Our master planned communities have won numerous awards for, among other things, design and community contribution. We expect the competitive position and desirable locations of our assets (which collectively comprise millions of square feet and thousands of acres of developable land), combined with their operations and long-term opportunity through entitlements, land, condominium and home site sales and project developments to drive our long-term growth.

We were incorporated in Delaware in 2010. Through our predecessors, we have been in business for several decades. We operate our business in three segments: Master Planned Communities ("MPC"), Operating Assets and Strategic Developments. Financial information about each of our segments is presented in Note 17 – *Segments* of our audited financial statements on pages F-47 to F-51

Recent Significant Transactions

again, another lucrative JV entered into for simply a land donation

2016 boost

Discovery Land Joint Venture. On June 23, 2014, we announced an agreement to form a joint venture with Discovery Land Company ("Discovery Land"), a leading developer of private clubs and luxury communities, to develop an exclusive luxury community on approximately 555 acres of undeveloped land within our Summerlin master planned community. The community will have approximately 270 homes, an 18-hole Tom Fazio-designed golf course and other amenities for residents. Lot prices are expected to range from $2 million to $8 million. The joint venture is expected to be formed and we will contribute our undeveloped land to the joint venture at the agreed upon value of $226,000 per acre, or $125.4 million in the first quarter of 2015. Discovery Land is the manager of the project and is responsible for funding development costs. The project will accelerate infrastructure improvements that will benefit our adjacent land, and accelerates monetization of land significantly ahead of our prior development plans. We expect development to begin in the second quarter 2015 with the first lot and home sales expected to begin closing in early 2016. Please refer to Note 5 – *Investment in Real Estate and Other Affiliates* for a more complete description of the economics of this joint venture.

Seaport District Assemblage. On December 29, 2014, in two separate transactions, we acquired a 48,000 square foot commercial building on a 15,744 square foot lot and certain air rights with total residential and commercial development rights of 621,651 square feet for $136.7 million. As of December 31, 2014, we were under contract to purchase another 58,000 square foot commercial building and air rights attributable to three additional parcels during the first half of 2015. Together, these acquisitions will ultimately create a 42,694 square foot lot entitled for 817,784 square feet of mixed-use development. The properties are collectively referred to as the Seaport District Assemblage in our Strategic Developments segment and are located in close proximity to our South Street Seaport property.

Tax Indemnity Settlement and Columbia Acquisition. On December 12, 2014, as part of our settlement with General Growth Properties, Inc. ("GGP") for a release of GGP's obligation for reimbursement of taxes related to certain MPC assets (Please refer to Note 9 – *Income Taxes*), we received $138.0 million in cash and six office buildings consisting of 699,884 square feet located in downtown Columbia, Maryland valued at $130.0 million. The office buildings, referred to as 10-60 Columbia Corporate Center, are included in our Operating Assets segment.

On December 15, 2014, we made a payment totaling $203.3 million to the IRS in satisfaction of a judgment entered by the Tax Court in favor of the IRS with respect to these taxes. We now control the litigation and on December 15, 2014 we filed an appeal of the Tax Court's decision to the Fifth Circuit Court of Appeals and expect the appeal to be heard by the appellate court in 2015.

2016 boost

Conroe, TX. During the second half of 2014, in three separate transactions, we purchased 2,055 acres of undeveloped land located in Conroe, Texas, approximately 13 miles north of The Woodlands, for $98.5 million. We have preliminarily planned for 1,452 acres of residential and 161 acres of commercial development on the combined sites and currently estimate that the residential acres will yield approximately 4,800 lots. The first lots are expected to be delivered in 2016 with lot sales closing in the first quarter 2017. This land will be developed by The Woodlands management team and is included in our Master Planned Communities segment.

Issuance of Senior Notes. On October 2, 2013, we issued $750.0 million aggregate principal amount of our 6.875% Senior Notes due 2021 (the "Senior Notes") and received net cash proceeds of $739.6 million. We have and will continue to use the net proceeds for development, acquisitions and other general corporate purposes. Interest is payable semiannually, on April 1 and October 1 of each year. The Senior Notes contain customary terms and covenants and have no maintenance covenants.

Purchase of Sponsors Warrants. In the fourth quarter of 2012, we retired warrants to purchase 6,083,333 shares of our common stock pursuant to the warrant purchase agreements by and among the Company and affiliates of Brookfield Asset Management, Fairholme Funds and Blackstone Real Estate Partners. We paid a total of $80.5 million in cash and issued 1,525,272 shares of our common stock to Brookfield in connection with the warrant transactions. The warrant transactions reduced diluted common shares outstanding by 9.2%, or 4,558,061 shares, to a total of 45,119,706 shares as of the transaction date assuming all stock options and remaining warrants outstanding at December 31, 2012, were exercised.

Overview of Business Segments

The following describes our three business segments and provides a general description of each of the assets comprising these segments. This section should be referred to when reading "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations" which contains financial and performance information for many of these assets. We have attempted to reduce duplication of asset information by cross-referencing between these sections.

Master Planned Communities. Our Master Planned Communities segment consists of the development and sale of residential and commercial land, primarily in large-scale projects. We own five master planned communities. Listed according to total acreage encompassing each of these communities are: The Woodlands, Summerlin, Maryland, Bridgeland and Conroe.

Our master planned communities include over 13,000 acres of land remaining to be developed or sold. Residential sales, which are made primarily to homebuilders, include standard and custom parcels designated for detached and attached single- and multi-family homes, ranging from entry-level to luxury homes. Commercial sales include land parcels designated for retail, office, resort, high density residential projects (e.g., condominiums and apartments), services and other for-profit activities, as well as those parcels designated for use by government, schools and other not-for-profit entities.

Operating Assets. Our Operating Assets segment contains 44 properties, investments and other assets that generate revenue, consisting primarily of retail, office and multi-family properties. This segment includes 11 retail properties, 20 office properties, two multi-family apartment buildings, a resort and conference center, a 36-hole golf and country club and nine other operating assets and investments. We believe that there are opportunities to redevelop or reposition many of these assets, primarily several of the retail properties and Columbia office properties, to increase operating performance. These opportunities will require new capital investment and vary in complexity and scale. The redevelopment opportunities range from minimal disruption to the property to the partial or full demolition of existing structures for new construction.

Strategic Developments. Our Strategic Developments segment consists of 30 near, medium and long-term development projects. We believe most of these assets will require substantial future development to achieve their highest and best use. We are in various stages of creating or executing strategic plans for many of these assets based on market conditions and availability of capital. As of December 31, 2014, we had approximately $1.9 billion of properties in their construction phase (which in addition to Strategic Development properties also includes one Operating Asset that is undergoing redevelopment and two multi-family properties being developed in joint ventures). In addition to the permitting and approval process attendant to almost all large-scale real estate developments of this nature, we generally obtain construction financing to fund a majority of the costs associated with developing these assets.

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this list keeps ballooning each year

The chart below presents our assets by reportable segment at December 31, 2014.

Master Planned Communities

- Bridgeland
- Conroe
- Maryland
- Summerlin
- The Woodlands

Operating Assets

Retail

- Columbia Regional Building
- Cottonwood Square
- Downtown Summerlin (a)
- 1701 Lake Robbins
- Landmark Mall
- Outlet Collection at Riverwalk
- Park West
- South Street Seaport (under construction)
- Ward Village
- 20/25 Waterway Avenue
- Waterway Garage Retail

Office

- 10-60 Columbia Corporate Center
- 70 Columbia Corporate Center
- Columbia Office Properties
- One Hughes Landing
- Two Hughes Landing (a)
- 2201 Lake Woodlands Drive
- 9303 New Trails
- 110 N. Wacker
- 3831 Technology Forest Drive (a)
- 3 Waterway Square
- 4 Waterway Square
- 1400 Woodloch Forest

Other

- Golf Courses at TPC Summerlin and TPC Las Vegas (participation interest)
- Kewalo Basin Harbor
- Merriweather Post Pavilion
- Millennium Waterway Apartments
- Millennium Woodlands Phase II, LLC (a) / (c)
- 85 South Street
- Stewart Title of Montgomery County, TX (c)
- Summerlin Hospital Medical Center (c)
- Summerlin Las Vegas Baseball Club (c)
- The Club at Carlton Woods
- The Woodlands Resort & Conference Center
- The Woodlands Parking Garages
- Woodlands Sarofim #1 (c)

Strategic Developments

Under Construction

- ONE Ala Moana (b)
- Anaha Condominiums
- Creekside Village Green
- Three Hughes Landing
- 1725-35 Hughes Landing Boulevard
- Hughes Landing Hotel (Embassy Suites)
- Hughes Landing Retail
- One Lake's Edge
- The Metropolitan Downtown Columbia Project (c)
- Waiea Condominiums
- Waterway Square Hotel (Westin)

Other

- Alameda Plaza
- AllenTowne
- Bridges at Mint Hill
- Century Plaza Mall
- Circle T Ranch and Power Center (c)
- Cottonwood Mall
- Elk Grove Promenade
- 80% Interest in Fashion Show Air Rights
- Kendall Town Center
- Lakeland Village Center
- Lakemoor (Volo) Land
- Maui Ranch Land
- Parcel C (c)
- Seaport District Assemblage
- Summerlin Apartments, LLC (c)
- Ward Block M
- Ward Gateway Towers
- Ward Workforce Housing
- West Windsor

(a) Asset was placed in service and moved from the Strategic Developments segment to the Operating Assets segment during 2014.
(b) Asset consists of two equity method investments.
(c) A non-consolidated investment.

Master Planned Communities

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

Our Master Planned Communities segment consists of the development and sale of residential land and the development of commercial land to hold, develop or sell. Our master planned communities are located in and around Houston, Texas; Las Vegas, Nevada and Columbia, Maryland. Residential revenues are generated primarily from the sale of finished lots and undeveloped superpads to residential homebuilders and developers. We also occasionally sell or lease land for commercial development. Superpad sites are generally 20 to 25 acre parcels of unimproved land where we develop and construct the major utilities (water, sewer and drainage) and roads to the borders of the parcel and the homebuilder completes the on-site utilities, roads and finished lots. Revenue is also generated through profit participation with homebuilders. Revenues and net income are affected by factors such as: (1) the availability of construction and permanent mortgage financing to purchasers at acceptable interest rates; (2) consumer and business confidence; (3) regional economic conditions in the areas surrounding the projects, which includes levels of employment and homebuilder inventory; (4) availability of saleable land for particular uses; (5) our decisions to sell, develop or retain land; and (6) other factors generally affecting the homebuilder business and sales of residential properties.

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plenty of lots still to sell to generate $ for building income producing props.

The following table summarizes our master planned communities, all of which are wholly owned, as of December 31, 2014:

Community	Location	Total Gross Acres (a)	Approx. No. People Living in Community	Remaining Saleable and Developable Acres			Remaining Saleable Residential Lots (d)	Projected Community Sell-Out Date
				Residential (b)	Commercial (c)	Total		
Bridgeland	Houston, TX	11,400	7,400	3,445	1,453	4,898	17,280	2036
Conroe	Conroe, TX	2,055	-	1,452	161	1,613	4,787	2028
Maryland	Columbia, MD	16,450	106,000	-	207	207	-	2022 (e)
Summerlin	Las Vegas, NV	22,500	105,400	4,621	851	5,472	41,000 (f)	2039
The Woodlands	Houston, TX	28,475	109,700	478	773	1,251	1,483	2022
Total		80,880	328,500	9,996	3,445	13,441	64,550	

(a) Encompasses all of the land located within the borders of the master planned community, including parcels already sold, saleable parcels and non-saleable areas, such as roads, parks and recreation and conservation areas and parcels acquired during the year.
(b) Includes standard, custom and high density residential land parcels. Standard residential lots are designed for detached and attached single and multi-family homes, consisting of a broad range, from entry-level to luxury homes. At Summerlin and The Woodlands, we have designated certain residential parcels as custom lots as their premium price reflects their larger size and other distinguishing features - such as being located within a gated community, having golf course access or being located at higher elevations. High density residential includes townhomes and condominiums.
(c) Designated for retail, office, resort, services and other for-profit activities, as well as those parcels allocated for use by government, schools, houses of worship and other not-for-profit entities.
(d) Includes only parcels that are intended for sale or joint venture. The mix of intended use, as well as the amount of remaining saleable acres, are primarily based on assumptions regarding entitlements and zoning of the remaining project and are likely to change over time as the master plan is refined. Remaining saleable lots are estimates.
(e) We currently intend to develop the land surrounding Downtown Columbia. The date represents our estimated redevelopment completion date.
(f) Amount represents remaining entitlements, not necessarily the number of lots that will ultimately be developed and sold.

Bridgeland (Houston, Texas)

Bridgeland is located near Houston, Texas and consists of approximately 11,400 acres. It was voted "GHBA Event of the Year" in 2014 and "Master Planned Community of the Year" in 2013 by Greater Houston Builders Association. It was also voted by The National Association of Home Builders as the "Master Planned Community of the Year" in 2009. The first residents moved into their homes in June 2006. There were approximately 2,100 homes occupied by approximately 7,400 residents as of December 31, 2014. When fully developed, we expect Bridgeland will contain more than 3,000 acres of waterways, lakes, trails, parks and open spaces, as well as an expansive Town Center that will provide employment and land for retail, educational and entertainment facilities. The MPC is being developed to eventually accommodate approximately 20,000 homes and 65,000 residents. We further believe that it is poised to be one of the top master planned communities in the nation.

The Woodlands senior management team, which averages over 25 years each of experience developing master planned communities, is leading the development and marketing of Bridgeland. Bridgeland land sales were adversely affected in 2013 compared to prior years due to a pending wetlands permit application from the U.S. Army Corps of Engineers. We obtained the permit in February 2014 and began developing the 806 acres covered by the permit immediately thereafter.

Bridgeland's conceptual plan was revised in 2012 and includes four villages – Lakeland Village, Parkland Village, Prairieland Village and Creekland Village. The conceptual plan also includes an 800-acre Town Center mixed-use district and a carefully designed network of trails totaling over 60 miles that will provide pedestrian connectivity to distinct residential villages and neighborhoods and access to recreational, educational, cultural, employment, retail, religious and other offerings.

The conceptual plan also contemplates that the Town Center will be located adjacent to the expansion of State Highway 99 (the "Grand Parkway"), which is a 180-mile circumferential highway traversing seven counties and encircling the Greater Houston region. Segment E of the Grand Parkway is a 15-mile four-lane controlled access toll road with intermittent frontage roads from Interstate 10 to Highway 290 through Harris County. Segment E, which has four interchanges serving Bridgeland, provides direct access to the portion of Bridgeland designated for the Town Center and to future residential sections of Bridgeland allowing for enhanced access to the master planned development. Construction on Segment E began in October

the grand parkway is going to be huge for bridgeland

2011 and was officially opened for traffic on December 21, 2013. Additional segments are scheduled for completion in 2015 that will connect Bridgeland to The Woodlands, the new ExxonMobil Campus and Houston's George Bush Intercontinental Airport.

Bridgeland's first five neighborhoods are located in Lakeland Village, which has many home sites that have views of the water, buried power lines to maximize the views of open space, fiber-optic technology, brick-lined terrace walkways and brick, stone and timber architecture. The prices of the homes range from approximately $200,000 to more than $1.0 million. Lakeland Village is approximately 80% complete and is anchored by a 6,000 square foot community center that features a water park with three swimming pools, two lighted tennis courts and a state-of-the-art fitness room. A grand promenade wrapping around Lake Bridgeland offers a boat dock, canoes, kayaks, sailboats and paddleboats.

Conroe (Conroe, Texas)

We acquired 2,055 acres located 13 miles north of The Woodlands during 2014 to create a new master planned community. Our plan provides for 1,452 acres of residential and 161 acres of commercial development and current estimates show a yield of approximately 4,800 lots. The first lots are expected to be delivered in 2016 with home sales starting in the Spring 2017.

Many of Houston's prominent master-planned communities are approaching build out with limited new communities to replace them. As such, we believe that there is a significant opportunity to introduce another master-planned community in the Far North Houston submarket. The demand for this site was validated by research/demand studies from Robert Charles Lesser and Co. and MetroStudy. Since early 2010, home builders have been unable to meet the growing demand for new single family houses. Houston has built 189,575 apartment and single family homes while adding 446,000 jobs from early 2010 through the end of 2014. The cumulative demand for 2014 was over 70,000 single family homes and only approximately 30,000 were delivered to the metro.

The new master planned community is being positioned to take advantage of its superior location, and is well within the path of future development along I-45 north of The Woodlands, Anadarko and ExxonMobil. The location also boasts favorable commute times to employment nodes over competitors. The newly constructed ExxonMobil Campus is approximately 28 minutes away. In addition, the new master planned community benefits from several east-west thoroughfares such as League Line Road and Seven Coves Road that provide convenient access to local and regional destinations such as Lake Conroe.

The new master planned community is expected to deliver an amenity package to improve "quality family time". The amenities will include a "Big Park", village center(s), pathways and social gathering nodes. The clubhouse will open in 2017 and serve as a marketing tool to the community. Commercial developments will be incorporated over time similar to Creekside Village Park in The Woodlands. The school district will be Willis ISD, which is attractive to young families. The terrain features rolling hills and dense tree cover, appropriate for utilizing the reputation and brand of The Woodlands.

Maryland (Howard County, Maryland)

The Maryland community has no more remaining residential saleable acres and represents primarily a commercial real estate development opportunity. It consists of four distinct communities known as Columbia, Gateway, Emerson and Fairwood. Columbia is by far the largest community and also where the greatest commercial real estate development potential exists.

Columbia

Columbia, located in Howard County, Maryland, is an internationally recognized model of a successful master planned community that began development in the 1960's. As of December 31, 2014, Columbia was home to approximately 106,000 people.

Situated between Baltimore and Washington, D.C., and encompassing 14,200 acres of land, Columbia offers a wide variety of living, business and recreational opportunities. The master planned community's full range of housing options is located in nine distinct, self-contained villages and a Town Center. Columbia has an estimated 5,500 businesses, which occupy approximately 26 million square feet of space and provide more than 63,000 jobs. There is a wide variety of retail options encompassing approximately 4.8 million square feet of retail space in more than 500 stores.

As a result of the 2005 Base Realignment and Closure Commission, additional government agencies have been relocated to Fort George G. Meade, just 11 miles from Downtown Columbia. The overall workforce on the base is projected to be 56,000 people due to its role in cyber security and protecting the nation's information technology assets from foreign threats. An economic engine for the region, Fort Meade directly or indirectly supports approximately 170,000 local jobs and growth projections indicate that there will be future demand for office space and housing for highly paid personnel.

The Downtown Columbia market contains 2.1 million square feet of office space, of which we own 1.1 million square feet, located close to shopping, restaurants and entertainment venues. We believe that there is a significant opportunity to redevelop this area in the future. During 2010, we received entitlements to develop up to 5,500 new residential units, 4.3 million square feet of commercial office space, 1.3 million square feet of retail space and 640 hotel rooms. These entitlements have no expiration date under Maryland law.

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

We also own approximately 35 acres, net of road and related infrastructure improvements, on the land around Merriweather Post Pavilion, an outdoor amphitheater and concert venue, located south of the Columbia Mall. The acreage currently consists of raw land and subdivided land parcels readily available for new development. We held the initial public meeting called for in the county's Final Development Plan ("FDP") process and submitted an application for FDP approval in September 2014. Formal approval by the planning board is anticipated in the first quarter 2015, allowing us to proceed with road construction and individual building plans. Preliminary plans call for at least four million square feet of development activity, with high-rise buildings encompassing the Central Park-like setting afforded by the Pavilion and its surrounding property.

Gateway/Emerson/Fairwood

The remaining three communities (Gateway, Emerson and Fairwood) consist of 2,250 acres with 2,410 homes occupied by 6,000 residents. Gateway offers quality office space in a campus setting with approximately 63 commercial acres remaining to be sold as of December 31, 2014. Emerson has 34 commercial acres remaining to be developed and this land is fully entitled for build-out subject to meeting local requirements for subdivision and land development permits. Fairwood has 11 commercial acres available for sale as of December 31, 2014, and in addition to the commercial acres remaining to be sold, we own a few undedicated open space parcels, and 24 acres of unsubdivided land which cannot be developed as long as the nearby airport is operating.

Summerlin (Las Vegas, Nevada)

Spanning the western rim of the Las Vegas Valley and located approximately nine miles from downtown Las Vegas, our 22,500 acre Summerlin Master Planned Community is comprised of planned and developed villages and offers suburban living with accessibility to the Las Vegas Strip. For much of its 25-year history, Summerlin has consistently ranked in the Robert Charles Lesser annual poll of Top-Selling Master Planned Communities in the nation, ranking 15th in 2014. With 22 public and private schools (K-12), four institutions of higher learning, nine golf courses, cultural facilities and health and medical centers, Summerlin is a fully integrated community. The first residents moved into their homes in 1991. As of December 31, 2014, there were approximately 41,500 homes occupied by an estimated 105,000 residents. Summerlin's population upon completion of the project is expected to exceed 200,000 residents. The Las Vegas, Nevada market is continuing to recover and Summerlin has experienced significant improvement in 2014 and 2013 land sales compared to 2012 and 2011.

