

Howard Hughes Corp
Form 10-K
February 29, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(MARK ONE)

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

For the fiscal year ended December 31, 2015

or

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 001-34856

The Howard Hughes Corporation

(Exact name of registrant as specified in its charter)

Delaware	36-4673192
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
13355 Noel Road, 22nd Floor,	75240
Dallas, Texas	
(Address of principal executive offices)	(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:
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Common Stock, \$.01 par value	New York Stock Exchange
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Securities Registered Pursuant to Section 12(g) of the Act: None

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

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 NO

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 NO

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 NO

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.

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

Large accelerated filer

Accelerated filer

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

Smaller reporting company

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

As of June 30, 2015, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$5.7 billion based on the closing sale price as reported on the New York Stock Exchange.

As of February 24, 2016, there were 39,714,838 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement relating to its 2016 Annual Meeting of Stockholders are incorporated by reference in Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K. The registrant intends to file its 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 on Form 10-K (“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,” “believe,” “estimate,” “expect,” “forecast,” “intend,” “likely,” “may,” “plan,” “project,” “realize,” “should,” “tran other statements of similar expression. Forward-looking statements should not be 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. These forward-looking statements present our estimates and assumptions only as of the date of this Annual Report. 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.

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

- our inability to obtain operating and development capital, including our inability to obtain debt capital from lenders and the capital markets;
- slower growth in the national economy and adverse economic conditions in the homebuilding, condominium development and retail sectors;
- the continued negative impact of low oil prices on economic growth of, and demand for our properties in the Houston, Texas region;
- our inability to obtain rents sufficient to justify developing our properties and/or the inability of our tenants to pay their contractual rents;
- our directors may be involved or have interests in other businesses, including real estate activities and investments, which may compete with us;
- 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; and
- the other risks described in “Item 1A. Risk Factors.”

PART I

Throughout this Annual Report, references to the “Company”, “HHC”, “we” and “our” refer to The Howard Hughes Corporation and its consolidated subsidiaries, unless the context requires otherwise.

ITEM 1. BUSINESS

OVERVIEW

Our mission is to be the preeminent developer of master planned communities and mixed-use properties. We create timeless places and extraordinary experiences that inspire people while driving sustainable, long-term growth and value for our shareholders. We specialize in the development of master planned communities (“MPCs”), in the ownership, management and redevelopment of revenue-generating real estate assets (“Operating Assets”), and in the development of other real estate assets in the form of entitled and unentitled land and residential condominium

developments (“Strategic Developments”). We expect to drive income from the growth of our operating asset portfolio, through continued strategic project opportunities, and from ongoing MPC land development and home site sales. We are focused on maximizing value from our assets, and we continue to acquire, develop and manage our assets to achieve this goal. We are headquartered in Dallas, Texas, and our assets are located across the United States.

In contrast to many publicly traded 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 the types of services that we can offer. We believe our structure provides the greatest flexibility for maximizing the value of our real estate portfolio. As of December 31, 2015, our consolidated mortgage, notes and loans payable equaled approximately 42.7% of our total assets, and we had \$445.3 million of cash on hand.

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Our MPCs have won numerous awards for, among other things, design and community contribution. We expect the competitive position and desirable locations 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, residential condominium and home site sales and project developments to drive our long-term growth.

We were incorporated in Delaware in 2010. Through our predecessors, we have been in business for several decades. We operate our business in three segments: MPC, Operating Assets and Strategic Developments. Financial information about each of our segments is presented in Note 17 – Segments of our audited financial statements on pages F-41 to F-44.

Recent Significant Transactions

The Club at Carlton Woods. On September 4, 2015, we sold The Club at Carlton Woods, the 36-hole golf and country club located in The Woodlands for net cash proceeds of \$25.1 million and purchaser’s assumption of net liabilities of \$4.0 million, resulting in a pre-tax gain of \$29.1 million. We developed and operated the club as an amenity to help sell residential lots in a gated community. Most of the lots in the community have been sold, and the club had operating losses of \$0.9 million and \$4.4 million for the years ended December 31, 2015 and 2014, respectively. The sale of this asset will allow us to redeploy capital to our development activities.

Discovery Joint Venture. In the first quarter 2015, we entered into a joint venture with Discovery Land Company (“Discovery”) by contributing undeveloped land at an agreed upon value of \$125.4 million, or \$226,000 per acre. Discovery is a leading developer of private clubs and luxury communities. The joint venture intends to develop an exclusive luxury community on approximately 555 acres of undeveloped land within our Summerlin MPC. The community is named The Summit and will have approximately 270 homes, an 18-hole Tom Fazio-designed golf course and other amenities for residents. Lot prices are expected to range from \$2 million to \$8 million. Discovery is the manager of the project and is responsible for funding development costs. The project will accelerate infrastructure improvements that will benefit our adjacent land, and accelerates the monetization of this land significantly ahead of our prior development plans. Development began in the second quarter 2015 and the first lot sales are expected to begin closing in 2016. Please refer to Note 5 – Real Estate and Other Affiliates for further description of this joint venture.

Seaport District Assemblage. During the first quarter 2015, we acquired a 58,000 square foot commercial building and air rights with total residential and commercial development rights of 196,133 square feet for \$91.4 million. On December 29, 2014, in two separate transactions, we acquired a 48,000 square foot commercial building on a 15,744 square foot lot and certain air rights with total residential and commercial development rights of 621,651 square feet for \$136.7 million. These combined acquisitions create a 42,694 square foot lot with 817,784 square feet of available development rights. These properties are collectively referred to as the Seaport District Assemblage and are located in close proximity to our South Street Seaport property.

Tax Indemnity Settlement. On December 12, 2014, as part of a tax indemnity and mutual release agreement (the “Settlement Agreement”) with General Growth Properties, Inc. (“GGP”) for a release of GGP’s obligation for reimbursement of taxes related to sales of certain MPC assets during years in which those assets were owned by GGP (Please refer to Note 9 – Income Taxes), we received \$138.0 million in cash and six office buildings, referred to as 10-60 Columbia Corporate Center, consisting of 699,884 square feet located in downtown Columbia, Maryland valued at \$130.0 million.

On December 15, 2014, we made a payment totaling \$203.3 million to the IRS in satisfaction of a judgment entered by the Tax Court in favor of the IRS with respect to the MPC taxes and filed an appeal of the Tax Court’s decision to

the Fifth Circuit Court of Appeals. The court affirmed the Tax Court ruling on October 27, 2015; consequently, we will no longer use the completed contract method of tax accounting at our Summerlin MPC. All taxes and interest due related to this decision were paid when the appeal was filed. This ruling will accelerate the use of our tax attributes and change the timing of future tax payments.

Overview of Business Segments

The following describes our three business segments and provides a general description of each of the assets comprising these segments. This section should be referred to when reading “Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations” which contains financial and performance information for many of these assets.

Master Planned Communities. Our Master Planned Communities segment includes the development and sale of residential and commercial land, primarily in large-scale long-term projects. Our five master planned communities, listed according to total acreage, are: The Woodlands, Summerlin, Maryland, Bridgeland and The Woodlands Hills.

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Our master planned communities include over 12,000 acres of land remaining to be developed or sold. Residential sales, which are made primarily to homebuilders, include standard and custom parcels designated for detached and attached single and multi-family homes, ranging from entry-level to luxury homes. Commercial sales include land parcels designated for retail, office, resort, high density residential projects (e.g., condominiums and apartments), services and other for-profit activities, as well as those parcels designated for use by government, schools and other not-for-profit entities. Our strategy is to retain commercial land for our own development unless we deem its intended use will not compete with our existing assets and current development plans.

Operating Assets. Our Operating Assets segment contains 52 properties, investments and other assets that generate revenue, consisting of retail, office, multi-family and hospitality properties. Including properties in joint ventures, this segment includes 13 retail properties, 23 office properties, five multi-family buildings, two hospitality assets, and nine other operating assets and investments. We believe that there are opportunities to redevelop or reposition certain of these assets to increase operating performance, including several retail properties and some of the office properties located in Columbia, Maryland. These opportunities will require new capital investment and vary in complexity and scale. The redevelopment opportunities range from minimal disruption to the property to the partial or full demolition of existing structures for new construction.

Strategic Developments. Our Strategic Developments segment consists of 26 development projects. We believe most of these assets will require substantial future development to achieve their highest and best use. We are in various stages of creating or executing strategic plans for many of these assets based on market conditions and availability of capital. As of December 31, 2015, we had nine properties under construction and not yet placed into service, representing total estimated aggregate project costs totaling \$1.6 billion. These projects include one Operating Asset, South Street Seaport, that is undergoing redevelopment and one multi-family property being developed in a joint venture. In addition to the permitting and approval process required in almost all large-scale real estate developments of this nature, we generally obtain construction financing to fund a majority of the costs associated with developing these assets.

The chart below presents our assets classified by reportable segment and predominant use at December 31, 2015:

Master Planned Communities	Operating Assets		Strategic Developments	
	Retail	Office	Under Construction	Other
• Bridgeland	Columbia Regional Building	10-70 Columbia Corporate Center	Anaha	Ae'o (e)
• Maryland	Cottonwood Square	Columbia Office Properties	HHC 242 Self-Storage	Alameda Plaza
• Summerlin (a)	Creekside Village Green (c)	1725-35 Hughes Landing Boulevard (c)	Lakeland Village Center	AllenTowne
• The Woodlands	Downtown Summerlin	One Hughes Landing	One Merriweather	Bridges at Mint Hill
• The Woodlands Hills (b)	Hughes Landing Retail (c)	Two Hughes Landing	Constellation (d)	Century Plaza Mall
	1701 Lake Robbins	2201 Lake Woodlands Drive	Three Hughes Landing	Circle T Ranch and
	Landmark Mall	9303 New Trails	Waiea	Power Center (d)

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Outlet Collection at Riverwalk Park West	110 N. Wacker One Summerlin (c)	Waterway Square Hotel (Westin)	Cottonwood Mall HHC 2978 Self-Storage
South Street Seaport (under construction) Ward Village	3831 Technology Forest Drive 3 Waterway Square 4 Waterway Square		80% Interest in Fashion Show Air Rights Kendall Town Center
20/25 Waterway Avenue Waterway Garage Retail	1400 Woodloch Forest		Lakemoor (Volo) Land Maui Ranch Land
Multi-family Millennium Waterway Apartments Millennium Woodlands Phase II (e)	Other Golf Courses at TPC Summerlin and TPC Las Vegas (participation interest)		The Outlet Collection at Elk Grove (f) Parcel C (d) Seaport District Assemblage Gateway Towers Ke Kilohana (g)
One Lakes Edge (c) 85 South Street	Kewalo Basin Harbor Merriweather Post Pavilion		West Windsor
The Metropolitan Downtown Columbia (c) (d)	Stewart Title of Montgomery County, TX (d) Summerlin Hospital Medical Center (d)		
Hospitality Hughes Landing Hotel (c) (Embassy Suites) The Woodlands Resort & Conference Center	Summerlin Las Vegas Baseball Club (d) The Woodlands Parking Garages Woodlands Sarofim #1 (d)		

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- (a) The Summerlin MPC includes The Summit, our Discovery joint venture.
(b) Formerly known as the Conroe MPC.
(c) Asset was placed in service and moved from the Strategic Developments segment to the Operating Assets segment during 2015.
(d) A non-consolidated investment. Refer to Note 5 – Real Estate and Other Affiliates.
(e) Formerly known as Ward Block M.
(f) Formerly known as Elk Grove Promenade.
(g) Formerly known as Ward Workforce Towers.

