaho)

Alameda Plaza is located in Pocatello, Idaho at the intersection of Yellowstone Park Highway and Alameda Road. The 22-acre site contains 190,341 square feet of mostly vacant retail space. Redevelopment options are currently under consideration.

Century Plaza (Birmingham, Alabama)

Century Plaza is located on the eastern side of Birmingham, Alabama, on U.S. Route 78 (Crestwood Blvd.) near Interstate 20, across from Eastwood Village. In May 2009, the mall was shuttered. The only active use on the site is a 16,706 square foot grocery store that is operating on an outparcel. The site consists of approximately 63 acres with 169,072 of GLA.

Village at Redlands (Redlands, California)

The Redlands Mall is a single-level, 174,787 square foot enclosed shopping center at the intersection of Redlands Boulevard and Orange Street. Currently anchored by CVS, Denny s and Union Bank, the site is located in downtown Redlands two blocks south of the Redlands Promenade site. The interior portion of the mall closed in September 2010. Originally envisioned as a mixed-use retail and residential redevelopment, plans for the future of Redlands Mall are being evaluated in light of evolving market conditions.

Redlands Promenade (Redlands, California)

Redlands Promenade is a ten acre site located at Eureka and the I-10 freeway off ramp in Redlands, California. The project is entitled for 125,000 square feet of retail development.

Lakemoor (Volo) Land (Lakemoor, Illinois)

This 40-acre vacant land parcel is located on Route 12 which is located 50 miles north of Chicago in a growing suburb. The project has no utilities in place, but is located near two planned regional centers.

Maui Ranch Land (Maui, Hawaii)

This site consists of two, non-adjacent, ten-acre undeveloped land-locked parcels located near the Kula Forest Preserve on the island of Maui, Hawaii. The land currently is zoned for native vegetation. There is no ground right of way access to the land and there is no infrastructure or utilities currently in the surrounding area. Accordingly, only a nominal value was ascribed to these parcels when they were acquired by our predecessors in conjunction with the purchase of Ward Centers.

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Nouvelle at Natick Condominium (Natick, Massachusetts)

Nouvelle at Natick is a full service luxury condominium community comprised of 215 residences located in the Natick Collection in the Boston suburb of Natick, Massachusetts. Nouvelle at Natick s amenities include a 4,000 square foot private club, a 2,800 square foot fitness center and a 1.2-acre rooftop garden with winding boardwalks, native grasses, flowers and trees. As of December 31, 2010, 159 of the 215 units have been sold and closed, and an additional seven units are under contract for sale, leaving a remaining inventory of 49.

Competition

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

- the size and scope of our master planned communities;
- the recreational and cultural amenities available within the communities;
- the commercial centers in the communities, including those retail properties that we own and/or operate or may develop;
- our relationships with homebuilders;
- our level of debt relative to total assets; and
- the proximity of our developments to major metropolitan areas.

We primarily compete for retail and office tenants within our operating assets. We believe the principal factors that retailers consider in making their leasing decisions include: (1) consumer demographics; (2) quality, design and location of properties; (3) neighboring real estate projects that have been developed by our predecessors or that we, in the future, may develop; (4) diversity of retailers and anchor tenants at shopping center locations; (5) management and operational expertise; and (6) rental rates.

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

Environmental Matters

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

Substantially all of our properties have been subject to Phase I environmental assessments, which are intended to evaluate the environmental condition of the surveyed and surrounding properties. Phase I environmental assessments typically include a historical review, a public records review, a site visit and interviews, but do not include soil sampling or subsurface investigations. To date, the assessments have not revealed any known environmental liability that we believe would have a material adverse effect on our overall business, financial condition or results of operations. Nevertheless, it is possible that these assessments do not reveal all environmental

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liabilities or that conditions have changed since the assessments were prepared (typically at the time the property was purchased or developed). Moreover, no assurances can be given that future laws, ordinances or regulations will not impose any material environmental liability on us, or the current environmental condition of our properties will not be adversely affected by tenants and occupants of the properties, by the condition of properties in the vicinity of our properties (such as the presence on such properties of underground storage tanks) or by third parties unrelated to us.

Future development opportunities may require additional capital and other expenditures to comply with federal, state and local statutes and regulations relating to the protection of the environment. In addition, there is a risk when redeveloping sites, that we might encounter previously unknown issues that require remediation or residual contamination warranting special handling or disposal, which could affect the speed of redevelopment. In addition, where redevelopment involves renovating or demolishing existing facilities, we may be required to undertake abatement and/or the removal and disposal of building materials or other remediation or cleanup activities that contain hazardous materials. We may not have sufficient liquidity to comply with such statutes and regulations or to address such conditions and may be required to halt or defer such development projects. We cannot predict with any certainty the magnitude of any such expenditures or the long-range effect, if any, on our operations. Compliance with such laws has not had a material adverse effect on our predecessors operating results or competitive position in the past but could have such an effect in the future.

Employees

As of December 31, 2010, we had approximately 155 employees, 110 of whom were leased temporarily from our predecessors under an employee leasing agreement. Effective January 1, 2011, the leased employees became our direct employees and now devote all of their time to us and have ceased providing services to our predecessors.

Available Information

We maintain an internet website at www.howardhughes.com. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports are available and may be accessed free of charge through the Investors section of our internet website under the SEC Filings subsection, as soon as reasonably practicable after those documents are filed with, or furnished to, the SEC. Our internet website and included or linked information on the website are not intended to be incorporated into this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

An investment in our common stock involves various risks. Before deciding to purchase, hold or sell our common stock, you should carefully consider the risks described below in addition to the other cautionary statements and risks described elsewhere in this Annual Report on Form 10-K and in the documents incorporated by reference herein and therein. The risks and uncertainties described below are those that we deem currently to be material, and do not represent all of the risks that we face. Additional risks and uncertainties not presently known to us or that we currently do not consider material may in the future become material and impair our business operations. If any of the following risks actually occur, our business could be materially harmed, and our financial condition and results of operations could be materially and adversely affected. As a result, the trading price of our securities could decline, and you may lose all or part of your investment. You should also *refer to the other information contained in this Annual Report on Form 10-K, including our financial statements and the related notes, and in our other periodic filings with the SEC. Our business, prospects, financial condition or results of operations could be materially and adversely affected by the following:*

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Risks Related to our Business

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

Prior to November 9, 2010, our historical combined financial data was carved-out from the financial information of GGP. This data shows that had we been a stand-alone company, we would have had a history of losses. We cannot assure you that we will achieve sustained profitability going forward. For the years ended December 31, 2009 and 2008, we incurred losses from continuing operations of $702.9 million and $17.9 million, respectively. Further, we have incurred losses from continuing operations subsequent to our spin-off from GGP due to significant impairment losses (due to revised operating strategies for certain of our assets) and warrant liability expenses related to the plan to emerge from bankruptcy and our new management team. In addition, for the years ended December 31, 2010, 2009 and 2008, net cash used in operating activities was $67.9 million, $17.9 million and $50.7 million, respectively. If we cannot improve our profitability or generate positive cash from our operating activities, the trading value of our common stock may decline.

We have minimal operating history as an independent company upon which investors can evaluate our performance, and accordingly, our prospects must be considered in light of the risks that any newly independent public company encounters.

We completed our spin-off from GGP on November 9, 2010, and have minimal experience operating as an independent public company and performing various corporate functions, including human resources, tax administration, legal (including compliance with the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act) and with the periodic reporting obligations of the Securities Exchange Act of 1934, (the Exchange Act), treasury administration, investor relations, internal audit, insurance, information technology and telecommunications services, as well as the accounting for items such as equity compensation and income taxes. Our business is subject to the substantial risks inherent in the commencement of a new business enterprise in an intensely competitive industry. Our prospects must be considered in light of the risks, expenses and difficulties encountered by companies in the early stages of independent business operations, particularly companies that are heavily affected by economic conditions and operate in highly competitive environments.

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

The successful execution of our business strategy will require us to obtain substantial amounts of operating and development capital. Sources of such capital could include bank borrowings, public and private offerings of debt or equity, sale of certain assets and joint ventures with one or more third parties. In recent years, it has been difficult for companies with substantial profitable operating histories to source capital for real estate development and acquisition projects, as well as basic working capital needs. We may find it difficult or impossible to acquire cost-effective capital to implement our business strategy because of our limited operating history as a stand-alone company and poor economic conditions.

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

Prior to our spin-off from GGP, we relied on the financial, administrative and other support functions of GGP to operate our business and we continue to rely on GGP for these and other vital services on a transitional basis pursuant to the Transition Services Agreement that we entered into with GGP in connection with the spin-off.

We also needed to rapidly establish our own accounting policies and internal controls over financial accounting. As a result of our spin-off, we became subject to the reporting requirements of the Exchange Act and the Sarbanes-Oxley Act and are required to prepare our financial statements in accordance with GAAP for filing with the SEC. In addition, the Exchange Act requires that we file annual, quarterly and current reports. Our failure to prepare and disclose this information in a timely manner could subject us to penalties under federal securities laws, expose us to lawsuits and restrict our ability to access financing. The Sarbanes-Oxley Act requires that we, among other things,

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establish and maintain effective internal controls and procedures for financial reporting and disclosure purposes. We may not be successful in identifying and establishing the requisite controls and procedures. In addition, establishing and monitoring these controls could result in significant costs to us and require us to divert substantial resources, including management time, from other activities. Any failure in our own financial or administrative policies and systems could impact our financial performance and could materially harm our business and financial performance.