Summerlin is comprised of hundreds of neighborhoods located in 19 developed villages, out of 30 currently planned, with nearly 150 neighborhood and village parks that are all connected by a 150-mile long trail system. Summerlin is located adjacent to the Red Rock Canyon National Conservation Area, a landmark in southern Nevada, which has become a world-class hiking and rock climbing destination and attracts more than a million visitors annually. The heart of this MPC contains approximately 400 acres designated for residential and commercial development called Downtown Summerlin. We own approximately 300 acres of this land with the remaining acreage anchored by The Red Rock Casino, Resort & Spa and Life Time Fitness. On October 9, 2014, we opened the retail and fine dining component of a mixed-use development we built on 106 acres of this

site. The development contains 1.4 million square feet of developed retail, restaurant, entertainment and office space, and has a pad site for a 200,000 square foot anchor tenant. We believe that the opening of this project will significantly increase the value of our surrounding land due to the addition of retail, office, restaurant and entertainment amenities. Please refer to Downtown Summerlin under “Operating Assets” for a more complete description of this development. Summerlin contains approximately 2.1 million square feet of developed retail space and 3.3 million square feet of developed office space, in addition to the approximately 1.4 million square feet of retail and office space comprising Downtown Summerlin. In addition, there are three hotel properties owned by third parties containing approximately 1,400 hotel rooms within the MPC.

Summerlin is divided into three separate regions known as Summerlin North, Summerlin South and Summerlin West. Summerlin North is fully developed and sold out. In Summerlin South, we are entitled to develop 740 acres of commercial property with no square footage restrictions, 489 of such acres, including our 106 acre Downtown Summerlin project, are either developed or committed to commercial development. The remaining 251 acres are under our control for future commercial development. We also have entitlements for an additional 17,000 residential units yet to be developed in Summerlin South. In Summerlin West, we are entitled to develop 5.85 million square feet of commercial space on up to 508 acres of which 100,000 square feet has already been developed through the construction of a grocery store anchored shopping center. We are also entitled to develop 30,000 residential units in Summerlin West, approximately 24,000 of which remain to be developed. The remaining 41,000 saleable residential lots represent Summerlin’s total entitlements, and utilization of these entitlements will be based on current and forecasted economic conditions.

The Woodlands (Houston, Texas)

The Woodlands is a 28,475 acre mixed-use self-contained master planned community approximately 1.5 times the size of Manhattan, New York, situated 27 miles north of Houston. The Woodlands provides an exceptional lifestyle and integrates recreational amenities, residential neighborhoods, commercial office space, retail shops and entertainment venues. Approximately 28% of The Woodlands is dedicated to green space, including parks, pathways, open spaces, golf courses and forest preserves. The Woodlands includes a waterway, outdoor art and an open-air performance pavilion, a resort and conference center, a luxury hotel and convention center, educational opportunities for all ages, hospitals and health care facilities. The Fountains at Waterway Square located on The Woodlands Waterway connects all of the amenities of the community via a water taxi system serving The Woodlands Town Center area and will eventually connect with Hughes Landing.

The Woodlands has consistently ranked as one of the top master planned communities in the nation and Texas with regard to annual home sales. During its 40-year history, The Woodlands has won numerous awards, with the most recent being the Urban Land Institute’s 2014 “Vision Award for Exemplary Leadership.” According to Robert Charles Lesser & Co., The Woodlands was ranked 11th nationally and was also ranked 3rd in the Houston area in 2014 for the number of home sales. Past awards include the “Master Planned Community of the Year” presented by the Greater Houston Builders Association in 2010 for overall planning and design.

Home site sales began in 1974. To maximize long term values, the development started with residential activity with land reserved for the eventual development of a town center containing office, retail, multi-family and hotel properties to serve the residents. Over time, the residential success created demand for commercial development. In recent years, the commercial and residential components have achieved significant appreciation in values and acceleration of development. Additionally, by virtue of the fact that we own most of the undeveloped available land in The Woodlands, we have substantial influence over the market and our competitors.

As of December 31, 2014, there were approximately 41,200 homes occupied by approximately 109,700 residents and more than 1,900 businesses providing employment for approximately 58,400 people. The population is projected to increase to approximately 130,800 by 2022. We estimate that The Woodlands has a jobs to home ratio of approximately 1.42 to 1.00. This ratio implies that many residents also work within The Woodlands, making it a more attractive place to live compared to purely residential communities by improving quality of life through short commute times. Since its inception, The Woodlands has sought to maintain a wide array of home choices and marketed that information to the realtor community as it is critical in providing guidance to the corporate relocation homebuyer. As a result of this effort, over the last ten years, The Woodlands has achieved an average of approximately 41% of new home sales attributable to “Outside of Houston Area” residents.

As of December 31, 2014, The Woodlands had 773 acres of land designated for commercial use remaining to be sold or developed. The Woodlands is well positioned to dominate the commercial market for the next several years because we have the largest inventory of vacant commercial land available in the area and we offer virtually every product type being sought after by our customers. The mix of acreage designated for development versus sale may change over time based on market conditions, projected demand, our view of the economic benefits of developing or selling and other factors.

The Woodlands has full or partial ownership interests in commercial properties totaling approximately 2.1 million square feet of office space (of which 1.1 million square feet are complete and nearly 1.0 million square feet are under construction), 398,682 square feet of retail and service space (of which 201,330 square feet are complete and 197,352 square feet are under construction) and 1,097 rental apartment units (of which 707 units are complete and 390 units are under construction). We also own and operate a 406-room resort and conference center facility, with an additional two hotels containing a total of 507 rooms under construction, and a 36-hole golf course with a country club facility. These commercial properties are more fully described under "Operating Assets".

The ExxonMobil corporate campus that is located on a 385-acre site south of The Woodlands is expected to include approximately 20 buildings, consisting of three million square feet of space. ExxonMobil began relocating employees into this new location in 2014 and expects to complete the relocation by the end of 2015. We believe that the direct and indirect jobs related to this relocation will have a significant positive impact on The Woodlands and Bridgeland due to increased housing demand, as well as commercial space needs for companies servicing ExxonMobil.

We believe the construction of The Grand Parkway linking The Woodlands and Bridgeland to the new ExxonMobil campus and the rest of the greater Houston area will be viewed positively by potential residents of our Houston master planned communities. Construction of the segments of The Grand Parkway that will serve The Woodlands and Bridgeland is expected to be completed in 2015.

Operating Assets

We own 11 retail properties, 20 office properties, two multi-family apartment buildings, a resort and conference center, a 36-hole golf course and country club and nine other operating assets and investments that generate revenue. Based on a variety of factors, we believe that there are opportunities to redevelop or reposition many of these assets, primarily several of the retail properties and Columbia office properties, to improve their operating performance. These factors include, but are not limited to, the following: (1) existing and forecasted demographics surrounding the property; (2) competition related to existing and/or alternative uses; (3) existing entitlements of the property and our ability to change them; (4) compatibility of the physical site with proposed uses; and (5) environmental considerations, traffic patterns and access to the properties. We believe that, subject to obtaining all necessary consents and approvals, these assets have the potential for future growth by means of an improved tenant mix, additional gross leasable area ("GLA"), or repositioning of the asset for alternative use. Redevelopment plans for these assets may include office, retail or residential space, shopping centers, movie theaters, parking complexes and open space. Any future redevelopment may require that we obtain permits, licenses, consents and/or waivers from various parties. Our retail and office properties include approximately 5.8 million square feet of GLA of which 3.3 million square feet is retail and 2.5 million square feet is office.

This section contains a general description of each of the assets contained in our Operating Assets segment. For a detailed discussion of the financial performance of our Operating Assets please refer to "Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations."

Retail

Columbia Regional Building (Maryland, Columbia)

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

Cottonwood Square (Salt Lake City, Utah)

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

Downtown Summerlin (Las Vegas, Nevada)

Downtown Summerlin, formerly known as “Shops at Summerlin”, is a retail, office and fine dining development comprised of approximately 1.6 million square feet and was substantially completed by us and opened in October 2014. We believe this is the largest development of its kind to open in the U.S. since the economic downturn. It consists of a Fashion Center having two department store anchor tenants and a pad for a third, small-shop retail and restaurants and an approximately 280,000 square foot marketplace consisting of big box and junior anchor retail space and an approximately 235,000 square foot office building, One Summerlin. The development is located on approximately 106 acres within the 400-acre Downtown Summerlin area.

1701 Lake Robbins (The Woodlands, Texas)

1701 Lake Robbins is a 12,376 square foot retail building that we acquired for $5.7 million on July 18, 2014.

Landmark Mall (Alexandria, Virginia) this could be significant

Anchored by Macy’s and Sears, Landmark Mall is an 879,262 square foot shopping mall located just nine miles southwest of Washington, D.C. The mall is located within one mile of public rail service on D.C.’s metro blue line. In 2013, we received unanimous rezoning approval from the City of Alexandria for Phase I of the redevelopment, which includes converting 11 acres of our 22-acre site, located within the center of the property between Macy’s and Sears, from a traditional enclosed mall to a vibrant outdoor mixed-use environment with street retail shops and restaurants and high density residential housing. Within Phase I we are developing plans for approximately 270,000 square feet of new retail space, including an upscale dine-in movie theater and up to 400 residential units. Prior to the commencement of construction, we must finalize a development program, achieve internal pre-leasing targets, obtain a development permit application from the City of Alexandria, and consents from Macy’s and Sears.

Outlet Collection at Riverwalk (New Orleans, Louisiana)

The Outlet Collection at Riverwalk, formerly known as “Riverwalk Marketplace”, is an urban upscale outlet center located along the Mississippi River in downtown New Orleans adjacent to the New Orleans Memorial Convention Center and the Audubon Aquarium of the Americas. We believe this is the nation’s first upscale outlet center located downtown in a major city. We completed redevelopment of the center, comprising 246,221 square feet, and reopened it in May 2014.

Park West (Peoria, Arizona)

Park West is a 249,173 square foot open-air shopping, dining and entertainment destination, which is approximately one mile northwest of the Arizona Cardinals’ football stadium and the Phoenix Coyote’s hockey arena. Park West has an additional 100,000 square feet of available development rights as permitted for retail, restaurant and hotel uses. Additionally, we own four parcels of land adjacent to our Park West property consisting of approximately 18 acres.

The Seaport District (New York, New York)

The Seaport District includes the entire South Street Seaport, encompasses the historic waterfront along the East River, and is bounded by the Brooklyn Bridge on the north, Wall Street on the south and Water Street on the west. The South Street Seaport is currently comprised of land and buildings located in an area we call the historic area and Pier 17. We lease a significant portion of the property and it is subject to ground leases that expire in 2072. The historic area (which is west of the FDR Drive) includes retail space in 5 buildings. Pier 17 is located east of FDR Drive and is under construction. Upon completion of the Pier 17 Renovation Project, as described below, South Street Seaport will have approximately 362,000 square feet of leasable space, substantially all of which will be retail. The South Street Seaport is being rebranded to include the larger Seaport District as the company begins to reintroduce The Seaport District to New York City as the city’s Oldest New Neighborhood.

On June 27, 2013, the City of New York executed the amended and restated ground lease for South Street Seaport and we provided a completion guarantee to New York City for the Renovation Project (as defined below). The execution of the amended and restated ground lease was the final step necessary for the commencement of the renovation and reconstruction of the existing pier and building ("Renovation Project"). Construction began in September 2013 and is expected to conclude in 2017. The Renovation Project features a newly constructed pier and building and is designed to include a vibrant open rooftop encompassing approximately 1.5 acres, upscale retail and outdoor entertainment venues. Additionally, we will reposition a significant portion of the 180,000 square feet of retail space in the historic area.

On November 20, 2013, we announced plans for further redevelopment of the Seaport District, which includes approximately 700,000 square feet of additional space. The plans are subject to a Uniform Land Use Review Procedure ("ULURP") that requires approval by the New York City Council, the New York City Landmarks Preservation Commission and various other government agencies. After participating in a comprehensive neighborhood planning process with community stakeholders and elected public officials over the past year, we presented our revised plans to the Landmark Preservation Committee on December 10, 2014. Our current proposal includes the complete restoration of the historic Tin Building, which will include a dynamic food market, greater pedestrian access to the waterfront via East River Esplanade improvements and a new marina. It will also include a reconfigured South Street Seaport Museum space within Schermerhorn Row, as well as a potential building addition on the adjacent John Street lot, the replacement of wooden platform piers adjacent to Pier 17, and a newly constructed mixed-use building which may include a new public middle school and community recreation space.

Ward Village (Honolulu, Hawaii)

The operating properties of Ward Village, formerly known as "Ward Centers", are situated along Ala Moana Beach Park and are within one mile of Waikiki and downtown Honolulu. They currently include a 678,000 square foot shopping district containing seven specialty centers, approximately 146 shops, and restaurants and an entertainment center which includes a 16-screen movie theater. In 2012, Ward Village Shops consisting of approximately 67,000 square feet of retail, and in 2013, Auahi Shops consisting of 57,000 square feet of retail were completed.

Ward Village will be a vibrant neighborhood that offers unique retail experiences and exceptional residences set among dynamic public open spaces and walkable streets. For more information regarding our master planned development activities, please refer to our Strategic Developments segment.

20 & 25 Waterway Avenue (The Woodlands, Texas)

20 & 25 Waterway Avenue are two retail properties located in the Waterway Square commercial district in The Woodlands Town Center. The properties total 50,022 square feet.

Waterway Garage Retail (The Woodlands, Texas)

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

Office

Columbia, Maryland

10-60 Columbia Corporate Center

10–60 Columbia Corporate Center is comprised of six adjacent office buildings totaling 699,884 square feet. We received the six office buildings, with a fair value of approximately $130.0 million, as part of our Tax Indemnity Settlement with GGP. Located in Downtown Columbia, Maryland, 14 miles from the Baltimore Beltway and 17 miles from the Washington Beltway, the buildings are currently unencumbered. As a result of this acquisition, we believe that we own approximately 50% of the total Downtown Columbia office market.

70 Columbia Corporate Center

70 Columbia Corporate Center is a 170,741 square foot office building located adjacent to 10-60 Columbia Corporate Center in Downtown Columbia, Maryland. We acquired the building in August 2012.

Columbia Office Properties

We own three office buildings, and are a master tenant of a fourth office building (in addition to 10-70 Columbia Corporate Center described above), located in the heart of Downtown Columbia, Maryland. The master ground lease under the fourth office building has a 2020 initial expiration and a 2060 final expiration date, including market renewal options. The buildings, which comprise 220,420 square feet, include: (1) the Columbia Association Building; (2) the Columbia Exhibit Building; (3) the Ridgley Building; and (4) American City Building (master tenant).

The Woodlands, Texas

Hughes Landing

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

One Hughes Landing - One Hughes Landing is a 197,719 square foot Class A office building set on 2.7 acres, including a 1,200 space parking garage shared with Two Hughes Landing. The building was opened in the third quarter 2013.

Two Hughes Landing - Two Hughes Landing is a 197,714 square foot Class A office building set on 3.6 acres, including a 1,200 space parking garage shared with One Hughes Landing. The project was substantially completed and placed in service during 2014.

2201 Lake Woodlands Drive

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

9303 New Trails

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

3831 Technology Forest Drive

Kiewit Energy Group is the tenant occupying this 95,078 square foot office building completed and opened by us in December 2014. Kiewit Energy Group has executed a ten-year lease to occupy all of the building. The building is located on a 5.7-acre land parcel at 3831 Technology Forest Drive.

3 Waterway Square

The building was opened in June 2013. It is a 232,021 square foot Class A office building located in The Woodlands Town Center.

4 Waterway Square

4 Waterway Square is a 218,551 square foot Class A office building located in The Woodlands Town Center.

1400 Woodloch Forest Drive

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

Chicago, Illinois

110 N. Wacker

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

Multi-family

Millennium Waterway Apartments (The Woodlands, Texas)

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

85 South Street (New York, New York)

On October 22, 2014, we acquired a 21-unit fully leased multi-family apartment building for $20.1 million. The building also contains approximately 13,000 square feet of ground floor retail space. The property is located near our South Street Seaport property.

Resort and Conference Center and Country Club

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

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

In 2013, we began a redevelopment and expansion of WRCC and completed the project in 2014. The project included renovating 222 existing guest rooms, and construction of a new wing of 184 guest rooms and suites that replaced 218 rooms that were taken out of service and will eventually be demolished. The development also included construction of a 1,000 foot lazy river, a new lobby, the revitalization of 60,000 square feet of meeting and event facilities, and a new restaurant, Robard's Steakhouse, which is a 130-seat restaurant located across the street from WRCC on the 18th hole of the Panther Trail Golf Course and will be operated by the hotel management.

The Club at Carlton Woods (The Woodlands, Texas)

The Club at Carlton Woods is located within one of the most exclusive communities in The Woodlands. In addition to an 18-hole Jack Nicklaus Signature Golf Course and an 18-hole Tom Fazio Championship Course, it contains two clubhouses, a spa, and fitness facilities. These amenities total approximately 78,000 square feet as well as tennis courts and a golf learning center.

Other Operating Assets and Investments

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

The TPC Summerlin is an 18-hole private championship course designed by golf course architect Bobby Weed with player consultant Fuzzy Zoeller. TPC Las Vegas is an 18-hole public championship course designed by Bobby Weed with player

consultant Raymond Floyd. These courses represent the only two golf courses in Nevada that are owned and operated by the Professional Golfers' Association of America (the "PGA").

We are entitled to receive residual payments from the PGA with respect to the two golf courses through October 31, 2021, the termination date of the sales agreement with the PGA. We receive 75% of the net operating profits and 90% of all profits from membership sales at TPC Summerlin until such time as the original investment in the courses of $23.5 million has been recouped, which is projected to occur no sooner than 2018. Once we have received payments from the PGA totaling $23.5 million, we are entitled to receive 20% of all net operating profits from the two courses through the termination date of the agreement. As of December 31, 2014, the remaining balance of our investment is approximately $4.5 million, approximately $4.4 million greater than our $0.1 million book value.

Kewalo Basin Harbor (Honolulu, Hawaii)

Kewalo Basin Harbor is a harbor that leases slips for charter, commercial fishing and recreational vessels. It is located in the heart of Honolulu across Ala Moana Boulevard from Ward Village. In August 2014, we entered into a 35-year lease with a 10-year extension option with the Hawaii Community Development Authority ("HCDA") to make improvements, manage, and serve as the operator of Kewalo Basin Harbor. Our capital improvement activities will begin in late 2015 and will be phased in over multiple years.

Merriweather Post Pavilion (Columbia, Maryland)

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

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

We are an 81.43% partner in a joint venture with The Dinerstein Companies to develop and operate Millennium Woodlands Phase II, a 314-unit Class A multi-family complex in The Woodlands Town Center. During the third quarter 2014, the joint venture completed construction and placed the project into service.

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

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

Summerlin Hospital Medical Center (Las Vegas, Nevada)

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

Summerlin Las Vegas Baseball Club (Las Vegas, NV)

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

The Woodlands Parking Garages (The Woodlands, Texas)

The Woodlands Parking Garages comprise nearly 3,000 parking spaces in two separate parking structures. The Waterway Square Garage has 1,933 spaces and is located in The Woodlands Town Center. The Waterway Square Garage has excess

parking capacity for future commercial development, including the Westin Hotel which is under construction. Woodloch Forest garage has approximately 1,000 total spaces with 300 spaces available for future adjacent office development.

Woodlands Sarofim #1 Limited (The Woodlands, Texas)

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

Strategic Developments

notice the opening dates of these projects….

Our Strategic Developments segment is made up of near, medium and long-term real estate development properties and active development projects. We continue to advance the development plans for most of these assets based on market conditions and availability of capital. As we begin to undertake our development plans we obtain the proper permits and approvals, and often seek project-level construction financing.

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

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

The Woodlands (The Woodlands, Texas)

Creekside Village Green

Creekside Village Green is a 74,500 square foot retail center consisting of retail, restaurant and professional office space across two main buildings and a centrally located restaurant building substantially completed and opened in January 2015. Creekside Village Green is located within Creekside Village Center, a 100-acre mixed-use commercial development that is anchored by an H-E-B grocery store. Creekside Village Center will ultimately include 400,000 square feet of retail and office space, 800 units of multi-family, 200 units of senior living facility and an 85,000 square foot campus within the Lone Star College System.

Three Hughes Landing

Three Hughes Landing will be a 324,000 square foot, 12-story Class A office building with an adjacent parking garage containing approximately 1,062 spaces in Hughes Landing situated on four acres of land. We began construction during the third quarter 2014 and anticipate completion of the project during the fourth quarter 2015.

1725-35 Hughes Landing Boulevard

1725-35 will be two adjacent Class A office buildings. The building located at 1725 Hughes Landing Boulevard (West Building) will be 12 stories and approximately 318,000 leasable square feet, and the building located at 1735 Hughes Landing Boulevard (East Building) will be 13 stories and 329,000 leasable square feet. A 2,617 space parking garage will also be located on the 4.3 acre site and will be exclusive to these buildings. We began construction during the fourth quarter 2013 and anticipate completion of the project by the fourth quarter 2015. ExxonMobil Corporation has executed leases to occupy the entire West Building for twelve years, and it has executed leases for 160,000 square feet in the East Building for eight years, with an option to lease the remaining space before the building opens.

