UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2024

or

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number 001-41779



HOWARD HUGHES HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Delaware	**93-1869991**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)

9950 Woodloch Forest Drive, Suite 1100, The Woodlands, Texas 77380
(Address of principal executive offices, including zip code)

(281) 719-6100
(Registrant's telephone number, including area code)

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 every Interactive Data File required to be submitted 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 such files).

☒ Yes ☐ No

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

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

Title of each class	Trading Symbol	Name of each exchange on which registered:
Common stock, par value $0.01 per share	HHH	New York Stock Exchange

The number of shares of common stock, $0.01 par value, outstanding as of May 1, 2024, was 50,259,345.

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PART I

Item 1. Condensed Consolidated Financial Statements (Unaudited)

HOWARD HUGHES HOLDINGS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

thousands except par values and share amounts	March 31, 2024	December 31, 2023
ASSETS		
Master Planned Communities assets	**$ 2,481,538**	$ 2,445,673
Buildings and equipment	**4,207,900**	4,177,677
Less: accumulated depreciation	**(1,071,110)**	(1,032,226)
Land	**303,380**	303,685
Developments	**1,438,924**	1,272,445
Net investment in real estate	**7,360,632**	7,167,254
Investments in unconsolidated ventures	**213,433**	220,258
Cash and cash equivalents	**462,700**	631,548
Restricted cash	**429,130**	421,509
Accounts receivable, net	**111,117**	115,045
Municipal Utility District receivables, net	**584,222**	550,884
Deferred expenses, net	**145,833**	142,561
Operating lease right-of-use assets	**45,649**	44,897
Other assets, net	**283,175**	283,047
Total assets	**$ 9,635,891**	$ 9,577,003
LIABILITIES		
Mortgages, notes, and loans payable, net	**$ 5,391,243**	$ 5,302,620
Operating lease obligations	**53,065**	51,584
Deferred tax liabilities, net	**70,697**	87,835
Accounts payable and other liabilities	**1,108,131**	1,076,040
Total liabilities	**6,623,136**	6,518,079
Commitments and Contingencies (see Note 9)		
EQUITY		
Preferred stock: $0.01 par value; 50,000,000 shares authorized, none issued	**—**	—
Common stock: $0.01 par value; 150,000,000 shares authorized, 56,714,750 issued, and 50,243,739 outstanding as of March 31, 2024, 56,495,791 shares issued, and 50,038,014 outstanding as of December 31, 2023	**567**	565
Additional paid-in capital	**3,993,152**	3,988,496
Retained earnings (accumulated deficit)	**(436,173)**	(383,696)
Accumulated other comprehensive income (loss)	**3,897**	1,272
Treasury stock, at cost, 6,471,011 shares as of March 31, 2024, and 6,457,777 shares as of December 31, 2023	**(614,818)**	(613,766)
Total stockholders' equity	**2,946,625**	2,992,871
Noncontrolling interests	**66,130**	66,053
Total equity	**3,012,755**	3,058,924
Total liabilities and equity	**$ 9,635,891**	$ 9,577,003

See Notes to Condensed Consolidated Financial Statements.

HOWARD HUGHES HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

thousands except per share amounts	Three Months Ended March 31, 2024	2023
REVENUES		
Condominium rights and unit sales	**$ 23**	$ 6,087
Master Planned Communities land sales	**32,415**	59,361
Rental revenue	**107,751**	97,864
Other land, rental, and property revenues	**18,383**	18,968
Builder price participation	**12,566**	14,009
Total revenues	**171,138**	196,289
EXPENSES		
Condominium rights and unit cost of sales	**3,861**	4,536
Master Planned Communities cost of sales	**12,904**	22,003
Operating costs	**74,289**	72,387
Rental property real estate taxes	**14,695**	15,419
Provision for (recovery of) doubtful accounts	**834**	(2,420)
General and administrative	**30,902**	23,553
Depreciation and amortization	**52,247**	52,009
Other	**3,818**	3,571
Total expenses	**193,550**	191,058
OTHER		
Gain (loss) on sale or disposal of real estate and other assets, net	**4,794**	4,730
Other income (loss), net	**891**	4,981
Total other	**5,685**	9,711
Operating income (loss)	**(16,727)**	14,942
Interest income	**8,118**	4,092
Interest expense	**(41,918)**	(38,137)
Equity in earnings (losses) from unconsolidated ventures	**(19,135)**	(4,802)
Income (loss) before income taxes	**(69,662)**	(23,905)
Income tax expense (benefit)	**(17,195)**	(1,278)
Net income (loss)	**(52,467)**	(22,627)
Net (income) loss attributable to noncontrolling interests	**(10)**	(118)
Net income (loss) attributable to common stockholders	**$ (52,477)**	$ (22,745)
Basic income (loss) per share	**$ (1.06)**	$ (0.46)
Diluted income (loss) per share	**$ (1.06)**	$ (0.46)

See Notes to Condensed Consolidated Financial Statements.

HOWARD HUGHES HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three Months Ended March 31,	
thousands	**2024**	2023
Net income (loss)	**$ (52,467)**	$ (22,627)
Other comprehensive income (loss):		
Interest rate caps and swaps (a)	**2,625**	(5,330)
Other comprehensive income (loss)	**2,625**	(5,330)
Comprehensive income (loss)	**(49,842)**	(27,957)
Comprehensive (income) loss attributable to noncontrolling interests	**(10)**	(118)
Comprehensive income (loss) attributable to common stockholders	**$ (49,852)**	$ (28,075)

(a) Amounts are shown net of tax expense of $0.8 million for the three months ended March 31, 2024, and tax benefit of $1.6 million for the three months ended March 31, 2023.

See Notes to Condensed Consolidated Financial Statements.

HOWARD HUGHES HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)

thousands except shares	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Treasury Stock Shares	Treasury Stock Amount	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2023	56,495,791	$ 565	$ 3,988,496	$ (383,696)	$ 1,272	(6,457,777)	$ (613,766)	$ 2,992,871	$ 66,053	$ 3,058,924
Net income (loss)	—	—	—	(52,477)	—	—	—	(52,477)	10	(52,467)
Interest rate swaps, net of tax expense (benefit) of $775	—	—	—	—	2,625	—	—	2,625	—	2,625
Teravalis noncontrolling interest	—	—	—	—	—	—	—	—	67	67
Stock plan activity	218,959	2	4,656	—	—	(13,234)	(1,052)	3,606	—	3,606
Balance at March 31, 2024	56,714,750	$ 567	$ 3,993,152	$ (436,173)	$ 3,897	(6,471,011)	$ (614,818)	$ 2,946,625	$ 66,130	$ 3,012,755
Balance at December 31, 2022	56,226,273	$ 564	$ 3,972,561	$ 168,077	$ 10,335	(6,424,276)	$ (611,038)	$ 3,540,499	$ 65,613	$ 3,606,112
Net income (loss)	—	—	—	(22,745)	—	—	—	(22,745)	118	(22,627)
Interest rate swaps, net of tax expense (benefit) of $(1,559)	—	—	—	—	(5,330)	—	—	(5,330)	—	(5,330)
Teravalis noncontrolling interest	—	—	—	—	—	—	—	—	56	56
Stock plan activity	201,655	2	4,953	—	—	(7,166)	(621)	4,334	—	4,334
Other	—	—	—	—	—	—	—	—	(22)	(22)
Balance at March 31, 2023	56,427,928	$ 566	$ 3,977,514	$ 145,332	$ 5,005	(6,431,442)	$ (611,659)	$ 3,516,758	$ 65,765	$ 3,582,523

See Notes to Condensed Consolidated Financial Statements.

HOWARD HUGHES HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

thousands	Three Months Ended March 31, 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	**$ (52,467)**	$ (22,627)
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:		
Depreciation	**45,827**	46,941
Amortization	**5,518**	4,148
Amortization of deferred financing costs	**3,256**	2,937
Amortization of intangibles other than in-place leases	**819**	819
Straight-line rent amortization	**(2,231)**	(1,499)
Deferred income taxes	**(17,913)**	(1,885)
Restricted stock and stock option amortization	**4,657**	4,954
Net gain on sale of properties	**(4,794)**	(4,731)
Equity in (earnings) losses from unconsolidated ventures, net of distributions and impairment charges	**23,877**	7,835
Provision for doubtful accounts	**1,644**	471
Master Planned Community development expenditures	**(77,098)**	(89,345)
Master Planned Community cost of sales	**12,904**	22,003
Condominium development expenditures	**(110,095)**	(124,515)
Condominium rights and units cost of sales	**3,861**	4,300
Net Changes:		
Accounts receivable, net	**(2,632)**	(1,836)
Other assets, net	**(4,106)**	18,307
Condominium deposits received, net	**49,666**	63,494
Deferred expenses, net	**(7,849)**	(7,089)
Accounts payable and other liabilities	**(44,083)**	(66,952)
Cash provided by (used in) operating activities	**(171,239)**	(144,270)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipment expenditures	**(462)**	(1,272)
Operating property improvements	**(10,795)**	(9,555)
Property development and redevelopment	**(60,921)**	(74,584)
Proceeds from sales of properties, net	**13,175**	905
Reimbursements under tax increment financings and grants	**3,567**	—
Distributions from unconsolidated ventures	**—**	2,200
Investments in unconsolidated ventures, net	**(18,200)**	(11,790)
Cash provided by (used in) investing activities	**(73,636)**	(94,096)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from mortgages, notes, and loans payable	**89,028**	32,072
Principal payments on mortgages, notes, and loans payable	**(3,703)**	(3,285)
Special Improvement District bond funds released from (held in) escrow	**249**	1,364
Deferred financing costs and bond issuance costs, net	**3**	(82)
Taxes paid on stock options exercised and restricted stock vested	**(1,996)**	(1,524)
Contributions from Teravalis noncontrolling interest owner	**67**	56
Cash provided by (used in) financing activities	**83,648**	28,601
Net change in cash, cash equivalents, and restricted cash	**(161,227)**	(209,765)
Cash, cash equivalents, and restricted cash at beginning of period	**1,053,057**	1,098,937
Cash, cash equivalents, and restricted cash at end of period	**$ 891,830**	$ 889,172

HOWARD HUGHES HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

thousands	Three Months Ended March 31, 2024	2023
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents	**$ 462,700**	$ 417,746
Restricted cash	**429,130**	471,426
Cash, cash equivalents, and restricted cash at end of period	**$ 891,830**	$ 889,172
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid, net	**$ 100,158**	$ 81,242
Interest capitalized	**36,315**	24,964
NON-CASH TRANSACTIONS		
Accrued property improvements, developments, and redevelopments	**$ (4,954)**	$ 7,115
Non-cash consideration from sale of properties	**—**	5,250
Capitalized stock compensation	**1,476**	860
Reassessment of operating lease right-of-use asset, net	**1,454**	—
Reassessment of operating lease obligation	**1,952**	—

See Notes to Condensed Consolidated Financial Statements.

1. Presentation of Financial Statements and Significant Accounting Policies

Seaport Entertainment On October 5, 2023, Howard Hughes Holdings Inc. (HHH or the Company) announced the intent to form a new division, Seaport Entertainment, that is expected to include the Company's entertainment-related assets in New York and Las Vegas, including the Seaport in Lower Manhattan and the Las Vegas Aviators Triple-A Minor League Baseball team, as well as the Company's ownership stake in Jean-Georges Restaurants and an interest in and to 80% of the air rights above the Fashion Show Mall in Las Vegas.

HHH is establishing Seaport Entertainment with the intention of completing its spinoff as an independent, publicly traded company in 2024, but there can be no assurance regarding the ultimate timing of the spinoff or that the spinoff will ultimately occur. The planned separation of Seaport Entertainment from Howard Hughes will refine the identity of HHH as a pure-play real estate company focused solely on its portfolio of acclaimed master planned communities and allow the new company, Seaport Entertainment, to operate independently as an entertainment-focused enterprise.

General These unaudited Condensed Consolidated Financial Statements have been prepared by Howard Hughes Holdings Inc. in accordance with accounting principles generally accepted in the United States of America (GAAP). References to HHH, the Company, we, us, and our refer to Howard Hughes Holdings Inc. and its consolidated subsidiaries, which includes The Howard Hughes Corporation (HHC), unless otherwise specifically stated. References to HHC refer to The Howard Hughes Corporation and its consolidated subsidiaries unless otherwise specifically stated.

In accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X as issued by the Securities and Exchange Commission (the SEC), these Condensed Consolidated Financial Statements do not include all of the information and disclosures required by GAAP for complete financial statements. Readers of this quarterly report on Form 10-Q (Quarterly Report) should refer to the Howard Hughes Holdings Inc. audited Consolidated Financial Statements, which are included in its annual report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on February 27, 2024 (the Annual Report). In the opinion of management, all normal recurring adjustments necessary for a fair presentation of the financial position, results of operations, comprehensive income, cash flows, and equity for the interim periods have been included. The results for the three months ended March 31, 2024, are not necessarily indicative of the results that may be expected for the year ending December 31, 2024, and future fiscal years.

Principles of Consolidation and Basis of Presentation The consolidated financial statements include the accounts of Howard Hughes Holdings Inc. and its subsidiaries after elimination of intercompany balances and transactions. The Company also consolidates certain variable interest entities (VIEs) in accordance with Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 810 *Consolidation*. The outside equity interests in certain entities controlled by the Company are reflected in the Condensed Consolidated Financial Statements as noncontrolling interests.

Management has evaluated for disclosure or recognition all material events occurring subsequent to the date of the Condensed Consolidated Financial Statements up to the date and time this Quarterly Report was filed.

Restricted Cash Restricted cash reflects amounts segregated in escrow accounts in the name of the Company, primarily related to escrowed condominium deposits by buyers and other amounts related to taxes, insurance, and legally restricted security deposits and leasing costs.

Accounts Receivable, net Accounts receivable, net includes straight-line rent receivables, tenant receivables, and other receivables. On a quarterly basis, management reviews the lease-related receivables, including straight-line rent receivables and tenant receivables, for collectability. This analysis includes a review of past due accounts and considers factors such as the credit quality of tenants, current economic conditions, and changes in customer payment trends. When full collection of a lease-related receivable or future lease payment is deemed to be not probable, a reserve for the receivable balance is charged against rental revenue and future rental revenue is recognized on a cash basis. The Company also records reserves for estimated losses if the estimated loss amount is probable and can be reasonably estimated.

Other receivables are primarily related to short-term trade receivables. The Company is exposed to credit losses through the sale of goods and services to customers and assesses its exposure to credit loss related to these receivables on a quarterly basis based on historical collection experience and future expectations by portfolio. The Company records an allowance for credit losses if the estimated loss amount is probable.

The following table represents the components of Accounts receivable, net of amounts considered uncollectible, in the accompanying Condensed Consolidated Balance Sheets:

thousands	March 31, 2024	December 31, 2023
Straight-line rent receivables	**$ 89,761**	$ 87,669
Tenant receivables	**3,770**	4,780
Other receivables	**17,586**	22,596
Accounts receivable, net (a)	**$ 111,117**	$ 115,045

(a) As of March 31, 2024, the total reserve balance for amounts considered uncollectible was $15.7 million, comprised of $14.8 million attributable to lease-related receivables and $0.9 million attributable to the allowance for credit losses related to other accounts receivables. As of December 31, 2023, the total reserve balance was $15.0 million, comprised of $14.8 million attributable to lease-related receivables $0.2 million attributable to the allowance for credit losses related to other accounts receivables.

The following table summarizes the impacts of the collectability reserves in the accompanying Condensed Consolidated Statements of Operations:

thousands	Three Months Ended March 31,	
Income Statement Location	**2024**	2023
Rental revenue	**$ 960**	$ 2,893
Provision for (recovery of) doubtful accounts	**834**	(2,420)
Total (income) expense impact	**$ 1,794**	$ 473

Use of Estimates The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. The estimates and assumptions include, but are not limited to, the future cash flows used in impairment analysis and fair value used in impairment calculations, allocation of capitalized development costs, provision for income taxes, recoverable amounts of receivables and deferred tax assets, initial valuations of tangible and intangible assets acquired, and the related useful lives of assets upon which depreciation and amortization is based. Estimates and assumptions have also been made with respect to future revenues and costs, and the fair value of warrants, debt, and options granted. In particular, Master Planned Communities (MPC) cost of sales estimates are highly judgmental as they are sensitive to cost escalation, sales price escalation, and lot absorption, which are subject to judgment and affected by expectations about future market or economic conditions. Actual results could differ from these and other estimates.

Consolidated Variable Interest Entity At March 31, 2024, the Company holds an 88.0% interest in Teravalis, our newest large-scale master planned community in the West Valley of Phoenix, Arizona, and a third party holds the remaining 12.0%. Teravalis was determined to be a VIE, and as the Company has the power to direct the activities that most significantly impact its economic performance, the Company is considered the primary beneficiary and consolidates Teravalis.