We may be unable to develop and expand our properties in our Strategic Developments segment.

Our business objective in our Strategic Developments segment is to develop and redevelop our properties, which we may be unable to do if we do not have or cannot obtain sufficient capital to proceed with planned development, redevelopment or expansion activities. In addition, the construction costs of a project, including labor and materials may exceed original estimates or available financings. We may be unable to obtain zoning, governmental permits and authorizations or anchor store, mortgage lender and property partner approvals that are required for any such development, redevelopment or expansion. We may abandon redevelopment or expansion activities already under way which we are unable to complete, which may result in additional cost recognition. In addition, if redevelopment, expansion or reinvestment projects are unsuccessful, the investment in such project may not be fully recoverable from future operations or sale.

In connection with the spin-off we entered into several agreements with GGP with respect to certain of our assets and we may have conflicts with GGP which could adversely affect our business.

In connection with the spin-off, we entered into several agreements with GGP that govern our respective rights and obligations with respect to several of our assets. We may have economic or business interests that are divergent from GGP s in relation to a particular asset, and we may have disagreements with GGP with respect to how these assets are managed and developed in the future.

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

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

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

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

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Some of our directors are involved in other businesses including real estate activities and public and/or private investments and, therefore, may have competing or conflicting interests with us.

Certain of our directors have and may in the future have interests in other real estate business activities, including in GGP, and may have control or influence over these activities or may serve as investment advisors, directors or officers. These interests and activities, and any duties to third parties arising from such interests and activities, could divert the attention of such directors from our operations. Additionally, certain of our directors are engaged in investment and other activities in which they may learn of real estate and other related opportunities in their non-director capacities. Our Code of Business Conduct and Ethics applicable to our directors expressly provides, as permitted by Section 122(17) of the Delaware General Corporation Law (the DGCL), that our non-employee directors are not obligated to limit their interests or activities in their non-director capacities or to notify us of any opportunities that may arise in connection therewith, even if the opportunities are complementary to or in competition with our businesses. Accordingly, we have, and investors in our common stock should have, no expectation that we will be able to learn of or participate in such opportunities. If any potential business opportunity is expressly presented to a director exclusively in his or her director capacity, the director will not be permitted to pursue the opportunity, directly or indirectly through a controlled affiliate in which the director has an ownership interest, without the approval of the independent members of our board of directors.

We may face potential successor liability.

We may be subject to successor liability based on previous actions of our predecessors. Such liability may arise in a number of circumstances, such as: (1) if a creditor of our predecessors did not receive proper notice of the pendency of the GGP bankruptcy proceedings or the deadline for filing claims; (2) the injury giving rise to, or source of, a creditor s claim did not manifest itself in time for the creditor to file the creditor s claim; (3) a creditor did not timely file the creditor s claim in such bankruptcy case due to excusable neglect; (4) we are found liable for our predecessors tax liabilities under a federal and/or state theory of successor liability; or (5) the order of confirmation for the GGP bankruptcy plan is found to be procured by fraud. If we should become subject to such successor liability, it could materially adversely affect our business, financial condition and results of operations.

Significant competition could have an adverse effect on our business.

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

There are numerous shopping facilities that compete with our operating retail properties in attracting retailers to lease space. In addition, retailers at these properties face continued competition from other retailers, including retailers at other regional shopping centers, whether owned by GGP or otherwise, outlet malls and other discount shopping centers, discount shopping clubs, catalog companies, internet sales and telemarketing. Competition of this type could adversely affect our results of operations and financial condition.

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

Our results of operations in our Operating Assets and Strategic Developments segments are subject to significant fluctuation by various factors that are beyond our control.

Our results of operations in our Operating Assets and Strategic Developments segments are subject to significant fluctuations by various factors that are beyond our control. Fluctuations in these factors may decrease or eliminate the income generated by a property, and include:

- the regional and local economy, which may be negatively impacted by plant closings, industry slowdowns, increased unemployment, lack of availability of consumer credit, levels of consumer debt, housing market conditions, adverse weather conditions, natural disasters and other factors;

- local real estate conditions, such as an oversupply of, or a reduction in demand for, retail space or retail goods, and the availability and creditworthiness of current and prospective tenants;

- perceptions by retailers or shoppers of the safety, convenience and attractiveness of the retail property;

- the convenience and quality of competing retail properties and other retailing options such as the internet;

- our ability to lease space, collect rent and attract new tenants; and

- tenant rent prices, which may decline for a variety of reasons, including the impact of co-tenancy provisions in lease agreements with certain tenants.

A decline in our results of operations in our Operating Assets and Strategic Developments segments could have a negative impact on the trading price of our common stock.

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

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

We recorded impairment charges of $503.4 million, $680.3 million and $52.5 million for the years ended December 31, 2010, 2009 and 2008, respectively. If market conditions were to continue to deteriorate, and the recoverable values for our real estate inventory and other project land were to fall below the book value of these assets, we could be required to take additional write-downs of the book value of those assets and such write-downs could be material.

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

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

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

We currently have and intend to enter into further joint venture partnerships. These joint venture partners may bring development experience, industry expertise, financial resources, financing capabilities, brand recognition and credibility or other competitive assets. We cannot assure you, however, that we will have sufficient resources, experience and/or skills to locate desirable partners. We also may not be able to attract partners who want to conduct business in the locations where our properties are, and who have the assets, reputation or other characteristics that would optimize our development opportunities.

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

The bankruptcy of one of the other investors in any of our properties could materially and adversely affect the relevant property or properties. If this occurred, we would be precluded from taking some actions affecting the estate of the other investor without prior court approval which would, in most cases, entail prior notice to other parties and a hearing. At a minimum, the requirement to obtain court approval may delay the actions we would or might want to take. If the relevant joint venture through which we have invested in a property has incurred recourse obligations, the discharge in bankruptcy of one of the other investors might result in our ultimate liability for a greater portion of those obligations than would otherwise be required.

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

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

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

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

Some potential losses are not insured.

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

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

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

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

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

- tenant sales may be impacted;

- difficulty replacing or renewing expiring leases with new leases at higher base and/or overage rent;

- an inability to receive reimbursement from tenants for their share of certain operating expenses, including common area maintenance, real estate taxes and insurance; and

- difficulty marketing and selling land for development of residential real estate properties.

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

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

As of December 31, 2010, our consolidated debt was approximately $318.7 million of which approximately $7.0 million is recourse. Approximately $7.0 million of our consolidated debt is expected to require repayment in 2011.

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In addition, as of December 31, 2010, our share of the debt of our Real Estate Affiliates was approximately $158.2 million and such debt was scheduled to mature in 2011. In March 2011, the Woodlands Partnerships refinanced their debt by entering into a $270 million facility which expires in 2014 and a $36.1 million facility which expires in 2012. After the refinancings, our share of the debt of our Real Estate Affiliates is approximately $141.0 million. Our indebtedness, particularly if increased over time, could have important consequences on the value of our common stock including:

- limiting our ability to borrow additional amounts for working capital, capital expenditures, debt service requirements, execution of business strategy or other purposes;

- limiting our ability to use operating cash flow in other areas of the business or to pay dividends;

- increasing our vulnerability to general adverse economic and industry conditions, including increases in interest rates, particularly given that certain indebtedness bears interest at variable rates;

- limiting our ability to capitalize on business opportunities, reinvest in and develop their properties, and to react to competitive pressures and adverse changes in government regulation;

- limiting our ability, or increasing the costs, to refinance indebtedness; and

- giving secured lenders the ability to foreclose on assets.

Risks Related to Spin-off.

We may be required to pay substantial U.S. federal income taxes related to certain prior sales of assets in our Master Planned Communities segment.

In connection with the spin-off, GGP has agreed to indemnify us from and against 93.75% of any losses, claims, damages, liabilities and reasonable expenses to which we become subject, in each case solely to the extent attributable to certain taxes related to sales of certain assets in our Master Planned Communities segment prior to March 31, 2010, in an amount equal to a maximum of $303.8 million, plus applicable interest. We will be responsible for the remainder of any such taxes. GGP may not have sufficient cash to reimburse us for its share of these taxes described above. We have ongoing IRS audits related to the foregoing taxes that, whether resolved by litigation or otherwise, could impact the timing of the items subject to indemnification by GGP. In addition, if the IRS were successful in litigation with respect to such audits, we may be required to change our method of tax accounting for certain transactions, which could affect the timing of our future tax payments, increasing our tax payments in the short term relative to our current tax cost projections.

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

In connection with our spin-off, GGP received a private letter ruling from the IRS to the effect that the spin-off transactions qualified as tax-free to GGP and its subsidiaries for U.S. federal income tax purposes. A private letter ruling from the IRS generally is binding on the IRS. Such IRS ruling does not establish that the spin-off satisfied every requirement for a tax-free spinoff, and the parties have relied solely on the advice of counsel for comfort that such additional requirements are satisfied.

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

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

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

M.B. Capital Partners and certain of its affiliates (collectively, M.B. Capital), Pershing Square Capital Management, L.P. (Pershing Square) and Brookfield Retail Holdings LLC (Brookfield) beneficially own 17.4%, 9.5% and 6.4%, respectively, of our outstanding common stock (excluding shares issuable upon the exercise of warrants). Under the terms of our stockholder agreements, Pershing Square currently has the ability to designate three members of our board of directors, and Brookfield currently has the ability to designate one member.