Hughes Landing Hotel (Embassy Suites)

Hughes Landing Hotel will be a nine-story, 205-room, full-service Embassy Suites by Hilton hotel located in Hughes Landing that we will own and manage. The 172,000 square foot hotel will have 3,350 square feet of meeting and event space, a business center, a full service bar and restaurant, a rooftop that overlooks Lake Woodlands and a 24-hour fitness center. We began construction during the fourth quarter 2014 and expect completion of the hotel by the end of 2015.

Hughes Landing Retail

Hughes Landing Retail will be a 123,000 square foot retail component of Hughes Landing. The project consists of Whole Foods, an anchor tenant with 40,000 square feet of space, 32,900 square feet of retail and a 50,100 square foot restaurant row. We began construction during the fourth quarter 2013 and the project is expected to be completed in the first quarter 2015.

One Lake's Edge

One Lake's Edge will be an eight-story, Class A, multi-family project within Hughes Landing comprised of 390 multi-family units (averaging 984 square feet per unit), 22,289 square feet of retail and an approximately 750 space parking garage, all situated on three acres of land. Additionally, the project will feature an amenity deck on the third floor that will feature a pool, courtyard and other amenities overlooking Lake Woodlands. Construction began during the fourth quarter 2013 and completion is expected in the second quarter 2015.

Waterway Square Hotel (Westin)

The Waterway Square Hotel will be a 302-room Westin-branded hotel that we will own and manage. The hotel will contain more than 15,000 square feet of meeting space, an outdoor pool, WestinWORKOUT® studio, business center and all the brand's signature amenities overlooking The Woodlands Waterway in Waterway Square. It will also feature a 150-seat restaurant, a lobby bar and a second level pool deck and bar, with direct access to The Fountains at Waterway Square. We began construction during the second quarter 2014 and expect completion of the project by the end of 2015.

Ward Village (Honolulu, Hawaii)

Ward Village will be a globally recognized urban master planned community offering unique retail experiences, exceptional residences and workforce housing set among dynamic open spaces and pedestrian friendly streets. Our master plan development agreement with the HCDA allows for up to 9.3 million square feet, including up to 7.6 million square feet of residential (approximately 4,000 condominium units which are initially estimated to average approximately 1,500 square feet per unit), and approximately 1.7 million square feet of retail, office, commercial and other uses. Full build-out is estimated to occur over 12-15 years, but will ultimately depend on market absorption and many other factors that are difficult to estimate. Ward Village has received LEED Neighborhood Development (LEED-ND) Platinum certification, making the master plan the nation's largest LEED-ND Platinum certified project, and the only LEED-ND Platinum project in the state of Hawaii. The LEED rating system is the foremost program for buildings, homes, and communities that are designed, constructed, maintained and operated for improved environmental and human health performance. LEED certification is important to many buyers and users of such facilities because it is a third party certification regarding the facility's water efficiency, energy saving capability, indoor environmental quality, carbon dioxide emissions and resource preservation.

Phase One of the development consists of four components on four separate blocks: the renovation of the IBM building, which primarily serves as the information center and sales gallery for Ward Village, two mixed-use market rate residential towers and one workforce housing tower. Development permit applications and detailed plans were approved by the HCDA in the third quarter 2013 and condominium documents were approved by the Hawaii Real Estate Commission for two market rate towers.

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

The first of the two market rate towers, Waiea, meaning "water of life" in Hawaiian, is being developed on Ala Moana Boulevard and will consist of approximately 171 market rate condominium units for sale, six levels of parking and approximately 8,000 square feet of new retail space. The condominiums will consist of one, two and three bedroom units, villas and penthouses ranging from approximately 1,100 to 17,500 square feet. Construction commenced in second quarter 2014 with projected completion by the end of 2016.

The second market rate tower, Anaha, meaning "reflection of light," is planned for Auahi Street and will consist of approximately 311 market rate condominium units for sale, six levels of parking and approximately 17,000 square feet of new

retail space. The condominiums will consist of studios, one, two and three-bedroom units, townhomes and penthouses ranging from approximately 450 to 6,500 square feet. Construction commenced in November of 2014 with projected completion in early 2017.

The workforce residential tower is planned for a site on Ward Avenue and will consist of 424 residential units, 375 of which will be offered at prices lower than the market rate towers. It will also include six levels of parking and 23,000 square feet of new retail space. We continue to finalize plans for this tower.

During the fourth quarter 2014, we received approval from the HCDA for the Ward Gateway Towers project, the first residential and commercial development in Phase Two that will be located on Ala Moana Boulevard. Ward Gateway Towers will consist of two mixed-use towers with approximately 236 total units, 20,000 square feet of total retail and a one-acre park that will serve as the start of a four-acre village green that will open up a pedestrian connection from the heart of Ward Village to the center of Kewalo Basin Harbor. In February 2015, we received approval from the HCDA for the Ward Block M project, a mixed-use residential tower in Phase Two that will be located behind the Ward Entertainment Center at the corner of Queen Street and Kamake'e Street. Ward Block M will include approximately 466 residential units, a flagship 50,000 square foot Whole Foods Market, plus approximately 10,000 square feet of additional retail and more than 700 parking spaces. The Whole Foods Market lease was executed in the second quarter 2014 with a 20-year lease term and includes four, five-year extension options. We expect to begin construction of the Whole Foods Market in 2015 with completion scheduled for 2017, and continue to finalize pre-development activities and the project budget. We anticipate launching pre-sales in 2015.

ONE Ala Moana Tower Condominiums

In October 2011, we and an entity jointly owned by two local developers, Kobayashi Group and The MacNaughton Group, formed a 50/50 joint venture to develop a luxury condominium tower above an existing parking structure at Ala Moana Center. Construction of the 23-story, 206-unit tower consisting of one, two and three-bedroom units ranging from 760 to 4,100 square feet commenced in April 2013 and was completed with final closing on substantially all units in December 2014.

The Metropolitan Downtown Columbia Project (Columbia, Maryland)

In October 2011, we entered into a joint venture with a local multi-family developer, Kettler, Inc., ("Kettler") to construct a 380-unit Class A apartment building with approximately 14,000 square feet of ground floor retail space in downtown Columbia, Maryland. Our partner is responsible for providing construction and property management services, including the funding and oversight of development activities. We contributed a 4.2-acre site valued at $20.3 million and having a $3.0 million book value, in exchange for a 50% interest in the venture and our partner contributed cash for its interest. The joint venture began construction of The Metropolitan Downtown Columbia Project in February 2013 and anticipates substantial completion by the end of the first quarter 2015.

Other Development Projects

Alameda Plaza (Pocatello, Idaho)

Alameda Plaza is located in Pocatello, Idaho at the intersection of Yellowstone Park Highway and Alameda Road. The 6.9-acre site contains 65,292 square feet of vacant retail space.

AllenTowne (Allen, Texas)

AllenTowne consists of 238 acres located at the high-traffic intersection of Highway 121 and U.S. Highway 75 in Allen, Texas, 27 miles northeast of downtown Dallas. As market conditions evolve and opportunities develop, we will further evaluate how to best position the property.

Bridges at Mint Hill (Charlotte, North Carolina)

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

square feet of retail, hotel and commercial development. Development will require expansion of roads and an installation of a sewer utility which we expect to begin in 2015.

Century Plaza (Birmingham, Alabama)

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

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

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

Cottonwood Mall (Holladay, Utah)

Located 7.5 miles from downtown Salt Lake City, in the city of Holladay, Utah, Cottonwood Mall is a unique infill redevelopment opportunity that is a demolished mall. This redevelopment site is 54 acres and consists of a stand-alone Macy's department store. The project is entitled for 575,000 square feet of retail, 195,000 square feet of office and 614 residential units.

Elk Grove Promenade (Elk Grove, California)

Elk Grove Promenade was originally planned as a 1.1 million leasable square foot outdoor shopping center on approximately 100 acres. Located approximately 1 7 miles southeast of Sacramento, the location affords easy access and visibility from State Highway 99 at Grant Line Road. In October of 2014, we received unanimous approval from the Elk Grove City Council for the development of The Outlet Collection at Elk Grove. The Outlet Collection at Elk Grove will be an upscale complex constructed on approximately 60 acres with more than 100 stores as well as numerous dining options, a 14-screen movie theater and public gathering spaces with best in class amenities. The first phase consists of reconfiguring the existing site and buildings to allow for up to 689,000 square feet of dining, shopping and entertainment. Commencement of construction is dependent on meeting internal pre-leasing hurdles for the project. Future phases will be constructed on the remaining 40 acres with a total potential development density that is now to up 1.3 million square feet, inclusive of the 689,000 square feet contemplated in the first phase.

Fashion Show Air Rights (Las Vegas, Nevada)

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

Kendall Town Center (Kendall, Florida)

We own 70 acres that are entitled for 621,300 square feet of retail, 60,000 square feet of office space and a 50,000 square foot community center located within Kendall Town Center. Kendall Town Center is a 141-acre mixed-use site located at the intersection of North Kendall Drive and SW 158th, approximately 20 miles southwest of downtown Miami. Also included within Kendall Town Center are a 31-acre parcel owned by Baptist Hospital, which contains a 282,000 square foot hospital and a 62,000 square foot medical office building, and a future 120-room hotel with ancillary office and retail space and a senior housing development on a 23-acre site. Land totaling 14 acres has also been deeded to the property owners association and three acres have been deeded to Miami-Dade County. We are developing a mixed-use program and site plan and expect to submit a rezoning application to permit residential development in 2015.

Lakeland Village Center (Bridgeland, Texas)

Lakeland Village will be an 83,400 square foot traditional neighborhood retail/office center situated on eight acres within our Bridgeland master planned community. It will be the community's first village center. In October 2014, we executed a 25-year 15,300 square foot ground lease with CVS Pharmacy that includes four, five-year extension options. CVS Pharmacy will serve as the anchor tenant and the center will consist of ground-level retail, restaurant and professional office space organized within nine buildings, all totaling approximately 68,900 square feet. We expect to begin construction in the first half of 2015 with a scheduled early 2016 completion date.

Lakemoor (Volo) Land (Lakemoor, Illinois)

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

Maui Ranch Land (Maui, Hawaii)

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

Parcel C (Columbia, Maryland)

On October 4, 2013, we entered into a joint venture agreement with Kettler to construct a 437-unit, Class A apartment building with 31,000 square feet of ground floor retail. We contributed approximately five acres of land valued at $23.4 million and having an estimated book value of $4.0 million in exchange for a 50% interest in the joint venture.

Seaport District Assemblage (New York, New York)

The Seaport District Assemblage is comprised of a 48,000 square foot commercial building on a 15,744 square foot lot with certain air rights with total residential and commercial development rights of 621,651 square feet. As of December 31, 2014, we were under contract to purchase another 58,000 square foot commercial building and air rights attributable to three additional parcels during the first half of 2015, that will ultimately create a 42,694 square foot lot entitled for 817,784 square feet of mixed use development. These properties are collectively referred to as the Seaport District Assemblage and are located in close proximity to our South Street Seaport property. Please refer to " - Recent Significant Transactions" for more information on the Assemblage.

Summerlin Apartments, LLC (Las Vegas, Nevada)

On January 24, 2014, we entered into a joint venture with a national multi-family real estate developer, The Calida Group ("Calida"), to construct, own and operate a 124-unit gated luxury apartment complex to be called The Constellation located just east of Downtown Summerlin, which we believe will be the first of its kind in the Las Vegas Valley. We contributed a 4.5-acre parcel of land with an agreed value of $3.2 million in exchange for a 50% interest in the venture in February 2015 and our partner contributed cash for their 50% interest. Construction commenced in February 2015 with completion expected during the second quarter 2016.

West Windsor (West Windsor, New Jersey)

there is huge money in this site

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

The following table summarizes certain metrics of the retail properties within our Operating Assets segment as of December 31, 2014.

landmark is a “dead mall”. sales will rise materially with redevelopment

Retail Property	Location	Existing Gross Leasable Area	Size (Acres)	Year Ended December 31, 2014: Average Annual Tenant Sales per Square Foot (a)	Year Ended December 31, 2014: Average Sum of Rent and Recoverable Common Area Costs per Square Foot (b)	Year Ended December 31, 2014: Occupancy Cost (c)	Year Built / Acquired / Last Renovated
Columbia Regional Building	Columbia, MD	88,556	8	$ —(d)	—	—	2014
Cottonwood Square	Salt Lake City, UT	77,079 (e)	7 (f)	—(g)	—	—	2002
Downtown Summerlin	Las Vegas, NV	776,901 (h)	106	—(d)	—	—	2014
1701 Lake Robbins	The Woodlands, TX	12,376	—	—(d)	—	—	2014
Landmark Mall	Alexandria, VA	440,325 (i)	22	176	11.83	6.7 %	2004
Outlet Collection at Riverwalk	New Orleans, LA	246,221 (j)	11	876 (k)	68.40	7.8 %	2014
Park West	Peoria, AZ	249,173	66	453	31.39	6.9 %	2006
South Street Seaport	New York, NY	79,275 (l)	9	543	111.81	20.6 %	2004
Ward Village	Honolulu, HI	1,273,845	60	572	58.12	10.2 %	2002
20/25 Waterway Avenue	The Woodlands, TX	50,022	1	480	54.79	11.4 %	2007 / 2009
Waterway Garage Retail	The Woodlands, TX	21,513	—(m)	318	46.81	14.7 %	2011
Total		3,315,286	290				

S. Street will be over $1,000 when finished

ward will rise a redevelopment continues

(a) Average Annual Tenant Sales per Square Foot is calculated by the sum of all comparable sales for the year ended December 31, 2014 for tenants that are contractually obligated to report sales data, divided by the comparable square feet for the same period. When calculating comparable sales and comparable square feet, we include all tenants that have operated for the entire year and occupy less than 30,000 square feet. For the year ended December 31, 2014, tenant recoveries represented approximately 24% of total revenue for the above mentioned retail properties only. The impact of concessions, such as free rent and new tenant inducements, are not significant to our business.

(b) Average Sum of Rent and Recoverable Common Area Costs per Square Foot is calculated as the sum of total rent and tenant recoveries for the year ended December 31, 2014 for the tenant base used to calculate (a), divided by the total square feet occupied by the above mentioned tenant base.

(c) Occupancy Cost is calculated by dividing (b) Average Sum of Rent and Recoverable Common Area Costs per Square Foot by (a) Average Annual Tenant Sales per Square Foot.

(d) Twelve months of sales are not available for tenants at Columbia Regional Building, Downtown Summerlin and 1701 Lake Robbins due to building opening or being acquired in 2014.

(e) 41,612 square feet of the Existing Gross Leasable Area is part of a ground lease where we are the ground lessee. The ground lease payments are paid by the current tenant directly to the ground lessor.

(f) Includes seven acres; three acres of which we are a ground lessee, and four acres of which we own fee-simple.

(g) Cottonwood Square tenants are not required to report sales.

(h) Excludes 387,000 square feet of anchors, 165,567 square feet of pad sites, and 235,179 square feet of office.

(i) Excludes 438,937 square feet that is owned and occupied by Sears and Macy's.

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

(k) The center opened in May 2014 and is 100% leased. Only two tenants totaling 6,235 total square feet operated for the entire year.

(l) Reflects square feet in service as of December 31, 2014. Upon completion of the redevelopment, South Street Seaport will be approximately 362,000 square feet.

(m) Ground floor retail space attached to the Waterway Square Garage.

The following table summarizes certain metrics of our office assets within our Operating Assets Segment as of December 31, 2014:

Office Asset	Existing Gross Leasable Area	Average Effective Annual Rent per Square Foot (a)	Year Built / Acquired
10-60 Columbia Corporate Center (b)	699,884	$ — (c)	2014
70 Columbia Corporate Center	170,741	21.17	2012
Columbia Office Properties (d)	220,420	25.71	1969 / 1972
One Hughes Landing	197,719	39.71	2013
Two Hughes Landing	197,714	— (e)	2014
2201 Lake Woodlands Drive (f)	24,119	23.68	1994
9303 New Trails	97,553	31.90	2008
110 N. Wacker (Chicago, IL) (g)	226,000	27.08	1957
3831 Technology Forest Drive	95,078	— (c)	2014
3 Waterway Square	232,021	41.11	2013
4 Waterway Square	218,551	40.96	2010
1400 Woodloch Forest	95,667	26.21	1981
Total	2,475,467		

(a) Average Effective Annual Rent per Square Foot is equal to the sum of base minimum rent and tenant reimbursements divided by the average occupied square feet. For the year ended December 31, 2014, tenant reimbursements represented approximately 23.0% of total revenue.
(b) % Leased is computed based on the weighted average square feet of each office building. At December 31, 2014 the occupancies of each building were as follows: 10 Columbia Corporate Center – 80.8% ; 20 Columbia Corporate Center – 98.7% ; 30 Columbia Corporate Center – 91.5%; 40 Columbia Corporate Center – 96.9%; 50 Columbia Corporate Center – 95.4%; 60 Columbia Corporate Center – 92.2%.
(c) 10 – 60 Columbia Corporate Center was acquired in December 2014 and 3831 Technology Forest Drive opened in December 2014; therefore, Average Effective Annual Rent per Square Foot data is not meaningful.
(d) % Leased is computed based on the weighted average square feet of each office building. At December 31, 2014 the occupancies of each building were as follows: American City Building - 15.1%; Columbia Association Building - 75. 2%; Columbia Exhibit Building - 100.0%; Ridgely Building - 69.4%.
(e) Two Hughes Landing opened in the third quarter 2014; therefore, Average Effective Annual Rent per Square Foot data is not meaningful.
(f) Building used as temporary space for tenants relocating to new developments.
(g) We have a 99.0% economic ownership in 110 N. Wacker.

The following table summarizes certain metrics of our other Operating Assets (exclusive of owned retail and office properties) as of December 31, 2014:

Other than Owned Retail and Office Operating	Economic Ownership %	Asset Type	Square Feet / Keys / Other	% Leased	Year Built / Acquired
Golf Courses at TPC Summerlin and TPC Las Vegas	Participation	Golf	—	—	—
Kewalo Basin Harbor	Lease	Marina	55 acres	—	—
Merriweather Post Pavilion	100 %	Amphitheatre	—	—	1967
Millennium Waterway Apartments	100 %	Multi-family	393 units	91.4 %	2010
Millennium Woodlands Phase II, LLC	81.43 %	Multi-family	314 units	27.0 %	2014
85 South Street	100 %	Multi-family	21 units/13,000 retail	100.0 %	2014
Stewart Title of Montgomery County, TX	50 %	Title Company	—	—	—
Summerlin Hospital Medical Center	7 %	Hospital	—	—	1997
Summerlin Las Vegas Baseball Club	50 %	Minor League Team	—	—	—
The Club at Carlton Woods	100 %	Country Club	36 holes	—	2001
The Woodlands Resort & Conference Center	100 %	Hotel	406 rooms	—	2014 (a)
Woodlands Parking Garages (b)	100 %	Garage	2,988	—	2008/2009
Woodlands Sarofim #1	20 %	Industrial	129,790	97.6 %	late 1980s

(a) The Woodlands Resort & Conference Center was built in 1974, expanded in 2002, and renovated in 2014.
(b) The Woodlands Parking Garages consist of two garages: Woodloch Forest Garage built in 2008, and Waterway Square Garage built in 2009.

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The following table summarizes our retail and office lease expirations:

Year		Number of Expiring Leases	Total Square Feet Expiring		Total Annualized Base Rent Expiring (Thousands)	% of Total Annual Gross Rent Expiring
2015	(a)	241	613,271	$	13,614	10.2%
2016		85	319,023		11,839	8.8%
2017		76	310,570		9,592	7.2%
2018		60	264,524		7,137	5.3%
2019		71	550,900		14,730	11.0%
2020		61	252,364		8,958	6.7%
2021		18	209,849		4,920	3.7%
2022		19	208,752		7,661	5.7%
2023		15	171,234		8,593	6.4%
2024		36	383,384		13,411	10.0%
2025+		159	963,688		33,380	25.0%
		841	4,247,559	$	133,835	100.0%

(a) Includes 133 specialty leases which expire in less than 365 days.