Under the terms of the LLC agreement, cash distributions and the recognition of income-producing activities will be pro rata based on economic ownership interest. As of March 31, 2024, the Company's Condensed Consolidated Balance Sheets include $541.7 million of Master Planned Community assets, $0.4 million of Accounts Payable and other liabilities, and $65.0 million of Noncontrolling interest related to Teravalis.

Noncontrolling Interests As of March 31, 2024, and December 31, 2023, noncontrolling interests related to the 12.0% noncontrolling interest in Teravalis and the noncontrolling interest in the Ward Village Homeowners' Associations (HOAs). All revenues and expenses related to the HOAs are attributable to noncontrolling interests and do not impact net income attributable to common stockholders.

Financing Receivable Credit Losses The Company is exposed to credit losses through the sale of goods and services to the Company's customers. Receivables held by the Company primarily relate to short-term trade receivables, discussed above, and financing receivables, which include Municipal Utility District (MUD) receivables, Special Improvement District (SID) bonds, Tax Increment Financing (TIF) receivables, net investments in lease receivables, and notes receivable. The Company assesses its exposure to credit loss based on historical collection experience and future expectations by portfolio segment. Historical collection experience is evaluated on a quarterly basis by the Company.

The amortized cost basis of financing receivables, consisting primarily of MUD receivables, totaled $663.5 million as of March 31, 2024, and $632.8 million as of December 31, 2023. The MUD receivable balance included accrued interest of $43.0 million as of March 31, 2024, and $35.8 million as of December 31, 2023. There has been no material activity in the allowance for credit losses for financing receivables for the three months ended March 31, 2024 and 2023.

Financing receivables are considered to be past due once they are 30 days contractually past due under the terms of the agreement. The Company does not have significant receivables that are past due or on nonaccrual status. There have been no significant write-offs or recoveries of amounts previously written off during the current period for financing receivables.

2. Investments in Unconsolidated Ventures

In the ordinary course of business, the Company enters into partnerships and ventures with an emphasis on investments associated with the development and operation of real estate assets. As of March 31, 2024, the Company does not consolidate the investments below as it does not have a controlling financial interest in these investments. As such, the Company primarily reports its interests in accordance with the equity method. As of March 31, 2024, these ventures had debt totaling $291.1 million, with the Company's proportionate share of this debt totaling $144.2 million. All of this indebtedness is without recourse to the Company, with the exception of the collateral maintenance obligation for Floreo. See Note 9 - *Commitments and Contingencies* for additional information related to the Company's collateral maintenance obligation.

Investments in unconsolidated ventures consist of the following:

	Ownership Interest (a)		Carrying Value		Share of Earnings/Dividends	
					Three Months Ended March 31,	
thousands except percentages	**March 31, 2024**	December 31, 2023	**March 31, 2024**	December 31, 2023	**2024**	2023
Equity Method Investments						
Operating Assets:						
The Metropolitan (b)	**50 %**	50 %	**$ —**	$ —	**$ 1,078**	$ (325)
Stewart Title of Montgomery County, TX	**50 %**	50 %	**3,711**	3,785	**(75)**	(35)
Woodlands Sarofim	**20 %**	20 %	**2,991**	2,990	**2**	13
TEN.m.flats (c)	**50 %**	50 %	**—**	—	**1,570**	(781)
Master Planned Communities:						
The Summit (d)	**50 %**	50 %	**43,189**	59,112	**(15,923)**	4,630
Floreo (e)	**50 %**	50 %	**57,092**	55,880	**1,212**	(522)
Seaport:						
The Lawn Club (d)	**50 %**	50 %	**3,926**	1,266	**(453)**	—
Ssäm Bar (d)(e)	**50 %**	50 %	**—**	—	**—**	(398)
Tin Building by Jean-Georges (d)(e)	**65 %**	65 %	**13,583**	11,658	**(9,661)**	(10,208)
Jean-Georges Restaurants	**25 %**	25 %	**14,370**	14,535	**(166)**	(214)
Strategic Developments:						
HHMK Development	**50 %**	50 %	**10**	10	**—**	—
KR Holdings	**50 %**	50 %	**491**	486	**5**	—
West End Alexandria (d)	**58 %**	58 %	**60,291**	56,757	**34**	5
			199,654	206,479	**(22,377)**	(7,835)
Other equity investments (f)			**13,779**	13,779	**3,242**	3,033
Investments in unconsolidated ventures			**$ 213,433**	$ 220,258	**$ (19,135)**	$ (4,802)

(a) Ownership interests presented reflect the Company's stated ownership interest or if applicable, the Company's final profit-sharing interest after receipt of any preferred returns based on the venture's distribution priorities.
(b) The Metropolitan was in a deficit position of $10.5 million at March 31, 2024, and $10.9 million at December 31, 2023, and presented in Accounts payable and other liabilities in the Condensed Consolidated Balance Sheets.
(c) TEN.m.flats was in a deficit position of $4.0 million at March 31, 2024, and $4.7 million at December 31, 2023, and presented in Accounts payable and other liabilities in the Condensed Consolidated Balance Sheets.
(d) For these equity method investments, various provisions in the venture operating agreements regarding distributions of cash flow based on capital account balances, allocations of profits and losses, and preferred returns may result in the Company's economic interest differing from its stated interest or final profit-sharing interest. For these investments, the Company recognizes income or loss based on the venture's distribution priorities, which could fluctuate over time and may be different from its stated ownership or final profit-sharing interest.
(e) Classified as a VIE; however, the Company is not the primary beneficiary and accounts for its investment in accordance with the equity method. Refer to discussion below for additional information.

(f) Other equity investments represent investments not accounted for under the equity method. The Company elected the measurement alternative as these investments do not have readily determinable fair values. There were no impairments, or upward or downward adjustments to the carrying amounts of these securities either during current year or cumulatively. As of March 31, 2024, Other equity investments primarily includes $10.0 million of warrants, which represents cash paid by the Company for the option to acquire additional ownership interest in Jean-Georges Restaurants. Refer to discussion below for additional detail.

The Lawn Club In 2021, the Company formed HHC Lawn Games, LLC with The Lawn Club NYC, LLC (Endorphin Ventures), to construct and operate an immersive indoor and outdoor restaurant that includes an extensive area of indoor grass, a stylish clubhouse bar, and a wide variety of lawn games. This concept opened in the fourth quarter of 2023. Under the terms of the initial agreement, the Company funded 80% of the cost to construct the restaurant, and Endorphin Ventures contributed the remaining 20%. In October 2023, the members executed an amended LLC agreement, in which the Company will fund 90% of any remaining capital requirements, and Endorphin Ventures will contribute the remaining 10%.

The Company will recognize its share of income or loss based on the joint venture distribution priorities, as amended, which could fluctuate over time. Upon return of each member's contributed capital and a preferred return to HHH, distributions and recognition of income or loss will be allocated to the Company based on its final profit-sharing interest. The Company also entered into a lease agreement with HHC Lawn Games, LLC to lease 20,000 square feet of the Fulton Market Building for this venture.

Ssäm Bar In 2016, the Company formed Pier 17 Restaurant C101, LLC (Ssäm Bar) with MomoPier, LLC (Momofuku) to construct and operate a restaurant and bar at Pier 17 in the Seaport, which opened in 2019. The Company recognized its share of income or loss based on the joint venture's distribution priorities, which could fluctuate over time. During the third quarter of 2023, the Ssäm Bar restaurant closed, and the Company and Momofuku are in the process of dissolving the venture.

Tin Building by Jean-Georges In 2015, the Company, together with VS-Fulton Seafood Market, LLC (Fulton Partner), formed Fulton Seafood Market, LLC (Tin Building by Jean-Georges) to operate a 53,783 square-foot culinary marketplace in the historic Tin Building. The Fulton Partner is a wholly owned subsidiary of Jean-Georges Restaurants. The Company purchased a 25% interest in Jean-George Restaurants in March 2022 as discussed below.

The Company owns 100% of the Tin Building and leased 100% of the space to the Tin Building by Jean-Georges joint venture. Throughout this report, references to the Tin Building relate to the Company's 100% owned landlord operations and references to the Tin Building by Jean-Georges refer to the managed business in which the Company has an equity ownership interest. The Company, as landlord, funded 100% of the development and construction of the Tin Building. Under the terms of the Tin Building by Jean-Georges LLC agreement, the Company contributes the cash necessary to fund pre-opening, opening, and operating costs of the Tin Building by Jean-Georges. The Fulton Partner is not required to make any capital contributions. The Tin Building was completed and placed in service during the third quarter of 2022 and the Tin Building by Jean-Georges culinary marketplace began operations in the third quarter of 2022. Based on capital contribution and distribution provisions for the Tin Building by Jean-Georges, the Company currently receives substantially all of the economic interest in the venture. Upon return of the Company's contributed capital and a preferred return, distributions and recognition of income or loss will be allocated to the Company based on its final profit-sharing interest.

As of March 31, 2024, the Tin Building by Jean-Georges is classified as a VIE because the equity holders, as a group, lack the characteristics of a controlling financial interest. The Company further concluded that it is not the primary beneficiary of the VIE as it does not have the power to direct the restaurant-related activities that most significantly impact its economic performance. As the Company is unable to quantify the amount of additional capital contributions that may be funded in the future associated with this investment, the Company's maximum exposure to loss as of March 31, 2024, is equal to the $13.6 million carrying value of the investment as of that date. The Company funded capital contributions of $11.6 million for the three months ended March 31, 2024, and $48.1 million for the year ended December 31, 2023.

Jean-Georges Restaurants In March 2022, the Company acquired a 25% interest in JG Restaurant HoldCo LLC (Jean-Georges Restaurants) for $45.0 million from JG TopCo LLC (Jean-Georges). Jean-Georges Restaurants currently has over 40 hospitality offerings and a pipeline of new concepts. The Company accounts for its ownership interest in accordance with the equity method. Under the terms of the agreement, all cash distributions and the recognition of income-producing activities will be pro rata based on stated ownership interest.

Concurrent with the Company's acquisition of the 25% interest in Jean-Georges Restaurants, the Company entered into a warrant agreement with Jean-Georges. The Company paid $10.0 million for the option to acquire up to an additional 20% interest in Jean-Georges Restaurants at a fixed exercise price per share subject to certain anti-dilution provisions. Should the warrant agreement be exercised by the Company, the $10.0 million will be credited against the aggregate exercise price of the warrants. Per the agreement, the $10.0 million is to be used for working capital of Jean-Georges Restaurants. The warrant became exercisable on March 2, 2022, subject to automatic exercise in the event of dissolution or liquidation, and will expire on March 2, 2026. As of March 31, 2024, this warrant had not been exercised. The Company elected the measurement alternative for this purchase option as the equity security does not have a readily determinable fair value. As such, the investment is measured at cost, less any identified impairment charges.

Creative Culinary Management Company, LLC (CCMC), a wholly owned subsidiary of Jean-Georges Restaurants, provides management services for certain retail and food and beverage businesses that the Company owns, either wholly or through partnerships with third parties. The Company's businesses managed by CCMC include the Tin Building by Jean-Georges, The Fulton, and Malibu Farm. Additionally, in October 2023, the Lawn Club venture executed a management agreement with CCMC. Pursuant to the various management agreements, CCMC is responsible for employment and supervision of all employees providing services for the food and beverage operations and restaurant as well as the day-to-day operations and accounting for the food and beverage operations.

The Summit In 2015, the Company formed DLV/HHPI Summerlin, LLC (The Summit) with Discovery Land Company (Discovery) to develop a custom home community in Summerlin.

Phase I The Company contributed land with a carrying value of $13.4 million and transferred SID bonds related to such land with a carrying value of $1.3 million to The Summit at the agreed upon capital contribution value of $125.4 million, or $226,000 per acre, and has no further capital obligations. Discovery is required to fund up to a maximum of $30.0 million of cash as their capital contribution, of which $3.8 million has been contributed. The Company has received its preferred return distributions and recognizes its share of income or loss for Phase I based on its final profit-sharing interest.

Phase II In July 2022, the Company contributed an additional 54 acres to The Summit (Phase II land) with a fair value of $21.5 million. The Company recognized an incremental equity method investment at fair value and recognized a gain of $13.5 million recorded in Equity in earnings (losses) from unconsolidated ventures. This gain is the result of marking the cost basis of the land contributed to its estimated fair value at the time of contribution. The Phase II land is adjacent to the existing Summit development and includes approximately 28 custom home sites. The first lot sales closed in the first quarter of 2023. The Company will receive distributions and recognize its share of income or loss for Phase II based on the joint venture's distribution priorities in the amended Summit LLC agreement, which could fluctuate over time. Upon receipt of the Company's preferred returns, distributions and recognition of income or loss will be allocated to the Company based on its final profit-sharing interest.

Floreo In the fourth quarter of 2021, simultaneous with the Teravalis land acquisition, the Company closed on the acquisition of a 50% interest in Trillium Development Holding Company, LLC (Floreo) for $59.0 million and entered into a Limited Liability Company Agreement (LLC Agreement) with JDM Partners and El Dorado Holdings to develop Floreo, the first village within the new Teravalis MPC, on 3,029 acres of land in the greater Phoenix, Arizona area. The first land sales closed in the first quarter of 2024.

In October 2022, Floreo closed on a $165.0 million financing, with outstanding borrowings of $96.1 million as of March 31, 2024. The Company provided a guarantee on this financing in the form of a collateral maintenance obligation and received a guarantee fee of $5.0 million. The financing and related guarantee provided by the Company triggered a reconsideration event and as of December 31, 2022, Floreo was classified as a VIE. Due to rights held by other members, the Company does not have a controlling financial interest in Floreo and is not the primary beneficiary. As of March 31, 2024, the Company's maximum exposure to loss on this investment is limited to the $57.1 million aggregate carrying value as the Company has not made any other firm commitments to fund amounts on behalf of this VIE, and cash collateral that the Company may be obligated to post related to its collateral maintenance obligation. See Note 9 - *Commitments and Contingencies* for additional information related to the Company's collateral maintenance obligation.

West End Alexandria In the fourth quarter of 2021, the Company entered into an Asset Contribution Agreement with Landmark Land Holdings, LLC (West End Alexandria) to redevelop a 52-acre site previously known as Landmark Mall. Other equity owners include Foulger-Pratt Development, LLC (Foulger-Pratt) and Seritage SRC Finance (Seritage). The Company conveyed its 33-acre Landmark Mall property with an agreed upon fair value of $56.0 million and Seritage conveyed an additional 19 acres of land with an agreed upon fair value of $30.0 million to West End Alexandria in exchange for equity interest. Additionally, Foulger-Pratt agreed to contribute $10.0 million to West End Alexandria. Also in the fourth quarter of 2021, West End Alexandria executed a Purchase and Sale Agreement with the City of Alexandria to sell approximately 11 acres to the City of Alexandria. The City will lease this land to Inova Health Care Services for construction of a new hospital.

Development plans for the remaining 41-acre property include approximately four million square feet of residential, retail, commercial, and entertainment offerings integrated into a cohesive neighborhood with a central plaza, a network of parks and public transportation. Foulger-Pratt will manage construction of the development. Demolition began in the second quarter of 2022 and was completed in 2023, with completion of infrastructure work expected in 2025.

The Company does not have the ability to control the activities that most impact the economic performance of the venture as Foulger-Pratt is the managing member and manages all development activities. As such, the Company accounts for its ownership interest in accordance with the equity method.

3. Acquisitions and Dispositions

Acquisitions In May 2023, the Company acquired the Grogan's Mill Village Center and related anchor site, a retail property in The Woodlands, Texas consisting of approximately 8.7 acres for $5.9 million in an asset acquisition. The property is being held in the Strategic Developments segment.

Dispositions Gains and losses on asset dispositions are recorded to Gain (loss) on sale or disposal of real estate and other assets, net in the Condensed Consolidated Statements of Operations, unless otherwise noted.

Operating Assets In February 2024, the Company completed the sale of Creekside Park Medical Plaza, a 32,689 square-foot medical office building in The Woodlands, Texas, for $14.0 million, resulting in a gain of $4.8 million.

In December 2023, the Company completed the sale of Memorial Hermann Medical Office, a 20,000 square-foot medical office building in The Woodlands, Texas, for $9.6 million, resulting in a gain of $3.2 million.

In July 2023, the Company completed the sale of two self-storage facilities with a total of 1,370 storage units in The Woodlands, Texas, for $30.5 million, resulting in a gain of $16.1 million.

In March 2023, the Company completed the sale of two land parcels in Honolulu, Hawai'i, including an 11,929-square-foot building at the Ward Village Retail property, for total consideration of $6.3 million, resulting in a gain of $4.7 million.