Although Pershing Square has entered into a standstill agreement to limit its influence over us, the concentration of ownership of our outstanding common stock held by M.B. Capital, Pershing Square, Brookfield and other substantial stockholders may make some transactions more difficult or impossible without the support of these stockholders, or more likely with the support of these stockholders. The interests of our substantial stockholders could conflict with or differ from the interests of our other stockholders. For example, the concentration of ownership held by M.B. Capital, Pershing Square and Brookfield, even if these stockholders are not acting in a coordinated manner, could allow M.B. Capital, Pershing Square and Brookfield to influence our policies and strategy and could delay, defer or prevent a change of control or impede a merger, takeover or other business combination that may otherwise be favorable to us and our other stockholders.

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

Brookfield and Pershing Square, both of whom have representatives on our board, hold material economic interests in GGP. Accordingly, we expect that a number of our directors may have, or appear to have, conflicting interests relating to us and GGP. It may be important for us to do business with GGP in the future or to supplement or amend the initial agreements between us and reorganized GGP as circumstances change. Actual or perceived conflicts of interest may decrease the effectiveness of our board of directors in dealing with GGP. For example, directors with helpful expertise may be required or decide to recuse themselves from deliberation or voting on matters involving GGP, and certain transactions in our best interests may not be pursued at all because of the risk of an appearance of a conflict or other considerations.

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We will be exposed to risks relating to evaluations of our internal control over financial reporting required by Section 404 of the Sarbanes-Oxley Act of 2002.

We are in the process of evaluating our internal control systems to allow management to report on, and our independent auditors to assess, our internal control over financial reporting. We will be performing the system and process evaluation and testing (and any necessary remediation) required to comply with the management certification and auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. We are required to comply with Section 404 by no later than December 31, 2011. We cannot be certain as to the timing of the completion of our evaluation, testing and remediation actions or the impact of the same on our operations. Furthermore, upon completion of this process, we may identify control deficiencies of varying degrees of severity under applicable SEC and Public Company Accounting Oversight Board rules and regulations that remain unremediated. As a public company, we are required to report, among other things, control deficiencies that constitute a material weakness or changes in internal control that materially affect, or are reasonably likely to materially affect, internal controls over financial reporting. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. If we fail to implement the requirements of Section 404 in a timely manner, we might be subject to sanctions or investigation by regulatory agencies such as the SEC. In addition, failure to comply with Section 404 or the report by us of a material weakness may cause investors to lose confidence in our financial statements and the trading price of our common stock may decline. If we fail to remedy any material weakness, our financial statements may be inaccurate, our access to the capital markets may be restricted and the trading price of our common stock may decline.

Risks Related to Our Common Stock

The trading price of our common stock may fluctuate widely.

We cannot predict the prices at which our common stock may trade. The market price of our common stock may fluctuate widely, depending upon many factors, some of which may be beyond our control, including:

- our quarterly or annual earnings, or those of other comparable companies;
- actual or anticipated fluctuations in our operating results and other factors related to our business;
- announcements by us or our competitors of significant acquisitions or dispositions;
- the failure of securities analysts to cover our common stock;

- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of other comparable companies;
- our ability to implement our business strategy;
- our tax payments;
- our ability to raise capital;
- overall market fluctuations; and
- general economic conditions.

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Further, M.B. Capital, Pershing Square and Brookfield currently beneficially own 17.4%, 9.5%, and 6.4%, respectively, of our common stock (excluding shares issuable upon exercise of the warrants). The principal holders of our common stock may hold their investments for an extended period of time, thereby decreasing the number of shares available in the market and creating artificially low supply for, and trading prices of our common stock.

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

Our certificate of incorporation and bylaws contain the following limitations:

- the inability of our stockholders to act by written consent;

- restrictions on the ability of stockholders to call a special meeting without 15% of more of the voting power of the issued and outstanding shares entitled to vote generally in the election of our directors;

- rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings; and

- the right of our board of directors to issue preferred stock without stockholder approval.

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

There may be dilution of our common stock from the exercise of outstanding warrants, which may materially adversely affect the market price of our common stock and negatively impact a holder s investments.

The exercise of some or all of the outstanding warrants to purchase shares of our common stock would materially dilute the ownership interest of our existing stockholders. Likewise, any additional issuances of common stock, through The Howard Hughes Corporation 2010 Equity Incentive Plan or otherwise, will dilute the ownership interests of our existing stockholders. Any sales in the public market of such additional common stock could adversely affect prevailing market prices of the outstanding shares of our common stock. In addition, the existence of our outstanding warrants may encourage short selling or arbitrage trading activity by market participants because the exercise of our warrants could depress the price of our common stock.

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

Brookfield is subject to restrictions on its ability to sell our common stock and its warrants to acquire our common stock. After these restrictions expire, shares held by Brookfield may be sold in the public markets. The price of our common stock may drop significantly when such restrictions expire. In addition, certain of our substantial stockholders, including Brookfield and Pershing Square, have the right to purchase the number of our shares as necessary to allow the stockholder to maintain its proportionate ownership interests on a fully diluted basis, for so long as the stockholder beneficially owns at least 5% of our outstanding common stock on a fully-diluted basis

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive offices are located in Dallas, Texas where we lease approximately 4,927 square feet under an arrangement that expires on October 31, 2012. In January of 2011, we entered into a month-to-month lease for an additional 3,598 square feet at our current location. We have reached an agreement in principle with our current lessor to lease approximately 21,000 square feet beginning in June 2011 at the same location. At that time, we will be released from our obligations under our current leases. We believe that our facilities are adequate to meet our current needs and that the new lease will not have a material impact on our financial condition.

Our Master Planned Communities and our Strategic Developments assets are described above in Note 1. The leases we have with our tenants at our retail operating asset locations within our Operating Assets segment generally include base rent and common area maintenance charges. The table below summarizes certain metrics of such properties as of December 31, 2010. Each column should be read on a stand alone basis. You may not be able to derive conclusions by calculating data from more than one column.

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Property	Location	Mall and Freestanding GLA (a)	Average Annual Tenant Sales per Square Foot (b)	Mall and Other Rental NOI (000) (c)	Average Sum of Rent and Recoverable Common Area Costs per Square Foot (d)	Occupancy Cost (j)	NOI Margin (k)
				Year Ended December 31, 2010			
Ward Centers	Honolulu, HI	1,000,817(e)	$ 406	$ 22,980	$ 42	10%	55%
South Street Seaport	New York, NY	298,759(f)	537	5,096(i)	67	8%	26%
Landmark Mall	Alexandria, VA	440,325(g)	138	1,519	17	8%	25%
Park West	Peoria, AZ	249,168	205	366	22	10%	7%
Rio West	Gallup, NM	333,077(f)(h)	147	1,899	15	10%	40%
Riverwalk Marketplace	New Orleans, LA	194,452(f)	261	955	30	9%	45%
Cottonwood Square	Salt Lake City, UT	77,079(f)	170	484	17	10%	36%
Total		2,593,677		$ 33,299			

(a) Includes the gross leaseable area of freestanding retail locations that are not attached to primary complex of buildings that comprise a shopping center.

(b) Tenant sales per square foot is calculated as a sum of the comparable sales for the year ended December 31, 2010 for tenants that track sales, divided by the comparable square footage for the same period. We include in our calculations of comparable sales and comparable square footage properties that have been owned and operated for the entire time during the twelve month period and exclude properties at which significant physical or merchandising changes have been made.

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

(d) Includes $12.69 of common area maintenance charges per square foot. Calculated as base rent and common area maintenance charges divided by the square footage occupied by mall tenants. The calculation includes the terms of each lease in effect at the time of the calculation, including any tenant concessions such as rent abatements, allowances or other concessions, that may have been granted. Calculations exclude rent, charges and square footage for temporary tenants (leases less than one year). Excludes anchor stores.

(e) Excludes 153,928 SF related to ground leases of which we are the lessor.

(f) All of the project is on a ground lease where HHC is the ground lessee.

(g) Excludes 438,937 SF in project that is owned and occupied by Sears and Macy s.

(h) Excludes 180,946 SF of outparcel improvements in project currently owned by tenant.

(i) Excludes a provision for bad debt of $1.2 million related to a single tenant.

(j) Occupancy cost is calculated by dividing average annual tenant sales by average sum of rent and common area costs.

(k) NOI margin is calculated by dividing NOI by the product of GLA and the average sum of rent and recoverable common

area costs per square foot.

The following table sets forth the occupancy rates, excluding anchor stores, for each of the last five years for our Retail Operating Assets:

	2010	2009	2008	2007	2006
Ward Centers	95.0%	93.5%	91.5%	93.9%	95.0%
South Street Seaport	89.7%	91.3%	92.6%	91.9%	76.0%
Landmark Mall (a)	76.0%	85.5%	87.9%	80.6%	80.0%
Park West (b)	62.5%	63.6%	85.4%	59.9%	n.a.
Rio West	91.8%	92.4%	96.3%	92.5%	89.2%
Riverwalk Marketplace	87.9%	84.5%	69.3%	53.5%	65.6%
Cottonwood Square (c)	78.2%	73.8%	91.6%	95.7%	98.3%

n.a. - not available

(a) Loss of permanent and specialty tenants in 2010 due to potential redevelopment.

(b) Partially opened in 2007, the 2008 occupancy rate reflects a lower GLA due to

the timing of space added on-line. Full GLA was achieved in 2009.

(c) Includes 41,612 square feet of retail space leased through March 2013 that is currently unoccupied.