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Master Planned Communities

The development of master planned communities requires expertise in large-scale and long-range land use planning, residential and commercial real estate development and sales. These developments often require decades of investment and continual focus on the changing market dynamics surrounding the communities. We believe that the long-term value of our master planned communities remains strong because of their competitive positioning in their respective markets, our expertise and flexibility in land use planning and the fact that we have substantially completed the entitlement processes within the majority of our communities.

Our MPC segment consists of the development and sale of residential land and the development of commercial land to hold, develop or sell. Our master planned communities are located in and around Houston, Texas; Las Vegas, Nevada; and Columbia, Maryland. Residential revenues are generated primarily from the sale of finished lots and undeveloped superpads to residential homebuilders and developers. We also occasionally sell or lease land for commercial development when we deem its use will not compete with our existing properties or our strategy. Superpad sites are generally 20 to 25 acre parcels of unimproved land where we develop and construct the major utilities (water, sewer and storm drain) and roads to the borders of the parcel and the homebuilder completes the on-site utilities, roads and finished lots. Revenue is also generated through price participation with homebuilders. Revenues, net income and our ability to execute planned development are affected by factors such as: (1) the availability of construction and permanent mortgage financing to purchasers at acceptable interest rates; (2) consumer and business confidence; (3) regional economic conditions in the areas surrounding the projects, which includes levels of employment and homebuilder inventory; (4) availability of saleable land for particular uses; (5) our decisions to sell, develop or retain land; and (6) other factors generally affecting the homebuilder business and sales of residential properties.

The following table summarizes our master planned communities, all of which are wholly-owned as of December 31, 2015:

Community	Location	Total Gross Acres (a)	Approx. No. People Living in Community	Remaining Saleable and Developable Acres		Total	Remaining Saleable Residential Lots (d)
				Residential (b)	Commercial (c)		
Bridgeland	Houston, TX	11,400	7,800	3,293	1,010	4,303	17,179
Maryland	Columbia, MD	16,450	112,000	-	108	108	-
Summerlin	Las Vegas, NV	22,500	105,000	4,036	830	4,866	40,000
The Woodlands	Houston, TX	28,475	112,500	799	785	1,584	1,192
The Woodlands Hills (g)	Conroe, TX	2,116	-	1,493	171	1,664	5,096
Total		80,941	337,300	9,621	2,904	12,525	63,467

(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 areas, conservation areas and parcels acquired during the year.

(b) Includes standard, custom and high density residential land parcels. Standard residential lots are designed for detached and attached single and multi-family homes, ranging from entry-level to luxury homes. Certain residential parcels are designated as custom lots as their premium price reflects a larger size and other

distinguishing features such as location within a gated community, having golf course access or higher elevations. High density residential includes townhomes and condominiums.

- (c) 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.
- (d) Remaining Saleable Residential Lots are estimates and include only lots that are intended for sale or joint venture. The mix of intended use on our remaining saleable and developable acres is primarily based on assumptions regarding entitlements and zoning of the remaining project and are likely to change over time as the master plan is refined.
- (e) Remaining Saleable Residential Lots may decrease based on a revised land plan that is being finalized as of February 2016.
- (f) Amount represents remaining entitlements, not necessarily the number of lots that will ultimately be developed and sold.
- (g) Formerly known as the Conroe MPC. Total gross acres include 61 acres of land under contract to be acquired for \$2.5 million in 2016.

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Houston, Texas MPCs

Bridgeland

Bridgeland was recognized as the 2015 Community of the Year by the Texas Association of Builders and received numerous awards at the 2015 Greater Houston Builders Association PRISM ceremony. The first residents moved into their homes in June 2006. When fully developed, we expect Bridgeland will contain more than 3,000 acres of waterways, lakes, trails, parks and open spaces, as well as an expansive Town Center that will provide employment and land for retail, educational and entertainment facilities. The MPC is being developed to eventually accommodate approximately 20,000 homes and 65,000 residents.

Bridgeland's conceptual plan includes four villages, Lakeland Village, Parkland Village, Prairieland Village and Creekland Village, a 900-acre Town Center mixed-use district and a carefully designed network of trails totaling over 60 miles that will provide pedestrian connectivity to distinct residential villages and neighborhoods and access to recreational, educational, cultural, employment, retail, religious and other offerings. The Town Center will be located adjacent to the Grand Parkway, a 180-mile circumferential highway traversing seven counties and encircling the Greater Houston region, providing direct access to the Town Center and to future residential sections of Bridgeland. Additional segments of the Grand Parkway were completed in February 2016 and now connect Bridgeland to The Woodlands, the new ExxonMobil Campus and Houston's George Bush Intercontinental Airport. The Woodlands senior management team members, each of which have over 20 years of experience developing master planned communities, are leading the development and marketing of Bridgeland.

Bridgeland's first five neighborhoods are located in Lakeland Village, which totals 2,275 acres and has many home sites that have views of the water, buried power lines to maximize the views of open space, fiber-optic technology, brick-lined terrace walkways and brick, stone and timber architecture. The prices of the homes range from approximately \$250,000 to more than \$1.0 million. Lakeland Village is approximately 85% complete and is anchored by a 6,000 square foot community center that features a water park with three swimming pools, two lighted tennis courts and a state-of-the-art fitness room. We are currently developing Lakeland Village Center, our first retail property in Bridgeland, which will be completed in the second quarter 2016. A grand promenade wrapping around Lake Bridgeland offers a boat dock, canoes, kayaks, sailboats and paddleboats. Design work is underway for Parkland Village, which totals 1,842 acres and will be the next phase of our development as Lakeland Village reaches build-out. Bridgeland has approximately 2,300 homes occupied by approximately 7,800 residents as of December 31, 2015.

The Woodlands

The Woodlands is a mixed-use, self-contained master planned community approximately 1.5 times the size of Manhattan, New York, located 27 miles north of Houston, Texas. The Woodlands provides an exceptional lifestyle and integrates recreational amenities, residential neighborhoods, commercial office space, retail shops and entertainment venues. Approximately 28% of The Woodlands is dedicated to green space, including parks, pathways, open spaces, golf courses and forest preserves.

The Woodlands has consistently ranked as one of the top master planned communities in the nation with regard to annual home sales. During its 41-year history, The Woodlands has won numerous awards, most recently being recognized as the Master Planned Community of the Year in 2015 by the Greater Houston Builders Association (GHBA), which is GHBA's most coveted award. The Woodlands has led the way among master planned communities that practice environmental preservation.

Home site sales began in 1974. To maximize long term values, the development started with residential activity with land reserved for the eventual development of a town center containing office, retail, multi-family and hotel properties

to serve the residents. Over time, the residential success created demand for commercial development. In recent years, the commercial and residential components have achieved significant appreciation in values and acceleration of development. Additionally, by virtue of the fact that we own most of the undeveloped available land in The Woodlands, we have substantial influence over the market.

As of December 31, 2015, there were approximately 41,850 homes occupied by approximately 112,000 residents and approximately 2,180 businesses providing employment for approximately 63,000 people. The population is projected to increase to approximately 131,000 by 2025. We estimate that The Woodlands has a jobs to home ratio of approximately 1.5 to 1.0. This ratio implies that many residents also work within The Woodlands, making it a more attractive place to live compared to purely residential communities by improving quality of life through short commute times. Since its inception, The

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Woodlands has sought to maintain a wide array of home choices and marketed that information to the realtor community as it is critical in providing guidance to the corporate relocation homebuyer. As a result of this effort, over the last ten years, The Woodlands has achieved an average of approximately 42% of new home sales attributable to “Outside of Houston Area” residents.

As of December 31, 2015, The Woodlands had 785 acres of land designated for commercial use remaining to be sold or developed. The Woodlands is well positioned to compete against other commercial developers in the area because we have the largest inventory of vacant commercial land available in the area and we offer virtually every product type being sought by our customers. We plan to develop most, if not all, of the future office, retail and apartment sites ourselves; however, some sites will be sold or ground leased to third parties for their own use when a compelling strategic or financially opportunistic reason exists to sell or lease the land. Examples include institutional projects such as churches, schools and medical facilities, including hospitals, medical office buildings, nursing homes and emergency clinics. Other uses that will in all likelihood be sold or leased include free standing fast food sites, gas station sites and day care sites. The mix of acreage designated for development versus sale or lease may change over time based on market conditions, projected demand, our view of the economic benefits of developing or selling and other factors.

The Woodlands has full or partial ownership interests in commercial properties totaling approximately 2.1 million square feet of office space (of which 1.8 million square feet are complete and 320,000 square feet are under construction), 437,821 square feet of retail and service space, 1,097 rental apartment units and 1,320 self-storage units (under construction). We also own and operate a 406-room resort and conference center facility, a 205-room Embassy Suites and a 302-room Westin Hotel (under construction). The Westin is scheduled to open in March 2016 and the Embassy Suites opened on December 30, 2015. These commercial properties are more fully described under “Operating Assets.”

We believe the completion of The Grand Parkway linking The Woodlands and Bridgeland to the new ExxonMobil campus and the rest of the greater Houston area will be a further catalyst to attracting potential residents to our Houston master planned communities. Construction of the segments of The Grand Parkway that serve The Woodlands and Bridgeland was completed in February 2016.

The Woodlands Hills (formerly Conroe MPC)

Many of Houston’s prominent master planned communities are approaching build-out with few new communities to replace them. As such, we believe that there is a significant opportunity to introduce another master planned community in the Far North Houston submarket. The demand for this site was validated by research/demand studies from Robert Charles Lesser and Co. and MetroStudy, two well-known residential and commercial consulting firms.

The current land development plan for The Woodlands Hills includes 2,116 acres, of which 2,055 acres were acquired in 2014 and another 61 acres are under contract to close in 2016. The land plan includes 1,493 acres dedicated to residential lot development and 171 acres dedicated to commercial and institutional land development. Planning for site development was underway during 2015, and we currently expect to begin water, sewer and drainage construction in the third quarter 2016 with the first lots sold in the fourth quarter 2017.

The Woodlands Hills is well positioned to take advantage of its location, within the path of future development along I-45 north of The Woodlands and its close proximity to the ExxonMobil campus. In addition, the new master planned community benefits from several east-west thoroughfares that provide convenient access to local and regional destinations such as Lake Conroe. We expect to deliver an amenity package to appeal to families. The amenities will include a park, village centers, pathways and common areas. The clubhouse will open in 2017 and serve as a marketing tool for the community. Commercial developments will be incorporated over time similar to Creekside

Village Green in The Woodlands. The terrain features rolling hills and dense tree cover, appropriate for utilizing the reputation and brand of The Woodlands.