4. Impairment

The Company reviews its long-lived assets for potential impairment indicators when events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment or disposal of long-lived assets in accordance with ASC 360 requires that if impairment indicators exist and expected undiscounted cash flows generated by the asset over an anticipated holding period are less than its carrying amount, an impairment provision should be recorded to write down the carrying amount of the asset to its fair value. The impairment analysis does not consider the timing of future cash flows and whether the asset is expected to earn an above- or below-market rate of return. No impairment charges were recorded during the three months ended March 31, 2024 and 2023.

The Company periodically evaluates strategic alternatives with respect to each property and may revise the strategy from time to time, including the intent to hold the asset on a long-term basis or the timing of potential asset dispositions. For example, the Company may decide to sell property that is held for use, and the sale price may be less than the carrying amount. As a result, changes in strategy could result in impairment charges in future periods.

The Company evaluates each investment in an unconsolidated venture discussed in Note 2 - *Investments in Unconsolidated Ventures* periodically for recoverability and valuation declines that are other-than-temporary. If the decrease in value of an investment is deemed to be other-than-temporary, the investment is reduced to its estimated fair value. No impairment charges were recorded during the three months ended March 31, 2024 and 2023.

5. Other Assets and Liabilities

Other Assets, Net The following table summarizes the significant components of Other assets, net:

thousands		**March 31, 2024**		December 31, 2023
Security, escrow, and other deposits	**$**	**83,708**	$	81,891
Special Improvement District receivable, net		**75,447**		74,899
In-place leases, net		**34,447**		35,490
Intangibles, net		**21,076**		21,894
Other		**20,271**		19,248
Interest rate derivative assets		**14,856**		10,318
Prepaid expenses		**13,789**		16,984
Tenant incentives and other receivables, net		**11,301**		10,840
TIF receivable, net		**3,807**		6,371
Net investment in lease receivable		**2,823**		2,883
Notes receivable, net		**1,088**		1,558
Condominium inventory		**562**		671
Other assets, net	**$**	**283,175**	**$**	**283,047**

Accounts Payable and Other Liabilities The following table summarizes the significant components of Accounts payable and other liabilities:

thousands		**March 31, 2024**		December 31, 2023
Condominium deposit liabilities	**$**	**528,536**	$	478,870
Construction payables		**297,086**		257,227
Deferred income		**112,608**		118,432
Tenant and other deposits		**45,165**		29,976
Accounts payable and accrued expenses		**35,930**		49,363
Accrued interest		**30,305**		54,301
Accrued real estate taxes		**23,477**		30,096
Other		**19,533**		24,461
Accrued payroll and other employee liabilities		**15,491**		33,314
Accounts payable and other liabilities	**$**	**1,108,131**	$	1,076,040

6. Mortgages, Notes, and Loans Payable, Net

Mortgages, Notes, and Loans Payable, Net All mortgages, notes, and loans payable of HHH are held by HHC and its subsidiaries.

thousands	March 31, 2024	December 31, 2023
Fixed-rate debt		
Senior unsecured notes	**$ 2,050,000**	$ 2,050,000
Secured mortgages payable	**1,482,958**	1,485,494
Special Improvement District bonds	**64,928**	65,627
Variable-rate debt (a)		
Secured Bridgeland Notes	**475,000**	475,000
Secured mortgages payable	**1,365,049**	1,276,489
Unamortized deferred financing costs (b)	**(46,692)**	(49,990)
Mortgages, notes, and loans payable, net	**$ 5,391,243**	$ 5,302,620

(a) The Company has entered into derivative instruments to manage the variable interest rate exposure. See Note 8 - *Derivative Instruments and Hedging Activities* for additional information.
(b) Deferred financing costs are amortized to interest expense over the initial contractual term of the respective financing agreements using the effective interest method (or other methods which approximate the effective interest method).

As of March 31, 2024, land, buildings and equipment, developments, and other collateral with a net book value of $4.9 billion have been pledged as collateral for the Company's mortgages, notes, and loans payable.

Senior Unsecured Notes During 2020 and 2021, the Company issued $2.1 billion of aggregate principal of senior unsecured notes. These notes have fixed rates of interest that are payable semi-annually and are interest only until maturity. These debt obligations are redeemable prior to the maturity date subject to a "make-whole" premium which decreases annually until 2026 at which time the redemption make-whole premium is no longer applicable. The following table summarizes the Company's senior unsecured notes by issuance date:

$ in thousands	Principal	Maturity Date	Interest Rate
August 2020	$ 750,000	August 2028	5.375%
February 2021	650,000	February 2029	4.125%
February 2021	650,000	February 2031	4.375%
Senior unsecured notes	$ 2,050,000		

Secured Mortgages Payable The Company's outstanding mortgages are collateralized by certain of the Company's real estate assets. Certain of the Company's loans contain provisions that grant the lender a security interest in the operating cash flow of the property that represents the collateral for the loan. Certain mortgage notes may be prepaid subject to a prepayment penalty equal to a yield maintenance premium, defeasance, or a percentage of the loan balance. Construction loans related to the Company's development properties are generally variable-rate, interest-only, and have maturities of five years or less. Debt obligations related to the Company's operating properties generally require monthly installments of principal and interest.

The following table summarizes the Company's Secured mortgages payable:

	March 31, 2024				December 31, 2023			
$ in thousands	Principal	Range of Interest Rates	Weighted-average Interest Rate	Weighted-average Years to Maturity	Principal	Range of Interest Rates	Weighted-average Interest Rate	Weighted-average Years to Maturity
Fixed rate (a)	**$ 1,482,958**	**3.13% - 8.67%**	**4.46 %**	**7.0**	$ 1,485,494	3.13% - 8.67%	4.46 %	7.2
Variable rate (b)	**1,365,049**	**7.07% - 10.41%**	**8.75 %**	**1.9**	1,276,489	7.08% - 10.48%	8.73 %	2.2
Secured mortgages payable	**$ 2,848,007**	**3.13% - 10.41%**	**6.52 %**	**4.5**	$ 2,761,983	3.13% - 10.48%	6.44 %	4.9

(a) Interest rates presented are based upon the coupon rates of the Company's fixed-rate debt obligations.
(b) Interest rates presented are based on the applicable reference interest rates as of March 31, 2024, and December 31, 2023, excluding the effects of interest rate derivatives.

The Company has entered into derivative instruments to manage its variable interest rate exposure. The weighted-average interest rate of the Company's variable-rate mortgages payable, inclusive of interest rate derivatives, was 8.04% as of March 31, 2024, and 7.98% as of December 31, 2023. See Note 8 - *Derivative Instruments and Hedging Activities* for additional information.

The Company's secured mortgages mature over various terms through September 2052. On certain of its debt obligations, the Company has the option to exercise extension options, subject to certain terms, which may include minimum debt service coverage, minimum occupancy levels or condominium sales levels, as applicable, and other performance criteria. In certain cases, due to property performance not meeting identified covenants, the Company may be required to pay down a portion of the loan to exercise the extension option.

During 2024, the Company's mortgage activity included draws on existing mortgages of $89.0 million and repayments of $3.7 million. As of March 31, 2024, the Company's secured mortgage loans had $1.0 billion of undrawn lender commitment available to be drawn for property development, subject to certain restrictions.

Special Improvement District Bonds The Summerlin MPC uses SID bonds to finance certain common infrastructure improvements. These bonds are issued by the municipalities and are secured by the assessments on the land. The majority of proceeds from each bond issued is held in a construction escrow and disbursed to the Company as infrastructure projects are completed, inspected by the municipalities, and approved for reimbursement. Accordingly, the SID bonds have been classified as debt, and the Summerlin MPC pays the debt service on the bonds semi-annually. As Summerlin sells land, the buyers assume a proportionate share of the bond obligation at closing, and the residential sales contracts provide for the reimbursement of the principal amounts that the Company previously paid with respect to such proportionate share of the bond. These bonds bear interest at fixed rates ranging from 4.13% to 7.00% with maturities ranging from 2025 to 2053 as of March 31, 2024. During the three months ended March 31, 2024, no obligations were assumed by buyers and no SID bonds were issued.

Secured Bridgeland Notes In September 2021, the Company closed on a $275.0 million financing with maturity in 2026. This financing is secured by MUD receivables and land in Bridgeland. The loan required a $27.5 million fully refundable deposit and has an interest rate of 7.62%. In December 2022, the borrowing capacity of this obligation was expanded from $275.0 million to $475.0 million. An additional $67.0 million was drawn in the second quarter of 2023 and $133.0 million was drawn in the third quarter of 2023, bringing outstanding borrowings to $475.0 million as of March 31, 2024.

Debt Compliance As of March 31, 2024, the Company was in compliance with all property-level debt covenants with the exception of six property-level debt instruments. As a result, the excess net cash flow after debt service from the underlying properties became restricted. While the restricted cash could not be used for general corporate purposes, it could be used to fund operations of the underlying assets and did not have a material impact on the Company's liquidity or its ability to operate these assets.

7. Fair Value

ASC 820, *Fair Value Measurement*, emphasizes that fair value is a market-based measurement that should be determined using assumptions market participants would use in pricing an asset or liability. The standard establishes a hierarchical disclosure framework that prioritizes and ranks the level of market price observability used in measuring assets or liabilities at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the asset or liability. Assets or liabilities with readily available active quoted prices, or for which fair value can be measured from actively quoted prices, generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

The following table presents the fair value measurement hierarchy levels required under ASC 820 for the Company's assets that are measured at fair value on a recurring basis. The Company does not have any liabilities that are measured at a fair value on a recurring basis for the periods presented.

	March 31, 2024 Fair Value Measurements Using				December 31, 2023 Fair Value Measurements Using			
thousands	**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest rate derivative assets	**$ 14,856**	**$ —**	**$ 14,856**	**$ —**	$ 10,318	$ —	$ 10,318	$ —

The fair values of interest rate derivatives are determined using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates derived from observable market interest rate curves.

The estimated fair values of the Company's financial instruments that are not measured at fair value on a recurring basis are as follows:

		March 31, 2024		December 31, 2023	
thousands	**Fair Value Hierarchy**	**Carrying Amount**	**Estimated Fair Value**	Carrying Amount	Estimated Fair Value
Assets:					
Cash and Restricted cash	Level 1	**$ 891,830**	**$ 891,830**	$ 1,053,057	$ 1,053,057
Accounts receivable, net (a)	Level 3	**111,117**	**111,117**	115,045	115,045
Notes receivable, net (b)	Level 3	**1,088**	**1,088**	1,558	1,558
Liabilities:					
Fixed-rate debt (c)	Level 2	**3,597,886**	**3,264,288**	3,601,121	3,294,431
Variable-rate debt (c)	Level 2	**1,840,049**	**1,840,049**	1,751,489	1,751,489

(a) Accounts receivable, net is shown net of an allowance of $15.7 million at March 31, 2024, and $15.0 million at December 31, 2023. Refer to Note 1 - *Presentation of Financial Statements and Significant Accounting Policies* for additional information on the allowance.
(b) Notes receivable, net is shown net of an immaterial allowance at March 31, 2024, and December 31, 2023.
(c) Excludes related unamortized financing costs.

The carrying amounts of Cash and Restricted cash, Accounts receivable, net, and Notes receivable, net approximate fair value because of the short-term maturity of these instruments.

The fair value of the Company's Senior Notes, included in fixed-rate debt in the table above, is based upon the trade price closest to the end of the period presented. The fair value of other fixed-rate debt in the table above was estimated based on a discounted future cash payment model, which includes risk premiums and risk-free rates derived from the Secured Overnight Financing Rate (SOFR) or U.S. Treasury obligation interest rates as of March 31, 2024. Refer to Note 6 - *Mortgages, Notes, and Loans Payable, Net* for additional information. The discount rates reflect the Company's judgment as to what the approximate current lending rates for loans or groups of loans with similar maturities and credit quality would be if credit markets were operating efficiently and assuming that the debt is outstanding through maturity.

The carrying amounts for the Company's variable-rate debt approximate fair value given that the interest rates are variable and adjust with current market rates for instruments with similar risks and maturities.

The below table includes a non-financial asset that was measured at fair value on a non-recurring basis resulting in the property being impaired:

		Fair Value Measurements Using		
thousands	Total Fair Value Measurement (a)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2023				
Seaport Net investment in real estate	$ 321,180	$ —	$ —	$ 321,180
Seaport Investments in unconsolidated ventures	40,225	—	—	40,225

The fair value was measured as of the impairment date in the third quarter of 2023 using a discounted cash flow analysis to determine fair value, with capitalization rates ranging from 5.5% to 6.75%, discount rates ranging from 8.5% to 13.3%, and restaurant multiples ranging from 8.3 to 11.8.

8. Derivative Instruments and Hedging Activities

The Company is exposed to interest rate risk related to its variable interest rate debt, and it manages this risk by utilizing interest rate derivatives. The Company uses interest rate swaps, collars, and caps to add stability to interest costs by reducing the Company's exposure to interest rate movements. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company's fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Interest rate collars designated as cash flow hedges involve the receipt of variable amounts from a counterparty if interest rates rise above an established ceiling rate and payment of variable amounts to a counterparty if interest rates fall below an established floor rate, in exchange for an upfront premium. No payments or receipts are exchanged on interest rate collar contracts unless interest rates rise above or fall below the established ceiling and floor rates. Interest rate caps designated as cash flow hedges involve the receipt of variable amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an upfront premium. Certain of the Company's interest rate caps are not currently designated as hedges, and therefore, any gains or losses are recognized in current-period earnings within Interest expense on the Condensed Consolidated Statements of Operations. These derivatives are recorded on a gross basis at fair value on the balance sheet.

Assessments of hedge effectiveness are performed quarterly using regression analysis. The change in the fair value of derivatives designated and qualifying as cash flow hedges is recorded in Accumulated other comprehensive income (loss) (AOCI) and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings within the same income statement line item being hedged. Derivatives accounted for as cash flow hedges are classified in the same category in the Condensed Consolidated Statements of Cash Flows as the items being hedged. Gains and losses from derivative financial instruments are reported in Cash provided by (used in) operating activities within the Condensed Consolidated Statements of Cash Flows.

The Company is exposed to credit risk in the event of non-performance by its derivative counterparties. To mitigate its credit risk, the Company reviews the creditworthiness of counterparties and enters into agreements with those that are considered credit-worthy, such as large financial institutions with favorable credit ratings. There were no derivative counterparty defaults as of March 31, 2024, or as of December 31, 2023.

If the derivative contracts are terminated prior to their maturity, the amounts previously recorded in AOCI are recognized in earnings over the period that the hedged transaction impacts earnings. The Company recorded an immaterial reduction in interest expense in 2023 and 2024 related to the amortization of terminated swaps.

Amounts reported in AOCI related to derivatives will be reclassified to Interest expense as interest payments are made on the Company's variable-rate debt. Over the next 12 months, the Company estimates that $4.3 million of net gain will be reclassified to Interest expense including amounts related to the amortization of terminated swaps.

The following table summarizes certain terms of the Company's derivative contracts. The Company reports derivative assets in Other assets, net and derivative liabilities in Accounts payable and other liabilities.

thousands	Notional Amount	Fixed Interest Rate (a)	Effective Date	Maturity Date	Fair Value Asset (Liability) March 31, 2024	December 31, 2023
Derivative instruments not designated as hedging instruments: (b)						
Interest rate cap	75,000	2.50 %	10/12/2021	9/29/2025	**$ 2,404**	$ 2,274
Interest rate cap	59,500	2.50 %	10/12/2021	9/29/2025	**1,907**	1,804
Interest rate collar	55,615	2.00% - 4.50%	6/1/2023	6/1/2025	**770**	417
Interest rate collar	63,031	2.00% - 4.50%	6/1/2023	6/1/2025	**903**	440
Derivative instruments designated as hedging instruments:						
Interest rate swap (c)	175,000	3.69 %	1/3/2023	1/1/2027	**2,500**	117
Interest rate cap	127,000	5.50 %	11/10/2022	11/7/2024	**14**	28
Interest rate cap	73,900	5.00 %	12/22/2022	12/21/2025	**242**	223
Interest rate swap	40,800	1.68 %	3/1/2022	2/18/2027	**2,878**	2,496
Interest rate swap	34,744	4.89 %	11/1/2019	1/1/2032	**3,238**	2,519
Total fair value derivative assets					**$ 14,856**	$ 10,318

(a) These rates represent the swap rate and cap strike rate on the Company's interest rate swaps, caps, and collars.
(b) Interest income related to these contracts was $2.2 million for the three months ended March 31, 2024, and $4.2 million for the three months ended March 31, 2023.
(c) In the first quarter of 2024, the Company terminated a portion of this swap, reducing the notional amount from $200.0 million to $175.0 million.