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

low lease rate are new or recently redeveloped/under development properties

	At December 31, 2014		Annual Weighted Average Occupancy Rates (b)				
	% Leased (a)	Occupancy	2014	2013	2012	2011	2010
Retail:							
Columbia Regional Building (c)	77.4 %	77.4 %	53.4 %	—	—	—	—
Cottonwood Square	95.7 %	95.7 %	94.4 %	86.5 %	74.1 %	73.8 %	78.2 %
Downtown Summerlin (c) (d) (e)	69.2 %	60.5 %	56.7 %	—	—	—	—
1701 Lake Robbins (f)	100.0 %	100.0 %	100.0 %	—	—	—	—
Landmark Mall (g)	57.9 %	51.9 %	61.7 %	79.2 %	75.0 %	73.7 %	76.0 %
Outlet Collection at Riverwalk	100.0 %	91.5 %	90.1 %	56.2 %	92.2 %	89.9 %	87.9 %
Park West	73.3 %	71.5 %	74.4 %	72.1 %	65.1 %	64.6 %	62.5 %
South Street Seaport	66.3 %	66.3 %	54.6 % (h)	46.5 (h)	92.1 %	89.7 %	89.7 %
Ward Village	89.8 %	89.8 %	90.4 %	90.8 %	89.5 %	90.1 %	90.0 %
20/25 Waterway Avenue	100.0 %	100.0 %	99.4 %	94.2 %	95.6 %	91.7 %	64.2 %
Waterway Garage Retail	100.0 %	80.9 %	91.6 %	68.4 %	24.8 %	19.3 (i)	—
Office:							
10-60 Columbia Corporate Center (e) (f) (j)	93.0 %	93.0 %	93.0 %	—	—	—	—
70 Columbia Corporate Center (k)	97.9 %	97.9 %	96.8 %	96.8 %	—	—	—
Columbia Office Properties (j)	44.5 %	44.5 %	44.4 %	63.2 %	76.6 %	89.3 %	89.9 %
One Hughes Landing (l)	100.0 %	99.2 %	87.3 %	36.1 %	—	—	—
Two Hughes Landing (c)	84.8 %	20.6 %	13.2 %	—	—	—	—
2201 Lake Woodlands Drive (m)	0.0 %	0.0 %	50.0 %	66.7 %	83.4 %	100.0 %	100.0 %
9303 New Trails	93.9 %	93.6 %	94.6 %	94.3 %	99.0 %	78.8 %	73.8 %
110 N. Wacker	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
3831 Technology Forest Drive (c)	100.0 %	100.0 %	100.0 %	—	—	—	—
3 Waterway Square (n)	100.0 %	98.4 %	98.2 %	84.9 %	—	—	—
4 Waterway Square	100.0 %	100.0 %	100.0 %	100.0 %	99.3 %	59.8 %	25.7 %
1400 Woodloch Forest	92.2 %	91.7 %	83.0 %	85.7 %	100.0 %	78.3 %	94.2 %

(a) Percentage leased includes all leases in effect as of the period end date, some of which have commencement dates in the future.

(b) The differences between leased and occupied are primarily attributable to new tenants having pre-leased space but not yet moved in. Annual Weighted Average Occupancy Rates represent the weighted average square feet occupied during the year divided by total gross leasable area ("GLA").

(c) Columbia Regional Building and Two Hughes Landing opened in the third quarter 2014, Downtown Summerlin and 3831 Technology Forest Drive opened in the fourth quarter 2014.

(d) Excludes 387,000 square feet of anchors, 165,567 square feet of pad sites, and 235,179 square feet of office.
(e) The annual weighted average occupancy rates for both Downtown Summerlin and for 10-60 Columbia Corporate Center are calculated as of their acquisition date or the date in which the asset was opened and placed into service. The specific dates are as follows: Downtown Summerlin – October 2014; 10-60 Columbia Corporate Center – December 2014.
(f) 1701 Lake Robbins was acquired in the third quarter 2014 and 10-60 Columbia Corporate Center was acquired in the fourth quarter 2014.
(g) Occupancy rates exclude 438,937 square feet that is owned and occupied by Sears and Macy's.
(h) Occupancy rates in 2014 and 2013 reflect the impact of Superstorm Sandy. Additionally, occupancy rates in 2014 reflect the impact of redevelopment efforts.
(i) Waterway Garage Retail opened in the third quarter 2011.
(j) Annual Weighted Average Occupancy Rates are computed based on the weighted average square feet of each office building.
(k) 70 Columbia Corporate Center was acquired during the third quarter of 2012.
(l) One Hughes Landing was placed in service during the third quarter 2014.
(m) Building is used as a temporary space for tenants relocating to new developments.
(n) 3 Waterway Square was placed in service during the second quarter 2013.

The following table summarizes our Strategic Development projects:

very significant pipeline

	Location	Size / GLA	Size (Acres)	Acquisition Year
Strategic Developments Under Construction:				
Anaha Condominiums	Honolulu, HI	311 units / 17,000 retail	2	—
Creekside Village Green	The Woodlands, TX	74,352	6	—
1725-35 Hughes Landing Boulevard	The Woodlands, TX	647,000	4	—
Hughes Landing Hotel	The Woodlands, TX	205 keys	2	—
Hughes Landing Retail	The Woodlands, TX	123,000	9	—
The Metropolitan Downtown Columbia Project	Columbia, MD	380 units / 14,000 retail	4	—
Three Hughes Landing	The Woodlands, TX	324,000	4	—
ONE Ala Moana	Honolulu, HI	206 units	—	—
One Lake's Edge	The Woodlands, TX	390 units / 22,289 retail	3	—
Waiea Condominiums	Honolulu, HI	171 units / 8,000 retail	2	—
Waterway Square Hotel	The Woodlands, TX	302 keys	1	—
Other Strategic Developments:				
Alameda Plaza	Pocatello, ID	65,292 (a)	7	2002
AllenTowne	Allen, TX	—	238	2006
Bridges at Mint Hill	Charlotte, NC	—	210	2007
Century Plaza	Birmingham, AL	740,000 (b)	59	1997
Circle T Ranch and Power Center	Dallas / Ft. Worth, TX	—	279	2005
Commercial Land (c)	The Woodlands, TX	—	4	—
Cottonwood Mall	Holladay, UT	196,975	54	2002
Elk Grove Promenade	Elk Grove, CA	—	100	2003
Fashion Show Air Rights	Las Vegas, NV	—	—	2004
Kendall Town Center	Kendall, FL	—	70	2004
Lakeland Village Center	Bridgeland, TX	83,400	8	—
Lakemoor (Volo) Land	Lakemoor, IL	—	40	1995
Maui Ranch Land	Maui, HI	—	20 (d)	2002
Parcel C	Columbia, MD	437 units / 31,000 retail	5	2004
Seaport District Assemblage	New York, NY	621,651	0	2014
Summerlin Apartments, LLC	Las Vegas, NV	124 units	5	—
Ward Block M	Honolulu, HI	466 units / 78,000 retail	3	—
Ward Village Gateway Towers	Honolulu, HI	236 units / 20,000 retail	4	—
Ward Workforce Housing	Honolulu, HI	424 units / 23,000 retail	1	—
West Windsor	West Windsor, NJ	—	658	2004
Total			1,802	

(a) Alameda Plaza square feet represents GLA for two buildings, which are vacant.
(b) Century Plaza square feet represents GLA for entire mall, which is vacant.
(c) Represents MPC land transferred to the Strategic Developments segment for future development at The Woodlands.

Prior to the spin-off, effective November 10, 2010, our combined financial statements were carved out from the financial books and records of GGP at a carrying value reflective of historical cost in GGP's records. Our historical financial results for these periods reflect allocations for certain corporate costs, and we believe such allocations are reasonable. Such results do not reflect what our expenses would have been had we been operating as a separate, stand-alone publicly traded company. The historical combined financial information presented for periods prior to our separation from GGP are not indicative of the results of operations, financial position or cash flows that would have been obtained if we had been an independent, stand-alone entity during such period.

The historical results set forth below do not indicate results expected for any future periods. The selected financial data set forth below are qualified in their entirety by, and should be read in conjunction with, "Item 7- Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Consolidated Financial Statements and related notes thereto included in this Annual Report on Form 10-K.

great steady growth that shows no signs of slowing

	Year Ended December 31,				
	2014	2013	2012	2011	2010
	(In thousands, except per share amounts)				
Operating Data:					
Revenues	$ 634,565	$ 469,418	$ 376,886	$ 275,689	$ 142,718
Depreciation and amortization	(33,958)	(33,845)	(24,429)	(16,782)	(16,563)
Provisions for impairment	-	-	-	-	(503,356)
Other operating expenses	(411,885)	(324,359)	(279,992)	(231,442)	(134,666)
Interest income/(expense), net	(16,093)	(6,574)	8,473	9,876	(2,053)
Reorganization items	-	-	-	-	(57,282)
Warrant liability gain (loss)	(60,520)	(181,987)	(185,017)	101,584	(140,900)
Increase (reduction) in tax indemnity receivable	90	(1,206)	(20,260)	-	-
Loss on settlement of tax indemnity receivable	(74,095)	-	-	-	-
Equity in earnings from Real Estate and Other Affiliates	23,336	14,428	3,683	8,578	9,413
Provision for income taxes	(62,960)	(9,570)	(6,887)	18,325	633,459
Investment in real estate affiliate basis adjustment	-	-	-	(6,053)	-
Early extinguishment of debt	-	-	-	(11,305)	-
Net income (loss)	(23,520)	(73,695)	(127,543)	148,470	(69,230)
Net income attributable to noncontrolling interests	(11)	(95)	(745)	(1,290)	(201)
Net income (loss) attributable to common stockholders	$ (23,531)	$ (73,790)	$ (128,288)	$ 147,180	$ (69,431)
Basic earnings (loss) per share:	$ (0.60)	$ (1.87)	$ (3.36)	$ 3.88	$ (1.84)
Diluted earnings (loss) per share:	$ (0.60)	$ (1.87)	$ (3.36)	$ 1.17	$ (1.84)

ignore this

	Year Ended December 31,				
	2014	2013	2012	2011	2010
	(In thousands)				
Cash Flow Data:					
Operating activities	$ (58,315)	$ 129,332	$ 153,064	$ 86,508	$ (67,899)
Investing activities	(746,456)	(294,325)	(81,349)	(39,680)	(111,829)
Financing activities	470,274	830,744	(70,084)	(103,944)	461,206

	As of December 31,				
	2014	2013	2012	2011	2010
	(In thousands)				
Balance Sheet Data:					
Investments in real estate - cost	$ 4,170,242	$ 3,085,854	$ 2,778,775	$ 2,648,520	$ 2,311,520
Total assets	5,119,931	4,567,868	3,503,042	3,399,593	3,022,707
Total debt	1,993,470	1,514,623	688,312	606,477	318,660
Total equity	2,227,506	2,245,146	2,310,997	2,329,599	2,179,107

Operating Assets Net Operating Income

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

Although we believe that NOI provides useful information to investors about the performance of our Operating Assets, due to the exclusions noted above, NOI should only be used as an alternative measure of the financial performance of such assets and not as an alternative to GAAP net income (loss). For reference, and as an aid in understanding our computation of NOI, a reconciliation of Operating Assets NOI to Operating Assets REP EBT has been presented in the Operating Assets segment discussion below.

Results of Operations

Our revenues primarily are derived from the sale of individual lots at our master planned communities to homebuilders, from tenants at our operating assets in the form of fixed minimum rents, overage rent and recoveries of operating expenses, and from the sale of condominium units.

The following table reflects our results of operations for the years ended December 31, 2014, 2013 and 2012, respectively:

	Year Ended December 31,			2014-2013	2013-2012
	2014	2013	2012	Change	Change
(In thousands, except per share amounts)					
MPC segment revenues	$ 363,295	$ 274,770	$ 207,039	$ 88,525	$ 67,731
Operating Assets segment revenues	186,290	160,586	165,091	25,704	(4,505)
Strategic Developments segment revenues	84,980	34,062	4,756	50,918	29,306
Total segment revenues	634,565	469,418	376,886	165,147	92,532
MPC segment REP EBT	221,181	130,978	91,937	90,203	39,041
Operating Assets segment REP EBT	(13,801)	(2,551)	19,468	(11,250)	(22,019)
Strategic Developments segment REP EBT	48,458	26,010	(1,700)	22,448	27,710
Total segment REP EBT	255,838	154,437	109,705	101,401	44,732
General and administrative	(73,569)	(48,466)	(36,548)	(25,103)	(11,918)
Corporate interest income/(expense), net	(30,819)	(10,575)	10,153	(20,244)	(20,728)
Warrant liability loss	(60,520)	(181,987)	(185,017)	121,467	3,030
Increase (reduction) in tax indemnity receivable	90	(1,206)	(20,260)	1,296	19,054
Loss on settlement of tax indemnity receivable	(74,095)	-	-	(74,095)	-
Corporate other income, net	27,098	25,869	2,125	1,229	23,744
Corporate depreciation and amortization	(4,583)	(2,197)	(814)	(2,386)	(1,383)
Provision for income taxes	(62,960)	(9,570)	(6,887)	(53,390)	(2,683)
Net loss	(23,520)	(73,695)	(127,543)	50,175	53,848
Net income attributable to noncontrolling interests	(11)	(95)	(745)	84	650
Net loss attributable to common stockholders	$ (23,531)	$ (73,790)	$ (128,288)	$ 50,259	$ 54,498
Basic and diluted loss per share	$ (0.60)	$ (1.87)	$ (3.36)	$ 1.27	$ 1.49

Consolidated revenues for the year ended December 31, 2014 increased compared to the same period in 2013 primarily due to higher revenues in our MPC, Operating Assets and Strategic Developments segments. MPC segment revenue increased due to higher commercial land sales in The Woodlands and higher residential land sales in Bridgeland and Summerlin. Operating

Master Planned Communities

Master Planned Communities Revenues and Expenses(*)
For the years ended December 31,
(In thousands, except %)

	Bridgeland			Maryland			Summerlin			The Woodlands			Total MPC		
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
Land sales	$38,330	$13,610	$21,875	$ -	$13,000	$ 9,456	$118,815	$116,928	$ 34,796	$167,954	$107,679	$116,516	$325,099	$251,217	$182,643
Builder price participation	695	1,162	1,278		787	179	13,871	5,462	3,567	6,342	1,945	723	20,908	9,356	5,747
Minimum rents	-	-	-	-	2	-	818	779	576	-	-	-	818	781	576
Other land sale revenues	295	330	399	773	703	2,337	6,167	6,795	6,281	9,235	5,588	9,056	16,470	13,416	18,073
Total revenues	39,320	15,102	23,552	773	14,492	11,972	139,671	129,964	45,220	183,531	115,212	126,295	363,295	274,770	207,039
Cost of sales - land	13,108	4,413	6,956	-	8,103	5,229	70,597	69,764	23,680	35,967	41,760	53,433	119,672	124,040	89,298
Land sales operations	3,702	3,947	5,258	736	1,146	1,049	10,062	9,729	8,929	17,432	16,004	17,581	31,932	30,826	32,817
Land sales real estate and business taxes	819	(19)	195	710	650	807	3,924	3,388	3,043	4,409	3,569	3,513	9,862	7,588	7,558
Provision (recovery) for doubtful accounts	-	-	-	-	-	-	(11)	-	-	-	-	-	(11)	-	-
Depreciation and amortization	128	-	-	31	6	3	118	20	62	120	6	7	397	32	72
Total expenses	17,757	8,341	12,409	1,477	9,905	7,088	84,690	82,901	35,714	57,928	61,339	74,534	161,852	162,486	129,745
Operating income	21,563	6,761	11,143	(704)	4,587	4,884	54,981	47,063	9,506	125,603	53,873	51,761	201,443	112,284	77,294
Interest expense, net (a)	(8,906)	(6,890)	(5,596)	(86)	(1,664)	(1,727)	(15,077)	(16,180)	(13,348)	4,331	6,040	6,028	(19,738)	(18,694)	(14,643)
MPC REP EBT	$30,469	$13,651	$16,739	$ (618)(c)	$ 6,251	$ 6,611	$ 70,058	$ 63,243	$ 22,854	$121,272	$ 47,833	$ 45,733	$221,181	$130,978	$ 91,937
Gross Margin % (b)	66.4 %	70.1 %	70.0 %	0.0 %	41.2 %	45.7 %	46.8 %	43.0 %	38.3 %	79.4 %	61.9 %	54.4 %	65.4 %	52.4 %	52.6 %

(*) For a reconciliation of MPC REP EBT to consolidated income (loss) before taxes, refer to Note 17 – *Segments*.
(a) Negative interest expense amounts relate to interest capitalized on debt assigned to our Operating Assets segment and corporate debt.
(b) Gross margin % is the ratio of Land sales plus Builder price participation less Cost of sales-land, divided by Land sales plus Builder price participation.
(c) The negative MPC REP EBT in Maryland is due to no land sales in 2014, however, certain costs such as real estate taxes and administrative expenses continue to be incurred.

will jump significantly over next several years

rents are going to jump also

MPC revenues vary between periods based on economic conditions and several factors such as, but not limited to, location, availability of land for sale, development density and residential or commercial use. Although our business does not involve the sale or resale of homes, we believe that net new home sales are an important indicator of future demand for our superpad sites and lots; therefore, we use this statistic in the discussion of our MPC operating results. Net new home sales reflect home sales made by homebuilders, less cancelations. Cancelations occur when a home buyer signs a contract to purchase a home, but later fails to qualify for a home mortgage or is unable to provide an adequate down payment to complete the home sale. Reported results may differ significantly from actual cash flows generated principally because cost of sales for GAAP purposes is derived from margins calculated using carrying values, projected future improvements and other capitalized project costs in relation to projected future land sale revenues. Carrying values, generally, represent acquisition and development costs reduced by any previous impairment charges. Development expenditures are capitalized and generally not reflected in the Consolidated Statements of Operations in the current year.

Builder price participation generally represents the amount collected in excess of the base lot price. The excess amount is calculated based on the actual home price multiplied by an agreed upon percentage stipulated in the land sales contract, less the base lot price.

Cost of land sales is based on cost ratios which are determined as a specified percentage of land sales revenues for each master planned community project. The cost ratios are based on actual costs incurred and estimates of development costs and sales revenues for completion of each project.

Interest expense, net reflects the amount of interest that is capitalized at the project level.

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MPC Sales Summary

	Land Sales			Acres Sold			Number of Lots/Units			Price per acre			Price per lot		
	Year Ending December 31,														
($ In thousands)	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**
Bridgeland															
Residential															
Single family - detached	$ 38,330	$ 10,974	$ 21,875	84.6	33.2	80.5	401	143	389	$ 453	$ 331	272	$ 96	$ 77	$ 56
Commercial															
Apartments	-	2,636	-	-	16.6	-	-	-	-	-	159	-	-	-	-
Total	**38,330**	**13,610**	**21,875**	**84.6**	**49.8**	**80.5**	**401**	**143**	**389**	**453**	**273**	**272**	**96**	**77**	**56**
$ Change	24,720	(8,265)	-	34.8	(30.7)	-	258	(246)	-	180	1	-	19	21	-
% Change	181.6%	-37.8%	-	69.9%	-38.1%	-	180.4%	-63.2%	-	65.9%	0.4%	-	24.7%	37.5%	-
Maryland Communities															
Residential															
Townhomes	-	-	4,156	-	-	1.2	-	-	28	-	-	3,463	-	-	148
Commercial															
Office and other	-	13,000	-	-	56.2	-	-	-	-	-	231	-	-	-	-
Apartments	-	-	5,300	-	-	18.7	-	-	-	-	-	283	-	-	-
Total	**-**	**13,000**	**9,456**	**-**	**56.2**	**19.9**	**-**	**-**	**28**	**-**	**231**	**475**	**-**	**-**	**148**
$ Change	(13,000)	3,544	-	(56.2)	36.3	-	-	(28)	-	(231)	(244)	-	-	(148)	-
% Change	NM	37.5%	-	NM	182.4%	-	-	NM	-	NM	-51.4%	-	-	NM	-
Summerlin															
Residential															
Superpad sites	115,447	83,191	12,505	241.7	257.3	55.3	1,148	1,164	232	478	323	226	101	71	54
Single family - detached	14,434	18,038	14,394	17.9	23.4	20.7	77	157	158	806	771	695	187	115	91
Custom lots	12,276	4,813	4,141	9.5	5.3	5.3	20	12	10	1,292	908	781	614	401	414
Commercial															
Office and other	-	4,526	-	-	7.3	-	-	-	-	-	620	-	-	-	-
Retail	650	-	784	0.7		1.0	-			929		784	-		
Not-for-profit	-	1,334	-	-	5.9	-	-	-	-	-	226	-	-	-	-
Other	2,250	575	-	10.0	17.2	-	-	-	-	225	33	-	-	-	-
Total	**145,057**	**112,477**	**31,824**	**279.8**	**316.4**	**82.3**	**1,245**	**1,333**	**400**	**518**	**355**	**387**	**114**	**80**	**78**
$ Change	32,580	80,653	-	(36.6)	234.1	-	(88)	933	-	163	(32)	-	34	2	-
% Change	29.0%	253.4%	-	-11.6%	284.4%	-	-6.6%	233.3%	-	45.9%	-8.3%	-	42.5%	2.6%	-
The Woodlands															
Residential															
Single family - detached	73,669	100,142	100,235	99.9	162.8	241.6	393	589	979	737	615	415	187	170	102
Single family - attached	4,202	3,897	-	6.0	7.1	-	73	80	-	700	549	-	58	49	-
Commercial															
Medical	70,550	-	-	58.9	-	-	-	-	-	1,198	-	-	-	-	-
Office and other	2,131	1,500	9,069	3.3	2.1	14.2	-	-	-	646	714	639	-	-	-
Retail	17,401	1,261	7,904	30.3	1.6	18.4	-	-	-	574	788	430	-	-	-
Other	-	135	50	-	0.7	0.8	-	-	-	-	193	63	-	-	-
Total	**167,953**	**106,935**	**117,258**	**198.4**	**174.3**	**275.0**	**466**	**669**	**979**	**847**	**614**	**426**	**167**	**156**	**102**
$ Change	61,018	(10,323)	-	24.1	(100.7)	-	(203)	(310)	-	233	188	-	11	54	-
% Change	57.1%	-8.8%	-	13.8%	-36.6%	-	-30.3%	-31.7%	-	37.9%	44.1%	-	7.1%	52.9%	-
Total acreage sales revenue	351,340	246,022	180,413	562.8	596.7	457.7	2,112	2,145	1,796						
Deferred revenue	(37,173)	(12,451)	(2,092)												
Special Improvement District revenue *	10,932	17,646	4,322												
Total segment land sales revenue - GAAP basis	$ 325,099	$ 251,217	$ 182,643												

* - Applicable exclusively to Summerlin.
NM - Not meaningful.

For large MPCs such as ours, sales prices on a per lot basis and per acre basis generally increase as the size of the developed lot grows. This is because smaller lots are more commodity-like and larger lots may have more unique features. Additionally, the average homebuyer finds more competition for new and resale homes on the lower end of the price range in the broader residential market. As lot sizes and prices increase, the number of potential customers and developers decreases. Barring a softening in market conditions, when an MPC reaches the level whereby land is scarce, pricing begins to escalate on a per lot and per acre basis due to a scarcity premium resulting from the market's realization that new home site inventory will be depleted.

Bridgeland

The increase for the year ended December 31, 2014 compared to 2013 in Bridgeland land sales primarily relates to the receipt of a wetlands permit in February 2014 from the U.S. Army Corps of Engineers, that allowed for new lot development. In addition, lot sales pricing increased as a result of strong demand for new homes. For the year ended December 31, 2014, Bridgeland sold 84.6 residential acres compared to 33.2 acres in 2013, and the average price per residential acre (single-family – detached) increased $122,000, or 36.9% to $453,000 for the year ended December 31, 2014 compared to $331,000 in 2013. For the year ended December 31, 2013, Bridgeland sold 33.2 acres compared to 80.5 acres in 2012, and the average price per residential acre (single-family – detached) increased $59,000, or 21.7% to $331,000 for the year ended December 31, 2013 compared to $272,000 in 2012. The decrease in Bridgeland land sales for the year ended December 31, 2013 compared to 2012 was due to lack of lot inventory during 2013.

As of December 31, 2014, Bridgeland had 118 residential lots under contract, all of which are scheduled to close in the first quarter 2015 for $5.3 million.

Builder price participation decreased for the year ended December 31, 2014 compared to 2013 at Bridgeland due to fewer home sales during 2014. Development of lots and model homes needed to be built in new sections while awaiting receipt of the wetlands permit.

Cost of sales – land for the year ended December 31, 2014 compared to 2013 at Bridgeland increased due to higher land sales.

Interest expense, net reflects the amount of interest that is capitalized at the project level. Interest expense, net increased for the year ended December 31, 2014 compared to 2013 at Bridgeland due to higher interest capitalization as a result of the increased level of development expenditures after receipt of the wetlands permit. Interest expense, net increased for the year ended December 31, 2013 compared to 2012 at Bridgeland due to higher consolidated company debt levels which resulted in increased capitalized interest.

the effect of this cannot be understated…….

The construction of the Grand Parkway is connecting our Bridgeland and The Woodlands communities to ExxonMobil's new campus. The Grand Parkway is an approximate 180-mile circumferential highway traversing seven counties and encircling the Greater Houston region. The segment of the Grand Parkway that runs through our Bridgeland property has already been completed, and we believe that the completion of construction of the entire Grand Parkway will positively impact the surrounding areas. The new 385-acre ExxonMobil campus is located just south of The Woodlands and is in close proximity to the Grand Parkway. The segment connecting Bridgeland to I-45 near the ExxonMobil campus is expected to be completed by late 2015. The ExxonMobil campus is expected to include approximately three million square feet of space, and we believe it is one of the largest construction projects currently under way in the United States. ExxonMobil began relocating employees to its new location in March 2014. ExxonMobil currently has approximately 2,200 employees working at the new facility and will continue with relocations into 2015. Upon completion of the relocation, in the latter part of 2015, ExxonMobil expects approximately 10,000 people will be employed at the new campus. The direct and indirect jobs related to this relocation are positively impacting The Woodlands and Bridgeland due to increased housing demand, as well as commercial space needs for companies servicing ExxonMobil.

Conroe

the parkway makes this land "connected" the the exxon area

In 2014, we purchased 2,055 acres of undeveloped land located in Conroe, Texas for $98.5 million. We have preliminarily planned for 1,452 acres of residential and 161 acres of commercial development on the combined sites, and currently estimate that the residential acres will yield approximately 4,800 lots. We have a contract to purchase an additional 61 adjacent acres before June 30, 2015 for $2.5 million which are planned for 36 acres of residential that we estimate will yield approximately

120 lots. The first lots are expected to be delivered in 2016 with lot sales starting in the first quarter 2017. This land acquisition will be developed by The Woodlands management team.

Maryland

There were no land sales for the year ended December 31, 2014 at Maryland. All of the residential land inventory was depleted by the end of 2013 and there were no commercial land sales in 2014.

multi family leasing is coming here

Summerlin

The increase in Summerlin's land sales for the year ended December 31, 2014 compared to 2013 was primarily due to higher pricing for our custom lots and superpad sites, partially offset by lower superpad acreage sold compared to the same period in 2013. Homebuilder demand for land in Summerlin continues to remain strong and Summerlin's strategy is to manage the development and delivery of residential parcels for sale in order to increase the long-term value of the project. The increase for the year ended December 31, 2013 compared to 2012 was primarily due to increasing new home demand and low new home sales inventory, resulting in significantly higher sales of superpad sites to homebuilders in terms of volume and price per acre. Superpad sites are generally 20 to 25 acre parcels of unimproved land where we develop and construct the major utilities (water, sewer and drainage) and roads to the borders of the parcel and the homebuilder completes the on-site utilities, roads and finished lots. The average price per superpad acre increased $155,000, or 48.0% to $478,000 for the year ended December 31, 2014, compared to $323,000 for the year ended December 31, 2013. The average price per superpad acre increased $97,000, or 42.9% to $323,000 for the year ended December 31, 2013, compared to $226,000 for the year ended December 31, 2012. The increase for the years ended December 31, 2014 and 2013 in average price per acre is primarily due to a scarcity of attractive developable residential land in the Las Vegas market and the continued recovery of the local housing market.

Summerlin had 437 new home sales for the year ended December 31, 2014, representing a 22.8% and 7.2% decrease compared to 566 and 471 new home sales for the same periods in 2013 and 2012, respectively. The median new home price in Summerlin, however, increased 49.6% to $513,000 for 2014 compared to a median new home price of $343,000 for the same period in 2013.

Gross margin increased for the year ended December 31, 2014 compared to 2013 at Summerlin due to increased builder price participation revenue as a result of home sales price appreciation. Gross margin increased for the year ended December 31, 2013 compared to 2012 at Summerlin due to increased builder price participation revenue as a result of home sales price appreciation and increased land sales revenue.

Builder price participation increased for the year ended December 31, 2014 compared to 2013 at Summerlin due to home closings at higher prices.

During the second quarter 2014, we announced a joint venture with Discovery Land Company ("Discovery Land"), a leading developer of private clubs and luxury communities, to develop an exclusive luxury community on approximately 555 acres of land within the Summerlin MPC. We expect to contribute our land to the joint venture at the agreed upon value of $226,000 per acre, or $125.4 million in the first quarter of 2015. Discovery Land's capital contribution funding requirement consists of the initial development costs and total project costs up to a maximum of $30.0 million and we have no further capital obligations. We are entitled to all cash distributed by the joint venture until our equity contribution plus a 5% preferred return on our contributed capital has been repaid. After receipt of our capital contribution and preferred return, Discovery Land is entitled to all remaining cash distributed by the joint venture until two times its equity contribution has been repaid. Any further cash distributions are shared 50/50. Discovery Land is the manager on the project, and development is expected to begin in the second quarter 2015 with the first lot and home sales expected to begin in early 2016.

creating money from dirt without capital expense

The Woodlands

The increase in The Woodlands land sales for the year ended December 31, 2014 compared to 2013 was primarily due to a $70.6 million commercial land sale to a hospital, representing a price of $1.2 million per acre, and four other retail commercial sites totaling $19.5 million. The decrease for the year ended December 31, 2013 compared to 2012 was primarily due to lower commercial land sales. In 2013, we began emphasizing holding land for development rather than selling. This decrease was partially offset by an approximately $3.8 million increase in total residential land sales. For the year ended December 31, 2014,

expect the # of sales to continue to fall but prices to increase as lots almost sold out (2-3 yrs)

The Woodlands sold 105.9 residential acres compared to 169.9 acres and 241.6 acres in 2013 and 2012, respectively, but average price per residential acre (single-family – detached) increased $122,000, or 19.8% to $737,000 compared to $615,000 and $415,000 in 2013 and 2012, respectively.

Gross margin increased for the year ended December 31, 2014 compared to 2013 at The Woodlands due to the commercial land sales in 2014 which have a higher profit margin. Gross margin increased for the year ended December 31, 2013 compared to 2012 at The Woodlands due to higher lot prices in 2013 compared to 2012 which resulted in higher profit margins and increased builder price participation revenue as a result of home sales price appreciation and increased land sales revenue.

Builder price participation increased for the year ended December 31, 2014 compared to 2013 at The Woodlands due to home sales price appreciation since initial lot closing.

this will keep growing

Other land revenues increased for the year ended December 31, 2014 compared to 2013 due to a trade name contract entered into with a homebuilder to use The Woodlands name. Other land revenues decreased for the year ended December 31, 2013 compared to 2012 due to the land use modification fees collected in 2012 that were not repeated in 2013 and the termination of a contract in June 2012 that provided easement fee revenues to The Woodlands during the first half of 2012.

Land sales operations expenses increased for the year ended December 31, 2014 compared to 2013 due to higher commission and closing costs at The Woodlands for commercial land sales. Land sales operations expense decreased for the year ended December 31, 2013 compared to 2012 at The Woodlands due to reduced advertising and marketing costs, commissions and closing costs, sales incentives and real estate taxes.

YES>>>>

Houston is known as the energy capital of the world and is home to more than 5,000 energy related firms. With crude oil prices dropping by over 50% since mid-2014, the Houston area is widely expected to experience a slowdown in economic growth. The opening of the new ExxonMobil campus located four miles south of The Woodlands with 10,000 employees may well lessen the impact of an oil price-driven slowdown on home sales in The Woodlands region.

MPC Net Contribution

In addition to REP EBT for the MPCs, we believe that certain investors measure the value of the assets in this segment based on their contribution to liquidity and capital available for investment. MPC Net Contribution is defined as MPC REP EBT, plus MPC cost of sales and depreciation and amortization reduced by MPC development and acquisition expenditures. Although MPC Net Contribution can be computed from GAAP elements of income and cash flows, it is not a GAAP-based operational metric and should not be used to measure operating performance of the MPC assets as a substitute for GAAP measures of such performance. A reconciliation of REP EBT to consolidated net income (loss) as computed in accordance with GAAP is presented in Note 17 - *Segments*.

The following table sets forth the MPC Net Contribution for the years ended December 31, 2014, 2013 and 2012.

MPC Net Contribution

	Year Ended December 31,			2014-2013	2013-2012
	2014	2013	2012	Change	Change
			(In thousands)		
MPC REP EBT (*)	$ 221,181	$ 130,978	$ 91,937	$ 90,203	$ 39,041
Plus:					
Cost of sales - land	119,672	124,040	89,298	(4,368)	34,742
Depreciation and amortization	397	32	72	365	(40)
Less:					
MPC development expenditures	(140,735)	(133,590)	(107,144)	(7,145)	(26,446)
MPC land acquisitions (**)	(118,319)	(5,667)	-	(112,652)	(5,667)
MPC Net Contribution	$ 82,196	$ 115,793	$ 74,163	$ (33,597)	$ 41,630

(*) For a detailed breakdown of our Master Planned Communities segment EBT, refer to Note 17 - *Segments*.
(**) The year ended December 31, 2014 includes $17.4 million non-monetary consideration relating to land sales of approximately 26 acres of commercial land in The Woodlands.

adjusted for land costs MPC net contribution
$74M '12- $120M '13- $200M '14

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Total revenues and expenses for the Operating Assets segment are summarized as follows:

Operating Assets Revenues and Expenses (*)

read footnote below for explanation of variances .....redevelopment skews results

	Year Ended December 31,			2014 - 2013	2013 - 2012
	2014	2013	2012	Change	Change
(In thousands)					
Minimum rents	$ 95,807	$ 80,124	$ 81,140	$ 15,683	$ (1,016)
Tenant recoveries	28,133	20,901	23,210	7,232	(2,309)
Resort and conference center revenues	37,921	39,201	39,782	(1,280)	(581)
Other rental and property revenues	24,429	20,360	20,959	4,069	(599)
Total revenues	186,290	160,586	165,091	25,704	(4,505)
Other property operating costs	62,752	61,146	60,072	1,606	1,074
Rental property real estate taxes	14,860	12,065	11,292	2,795	773
Rental property maintenance costs	8,592	7,552	8,073	1,040	(521)
Resort and conference center operations	31,829	29,454	29,112	2,375	342
Provisions for doubtful accounts	1,399	835	1,335	564	(500)
Demolition costs	6,712	2,078	-	4,634	2,078
Development-related marketing costs	9,770	3,462	-	6,308	3,462
Depreciation and amortization	49,272	31,427	23,318	17,845	8,109
Total expenses	185,186	148,019	133,202	37,167	14,817
Operating income	1,104	12,567	31,889	(11,463)	(19,322)
Interest expense, net	16,930	19,011	16,104	(2,081)	2,907
Equity in Earnings from Real Estate and Other Affiliates	(2,025)	(3,893)	(3,683)	1,868	(210)
Operating Assets REP EBT	$ (13,801)	$ (2,551)	$ 19,468	$ (11,250)	$ (22,019)

(*) For a reconciliation of Operating Assets REP EBT to consolidated income (loss) before taxes, refer to Note 17 - *Segments*.

Minimum rents for the year ended December 31, 2014 increased $15.7 million compared to 2013 primarily due to the strong growth in our retail and office properties of $5.3 million and $10.1 million, respectively. The growth in our retail properties was primarily due to the openings in 2014 of Downtown Summerlin, the Outlet Collection at Riverwalk and the Columbia Regional Building. The growth in our office properties was primarily due to higher occupancy and a full year of operations in 2014 for 3 Waterway Square and One Hughes Landing, both of which opened in 2013, and the acquisition of 10-60 Columbia Corporate Center in December 2014. These increases were partially offset by lower minimum rents at retail properties of $2.8 million related to the sale of Rio West in 2013 and the closing of Pier 17 at South Street Seaport for redevelopment. Minimum rents for the year ended December 31, 2013 decreased $1.0 million compared to 2012 primarily due to lower rents of $10.8 million resulting from the impact of Superstorm Sandy on South Street Seaport and vacating tenants at the Outlet Collection at Riverwalk for its redevelopment. These decreases were partially offset by $6.8 million of increased rents in The Woodlands related to the opening of our 3 Waterway Square and One Hughes Landing office properties and the acquisition of our partner’s interest in Millennium Waterway Apartments. Additionally, minimum rents increased by $2.5 million at Ward Village primarily related to the increase in square footage and higher occupancy.

Tenant recoveries for the year ended December 31, 2014 increased $7.2 million compared to 2013, primarily related to $4.4 million from a full year of occupancy in 2014 at our 3 Waterway Square and One Hughes Landing office properties which opened in 2013 and $2.8 million related to the retail property openings of Downtown Summerlin and the Outlet Collection at Riverwalk in 2014. The decrease in recoveries in 2013 of $2.3 million compared to 2012 were primarily due to $3.5 million of lower tenant recoveries at South Street Seaport due to the impact of Superstorm Sandy and vacating tenants at the Outlet Collection at Riverwalk as a result of its redevelopment. These lower tenant recoveries were offset by $0.4 million of higher tenant recoveries at Ward Village due to the increase in square footage and higher occupancy.

Other rental and property revenues consists primarily of membership revenues at The Club at Carlton Woods, and other rental and special event revenue, percentage rents and lease termination fees at our rental properties. Revenues for The Club at Carlton Woods were $15.0 million, $14.3 million and $12.3 million for the years ended 2014, 2013 and 2012, respectively. Other rental property revenues for our retail properties were $5.4 million, $5.0 million and $5.0 million for the years ended 2014, 2013, and 2012, respectively. In 2012, Other rental and property revenues also included $1.4 million of franchise fee revenue at The Woodlands.

Other property operating costs increased $1.6 million for the year ended December 31, 2014 compared to 2013. Higher property operating costs from full year operations at our 3 Waterway Square and One Hughes Landing office properties and from the openings of the Outlet Collection at Riverwalk and Downtown Summerlin retail properties were offset by lower property operating costs at South Street Seaport due to the property being under redevelopment and the sale of Rio West. Other property operating costs increased $1.1 million for the year ended December 31, 2013 compared to 2012 primarily due to 3 Waterway Square and One Hughes Landing being placed in service in 2013 and increases at Club at Carlton Woods, partially offset by a decrease at South Street Seaport due to the closing of Pier 17. Other property operating costs generally include recoverable and non-recoverable costs such as utilities and property management expenses relating to our operating assets, with the exception of real estate taxes and maintenance which are shown separately.

Rental property real estate taxes increased $2.8 million for the year ended December 31, 2014 compared to 2013. The increase is primarily due to increased higher tax value assessments for The Woodlands office properties.

Rental property maintenance costs increased $1.0 million for the year ended December 31, 2014 compared to 2013 primarily due to the openings of the Outlet Collection at Riverwalk, Downtown Summerlin and full year operation at 3 Waterway Square and One Hughes Landing.

Demolition costs for the year ended December 31, 2014 primarily relate to the demolition of the Pier 17 building and pier at South Street Seaport which is being redeveloped. The demolition costs for the year ended December 31, 2013 related to demolition costs at our South Street Seaport, the Outlet Collection at Riverwalk and Columbia Regional Building which were being redeveloped.

Development-related marketing costs for the year ended December 31, 2014 primarily relate to higher SEE/CHANGE programming costs at South Street Seaport and the opening of Downtown Summerlin and the Outlet Collection at Riverwalk. The development-related marketing costs for the year ended December 31, 2013 relate primarily to the SEE/CHANGE program at South Street Seaport.

Depreciation and amortization expense increased $17.8 million for the year ended December 31, 2014 compared to 2013 primarily due to the change in the estimated useful life of the buildings subject to demolition once redevelopment begins at Ward Village and Landmark Mall. Additionally, depreciation and amortization expense increased $9.3 million due to placing One Hughes Landing, 3 Waterway Square, Downtown Summerlin and the Outlet Collection at Riverwalk into service. Depreciation and amortization increased $8.1 million for the year ended December 31, 2013 compared to 2012 primarily due to the change in the estimated useful life of Landmark Mall in the fourth quarter of 2013 due to its pending redevelopment and the change in useful life of certain buildings at Ward Village due to the pending condominium development. Depreciation and amortization expense for 2013 also included $1.5 million related to the 3 Waterway Square and One Hughes Landing office buildings being placed in service during the year.

The $2.1 million decrease in interest, net for the year ended December 31, 2014 compared to 2013 is primarily due to the refinancing of the 70 Columbia Corporate Center mortgage which settled the participation right contained in the refinanced mortgage. The value of the lender's participation right was settled for less than its estimated value recorded in our financials resulting in a $3.4 million reduction of interest expense, partially offset by higher interest expense from mortgages at 3 Waterway Square and One Hughes Landing which were placed in service in 2013. The $2.9 million increase for the year ended December 31, 2013 compared to 2012 is mostly due to an increase of $1.4 million related to 70 Columbia Corporate Center lender's participation right in the property and higher average debt balances in 2013.

Equity in earnings from Real Estate and Other Affiliates decreased $1.9 million for the year ended December 31, 2014 compared to the same period in 2013 is primarily due to a lower cash distribution from our investment in the Summerlin Hospital Medical Center and our share of losses at Millennium Woodlands Phase II as a result of start-up activities. The lower distribution resulted from the hospital's revenue declining as a result of a higher mix of uninsured patients.

Operating Assets NOI and REP EBT

	Year Ended December 31, 2014	2013	2012	2014 - 2013 Change	2013 - 2012 Change
			(In thousands)		
Retail					
Columbia Regional Building (a)	$ 268	$ -	$ -	$ 268	$ -
Cottonwood Square	647	451	432	196	19
Downtown Summerlin (a)	810	(62)	-	872	(62)
1701 Lake Robbins (b)	185	-	-	185	-
Landmark Mall (a)	953	491	923	462	(432)
Outlet Collection at Riverwalk (a)	528	(618)	221	1,146	(839)
Park West (c)	2,058	1,608	830	450	778
Ward Village (d)	24,255	24,144	22,045	111	2,099
20/25 Waterway Avenue	1,505	1,640	1,582	(135)	58
Waterway Garage Retail	809	370	97	439	273
Total Retail	32,018	28,024	26,130	3,994	1,894
Office					
10-60 Columbia Corporate Center (e)	635	-	-	635	-
70 Columbia Corporate Center (f)	1,716	757	140	959	617
Columbia Office Properties (g)	496	465	1,413	31	(948)
One Hughes Landing (h)	4,443	(139)	-	4,582	(139)
Two Hughes Landing (a)	157	-	-	157	-
2201 Lake Woodlands Drive	141	(167)	53	308	(220)
9303 New Trails	1,860	1,679	1,819	181	(140)
110 N. Wacker	6,077	6,023	6,073	54	(50)
3831 Technology Forest Drive (i)	(1)	-	-	(1)	-
3 Waterway Square (h)	6,181	2,059	-	4,122	2,059
4 Waterway Square	5,756	5,886	5,544	(130)	342
1400 Woodloch Forest (j)	1,191	1,160	1,995	31	(835)
Total Office	28,652	17,723	17,037	10,929	686
85 South Street (a)	(188)	-	-	(188)	-
Millennium Waterway Apartments (k)	4,386	4,457	2,589	(71)	1,868
The Woodlands Resort & Conference Center (a)	6,092	10,167	10,670	(4,075)	(503)
Total Retail, Office, Multi-family, Resort & Conference Center	70,960	60,371	56,426	10,589	3,945
The Club at Carlton Woods (a)	(4,410)	(5,241)	(4,242)	831	(999)
The Woodlands Ground leases	458	444	404	14	40
The Woodlands Parking Garages	(598)	(749)	(1,128)	151	379
Other Properties (l)	2,116	708	2,640	1,408	(1,932)
Total Other	(2,434)	(4,838)	(2,326)	2,404	(2,512)
Operating Assets NOI - Consolidated and Owned as of December 31, 2014	68,526	55,533	54,100	12,993	1,433
Redevelopments					
South Street Seaport (a)	1,234	(5,665)	639	6,899	(6,304)
Total Operating Asset Redevelopments	1,234	(5,665)	639	6,899	(6,304)
Dispositions					
Rio West Mall (m)	77	790	1,250	(713)	(460)
Head Acquisition (n)	-	-	(46)	-	46
Total Operating Asset Dispositions	77	790	1,204	(713)	(414)
Total Operating Assets NOI- Consolidated	69,837	50,658	55,943	19,179	(5,285)
Straight-line lease amortization (o)	(763)	1,759	(736)	(2,522)	2,495
Demolition costs	(6,712)	(2,078)	-	(4,634)	(2,078)
Development-related marketing costs	(9,770)	(3,462)	-	(6,308)	(3,462)
Other income	-	-	-	-	-
Depreciation and amortization	(49,272)	(31,427)	(23,318)	(17,845)	(8,109)
Write-off of lease intangibles and other (p)	(2,216)	(2,883)	-	667	(2,883)
Equity in earnings from Real Estate Affiliates	2,025	3,893	3,683	(1,868)	210
Interest, net	(16,930)	(19,011)	(16,104)	2,081	(2,907)
Total Operating Assets REP EBT (q)	$ (13,801)	$ (2,551)	$ 19,468	$ (11,250)	$ (22,019)

bigger jumps coming

(c) Comparable - Renewal information is associated with stabilized assets whereby the square footage was occupied by the same tenant within 12 months prior to the renewal. These leases represent expiring cash rents averaging $24.15 per square foot and renewing at an average of $24.17 per square foot, or 0.1% over previous rents.
(d) Comparable - New information is associated with stabilized assets whereby the square footage was occupied by a different tenant within 12 months prior to the executed agreement. These leases represent an increase in expiring cash rents averaging $26.23 per square foot and releasing at an average of $26.86 per square foot, or 2.2% over previous rents.
(e) Non-comparable information is associated with stabilized assets whereby the square footage was previously vacant for more than 12 months or has never been occupied.

Columbia Regional Building

$47M in additional NOI from these 4 properties by 2017

During the third quarter 2014, we substantially completed its restoration and redevelopment with the opening of Columbia's first Whole Foods Market occupying 41,000 square feet. We believe this will serve as a catalyst for future development in downtown Columbia, and we commenced plans to further develop our 35 acres located in close proximity to the Whole Foods Market. We expect to reach stabilized annual NOI of $2.1 million by the end of the fourth quarter of 2015. Total development costs, excluding overhead and capitalized corporate interest are expected to be $24.6 million, and we have incurred $23.9 million as of December 31, 2014. The remaining costs to be incurred are primarily for tenant improvements. The project is financed by a $23.0 million construction loan bearing interest at one-month LIBOR plus 2.00% with an initial maturity of March 15, 2016, with two, one-year extension options.

Downtown Summerlin

Downtown Summerlin opened on October 9, 2014 and generated $0.8 million of NOI from its opening through December 31, 2014. Revenues include minimum rents of $2.9 million, and tenant recoveries of $1.1 million, partially offset by operating costs of $3.2 million. The retail portion of the project is 72.5% leased and the office building is 27.6% pre-leased, of which our management office has leased 12.4%, as of February 1, 2015. Tenants include two major department store anchors, Macy's and Dillard's, and approximately 113 other national and local tenants. Included in this line up of retailers is Nordstrom Rack, Michael Kors, American Eagle, Forever 21, Guess, Regal Cinemas, Victoria Secret, Wolfgang Puck Grill, Sur La Table, Crave, Elizabeth Blau Andiron Steak and Sea and many others. Stabilized annual NOI is expected to be $37.2 million by the end of 2017 based on current market rents and a lease-up of the property to 97.0% by 2017. Total estimated development costs are approximately $418 million, of which we have incurred $364.6 million as of December 31, 2014. The remaining costs to be incurred are primarily for tenant improvements and leasing. The project is financed by a $311.8 million construction loan. The loan has an initial rate of one-month LIBOR plus 2.25% with an initial maturity date of July 15, 2017, and with two, one-year extension options.

Landmark Mall

NOI increased $0.5 million for the year ended December 31, 2014 as compared to $0.5 million and $1.0 million for the years ended December 31, 2013 and 2012, respectively, due to special event revenue and a favorable property tax settlement with the City of Alexandria for $0.7 million, which was partially offset by lower occupancy and rental rates in 2014. Leasing is becoming more difficult due to the likelihood that the asset will be redeveloped in the near future. Prior to the commencement of construction, we must obtain finalization of a development program, including pre-leasing, obtaining a development permit application from the City of Alexandria, and consents from Macy's and Sears.
We have incurred $14.7 million of development costs on this project as of December 31, 2014.

Outlet Collection at Riverwalk

We reopened the Outlet Collection at Riverwalk during the second quarter 2014. The property was 100.0% leased as of February 1, 2015. The center includes approximately 75 national and local retailers, including Neiman Marcus Last Call Studio, Coach, Forever 21, Gap and many others. NOI for the year ended December 31, 2014 increased by $1.1 million to $0.5 million as compared to ($0.6) million for the same period in 2013. The NOI loss in 2013 was attributable to vacating tenants in mid-2013 due to the redevelopment. The increase in minimum rents of $3.6 million and tenant recoveries of $1.8 million are due to the reopening of the center, offset by an $3.0 million increase in operating costs which included a $1.1 million lease termination fee in the second quarter 2014. The NOI decrease of $0.8 million for the year ended December 31, 2013 compared to 2012 is due to the closure of the center for redevelopment in June 2013. The project is expected to reach annual NOI of $7.8 million by early 2017 based on leases in place at December 31, 2014.

Total development costs are expected to be $85.7 million, of which we have incurred $84.6 million as of December 31, 2014. The remaining costs to be incurred primarily represent tenant improvements. During 2013, we received $4.5 million due to a favorable legal settlement and it was recorded to other income. The project was financed by a $64.4 million partial recourse construction loan bearing interest at one-month LIBOR plus 2.75% with an initial maturity date of October 24, 2016, with two, one year extension options.

Office Properties

All of the office properties listed in the Operating Assets NOI and REP EBT table, except for 110 N. Wacker, are located in Columbia Maryland and in The Woodlands. Leases related to our office properties, except those located in Columbia, Maryland, are generally triple net leases. Triple net leases typically require tenants to pay their pro-rata share of the majority of property operating costs, such as real estate taxes, utilities and insurance, as well as their own direct space maintenance.

Office property NOI increased $10.9 million to $28.7 million for the year ended December 31, 2014, as compared to $17.7 million in 2013. The increase is due primarily to 3 Waterway Square and One Hughes Landing having a full year of operations in 2014.

The following table summarizes our executed office property leases during the year ended December 31, 2014:

				Per Square Foot			Annual (thousands)		
Office Properties (a)	**Total Executed**	**Avg. Lease Term (Months)**	**Total Leased Square Footage**	**Avg. Starting Rents per Annum**	**Total Tenant Improvements**	**Total Leasing Commissions**	**Avg. Starting Rents**	**Tenant Improvements**	**Leasing Commissions**
Pre-leased (b)	12	94	131,305	$ 25.93	$ 52.88	$ 20.40	$ 3,405	$ 6,903	$ 2,339
Comparable - Renewal (c)	8	42	41,379	20.17	4.84	3.98	834	107	110
Comparable - New (d)	5	60	57,200	30.52	11.02	10.75	1,746	630	615
Non-comparable (e)	18	83	177,332	28.02	48.74	16.47	4,969	7,935	2,804
Total			407,216				$ 10,954	$ 15,575	$ 5,868

(a) Excludes executed leases with a term of 12 months or less.

(b) Pre-leased information is associated with projects under development at December 31, 2014. Includes six leases for 36,188 square feet at Two Hughes Landing that were signed prior to the opening in June 2014 and one lease for 70,561 square feet at 3831 Technology Forest Drive that were signed prior to the opening in December 2014.

(c) Comparable - Renewal information is associated with stabilized assets whereby the square footage was occupied by the same tenant within 12 months prior to the executed agreement. These leases represent an increase in expiring cash rents averaging $18.05 per square foot and renewing at an average of $20.17 per square foot, or 11.7% over previous rents.

(d) Comparable - New information is associated with stabilized assets whereby the square footage was occupied by a different tenant within 12 months prior to the executed agreement. These leases represent an increase in expiring cash rents averaging $25.06 per square foot and releasing at an average of $30.52 per square foot, or 21.8% over previous rents.

(e) Non-comparable information is associated with stabilized assets whereby the square footage was previously vacant for more than 12 months or has never been occupied.

Two Hughes Landing

During the third quarter 2014, we completed and placed in service Two Hughes Landing. The building is 86.2% leased as of February 1, 2015. We expect stabilized NOI to be $5.2 million by the third quarter 2015. Total development costs are expected to be $49 million, of which we have incurred $38.8 million as of December 31, 2014. The remaining costs to be incurred are primarily for tenant improvements. The project is financed by a $41.2 million non-recourse construction loan bearing interest at one-month LIBOR plus 2.65% with an initial maturity date of September 11, 2016, with two, one-year extension options.

Multi-family

85 South Street

On October 22, 2014, we acquired a 21-unit multi-family apartment building with approximately 13,000 square feet of ground floor retail space for $20.1 million. The property is a rent-stabilized multi-family property located near our South Street Seaport property. The NOI loss of $0.2 million for the year ended December 31, 2014 is primarily due to a tenant lease buyout. The property is 100% occupied as of December 31, 2014. NOI is expected to be approximately $0.7 million in 2015 before the impact of any buyouts of rent-stabilized tenants.

The Woodlands Resort & Conference Center

NOI should return to in excess of $10M

The Woodlands Resort & Conference Center's NOI of $6.1 million for the year ended December 31, 2014, decreased $4.1 million compared to $10.2 million for the year ended December 31, 2013 primarily due to 7.3% lower occupied group room nights and lower banquet and catering revenue resulting from the ongoing renovation project which has negatively impacted group business during the highest intensity period of the redevelopment. Construction was completed during the fourth quarter of 2014. We expect the renovation will have a significant positive impact on NOI due to the higher revenue per available room ("RevPAR") resulting from the new and upgraded rooms. RevPAR is calculated based on dividing total room revenues by total occupied rooms for the period. Construction costs are expected to be $77 million, of which we have incurred $72.6 million as of December 31, 2014. Remaining costs are for final project close out. This project is financed by a $95.0 million non-recourse mortgage bearing interest at one-month LIBOR plus 3.50% and has an initial maturity date of February 8, 2016 with three, one-year extension options. As of December 31, 2014, $76.0 million has been drawn on this facility. NOI of $10.2 million in 2013 decreased $0.5 million as compared to 2012 primarily due to lower banquet and catering revenues caused by the renovation project.

Other

The Club at Carlton Woods (the "Club") has 737 total members as of December 31, 2014 consisting of 603 golf memberships and 134 sports memberships. The Club sold 64 new golf memberships during the year ended December 31, 2014. We estimate the Club requires approximately 800 golf members to achieve break-even NOI, and therefore we expect to continue to incur NOI losses for the foreseeable future. The increase in NOI of $0.8 million as of December 31, 2014 compared to 2013 is due primarily to increase in revenue of $0.8 million as memberships continue to grow, as well as decrease in overall operating expenses. NOI decrease of $1.0 million for the year ended December 31, 2013 compared to 2012 is primarily due to increased payroll and related costs. A significant portion of membership deposits are not recognized as revenue when collected, but are recognized over the estimated 12-year life of a membership. Prior to 2013, membership deposits were refundable and therefore no revenue was recognized. As of December 31, 2014, 2013 and 2012, cash membership deposits collected but not recognized in revenue or included in NOI were $3.9 million, $4.3 million and $5.5 million, respectively.

The properties that are included in our Other Properties description in our NOI table above include the Golf Courses at TPC Summerlin and TPC Las Vegas, Kewalo Basin Harbor, Merriweather Post Pavilion, as well as our share of any NOI related to our equity investments. Total development costs for Kewalo Basin Harbor are expected to be approximately $15 million, of which we have incurred $0.5 million of development costs as of December 31, 2014. Furthermore, Merriweather Post Pavilion is about to undergo a $22 million renovation.

Redevelopments

South Street Seaport

NOI for the year ended December 31, 2014 increased by $6.9 million to $1.2 million as compared to ($5.7) million for the same period in 2013 primarily due to higher occupancy during 2014 of temporary tenants in the historic area and non-recurring lease termination costs incurred in 2013 totaling approximately $1.2 million. The improvement in NOI was also due to the closure of Pier 17 for redevelopment because it was operating at a loss since Superstorm Sandy. NOI for 2013 includes $15.2 million of negative impact from the closure of a majority of the property due to Superstorm Sandy in October 2012. Revenues for the approximately 76,000 square feet of space that have reopened since Superstorm Sandy and which are not planned for renovation were $5.6 million for the year ended December 31, 2014.

On October 29, 2012, as a result of Superstorm Sandy, the historic area of South Street Seaport (area west of the FDR Drive) suffered significant damage due to flooding. During 2013, we filed a claim with our insurance carriers for property damages, lost income and other expenses resulting from the storm and we believe insurance will cover substantially all of these losses. We have collected $47.6 million in insurance proceeds through February 16, 2015, and the claim is in litigation. Insurance recoveries to date exceeded the book value of the buildings and equipment at the date of the storm. Consequently, for the years ended December 31, 2014 and 2013, we have recorded $24.6 million and $12.2 million, respectively, in Other income from insurance recoveries, which is excluded from NOI.

During the first half of 2013, we established the SEE/CHANGE program in an effort to revitalize the South Street Seaport following the damage caused by Superstorm Sandy. SEE/CHANGE is an innovative seasonal program developed by us to re-energize and re-activate the Seaport area and to create a gathering place for the community that did not exist in the aftermath of the storm. The program includes bringing to the South Street Seaport for each season an array of new retail, culinary and cultural events to attract local residents and tourists, and an intensive social media campaign to advertise the events. During the years ended December 31, 2014 and 2013, SEE/CHANGE-related expenses were approximately $4.4 million and $3.8 million, respectively, and are included in Development-related marketing costs.

As more fully described in Note 10 – *Commitments and Contingencies*, on June 27, 2013, the City of New York executed the amended and restated ground lease for South Street Seaport and we provided a completion status guarantee to New York City for the Renovation Project (as defined below). The execution of the amended and restated ground lease was the final step necessary for the commencement of the renovation and reconstruction of the existing Pier 17 Building ("Renovation Project"). Construction began during third quarter 2013 and is expected to conclude in 2017. The Renovation Project will increase the leasable area of Pier 17 to approximately 182,000 square feet, features a newly constructed pier and building and is designed to include a vibrant open rooftop, upscale retail and outdoor entertainment venues. Additionally, we will reposition a significant portion of the 180,000 square feet of retail space in the historic area. The estimated costs for the Renovation Project and repositioning of the historic area are approximately $425 million, which includes $10.7 million of Pier 17 demolition costs, which is expensed as incurred. We are in the process of replacing the pier structure that will support the new Pier 17 building. We have executed a 20-year anchor lease with iPic Entertainment for 46,000 square feet in the Fulton Market Building located in the historic area. iPic Theatres will serve as an anchor attraction for residents, workers and tourists, and we expect the historic area to be substantially repositioned by the second quarter of 2016. We have incurred $96.3 million of development costs on this project as of December 31, 2014, which includes $7.2 million of demolition costs and $5.0 million of development-related marketing costs.

During the fourth quarter of 2013, we announced plans for further redevelopment of the South Street Seaport district which includes approximately 700,000 square feet of additional space. The plans are subject to a Uniform Land Use Review Procedure ("ULURP") that requires approval by the New York City Council, the New York City Landmarks Preservation Commission and various other government agencies. After participating in a comprehensive neighborhood planning process with community stakeholders and elected public officials over the past year, we presented our revised plans and began the formal public approval process on December 10, 2014 and expect approval in 2016. Our current proposal includes the complete restoration of the historic Tin Building, which will include a food market; greater pedestrian access to the waterfront via East River Esplanade improvements and a new marina; reconfigured South Street Seaport Museum space within Schermerhorn Row as well as a potential building addition on the adjacent John Street lot; the replacement of wooden platform piers adjacent to Pier 17 and a newly constructed mixed use building which may include a new public middle school and community recreation space. Total development costs were $7.3 million as of December 31, 2014, which includes $0.8 million of development-related marketing costs. As of December 31, 2014, no demolition costs have been incurred.

Partially Owned

Millennium Woodlands Phase II was substantially completed and put into service during the third quarter 2014. As of February 1, 2015, 44.3% of the units have been leased. We expect the apartments to reach stabilized annual NOI of $4.9 million in the third quarter of 2015, of which our share would be $4.0 million. On July 5, 2012, Millennium Phase II was capitalized by our contribution of 4.8 acres of land valued at $15.5 million (compared to $2.2 million book value), our partner's contribution of $3.0 million in cash and a non-recourse construction loan maturing in July 2016, with one, one-year extension option in the amount of $37.7 million, which is guaranteed by our partner. Total development costs are expected to be $38 million, of which the venture has incurred $36.5 million as of December 31, 2014.

Strategic Developments

Our Strategic Development assets generally require substantial future development to achieve their highest and best use. For our development projects, the total estimated costs of a project including the construction costs are exclusive of our land value, unless otherwise noted, because we typically own all of the land underlying our Strategic Developments. Most of the properties and projects in this segment generate no revenues with the exception of our condominium projects for which we use percentage of completion accounting to recognize revenues during the construction phase. Our expenses relating to these assets are primarily related to marketing costs associated with our strategic developments, operational costs associated with the IBM building in Hawaii, carrying costs, such as property taxes and insurance, and other ongoing costs relating to maintaining the assets in their current condition. If we decide to redevelop or develop a Strategic Development asset, we would expect that, upon completion of development, the asset would either be sold or reclassified to the Operating Assets segment and NOI would become an important measure of its operating performance.

Total revenue and expenses for the Strategic Development segment are summarized as follows:

Strategic Developments Revenues and Expenses (*)

more material improvements

	Year Ended December 31,			2014 - 2013	2013 - 2012
	2014	2013	2012	Change	Change
			(In thousands)		
Minimum rents	$ 609	$ 763	$ 905	$ (154)	$ (142)
Condominium rights and unit sales	83,565	32,969	267	50,596	32,702
Other land, rental and property revenues	806	330	3,584	476	(3,254)
Total revenues	84,980	34,062	4,756	50,918	29,306
Condominium rights and unit cost of sales	49,995	16,572	96	33,423	16,476
Rental and other property operations	7,372	8,304	6,027	(932)	2,277
Provision for (recovery of) doubtful accounts	16	-	(111)	16	111
Demolition costs	22	-	-	22	-
Development-related marketing costs	13,013	1,449	-	11,564	1,449
Other income, net	(2,373)	(3,609)	-	1,236	(3,609)
Depreciation and amortization	1,706	189	225	1,517	(36)
Total expenses	69,751	22,905	6,237	46,846	16,668
Operating income	15,229	11,157	(1,481)	4,072	12,638
Interest (income) expense, net (a)	(11,918)	(4,318)	219	(7,600)	(4,537)
Equity in Earnings from Real Estate and Other Affiliates	(21,311)	(10,535)	-	(10,776)	(10,535)
Strategic Developments REP EBT	$ 48,458	$ 26,010	$ (1,700)	$ 22,448	$ 27,710

(*) For a reconciliation of Strategic Developments EBT to consolidated income (loss) before taxes, please refer to Note 17 - *Segments*.

(a) Negative interest expense amounts are due to interest capitalized in our Strategic Developments segment related to Operating Assets segment debt and the Senior Notes.

The increase in condominium rights and unit sales in 2014 is primarily due to recognition of $69.4 million of revenue related to beginning construction on our Waiea Condominium project. This increase is offset by $18.8 million of lower deferred revenue on our ONE Ala Moana condominium project. ONE Ala Moana was completed in the fourth quarter 2014, and 201 of the 206 available units for sale were sold and closed as of December 31, 2014. The increase in revenues in 2013 is primarily due to the May 2013 sale of our condominium rights related to this project. The condominium rights and unit sales for the year ended December 31, 2013 represents partial recognition of the gain relating to the sale of the condominium rights to the joint venture, in which we have a 50% interest, and the portion of the deferred sale relating to our ongoing interest in the

condominium rights. Condominium rights and unit costs of sales represent allocated costs on our Waiea Condominium sales and ONE Ala Moana Condominium project.

The increase in development-related marketing costs in 2014 is primarily caused by increased marketing efforts at Strategic Development projects at Ward Village ($6.1 million), Downtown Summerlin ($3.8 million), South Street Seaport ($1.0 million) and Metropolitan Downtown Columbia Project ($0.7 million).

Other income primarily consists of the sale of land parcels (at our various projects) to joint ventures in which we are a partner or to third parties. Revenues vary year to year depending on the number of parcels sold and the selling price.

Depreciation and amortization increased for the year ended December 31, 2014 as compared to prior periods primarily as a result of beginning depreciation on the IBM Building renovations, which were placed in service during the first quarter 2014.

Net interest (income) expense increased for the year ended December 31, 2014 as compared to prior periods due to higher capitalized interest from more projects being under construction than in prior periods. In addition, the Equity in Earnings from Real Estate Affiliates includes our share of the profit from the ONE Ala Moana condominium venture. The higher equity in earnings during 2014 as compared to prior years relates to sales and construction progress of ONE Ala Moana.

The following describes the status of our active Strategic Development projects as of December 31, 2014:

The Woodlands

Creekside Village Green **$17M more NOI**

During the fourth quarter 2013, we began construction of Creekside Village Green, which was opened in January 2015. Total development costs are expected to be approximately $19 million, of which we have incurred $14.1 million as of December 31, 2014. As of February 1, 2015 approximately 59.3% of the project has been pre-leased. We expect stabilized NOI, to be $2.2 million by the second quarter 2015.

Hughes Landing

Construction has been completed for two of the office buildings, One Hughes Landing and Two Hughes Landing, and they are reported in our Operating Assets segment.

Three Hughes Landing - During the third quarter 2014, we began construction of Three Hughes Landing, a Class A office building. The project is expected to be completed by the end of the fourth quarter 2015. Total estimated development costs are approximately $90 million, of which we have incurred $11.0 million as of December 31, 2014. The project is financed by a $65.5 million non-recourse construction loan bearing interest at one-month LIBOR plus 2.35% with an initial maturity date of December 5, 2017, with two, one-year extension options.

1725-35 Hughes Landing Boulevard – Construction began during the fourth quarter 2013 and is expected to be completed by the end of 2015. Total development costs are expected to be approximately $171 million, which includes $19 million of tenant costs that will be reimbursed by ExxonMobil. We have incurred $87.4 million of development costs as of December 31, 2014. ExxonMobil has pre-leased the entire West Building for 12 years, and 160,000 square feet in the East Building for eight years with an option to lease the remaining space before the building opens. We expect to reach stabilized annual NOI, based on ExxonMobil's current 478,000 square foot commitment, of approximately $10.7 million in 2018. If ExxonMobil exercises its option for the remaining space, stabilized annual NOI will increase to approximately $14.5 million. The project is financed by a $143.0 million non-recourse construction loan bearing interest at one-month LIBOR plus 1.90% with an initial maturity date of June 30, 2018 with a one-year extension option. The interest rate will be reduced to LIBOR plus 1.65% when ExxonMobil takes occupancy.

Hughes Landing Hotel (Embassy Suites) - In fourth quarter 2014, we began construction of an Embassy Suites by Hilton in Hughes Landing, a nine-story, 205-room, full-service hotel that we will own and manage. The hotel is expected to be completed by the end of 2015. Total development costs are expected to be approximately $46 million, of which we have incurred $5.4

million as of December 31, 2014. On October 2, 2014, we closed on a $37.1 million non-recourse construction loan bearing interest at one-month LIBOR plus 2.50% with an initial maturity date of October 2, 2018, with two, one-year extension options.

Hughes Landing Retail - During the fourth quarter 2013, we began construction of Hughes Landing Retail, a 123,000 square foot retail component of Hughes Landing. The project is expected to be completed in the first quarter 2015. Total development costs are expected to be approximately $36 million, of which we have incurred $22.2 million as of December 31, 2014. The project is financed by a $36.6 million non-recourse construction loan bearing interest at one-month LIBOR plus 1.95% with an initial maturity date of December 20, 2016, with two, one-year extension options. As of February 1, 2015 approximately 78.2% of the project has been pre-leased.

One Lake's Edge – During the fourth quarter 2013, we began construction of One Lake's Edge and anticipate completion of construction in the second quarter 2015. Total development costs are expected to be approximately $88 million, of which we have incurred $64.7 million as of December 31, 2014. The project is financed by a $73.5 million non-recourse construction loan bearing interest at one-month LIBOR plus 2.50% with an initial maturity date of November 25, 2016, with two, one-year extension options.

Waterway Square Hotel (Westin) – In the second quarter 2014, we began construction of the Waterway Square Hotel, a 302-room Westin-branded hotel that will be owned and managed by us. The hotel is expected to be completed by the end of 2015. Total development costs are expected to be approximately $97 million, of which we have incurred $21.3 million as of December 31, 2014. The project is financed by a $69.3 million construction loan bearing interest at one-month LIBOR plus 2.65% with an initial maturity date of August 6, 2018, with a one-year extension option.

Ward Village

Ward Village Master Plan

In the fourth quarter 2012, we announced plans to transform the property formerly known as Ward Centers into Ward Village, a vibrant neighborhood offering unique retail experiences, dining and entertainment, along with exceptional residences and workforce housing set among open public spaces and pedestrian-friendly streets.

The first phase of the master plan includes the renovation of the IBM Building, the development of condominium units in two mixed-use market rate residential towers and the development of a workforce residential tower. Additionally, the first phase will include approximately 48,000 square feet of new retail. We began public presales for the two mixed-use market rate residential towers in February 2014. Sales contracts are subject to a 30-day rescission period, and the buyers are required to make a deposit equal to 5% of the purchase price at signing and an additional 5% deposit 30 days later at which point their total deposit of 10% of the purchase price becomes non-refundable. Buyers are then required to make an additional 10% deposit within approximately 90 days of our receipt of the second deposit.

IBM Building – We completed the renovation of the IBM Building in the first quarter 2014, and total development costs were $24.7 million.

Waiea Condominiums - In the second quarter 2014, we began construction on Waiea, the first of the market rate towers and anticipate completion by the end of 2016. As of February 1, 2015, we had received $102.4 million of buyer deposits, representing $550.8 million of contracted gross sales revenue. As of February 1, 2015, approximately 86.5% of the 171 total units have been contracted and passed their 30-day rescission period for which the buyers have made non-refundable deposits. Total development costs are expected to be approximately $403 million, which includes $5.0 million of development-related marketing costs which are expensed as incurred, and as of December 31, 2014, we have incurred $59.9 million of development costs of which $3.8 million is development-related marketing costs. During the fourth quarter 2014, we met all the necessary requirements to begin recognizing revenue on the percentage of completion basis. As of December 31, 2014, the project was approximately 14.4% complete, and for the year then ended our profit recognized was $26.5 million.

~$170M total profit

Anaha Condominiums – In November 2014 we began construction of Anaha, the second market rate tower. Completion is expected by the second quarter 2017. As of February 1, 2015, we had received $53.4 million of buyer deposits, representing $303.6 million of contracted gross sales revenue. As of February 1, 2015, approximately 75.6% of the 311 total units have been contracted and passed their 30-day rescission period for which the buyers have made non-refundable deposits. Total

development costs are expected to be approximately $401 million, which includes $4.0 million of development-related marketing costs which are expensed as incurred, and as of December 31, 2014, we have incurred $28.0 million of development costs of which $2.8 million is development-related marketing costs.

On November 6, 2014 we closed on a $600.0 million non-recourse construction loan cross-collateralized by Waiea and Anaha bearing interest at one-month LIBOR plus 6.75% with an initial maturity date of November 6, 2017, with two, one-year extension options. As of December 31, 2014, we have not yet drawn on this facility.

Ward Workforce Housing - We continue to finalize plans for this tower. As of December 31, 2014 we have incurred $5.4 million of development costs on this project.

In connection with Phase Two of the master plan, which is being finalized, we have received approval from the HCDA for the development of the Ward Block M project and Ward Village Gateway.

Ward Block M - We expect to begin construction of the Whole Foods Market, located within Ward Block M, in 2015 with completion scheduled in 2017. We continue to finalize pre-development activities and the project budget. Condominium documents will be submitted to the Hawaii Real Estate Commission in 2015 and we anticipate the Real Estate Commission's approval in order to launch pre-sales in 2015. We have incurred $4.9 million of development costs on this project as of December 31, 2014.

Ward Gateway Towers – Condominium documents will be submitted to the Hawaii Real Estate Commission and we anticipate that we will receive approval in 2015. We continue to finalize plans for these towers. We have incurred $13.0 million of pre-development costs on this project as of December 31, 2014.

ONE Ala Moana Tower Condominium Project

The joint venture completed construction of a luxury 23-story, 206-unit condominium tower in the fourth quarter 2014. Of the available units for sale, 203 have been sold and closed as of February 1, 2015 at an average price of $1.6 million, or approximately $1,170 per square foot. During the fourth quarter 2014, after all construction and mezzanine financing was repaid, we received $38.7 million in cash distributions of which $9.4 million represents a return of our initial investment of our condominium rights. Since its inception and the sale of our air rights to the joint venture, we have received cumulative distributions totaling $75.5 million as of February 1, 2015, compared to our original $22.8 million book basis. For the years ended December 31, 2014 and 2013, our share of the earnings were $19.5 million and $9.9 million, respectively.

Summerlin Apartments, LLC

We and our partner, The Calida Group ("Calida"), each own 50% of the venture, and unanimous consent of the partners is required for all major decisions. Calida acts as the development manager, funded all pre-development activities, obtained construction financing and provided all guarantees required by the lender. The venture commenced construction in February of 2015 with a projected second quarter 2016 opening. Total estimated costs are $24 million, including land value, of which the venture had incurred $0.6 million as of December 31, 2014. In February of 2015, the venture closed on a $15.8 million construction loan. The loan bears interest at one month LIBOR plus 2.50% and matures in February of 2018, with two, one year extension options. Upon a sale of the property, we are entitled to our 50% share of proceeds and 100% of the proceeds in excess of an amount determined by applying a 7.0% capitalization rate to NOI.

The Metropolitan Downtown Columbia Project

On April 12, 2012, Columbia Parcel D venture, in which we are a 50% partner with Kettler, Inc. received approval of the final development plan component of the entitlement process for the first phase. The joint venture began construction of The Metropolitan Downtown Columbia Project in February 2013, which will be completed by the end of the first quarter 2015. Total development costs are expected to be $97 million, including land value, of which the venture had incurred $62.9 million as of December 31, 2014. In 2013, we contributed land to the venture valued at $20.3 million and received a net cash distribution of $3.9 million. The joint venture obtained a $64.1 million construction loan which is non-recourse to us. The loan bears interest at one-month LIBOR plus 2.40% and matures in July 2020.

Parcel C

The venture continues to finalize pre-development activities and the project budget. Our partner will provide construction and property management services, including the funding and oversight of development activities, as well as obtaining construction financing. Closing on the construction loan and commencement of construction is anticipated in 2015. Our total investment in this project was $4.7 million as of December 31, 2014.

Bridgeland

Lakeland Village Center

We expect to begin construction in the first half of 2015 with an estimated second quarter 2016 completion date. Total development costs are expected to be approximately $16 million, and we have incurred $0.3 million as of December 31, 2014.

The following table summarizes our projects under construction, and related debt, for Operating Assets and Strategic Developments as of December 31, 2014. Additionally, we are documenting construction financing for 3831 Technology Forest and Lakeland Village Center.

($ in thousands)

Announced Project	Total Estimated Costs (a)	Costs Paid Through December 31, 2014	Estimated Remaining to be Spent	Buyer Deposits/ Tenant Reimbursements	Buyer Deposits/ Tenant Reimbursements Drawn Through December 31, 2014	Remaining Buyer Deposits/Tenant Reimbursements to be Drawn	Committed/ Allocated Debt (b)	Amount Drawn Through December 31, 2014	Remaining Debt to be Drawn	Estimated Costs Remaining in Excess of Remaining Financing to be Drawn (c)	Estimated Completion Date
Operating Assets	(A)	(B)	(A) - (B) = (C)	(D)	(E)	(D) - (E) = (F)	(G)	(H)	(G) - (H) = (I)	(C) - (F) - (I) = (J)	
Columbia Regional Building	$ 24,116	$ 22,716	$ 1,400	$ -	$ -	$ -	$ 23,008	$ 20,513	$ 2,495	$ (1,095)(d)	Complete
Outlet Collection at Riverwalk	85,687	74,017	11,670	-	-	-	60,000	47,118	12,882	(1,212)(e)	Complete
South Street Seaport	424,880	81,000	343,880	-	-	-	-	-	-	343,880 (f)	2017
Downtown Summerlin	418,304	321,138	97,166	-	-	-	311,800	229,153	82,647	14,519 (g)	Complete
The Woodlands Resort & Conference Center	76,714	67,048	9,666	-	-	-	48,900	39,927	8,973	693 (h)	Complete
3831 Technology Forest	19,980	12,731	7,249	-	-	-	-	-	-	7,249 (i)	Complete
Two Hughes Landing	48,603	34,138	14,465	203	-	203	38,730	19,992	18,738	(4,476)(j)	Complete
Total Operating Assets	1,098,284	612,788	485,496	203		203	482,438	356,703	125,735	359,558	
Strategic Developments											
Creekside Village Green	18,536	12,273	6,263	-	-	-	-	-	-	6,263 (k)	Q1 2015
1725-35 Hughes Landing Boulevard	171,489	68,232	103,257	19,125	-	19,125	132,474	47,513	84,961	(829)(l)	Q4 2015
Hughes Landing Retail	36,207	18,531	17,676	-	-	-	36,575	17,424	19,151	(1,475)	Q1 2015
One Lake's Edge	88,494	55,907	32,587	-	-	-	73,525	40,787	32,738	(151)	Q2 2015
Waterway Square Hotel (Westin)	97,380	16,427	80,953	-	-	-	69,334	-	69,334	11,619 (m)	Q4 2015
Hughes Landing Hotel (Embassy Suites)	46,363	3,427	42,936	-	-	-	34,447	10	34,437	8,499 (n)	Q4 2015
Three Hughes Landing	90,162	6,665	83,497	-	-	-	65,455	-	65,455	18,042 (o)	Q4 2015
Lakeland Village Center	16,274	274	16,000	-	-	-	-	-	-	16,000	Q2 2016
Waiea Condominiums	403,440	48,354	355,086	99,531	-	99,531	266,144	-	266,144	(10,589)(p)	Q4 2016
Anaha Condominiums	401,314	23,587	377,727	52,061	-	52,061	333,856	-	333,856	(8,190)(p)	Q2 2017
Total Strategic Developments	1,369,659	253,677	1,115,982	170,717	-	170,717	1,011,810	105,734	906,076	39,189	
Combined Total at December 31, 2014	$ 2,467,943	$ 866,465	$ 1,601,478	$ 170,920	$ -	$ 170,920	$ 1,494,248	$ 462,437	$ 1,031,811	$ 398,747	
									3831 Technology Forest (in documentation)	(23,000)	
									Lakeland Village Center (in documentation)	(13,979)	
									Estimated costs to be funded net of financing assuming closing on pending financing	$ 361,768	

(a) Total Estimated Costs represent all costs to be incurred on the project which includes construction costs, demolition costs, marketing costs, leasing and deferred financing costs, and excludes land costs and capitalized corporate interest allocated to the project. Excluded from Waiea Condominiums' and Anaha Condominiums' Total Estimated Costs are Master Plan infrastructure and amenity cost allocations related to Ward Village.

(b) Committed Debt details:

- Outlet Collection at Riverwalk - total commitment of $64,400, which includes $60,000 for construction and a $4,400 earn out which is available after completion and the achievement of operational covenants.
- The Woodlands Resort & Conference Center - total commitment of $95,000, which includes $48,900 for construction, a $10,000 earn out and $36,100 which refinanced prior mortgage debt.
- Two Hughes Landing - total commitment of $41,230, which includes $38,730 for construction and $2,500 for additional leasing commissions and tenant improvement allowances on One Hughes Landing.
- 1725-35 Hughes Landing Boulevard - total commitment of $143,000, which includes $132,474 for construction, $5,158 for operating reserve and $5,368 for interest reserve after asset is placed in service.
- Hughes Landing Hotel - total commitment of $37,097, which includes $34,447 for construction and $2,650 earn out commitment to complete garage expansion not currently included in the project.

(c) Negative balances represent cash to be received in excess of Estimated Remaining to be Spent. The items are primarily related to December costs that were paid by us but not yet reimbursed by the lender. We expect to receive funds from our lenders for these costs in the future.

(d) Columbia Regional Building was placed in service during August 2014.

(e) Outlet Collection at Riverwalk was placed in service during May 2014.

(f) We anticipate seeking financing for this project in the future.

(g) Downtown Summerlin's Estimated Costs Remaining in Excess of Remaining Financing represents financing proceeds received in December for costs not yet paid as of December 31, 2014. The project was placed in service during the fourth quarter 2014.

(h) The Woodlands Resort & Conference Center was substantially completed in November 2014.

(i) 3831 Technology Forest was placed in service during December 2014. We are currently documenting permanent financing for this project.

(j) Two Hughes Landing was placed in service during September 2014.

(k) Creekside Village has no debt financing.

(l) 1725-35 Hughes Landing Boulevard Total Estimated Costs include approximately $19 million of tenant improvements that will be reimbursed directly by ExxonMobil. These Tenant Reimbursements are shown above, in column D, as an additional source of funds for project costs.

(m) Waterway Square Hotel's Estimated Costs Remaining in Excess of Financing is the remaining cash equity portion of the capital structure.

(n) Hughes Landing Hotel's Estimated Costs Remaining in Excess of Financing is the remaining cash equity portion of the capital structure.

(o) Three Hughes Landing's Estimated Costs Remaining in Excess of Financing is the remaining cash equity portion of the capital structure.

(p) Both Waiea Condominiums and Anaha Condominiums currently have nonrefundable Buyer Deposits that are required to be utilized to fund project costs prior to drawing on the loan. When additional Buyer Deposits are received from additional unit sales, those deposits are also required to be used for project costs. If all the remaining condominium units are sold, we currently estimate a total of approximately $87 million of additional buyer deposits that could be available to fund project costs thereby reducing the total amount needed to be drawn from the committed construction loan.

The following table summarizes our net debt on a segment basis as of December 31, 2014. Net debt is defined as our share of mortgages, notes and loans payable, at our ownership share, reduced by short-term liquidity sources to satisfy such obligations such as our ownership share of cash and cash equivalents and Special Improvement District ("SID") and Municipal Utility District ("MUD") receivables. Although net debt is not a recognized GAAP financial measure, it is readily computable from existing GAAP information and we believe, as with our other non-GAAP measures, that such information is useful to our investors and other users of our financial statements.

Segment Basis (a)	Master Planned Communities	Operating Assets	Strategic Developments	Segment Totals	Non-Segment Amounts	Total December 31, 2014
(In thousands)						
Mortgages, notes and loans payable	$ 211,195	$ 945,930 (b)	$ 128,631 (c)	$ 1,285,756	$ 769,968	$ 2,055,724 (d)
Less: Cash and cash equivalents	(59,600)	(85,763)(e)	(47,393)(f)	(192,756)	(374,699)	(567,455)
Special Improvement District receivables	(33,318)	-	-	(33,318)	-	(33,318)
Municipal Utility District receivables	(104,394)	-	-	(104,394)	-	(104,394)
Net debt	$ 13,883	$ 860,167	$ 81,238	$ 955,288	$ 395,269	$ 1,350,557

(a) Please refer to Note 17 - *Segments*.
(b) Includes our $31.7 million share of debt of our Real Estate and Other Affiliates in Operating Assets segment (Woodlands Sarofim #1 and Millennium Woodlands Phase II, LLC).
(c) Includes our $22.9 million share of debt of our Real Estate and Other Affiliates in Strategic Developments segment (The Metropolitan Downtown Columbia Project).
(d) Represents the gross amount of mortgages, notes and loans payable and is not net of the $7.7 million of unamortized underwriting fees.
(e) Includes our $0.6 million share of cash and cash equivalents of our Real Estate and Other Affiliates in Operating Assets segment (Woodlands Sarofim, Summerlin Las Vegas Baseball Club, LLC, Millennium Phase II and Stewart Title).
(f) Includes our $6.3 million share of cash and cash equivalents of our Real Estate and Other Affiliates in Strategic Developments segment (KR Holdings, LLC, HHMK Development, LLC, Parcel C and The Metropolitan Downtown Columbia Project).

Cash Flows this is why simply looking at net income is very deceiving

Operating Activities

Master Planned Community development has a significant impact on our business. The cash flows and earnings from the business can be much more variable 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 $58.3 million for the year ended December 31, 2014, compared to net cash provided by operating activities of $129.3 million for the year ended December 31, 2013, and $153.1 million for the year ended December 31, 2012. The most significant uses of cash compared to the prior years were the Conroe, TX MPC and other MPC land purchases totaling $100.9 million. Condominium development costs are also considered an operating activity because, like MPCs, the product being developed is intended for sale. Condominium development costs totaled $76.0 million in 2014.

The $187.6 million decrease in cash provided by operating activities for the year ended December 31, 2014 compared to the same period in 2013 was primarily due to higher MPC land acquisitions of $106.6 million, higher interest, leasing, development-related marketing and general and administrative expenses of $110.7 million and higher MPC development and condominium expenditures of $61.9 million. The increased expenditures were partially offset by $56.5 million of higher MPC land sales, $54.5 million of higher MUD collections and $28.1 million of increased distributions from our Real Estate Affiliates for the year ended December 31, 2014 compared to the same period in 2013. In addition, the year ended December 31, 2013 also includes $47.5 million of cash proceeds from the sale of our ONE Ala Moana condominium air rights into a joint venture.

further, condo sale revenues are recognized on a "% of completion" basis. so while a tower may be sold out, the revenue from the sales is recognized as they are delivered over time…
think of it a "deferred revenue" that is not listed anywhere…

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purchase 1,916,667 shares and the estimated $209.0 million fair value for the Management Warrants representing warrants to purchase 2,862,687 shares have been recorded as liabilities because the holders of these warrants could require us to settle such warrants in cash upon a change of control. The estimated fair values for the outstanding Sponsors Warrants and Management Warrants were $141.8 million and $163.8 million, respectively, as of December 31, 2013. The fair values were estimated using an option pricing model and Level 3 inputs due to the unavailability of comparable market data, as further discussed in Note 7 – *Fair Value of Financial Instruments*. Decreases and increases in the fair value of the Sponsors Warrants and the Management Warrants are recognized as either warrant liability gains or losses, respectively, in the Consolidated Statements of Operations.

NOTE 4 ACQUISITIONS AND DISPOSITIONS

In December 2014, we acquired the Seaport District Assemblage, consisting of a 48,000 square foot commercial building on a 15,744 square foot lot and certain air rights with total residential and commercial development rights of 621,651 square feet at South Street Seaport for $136.7 million. As of December 31, 2014, we have certain property and air rights representing an additional 196,133 square feet of development rights under contract. If these acquisitions close, we will own commercial development rights on the assemblage totaling 817,784 square feet.

On December 12, 2014, as part of the settlement with GGP relating to the Tax Matters Agreement, we acquired from GGP six unencumbered office buildings consisting of 699,884 square feet of space located in downtown Columbia, Maryland valued at $130.0 million. The fair value approximated the agreed upon value and was allocated $79.2 million to buildings, $23.4 million to land, and $27.4 million to intangible lease assets consisting of $25.2 million for in-place leases, $3.8 million for above-market leases and $1.6 million for below-market leases. We incurred $1.5 million in acquisition costs, and these costs are included in other property operating costs. The office buildings, titled 10-60 Columbia Corporate Center, are included in our Operating Assets segment.

During 2014, we acquired 2,055 acres of undeveloped land located in Conroe, Texas for $98.5 million.

In October 2014, we acquired 85 South Street, an eight story 60,000 square foot multi-family property located two blocks south of Pier 17 and within the Seaport District for $20.1 million. The purchase price approximated fair value and was allocated $8.1 million to the building, $15.9 million to the land, and $3.9 million for below-market leases. This multi-family apartment building is included in our Operating Assets segment.

During July 2014, we acquired 1701 Lake Robbins, a 12,376 square foot retail building located in The Woodlands for $5.7 million. The purchase price included the assumption of a mortgage of $4.6 million. The purchase price approximated fair value and was allocated $3.7 million to the building, $1.7 million to the land, and $0.2 million of intangible lease assets consisting of $0.3 million for in-place leases and $0.1 million for below-market leases. This retail building is included in our Operating Assets segment.

In July 2014, we acquired 100% of the fee simple interest in the land underlying our 110 N. Wacker office building located in downtown Chicago, Illinois for $12.3 million.

On September 30, 2013, we sold the Rio West Mall, a 521,194 square foot shopping center on 50 acres of land, located in Gallup, New Mexico for $12.0 million. The sale includes our ground lease interest, all buildings, structures and improvements, machinery, equipment and furnishings, and all leases and security deposits. The pre-tax gain recognized on the sale was $0.6 million.

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201 of the 206 units had closed. The venture paid in full the two $20.0 million mezzanine loans and the $132.0 million first mortgage construction loan. We received cash distributions totaling $38.7 million in December 2014.

Summarized financial information for KR Holdings as of December 31, 2014 includes total assets of $37.5 million, total liabilities of $18.7 million, gross sales of $201.0 million and net income of $43.0 million. Summarized financial information for K.R. Holdings as of December 31, 2013 includes total assets of $189.0 million, total liabilities of $135.7 million revenues of $131.2 million and net income of $19.7 million. The venture uses the percentage of completion method to recognize earnings, and we recorded $21.5 million and $9.9 million in Equity in earnings from Real Estate and Other Affiliates related to KR Holdings in the Consolidated Statement of Operations for the years ended December 31, 2014 and 2013 respectively. Our investment balance includes deferred profit of $0.2 million which is being recognized on the same percentage of completion basis as KR Holdings.

Millennium Woodlands Phase II, LLC

On May 14, 2012, we entered into a joint venture, Millennium Woodlands Phase II, LLC ("Millennium Phase II"), with The Dinerstein Companies, for the construction of a new 314-unit Class A multi -family complex in The Woodlands Town Center. Our partner is the managing member of Millennium Phase II. As the managing member, our partner controls, directs, manages and administers the affairs of Millennium Phase II. On July 5, 2012, Millennium Phase II was capitalized by our contribution of 4.8 acres of land valued at $15.5 million, our partner's contribution of $3.0 million in cash and a construction loan in the amount of $37.7 million which is guaranteed by our partner. The development of Millennium Phase II further expands our multi-family portfolio in The Woodlands Town Center. During the third quarter 2014, the joint venture completed construction and leasing commenced.

Parcel C

On October 4, 2013, we entered into a joint venture agreement with a local developer, Kettler, Inc. ("Kettler"), to construct a 437-unit, Class A apartment building with 31,000 square feet of ground floor retail on Parcel C in downtown Columbia, MD. We contributed approximately five acres of land having an approximate book value of $4.0 million to the joint venture. Our land was valued at $23.4 million or $53,500 per constructed unit. When the venture closes on the construction loan and upon completion of certain other conditions, including obtaining completed site development and construction plans and an approved project budget, our partner will be required to contribute cash to the venture.

Summerlin Apartments, LLC

On January 24, 2014, we entered into a joint venture with a national multi-family real estate developer, The Calida Group ("Calida"), to construct, own and operate a 124-unit gated luxury apartment development. We and our partner each own 50% of the venture, and unanimous consent of the partners is required for all major decisions. This project represents the first residential development in Summerlin's 400-acre downtown. We will contribute a 4.5-acre parcel of land with an agreed value of $3.2 million in exchange for a 50% interest in the venture when construction financing closes. Our partner will contribute cash for their 50% interest, act as the development manager, fund all pre-development activities, obtain construction financing and provide any guarantees required by the lender. Upon a sale of the property, we are entitled to 50% of the proceeds up to, and 100% of the proceeds in excess of an amount determined by applying a 7.0% capitalization rate to net operating income ("NOI"). The venture is expected to begin construction in first half 2015 with the first units available for rent by second quarter 2016.

more income producing assets created with no cash outlay

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Summerlin Las Vegas Baseball Club, LLC

On August 6, 2012, we entered into a joint venture for the purpose of acquiring 100% of the operating assets of the Las Vegas 51s, a Triple-A baseball team which is a member of the Pacific Coast League. We own 50% of the venture and our partners jointly own the remaining 50%. Unanimous consent of the partners is required for all major decisions. As of the date the joint venture acquired the baseball team, we had funded our capital contribution of $10.5 million. Our strategy in owning an interest is to pursue a potential relocation of the team to a to-be-built stadium in our Summerlin master planned community. Efforts to relocate the team are ongoing and there can be no assurance that such a stadium will ultimately be built.

The Metropolitan Downtown Columbia Project

On October 27, 2011, we entered into a joint venture, Parcel D Development, LLC ("Parcel D"), with Kettler to construct a 380-unit Class A apartment building with ground floor retail space in downtown Columbia, Maryland. We and our partner each own 50% of the venture, and unanimous consent of the partners is required for all major decisions. On July 11, 2013, the joint venture closed a $64.1 million construction loan which is non-recourse to us and $45.8 million is outstanding as of December 31, 2014. The loan bears interest at one-month LIBOR plus 2.40% and matures in July 2020. At loan closing, our land contribution was valued at $53,500 per unit, or $20.3 million, and Kettler contributed $13.3 million in cash, of which $7.0 million was distributed to us. Both we and Kettler made additional contributions of $3.1 million to the joint venture in accordance with the loan agreement, thus increasing our total capital account to $16.4 million. This transaction was accounted for as a partial sale of the land for which we recognized a net profit of $0.7 million. We expect the project to be substantially completed by the first quarter of 2015.

NOTE 6 IMPAIRMENT

There were no impairment charges for the years ended December 31, 2014, 2013 and 2012. We frequently evaluate our strategic alternatives with respect to each of our properties and may revise our strategy from time to time, including our intent to hold the asset on a long-term basis or the timing of potential asset dispositions. For example, we 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.

NOTE 7 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents, for each of the fair value hierarchy levels required under ASC 820 ("ASC 820") Fair Value Measurement, our assets and liabilities that are measured at fair value on a recurring basis.

	December 31, 2014				December 31, 2013			
		Fair Value Measurements Using				Fair Value Measurements Using		
	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)
			(In thousands)				(In thousands)	
Assets:								
Cash equivalents	$ 75,027	$ 75,027	$ -	$ -	$ -	$ -	$ -	$ -
Liabilities:								
Warrants	366,080	-	-	366,080	305,560	-	-	305,560
Interest rate swaps	3,144	-	3,144	-	4,164	-	4,164	-

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to 15.0% upon completion of the project and achievement of a 1.15:1.0 debt service coverage ratio. The recourse further reduces to 10% upon achievement of a 1.25:1.0 debt service coverage ratio, a 90% occupancy level, and average tenant sales of at least $500.00 per net rentable square foot. Upon completion of the project and achievement of a 1.25x debt service coverage ratio, 90.0% occupancy and a minimum level of tenant sales per square foot for 12 months, the recourse amount will decrease to 10.0% of the outstanding principal. Due to the recent opening, we have not met these criteria.

On April 15, 2014, we paid $17.0 million cash in full satisfaction of the $16.0 million participating loan that we assumed as part of the acquisition of 70 CCC in August 2012. The non-recourse, interest only promissory note was due to mature on August 31, 2017 and included a participation right to the lender for 30.0% of the appreciation in the market value of the property after our 10.0% cumulative preferred return and repayment of the outstanding debt and our contributed equity. The final payment included approximately $0.7 million for this participation right based upon the appraised value of the property. On June 27, 2014, we closed on a new $20.0 million loan for 70 CCC that bears interest at one-month LIBOR plus 2.25% and has an initial maturity date of July 2017 with two, one-year extension options.

On October 24, 2013, we closed on a $64.4 million partial recourse construction loan for the Outlet Collection at Riverwalk. The loan bears interest at one-month LIBOR plus 2.75%, with an initial maturity date of October 24, 2016 with two, one–year extension options. The initial recourse amount of 50.0% will be reduced to 25.0% upon completion of the project and the achievement of an 11.0% debt yield and a minimum level of tenant sales per square foot for 12 months. Due to the recent opening, we have not met these criteria.

On September 11, 2013, we closed on a non-recourse financing totaling $41.2 million for the construction of Two Hughes Landing, the second Class A office building in the 66-acre mixed-use development of Hughes Landing on Lake Woodlands, located in The Woodlands. Two Hughes Landing will be a 197,000 square foot, eight-story office building with an adjacent parking garage containing approximately 630 spaces. The loan bears interest at one-month LIBOR plus 2.65% due monthly, with an initial maturity date of September 11, 2016 with two, one-year extension options.

On August 2, 2013, we refinanced the existing $43.3 million construction loan on 3 Waterway Square, an 11-story, 232,000 square foot office building in The Woodlands, with a non-recourse first mortgage financing totaling $52.0 million. The loan bears interest at 3.94% and matures on August 11, 2028.

On March 15, 2013, we closed on a non-recourse financing totaling $23.0 million for the redevelopment of The Columbia Regional Building, a retail building located in Columbia, Maryland. The loan bears interest at one-month LIBOR plus 2.00%. The loan matures on March 15, 2016, and has two, one–year extension options.

On February 8, 2013, we closed on a $95.0 million non-recourse construction loan which repaid the existing $36.1 million mortgage and provides funding for the redevelopment of The Woodlands Resort & Conference Center. The loan bears interest at one-month LIBOR plus 3.50% and has an initial maturity of February 8, 2016, with three, one–year extension options. The loan is currently secured by the rooms available for rent, 40-acre conference center and resort located within The Woodlands and requires the maintenance of specified financial ratios after completion of construction.

On May 31, 2012, we closed on a $55.6 million non-recourse first mortgage loan for the Millennium Waterway Apartments. The proceeds from the mortgage were used to refinance the joint venture's existing debt and to fund our acquisition of the partner's interest in the property. The loan has a fixed interest rate of 3.75% and matures on June 1, 2022.

non recourse financial shelters all the other assets from problems at any one asset

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On April 26, 2012, we closed on a $14.5 million non-recourse financing secured by 20/25 Waterway Avenue, located within The Woodlands. The loan bears interest at 4.79% and matures on May 1, 2022.

On December 5, 2011, we obtained a $41.0 million loan for 4 Waterway Square and a $14.0 million loan for 9303 New Trails, both located within The Woodlands. These non-recourse mortgages mature on December 11, 2023 and have fixed interest rates of 4.88%.

On September 30, 2011, we closed on a $250.0 million non-recourse first mortgage financing secured by Ward Village in Honolulu, Hawaii, that bears interest at one-month LIBOR plus 2.50%. The loan may be drawn to a maximum $250.0 million to fund capital expenditures at the property, provided that the outstanding principal balance cannot exceed 65% of the property's appraised value, and the borrowers are required to have a minimum 10.0% debt yield to draw additional loan proceeds under the facility. The loan permits partial repayment during its term in connection with property releases for development. In the third quarter of 2013, certain properties securing the loan were approved for condominium development. As a result, the properties were removed from the collateral pool and a minor principal paydown of the loan was required. The loan matures on September 29, 2016, and $143.0 million of the principal balance was swapped to a 3.80% fixed rate for the term of the loan. The loan had a weighted-average interest rate of 3.35% as of December 31, 2014. The unused portion of this mortgage was $11.3 million as of December 31, 2014.

On May 10, 2011, we closed a $29.0 million first mortgage financing secured by our office building located at 110 N. Wacker Drive in Chicago, IL. The loan term is coterminous with the expiration of the first term of the existing tenant's lease. The loan has an interest-only period through April 2015 and, thereafter, amortizes ratably to $12.0 million through maturity on October 31, 2019. We provided a $7.0 million repayment guarantee for the loan, which is reduced on a dollar for dollar basis during the amortization period.

Strategic Developments

On December 5, 2014 we closed on a $65.5 million non-recourse financing for the construction of Three Hughes Landing. The loan bears interest at one-month LIBOR plus 2.35%. The loan has an initial maturity date of December 5, 2017 with two, one-year extension options.

On November 6, 2014 we closed on a $600.0 million non-recourse construction loan for the Waiea and Anaha Condominium towers bearing interest at one-month LIBOR plus 6.75%. The loan has an initial maturity date of November 6, 2017, with two, one-year extension options.

On October 3, 2014, we closed on a $37.1 million construction financing for our Hughes Landing Hotel. The loan bears interest at one-month LIBOR plus 2.50%. The loan has an initial maturity of October 2018, with two, one-year extension options.

On August 6, 2014, we closed on a $69.3 million non-recourse construction financing for the Waterway Hotel bearing interest at one-month LIBOR plus 2.65%. The loan has an initial maturity of August 2018, with a one-year extension option. The development will be a 302-room Westin-branded hotel that will be owned and managed by us.

On June 30, 2014, we closed on a $143.0 million non-recourse construction financing for two office buildings bearing interest at one-month LIBOR plus 1.90%. The loan has an initial maturity date of June 30, 2018, with a one-year extension option.

anyone who brings up "debt" as a problem for HHC does not know the basics of debt or how it pertains the real estate assets

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On December 20, 2013, we closed on a $36.6 million non-recourse loan for the construction of Hughes Landing Retail, a 123,000 square foot retail component of Hughes Landing bearing interest at one-month LIBOR plus 1.95%. The loan has an initial maturity date of December 20, 2016, with two, one–year extension options.

On November 25, 2013, we closed on a $73.5 million non-recourse loan for the construction of an eight-story, Class A, multi-family project within Hughes Landing called One Lake's Edge. The loan bears interest at one-month LIBOR plus 2.50% with an initial maturity date of November 25, 2016, with two, one–year extension options.

Corporate

On October 2, 2013, we issued $750.0 million in aggregate principal amount of 6.875% Senior Notes due 2021 (the "Senior Notes") and received approximately $741.3 million of net cash proceeds. Interest is payable semiannually, on April 1 and October 1 of each year starting in April 2014. At any time prior to October 1, 2016, we may redeem up to 35% of the Senior Notes at a price equal to 106.875% using the proceeds from equity offerings. We may redeem all or part of the Senior Notes at any time on or after October 1, 2016 with a declining call premium thereafter to maturity. The Senior Notes contain customary terms and covenants for non-investment grade senior notes and have no maintenance covenants.

NOTE 9 INCOME TAXES

The provision for (benefit from) income taxes for the years ended December 31, 2014, 2013 and 2012 were as follows:

	2014	2013	2012
		(In thousands)	
Current	$ (2,050)	$ 1,218	$ 2,439
Deferred	65,010	8,352	4,448
Total	$ 62,960	$ 9,570	$ 6,887

Income tax expense is computed by applying the Federal corporate tax rate for the years ended December 31, 2014, 2013 and 2012 and is reconciled to the provision for income taxes as follows:

	2014	2013	2012
		(In thousands)	
Tax at statutory rate on earnings from continuing operations before income taxes	$ 13,800	$ (22,477)	$ (42,490)
Increase (decrease) in valuation allowance, net	5,602	(88,826)	(32,172)
State income taxes, net of Federal income tax benefit	1,320	1,562	1,328
Tax at statutory rate on REIT entity earnings not subject to Federal income taxes	(512)	(2,648)	(3,087)
Tax expense (benefit) from change in rates and other permanent differences	(12,193)	4,339	13,908
Set up deferred tax liability related to captive REIT	(1,068)	53,973	-
Non-deductible warrant liability loss	21,182	63,695	65,311
Non-taxable interest income	18,373	(363)	(2,863)
Uncertain tax position expense, excluding interest	2,395	(1,034)	1,765
Uncertain tax position interest, net of Federal income tax benefit	14,061	1,349	5,187
Income tax expense	$ 62,960	$ 9,570	$ 6,887

this will shelter operating asset income in the C Corp structure for a few more years

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Realization of a deferred tax benefit is dependent upon generating sufficient taxable income in future periods. Our net operating loss carry-forwards are currently scheduled to expire in subsequent years through 2034. Some of the net operating loss carry-forward amounts are subject to the separate return limitation year rules (“SRLY”). It is possible that we could, in the future, experience a change in control pursuant to Section 382 that could put limits on the benefit of deferred tax assets. On February 27, 2012, we entered into a Section 382 Rights Agreement, with a three year term, to protect us from such an event and protect our deferred tax assets. On February 26, 2015, the Board of Directors extended the term of the Section 382 Rights Agreement to March 14, 2018. The extension is subject to approval by our stockholders.

As of December 31, 2014, the amounts and expiration dates of operating loss and tax credit carryforwards for tax purposes are as follows:

	Amount	Expiration Date
	(In thousands)	
Net operating loss carryforwards - Federal	$ 109,096	2024-2034
Net operating loss carryforwards - State	138,221	2015-2034
Capital loss carryfoward	26,345	2018-2019
Tax credit carryforwards - Federal AMT	1,955	n/a

As of December 31, 2014 and 2013, we had gross deferred tax assets totaling $335.7 million and $336.6 million, and gross deferred tax liabilities of $379.7 million and $413.4 million, respectively. We have established a valuation allowance in the amount of $18.2 million and $12.6 million as of December 31, 2014 and 2013, respectively, against certain deferred tax assets for which it is more likely than not that such deferred tax assets will not be realized.

Deferred tax assets related to our investment in Head Acquisition, LP in the amount of $76.4 million that we previously believed had only a remote possibility of realization were recorded in 2012 due to tax planning that made realization possible. Due to the uncertainty that the tax planning would result in the realization of the deferred tax asset we established a 100% valuation allowance. During the fourth quarter 2013, the tax planning was successfully implemented and over 90% of the deferred tax asset was realized and the remaining amount will likely be realized in future years; therefore, we determined that is was appropriate to release the entire valuation allowance in 2013.