Maryland (Howard County, Maryland)

The Maryland community has no more remaining acreage for single family homes and represents primarily a commercial real estate development opportunity. It consists of four distinct communities known as Columbia, Gateway, Emerson and Fairwood. Columbia is the largest community and also where we believe the greatest commercial real estate development potential exists.

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Columbia

Columbia, located in Howard County, Maryland, is an internationally recognized model of a successful master planned community that began development in the 1960's. Located between Baltimore and Washington, D.C., and encompassing 14,200 acres of land, Columbia offers a wide variety of living, business and recreational opportunities. The master planned community's full range of housing options is located in nine distinct, self-contained villages and a Town Center. Columbia has an estimated 5,000 businesses, which occupy approximately 22.9 million square feet of space and provide more than 73,000 jobs. There is a wide variety of retail options encompassing approximately 8.0 million square feet of retail space.

In 2015, we began development of the Merriweather District and approximately 35 acres were transferred to our Strategic Developments segment. Please refer to our Strategic Developments section for our development plans relating to this acreage. Approximately 40 acres of additional undevelopable land remains in Columbia.

Gateway/Emerson/Fairwood

The remaining three communities (Gateway, Emerson and Fairwood) consist of 2,250 acres, with 108 acres remaining to be sold, all of which are entitled for commercial development. In addition, Fairwood owns a few undedicated open space parcels and 24 acres of unsubdivided land which cannot be developed as long as the nearby airport is operating.

Summerlin (Las Vegas, Nevada)

Spanning the western rim of the Las Vegas Valley and located approximately nine miles from downtown Las Vegas, our Summerlin Master Planned Community is comprised of planned and developed villages and offers suburban living with accessibility to the Las Vegas Strip. For much of its 26-year history, Summerlin has consistently ranked in the Robert Charles Lesser annual poll of Top-Selling Master Planned Communities in the nation, ranking 6th for 2015. With 23 public and private schools (K-12), four institutions of higher learning, nine golf courses, cultural facilities and health and medical centers, Summerlin is a fully integrated community. The first residents moved into their homes in 1991. As of December 31, 2015, there were approximately 41,800 homes in Summerlin. Summerlin's population is expected to exceed 200,000 residents upon sell-out.

Summerlin is comprised of hundreds of neighborhoods located in 20 developed villages, out of 30 planned, with more than 150 parks that are all connected by a 150-mile long trail system. Summerlin is located adjacent to the Red Rock Canyon National Conservation Area, which has become a world-class hiking and rock climbing destination and attracts more than one million visitors annually. Summerlin contains approximately 2.1 million square feet of developed retail space and 3.3 million square feet of developed office space, in addition to the approximately 1.4 million square feet of retail and office space comprising our Downtown Summerlin development. In addition, there are three hotel properties owned by third parties containing approximately 1,400 hotel rooms within the MPC. The Downtown Summerlin area contains approximately 400 acres designated for residential and commercial development. We own approximately 300 acres of this land with the remaining acreage anchored by The Red Rock Casino, Resort & Spa and Life Time Fitness. Our Downtown Summerlin development opened in October 2014 and 90.6% of the retail space was leased as of February 1, 2016. We believe that the opening of this project has significantly increased the desirability and value of our surrounding land due to the addition of retail, office, restaurant and entertainment amenities. Please refer to Downtown Summerlin under "Operating Assets" for a more complete description of this development.

Summerlin is divided into three separate regions known as Summerlin South, Summerlin West and Summerlin North. In Summerlin South, we are entitled to develop 740 acres of commercial property with no square footage restrictions, 493 of such acres, including our 106-acre Downtown Summerlin project, are either developed or committed to

commercial development. The remaining 247 acres are under our control for future commercial development. We also have entitlements for an additional 17,000 residential units yet to be developed in Summerlin South. In Summerlin West, we are entitled to develop 5.85 million square feet of commercial space on up to 508 acres of which 100,000 square feet has already been developed into a grocery store anchored shopping center. We are also entitled to develop 30,000 residential units in Summerlin West. Approximately 7,000 units are existing homes or lots already sold to homebuilders, and 23,000 of which remain to be developed. The remaining 40,000 saleable residential lots represent Summerlin's total entitlements, and utilization of these entitlements will be based on current and forecasted economic conditions. Summerlin North is fully developed and sold out.

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Operating Assets

In our Operating Assets segment, we own a variety of asset types including retail, office, multi-family, hospitality and other assets and investments that generate revenue. Many of these assets have been developed by us since our spin-off in 2010. For certain of the remaining assets, primarily several of our retail properties and the Columbia office properties, we believe that there are opportunities to improve their operating performance through redevelopment or repositioning. 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; (4) compatibility of the physical site with proposed uses; and (5) 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. Redevelopment plans for these assets may include office, retail or residential space, shopping centers, movie theaters, parking complexes and open space. Any future redevelopment may require that we obtain permits, licenses, consents and/or waivers from various parties. Our Operating Assets portfolio includes approximately 6.9 million square feet of retail and office, 804 wholly-owned multi-family units, 611 combined keys at hospitality properties, and other properties and investments as detailed on the following pages. This section contains a general description of each of the assets contained in our Operating Assets segment. For a detailed discussion of the financial performance of our Operating Assets please refer to “Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Retail

Our retail portfolio includes approximately 3.5 million square feet and includes the following properties:

Columbia Regional Building (Columbia, Maryland)

The Columbia Regional Building, designed by Frank Gehry, was restored and redeveloped in 2014. The 88,556 square foot building re-opened with Columbia’s first Whole Foods Market. We believe that the redeveloped building continues to serve as a catalyst for future development in downtown Columbia.

Cottonwood Square (Salt Lake City, Utah)

Cottonwood Square is a 77,079 square foot community retail center situated in a high traffic area. This site is across from Cottonwood Mall, one of our Strategic Developments, which provides an opportunity for redevelopment synergies. For more information regarding our development activities, please refer to our Strategic Developments segment.

Downtown Summerlin (Las Vegas, Nevada)

Downtown Summerlin is an open-air retail, office and dining development comprised of approximately 1.6 million square feet that was opened in October 2014. It consists of a Fashion Center with two department store anchor tenants, a pad for multiple small-shop retail stores, restaurants and an approximately 280,000 square foot marketplace consisting of big box and junior anchor retail space.

Landmark Mall (Alexandria, Virginia)

Anchored by Macy’s and Sears, Landmark Mall is an 879,262 square foot shopping mall located just nine miles southwest of Washington, D.C. The mall is located within one mile of public rail service on D.C.’s metro blue line. In 2013, we received unanimous rezoning approval from the City of Alexandria for Phase I of the redevelopment, which

includes converting 11 acres of our 22-acre site, located within the center of the property between Macy's and Sears, from a traditional enclosed mall to a vibrant outdoor mixed-use environment with street retail shops and restaurants and high density residential housing. Within Phase I we are developing plans for approximately 275,000 square feet of new retail space, including an upscale dine-in movie theater and up to 400 residential units. Prior to the commencement of construction, we must achieve internal pre-leasing targets, obtain building permits from the City of Alexandria, and consents from Macy's and Sears.

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Outlet Collection at Riverwalk (New Orleans, Louisiana)

The Outlet Collection at Riverwalk is a 245,603 square foot urban upscale outlet center located along the Mississippi River in downtown New Orleans adjacent to the New Orleans Memorial Convention Center and the Audubon Aquarium of the Americas. We believe this is the nation's first upscale outlet center located downtown in a major city. We redeveloped the center and reopened it in May 2014.

Park West (Peoria, Arizona)

Park West is a 249,177 square foot open-air shopping, dining and entertainment destination, which 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, which are permitted for retail, restaurant and hotel uses. Additionally, we own four parcels of land adjacent to our Park West property consisting of approximately 18 acres.

The Seaport District (New York, New York)

The Seaport District includes the entire South Street Seaport, encompasses the historic waterfront along the East River, and is bounded by the Brooklyn Bridge on the north, Wall Street on the south and Water Street on the west. The South Street Seaport is currently comprised of land and buildings located in an area we call the historic area and Pier 17. A significant portion of the property is subject to ground leases with the City of New York that expire in 2072. The historic area, (which is west of the FDR Drive) includes retail space in five buildings. Pier 17 is located east of FDR Drive and is under construction. Upon completion of the Seaport District First Project, as described below, South Street Seaport will have approximately 362,000 square feet of leasable space, substantially all of which will be retail, restaurant and entertainment areas. The South Street Seaport is being rebranded to include the larger Seaport District as the company begins to reintroduce The Seaport District to New York City as the city's Oldest New Neighborhood.

Seaport District First Project

In 2013, the City of New York executed the amended and restated ground lease for South Street Seaport and we provided a completion guarantee to New York City for the renovation and reconstruction of the existing Pier 17 Building ("Renovation Project"). Construction began in 2013 and is expected to conclude in 2017. The Renovation Project features a newly constructed pier and building and is designed to include upscale retail, restaurants and an outdoor entertainment venue in a vibrant open rooftop encompassing approximately 1.5 acres. The new Pier 17 building will be anchored by our partner, Jean-Georges Vongerichten who will open a flagship restaurant on the pier and, as part of the Second Project as described below, a food market in the adjacent to-be-reconstructed Tin Building. Additionally, we are repositioning a significant portion of the 180,000 square feet of retail space in the historic area. We entered into a 20-year lease with iPic Entertainment for 46,000 square feet in the Fulton Market Building located in the historic area. iPic Theatres will serve as an anchor attraction for residents, workers and tourists, and we expect the historic area to be substantially repositioned by the end of 2016.

Seaport District Second Project

We began the public approval process on December 10, 2014 for our further redevelopment of the Seaport District, including up to approximately 700,000 square feet of additional space. During 2015, we halted the process due to a lack of community support for our initial proposal. Discussions regarding the location of the added development space are ongoing with the various interested parties. Separately, we have proposed a Minor Modification of the 2013 ULURP Approval for Pier 17 and the reconstruction of the Tin Building. This Pier 17 Minor Modification includes

the demolition of the Link Building and head house structure for the Pier 17 building, completion of the previously approved façade treatment along the western elevation of the building, and the installation of a reconfigured access drive. The Tin Building reconstruction includes cataloguing important historical elements of the Tin Building, deconstructing the Tin Building, demolishing and reconstructing the platform pier and then reconstructing the Tin Building. Finally, the access drive would be extended around the Tin Building to create a one-way access drive for service and vehicular circulation. We have previously announced that we have entered into a JV Partnership with Jean-Georges Vongerichten to operate a food market in the reconstructed Tin Building. We are still processing the necessary approval to move forward with the Pier 17 Minor Modifications and the Tin Building reconstruction and there can be no assurance that we will ultimately obtain the entitlements needed to move forward with this project.