The tables below present the effect of the Company's derivative financial instruments on the Condensed Consolidated Statements of Operations for the three months ended March 31, 2024 and 2023:

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivatives Three Months Ended March 31,
thousands	**2024** 2023
Interest rate derivatives	**$ 3,830** $ (2,651)

Location of Gain (Loss) Reclassified from AOCI into Statements of Operations	Amount of Gain (Loss) Reclassified from AOCI into Statements of Operations Three Months Ended March 31,
thousands	**2024** 2023
Interest expense	**$ 1,205** $ 2,679

Credit-risk-related Contingent Features The Company has agreements at the property level with certain derivative counterparties that contain a provision where if the Company defaults on the related property level indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Company could also be declared in default on its related derivative obligations. The Company also has agreements at the property level with certain derivative counterparties that contain a provision where the Company could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the Company's default on the indebtedness. None of the Company's derivatives which contain credit-risk-related features were in a net liability position as of March 31, 2024.

9. Commitments and Contingencies

Litigation In the normal course of business, from time to time, the Company is involved in legal proceedings relating to the ownership and operations of its properties. In management's opinion, the liabilities, if any, that may ultimately result from normal course of business legal actions are not expected to have a material effect on the Company's consolidated financial position, results of operations, or liquidity.

Columbia The Company is currently developing certain property it owns in the Lakefront neighborhood of Downtown Columbia, which is subject to certain recorded documents, covenants, and restrictions (Covenants). Under the Covenants, HHH is the master developer of the Lakefront neighborhood. In 2017, IMH Columbia, LLC (IMH) purchased the site of a former Sheraton Hotel (Hotel Lot) subject to the Covenants. IMH has made demands that HHH accede to IMH's development plans for the Hotel Lot and HHH has exercised its right under the Covenants to object to IMH's plans for the Hotel Lot. IMH filed a complaint seeking (1) a declaration that the Covenants' limitations on changes in use and onsite parking were consented to by HHH, or are otherwise obsolete and unenforceable, (2) damages reimbursing the costs and expenses IMH claims to have incurred in reliance on HHH's alleged consent to IMH's proposed development, (3) damages related to the expectation of lost profits, which IMH alleged were caused by HHH breaching the Covenants by prohibiting IMH from proceeding with their proposed development, and (4) declarations finding that HHH had breached the shared parking related Covenants relating to HHH's own property. The jury trial concluded in April 2024, and the jury found partially in favor of IMH and awarded damages of $17.0 million. HHH plans to file a notice of appeal and motion to reduce the damage award. The Company will continue to vigorously defend the matter as it believes that these claims are without merit and that it has substantial legal and factual defenses to the claims and allegations contained in the complaint.

Timarron Park On June 14, 2018, the Company was served with a petition involving approximately 500 individuals or entities who claim that their properties, located in the Timarron Park neighborhood of The Woodlands, were damaged by flood waters that resulted from the unprecedented rainfall that occurred throughout Harris County and surrounding areas during Hurricane Harvey in August 2017. The complaint was filed in State Court in Harris County of the State of Texas. In general, the plaintiffs allege negligence in the development of Timarron Park and violations of Texas' Deceptive Trade Practices Act and name as defendants The Howard Hughes Corporation, The Woodlands Land Development Company, and two unaffiliated parties involved in the planning and engineering of Timarron Park. The plaintiffs are seeking restitution for damages to their property and diminution of their property values. On August 9, 2022, the Court granted the Company's summary judgment motions and dismissed the plaintiffs' claims. On September 8, 2022, the plaintiffs filed a motion for a new trial. On October 21, 2022, the Court denied the motion for a new trial. On November 7, 2022, the Plaintiffs filed their notice of appeal. The Company will continue to vigorously defend the matter as it believes that these claims are without merit and that it has substantial legal and factual defenses to the claims and allegations contained in the complaint. Based upon the present status of this matter, the Company does not believe it is probable that a loss will be incurred. Accordingly, the Company has not recorded a charge as a result of this action.

Waiea The Company entered into a settlement agreement with the Waiea homeowners association related to certain construction defects at the condominium tower. Pursuant to the settlement agreement, the Company will pay for the repair of the defects. The Company believes that the general contractor is ultimately responsible for the defects and as such the Company should be entitled to recover all the repair costs from the general contractor, other responsible parties, and insurance proceeds; however, the Company can provide no assurances that all or any portion of the costs will be recovered. Total estimated cost related to the remediation is $158.4 million, inclusive of $3.0 million of additional costs recognized in the first quarter of 2024. The sixth and final amendment of resolution of disputes and release agreement was executed during the first quarter of 2024, thereby releasing the Company from any further claims or demands from the Waiea homeowners association arising from or relating to the construction or repair of the condominium project. As of March 31, 2024, $2.6 million remains in Construction payables for the estimated repair costs related to this matter, which is included in Accounts payable and other liabilities in the accompanying Condensed Consolidated Balance Sheets.

250 Water Street In 2021, the Company received the necessary approvals for its 250 Water Street development project, which includes a mixed-use development with affordable and market-rate apartments, community-oriented spaces, and office space. In May 2021, the Company received approval from the New York City Landmarks Preservation Commission (LPC) on its proposed design for the 250 Water Street site. The Company received final approvals in December 2021 through the New York City Uniform Land Use Review Procedure known as ULURP, which allowed the necessary transfer of development rights to the parking lot site. The Company began initial foundation and voluntary site remediation work in the second quarter of 2022 and completed remediation work in December 2023.

The Company has prevailed in various lawsuits filed in 2021 and 2022 challenging the development approvals in order to prevent construction of this project. In September 2021, the New York State Supreme Court dismissed on procedural grounds a lawsuit challenging the LPC approval. In February 2022, an additional lawsuit was filed in New York State Supreme Court by opponents of the project challenging the land use approvals for 250 Water Street previously granted to the Company under the ULURP, and in August 2022 the Court ruled in the Company's favor, denying all claims of the petitioners. The same petitioners subsequently filed a request to reargue and renew the case, which the Court rejected in January 2023.

A separate lawsuit was filed in July 2022 again challenging the Landmarks Preservation Commission approval. In January 2023, a Court ruled in favor of the petitioners vacating the Certificate of Appropriateness (COA) issued by the LPC. The Company immediately appealed this decision to the New York State Supreme Court's Appellate Division and on June 6, 2023, an Appellate Division panel of five judges unanimously reversed the lower Court's decision, reinstating the COA. Subsequently, on June 29, 2023, petitioners filed a motion requesting reargument or, in the alternative, permission to appeal the decision of the Appellate Division to the New York State Court of Appeals. On August 31, 2023, the Appellate denied petitioners' motion in full. Subsequently, petitioners filed a motion in the Court of Appeals for permission to appeal to that court. The decision on the motion by the Court of Appeals is pending. Although it is not possible to predict with certainty the outcome of petitioners' motion, such requests are rarely granted and there is no further judicial recourse after the Court of Appeals. If the pending motion for permission to appeal were to be granted by the Court of Appeals, the Company believes the Appellate Division's ruling will be upheld based on the substantial legal and factual arguments supporting its decision. The lawsuit is not seeking monetary damages as the petitioners are seeking to enjoin the Company from moving forward with the development of 250 Water Street. Because the Company believes that a potential loss is not probable or estimable, it has not recorded any reserves or contingencies related to this legal matter.

Letters of Credit and Surety Bonds As of March 31, 2024, the Company had outstanding letters of credit totaling $3.9 million and surety bonds totaling $461.6 million. As of December 31, 2023, the Company had outstanding letters of credit totaling $3.9 million and surety bonds totaling $470.4 million. These letters of credit and surety bonds were issued primarily in connection with insurance requirements, special real estate assessments, and construction obligations.

Operating Leases The Company leases land or buildings at certain properties from third parties, which are recorded in Operating lease right-of-use assets and Operating lease obligations on the Condensed Consolidated Balance Sheets. See Note 14 - *Leases* for further discussion. Contractual rental expense, including participation rent, was $1.8 million for the three months ended March 31, 2024, compared to $1.3 million for the three months ended March 31, 2023. The amortization of above and below-market ground leases and straight-line rents included in the contractual rent amount was not significant.

Guarantee Agreements The Company evaluates the likelihood of future performance under the below guarantees and, as of March 31, 2024, and December 31, 2023, there were no events requiring financial performance under these guarantees.

Floreo In October 2022, Floreo, the Company's 50%-owned joint venture in Teravalis, closed on a $165 million bond financing. Outstanding borrowings as of March 31, 2024, were $96.1 million. A wholly owned subsidiary of the Company (HHC Member) provided a guarantee for the bond in the form of a collateral maintenance commitment under which it will post refundable cash collateral if the Loan-to-Value (LTV) ratio exceeds 50%. A separate wholly owned subsidiary of the Company also provided a backstop guarantee of up to $50 million of the cash collateral commitment in the event HHC Member fails to make necessary payments when due. The cash collateral becomes nonrefundable if Floreo defaults on the bond obligation. The Company received a fee of $5.0 million in exchange for providing this guarantee, which was recognized in Accounts payable and other liabilities on the Condensed Consolidated Balance Sheets as of March 31, 2024, and December 31, 2023. This liability amount will be recognized in Other income (loss), net in a manner that corresponds to the bond repayment by Floreo. The Company's maximum exposure under this guarantee is equal to the cash collateral that the Company may be obligated to post. As of March 31, 2024, the Company has not posted any cash collateral. Given the existence of other collateral including the undeveloped land owned by Floreo, the entity's extensive and discretionary development plan, and its eligibility for reimbursement of a significant part of the development costs from the Community Facility District in Arizona, the Company does not expect to have to post collateral.

Downtown Columbia The Company's wholly owned subsidiaries agreed to complete defined public improvements and to indemnify Howard County, Maryland, for certain matters as part of the Downtown Columbia Redevelopment District TIF bonds. To the extent that increases in taxes do not cover debt service payments on the TIF bonds, the Company's wholly owned subsidiary is obligated to pay special taxes. Management has concluded that, as of March 31, 2024, any obligations to pay special taxes are not probable.

Ward Village As part of the Company's development permits with the Hawai'i Community Development Authority for the condominium towers at Ward Village, the Company entered into a guarantee whereby it is required to reserve 20% of the residential units for local residents who meet certain maximum income and net worth requirements. This guarantee, which is triggered once the necessary permits are granted and construction commences, was satisfied for Waiea, Anaha, and Ae`o, with the opening of Ke Kilohana, which is a workforce tower fully earmarked to fulfill this obligation for the first four towers. The reserved units for 'A'ali'i tower are included in the 'A'ali'i tower. Units for Kō'ula, Victoria Place, and The Park Ward Village will be satisfied with the construction of Ulana Ward Village, which is a second workforce tower fully earmarked to fulfill the remaining reserved housing guarantee in the community. Ulana Ward Village began construction in early 2023.

10. Income Taxes

	Three Months Ended March 31,	
thousands except percentages	**2024**	2023
Income tax expense (benefit)	**$ (17,195)**	$ (1,278)
Income (loss) before income taxes	**(69,662)**	(23,905)
Effective tax rate	**24.7 %**	5.3 %

The Company's tax provision for interim periods is determined using an estimate of its annual current and deferred effective tax rates, adjusted for discrete items. The Company's effective tax rate is typically impacted by non-deductible executive compensation and other permanent differences as well as state income taxes, which cause the Company's effective tax rate to deviate from the federal statutory rate.

11. Accumulated Other Comprehensive Income (Loss)

The following tables summarize changes in AOCI, all of which are presented net of tax:

thousands	
Balance at December 31, 2023	$ 1,272
Derivative instruments:	
Other comprehensive income (loss) before reclassifications	3,830
(Gain) loss reclassified to net income	(1,205)
Net current-period other comprehensive Income (loss)	2,625
Balance at March 31, 2024	$ 3,897
Balance at December 31, 2022	$ 10,335
Derivative instruments:	
Other comprehensive income (loss) before reclassifications	(2,651)
(Gain) loss reclassified to net income	(2,679)
Net current-period other comprehensive income (loss)	(5,330)
Balance at March 31, 2023	$ 5,005

The following table summarizes the amounts reclassified out of AOCI:

Accumulated Other Comprehensive Income (Loss) Components	**Amounts reclassified from Accumulated other comprehensive income (loss)**		**Affected line items in the Statements of Operations**
	Three Months Ended March 31,		
thousands	**2024**	2023	
(Gains) losses on cash flow hedges	**$ (1,561)**	$ (3,462)	Interest expense
Income tax expense (benefit)	**356**	783	Income tax expense (benefit)
Total reclassifications of (income) loss, net of tax	**$ (1,205)**	$ (2,679)	

12. Earnings Per Share

Basic earnings (loss) per share (EPS) is computed by dividing net income (loss) available to common stockholders by the weighted-average number of common shares outstanding. Diluted EPS is computed after adjusting the numerator and denominator of the basic EPS computation for the effects of all potentially dilutive common shares. The dilutive effect of options and non-vested stock issued under stock-based compensation plans is computed using the treasury stock method. The dilutive effect of the warrants, which expired without being exercised in 2023, were computed using the if-converted method.

Information related to the Company's EPS calculations is summarized as follows:

	Three Months Ended March 31,	
thousands except per share amounts	**2024**	2023
Net income (loss)		
Net income (loss)	**$ (52,467)**	$ (22,627)
Net (income) loss attributable to noncontrolling interests	**(10)**	(118)
Net income (loss) attributable to common stockholders	**$ (52,477)**	$ (22,745)
Shares		
Weighted-average common shares outstanding - basic	**49,663**	49,455
Weighted-average common shares outstanding - diluted	**49,663**	49,455
Net income (loss) per common share		
Basic income (loss) per share	**$ (1.06)**	$ (0.46)
Diluted income (loss) per share	**$ (1.06)**	$ (0.46)
Anti-dilutive shares excluded from diluted EPS		
Restricted stock and stock options	**688**	790
Warrants	**—**	2,053

Common Stock Repurchases In October 2021, the Company's board of directors (Board) authorized a share repurchase program, pursuant to which the Company was authorized to purchase up to $250.0 million of its common stock through open-market transactions. The Company repurchased $96.6 million in 2021 and $153.4 million in 2022, thereby completing all authorized purchases under the October 2021 program.

In March 2022, the Board authorized an additional share repurchase program pursuant to which the Company may, from time to time, purchase up to $250.0 million of its common stock through open-market transactions. In 2022, the Company repurchased approximately $235.0 million. The date and time of any repurchases will depend upon market conditions and the program may be suspended or discontinued at any time.

13. Revenues

Revenues from contracts with customers (excluding lease-related revenues) are recognized when control of the promised goods or services is transferred to the Company's customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Revenue and cost of sales for condominium units sold are not recognized until the construction is complete, the sale closes, and the title to the property has transferred to the buyer (point in time). Additionally, certain real estate selling costs, such as the costs related to the Company's condominium model units, are either expensed immediately or capitalized as property and equipment and depreciated over their estimated useful life.

The following presents the Company's revenues disaggregated by revenue source:

	Three Months Ended March 31,	
thousands	**2024**	2023
Revenues from contracts with customers		
Recognized at a point in time:		
Condominium rights and unit sales	**$ 23**	$ 6,087
Master Planned Communities land sales	**32,415**	59,361
Builder price participation	**12,566**	14,009
Total	**45,004**	79,457
Recognized at a point in time or over time:		
Other land, rental, and property revenues	**18,383**	18,968
Rental and lease-related revenues		
Rental revenue	**107,751**	97,864
Total revenues	**$ 171,138**	$ 196,289
Revenues by segment		
Operating Assets revenues	**$ 110,152**	$ 100,925
Master Planned Communities revenues	**48,875**	77,013
Seaport revenues	**11,502**	11,897
Strategic Developments revenues	**593**	6,440
Corporate revenues	**16**	14
Total revenues	**$ 171,138**	$ 196,289

Contract Assets and Liabilities Contract assets are the Company's right to consideration in exchange for goods or services that have been transferred to a customer, excluding any amounts presented as a receivable. Contract liabilities are the Company's obligation to transfer goods or services to a customer for which the Company has received consideration.