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ITEM 3. LEGAL PROCEEDINGS

In the ordinary course of our business, we are from time to time involved in legal proceedings related to the ownership and operations of our properties. Neither we nor any of our Real Estate Affiliates is currently involved in any legal or administrative proceedings that we believe are likely to have a materially adverse effect on our business, results of operations or financial condition.

ITEM 4. [RESERVED]

PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is listed on the New York Stock Exchange (the NYSE) under the symbol HHC. The following table presents the high and low sales prices for our common stock on the NYSE since November 5, 2010, the date that our common stock began when-issued trading on the NYSE.

	Stock Price	
	High	**Low**
2010:		
Fourth Quarter (Since November 5, 2010)	$ 56.25	$ 31.00

As of April 4, 2011, there were 2,820 holders of record of our common stock.

There were no dividends declared or paid from the date of our spin-off from GGP through December 31, 2010. Any future determination related to our dividend policy will be made at the discretion of our board of directors and will depend on a number of factors, including future earnings, capital requirements, financial condition and future prospects and other factors the board of directors may deem relevant.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth the selected consolidated and combined financial and other data of our business for the most recent five years. We were formed in 2010 to receive certain assets and liabilities of our predecessors in connection with their emergence from bankruptcy. We did not conduct any business and did not have any material assets or liabilities until our spin-off was completed on November 9, 2010. The selected historical financial data set forth below as of December 31, 2010 and 2009 and for the years ended December 31, 2010, 2009, and 2008 has been derived from our audited consolidated and combined financial statements, which are included elsewhere in this Annual Report on Form 10-K. The selected historical combined financial data as of December 31, 2008 was derived from our audited combined financial statements which are not included in this Annual Report on Form 10-K. The selected historical combined financial as of December 31, 2007 and 2006 and for the years ended December 31, 2007 and 2006 were derived from our unaudited combined financial statements which are not included in this Annual Report on Form 10-K. Our spin-off did not change the carrying value of our assets and liabilities, and operations for 2010 have been presented as the aggregation of the combined results from January 1, 2010 to November 9, 2010 and the consolidated results from November 10, 2010 to December 31, 2010.

Prior to the spin-off, our combined financial statements were carved out from the financial books and records of GGP at a carrying value reflective of historical cost in GGP s records. Our historical financial results for these periods reflect allocations for certain corporate costs, and we believe such allocations are reasonable. Such results do

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not reflect what our expenses would have been had the Company been operating as a separate stand-alone publicly traded company. The historical combined financial information presented for periods prior to our separation from GGP will not be indicative of the results of operations, financial position or cash flows that would have been obtained if we had been an independent, stand-alone entity during such periods.

The historical results set forth below do not indicate results expected for any future periods. The selected financial data set forth below are qualified in their entirety by, and should be read in conjunction with, Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and related notes thereto included elsewhere in this Annual Report.

	Year Ended December 31,				
	2010	**2009**	**2008**	**2007**	**2006**
	(In thousands, except per share amounts)				
Operating Data:					
Revenues	$ 142,719	$ 136,348	$ 172,507	$ 260,498	$ 548,714
Depreciation and amortization	(16,563)	(19,841)	(18,421)	(22,995)	(21,362)
Provisions for impairment	(503,356)	(680,349)	(52,511)	(125,879)	(90)
Other operating expenses	(134,667)	(128,833)	(141,392)	(196,121)	(408,084)
Interest (expense) income, net	(2,053)	712	1,105	1,504	1,737
Reorganization items	(57,282)	(6,674)			
Warrant liability expense	(140,900)				
Benefit from (provision for) income taxes	633,459	23,969	(2,703)	10,643	(83,782)
Equity in income (loss) of Real Estate Affiliates	9,413	(28,209)	23,506	68,451	28,051
Income (loss) from continuing operations	(69,230)	(702,877)	(17,909)	(3,899)	65,184
Discontinued operations- loss on dispositions		(939)			
Net income (loss)	(69,230)	(703,816)	(17,909)	(3,899)	65,184
Allocation to noncontrolling interests	(201)	204	(100)	(101)	(2,265)
Net income (loss) attributable to common stockholders	$ (69,431)	$ (703,612)	$ (18,009)	$ (4,000)	$ 62,919
Basic and Diluted Income (Loss) Per Share:					
Continuing operations	$ (1.84)	$ (18.64)	$ (0.48)	$ (0.11)	$ 1.69
Discontinued operations		(0.02)			
Total basic and diluted income (loss) per share	$ (1.84)	$ (18.66)	$ (0.48)	$ (0.11)	$ 1.69
Cash Flow Data:					
Operating activities	$ (67,899)	$ (17,870)	$ (50,699)	$ (52,041)	$ 190,036
Investing activities	(111,829)	(21,432)	(300,201)	(146,208)	(163,903)
Financing activities	461,206	37,543	348,424	183,073	(13,538)

	As of December 31,				
	2010	**2009**	**2008**	**2007**	**2006**
	(In thousands)				
Balance Sheet Data:					
[redacted]					

Total assets	3,022,707	2,905,227	3,443,956	3,024,827	2,882,493
[redacted]					
Total equity	2,179,107	1,503,520	1,985,815	1,610,672	1,365,238

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ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks, uncertainties, assumptions and other factors, including those described in Part I, Item 1A. Risk Factors and elsewhere in this Annual Report on Form 10-K. These factors could cause our actual results in 2011 and beyond to differ materially from those expressed in, or implied by, those forward-looking statements. You are cautioned not to place undue reliance on this information which speaks only as of the date of this report. We are not obligated to update this information, whether as a result of new information, future events or otherwise, except to the extent we are required to do so in connection with our obligation to file periodic reports with the SEC.

All references to numbered Notes are to specific footnotes to our Consolidated and Combined Financial Statements included in this Annual Report on Form 10-K and which descriptions are incorporated into the applicable response by reference. The following discussion should be read in conjunctions with such Consolidated and Combined Financial Statements and related Notes. Capitalized terms used, but not defined, in this Management s Discussion and Analysis of Financial Condition and Results of Operation (MD&A) have the same meanings as in such Notes.

Overview

We are a real estate company created to specialize in the development of master planned communities, the redevelopment or repositioning of real estate assets currently generating revenues, also called operating assets, and other strategic real estate opportunities in the form of entitled and unentitled land and other development rights. Our assets are located across the United States and our goal is to create sustainable, long-term growth and value for our stockholders. We expect the competitive position and desirable location of certain of our assets (which collectively

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comprise millions of square feet and thousands of acres of developable land), combined with their operations and long-term opportunity through entitlements, land and home site sales and project developments, to drive our income and growth.

We designated a new board of directors and management team in connection with our spin-off from GGP on November 9, 2010. Our asset composition and business strategy differs from GGP because we are primarily focused on development assets and commercial properties that require re-positioning to maximize their value. The performance of such assets has a greater effect on us than GGP because GGP s business consists of operating stabilized, cash-flowing retail properties. We are focused on maximizing value from our assets and our new board of directors and management team continues to develop and refine business plans to achieve that goal.

We expect to pursue development opportunities for a number of our assets that were previously postponed due to lack of liquidity resulting from deteriorating economic conditions, the credit market collapse and the bankruptcy filing of our predecessors, and to develop plans for other assets for which no plans had been developed. We are in the process of assessing the opportunities for these assets, which currently are in various stages of completion, to determine how to finance their completion and how to maximize their long-term value potential, which may include entering into joint venture arrangements.

We operate our business in three segments: Master Planned Communities, Operating Assets and Strategic Developments. Certain assets have been reclassified between segments, for all periods presented, from the presentation of such segments by our predecessor due to changes in 2010 in our management team as discussed above and in Note 15. Unlike most real estate companies which are limited in their activities because they have elected to be taxed as a real estate investment trusts, we have no restrictions on our operating activities or types of services that we can offer, which we believe provide the most flexibility for maximizing the value of our real estate portfolio.

Results of Operations

Our revenues primarily are derived from the sale of individual lots at our master planned communities to home builders and from tenants at our operating assets in the form of fixed minimum rents, overage rent and recoveries of operating expenses. We have presented the following discussion of our results of operations on a segment basis under the proportionate share method. Under the proportionate share method, our share of the revenues and expenses of the properties owned by our Real Estate Affiliates is combined with the revenues and expenses of the Combined Properties. See Note 15 for additional information including our discussion of our three reportable segments as well as reconciliations of our segment basis results to GAAP basis results.

We use a number of operating measures for assessing operating performance of our communities, assets, properties and projects within our segments, some of which may not be common among all three of our segments. We believe that investors may find some operating measures more useful than others when separately evaluating each segment. One common operating measure used to assess operating results for our business segments is real estate property earnings before taxes (EBT). Management believes that EBT provides useful information about our operating performance.

EBT is defined as net income (loss) from continuing operations plus: (1) reorganization items (2) income tax provision (benefit); (3) warrant liability expense; (4) strategic initiatives; (5) general and administrative costs; and (6) the items above of unconsolidated Real Estate Affiliates. We present EBT because we use this measure, among others, internally to assess the core operating performance of our assets. We also present this measure because we believe certain investors use it as a measure of a company s historical operating performance. We believe that the inclusion of certain adjustments to net income (loss) from continuing operations to calculate EBT is appropriate to provide additional information to investors because EBT therefore excludes certain non-recurring and non-cash items, including reorganization items related to the bankruptcy, which we believe are not indicative of our core operating performance.