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The Woodlands, Texas

Our operating properties in The Woodlands include approximately 285,000 square feet of office and retail space. In addition, The Woodlands contains multi-family communities inclusive of 804 units and a resort and conference center and a hotel, with a combined 611 keys. The retail properties are described below with the other properties described in the sections following, corresponding to the related property type.

Creekside Village Green

Creekside Village Green is a 74,669 square foot center consisting of retail, restaurant and professional office space which was opened in January 2015. Creekside Village Green is located within Creekside Village Center, a 100-acre mixed-use commercial development that is anchored by an H-E-B grocery store. Creekside Village Center ultimately is planned to include 400,000 square feet of retail and office space, 800 units of multi-family, a 200 unit senior living facility and an 85,000 square foot campus within the Lone Star College System.

Hughes Landing Retail

Hughes Landing Retail is a 126,131 square foot retail component of Hughes Landing and consists of a 41,277 square foot grocery market, a 50,343 square foot restaurant row, and 34,511 square feet of additional retail space.

1701 Lake Robbins

1701 Lake Robbins is a 12,376 square foot retail building that we acquired in 2014.

20 & 25 Waterway Avenue

20 & 25 Waterway Avenue are two retail properties located in the Waterway Square commercial district in The Woodlands Town Center. The properties total 50,062 square feet.

Waterway Garage Retail

Waterway Garage Retail is attached to the Waterway Square Garage located within The Woodlands Town Center. The 21,513 square foot retail portion of the garage was completed in 2011.

Ward Village (Honolulu, Hawaii)

The operating properties of Ward Village are situated along Ala Moana Beach Park and are within one mile of Waikiki and downtown Honolulu. With over 350 tenants, the 1.3 million square foot project includes a 678,000 square foot shopping district containing seven specialty centers, approximately 140 retail shops, several restaurants and an entertainment center which includes a 16-screen movie theater. Ward Village is a vibrant neighborhood that offers unique retail experiences and will contain exceptional residences set among dynamic public open spaces and walkable streets.

Office

Our office portfolio includes approximately 3.3 million square feet and includes the following properties:

Columbia, Maryland

10-70 Columbia Corporate Center

10-60 Columbia Corporate Center is comprised of six adjacent office buildings totaling 716,998 square feet that were acquired as part of our Tax Indemnity Settlement with GGP in 2014. The project is located in Downtown Columbia, Maryland, 14 miles

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from the Baltimore Beltway and 17 miles from the Washington Beltway. Adjacent to 10-60 Columbia Corporate Center is 70 Columbia Corporate Center, a 170,741 square foot office building which we acquired in August 2012.

Columbia Office Properties

In addition to 10-70 Columbia Corporate Center described above, we own three office buildings and are the master tenant of a fourth office building located in Downtown Columbia, Maryland. The master lease under the fourth office building has a 2020 initial expiration and a 2060 final expiration date, including market renewal options. The buildings, which comprise 220,471 square feet, include: (1) the Columbia Association Building; (2) the Columbia Exhibit Building; (3) the Ridgley Building; and (4) American City Building (master tenant).

The Woodlands, Texas

Hughes Landing

Hughes Landing is a 66-acre mixed-use development situated along Lake Woodlands. The development is envisioned at full build-out to contain up to two million square feet of office space in 11 office buildings, approximately 200,000 square feet of retail and entertainment venues, 1,500 multi-family units and a 205-room hotel. To date, four office buildings have been completed and are further described below.

One Hughes Landing

One Hughes Landing is an eight-story, multi-tenant 197,719 square foot Class A office building located on 2.7 acres, including a 1,200 space parking garage shared with Two Hughes Landing.

Two Hughes Landing

Two Hughes Landing is an eight-story, multi-tenant 197,714 square foot Class A office building located on 3.6 acres, including a 1,200 space parking garage shared with One Hughes Landing.

1725 & 1735 Hughes Landing Boulevard

1725 & 1735 Hughes Landing Boulevard are two adjacent Class A office buildings. The building located at 1725 Hughes Landing Boulevard (West Building) is 13 stories and 331,067 square feet, and the building located at 1735 Hughes Landing Boulevard (East Building) is 12 stories and 318,170 square feet. A 2,617 space parking garage is located on the 4.3-acre site and is exclusive to these buildings. We substantially completed construction during the fourth quarter 2015. ExxonMobil Corporation occupies the entire East Building under a lease expiring in November 2027, and 159,952 square feet, representing 48.7% of the West Building, under a lease expiring in December 2023.

2201 Lake Woodlands Drive

2201 Lake Woodlands Drive is a two-story, 24,119 square foot, Class C office building located in the East Shore commercial district of The Woodlands.

9303 New Trails

9303 New Trails is a multi-tenant four-story, 97,553 square foot, Class B office building located within the Research Forest district of The Woodlands.

3831 Technology Forest Drive

3831 Technology Forest Drive is a 95,078 square foot, Class A office building located on a 5.7-acre land parcel and completed by us in the fourth quarter 2014. Kiewit Energy Group occupies 100% of the building under a lease expiring in December 2024.

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3 Waterway Square

3 Waterway Square is a nine-story, multi-tenant 232,021 square foot, Class A office building located in The Waterway Square District of The Woodlands Town Center.

4 Waterway Square

4 Waterway Square is a nine-story, multi-tenant 218,551 square foot, Class A office building located adjacent to 3 Waterway Square office building.

1400 Woodloch Forest Drive

1400 Woodloch Forest Drive is a 95,667 square foot, Class B office building located at the entrance to The Woodlands Town Center.

Woodlands Sarofim #1 Limited

We own a 20% interest in three office/industrial buildings located in The Woodlands Research Forest district within The Woodlands. The portfolio contains 129,790 square feet, and the various buildings were constructed between the late 1980s and 2002.

110 N. Wacker (Chicago, Illinois)

The property is a 226,000 square foot office building located at 110 N. Wacker Drive in downtown Chicago. We own a 100% interest in the operating profits and, upon a capital event, are entitled to an 11.0% preferred return on, and a return of our invested capital, after which any excess cash flow is evenly split with our partner. In 2014, we purchased the fee simple interest in the land underlying the office building for \$12.3 million.

One Summerlin (Las Vegas, Nevada)

One Summerlin is a nine-story multi-tenant Class A office building located in Downtown Summerlin. The property totals 206,279 square feet and was placed in service in the second quarter 2015.

Multi-family

Our multi-family portfolio is comprised of 804 wholly-owned units and 694 units included in joint venture projects and includes the following properties:

Millennium Waterway Apartments (The Woodlands, Texas)

Millennium Waterway Apartments is a 393-unit Class A apartment building located within The Woodlands Town Center.

Millennium Woodlands Phase II, LLC (The Woodlands, Texas)

We are an 81.43% partner in a joint venture with The Dinerstein Companies to develop and operate Millennium Woodlands Phase II, a 314-unit Class A multi-family complex in The Woodlands Town Center.

85 South Street (New York, New York)

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In 2014, we acquired a 21-unit fully leased multi-family apartment building located near our South Street Seaport property. The building also contains approximately 13,000 square feet of ground floor retail space.

The Metropolitan Downtown Columbia (Columbia, Maryland)

In October 2011, we entered into a joint venture with a local multi-family developer, Kettler, Inc., (“Kettler”) to construct a 380-unit Class A apartment building with approximately 14,000 square feet of ground floor retail space in downtown Columbia, Maryland. We contributed a 4.2-acre site valued at \$20.3 million and having a \$3.0 million book value, in exchange for a 50%

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interest in the venture and our partner contributed cash for its interest. The joint venture began construction of The Metropolitan Downtown Columbia in February 2013 and was completed in the first quarter 2015. Our partner is responsible for property management services now that the property has been placed in service.

One Lakes Edge (The Woodlands, Texas)

One Lakes Edge is an eight-story, Class A, property within Hughes Landing, comprised of 390 multi-family units (averaging 984 square feet per unit), 22,289 square feet of retail and an approximate 750 space parking garage, all situated on three acres of land. Additionally, the third floor of the property features a pool, courtyard and other amenities overlooking Lake Woodlands. The property was substantially completed in the second quarter 2015.

Hospitality

Our hospitality portfolio is comprised of 611 keys and includes the following properties:

Hughes Landing Hotel (Embassy Suites)

The Hughes Landing Hotel is a nine-story, 205-key, full-service Embassy Suites by Hilton hotel located in Hughes Landing. The 172,000 square foot hotel has 3,350 square feet of meeting and event space, a business center, a full service bar and restaurant, a rooftop that overlooks Lake Woodlands, a 24-hour fitness center and a 93,387 square foot parking garage containing 210 parking spaces. We completed construction and opened the hotel in the fourth quarter 2015.

The Woodlands Resort & Conference Center (The Woodlands, Texas)

The Woodlands Resort & Conference Center (“WRCC”) located approximately two miles south of The Woodlands Town Center consists of 406 keys and 90,000 square feet of meeting space, including 30,000 square feet currently leased by ExxonMobil.

A redevelopment and expansion that began in 2013 and was completed in 2014 included renovation of 222 existing guest rooms and construction of a new wing of 184 guest rooms and suites that replaced 218 rooms that were taken out of service and will eventually be demolished. The redevelopment also included construction of a 1,000 foot lazy river, a new lobby, the revitalization of 60,000 square feet of meeting and event facilities, and a new free-standing restaurant, Robard’s Steakhouse, which is a 130-seat restaurant located at the resort overlooking the 18th hole of the Panther Trail Golf Course and is operated by the hotel management.

Other Operating Assets and Investments

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

We own a participation interest in TPC Summerlin and TPC Las Vegas. 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 designed by Bobby Weed with player consultant Raymond Floyd. These courses represent the only two golf courses in Nevada that are owned and operated by the Professional Golfers’ Association of America (the “PGA”).

We are entitled to receive residual payments from the PGA with respect to the two golf courses through October 31, 2021, the termination date of the agreement with the PGA. We receive 75% of the net operating profits for both

courses 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 2018. 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 the termination date of the agreement. As of December 31, 2015, the remaining amount due on our investment is approximately \$3.8 million and the investment has no book value.

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Kewalo Basin Harbor (Honolulu, Hawaii)

Kewalo Basin Harbor is a harbor that leases slips for charter, commercial fishing and recreational vessels. It is located in the heart of Honolulu across Ala Moana Boulevard from Ward Village. In August 2014, we entered into a 35-year lease with a 10-year extension option with the Hawaii Community Development Authority (“HCDA”) to make improvements, manage, and serve as the operator of Kewalo Basin Harbor. We will begin making capital improvements in late 2016 which will be phased in over multiple years.

Merriweather Post Pavilion (Columbia, Maryland)

Designed by the renowned architect Frank Gehry, Merriweather Post Pavilion and its parking area sit on approximately 40 acres in the heart of Downtown Columbia, Maryland. The facility, which was opened in 1967, has a capacity of more than 15,000 people. In 2013, Rolling Stone magazine named Merriweather Post Pavilion the 4th best amphitheater in America.