There were no contract assets for the periods presented. The contract liabilities primarily relate to escrowed condominium deposits, MPC land sales deposits, and deferred MPC land sales related to unsatisfied land improvements. The beginning and ending balances of contract liabilities and significant activity during the periods presented are as follows:

thousands	**Contract Liabilities**
Balance at December 31, 2023	$ 579,328
Consideration earned during the period	(16,762)
Consideration received during the period	74,674
Balance at March 31, 2024	$ 637,240
Balance at December 31, 2022	$ 457,831
Consideration earned during the period	(16,919)
Consideration received during the period	78,366
Balance at March 31, 2023	$ 519,278

Remaining Unsatisfied Performance Obligations The Company's remaining unsatisfied performance obligations represent a measure of the total dollar value of work to be performed on contracts executed and in progress. These performance obligations primarily relate to the completion of condominium construction and transfer of control to a buyer, as well as the completion of contracted MPC land sales and related land improvements. These obligations are associated with contracts that generally are non-cancelable by the customer after 30 days for all Ward Village condominiums and after 6 days for The Ritz-Carlton Residences; however, purchasers of condominium units have the right to cancel the contract should the Company elect not to construct the condominium unit within a certain period of time or materially change the design of the condominium unit. The aggregate amount of the transaction price allocated to the Company's remaining unsatisfied performance obligations as of March 31, 2024, is $3.5 billion. The Company expects to recognize this amount as revenue over the following periods:

thousands	Less than 1 year	1-2 years	3 years and thereafter
Total remaining unsatisfied performance obligations	$ 1,060,125	$ 1,087,244	$ 1,316,260

The Company's remaining performance obligations are adjusted to reflect any known project cancellations, revisions to project scope and cost, and deferrals, as appropriate. These amounts exclude estimated amounts of variable consideration which are constrained, such as builder price participation.

14. Leases

The Company has lease agreements with lease and non-lease components and has elected to aggregate these components into a single component for all classes of underlying assets. Certain of the Company's lease agreements include non-lease components such as fixed common area maintenance charges.

Lessee Arrangements The Company determines whether an arrangement is a lease at inception. Operating leases are included in Operating lease right-of-use assets and Operating lease obligations on the Consolidated Balance Sheets. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of future minimum lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses an estimate of the incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future lease payments. The Operating lease right-of-use asset also includes any lease payments made, less any lease incentives and initial direct costs incurred. The Company does not have any finance leases.

The Company's lessee agreements consist of operating leases primarily for ground leases and other real estate. The Company's leases have remaining lease terms of approximately 2 years to approximately 50 years, excluding extension options. The Company considers its strategic plan and the life of associated agreements in determining when options to extend or terminate lease terms are reasonably certain of being exercised. Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term. Certain of the Company's lease agreements include variable lease payments based on a percentage of income generated through subleases, changes in price indices and market rates, and other costs arising from operating, maintenance, and taxes. The Company's lease agreements do not contain residual value guarantees or restrictive covenants. The Company leases certain buildings and office space constructed on its ground leases to third parties. The Company's operating leases primarily relate to the Seaport ground leases.

The Company's leased assets and liabilities are as follows:

thousands	March 31, 2024	December 31, 2023
Operating lease right-of-use assets	**$ 45,649**	$ 44,897
Operating lease obligations	**53,065**	51,584

The components of lease cost are as follows:

thousands	Three Months Ended March 31, 2024	2023
Operating lease cost	**$ 1,729**	$ 1,708
Variable lease cost	**663**	392
Total lease cost	**$ 2,392**	$ 2,100

Future minimum lease payments as of March 31, 2024, are as follows:

thousands	Operating Leases
Remainder of 2024	$ 3,575
2025	5,117
2026	4,093
2027	3,360
2028	3,424
Thereafter	240,646
Total lease payments	260,215
Less: imputed interest	(207,150)
Present value of lease liabilities	$ 53,065

Other information related to the Company's lessee agreements is as follows:

Supplemental Condensed Consolidated Statements of Cash Flows Information *thousands*	Three Months Ended March 31, 2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows on operating leases	**$ 1,482**	$ 1,097

Other Information	March 31, 2024	March 31, 2023
Weighted-average remaining lease term (years)		
Operating leases	**42.8**	43.9
Weighted-average discount rate		
Operating leases	**7.7 %**	7.8 %

Lessor Arrangements The Company receives rental income from the leasing of retail, office, multi-family, and other space under operating leases, as well as certain variable tenant recoveries. Operating leases for retail, office, and other properties are with a variety of tenants and have a remaining average term of approximately five years. Lease terms generally vary among tenants and may include early termination options, extension options, and fixed rental rate increases or rental rate increases based on an index. Multi-family leases generally have a term of 12 months or less. Minimum rent revenues related to operating leases are as follows:

thousands	Three Months Ended March 31, 2024	2023
Total minimum rent payments	**$ 61,756**	$ 57,797

Total future minimum rents associated with operating leases are as follows as of March 31, 2024:

thousands		Total Minimum Rent
Remainder of 2024	$	191,134
2025		247,340
2026		233,614
2027		222,423
2028		200,565
Thereafter		848,934
Total	$	1,944,010

Minimum rent revenues are recognized on a straight-line basis over the terms of the related leases when collectability is reasonably assured and the tenant has taken possession of, or controls, the physical use of the leased asset. Percentage rent in lieu of fixed minimum rent is recognized as sales are reported from tenants. Minimum rent revenues reported on the Condensed Consolidated Statements of Operations also include amortization related to above and below-market tenant leases on acquired properties.

15. Segments

The Company has four business segments that offer different products and services. HHH's four segments are managed separately because each requires different operating strategies or management expertise and are reflective of management's operating philosophies and methods. Because the Company's four segments, Operating Assets, MPC, Seaport, and Strategic Developments, are managed separately, the Company uses different operating measures to assess operating results and allocate resources among them. The one common operating measure used to assess operating results for the Company's business segments is earnings before tax (EBT). EBT, as it relates to each business segment, includes the revenues and expenses of each segment, as shown below. EBT excludes corporate expenses and other items that are not allocable to the segments. The Company presents EBT for each segment because the Company uses this measure, among others, internally to assess the core operating performance of the Company's assets. The Company's segments or assets within such segments could change in the future as development of certain properties commences or other operational or management changes occur. All operations are within the United States. The Company's reportable segments are as follows:

- ***Operating Assets*** – consists of developed or acquired retail, office, and multi-family properties along with other real estate investments. These properties are currently generating revenues and may be redeveloped, repositioned, or sold to improve segment performance or to recycle capital.
- ***MPC*** – consists of the development and sale of land in large-scale, long-term community development projects in and around Las Vegas, Nevada; Houston, Texas; and Phoenix, Arizona.
- ***Seaport*** – consists of approximately 472,000 square feet of restaurant, retail, and entertainment properties situated in three primary locations in New York City: Pier 17, Historic Area/Uplands, and Tin Building as well as the 250 Water Street development, and equity interest in Jean-Georges Restaurants.
- ***Strategic Developments*** – consists of residential condominium and commercial property projects currently under development and all other properties held for development which have no substantial operations.

Segment operating results are as follows:

thousands	Operating Assets Segment	MPC Segment	Seaport Segment	Strategic Developments Segment	Total
Three Months Ended March 31, 2024					
Total revenues	$ 110,152	$ 48,875	$ 11,502	$ 593	$ 171,122
Total operating expenses	(51,395)	(25,049)	(21,485)	(8,654)	(106,583)
Segment operating income (loss)	58,757	23,826	(9,983)	(8,061)	64,539
Depreciation and amortization	(44,156)	(110)	(5,757)	(1,419)	(51,442)
Interest income (expense), net	(33,476)	15,246	(2,012)	4,024	(16,218)
Other income (loss), net	408	—	—	3	411
Equity in earnings (losses) from unconsolidated ventures	5,817	(14,711)	(10,280)	39	(19,135)
Gain (loss) on sale or disposal of real estate and other assets, net	4,794	—	—	—	4,794
Segment EBT	$ (7,856)	$ 24,251	$ (28,032)	$ (5,414)	$ (17,051)
Corporate income, expenses, and other items					(35,416)
Net income (loss)					(52,467)
Net (income) loss attributable to noncontrolling interests					(10)
Net income (loss) attributable to common stockholders					$ (52,477)
Three Months Ended March 31, 2023					
Total revenues	$ 100,925	$ 77,013	$ 11,897	$ 6,440	$ 196,275
Total operating expenses	(47,599)	(34,351)	(18,916)	(11,059)	(111,925)
Segment operating income (loss)	53,326	42,662	(7,019)	(4,619)	84,350
Depreciation and amortization	(39,632)	(107)	(10,527)	(943)	(51,209)
Interest income (expense), net	(28,911)	15,812	1,186	2,063	(9,850)
Other income (loss), net	2,282	(103)	1	94	2,274
Equity in earnings (losses) from unconsolidated ventures	1,905	4,108	(10,820)	5	(4,802)
Gain (loss) on sale or disposal of real estate and other assets, net	4,730	—	—	—	4,730
Segment EBT	$ (6,300)	$ 62,372	$ (27,179)	$ (3,400)	$ 25,493
Corporate income, expenses, and other items					(48,120)
Net income (loss)					(22,627)
Net (income) loss attributable to noncontrolling interests					(118)
Net income (loss) attributable to common stockholders					$ (52,745)

The assets by segment and the reconciliation of total segment assets to Total assets in the Condensed Consolidated Balance Sheets are summarized as follows:

thousands	March 31, 2024	December 31, 2023
Operating Assets	**$ 3,561,321**	$ 3,577,694
Master Planned Communities	**3,435,883**	3,358,821
Seaport	**486,713**	485,898
Strategic Developments	**1,840,743**	1,638,955
Total segment assets	**9,324,660**	9,061,368
Corporate	**311,231**	515,635
Total assets	**$ 9,635,891**	$ 9,577,003

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis by management should be read in conjunction with the unaudited Condensed Consolidated Financial Statements and Notes included in this quarterly report on Form 10-Q (the Quarterly Report) and in the Howard Hughes Holdings Inc. (HHH or the Company) audited annual report on Form 10-K for the fiscal year ended December 31, 2023, filed with the Securities and Exchange Commission (SEC) on February 27, 2024 (the Annual Report). All references to numbered Notes are to specific notes to our unaudited Condensed Consolidated Financial Statements included in this Quarterly Report.

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FORWARD-LOOKING INFORMATION

Certain statements contained in or incorporated by reference into this Quarterly Report, including, without limitation, those related to our future operations constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical fact included in this Quarterly Report are forward-looking statements and may include words such as "anticipate," "believe," "estimate," "expect," "forecast," "intend," "likely," "may," "plan," "project," "realize," "should," "transform," "will," "would," and other statements of similar expression.

These forward-looking statements involve known and unknown risks, uncertainties, and other important factors that could cause our actual results, performance or achievements, or industry results, to differ materially from any predictions of future results, performance or achievements that we express or imply in this Quarterly Report or in the information incorporated herein by reference.

Forward-looking statements include:

- accelerated growth in our core Master Planned Communities (MPC) assets
- expected performance of our stabilized, income-producing properties and the performance and stabilization timing of properties that we have recently placed into service or are under construction
- forecasts of our future economic performance
- expected capital required for our operations and development opportunities for our properties
- impact of technology on our operations and business
- expected performance of our segments
- expected commencement and completion for property developments and timing of sales or rentals of certain properties
- estimates of our future liquidity, development opportunities, development spending and management plans
- the potential impact of a resurgence of the COVID-19 pandemic on our business, our tenants and the economy in general, and our ability to accurately assess and predict such impacts on the financial condition, results of operations, cash flows, and performance of our Company; and
- descriptions of assumptions underlying or relating to any of the foregoing.

Some of the risks, uncertainties, and other important factors that may affect future results or cause actual results to differ materially from those expressed or implied by forward-looking statements include:

- our ability to satisfy the necessary conditions and complete the spinoff on a timely basis (or at all)
- our ability to realize the anticipated benefits of the spinoff
- the effects of the spinoff on our ongoing business
- macroeconomic conditions such as volatility in capital markets, and a prolonged recession in the national economy, including any adverse business or economic conditions in the homebuilding, condominium-development, retail, and office sectors
- general inflation, including core and wage inflation; commodity and energy price and currency volatility; as well as monetary, fiscal, and policy interventions in anticipation of our reaction to such events
- our inability to obtain operating and development capital for our properties, including our inability to obtain or refinance debt capital from lenders and the capital markets
- rising interest rates and inflation
- the availability of debt and equity capital
- our ability to compete effectively, including the potential impact of heightened competition for tenants and potential decreases in occupancy at our properties
- extreme weather conditions or climate change, including natural disasters, that may cause property damage or interrupt business
- the impact of water and electricity shortages
- contamination of our property by hazardous or toxic substances
- terrorist activity, acts of violence, or breaches of our data security
- losses that are not insured or exceed the applicable insurance limits
- our ability to lease new or redeveloped space
- our ability to obtain the necessary governmental permits for the development of our properties and necessary regulatory approvals pursuant to an extensive entitlement process involving multiple and overlapping regulatory jurisdictions, which often require discretionary action by local governments
- increased construction costs exceeding our original estimates, delays or overruns, claims for construction defects, or other factors affecting our ability to develop, redevelop or construct our properties

- mismatch of supply and demand, including interruptions of supply lines
- regulation of the portion of our business that is dedicated to the formation and sale of condominiums, including regulatory filings to state agencies, additional entitlement processes, and requirements to transfer control to a condominium association's board of directors in certain situations
- fluctuations in regional and local economies, the impact of changes in interest rates on residential housing and condominium markets, local real estate conditions, tenant rental rates, and competition from competing retail properties and the internet
- inherent risks related to disruption of information technology networks and related systems, including cyber security attacks
- our ability to attract and retain key personnel
- our ability to collect rent and attract tenants
- our indebtedness, including our $750,000,000 5.375% Senior Notes due 2028, $650,000,000 4.125% Senior Notes due 2029 and $650,000,000 4.375% Senior Notes due 2031, contain restrictions that may limit our ability to operate our business
- our directors' involvement or interests in other businesses, including real estate activities and investments
- 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
- our dependence on the operations and funds of our subsidiaries, including The Howard Hughes Corporation
- catastrophic events or geopolitical conditions, such as international armed conflicts, or a resurgence of the COVID-19 pandemic; and
- other risks and uncertainties described herein, as well as those risks and uncertainties discussed from time to time in our other reports and other public filings with the SEC

Although we presently believe that the plans, expectations, and anticipated results expressed in or suggested by the forward-looking statements contained in or incorporated by reference into this Quarterly Report are reasonable, all forward-looking statements are inherently subjective, uncertain, and subject to change, as they involve substantial risks and uncertainties, including those beyond our control. New factors emerge from time to time, and it is not possible for us to predict the nature, or assess the potential impact, of each new factor on our business. Given these uncertainties, we caution you not to place undue reliance on these forward-looking statements. We undertake no obligation to update or revise any of our forward-looking statements for events or circumstances that arise after the statement is made, except as otherwise may be required by law.

The above list of risks and uncertainties is only a summary of some of the most important factors and is not intended to be exhaustive. Additional information regarding risk factors that may affect us is included in our 2023 Annual Report. The risk factors contained in our 2023 Annual Report are updated by us from time to time in Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings that we make with the SEC.

OVERVIEW

Description of Business

Our award-winning assets include one of the nation's largest portfolios of MPCs spanning approximately 101,000 gross acres, as well as operating properties, strategic developments, and other unique assets across six states from New York to Hawai'i. We create some of the most sought-after communities in the country by curating an environment tailored to meet the needs of our residents and tenants. Our unique business model allows us to drive outsized risk-adjusted returns while maintaining a sharp focus on sustainability to ensure our communities are equipped with the resources to last several decades.

We operate through four business segments: Operating Assets, MPCs, Strategic Developments, and Seaport. We create a unique and continuous value-creation cycle through operational and financial synergies associated with our three primary business segments of Operating Assets, MPCs, and Strategic Developments. In our MPC segment, we plan, develop, and manage small cities and large-scale, mixed-use communities, in markets with strong long-term growth fundamentals. This business focuses on the horizontal development of residential land. The improved acreage is then sold to homebuilders who build and sell homes to new residents. New homeowners create demand for commercial developments, such as retail, office, and hospitality offerings. We build these commercial properties through Strategic Developments at the appropriate time using the cash flow harvested from the sale of land to homebuilders, which helps mitigate development risk. Once the commercial developments are completed, the assets transition to Operating Assets, which increase recurring Net Operating Income (NOI), further funding our Strategic Developments. New office, retail, and other commercial amenities make our MPC residential land more appealing to buyers and increase the velocity of land sales at premiums that typically exceed the broader market. This increased demand for residential land generates more cash flow from MPCs, thus continuing the value-creation cycle. Our fourth business segment, the Seaport, is one of the few multi-block districts largely under private management by a single owner in New York City. This historic waterfront area is being revitalized and enhanced into a mixed-use neighborhood featuring unique culinary and entertainment offerings.