EBT should not be considered as an alternative to GAAP net income (loss) attributable to common stockholders or GAAP net income (loss) from continuing operations, as it has limitations as an analytical tool, and should not be considered in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of the limitations of this metric are that it:

- does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- does not reflect cash income taxes that we may be required to pay;
- does not reflect any cash requirements for replacement of depreciated or amortized assets or that these assets have different useful lives;
- does not reflect limitations on, or costs related to, transferring earnings from our subsidiaries to us; and
- may be calculated differently by other companies in our industry, limiting its usefulness as a comparative measure.

As described in the overview section above, we commenced separate operations on November 9, 2010 as a spin-off from GGP. Accordingly, our consolidated operations after our spin-off may not be comparable to the operations of our assets, presented on a carve-out basis, prior to our spin-off or in previous years. In addition, our operations were significantly impacted by transactions that related to the spin-off and other events integral to GGP s emergence as described in Notes 1 and 2. Finally, our businesses were operated prior to spin-off through subsidiaries of GGP, which operated as a real estate investment trust (REIT). We operate as a taxable corporation, except for our investment in Victoria Ward, Limited, which is treated as a REIT.

Impairments

We evaluate our real estate assets for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Recoverability in this context means that the expected cumulative undiscounted future cash flows of an asset are less than its carrying value. The recoverability analysis, as an accounting concept, considers hold periods, but ignores when the future cash flows are expected to be received within that hold period and whether we currently expect to receive an above or below market rate of return over our anticipated holding period. If expected cumulative undiscounted cash flows are less than carrying value, then we are required to write down the asset to its fair value. The process for deriving fair value involves discounting the

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expected future cash flows at a rate of return that we believe an investor would require based on the risk profile of the cash flows and returns available in the market for other investments having similar risk. We may also use other inputs such as appraisals and recent transactions for comparable properties, if appropriate. Book value for assets that have been recently impaired from an accounting perspective may more likely reflect market value than book values of assets that have not been impaired; consequently, unimpaired assets may be expected to generate above or below market returns relative to their respective book values. The lower book basis resulting from an impairment charge increases reported profitability from the asset in future periods, but has no impact on cash flow. Our impairment testing resulted in a $503.4 million impairment charge for the year ended December 31, 2010.

We are focused on maximizing value for stockholders. To achieve this, we seek to implement strategies that increase the fair value of an asset, not necessarily the aggregate of its future undiscounted cash flows. As such, a given strategy may result in an accounting impairment charge even though we believe that such strategy will maximize the value of the asset.

Master Planned Communities Impairments

Impairment charges to our master planned communities totaled $405.3 million for the year ended December 31, 2010. Large master planned community assets by their nature have characteristics that may create a wider range of outcomes in an impairment analysis compared to other types of real estate such as office, retail and industrial facilities. Unlike operating real estate, master planned community assets have extended life cycles that may last 20 to 40 years and have few long-term contractual cash flows (such as operating lease revenue). Further, master planned community assets generally have minimal to no residual values because of their liquidating characteristics and development periods often occur through several economic cycles. Subjective factors such as the expected timing of property development and sales, optimal development density and sales strategy impact the timing and amount of expected future cash flows and fair value.

Our master planned communities comprise thousands of acres that include distinct communities. Our management team may implement different development strategies for those communities. Such strategies vary from those of our predecessors and may warrant separate impairment evaluation for regions or projects within a single master planned community if we believe the cash flows for those assets are independent from other regions or projects within the community. Separating master planned communities into multiple entities for impairment testing may result in a different accounting conclusion than if the community was evaluated as a whole; however, the accounting has no impact on economic value or fair value.

Our two remaining developable Summerlin regions (South and West) are separated for impairment testing because their characteristics and future business plans are distinct. We have recently modified our business plans for Summerlin South based on our expectation to: (1) replace high density product with low density product; (2) change the strategy from developing and selling finished lots to the sale of undeveloped pads; and (3) reduce saleable acre assumptions for a high-end village having significant topography and development challenges. As a result, projected undiscounted future cash flows for Summerlin South were less than its then carrying value and this asset was impaired as of December 31, 2010. We recorded a $345.9 million pre-tax charge to write down Summerlin South to its estimated $203.3 million fair value at December 31, 2010. We expect this asset to generate approximately $512 million of aggregate future cash flows over the next 28 years and used a 20% discount rate for deriving fair value, which we believe is an appropriate, risk-adjusted rate of return.

We also recorded $56.8 million and $2.6 million pre-tax impairment charges for the Columbia and Gateway, Maryland properties, respectively, at December 31, 2010. Columbia was written down to a $34.8 million fair value based on a ten-year land sale program for the future mixed-use development of 4.9 million square feet. Estimated aggregate future cash flows for Columbia totaled approximately $82.7 million and were discounted at 20% to derive fair value, which we believe is an appropriate, risk-adjusted rate of return.

Operating Assets Impairments

Operating property pre-tax impairments within our Operating Assets segment totaled $80.4 million for the year ended December 31, 2010. Riverwalk Marketplace (New Orleans, LA) and Landmark (Alexandria, VA) properties were impaired by $56.0 million and $24.4 million, respectively, and their estimated fair values are $10.2 million and $23.8 million, respectively, as of

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December 31, 2010. Riverwalk was evaluated based on our current plan to reposition and hold the asset for an 11-year period, and we applied a 8.5% discount rate to the estimated future cash flows and derived a residual value on the leasehold interest using a 8.5% capitalization rate. The Landmark property impairment is based on an appraisal which incorporates many factors including, but not limited to, physical condition, location, demographics and retail market condition. We do not currently have a specific re-development plan for this asset.

Strategic Developments Impairments

Strategic Developments properties pre-tax impairments within our Strategic Developments segment totaled $17.0 million for the year ended December 31, 2010. Century Plaza Mall (Birmingham, AL) and Nouvelle at Natick (Natick, MA) properties were impaired by $12.9 million and $4.1 million, respectively, and their estimated fair values are $4.5 million and $13.4 million, respectively, as of December 31, 2010. Century Plaza Mall is a vacant property for which we do not currently have a re-development plan, and the impairment is based upon our best estimates utilizing, among other things, a broker s opinion of value. Nouvelle is a condominium development for which the estimated fair value is based on discounted cash flow analysis of the remaining units available for sale.

Master Planned Communities Sales Subsequent to December 31, 2010

Subsequent to December 31, 2010, we have closed on the sale of lots in our Summerlin master planned communities. We sold: (1) 50 lots to Pulte for an aggregate purchase price of $4.2 million; (2) 55 lots to Richmond for an aggregate purchase price of $4.7 million; (3) 17 lots to Toll Brothers, Inc. for an aggregate purchase price of $1.5 million; and (4) 17 lots to Woodside Homes for an aggregate purchase price of $1.5 million. In addition, we sold a 9.4-acre parcel to KB Home and a 16.1-acre parcel to a private school for purchase prices of $2.3 million and $3.6 million, respectively. The sales to Pulte and Richmond are part of the purchase contracts described in our description of the Summerlin master planned community in Item 1. Business.

Operating Assets Net Operating Income (NOI)

The Company believes that NOI is a useful supplemental measure of the performance of our Operating Assets. We define NOI as property specific revenues (rental income, tenant recoveries and other income) less expenses (real estate taxes, repairs and maintenance, marketing and other property expenses) and excluding the operations of properties held for disposition. NOI also excludes straight line rents, market lease amortization, impairments, depreciation and other amortization expense. Other real estate companies may use different methodologies for calculating NOI, and accordingly, the NOI of our Operating Assets may not be comparable to other real estate companies.

Because NOI excludes general and administrative expenses, interest expense, impairments, depreciation and amortization, gains and losses from property dispositions, allocations to non-controlling interests, reorganization items, strategic initiatives, provision for income taxes, discontinued operations and extraordinary items, the Company believes that 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 occupancy rates, rental rates, and operating costs. This measure thereby provides an operating perspective not immediately apparent from GAAP continuing operations or net income attributable to common stockholders. The Company uses NOI to evaluate its operating performance on a property-by-property basis because NOI allows the Company to evaluate the impact that factors such as lease structure, lease rates and tenant base, which vary by property, have on the Company s operating results, gross margins and investment returns.

In addition, management believes that NOI provides useful information to the investment community about the performance of our Operating Assets. However, due to the exclusions noted above, NOI should only be used as an alternative measure of the financial performance of such assets and not as an alternative to GAAP operating income (loss) or net income (loss) available to common stockholders. For reference, and as an aid in understanding management s computation of NOI, a reconciliation of NOI to EBT has been presented in the Operating Assets segment discussion below and a reconciliation of EBT to consolidated operating income (loss) from continuing operations as computed in accordance with GAAP has been presented in Note 15.

Year Ended December 31, 2010 and 2009

Master Planned Communities Segment

MPC revenues vary between years based on economic conditions and several factors such as location, development density and commercial or residential use, among others. Reported results may differ significantly from actual cash flows generated principally because cost of sales is based on our carrying value of land, a majority of which was acquired in prior years and may also have also have been written down through impairment charges in prior years. Current year expenditures for improvements are capitalized and therefore would not be reflected in the income statement in the current year unless the related land was also sold.