Stewart Title of Montgomery County, TX (The Woodlands, Texas)

We own a 50% interest in Stewart Title, a real estate services company located in The Woodlands, which handles a majority of the residential and commercial land sale closings for The Woodlands.

Summerlin Hospital Medical Center (Las Vegas, Nevada)

We have an indirect ownership interest of approximately 5.0% in the Summerlin Hospital Medical Center. Our ownership interest entitles us to a pro rata share of the cumulative undistributed profit in the hospital and we typically receive a distribution one time per year during the first quarter. This medical center is a 454-bed hospital located on a 41-acre medical campus in our Summerlin MPC with 307,820 square feet of medical office space and a 1,247-space parking garage.

Clark County Las Vegas Stadium (formerly Summerlin Las Vegas Baseball Club) (Las Vegas, NV)

We are a 50% partner in a joint venture, Clark County Las Vegas Stadium, LLC, which owns the Las Vegas 51s, a Triple-A baseball team affiliated with the New York Mets. The team is a member of the Pacific Coast League and has been based in Las Vegas for 30 years. Our strategy is to pursue a relocation of the team to a stadium which we would then build in our Summerlin MPC. Discussions with the various interested parties are ongoing, and there can be no assurance that such a stadium will ultimately be built.

The Woodlands Parking Garages (The Woodlands, Texas)

The Woodlands Parking Garages comprise nearly 3,000 parking spaces in two separate parking structures. The Waterway Square Garage has 1,933 spaces and is located in The Woodlands Town Center. The Waterway Square Garage has excess parking capacity for future commercial development, including the Westin Hotel which is under construction. Woodloch Forest garage has approximately 1,000 total spaces with 300 spaces available for future adjacent office development.

Strategic Developments

This section contains a general description of each of the assets contained in our Strategic Developments segment. For a detailed discussion of Strategic Developments that are under construction, including estimated total development costs, completion to date, financing, pre-leasing, pre-sales and other relevant information, please refer to “Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

We continue to execute our strategic plans for developing several of these assets with construction either under way or pending. The remainder of these assets will require substantial future development to achieve their highest and best use.

Downtown Columbia Redevelopment District (Howard County, Maryland)

The Downtown Columbia market contains 2.7 million square feet of office space, of which we own 1.1 million square feet, located close to shopping, restaurants and entertainment venues. We believe that there is a significant opportunity to redevelop this area over future years. Existing entitlements obtained in 2010 totaling approximately 13 million square feet for all of

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Downtown Columbia have densities up to 5,500 residential units, 4.3 million square feet of commercial office space, 1.3 million square feet of retail space and 640 hotel rooms. The majority of these entitlements exist on land, surface parking lots and other assets controlled by us. These entitlements have no expiration date under Maryland law.

Pursuant to a 2010 development agreement with GGP, we have a preferred residential and office development covenant that provides us the right of first offer for new development densities of residential and office within the Columbia Mall Ring Road. This covenant expires in 2030. The development agreement contains the key terms, conditions, responsibilities and obligations with respect to future development of this area within the greater Downtown Columbia Redevelopment District.

In 2015, we completed construction of The Metropolitan Downtown Columbia, a Class A multi-family building, which was the first building completed pursuant to the Downtown Columbia entitlements.

Merriweather District

Within the Downtown Columbia Redevelopment District is The Merriweather District, which contains 35 developable acres owned by us (including three acres currently under development) around the Merriweather Post Pavilion, an outdoor amphitheater and concert venue located south of the Columbia Mall. During the first quarter 2015 we received county approval of the final development plan (“FDP”) which allows development density up to 4.9 million square feet, to include office, residential and retail. In the fourth quarter 2015 we received county approval of the first site development plan (“SDP”) to be followed by building permits for the construction of the first office building in the Merriweather District, named One Merriweather. The approval also permits the development of a parking garage and another office building.

One Merriweather – One Merriweather will be an approximate 199,000 square foot, eight-story multi-tenant Class A office building, which includes 12,500 leasable square feet of retail and restaurant space situated on 1.3 acres of land in the Merriweather District. Adjacent to the building on 1.6 acres will be a nine-story parking garage which will contain approximately 1,129 spaces. We began construction during the fourth quarter 2015 and anticipate completion of the project during the fourth quarter 2016.

Parcel C

In 2013, we entered into a joint venture agreement with Kettler to construct a 437-unit, Class A multi-family building with 29,000 square feet of ground floor retail. We contributed approximately five acres of land valued at \$23.4 million and having an estimated book value of \$4.0 million in exchange for a 50% interest in the joint venture. Construction began in January 2016.

Lakeland Village Center (Bridgeland, Texas)

Lakeland Village will be an 83,600 square foot traditional neighborhood retail/office center situated on eight acres within our Bridgeland MPC. It will be the community’s first village center. CVS Pharmacy will serve as the anchor tenant and the center will consist of ground-level retail, restaurant and professional office space organized within nine buildings, all totaling approximately 68,900 square feet. We began construction in the second quarter 2015 and expect to complete the project in the second quarter 2016.

Constellation (formerly known as Summerlin Apartments) (Las Vegas, Nevada)

On January 24, 2014, we entered into a joint venture with a national multi-family real estate developer, The Calida Group (“Calida”), to construct, own and operate a 124-unit gated luxury apartment complex to be called Constellation

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located in Downtown Summerlin's northeast corner, which we believe is unique to the area. We contributed a 4.5-acre parcel of land with an agreed value of \$3.2 million in exchange for a 50% interest in the venture in February 2015 and our partner contributed cash for their 50% interest. Construction commenced in February 2015 with the first units being available for rent in the second quarter 2016 and project completed by the end of 2016.

The Outlet Collection at Elk Grove (Elk Grove, California)

The Outlet Collection at Elk Grove, formerly known as Elk Grove Promenade, was originally planned as a 1.1 million leasable square foot outdoor shopping center on approximately 100 acres. Located approximately 17 miles southeast of Sacramento,

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California, the location affords easy access and visibility from State Highway 99 at Grant Line Road. In October 2014, we received unanimous approval from the Elk Grove City Council for the development of The Outlet Collection at Elk Grove. The Outlet Collection at Elk Grove will be an upscale complex constructed on approximately 60 acres with more than 100 stores as well as numerous dining options, a 14-screen movie theater and public gathering spaces with best in class amenities. The first phase consists of reconfiguring the existing site and buildings to allow for up to 597,000 square feet of dining, shopping and entertainment. Commencement of construction is dependent on meeting internal pre-leasing hurdles for the project. Future phases will be constructed on the remaining 40 acres with a total potential development density that is now to up 1.2 million square feet, inclusive of the 597,000 square feet contemplated in the first phase.

The Woodlands (The Woodlands, Texas)

Alden Bridge Self-Storage Facilities

The Alden Bridge Self-Storage Facilities represent our first developments of this commercial property type and include a combined 1,320 units located on over seven acres.

HHC 242 Self-Storage Facility will be located on 4.0 acres in Alden Bridge, a neighborhood within The Woodlands, and will comprise 670 units within approximately 82,000 square feet. We began construction during the third quarter 2015 and expect completion during the fourth quarter 2016.

HHC 2978 Self-Storage Facility will be located on 3.1 acres in Alden Bridge and will comprise 650 units within approximately 79,000 square feet. We began construction in January 2016 and expect completion during the first quarter 2017.

Three Hughes Landing

Three Hughes Landing will be a 321,000 square foot, 12-story Class A office building with an adjacent parking garage containing approximately 1,062 spaces in Hughes Landing situated on four acres of land. We began construction during the third quarter 2014 and have completed the core and shell of the building. Construction of tenant improvements will be subject to future leasing activity.

Waterway Square Hotel (Westin)

The Waterway Square Hotel will be a 302-room Westin-branded hotel that we will own and manage. The hotel will contain more than 15,000 square feet of meeting space, an outdoor pool, WestinWORKOUT® studio, business center and all the brand's signature amenities overlooking The Woodlands Waterway in Waterway Square. It will also feature a 150-seat restaurant, a lobby bar and a second level pool deck and bar, with direct access to The Fountains at Waterway Square. We began construction during the second quarter 2014 and expect completion of the project by the first quarter 2016.

Ward Village (Honolulu, Hawaii)

Ward Village is becoming a globally recognized urban master planned community offering unique retail experiences, exceptional residences and workforce housing set among dynamic open spaces and pedestrian friendly streets. Our master plan development agreement with the HCDA allows for up to 9.3 million square feet, including up to 7.6 million square feet of residential (approximately 4,000 condominium units which are initially estimated to average approximately 1,500 square feet per unit), and approximately 1.7 million square feet of retail, office, commercial and other uses. Full build-out is estimated to occur over 12-15 years but will ultimately depend on market absorption and

many other factors that are difficult to estimate. Ward Village has received LEED Neighborhood Development (LEED-ND) Platinum certification, making the master plan the nation's largest LEED-ND Platinum certified project and the only LEED-ND Platinum project in the state of Hawaii. The LEED rating system is the foremost program for buildings, homes, and communities that are designed, constructed, maintained and operated for improved environmental and human health performance. LEED certification is important to many buyers and users of such facilities because it is a third party certification regarding the facility's water efficiency, energy saving capability, indoor environmental quality, carbon dioxide emissions and resource preservation.

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IBM Building

The renovation of the IBM Building was completed in the first quarter 2014 and serves as a world class information center and sales gallery for the entire Ward Village Master Plan development. The sales center dedicates a section to telling the story of the history of the land, while another section showcases our vision for Ward Village.

Waiea

The first market rate tower, Waiea, meaning “water of life” in Hawaiian, is being developed on Ala Moana Boulevard, and will consist of 174 market rate condominium units for sale, six levels of parking and approximately 8,000 square feet of new retail space. The condominiums will consist of one, two and three-bedroom units, villas and penthouses ranging from approximately 1,100 to 10,000 square feet. Construction commenced in the second quarter 2014 with projected completion by the end of 2016.

Anaha

The second market rate tower, Anaha, meaning “reflection of light,” is located on Auahi Street and will consist of 317 market rate condominium units for sale, six levels of parking and approximately 16,000 square feet of new retail space. The condominiums will consist of studios, one, two and three-bedroom units, townhomes and penthouses ranging from approximately 450 to 6,500 square feet. Construction commenced in the fourth quarter 2014 with projected completion in mid-2017.

Ae‘o (formerly known as Ward Block M)

The third market rate tower, Ae‘o will be a mixed-use residential tower behind the Ward Entertainment Center at the corner of Queen Street and Kamake‘e Street. Ae‘o will include approximately 466 market rate units for sale, a 55,000 square foot grocery market, and approximately 12,000 square feet of additional retail. In response to market demand, this tower was designed with unit sizes averaging 836 square feet, smaller than the average 1,687 square feet unit sizes for Waiea and Anaha. Construction commenced in February 2016, with projected completion in 2018.