In addition to the required presentations using accounting principles generally accepted in the United States (GAAP), we use certain non-GAAP performance measures, such as NOI. See the Operating Assets and Seaport sections below for the reconciliation of this GAAP to non-GAAP financial measure and a statement indicating why management believes the non-GAAP financial measure provides useful information for investors. Changes for monetary amounts between periods presented are calculated based on the amounts in thousands of dollars stated in our consolidated financial statements, and then rounded to the nearest million. Therefore, certain changes may not recalculate based on the amounts rounded to the nearest million.

Seaport Entertainment On October 5, 2023, HHH announced the intent to form a new division, Seaport Entertainment, that is expected to include the Company's entertainment-related assets in New York and Las Vegas, including the Seaport in Lower Manhattan and the Las Vegas Aviators Triple-A Minor League Baseball team, as well as the Company's ownership stake in Jean-Georges Restaurants and an interest in and to 80% of the air rights above the Fashion Show Mall in Las Vegas.

HHH is establishing Seaport Entertainment with the intention of completing its spinoff as an independent, publicly traded company in 2024, but there can be no assurance regarding the ultimate timing of the spinoff or that the spinoff will ultimately occur. The planned separation of Seaport Entertainment from Howard Hughes will refine the identity of HHH as a pure-play real estate company focused solely on its portfolio of acclaimed master planned communities and allow the new company, Seaport Entertainment, to operate independently as an entertainment-focused enterprise.

First Quarter 2024 Highlights

Comparison of the three months ended March 31, 2024, to the three months ended March 31, 2023

Total Company

- Net income attributable to common stockholders decreased to a net loss of $52.5 million for the current quarter, compared to a net loss of $22.7 million for the prior-year period, primarily attributed to reduced MPC commercial land sales, lower equity earnings from The Summit, and increased G&A expenses associated with the anticipated spinoff of Seaport Entertainment.
- We continue to maintain a strong liquidity position with $462.7 million of cash and cash equivalents, $1.0 billion of undrawn lender commitment available to be drawn for property development and limited near-term debt maturities.

Operating Assets

- Operating Assets NOI totaled $58.3 million in the current quarter, a $4.0 million increase compared to $54.3 million in the prior-year period.
- Office NOI increased $2.8 million, primarily due to strong leasing activity and abatement expirations at various properties in The Woodlands and Summerlin, most notably at 9950 Woodloch Forest and 1700 Pavilion, partially offset by decreases related to lower occupancy and a tenant bankruptcy at 1725 Hughes Landing.
- Multi-family NOI increased $1.1 million, primarily due to continued lease-up at our newer properties, Marlow in Downtown Columbia and Starling at Bridgeland, partially offset by winter-weather-related insurance recoveries in 2023.

MPC

- MPC Earnings Before Tax (EBT) totaled $24.3 million in the current quarter, a $38.1 million decrease compared to $62.4 million in the prior-year period.
- The decrease in EBT was primarily due to lower equity earnings at The Summit and lower commercial MPC sales, net of MPC costs at Bridgeland.

Seaport

- Seaport NOI totaled a loss of $8.6 million in the current quarter, a $3.0 million decrease compared to a loss of $5.6 million in the prior-year period. This change was primarily due to reduced restaurant revenue at Pier 17 and lower sponsorship revenue, partially offset by improved rental revenue from the Fulton Market Building, which is now 100% occupied.
- Seaport NOI excludes the impact of the Company's equity ownership interest in the Tin Building by Jean-Georges managed business. Tin Building by Jean-Georges NOI was a loss of $8.7 million in the current quarter and a loss of $9.2 million in the prior-year period. See Seaport segment discussion for additional detail.

Strategic Developments

- Strategic Developments EBT totaled a loss of $5.4 million in the current quarter, a $2.0 million decrease compared to a loss of $3.4 million in the prior-year period.
- The decrease in EBT was primarily attributable to a $2.4 million decrease in profits from condominium sales, with no sales closed during the current quarter, compared to closings of one unit at Kō'ula and four units at ʻAʻaliʻi during the prior-year period. The lower volume of condominium closings is expected as our completed towers are 100.0% sold and the next tower, Victoria Place, is not scheduled for completion until late 2024.
- We launched public pre-sales for The Launiu, our eleventh condominium project at Ward Village, in February 2024. As of March 31, 2024, we have pre-sold 182 units, representing 37.5% of available units.
- We contracted 14 units at The Park Ward Village and Kalae during the current quarter. As of March 31, 2024, The Park Ward Village was 94.9% pre-sold and Kalae was 90.0% pre-sold. Construction on Kalae is expected to begin in the second quarter of 2024.
- We launched public pre-sales at The Ritz Carlton Residences in The Woodlands in late March 2024. As of March 31, 2024, we have pre-sold 56 units, representing 50.5% of available units.
- During the current quarter, we commenced construction on Village Green at Bridgeland Central, a retail property in Bridgeland.
- We incurred a $3.0 million charge during the current quarter to fund the final remediation expenditures related to window construction defects at Waiea in Ward Village. The Company continues to vigorously pursue recovery of all Waiea remediation costs from the general contractor and other responsible parties.

RESULTS OF OPERATIONS

Operating Assets

Segment EBT Segment EBT for Operating Assets is presented below:

Operating Assets Segment EBT	Three Months Ended March 31,		
thousands	**2024**	2023	$ Change
Rental revenue	**$ 101,200**	$ 92,475	$ 8,725
Other land, rental, and property revenues	**8,952**	8,450	502
Total revenues	**110,152**	100,925	9,227
Operating costs	**(37,477)**	(35,420)	(2,057)
Rental property real estate taxes	**(13,875)**	(14,580)	705
(Provision for) recovery of doubtful accounts	**(43)**	2,401	(2,444)
Total operating expenses	**(51,395)**	(47,599)	(3,796)
Segment operating income (loss)	**58,757**	53,326	5,431
Depreciation and amortization	**(44,156)**	(39,632)	(4,524)
Interest income (expense), net	**(33,476)**	(28,911)	(4,565)
Other income (loss), net	**408**	2,282	(1,874)
Equity in earnings (losses) from unconsolidated ventures	**5,817**	1,905	3,912
Gain (loss) on sale or disposal of real estate and other assets, net	**4,794**	4,730	64
Segment EBT	**$ (7,856)**	$ (6,300)	$ (1,556)

For the three months ended March 31, 2024:

Operating Assets segment EBT decreased $1.6 million compared to the prior-year period primarily due to the following:
- Interest expense increased $4.6 million primarily due to increased borrowings on construction loans secured by our operating assets.
- Depreciation expense increased $4.5 million primarily related to new assets placed in service during 2023.
- Other income decreased $1.9 million primarily due to winter-weather-related insurance recoveries in 2023.

These decreases to EBT were partially offset by the following:
- Equity earnings increased $3.9 million primarily as a result of a $2.4 million increase related to the change in value of certain derivative instruments.
- Total revenues, net of Total operating expenses increased $5.4 million primarily due to increased leasing activity across our portfolio, primarily related to 9950 Woodloch Forest and our newly completed multi-family properties.

Net Operating Income In addition to the required presentations using GAAP, we use certain non-GAAP performance measures, as we believe these measures improve the understanding of our operational results and make comparisons of operating results among peer companies more meaningful. Management continually evaluates the usefulness, relevance, limitations and calculation of our reported non-GAAP performance measures to determine how best to provide relevant information to the public, and thus such reported measures could change.

We define NOI as operating revenues (rental income, tenant recoveries, and other revenue) less operating expenses (real estate taxes, repairs and maintenance, marketing, and other property expenses). NOI excludes straight-line rents and amortization of tenant incentives, net; interest expense, net; ground rent amortization; demolition costs; other income (loss); depreciation and amortization; development-related marketing costs; gain on sale or disposal of real estate and other assets, net; loss on extinguishment of debt; provision for impairment; and equity in earnings from unconsolidated ventures.

We believe that NOI is a useful supplemental measure of the performance of our Operating Assets and Seaport segments because it provides a performance measure that reflects the revenues and expenses directly associated with owning and operating real estate properties. We use NOI to evaluate our operating performance on a property-by-property basis because NOI allows us to evaluate the impact that property-specific factors such as rental and occupancy rates, tenant mix, and operating costs have on our operating results, gross margins, and investment returns.

A reconciliation of Operating Assets segment EBT to Operating Assets NOI is presented in the table below. Refer to the Seaport section for a reconciliation of Seaport segment EBT to Seaport NOI.

Operating Assets NOI	**Three Months Ended March 31,**		
thousands	**2024**	2023	$ Change
Total Operating Assets segment EBT	**$ (7,856)**	$ (6,300)	$ (1,556)
Add back:			
Depreciation and amortization	**44,156**	39,632	4,524
Interest (income) expense, net	**33,476**	28,911	4,565
Equity in (earnings) losses from unconsolidated ventures	**(5,817)**	(1,905)	(3,912)
(Gain) loss on sale or disposal of real estate and other assets, net	**(4,794)**	(4,730)	(64)
Impact of straight-line rent	**(847)**	(1,113)	266
Other	**(54)**	(185)	131
Operating Assets NOI	**$ 58,264**	$ 54,310	$ 3,954

The table below presents Operating Assets NOI by property type:

Operating Assets NOI by Property Type	**Three Months Ended March 31,**		
thousands	**2024**	2023	$ Change
Office	**$ 30,598**	$ 27,785	$ 2,813
Retail	**14,567**	14,618	(51)
Multi-family	**13,777**	12,633	1,144
Other	**(623)**	(823)	200
Redevelopments (a)	**—**	(10)	10
Dispositions (a)	**(55)**	107	(162)
Operating Assets NOI	**$ 58,264**	$ 54,310	$ 3,954

(a) Properties that were transferred to our Strategic Developments segment for redevelopment and properties that were sold are shown separately for all periods presented.

For the three months ended March 31, 2024:

Operating Assets NOI increased $4.0 million compared to the prior-year period primarily due to the following:

- Office NOI increased $2.8 million primarily due to strong leasing activity and abatement expirations at various properties in The Woodlands and Summerlin, most notably at 9950 Woodloch Forest and 1700 Pavilion, partially offset by decreases related to lower occupancy and a tenant bankruptcy at 1725 Hughes Landing.
- Multi-family NOI increased $1.1 million primarily due to continued lease-up at our newer properties, Marlow in Downtown Columbia and Starling at Bridgeland, partially offset by winter-weather-related insurance recoveries in 2023.
- These increases were partially offset by a $0.2 million decrease primarily related to the disposition of two self-storage properties in The Woodlands in 2023.

Master Planned Communities

Segment EBT The following table presents segment EBT for MPC:

MPC Segment EBT	Three Months Ended March 31,		
thousands	**2024**	2023	$ Change
Master Planned Community land sales (a)	**$ 32,415**	$ 59,361	$ (26,946)
Other land, rental, and property revenues	**3,894**	3,643	251
Builder price participation (b)	**12,566**	14,009	(1,443)
Total revenues	**48,875**	77,013	(28,138)
Master Planned Communities cost of sales	**(12,904)**	(22,003)	9,099
Operating costs	**(12,145)**	(12,348)	203
Total operating expenses	**(25,049)**	(34,351)	9,302
Segment operating income (loss)	**23,826**	42,662	(18,836)
Depreciation and amortization	**(110)**	(107)	(3)
Interest income (expense), net	**15,246**	15,812	(566)
Other income (loss), net	**—**	(103)	103
Equity in earnings (losses) from unconsolidated ventures	**(14,711)**	4,108	(18,819)
Segment EBT	**$ 24,251**	$ 62,372	$ (38,121)

(a) MPC land sales include deferred revenue from land sales closed in a previous period that met criteria for recognition in the current period and excludes amounts deferred from current period land sales that do not yet meet the recognition criteria.
(b) Builder price participation revenue is earned when a developer that acquired land from us develops and sells a home to an end user at a price higher than a predetermined breakpoint. The excess over the breakpoint is shared between us and the developer at the time of closing on the sale of the home based on a previously agreed-upon percentage. This revenue fluctuates based upon the number and the prices of homes closed that qualify for builder price participation payments.

The following table presents MPC segment EBT by MPC:

MPC Segment EBT by MPC	Three Months Ended March 31,		
thousands	**2024**	**2023**	**$ Change**
Bridgeland	**$ 17,247**	$ 31,104	$ (13,857)
Summerlin	**7,309**	28,390	(21,081)
Teravalis (a)	**943**	(1,009)	1,952
The Woodlands	**(2,350)**	2,295	(4,645)
The Woodlands Hills	**1,102**	1,592	(490)
Segment EBT	**$ 24,251**	$ 62,372	$ (38,121)
Floreo (b)	**$ 2,425**	$ (952)	$ 3,377

(a) As of March 31, 2024, the Company owns an 88.0% interest and consolidates Teravalis. For additional detail, refer to Note 1 - *Presentation of Financial Statements and Significant Accounting Policies* in the Notes to Condensed Consolidated Financial Statements under Item 1 of this Form 10-Q.
(b) These amounts represent 100% of Floreo EBT. The Company owns a 50% interest in Floreo. Refer to Note 2 - *Investments in Unconsolidated Ventures* in the Notes to Condensed Consolidated Financial Statements under Item 1 of this Form 10-Q for a description of the joint venture and further discussion.

For the three months ended March 31, 2024:

MPC Segment EBT decreased $38.1 million compared to the prior-year period primarily due to the following:

Summerlin EBT decreased $21.1 million compared to the prior-year period.
- Equity earnings at The Summit decreased $20.6 million. Land and clubhouse unit sales decreased in the first quarter of 2024, compared to the prior-year period due to low remaining inventory.
- Builder price participation decreased $2.4 million as fewer homes were closed with sales prices over the predetermined breakpoint necessary for participation revenue in the current period.
- MPC sales, net of MPC cost of sales increased $0.9 million primarily due to the following activity:
  - increase due to $3.3 million more revenue recognized out of deferred revenue in the first quarter of 2024, compared to the prior-year period
  - decrease in custom lots sold, with no lots sold in the first quarter of 2024, compared to one lot sold at a price of $2.0 million per lot in the prior-year period. The lot sold in the prior-year period was the last custom lot currently available.

Bridgeland EBT decreased $13.9 million compared to the prior-year period.
- MPC sales, net of MPC cost of sales decreased $12.7 million primarily due to the following activity:
  - decrease in commercial acres sold partially offset by an increase in price per acre, with 3.5 acres sold at an average price of $801,000 per acre in the first quarter of 2024, compared to 108.8 acres sold at an average price of $247,000 in the prior-year period
  - increase in residential acres sold, with 30.7 acres sold at an average price of $601,000 per acre in the first quarter of 2024, compared to 22.5 acres sold at an average price of $542,000 per acre in the prior-year period

The Woodlands EBT decreased $4.6 million compared to the prior-year period.
- MPC sales, net of MPC cost of sales decreased $5.0 million primarily due to the following activity:
  - decrease in residential acres sold, with no acres sold in the first quarter of 2024, compared to 3.5 acres sold in Aria Isle, an exclusive gated community, at an average price of $2.9 million per acre in the prior-year period. The decrease in acres sold is expected as only one custom lot remains at Aria Isle.

The Woodlands Hills EBT decreased $0.5 million compared to the prior-year period.
- MPC sales, net of MPC cost of sales decreased $1.0 million primarily due to the following activity:
  - decrease in residential acres sold partially offset by an increase in price per acre, with 0.4 acres sold at an average price of $538,000 per acre in the first quarter of 2024, compared to 4.9 acres sold at an average price of $431,000 per acre in the prior-year period

Teravalis EBT increased $2.0 million compared to the prior-year period.
- Equity earnings at Floreo increased $1.7 million primarily related to the closings of the first Floreo land sales in the first quarter of 2024.

MPC Net Contribution MPC Net Contribution is a non-GAAP financial measure derived from EBT, adjusted for certain items as discussed below. Management uses this measure because it captures current period performance through the velocity of sales, as well as current period development expenditures based upon demand at our MPCs, which varies depending upon the stage of the MPCs development lifecycle, and the overall economic environment. MPC Net Contribution is defined as MPC segment EBT, plus MPC cost of sales, Depreciation and amortization, and net collections from Special Improvement District (SID) bonds and Municipal Utility District (MUD) receivables, reduced by MPC development expenditures, land acquisitions, and Equity in earnings from unconsolidated ventures, net of distributions. MPC Net Contribution is not a GAAP-based operational metric and should not be used to measure operating performance of the MPC assets as a substitute for GAAP measures of such performance nor should it be used as a comparison metric with other comparable businesses.

Below is a reconciliation of segment EBT to MPC Net Contribution:

MPC Net Contribution	**Three Months Ended March 31,**		
thousands	**2024**	**2023**	**$ Change**
MPC segment EBT	**$ 24,251**	$ 62,372	$ (38,121)
Plus:			
Master Planned Communities cost of sales	**12,904**	22,003	(9,099)
Depreciation and amortization	**110**	107	3
MUD and SID bonds collections, net (a)	**248**	1,364	(1,116)
Less:			
MPC development expenditures	**(77,098)**	(89,345)	12,247
Equity in (earnings) losses from unconsolidated ventures	**14,711**	(4,108)	18,819
MPC Net Contribution	**$ (24,874)**	$ (7,607)	$ (17,267)

(a) SID collections are shown net of SID transfers to buyers in the respective periods.

MPC Net Contribution decreased $17.3 million for the three months ended March 31, 2024, compared to the prior-year period, primarily due to lower MPC land sales and MUD and SID bond collections, net, partially offset by a decrease in MPC development expenditures.

MPC Land Inventory The following table summarizes MPC land inventory activity for the three months ended March 31, 2024:

thousands	**Bridgeland**	**Summerlin**	**Teravalis**	**The Woodlands**	**The Woodlands Hills**	**Total MPC**
Balance December 31, 2023	$ 533,031	$ 1,079,927	$ 544,824	$ 172,652	$ 115,239	$ 2,445,673
Development expenditures (a)	27,777	39,849	235	871	8,366	77,098
MPC Cost of sales	(9,392)	(3,427)	—	(2)	(83)	(12,904)
MUD reimbursable costs (b)	(19,323)	—	—	(80)	(6,723)	(26,126)
Transfer to Strategic Development and Operating Assets Segments	—	—	—	(4,294)	—	(4,294)
Other	9,870	(3,297)	(53)	—	(4,429)	2,091
Balance March 31, 2024	$ 541,963	$ 1,113,052	$ 545,006	$ 169,147	$ 112,370	$ 2,481,538

(a) Development expenditures are inclusive of capitalized interest and property taxes.
(b) MUD reimbursable costs represent land development expenditures transferred to MUD Receivables.

Seaport

Seaport Entertainment On October 5, 2023, HHH announced the intent to form a new division, Seaport Entertainment, that is expected to include the Company's entertainment-related assets in New York and Las Vegas, including the Seaport in Lower Manhattan and the Las Vegas Aviators Triple-A Minor League Baseball team, as well as the Company's ownership stake in Jean-Georges Restaurants and an interest in and to 80% of the air rights above the Fashion Show Mall in Las Vegas. HHH is establishing Seaport Entertainment with the intention of completing its spinoff as an independent, publicly traded company in 2024, but there can be no assurance regarding the ultimate timing of the spinoff or that the spinoff will ultimately occur.

General The Seaport is part non-stabilized operating asset, part development project, and part operating business. As such, the Seaport has a greater range of possible outcomes than our other projects. The greater uncertainty is largely the result of: (i) seasonality; (ii) potential sponsorship revenue; (iii) potential event revenue; and (iv) business operating risks from various start-up businesses. We operate and own, either directly, through license agreements, or in joint ventures, many of the tenants in the Seaport. As a result, the revenues and expenses of these businesses, as well as the underlying market conditions affecting these types of businesses, will directly impact the NOI of the Seaport. This is in contrast to our other retail properties where we primarily receive lease payments and are not as directly impacted by the operating performance of the underlying businesses. This causes the financial results and eventual stabilized yield of the Seaport to be less predictable than our other operating real estate assets with traditional lease structures. Further, as we open new operating businesses, either owned entirely or in partnership with third parties, we expect to incur pre-opening expenses and operating losses until those businesses stabilize, which likely will not happen until the Seaport reaches its critical mass of offerings. Given the factors and uncertainties listed above, we do not currently provide guidance on our expected NOI yield or stabilization date for the Seaport.

We primarily categorize the businesses in the Seaport segment into the following groups: Landlord Operations, Managed Businesses, the Tin Building, and Events and Sponsorships.

Landlord Operations Landlord Operations represent physical real estate in the Historic District and Pier 17 that we have developed and own, and is inclusive of our office, retail, and multi-family properties.

Managed Businesses Managed Businesses represent retail and food and beverage businesses in the Historic District and Pier 17 that the Company owns, either wholly or through partnerships with third parties, and operates, including license and management agreements. These businesses include, among others, The Fulton, Mister Dips, Carne Mare, The Lawn Club, and Malibu Farm. The Fulton and Malibu Farm are managed by Creative Culinary Management Company, LLC (CCMC), a Jean-Georges company, and Mister Dips and Carne Mare are managed by Seaport F&B LLC, an Andrew Carmellini company. These management companies are responsible for employment and supervision of all employees providing services for the food and beverage operations and restaurant as well as day-to-day operations and accounting for food and beverage operations.

The Company owns a 25% interest in Jean-Georges Restaurants, which currently operates over 40 restaurant and hospitality offerings around the world. This ownership interest is reported in accordance with the equity method.

Tin Building The Tin Building includes both landlord operations and managed business. The Company owns 100% of the Tin Building, which was completed and placed in service during the third quarter of 2022. The Company leases 100% of the rentable space to the Tin Building by Jean-Georges joint venture, a managed business in which the Company has an equity ownership interest and reports its ownership interest in accordance with the equity method. Based on capital contribution and distribution provisions for the Tin Building by Jean-Georges, the Company currently recognizes all of the economic interest in the venture. The Company recognizes lease payments from the Tin Building by Jean-Georges in Rental revenue and recognizes its share of income or losses from the joint venture in equity earnings. As the Company currently recognizes 100% of operating income or losses from the Tin Building by Jean-Georges, the Tin Building lease has no net impact to Seaport EBT. However, Seaport NOI includes only rental revenue related to the Tin Building lease payments and does not include the rent expense in equity earnings, as equity earnings are excluded from NOI by definition.

The Tin Building by Jean-Georges opened in late September 2022, with an expanded focus on experiences including in-person dining, retail shopping, and delivery and is managed by CCMC, a Jean-Georges company.

Events and Sponsorships Our events and sponsorships businesses include our concert series, event catering, private events, and sponsorships. Food and beverage operations associated with concert concessions and catering are operated under management agreements with CCMC.

250 Water Street In 2021, the Company received the necessary approvals for its 250 Water Street development project, which includes a mixed-use development with affordable and market-rate apartments, community-oriented spaces, and office space. In May 2021, the Company received approval from the New York City Landmarks Preservation Commission (LPC) on its proposed design for the 250 Water Street site. The Company received final approvals in December 2021 through the New York City Uniform Land Use Review Procedure known as ULURP, which allowed the necessary transfer of development rights to the parking lot site.

Also in December 2021, an amendment to the Seaport ground lease was executed giving the Company extension options, at the discretion of the Company, for an additional 48 years from its current expiration in 2072 until 2120. We received a building foundation permit from the New York City Department of Buildings and began initial foundation work and remediation in the second quarter of 2022. Remediation of the site as a volunteer of the New York State Brownfield Cleanup program was completed in December 2023. Various lawsuits have been filed challenging the governmental approval of our development project. For additional information regarding these lawsuits, see Note 9 - *Commitments and Contingencies* in the Notes to Condensed Consolidated Financial Statements under Item 1 of this Form 10-Q.

Segment EBT Segment EBT for Seaport is presented below:

Seaport Segment EBT	**Three Months Ended March 31,**		
thousands	**2024**	2023	$ Change
Rental revenue (a)	**$ 6,382**	$ 5,389	$ 993
Other land, rental, and property revenues	**5,120**	6,508	(1,388)
Total revenues	**11,502**	11,897	(395)
Operating costs	**(20,518)**	(18,767)	(1,751)
Rental property real estate taxes	**(176)**	(168)	(8)
(Provision for) recovery of doubtful accounts	**(791)**	19	(810)
Total operating expenses	**(21,485)**	(18,916)	(2,569)
Segment operating income (loss)	**(9,983)**	(7,019)	(2,964)
Depreciation and amortization	**(5,757)**	(10,527)	4,770
Interest income (expense), net	**(2,012)**	1,186	(3,198)
Other income (loss), net	**—**	1	(1)
Equity in earnings (losses) from unconsolidated ventures (a)	**(10,280)**	(10,820)	540
Segment EBT	**$ (28,032)**	$ (27,179)	$ (853)

(a) Lease payments for the Tin Building included in Rental revenue and offset in Equity losses were $2.9 million for the three months ended March 31, 2024, and $2.8 million for the three months ended March 31, 2023. Refer to the Tin Building discussion above for additional detail.

For the three months ended March 31, 2024:

Seaport segment EBT decreased $0.9 million compared to the prior-year periods primarily due to the following:

- Total revenues, net of Operating costs decreased $2.1 million primarily due to reduced restaurant revenue at Pier 17, lower sponsorship revenue, and increased costs associated with the planned spinoff of Seaport Entertainment, partially offset by improved rental revenue from the Fulton Market Building, which is now 100% occupied.
- As a result of the impairment of our Seaport assets in the third quarter of 2023, current period EBT includes a net increase of $1.6 million due to lower depreciation and amortization expense, offset by increased interest expense due to lower capitalized interest.

Net Operating Income A reconciliation of Seaport segment EBT to Seaport NOI is presented below:

Seaport NOI	**Three Months Ended March 31,**		
thousands	**2024**	2023	$ Change
Total Seaport segment EBT	**$ (28,032)**	$ (27,179)	$ (853)
Add back:			
Depreciation and amortization	**5,757**	10,527	(4,770)
Interest (income) expense, net	**2,012**	(1,186)	3,198
Equity in (earnings) losses from unconsolidated ventures	**10,280**	10,820	(540)
Impact of straight-line rent	**502**	586	(84)
Other (income) loss, net	**876**	847	29
Seaport NOI	**$ (8,605)**	$ (5,585)	$ (3,020)

The Seaport, including Managed Businesses, Events and Sponsorships, and the Tin Building, is approximately 68% leased. We may continue to incur operating expenses in excess of rental revenues while the remaining available space is in lease-up, as the Seaport continues to move toward its critical mass of offerings.

The table below presents Seaport NOI by category:

Seaport NOI by Category	**Three Months Ended March 31,**		
thousands	**2024**	2023	$ Change
Landlord Operations	**$ (4,853)**	$ (4,290)	$ (563)
Landlord Operations - Multi-family	**58**	28	30
Managed Businesses	**(3,142)**	(2,536)	(606)
Tin Building	**2,258**	2,415	(157)
Events and Sponsorships	**(2,926)**	(1,202)	(1,724)
Seaport NOI	**$ (8,605)**	$ (5,585)	$ (3,020)

Seaport NOI decreased $3.0 million for the three months ended March 31, 2024, primarily due to increased costs associated with the planned spinoff of Seaport Entertainment. Additionally, the decrease in Events and Sponsorships NOI was impacted by lower sponsorship revenue, and the decrease in Managed Businesses NOI was impacted by lower revenues across our restaurant portfolio related to poor weather conditions in the current year.

Tin Building in the table above represents NOI from our landlord business and, as defined, excludes the impact of the Company's equity ownership interest in the Tin Building by Jean-Georges managed business which opened in the third quarter of 2022. The table below presents the above NOI related to the Tin Building, which primarily represents lease payments from the Tin Building by Jean-Georges, as well as the Company's share of NOI related to its investment in the Tin Building by Jean-Georges, which primarily represents the operations of the Tin Building marketplace and includes rent expense paid to the Company.

	Three Months Ended March 31,		
thousands	**2024**	2023	$ Change
Tin Building	**$ 2,258**	$ 2,415	$ (157)
Tin Building by Jean-Georges	**(8,746)**	(9,158)	412
Total	**$ (6,488)**	$ (6,743)	$ 255

Strategic Developments

Our Strategic Developments assets generally require substantial future development to maximize their value. Other than our condominium properties, most of the properties and projects in this segment do not generate revenues. Our expenses relating to these assets are primarily related to costs associated with constructing the assets, selling condominiums, marketing costs associated with our Strategic Developments, carrying costs including, but not limited to, property taxes and insurance, and other ongoing costs relating to maintaining the assets in their current condition. If we decide to redevelop or develop a Strategic Developments asset, we expect that with the exception of the residential portion of our condominium projects, upon completion of development, the asset would likely be reclassified to Operating Assets when the asset is placed in service and NOI would become a meaningful measure of its operating performance. All development costs discussed herein are exclusive of land costs.

Segment EBT Segment EBT for Strategic Developments is presented below:

Strategic Developments Segment EBT	**Three Months Ended March 31,**		
thousands	**2024**	2023	$ Change
Condominium rights and unit sales	**$ 23**	$ 6,087	$ (6,064)
Rental revenue	**169**	—	169
Other land, rental, and property revenues	**401**	353	48
Total revenues	**593**	6,440	(5,847)
Condominium rights and unit cost of sales	**(3,861)**	(4,536)	675
Operating costs	**(4,149)**	(5,852)	1,703
Rental property real estate taxes	**(644)**	(671)	27
Total operating expenses	**(8,654)**	(11,059)	2,405
Segment operating income (loss)	**(8,061)**	(4,619)	(3,442)
Depreciation and amortization	**(1,419)**	(943)	(476)
Interest income (expense), net	**4,024**	2,063	1,961
Other income (loss), net	**3**	94	(91)
Equity in earnings (losses) from unconsolidated ventures	**39**	5	34
Segment EBT	**$ (5,414)**	$ (3,400)	$ (2,014)

For the three months ended March 31, 2024:

Strategic Developments segment EBT decreased $2.0 million compared to the prior-year period primarily due to the following:

- Condominium sales, net of cost of sales decreased $2.4 million, excluding the change in remediation costs of $3.0 million discussed below, due to the timing of condominium closings. We had no condominium closings during the three months ended March 31, 2024, compared to one unit at Kō'ula and four units at ʻAʻaliʻi during the prior-year period. The lower volume of condominium closings is expected as our completed towers are now 100.0% sold and the next tower, Victoria Place, is not scheduled for completion until late 2024.
- Condominium cost of sales includes an increase of $3.0 million due to charges related to the defect remediation at Waiea. We charged $3.0 million in the first quarter of 2024, to fund the final remediation expenditures, compared to no additional costs charged in the prior-year period.
- Operating costs decreased $1.7 million, primarily due to a decrease in legal costs compared to the prior-year period.

Condominiums Condominium revenue is recognized when construction of the condominium tower is complete and unit sales close, leading to variability in revenue recognized between periods.

Completed Condominiums As of March 31, 2024, our six completed condominiums in Ward Village, Aeʻo, Ke Kilohana, Anaha, Waiea, ʻAʻaliʻi, and Kōʻula, are completely sold.

Condominiums Under Construction

Ward Village As of March 31, 2024, 98.2% of the units at our three towers under construction, Victoria Place, The Park Ward Village, and Ulana Ward Village, are under contract. We broke ground on Victoria Place in February 2021, and expect to complete construction in the fourth quarter of 2024. Victoria Place, which is 100.0% presold, will consist of 349 one-, two- and three-bedroom units.

We broke ground on The Park Ward Village, in October 2022, and expect to complete construction in 2026. The Park Ward Village will consist of 545 studio, one-, two-, and three-bedroom residences. As of March 31, 2024, we have entered into contracts for 517 units, representing 94.9% of total units.

We broke ground on Ulana Ward Village, in January 2023 and expect to complete construction in 2025. Ulana Ward Village, which is 100.0% presold, will consist of 696 studio, one-, two-, and three-bedroom units. All units are designated as workforce housing units and are being offered to local residents who meet certain maximum income and net worth requirements.

Predevelopment Condominiums

Ward Village We launched public presales of Kalae in September 2022, and expect to begin construction in the second quarter of 2024. Kalae will consist of 329 one-, two-, and three-bedroom residences. As of March 31, 2024, we have entered into contracts for 296 units, representing 90.0% of total units.

We launched public presales for The Launiu in February 2024. The Launiu will consist of 485 studio, one-, two-, and three-bedroom residences. As of March 31, 2024, we have entered into contracts for 182 units, representing 37.5% of total units.

The Woodlands We launched public presales of our first condominium project in The Woodlands, The Ritz-Carlton Residences, in March 2024. The Ritz-Carlton Residences will consist of 111 one-, two-, three-, and four-bedroom residences. The development sits on the last available large-scale residential site on Lake Woodlands, spanning roughly eight acres across approximately 1,200 feet of premier lakefront shoreline. As of March 31, 2024, we have entered into contracts for 56 units, representing 50.5% of total units.

The following provides further detail for all condominium projects as of March 31, 2024:

	Location	Units Closed	Units Under Contract	Total Units	Total % of Units Closed or Under Contract	Completion Date
Completed						
Waiea (a)	Honolulu, HI	177	—	177	100.0 %	Q4 2016
Anaha (a)	Honolulu, HI	317	—	317	100.0 %	Q4 2017
Ae`o (a)	Honolulu, HI	465	—	465	100.0 %	Q4 2018
Ke Kilohana (a)	Honolulu, HI	423	—	423	100.0 %	Q2 2019
‘A‘ali‘i (a)	Honolulu, HI	750	—	750	100.0 %	Q4 2021
Kō'ula (b)	Honolulu, HI	565	—	565	100.0 %	Q3 2022
Under construction						
Victoria Place	Honolulu, HI	—	349	349	100.0 %	Q4 2024
The Park Ward Village (c)	Honolulu, HI	—	517	545	94.9 %	2026
Ulana Ward Village (d)	Honolulu, HI	—	696	696	100.0 %	2025
Predevelopment						
Kalae (e)	Honolulu, HI	—	296	329	90.0 %	2027
The Launiu (f)	Honolulu, HI	—	182	485	37.5 %	2027
The Ritz-Carlton Residences (g)	The Woodlands, TX	—	56	111	50.5 %	2027

(a) The retail portions of these projects are 100% leased and have been placed in service.
(b) The retail portion of this project has been placed in service and is 56% leased.
(c) The Park Ward Village will include approximately 26,800 square feet of retail space.
(d) Ulana Ward Village will include approximately 32,100 square feet of retail space.
(e) Kalae will include approximately 2,000 square feet of retail space.
(f) The Launiu will include approximately 10,000 square feet of retail space.
(g) The Ritz-Carlton Residences will include approximately 5,800 square feet of retail space.

Corporate Income, Expenses, and Other Items

The following table contains certain corporate-related and other items not related to segment activities and that are not otherwise included within the segment analyses. Variances related to income and expenses included in NOI or EBT are explained within the previous segment discussions. Significant variances for consolidated items not included in NOI or EBT are described below:

	Three Months Ended March 31,		
thousands	**2024**	2023	$ Change
Corporate income	**$ 16**	$ 14	$ 2
General and administrative	**(30,902)**	(23,553)	(7,349)
Corporate interest expense, net	**(17,582)**	(24,195)	6,613
Corporate other income (loss), net	**480**	2,707	(2,227)
Corporate depreciation and amortization	**(805)**	(800)	(5)
Other	**(3,818)**	(3,571)	(247)
Income tax (expense) benefit	**17,195**	1,278	15,917
Total Corporate income, expenses, and other items	**$ (35,416)**	$ (48,120)	$ 12,704

For the three months ended March 31, 2024:

Corporate income, expenses, and other items was favorably impacted compared to the prior-year period by the following:

- Income tax benefit increased $15.9 million primarily due to a decrease in Income before income taxes. Refer to Note 10 - *Income Taxes* in the Notes to Condensed Consolidated Financial Statements under Item 1 of this Form 10-Q for additional information.
- Corporate interest expense, net decreased $6.6 million primarily due to higher interest income driven by higher interest rates and higher average account balances, and due to the change in value related to derivative instruments. Refer to Note 8 - *Derivative Instruments and Hedging Activities* in the Notes to Condensed Consolidated Financial Statements under Item 1 of this Form 10-Q for additional information on derivative instruments.

Corporate income, expenses, and other items was unfavorably impacted compared to the prior-year period by the following:

- General and administrative expenses increased $7.3 million primarily attributable to an increased legal and consulting fees related to the planned spinoff of Seaport Entertainment.
- Corporate other income decreased $2.2 million primarily related to higher insurance proceeds in 2023.

LIQUIDITY AND CAPITAL RESOURCES

We continue to maintain a strong balance sheet and ensure we maintain the financial flexibility and liquidity necessary to fund future growth. In 2024, we drew $89.0 million on existing mortgages and made repayments on mortgages of $3.7 million. As of March 31, 2024, we have $1.0 billion of undrawn lender commitment available to be drawn for property development, subject to certain restrictions.

Cash Flows

	Three Months Ended March 31,	
thousands	**2024**	2023
Cash provided by (used in) operating activities	**$ (171,239)**	$ (144,270)
Cash provided by (used in) investing activities	**(73,636)**	(94,096)
Cash provided by (used in) financing activities	**83,648**	28,601

Operating Activities Each segment's relative contribution to our cash flows from operating activities will likely vary significantly from year to year given the changing nature of our development focus. Other than our condominium properties, most of the properties and projects in our Strategic Developments segment do not generate revenues, and the cash flows and earnings may vary. Condominium deposits received from contracted units offset by other various cash uses related to condominium development and sales activities are a substantial portion of our operating activities in 2024. Operating cash continued to be utilized in 2024 to fund ongoing development expenditures in our Strategic Developments and MPC segments, consistent with prior years.

The cash flows and earnings from the MPC business may fluctuate more than from our operating assets because the MPC business generates revenues from land sales rather than recurring contractual revenues from operating leases. MPC land sales are a substantial portion of our cash flows from operating activities and are partially offset by development costs associated with the land sales business and acquisitions of land that is intended to ultimately be developed and sold.

Net cash used in operating activities was $171.2 million for the three months ended March 31, 2024, and $144.3 million for the three months ended March 31, 2023. The $27.0 million net increase in cash used in operating activities was primarily due to an $18.9 million increase in interest payments and $5.5 million increase in net cash used associated with our condominiums due to timing, partially offset by a $12.2 million decrease in MPC development expenditures.

Investing Activities Net cash used in investing activities was $73.6 million for the three months ended March 31, 2024, and $94.1 million for the three months ended March 31, 2023. The $20.5 million decrease in net cash used in investing activities was primarily due to a $13.7 million decrease in cash used in property development and redevelopment expenditures and a $12.3 million increase in proceeds from the sale of Creekside Park Medical Plaza, partially offset by an increase in investments in unconsolidated ventures of $6.4 million, primarily related to capital contributions for West End Alexandria and the Lawn Club in the current period.

Financing Activities Net cash provided by financing activities was $83.6 million for three months ended March 31, 2024, and $28.6 million for three months ended March 31, 2023. The $55.0 million increase in cash provided by financing activities was primarily due to an increase in proceeds from mortgages, notes, and loans payable of $57.0 million.

Short- and Long-Term Liquidity

Short-Term Liquidity In the next 12 months, we expect our primary sources of cash to include cash flow from MPC land sales and condominium closings, cash generated from our operating assets, first mortgage financings secured by our assets, and deposits from condominium sales (which are restricted to funding construction of the related developments). We expect our primary uses of cash to include condominium pre-development and development costs, debt principal payments and debt service costs, MPC land development costs, other strategic developments costs, and general operating costs. We believe that our sources of cash, including existing cash on hand, will provide sufficient liquidity to meet our existing obligations and anticipated ordinary course operating expenses for at least the next 12 months.

Long-Term Liquidity The development and redevelopment opportunities in Strategic Developments and Operating Assets are capital intensive and will require significant additional funding, if and when pursued. Any additional funding beyond those sources listed above would be raised with a mix of construction, bridge, and long-term financings, by entering into joint venture arrangements, as well as future equity raises.

We cannot provide assurance that financing arrangements for our properties will be on favorable terms or occur at all, which could have a negative impact on our liquidity and capital resources. In addition, we typically must provide completion guarantees to lenders in connection with their financing for our projects.

Contractual Cash Obligations and Commitments The following table aggregates our contractual cash obligations and commitments as of March 31, 2024:

thousands	Remaining in 2024	2025	2026	2027	2028	Thereafter	Total
Mortgages, notes, and loans payable (a)	$ 257,027	$ 547,809	$ 988,528	$ 302,229	$ 835,522	$ 2,506,820	$ 5,437,935
Interest payments (b)	230,416	264,470	209,688	157,034	131,845	279,899	1,273,352
Ground lease commitments (c)	1,944	2,937	2,992	3,049	3,108	240,242	254,272
Total	$ 489,387	$ 815,216	$ 1,201,208	$ 462,312	$ 970,475	$ 3,026,961	$ 6,965,559

(a) We expect $246.0 million due in 2024 to be repaid with Victoria Place condo closings.
(b) Interest is based on the borrowings that are presently outstanding and current floating interest rates.
(c) Ground lease commitments totaling $246.9 million relate to the Seaport ground lease, which has an initial expiration date of December 31, 2072, and is subject to extension options through December 31, 2120. Future cash payments are not inclusive of extension options. The remaining $7.4 million in ground lease commitments relates to Kewalo Basin Harbor.

Debt As of March 31, 2024, the Company had $5.4 billion of outstanding debt and $1.0 billion of undrawn lender commitment available to be drawn for property development, subject to certain restrictions. Refer to Note 6 - *Mortgages, Notes, and Loans Payable, Net* in the Notes to Condensed Consolidated Financial Statements under Item 1 of this Form 10-Q for additional detail. Our proportionate share of the debt of our unconsolidated ventures totaled $144.2 million as of March 31, 2024, and is without recourse to the Company, with the exception of the collateral maintenance obligation for Floreo. See Note 9 - *Commitments and Contingencies* in the Notes to Condensed Consolidated Financial Statements under Item 1 of this Form 10-Q for additional information related to the Company's collateral maintenance obligation.

Debt Compliance As of March 31, 2024, the Company was in compliance with all property-level debt covenants with the exception of six property-level debt instruments. As a result, the excess net cash flow after debt service from the underlying properties became restricted. While the restricted cash could not be used for general corporate purposes, it could be used to fund operations of the underlying assets and did not have a material impact on the Company's liquidity or its ability to operate these assets.

Net Debt The following table summarizes our net debt on a segment basis as of March 31, 2024. Net debt is defined as Mortgages, notes, and loans payable, net, including our ownership share of debt of our unconsolidated ventures, reduced by liquidity sources to satisfy such obligations such as our ownership share of Cash and cash equivalents and SID, MUD, and TIF receivables. Although net debt is a non-GAAP financial measure, we believe that such information is useful to our investors and other users of our financial statements as net debt and its components are important indicators of our overall liquidity, capital structure, and financial position. However, it should not be used as an alternative to our debt calculated in accordance with GAAP.

thousands	Operating Assets	Master Planned Communities	Seaport	Strategic Developments	Segment Totals	Non-Segment Amounts	March 31, 2024
Mortgages, notes, and loans payable, net	$ 2,329,858	$ 535,637	$ 113,187	$ 381,681	$ 3,360,363	$ 2,030,880	$ 5,391,243
Mortgages, notes, and loans payable of unconsolidated ventures	90,587	53,511	68	—	144,166	—	144,166
Less:							
Cash and cash equivalents	(14,904)	(114,494)	(2,034)	(20,541)	(151,973)	(310,727)	(462,700)
Cash and cash equivalents of unconsolidated ventures	(1,591)	(13,225)	(10,473)	(4,023)	(29,312)	—	(29,312)
Special Improvement District receivables	—	(75,447)	—	—	(75,447)	—	(75,447)
Municipal Utility District receivables, net	—	(581,255)	—	(2,967)	(584,222)	—	(584,222)
TIF receivable	—	—	—	(3,807)	(3,807)	—	(3,807)
Net Debt	$ 2,403,950	$ (195,273)	$ 100,748	$ 350,343	$ 2,659,768	$ 1,720,153	$ 4,379,921

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are subject to interest rate risk with respect to our variable-rate financings in that increases in interest rates would cause our payments under such financings to increase. With respect to fixed-rate financings, increases in interest rates could make it more difficult to refinance such debt when it becomes due. As properties are placed into service and become stabilized, we typically refinance the variable-rate debt with long-term fixed-rate debt.

The Company uses derivative instruments to manage its interest rate risk, primarily through the use of interest rate swaps, caps, and collars. The Company had $1.8 billion of variable-rate debt outstanding at March 31, 2024, of which $250.5 million was swapped to a fixed rate through the use of interest rate swaps and $454.0 million had interest rate cap contracts in place. Additionally, the interest rate caps and collars are on construction loans and mortgages with undrawn loan commitment of $42.1 million as of March 31, 2024, which will be covered by the interest rate cap and collar contracts upon drawing. Refer to Note 8 - *Derivative Instruments and Hedging Activities* in the Notes to Condensed Consolidated Financial Statements under Item 1 of this Form 10-Q for additional information.

As of March 31, 2024, annual interest costs would increase approximately $11.4 million for every 1.00% increase in floating interest rates. The Company is focused on prudently limiting exposure to potentially higher interest rates based upon market dynamics and general expected financing activity. Generally, a significant portion of our interest expense is capitalized due to the level of assets we currently have under development; therefore, the impact of a change in our interest rate on our Condensed Consolidated Statements of Operations would be less than the total change in interest costs, but we would incur higher cash payments and the development costs of our assets would be higher, resulting in greater depreciation or cost of sales in later years.

Item 4. Controls and Procedures

DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) that are designed to provide reasonable assurance that information required to be disclosed in our reports to the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and our principal financial and accounting officer, as appropriate, to allow timely decisions regarding required disclosure.

As required by SEC rules, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and our principal financial and accounting officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2024, the end of the period covered by this report. Based on the foregoing, our principal executive officer and principal financial and accounting officer concluded that our disclosure controls and procedures were effective as of March 31, 2024.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes to our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings

Please refer to Note 9 - *Commitments and Contingencies* in the Notes to Condensed Consolidated Financial Statements under Item 1 of this Form 10-Q.

Item 1A. Risk Factors

There are no material changes to the risk factors previously disclosed in our 2023 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

PURCHASES OF EQUITY SECURITIES BY THE ISSUER

Common Stock Repurchases

In March 2022, the Board authorized a share repurchase program pursuant to which the Company may, from time to time, purchase up to $250.0 million of its common stock through open-market transactions. The date and time of such repurchases will depend upon market conditions and the program may be suspended or discontinued at any time. During 2022, the Company repurchased 2,704,228 shares of its common stock under this program for approximately $235.0 million at an average price of $86.90 per share. All purchases were funded with cash on hand.

The following sets forth information with respect to repurchases made by the Company of its shares of common stock during the first quarter of 2024:

Period	Total number of shares purchased (a)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs
January 1 - 31, 2024	2,092	$ 80.08	—	$ 15,009,600
February 1 - 29, 2024	11,119	$ 78.79	—	$ 15,009,600
March 1 - 31, 2024	23	$ 76.60	—	$ 15,009,600
Total	13,234	$ 78.99	—	

(a) During the first quarter of 2024, all 13,234 shares repurchased related to stock received by the Company for the payment of withholding taxes due on employee share issuances under share-based compensation plans.

Item 3. Default Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

William A. Ackman, Chairman of our Board of Directors, is the Chief Executive Officer of Pershing Square Capital Management, L.P., a Delaware limited partnership (Pershing Square) and the managing member of PS Management GP, LLC ("PS Management" and, together with Mr. Ackman and Pershing Square, the "Pershing Reporting Persons"). Pershing Square serves as the investment adviser to certain affiliated funds, including Pershing Square, L.P., a Delaware limited partnership (PS), Pershing Square International, Ltd., a Cayman Islands exempted company (PS International), and Pershing Square Holdings, Ltd., a limited liability company incorporated in Guernsey ("PSH" and together with PS and PS International, the "Pershing Square Funds"). The Pershing Square Funds previously entered into a Rule 10b5-1 Purchase Plan (the Pershing 10b5-1 Plan) to purchase additional shares of Common Stock to bring the Reporting Persons' beneficial ownership to approximately 39% of the outstanding Common Stock of the Company, which would be under the 40% threshold for which they have a waiver under Section 203 of the Delaware General Corporation Law from our Board of Directors. On January 4, 2024, the Pershing Square Funds terminated the Pershing 10b5-1 Plan by notice to its broker.

Pursuant to Item 408(a) of Regulation S-K, there were no other directors or officers that had adopted or terminated a 10b5-1 plan or other trading arrangement during the first quarter of 2024.

Item 6. Exhibits

The following Exhibit Index to this Quarterly Report lists the exhibits furnished as required by Item 601 of Regulation S-K and is incorporated by reference.

Exhibit Number	Description
31.1+	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2+	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1++	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH+	Inline XBRL Taxonomy Extension Schema Document
101.CAL+	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB+	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE+	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF+	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

+ Filed herewith

++ Furnished herewith

Attached as Exhibit 101 to this report are the following documents formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Operations for the three months ended March 31, 2024 and 2023, (ii) Condensed Consolidated Statements of Comprehensive Income (Loss) for the three months ended March 31, 2024 and 2023, (iii) the Condensed Consolidated Balance Sheets as of March 31, 2024 and December 31, 2023, (iv) Condensed Consolidated Statements of Equity for the three months ended March 31, 2024 and 2023, (v) the Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2024 and 2023, and (vi) the Notes to Condensed Consolidated Financial Statements.

SIGNATURE

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

Howard Hughes Holdings Inc.

By: /s/ Carlos A. Olea
Carlos A. Olea
Chief Financial Officer
May 8, 2024