MPC Sales Summary

		Land Sales		Acres Sold		Number of Lots/Units		Price per acre		Price per lot	
		Year Ended December 31,									
		2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
		($ in thousands)									
Columbia	Single Family - detached	$ 2,400	$ 500	2	1	12	4	$ 1,275	$ 531	$ 200	$ 125
	Townhomes	3,031	3,006	2	2	29	33	1,832	1,775	105	91
	High/Mid Apartments		3,125		8		164		379		19
	Single Family - detached (Fairwood)		15,000		239		636		63		24
Bridgeland	Single Family - detached	15,123	10,239	58	41	289	204	259	251	52	50
Summerlin	Single Family - detached	8,909		17		95		519		94	
	Custom Lots	2,252	550	2	0	4	1	1,204	1,618	563	550
Woodlands	Single Family - detached	65,230	47,917	181	135	737	557	360	354	89	86
	Single Family - attached	988		4		52		279		19	
Subtotal		97,933	80,337	266	426	1,218	1,599				
Commercial Land Sales											
Summerlin	Retail		4,564		4				1,047		
Bridgeland	Not-for-Profit	1,600	741	20	15			80	50		

Woodlands	Office and other	10,597	3,603	21	49			496	74
	Apartments and assisted living	4,879	7,150	12	19			392	370
	Retail	5,843	674	20	3			290	261
	Hotel	2,331	3,379	3	5			719	672
Subtotal		25,250	20,111	76	95				
Total acreage sales revenues		123,183	100,448						
Deferred revenue		3,994	(3,409)						
SID		749	248						
Venture partner s share of The Woodlands Partnerships acreage sales		(42,687)	(29,794)						
Total segment Land sales revenue		$ 85,239	$ 67,493						

Land sales increased $17.7 million for the year ended December 31, 2010 as land sales improved $32.7 million in the combined Summerlin, Bridgeland, Columbia (excluding Fairwood) and the Woodlands communities. This increase was partially offset by a $15.0 million reduction in Fairwood which experienced no sales for the year.

In 2010 we sold 266 residential acres as compared to 426 acres in 2009. The majority of the acres sold were from our Woodlands and Bridgeland communities. Variances in residential selling prices per lot and per acre are principally caused by type of lot sold, its location and intended development density. Fewer transactions, such as in 2010 and 2009, also create move variability in per acre and per lot comparisons. Additionally, we sold 77 commercial acres in 2010 as compared to 95 acres in 2009. The change in price per acre and price per lot is largely attributable to selling of certain product types in different locations.

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Percentage Change in Major Items of Revenues and Expenses

	Year Ended December 31, 2010	2009	$ Increase (Decrease)	% Increase (Decrease)
		(In thousands)		
Master Planned Communities (*)				
Land sales	$ 85,239	$ 67,493	$ 17,746	26.3%
Other land sales revenues	11,477	16,497	(5,020)	(30.4)
Other rental and property revenues	16,920	16,302	618	3.8
Total revenues	113,636	100,292	13,344	13.3
Cost of sales - land	49,504	40,164	9,340	23.3
Land sales operations	37,232	42,291	(5,059)	(12.0)
Rental property operations	14,618	13,054	1,564	12.0
Provisions for impairments	405,331	63,367	341,964	539.7
Depreciation and amortization	4,481	5,639	(1,158)	(20.5)
Interest, net	(12,288)	(8,814)	(3,474)	(39.4)
Total expenses	498,878	155,701	343,177	220.4
MPC EBT	$ (385,242)	$ (55,409)	$ (329,833)	(595.3)%

(*) Our master planned communities segment includes revenues and expenses related to The Woodlands Partnerships, one of our non-consolidated Real Estate Affiliates (Note 1). For a detailed breakdown of EBT, refer to Note 15.

Land sales increased $17.7 million for the year ended December 31, 2010 as compared to the year ended December 31, 2009 due to the factors described more fully above.

Other land sales revenues includes builder price participation and other fee revenues related to lot sales (Note 2). The decrease in 2010 is primarily due to reduced operations at the Woodlands Partnerships.

Other rental and property revenue primarily includes income associated with home owner association fees and transfer fees from Summerlin, ground maintenance fees from The Woodlands, advertising fees, interest income and ground rent.

The Cost of land sales increase of $9.3 million for the year ended December 31, 2010 is directly related to our increase in land sales. This Item is based on our carrying values of the lots sold and may vary based upon our historical purchase price of the land, the amount of any impairments recorded on the land, and amount of improvements we made to the land.

Land sales operations primarily include payroll and overhead, marketing and other land sale related costs, including real estate taxes. The decline of $5.1 million reflects management s efforts to reduce these costs during a sluggish economy and a reduction in real estate taxes in Summerlin as a result of a successful tax appeal.

Rental property operations costs increased $1.6 million for the year ended December 31, 2010 due to an increase in grounds maintenance costs and costs necessary to operate our golf facilities at The Woodlands.

Master Planned Communities provisions for impairment increased by $342.0 million for the year ended December 31, 2010 as compared to the year ended December 31, 2009 primarily due to additional impairment provisions recognized at Summerlin South as described above.

In addition to EBT for the Master Planned Communities, management believes that certain members of the investment community measure the value of the assets in this segment to the Company based on a computation of their annual contribution to liquidity and capital available for investment. Accordingly, the following table showing MPC Net Contribution for 2010 and 2009 is presented. MPC Net Contribution is defined as MPC EBT, plus MPC cost of sales, provisions for impairment and depreciation and amortization, and reduced by MPC development and acquisitions expenditures. The improvement in MPC Net Contribution during 2010 compared to 2009 is primarily attributable to increased land sales, the results of efforts to reduce operational costs and lower development and acquisition expenditures. Although MPC Net Contribution can be computed from GAAP elements of income and cash flows, it is not a GAAP based operational metric and should not be used to measure operating performance of the MPC assets as a substitute for GAAP measures of such performance.

MPC Net Contribution

	Year Ended December 31, 2010	2009	$ Increase (Decrease)	% Increase (Decrease)
		(In thousands)		
MPC EBT (*)	$ (385,242)	$ (55,409)	$ (329,833)	(595.3)%
Plus:				
Cost of sales - land	49,504	40,164	9,340	23.3
Provisions for impairments	405,331	63,367	341,964	539.7
Depreciation and amortization	4,481	5,639	(1,158)	(20.5)
Less:				
MPC land/residential development and acquisitions expenditures	57,138	61,226	(4,088)	(6.7)
MPC Net Contribution	$ 16,936	$ (7,465)	$ 24,401	326.9%

(*) Our master planned communities segment includes revenues and expenses related to The Woodlands Partnerships, one of our non-consolidated Real Estate Affiliates (Note 1). For a detailed breakdown of EBT, refer to Note 15.

Operating Assets Segment

We view net operating income as an important measure of the operating performance of our Operating Assets. These assets typically generate rental revenues sufficient to cover their operating costs, and variances between years in net operating income typically results from changes in occupancy, tenant mix and operating expenses. The following reconciles Operating Assets NOI to EBT.

Operating Assets NOI and EBT

	Net Operating Income (NOI) Year Ended December 31, 2010	2009 (In thousands)	$ Increase (Decrease)	% Increase (Decrease)
Operating Assets				
Ward Centers	$ 22,980	$ 22,152	$ 828	3.7%
110 N. Wacker	6,628	4,988	1,640	32.9
South Street Seaport	3,898*	4,524	(626)	(13.8)
Columbia Office Properties	2,765	2,880	(115)	(4.0)
Rio West Mall	1,899	2,040	(141)	(6.9)
Landmark Mall	1,519	2,372	(853)	(36.0)
Riverwalk Marketplace	955	868	87	10.0
Cottonwood Square	484	507	(23)	(4.5)
Park West	366	138	228	165.2
Other properties	1,058	1,667	(609)	(36.5)
Total operating assets NOI	$ 42,552	$ 42,136	$ 416	1.0
Straight-line and market lease amortization rent	(142)	(199)	57	28.6
Provisions for impairment	(80,923)	(50,964)	(29,959)	(58.8)
Depreciation and amortization	(16,017)	(17,367)	1,350	7.8
Interest, net	(16,145)	(13,957)	(2,188)	(15.7)
Operating Assets EBT	$ (70,675)	$ (40,351)	$ (30,324)	(75.2)%

* Includes a provision for bad debt of $1.2 million related to a single tenant.

The increase in NOI of $0.8 million from Ward Centers is primarily due to new specialty leasing tenants taking occupancy in late 2009 and early 2010. The $1.6 million NOI increase at 110 N. Wacker was caused by an increase in the tenant s rental rate effective in November 2009. The $0.9 million decrease in NOI relating to Landmark Mall resulted from a decrease in occupancy as a result of one of the mall s anchor tenants vacating during 2009.

Percentage Change in Major Items of Revenues and Expenses

	Year Ended December 31, 2010	2009 (In thousands)	$ Increase (Decrease)	% Increase (Decrease)
Operating Assets (*)				
Minimum rents	$ 63,962	$ 61,460	$ 2,502	4.1%
Other rental and property revenues	25,574	26,158	(584)	(2.2)
Total revenues	89,536	87,618	1,918	2.2
Rental property real estate taxes	9,764	9,710	54	0.6
Rental property maintenance costs	5,582	4,577	1,005	22.0
Other property operating costs	30,174	29,205	969	3.3
Provision for doubtful accounts	1,606	2,189	(583)	(26.6)
Provision for impairment	80,923	50,964	29,959	58.8
Depreciation and amortization	16,017	17,367	(1,350)	(7.8)
Interest, net	16,145	13,957	2,188	15.7
Total expenses	160,211	127,969	32,242	25.2
Operating Assets EBT	$ (70,675)	$ (40,351)	$ (30,324)	(75.2)%

(*) For a detailed breakdown of our Operating Assets segment EBT, refer to Note 15.

Minimum rents increased by $2.5 million for the year ended December 31, 2010 largely as a result of increased leasing revenue at 110 Wacker, Ward Centers and Riverwalk Marketplace.

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Rental property maintenance costs increased by $1.0 million for the year ended December 31, 2010 primarily as a result of increases at South Street Seaport and Landmark Mall.

Other property operating costs increased by $1.0 million for the year ended December 31, 2010 largely as a result of increases at Ward Centers and Riverwalk Marketplace.

Provision for doubtful accounts decreased by $0.6 million due to improved rent collections at Ward Centers and Landmark Mall.

Operating Assets provisions for impairment increased $30 million for the year ended December 31, 2010 as compared to the year ended December 31, 2009 primarily due to significant impairment provisions recognized 2010 at Riverwalk Marketplace ($56.0 million) and Landmark ($24.4 million) (Note 3) as described above.

Strategic Developments Segment

Our Strategic Development assets generally require substantial future development to achieve their highest and best use, and most of the properties in this segment generate no revenues. Our expenses relating to these assets are primarily related to carrying costs, such as property taxes and insurance and other ongoing costs relating to maintaining the assets in their current condition. If we decide to redevelop a Strategic Development asset, we would expect that, upon completion of redevelopment, that the asset would be reclassified to the Operating Assets segment and NOI would become an important measure of its operating performance.

Percentage Change in Major Items of Revenues and Expenses

	Year Ended December 31, 2010	2009	$ Increase (Decrease)	% Increase (Decrease)
		(In thousands)		
Strategic Developments (*)				
Minimum rents	$ 1,015	$ 1,902	(887)	(46.6)%
Other rental and property revenues	1,669	(2,263)	3,932	173.8
Total revenues	2,684	(361)	3,045	843.5
Rental property operations	11,794	8,403	3,391	40.4
Provisions for impairment	17,102	595,659	(578,557)	(97.1)
Depreciation and amortization	212	2,103	(1,891)	(89.9)
Interest, net	34	(2,724)	2,758	101.2
Total expenses	29,142	603,441	(574,299)	(95.2)
Strategic Developments EBT	$ (26,458)	$ (603,802)	$ 577,344	95.6%

(*) Our strategic developments segment includes revenue and expenses related to certain non-consolidated Real Estate Affiliates. For a detailed breakdown of EBT, refer to Note 15.

Minimum rents decreased $0.9 million for the year ended December 31, 2010 as certain properties within our Strategic Developments segment with tenants had leases expire which were either not renewed or were re-leased to new or existing at lower rental rates.

Other rental and property revenue improved $3.9 million. Included in this line item are condominium sales from our Nouvelle at Natick project, vending, parking, marketing and promotion and gain (loss) on disposition of assets. In 2009, Kendall Town Center sold land parcels at a $3.9 million loss. This loss was partially offset by other income from various Strategic Developments properties.

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Rental property operations increased $3.4 million as certain costs like overhead that were previously capitalized were expensed as development effort on all of the properties in our Strategic Developments segment were postponed.

Strategic Developments provisions for impairment decreased $578.6 million for the year ended December 31, 2010 as compared to the year ended December 31, 2009 primarily due to significant impairment provisions recognized in 2009 at Elk Grove Promenade ($175.3 million) and the Shops at Summerlin ($176.1 million) as well as certain other projects as detailed in Note 3.

Certain Significant Consolidated and Combined Revenues and Expenses

The following table contains certain significant revenues and expenses on a consolidated and combined basis. Variances related to revenues and expenses included in NOI are explained within the segment variance discussion contained within this Item 7 using the combined consolidated and proportionate share of our non-consolidated Real Estate Affiliates revenues and expenses associated with the related segment. Significant variances for combined revenues and expenses not included in NOI are described below.

	Year Ended December 31,		$ Increase	% Increase
(In thousands)	**2010**	**2009**	**(Decrease)**	**(Decrease)**
Minimum rents	$ 66,926	$ 65,653	$ 1,273	1.9%
Tenant recoveries	18,567	19,642	(1,075)	(5.5)
Master Planned Community land sales	38,058	34,563	3,495	10.1
Builder price participation	4,124	5,687	(1,563)	(27.5)
Other land sales revenues	5,384	5,747	(363)	(6.3)
Other rental and property revenues	9,660	5,056	4,604	91.0
Master Planned Community cost of sales	(23,388)	(22,020)	1,368	6.2
Master Planned Community land sales operations	(29,041)	(27,042)	1,999	7.4
Rental property real estate taxes	(14,530)	(13,813)	717	5.2
Rental property maintenance costs	(6,495)	(5,586)	909	16.3
Other property operating costs	(37,893)	(34,810)	3,083	8.9
Provision for doubtful accounts	(1,782)	(2,539)	(757)	(29.8)
General and administrative	(21,538)	(23,023)	(1,485)	(6.4)
Provisions for impairment	(503,356)	(680,349)	(176,993)	(26.0)
Depreciation and amortization	(16,563)	(19,841)	(3,278)	(16.5)
Interest income	369	1,689	(1,320)	(78.1)
Interest expense	(2,422)	(977)	1,445	147.9
Warrant liability expense	(140,900)		140,900	n/a
Benefit from income taxes	633,459	23,969	609,490	2,542.8
Equity in income (loss) of Real Estate Affiliates	9,413	(28,209)	37,622	133.4
Reorganization items	(57,282)	(6,674)	50,608	758.3
Discontinued operations - loss on dispositions		(939)	(939)	(100.0)
Net income (loss)	$ (69,230)	$ (703,816)	$ 634,586	90.2%

Emergence initiatives, included in general and administrative costs, for the year ended December 31, 2009 consist of professional fees for restructuring that were incurred prior to the filing for protection under the Bankruptcy Code of certain of our subsidiaries. Similar costs incurred after filing for protection under the Bankruptcy Code are recorded as reorganization items.

We recognized impairment charges of $503.4 million for the year ended December 31, 2010 and $680.3 million for the year ended December 31, 2009 as described above and in Note 3.

The impairment charges recognized in 2010 were as follows:

- $2.6 million to the Gateway Master Planned Community in Columbia, Maryland;
- $56.8 million to the Columbia Master Planned Community in Columbia, Maryland;
- $345.9 million to the Summerlin South Master Planned Community in Las Vegas, Nevada;
- $24.4 million to the Landmark mall development in Alexandria, Virginia;

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- $56.0 million to the Riverwalk Marketplace development in New Orleans, Louisiana;
- $12.9 million to the Century Plaza Mall development in Birmingham, Alabama;
- $4.1 million to the Nouvelle at Natick project located in Boston, Massachusetts;
- $0.6 million related to the write down of various pre-development costs that were determined to be non-recoverable due to the termination of associated projects.

The impairment charges recognized in 2009 were as follows:

- $52.8 million to the Fairwood Master Planned Community in Columbia, Maryland;
- $27.3 million to the Landmark Mall development in Alexandria, Virginia;
- $29.1 million to the Allen development in Allen, Texas;
- $50.8 million to the Cottonwood Mall development in Holladay, Utah;
- $35.1 million to the Kendall development in Miami, Florida;
- $22.3 million to the West Windsor development in Princeton, New Jersey;
- $16.6 million to the Bridges at Mint Hill development in Charlotte, North Carolina;
- $175.3 million to the Elk Grove Promenade development in Elk Grove, California;
- $176.1 million to the Shops at Summerlin Center development in Las Vegas, Nevada,
- $6.7 million to the Redlands Promenade development in Redlands, California;
- $5.5 million to the Village at Redlands in Redlands, California;
- $55.9 million related to the Nouvelle at Natick project located in Boston, Massachusetts; and
- $26.9 million related to the write down of various pre-development costs that were determined to be non-recoverable due to the termination of associated projects.

In addition, four regions or projects within our Master Planned Communities had impairment indicators and carrying values in excess of estimated fair value at December 31, 2010. Aggregate undiscounted cash flows for such master planned communities projects significantly exceeded their respective aggregate book values and therefore no further impairment provisions were required with respect to such projects at December 31, 2010. The significant assumptions in our Master Planned Communities segment relate to future sales prices of land and future development costs needed to prepare land for sale, over the planned life of the project, which are based, in part, on assumptions regarding sales pace, timing of related development costs, and the impact of inflation and other market factors. With respect to operating properties within our Operating Assets segment at December 31, 2010, beyond the properties with impairment provisions listed above, there were an additional four operating properties which had impairment indicators and carrying values in excess of estimated fair value. The undiscounted cash flow for such four operating properties exceeded their book values by 132%. The significant assumption for three of these operating properties is our future revenue assumption and for one of these operating properties is net operating income. The combined book value of the four properties is $102.6 million. A 10% reduction in revenues for the three properties and a 10% reduction in NOI for the other would reduce the 132% of excess of cash flow over book value to approximately 120%.

The decrease in depreciation and amortization for the year ended December 31, 2010 primarily resulted from the decrease in buildings and equipment due to the impairment charges recorded in fiscal year 2009.

Interest expense increased during the year ended December 31, 2010 primarily due to a $1.9 million increase in the amortization of debt market rate adjustments partially offset by a $0.4 million decrease in the amortization of deferred finance costs.