Ke Kilohana (formerly known as Ward Workforce Tower)

The workforce residential tower, Ke Kilohana, is planned for a site on Ward Avenue. It will consist of 424 residential units, 375 of which will be offered to local Hawaiians who meet certain maximum income and net worth requirements at prices lower than market. It will also include six levels of parking and a 22,000 square feet of new retail space. We plan to commence sales in the first half of 2016 and commence construction in October 2016.

Gateway Towers

We received approval from the HCDA for the development of the Gateway Towers in 2015. The Gateway Towers will be located on Ala Moana Boulevard, and will consist of two residential towers with approximately 236 total units and 18,000 square feet of total retail. Additionally, the development plans include a one-acre park that will serve as the start of a four-acre village green which will open up a pedestrian connection from the heart of Ward Village to the center of Kewalo Basin Harbor that is leased by us. Construction of the two towers will be subject to obtaining acceptable pre-sales and financing for the project.

Other Development Projects

ONE Ala Moana Tower Condominiums (Honolulu, Hawaii)

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In October 2011, we and an entity jointly owned by two local developers, Kobayashi Group and The MacNaughton Group, formed a 50/50 joint venture to develop a luxury condominium tower above an existing parking structure at Ala Moana Center. Construction of the 23-story, 206-unit tower consisting of one, two and three-bedroom units ranging from 760 to 4,100 square feet commenced in April 2013 and was completed and sold-out by early 2015.

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Alameda Plaza (Pocatello, Idaho)

Alameda Plaza is a 6.9-acre site located in Pocatello, Idaho at the intersection of Yellowstone Park Highway and Alameda Road.

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. As market conditions evolve and opportunities develop, we will further evaluate how to best position the property.

Bridges at Mint Hill (Charlotte, North Carolina)

We own a 90.5% interest in a joint venture to develop a shopping center on property located southeast of Charlotte, North Carolina. The parcel is approximately 210 acres consisting of 120 developable acres and is zoned for approximately 1.3 million square feet of retail, hotel and commercial development.

Century Plaza (Birmingham, Alabama)

Century Plaza is located on the southeastern side of Birmingham, Alabama, on U.S. Route 78 (Crestwood Blvd.) near Interstate 20. The site consists of approximately 59 acres with approximately 740,000 square feet of vacant GLA.

Circle T Ranch and Circle T Power Center (Westlake, Texas)

We are a 50% partner in a joint venture with Hillwood Properties, a local developer. The property is located at the intersection of Texas highways 114 and 170, which is 20 miles north of downtown Fort Worth, in Westlake, Texas. The Circle T Ranch parcel contains 128 acres while the Circle T Power Center parcel contains 151 acres.

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. This redevelopment site is 54 acres and consists of a stand-alone department store. The project is entitled for 575,000 square feet of retail, 195,000 square feet of office and 614 residential units.

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 an 80% ownership interest in the air rights above the Fashion Show Mall located on the Las Vegas Strip for nominal consideration. This right is contingent upon the satisfaction of a number of conditions and does not become effective unless the existing loans of the Fashion Show Mall and The Shoppes at the Palazzo and related guarantees are settled in full by GGP.

Kendall Town Center (Kendall, Florida)

We own 70 acres that are entitled for 621,300 square feet of retail, 60,000 square feet of office space and a 50,000 square foot community center located within Kendall Town Center. Kendall Town Center is a 141-acre mixed-use site located at the intersection of North Kendall Drive and SW 158th, approximately 20 miles southwest of downtown Miami. Also included within Kendall Town Center are a 31-acre parcel owned by Baptist Hospital, which contains a 282,000 square foot hospital and a 62,000 square foot medical office building, a future 120-room hotel with ancillary

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office and retail space and a senior housing development on a 23-acre site. Land totaling 14 acres has also been deeded to the property owners association and three acres have been deeded to Miami-Dade County. We are developing a mixed-use program and site plan.

Lakemoor (Volo) Land (Lakemoor, Illinois)

This 40-acre vacant land parcel is located on Route 12 which is 50 miles north of Chicago in a growing suburb. The project has no utilities in place and is currently designated as farmland.

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Maui Ranch Land (Maui, Hawaii)

This site has nominal value and 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 currently is no infrastructure or utilities in the surrounding area.

Seaport District Assemblage (New York, New York)

The Seaport District Assemblage is comprised of a 48,000 square foot commercial building on a 15,744 square foot lot with certain air rights having total residential and commercial development rights of 621,651 square feet. During the first quarter 2015, we acquired a 58,000 square foot commercial building and air rights having total residential and commercial development rights of 196,133 square feet. The acquisitions, combined with adjacent property acquisitions in 2014, create a 42,694 square foot lot with 817,784 square feet of available development rights. These properties are collectively referred to as the Seaport District Assemblage and are located in close proximity to our South Street Seaport property. Please refer to “Item 1. – Overview, Recent Significant Transactions” for more information on the Assemblage.

West Windsor (West Windsor, 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 that are bisected by Clarksville Meadows Road and a third smaller parcel. Zoning, environmental and other development factors are currently being evaluated in conjunction with a development feasibility study of the site.

Competition

The nature and extent of our competition depends on the type of property involved. With respect to our master planned communities segment, we compete with other landholders and residential and commercial property developers in the development of properties within Las Vegas, Nevada; 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;
- years of experience serving the industry;
- the recreational and cultural amenities available within the communities;
- the commercial centers in the communities, including the 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.

With respect to our Operating Assets segment, we primarily compete for retail and office tenants, and to a lesser extent, residential tenants. We believe the principal factors that retailers consider in making their leasing decisions include: (1) consumer demographics; (2) age, 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 our Strategic Developments segment, our direct competitors include other commercial property developers, retail mall development and operating companies, residential condominium developers and other owners of commercial real estate that engage in similar businesses.

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 obtain financing using such real estate as collateral.

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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. As of December 31, 2015, the assessments have not revealed any known environmental liability that we believe would have a material adverse effect on our overall business, financial condition or results of operations. Nevertheless, it is possible that these assessments do not reveal all environmental liabilities or that the conditions have changed since the assessments were prepared (typically at the time the property was purchased or encumbered with debt). 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. 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 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 current or past operating results or competitive position, but could have such an effect on our operating results or competitive position in the future.

Employees

As of December 31, 2015, we had approximately 1,000 employees.

Available Information

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

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. Our business, prospects, financial condition or results of operations could be materially and adversely affected by the following:

Risks Related to our Business

Our performance is subject to risks associated with the real estate industry.

Our economic performance and the value of our properties are subject to developments that affect real estate generally and that are specific to our properties. If our properties do not generate revenues sufficient to meet our operating expenses, including debt service and capital expenditures, our cash flow will be adversely affected. The following factors, among others, may adversely affect the income generated by our properties:

- downturns in the economic conditions at the national, regional or local levels, particularly a decline in one or more of our primary markets;
- competition from other master planned communities, retail properties, office properties or other commercial space;
- our ability to obtain substantial amounts of operating and development capital;
- increases in interest rates;

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- the availability of financing, including refinancing or extensions of existing mortgage debt, on acceptable terms, or at all;
- increased operating costs, including insurance expense, utilities, real estate taxes, state and local taxes and heightened security costs;
- fluctuating condominium prices and absorption rates;
- ability to lease new or redeveloped space;
- ability to re-let space as leases expire on similar or more favorable terms than the terms of the expiring lease;
- vacancies and changes in rental rates;
- declines in the financial condition of our tenants and our ability to collect rents from our tenants;
- declines in consumer confidence and spending that adversely affect our revenue from our retail properties;
- decrease in traffic to our retail properties due to the convenience of other retailing options such as the internet;
- natural disasters or terrorist acts which may result in uninsured or underinsured losses;
- adoption of more restrictive laws and government regulations, including more restrictive zoning, land use or environmental regulations and an increase in real estate taxes; and
- opposition from local community or political groups with respect to the development, construction or operations at a particular site.

Continued lower oil prices compared to average oil prices over the past several years have had, and may continue to have, a negative effect on the future economic growth of, and demand for our properties in, Texas where we have asset concentrations that are highly dependent on the energy sector.

In addition to general, regional and national economic conditions, our operating results are impacted by the economic conditions of the specific markets in which we have concentrations of properties. In certain regions where we have asset concentrations, such as the Houston, Texas region (home to a large number of energy companies), economic activity, growth and employment opportunities depend in part on the energy sector.

The Houston area has experienced a slowdown in economic growth due to low oil prices, which have decreased by over 70% since mid-2014. In the event that oil prices remain depressed for a sustained period, or decline further, demand may continue to decrease for housing and commercial space in The Woodlands, Bridgeland and The Woodlands Hills. If we are unable to sell or lease our residential and commercial property in or near the Houston-area, or if we are unable to recover or replace revenue from a tenant that is no longer a going-concern, it could materially and adversely impact our business, financial condition and results of operations.

We are dependent on certain housing markets.

The housing market and the demand from builders for lots vary depending on location. The success of our master planned communities business is heavily dependent on local housing markets in Las Vegas, Nevada and Houston, Texas, which in turn are dependent on the health and growth of the economies and availability of credit in these regions.

We may be unable to develop and expand our properties.

Our business objective includes the development and redevelopment of our properties, which we may be unable to do if we do not have or cannot obtain sufficient capital or government incentives, such as tax increment financing, to proceed with planned development, redevelopment or expansion activities. We may be unable to obtain 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 that we are unable to complete, which may result in charge-offs of costs previously capitalized. In addition, if redevelopment, expansion or reinvestment projects are unsuccessful, the investment in such projects may not be fully recoverable from future operations or sale resulting in impairment charges.

We may not be able to obtain permits required for development of our properties.

In the ordinary course of business, we are required to seek governmental permits for the development of our properties. Obtaining the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and often involving public hearings and costly undertakings. Specifically, our land holdings at Bridgeland contain wetlands, some of which may be prohibited from development by law without the proper permits. Our inability to obtain such permits would make it more difficult to develop and sell residential or commercial lots at Bridgeland.

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We are exposed to risks associated with the development, redevelopment or construction of our properties.

Our development or redevelopment activities entail risks that could adversely impact our results of operations, cash flows and financial condition, including:

- increased construction costs for a project that exceeded our original estimates due to increases in materials, labor or other costs, which could make completion of the project less profitable because market rents may not increase sufficiently to compensate for the increased construction costs;
- construction delays or cost overruns, which may increase project development costs;
- claims for construction defects after a property has been developed;
- poor performance or nonperformance by any of our joint venture partners or other third parties on whom we rely;
- health and safety incidents and site accidents;
- compliance with building codes and other local regulations; and
- an inability to secure tenants necessary to support commercial projects or obtain construction financing for the development or redevelopment of our properties.

Development of properties entails a lengthy, uncertain and costly entitlement process.

Approval to develop real property entails an extensive entitlement process involving multiple and overlapping regulatory jurisdictions and often requires discretionary action by local governments. This process is often political and uncertain. Real estate projects must generally comply with local land development regulations and may need to comply with state and federal regulations. In addition, our competitors and local residents may challenge our efforts to obtain entitlements and permits for the development of properties. The process to comply with these regulations is usually lengthy and costly, may not result in the approvals we seek, and can be expected to materially affect our development activities.

Specifically, our redevelopment plans for the Seaport District are subject to a Uniform Land Use Review Procedure (“ULURP”) that requires approval by the New York City Council, the New York City Landmarks Preservation Commission and various other government agencies. Our inability to obtain the ULURP could negatively affect our future redevelopment plans for the Seaport District. We had previously obtained a ULURP for the redevelopment of Pier 17.

Our development, construction and sale of condominiums are subject to state regulations and may be subject to claims from the condominium owners association at each project.

A portion of our business is dedicated to the formation and sale of condominiums. Condominiums are generally regulated by an agency of the state in which they are located or where the condominiums are marketed to be sold. In connection with our development of condominiums and offering of condominium units for sale, we must submit regulatory filings to various state agencies and engage in an entitlement process by which real property owned under one title is converted into individual units. Any responses or comments on our condominium filings may delay our ability to sell condominiums in certain states and other jurisdictions. Further, we will be required to transfer control of a condominium association's board of directors once we trigger one of several statutory thresholds, with the most likely triggers being tied to the sale of not less than a majority of units to third-party owners. Transfer of control can result in claims with respect to deficiencies in operating funds and reserves, constructions defects and other condominium-related matters by the condominium association and/or third-party condominium unit owners. Any material claims in these areas could negatively affect our reputation in condominium development and ultimately have a material adverse effect on our operations as a whole.

Purchasers may default on their obligations to purchase condominiums.

We enter into contracts for the sale of condominium units that generally provide for the payment of a substantial portion of the sales price at closing when a condominium unit is ready to be delivered and occupied. A significant amount of time may pass between the execution of a contract for the purchase of a condominium unit and the closing thereof. Defaults by purchasers to pay any remaining portions of the sales prices for condominium units under contract may have an adverse effect on our financial condition and results of operations.

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Our Master Planned Communities segment is highly dependent on homebuilders.

We are highly dependent on our relationships with homebuilders to purchase lots at our master planned communities. Our business will be adversely affected if homebuilders do not view our master planned communities as desirable locations for homebuilding operations. Also, some homebuilders may be unwilling or unable to close on previously committed lot purchases. As a result, we may sell fewer lots and may have lower sales revenues, which could have an adverse effect on our financial position and results of operations.

We are subject to the business, financial and operating risks common to the hotel business.

We own and manage three hotels - The Woodlands Resort and Conference Center, The Westin The Woodlands and Hughes Landing Embassy Suites. Decreases in the demand for transient rooms and related lodging services, including a reduction in business or leisure travel and spending, and cancellations, deferrals or renegotiations of group business, such as industry conventions, could materially and adversely impact our business, financial condition and results of operations.

Our results of operations are subject to significant fluctuation by various factors that are beyond our control.

Our results of operations 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 material relocation by residents, industry slowdowns, plant closings, increased unemployment, lack of availability of consumer credit, levels of consumer debt, housing market conditions, adverse weather conditions, natural disasters and other factors;
- strength of the residential housing and condominium markets;
- 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;
- the decline of the reputation or perceived quality of the brands of our hotels; and
 - tenant rental rates, 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 could have a negative impact on the trading price of our common stock.

Our substantial indebtedness could adversely affect our business, prospects, financial condition or results of operations and prevent us from fulfilling our obligations under the notes.

We have a significant amount of indebtedness. On October 2, 2013, we issued \$750.0 million aggregate principal amount of our 6.875% Senior Notes due 2021 (the "Senior Notes") and received net cash proceeds of \$739.6 million. As of December 31, 2015, our total consolidated debt was approximately \$2.4 billion (excluding an undrawn balance of \$32.2 million under our revolving facilities) of which \$906.5 million was recourse to the Company. In addition, we have \$11.9 million of recourse guarantees associated with undrawn construction financing commitments as of December 31, 2015. As of December 31, 2015, our share of the debt of our Real Estate and Other Affiliates was \$64.8 million based upon our economic ownership. All of the debt of our Real Estate and Other Affiliates is non-recourse to us.

Subject to the limits contained in the indenture governing the Senior Notes and any limits under our other debt agreements, we may be able to incur substantial additional indebtedness from time to time, including project

indebtedness at our subsidiaries. If we do so, the risks related to our level of indebtedness could intensify. Specifically, a high level of indebtedness could have important consequences to holders of the notes and equity holders, including:

- making it more difficult for us to satisfy our obligations with respect to the Senior Notes and our other debt;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, debt service requirements, execution of our business strategy or other general corporate requirements, or requiring us to make non-strategic divestitures, particularly when the availability of financing in the capital markets is limited;

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- requiring a substantial portion of our cash flow to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flow available for working capital, capital expenditures, acquisitions, dividends and other general corporate purposes;
- 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 properties, and to react to competitive pressures and adverse changes in government regulations;
- placing us at a disadvantage compared to other, less leveraged competitors;
- limiting our ability, or increasing the costs, to refinance indebtedness; and
- resulting in an event of default if we fail to satisfy our obligations under the Senior Notes or our other debt or fail to comply with the financial and other restrictive covenants contained in the indenture governing the Senior Notes or our other debt, which event of default could result in the Senior Notes and all of our debt becoming immediately due and payable and, in the case of our secured debt, could permit the lenders to foreclose on our assets securing such debt.

The indenture governing our Senior Notes contains, and our other debt agreements contain, restrictions which may limit our ability to operate our business.

The indenture governing our Senior Notes contains, and some of our other debt agreements contain, certain restrictions. These restrictions limit our ability or the ability of certain of our subsidiaries to, among other things:

- pay dividends on, redeem or repurchase capital stock or make other restricted payments;
- make investments;
- incur indebtedness or issue certain equity;
- create certain liens;
- incur obligations that restrict the ability of our subsidiaries to make dividend or other payments to us;
- consolidate, merge or transfer all or substantially all of our assets;
- enter into transactions with our affiliates; and
- create or designate unrestricted subsidiaries.

Additionally, certain of our debt agreements also contain various restrictive covenants, including minimum net worth requirements, maximum payout ratios on distributions, minimum debt yield ratios, minimum fixed charge coverage ratios, minimum interest coverage ratio and maximum leverage ratios.

The restrictions under the indenture and or other debt agreements could limit our ability to finance our future operations or capital needs, make acquisitions or pursue available business opportunities.

We may be required to take action to reduce our debt or act in a manner contrary to our business objectives to meet such ratios and satisfy the covenants in our debt agreements. Events beyond our control, including changes in economic and business conditions in the markets in which we operate, may affect our ability to do so. We may not be able to meet the ratios or satisfy the covenants in our debt agreements, and we cannot assure you that our lenders will waive any failure to do so. A breach of any of the covenants in, or our inability to maintain the required financial ratios under, our debt agreements could result in a default under such debt agreements, which could lead to that debt becoming immediately due and payable and, if such debt is secured, foreclosure on our assets that secure such debt. A breach of any of the covenants in, or our inability to maintain the required financial ratios under, our debt agreements also would prevent us from borrowing additional money under such agreements that include revolving lending facilities. A default under any of our debt agreements could, in turn, result in defaults under other obligations and result in other creditors accelerating the payment of other obligations and foreclosing on assets securing such obligations, if any.

Any such defaults could materially impair our financial condition and liquidity. In addition, if the lenders under any of our debt agreements or other obligations accelerate the maturity of those obligations, we cannot assure you that we will have sufficient assets to satisfy our obligations under the notes or our other debt.

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We are subject to risks associated with hedging arrangements.

We enter into interest rate swap agreements and other interest rate hedging contracts, including caps and cash settled forward starting swaps, to mitigate or reduce our exposure to interest rate volatility or to satisfy lender requirements. These agreements expose us to additional risks, including a risk that counterparties will not perform. There also could be significant costs and cash requirements involved to fulfill our obligations under a hedging agreement. In addition, our hedging activities may not have the desired beneficial impact on our 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. 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 our results of operations and financial condition.

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, outlet malls and other discount shopping centers, discount shopping clubs, catalog companies, internet sales and telemarketing. Competition of this type could adversely affect our results of operations and financial condition.

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

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 or if our strategic partners fail to satisfy their obligations to the joint venture.

We currently have and intend to enter into future joint venture partnerships. These joint venture partners may bring local market knowledge and relationships, development experience, industry expertise, financial resources, financing capabilities, brand recognition and credibility or other competitive assets. In the future, we may not 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 located, 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. In addition, actions by a partner may subject property owned by the joint venture to liabilities greater than those contemplated by the joint venture agreements, be contrary to our instructions or requests or result in adverse consequences. We cannot control the ultimate outcome of any decision made, which may be detrimental to our interests.

The bankruptcy of one of the other investors in any of our joint ventures 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.

We may not realize the value of our tax assets.

Certain provisions of the Internal Revenue Code could limit our ability to fully utilize the tax assets if we were to experience a “change of control”. If such an event were to occur, the cash flow benefits we might otherwise have received would be

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eliminated. We currently have approximately \$140.4 million of federal net operating loss carryforwards, \$25.0 million of which are subject to the separate return year limitation rules. A change of control could limit our ability to use our net operating losses prior to their expiration.

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, 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 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.

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, floods, earthquakes and oil spills. Some of our properties, including Ward Village, South Street Seaport and the Outlet Collection at Riverwalk are located in coastal regions, and could be affected by increases in sea levels, the frequency or severity of hurricanes and tropical storms, or environmental disasters, 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.

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.

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

Future development opportunities may require additional capital and other expenditures to comply with laws and regulations relating to the protection of the environment. 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

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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 our 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.

We cannot predict with any certainty the magnitude of any expenditures relating to the environmental compliance or the long-range effect, if any, on our operations. Compliance with such laws has not had a material adverse effect on our operating results or competitive position in the past, but could have such an effect on our operating results and competitive position in the future.

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

Pershing Square Capital Management, L.P. ("Pershing Square") beneficially owns 9.0% of our outstanding common stock (excluding shares issuable upon the exercise of warrants) as of December 31, 2015. Under the terms of our stockholder agreements, Pershing Square has the ability to designate three members of our board of directors.

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 Pershing Square 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 Pershing Square and other substantial stockholders, even if these stockholders are not acting in a coordinated manner, could allow Pershing Square and other substantial stockholders 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.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our tenants and business partners and personally identifiable information of our employees on our networks. The secure processing, maintenance and transmission of this information is critical to our operations. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks, and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings and liability under laws that protect the privacy of personal information, which could adversely affect our business.

Risks Related to Our Common Stock

Provisions in our certificate of incorporation, our by-laws, Delaware law, stockholders rights agreement and certain other agreements 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% or more of the voting power of the issued and outstanding shares entitled to vote generally in the election of our directors;
- rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings;
and
- the right of our board of directors to issue preferred stock without stockholder approval.

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We have also adopted a Section 382 rights agreement. This agreement assists in the preservation of our valuable tax attributes by acting as a deterrent to any person or group acquiring 4.99% or more of our outstanding common stock.