The increase in the benefit for income taxes for the year ended December 31, 2010 was primarily attributable to the creation of certain deferred tax assets prior to the Separation as a result of the transfer of certain of our predecessors

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REIT assets to taxable entities (Note 8) and decrease in deferred tax liabilities due to our impairments, partially offset by a significant increase in valuation allowances compared to the year ended December 31, 2009.

The $37.6 million increase in our equity in income (loss) of Real Estate Affiliates in 2010 is primarily due to the 2009 recognition of $10.6 million of impairment on our investment in Circle T as well as the recognition in 2009 by the Circle T venture of impairment of $38.1 million, of which our share was $19.0 million. (Note 6)

Reorganization items under the bankruptcy filings are expense or income items that were incurred or realized by our predecessors as a result of their bankruptcy. These items include professional fees and similar types of expenses incurred directly related to the bankruptcy filings, gains or losses resulting from activities of the reorganization process, including gains related to recording the mortgage debt at fair value upon emergence from bankruptcy and interest earned on cash accumulated by the our predecessors. See Note 2 Reorganization Items for additional detail.

As described in Note 1, our net income in 2010 reflects our operations prior to and subsequent to the spin-off from GGP. Income for the period prior to the spin-off, as detailed in the accompanying Statement of Equity, was attributable to GGP and reflects significant income tax benefits from restructuring (Note 8). The loss subsequent to the spin-off of $528.5 million is primarily attributable to the impairment charges and warrant liability expense described above.

Year Ended December 31, 2009 and 2008

Master Planned Communities Segment

MPC revenues vary between years based on economic conditions and several factors such as location, development density and commercial or residential use, among others. Reported results may differ significantly from actual cash flows generated principally because cost of sales is based on our carrying value of land, a majority of which was acquired in prior years and may also have also have been written down through impairment charges in prior years. Current year expenditures for improvements are capitalized and therefore would not be reflected in the income statement in the current year unless the related land was also sold.

MPC Sales Summary

		Land Sales		Acres Sold		Number of Lots/Units		Price per acre		Price per lot	
		Year Ended December 31,									
		2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
		($ in thousands)									
Residential Land Sales											
Columbia	Single Family - detached	$ 500	$ 5,513	1	7	4	28	$ 531	$ 780	$ 125	$ 197
	Townhomes	3,006		2		33		1,775		91	
	High/Mid Apartments	3,125		8		164					

	Single Family - detached (Fairwood)	15,000	345	239	1	636	3		442		115
Bridgeland	Single Family - detached	10,239	10,020	41	39	204	177	251	259	50	57
Summerlin	Custom Lots	550	8,043	0	4	1	8	1,618	1,828	550	1,005
Woodlands	Single Family - detached	47,917	78,509	135	210	557	680	354	374	86	115
	Single Family - attached		6,966		12		187				
Subtotal		80,337	109,396	426	273	1,599	1,083				
Commercial Land Sales											
Columbia	Warehouse		13,250		39		5				
	Office		240				1				
Summerlin	Retail	4,564		4							
Bridgeland	Not-for-Profit	741		15				50			
Woodlands	Office and other	3,603	6,725	49	21			74	319		
	Apartments and assisted living	7,150	15,685	19	11			370	1,403		
	Retail	674	5,024	3	7			261	761		
	Hotel	3,379	1,052	5	2			672	523		
Subtotal		20,111	41,976	95	80						
Total acreage sales revenues		100,448	151,372								
Deferred revenue		(3,409)	393								
SID		248	124								
Venture partner s share of The Woodlands Partnerships acreage sales		(29,794)	(54,131)								
Total segment Land sale revenue		$ 67,493	$ 97,758								

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

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In 2009, we sold 426 residential acres compared to 273 acres in 2008, including 239 acres in the bulk Fairwood sales discussed above. Variances in residential selling prices per lot and per acre are principally caused by type of lot sold, its location and intended development density. Fewer transactions, such as in 2009 and 2008, also created more variability in per acce and per lot comparisons. Although we sold 95 acres of commercial lots in 2009 compared to 85 acres in 2008, average prices for lots declined as compared to 2008.

Percentage Change in Major Items of Revenues and Expenses

	Year Ended December 31, 2009	2008 (In thousands)	$ Increase (Decrease)	% Increase (Decrease)
Master Planned Communities (*)				
Land sales	$ 67,493	$ 97,758	$ (30,265)	(31.0)%
Other land sales revenues	16,497	40,988	(24,491)	(59.8)
Other rental and property revenues	16,302	11,406	4,896	42.9
Total revenues	100,292	150,152	(49,860)	(33.2)
Cost of sales - land	40,164	54,075	(13,911)	(25.7)
Land sales operations	42,291	55,272	(12,981)	(23.5)
Rental property operations	13,054	13,854	(800)	(5.8)
Provisions for impairments	63,367		63,367	100.0
Depreciation and amortization	5,639	4,574	1,065	23.3
Interest, net	(8,814)	(6,071)	(2,743)	(45.2)
Total expenses	155,701	121,704	33,997	27.9
MPC EBT	$ (55,409)	$ 28,448	$ (83,857)	(294.8)%

(*) Our master planned communities segment includes revenues and expenses related to The Woodlands Partnerships, one of our non-consolidated Real Estate Affiliates (Note 1). For a detailed breakdown of EBT, refer to Note 15.

Land sales decreased $30.3 million for the year ended December 31, 2009 as compared to the year ended December 31, 2008 due to the factors described more fully above.

Other land sale revenues decreased $24.5 million for the year ended December 31, 2009 primarily as a result of a reduction in other revenue at our Summerlin community as forfeited land sales deposits and profit participation on a prior land sale that was received in 2008, was not received in 2009.

Other rental and property revenues increased in 2009 by approximately $4.9 million due to increased rental and property revenues at the Woodlands Partnerships.

Cost of land sales decreased $13.9 million for the year ended December 31, 2009 related to the decrease in land sales. This item is based on our carrying value of the lots sold and may vary based open our historical purchase price of the land, the amount of any impairments recorded on the land, and amount of improvements we made to the land.

Land sales operations includes payroll and overhead, marketing and other land sale related costs as well as a reduction in CSA participation expense (Note 2). CSA participation expense changed $7.5 million from the previous year. At the end of December 31, 2009, the Company was due $5.3 million from the heirs of Howard Hughes which represented their share of negative income as defined in the Contingent Stock Agreement. In 2008 we owed the heirs of Howard Hughes $2.1 million which represented their share of net income as defined in the Contingent Stock Agreement. In 2010, GGP settled and paid all remaining obligations under the Contingent Stock Agreement. The remaining decline was due to our efforts to decrease costs associated with payroll and marketing due to the sluggish economy. Sales operations costs were also reduced as a result of reduced settlement costs.

Rental property operations declined $0.8 million for the year ended December 31, 2009 primarily as a result of reduced play at our golf operations and the reduction of operating costs associated with certain office properties.

In addition to EBT for the Master Planned Communities, management believes that certain members of the investment community measure the value of the assets in this segment to the Company based on a computation of their annual contribution to liquidity and capital available for investment. Accordingly, the following table showing MPC Net Contribution for 2009 and 2008 is presented. MPC Net Contribution is defined as MPC EBT, plus MPC cost of sales, provisions for impairment and depreciation and amortization, and reduced by MPC development and acquisitions expenditures. The improvement in MPC Net Contribution during 2009 compared to 2008 is primarily attributable to lower development and acquisitions expenditures. Although MPC Net Contribution can be computed from GAAP elements of income and cash flows, it is not a GAAP based operational metric and should not be used to measure operating performance of the MPC assets as a substitute for GAAP measures of such performance.

MPC Net Contribution

	Year Ended December 31, 2009	Year Ended December 31, 2008	$ Increase (Decrease)	% Increase (Decrease)
	(In thousands)			
MPC EBT (*)	$ (55,409)	$ 28,448	$ (83,857)	(294.8)%
Plus:				
Cost of sales - land	40,164	54,075	(13,911)	(25.7)
Provisions for impairments	63,367		63,367	n.a.
Depreciation and amortization	5,639	4,574	1,065	23.3
Less:				
MPC land/residential development and acquisitions expenditures	61,226	147,757	(86,531)	(58.6)
MPC Net Contribution	$ (7,465)	$ (60,660)	$ 53,195	87.7%

(*) Our master planned communities segment includes revenues and expenses related to The Woodlands Partnerships, one of our non-consolidated Real Estate Affiliates (Note 1). For a detailed breakdown of EBT, refer to Note 15.

Operating Assets Segment

We view net operating income as an importance measure of the operating performance of our Operating Assets. These assets typically generate rental revenues sufficient to cover their operating costs, and variances between years in net operating income typically results from changes in occupancy, tenant mix and operating expenses. The following reconciles Operating Assets NOI to EBT.

Operating Assets NOI and EBT

	Net Operating Income (NOI) Year Ended December 31, 2009	2008 (In thousands)	$ Increase (Decrease)	% Increase (Decrease)
Operating Assets				
Ward Centers	$ 22,152	$ 25,908	$ (3,756)	(14.5)%
110 N. Wacker	4,988	4,762	226	4.7
South Street Seaport	4,524	3,441	1,083	31.5
Columbia Office Properties	2,880	2,918	(38)	(1.3)
Rio West Mall	2,040	2,167	(127)	(5.9)
Landmark Mall	2,372	3,713	(1,341)	(36.1)
Riverwalk Marketplace	868	(225)	1,093	485.8