The term of the stockholders rights agreement generally expires on the earlier of March 14, 2018 or the final day of a taxable year of the Company to which the Board of Directors of the Company determines that no tax benefit may be carried forward. All of these provisions could limit the price that investors might be willing to pay in the future for shares of our common stock.

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive offices are located in Dallas, Texas where we lease 34,932 square feet under an arrangement that expires in 2021. We also maintain offices at certain of our properties nationwide, including The Woodlands, Texas, Honolulu, Hawaii, Columbia, Maryland, Las Vegas, Nevada and New York, New York. We believe our present facilities are sufficient to support our operations.

The following table summarizes certain metrics of the retail properties within our Operating Assets segment as of December 31, 2015:

Retail Property	Location	Existing Gross Leasable Area	Year Ended December 31, 2015			Year Built / Acquired / Last Renovated
			Average Tenant Sales Square Footage	Average Rent Per Square Foot	Sum of Rent and Tenant Recoveries	
Columbia Regional Building	Columbia, MD	88,556	\$ — (d)	33	N/A	2014
Cottonwood Square	Salt Lake City, UT	77,079 (e)	— (d)	23	N/A	2002
Creekside Village Green	The Woodlands, TX	74,669	— (f)	47	N/A	2015
Downtown Summerlin Hughes Landing Retail	Las Vegas, NV	760,608 (g)	343	44	12.9%	2014
	The Woodlands, TX	126,131	— (f)	52	N/A	2015

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1701 Lake Robbins	The Woodlands, TX	12,376	—	(d)	51	N/A	2014
Landmark Mall	Alexandria, VA	440,325	(h)	—	(d)	—	2004
One Lakes Edge Retail Outlet	The Woodlands, TX	23,280	—	(f)	54	N/A	2015
Collection at Riverwalk	New Orleans, LA	245,603	(i)	409	48	11.8%	2014
Park West	Peoria, AZ	249,177		499	29	5.9%	2006
South Street Seaport	New York, NY	75,054	(j)	441	89	20.1%	2004
Ward Village 20/25	Honolulu, HI	1,273,645		537	61	12.1%	2002
Waterway Avenue	The Woodlands, TX	50,062		497	58	11.7%	2007 / 2009
Waterway Garage Retail	The Woodlands, TX	21,513		267	53	19.7%	2011
Total		3,518,078					

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- (a) Average Annual Tenant Sales per Square Foot is calculated by the sum of all comparable sales for the year ended December 31, 2015 for tenants that are contractually obligated to report sales data, divided by the comparable square feet for the same period. When calculating comparable sales and comparable square feet, we include all tenants that have operated for the entire year and occupy less than 30,000 square feet. For the year ended December 31, 2015, tenant recoveries represented approximately 26.8% of total revenue for the above mentioned retail properties only. The impact of concessions, such as free rent and new tenant inducements, are not significant to our business.
- (b) Average Sum of Rent and Recoverable Common Area Costs per Square Foot is calculated as the sum of total rent and tenant recoveries for the year ended December 31, 2015 for the tenant base used to calculate (a), divided by the total square feet occupied by the above mentioned tenant base.
- (c) Occupancy Cost is calculated by dividing (b) Average Sum of Rent and Recoverable Common Area Costs per Square Foot by (a) Average Annual Tenant Sales per Square Foot.
- (d) Tenants are not contractually obligated to report sales data.
- (e) 41,612 square feet of the Existing Gross Leasable Area is part of a ground lease where we are the ground lessee. The ground lease payments are paid by the current tenant directly to the ground lessor.
- (f) Twelve months of sales are not available for tenants at Creekside Village Green, Hughes Landing Retail, and One Lakes Edge Retail due to buildings opening in 2015.
- (g) Excludes 387,000 square feet of anchors, 165,567 square feet of pad sites, and 235,179 square feet of office.
- (h) Excludes 438,937 square feet that is owned and occupied by Sears and Macy's. We are preparing to redevelop this property.
- (i) All of the project is on a ground lease where we are the ground lessee. With the opening of Nordstrom Rack in 2016, the property will be expanded to 260,059 square feet.
- (j) Reflects square feet in service as of December 31, 2015. Upon completion of the redevelopment, South Street Seaport will be approximately 362,000 square feet.

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The following table summarizes certain metrics of our office assets within our Operating Assets Segment as of December 31, 2015:

Office Asset	Location	Existing Gross Leasable Area	Average Effective Annual Rent per Square Foot (a)	Year Built / Acquired
10-70 Columbia Corporate Center	Columbia, MD	870,739	\$ 25.4	2012 / 2014
Columbia Office Properties	Columbia, MD	220,471	22.7	1969 / 1972
One Hughes Landing	The Woodlands, TX	197,719	41.0	2013
Two Hughes Landing	The Woodlands, TX	197,714	31.5	2014
1725 Hughes Landing Boulevard	The Woodlands, TX	331,067	—	(b) 2015
1735 Hughes Landing Boulevard	The Woodlands, TX	318,170	—	(b) 2015
2201 Lake Woodlands Drive	The Woodlands, TX	24,119	—	(c) 1994
9303 New Trails	The Woodlands, TX	97,553	32.5	2008
One Summerlin	Las Vegas, NV	206,279	—	(d) 2015
110 N. Wacker	Chicago, IL	226,000	27.1	1957
3831 Technology Forest Drive	The Woodlands, TX	95,078	29.2	2014
3 Waterway Square	The Woodlands, TX	232,021	40.5	2013
4 Waterway Square	The Woodlands, TX	218,551	39.3	2010
1400 Woodloch Forest	The Woodlands, TX	95,667	27.9	1981
Total		3,331,148		

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- (a) Average Effective Annual Rent per Square Foot is equal to the sum of base minimum rent and tenant reimbursements divided by the average occupied square feet. For the year ended December 31, 2015, tenant reimbursements represented approximately 26.8% of total revenue.
- (b) The 1725-35 Hughes Landing Boulevard buildings were opened in the fourth quarter 2015; therefore, Average Effective Annual Rent per Square Foot data is not meaningful.
- (c) 2201 Lake Woodlands Drive serves as temporary space for tenants relocating to permanent space; therefore, the Average Effective Annual Rent per Square Foot data is not meaningful.
- (d) One Summerlin opened in the second quarter of 2015; therefore, Average Effective Annual Rent per Square Foot data is not meaningful.

The following table summarizes certain metrics of our multi-family, hospitality, and other Operating Assets (exclusive of owned retail and office properties) as of December 31, 2015:

Multi-family	Economic Ownership %	Asset Type	Units / Retail Square Feet	% Leased	Year Built / Acquired
Millennium Waterway Apartments	100	% Multi-family	393 units	84.5	% 2010
Millennium Woodlands Phase II, LLC	81	% Multi-family	314 units	85.0	% 2014
One Lakes Edge	100	% Multi-family	390 units/22,289 retail	55.6	% 2015
85 South Street	100	% Multi-family	21 units/13,000 retail	100.0	% 2014
The Metropolitan Downtown Columbia	50	% Multi-family	380 units/14,000 retail	87.4	% 2015
Hospitality	Economic Ownership %	Asset Type	Keys / Retail Square Feet	% Leased	Year Built / Acquired
Hughes Landing Hotel (Embassy Suites)	100	% Hotel	205 keys	N/A	2015
The Woodlands Resort & Conference Center	100	% Hotel	406 keys	N/A	2014 (a)
Other	Economic Ownership %	Asset Type	Square Feet / Acres	% Leased	Year Built / Acquired
Golf Courses at TPC Summerlin and TPC Las Vegas	Participation	Golf	—	N/A	—
Kewalo Basin Harbor	Lease	Marina	55 acres	N/A	—
Merriweather Post Pavilion	100	% Amphitheatre	—	N/A	1967
	50	% Title Company	—	N/A	—

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Stewart Title of Montgomery County, TX Summerlin Hospital Medical Center	5	%	Hospital	—	N/A	1997	
Clark County Las Vegas Stadium	50	%	Minor League Team	—	N/A	—	
The Woodlands Parking Garages	100	%	Garage	2,988	N/A	2008/2009	(b)
Woodlands Sarofim #1	20	%	Industrial	129,790	93.9	% late 1980s	

(a) The Woodlands Resort & Conference Center was built in 1974, expanded in 2002, and renovated in 2014.

(b) The Woodlands Parking Garages consist of two garages: Woodloch Forest Garage, built in 2008, and Waterway Square Garage, built in 2009.

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The following table summarizes our retail and office lease expirations:

Year	Number of Expiring Leases	Total Square Feet Expiring	Total Annualized Base Rent Expiring (Thousands)	% of Total Annual Gross Rent Expiring
2016	(a) 266	904,223	\$ 15,826	9.4%
2017	128	422,942	13,090	7.7%
2018	87	340,761	10,796	6.4%
2019	86	584,166	15,933	9.4%
2020	119	504,187	16,312	9.6%
2021	25	254,246	6,374	3.8%
2022	30	337,712	9,611	5.7%
2023	48	466,112	13,625	8.1%
2024	46	456,876	12,989	7.7%
2025	152	830,678	32,209	19.0%
2026+	52	1,027,092	22,426	13.3%
	1,039	6,128,995	\$ 169,191	100%

(a) Includes 146 specialty leases totaling 509,037 square feet which expire in less than 365 days.

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The following table sets forth the occupancy rates, for each of the last five years for our wholly-owned retail and office properties:

	At December 31, 2015		Annual Weighted Average Occupancy Rates (b)				
	(a)	Occupancy	2015	2014	2013	2012	2011
Retail:							
Columbia Regional Building (c)	77.4%	77.4%	77.4%	53.4%	—	—	—
Cottonwood Square	95.7%	95.7%	95.7%	94.4%	86.5%	74.1%	73.8%
Creekside Village Green (d)	80.7%	81.0%	77.5%	—	—	—	—
Downtown Summerlin (c) (e)	89.2%	77.2%	68.9%	56.7%	—	—	—
Hughes Landing Retail (d)	90.8%	81.0%	68.3%	—	—	—	—
1701 Lake Robbins (c)	100.0%	100.0%	100.0%	100.0%	—	—	—
Landmark Mall (f)	34.9%	33.6%	34.6%	61.7%	79.2%	75.0%	73.7%
Outlet Collection at Riverwalk (c)	100.0%	91.2%	91.3%	90.1%	56.2%	92.2%	89.9%
Park West	76.8%	65.6%	67.9%	74.4%	72.1%	65.1%	64.6%
South Street Seaport	92.1%	86.0%	86.3%	54.6%	(g) 46.5%	(g) 92.1%	89.7%
Ward Village	87.2%	87.2%	88.1%	90.4%	90.8%	89.5%	90.1%
20/25 Waterway Avenue	100.0%	100.0%	100.0%	99.4%	94.2%	95.6%	91.7%
Waterway Garage Retail	85.4%	85.4%	96.8%	91.6%	68.4%	24.8%	19.3% (h)

Office: