

Howard Hughes Corp
Form 10-K/A
March 15, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
(MARK ONE)

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

For the fiscal year ended December 31, 2018

or

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

For the transition period from _____ to _____
Commission File Number 001-34856

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

| | |
|--|---|
| Delaware | 36-4673192 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification Number) |
| 13355 Noel Road, 22nd Floor, Dallas, Texas | 75240 |
| (Address of principal executive offices) | (Zip Code) |

(214) 741 7744

(Registrant's telephone number, including area code)

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

| | |
|----------------------|--|
| Title of Each Class: | Name of Each Exchange on Which Registered: |
|----------------------|--|

| | |
|-------------------------------|-------------------------|
| Common Stock, \$.01 par value | New York Stock Exchange |
|-------------------------------|-------------------------|

Securities Registered Pursuant to Section 12(g) of the Act: None

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES NO

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

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company Emerging Growth Company

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

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

As of June 30, 2018, the aggregate market value of the registrant’s common stock held by non-affiliates of the registrant was approximately \$4.5 billion based on the closing sale price as reported on the New York Stock Exchange.

As of March 11, 2019, there were 43,129,833 shares of the registrant’s common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s Proxy Statement for its 2019 Annual Meeting of Stockholders are incorporated by reference in Items 10, 11, 12, 13 and 14 of Part III of our Annual Report on Form 10-K. The registrant intends to file its Proxy Statement with the Securities and Exchange Commission within 120 days of the registrant’s fiscal year ended December 31, 2018.

Explanatory Note

This Amendment No. 1 to the Annual Report on Form 10-K/A amends the Annual Report on Form 10-K for the year ended December 31, 2018 of The Howard Hughes Corporation (the “Company”), which was filed with the Securities and Exchange Commission on February 27, 2019. This Form 10-K/A is being filed for the purpose of providing separate audited and unaudited consolidated financial statements of DLV/HHPI Summerlin, LLC (“The Summit”), our joint venture with Discovery Land Company (“Discovery”), in accordance with Rule 3-09 of Regulation S-X. The Summit's audited Consolidated Financial Statements as of December 31, 2018 and for the year ended December 31, 2018, unaudited Consolidated Financial Statements as of December 31, 2017 and for each of the years ended December 31, 2017 and 2016, and Report of Independent Auditors, are filed as Exhibit 99.1 and are included as financial statement schedules in Item 15, “Exhibits and Financial Statement Schedules,” of this Form 10-K/A. The consolidated financial statements of The Summit as of and for the year ended December 31, 2018 were not available at the time that the Company filed its Annual Report on Form 10-K on February 27, 2019. The consent of Ernst & Young LLP, independent auditors for the Company, is also filed as an exhibit to this Amendment No. 1 to the Annual Report on Form 10-K/A. In addition, this Form 10-K/A includes an updated exhibit index in respect thereof and certifications under Section 302 and 906 of the Sarbanes-Oxley Act of 2002. Except as described above, this Amendment No. 1 on Form 10-K/A is not intended to update or modify any other information presented in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, as originally filed. This Amendment No. 1 does not update or modify in any way the financial position, results of operations, cash flows or related disclosures in the Company's Annual Report on Form 10-K and does not reflect events occurring after the Form 10-K's original filing date of February 27, 2019. Accordingly, this Form 10-K/A should be read in conjunction with our other filings made with the SEC subsequent to the filing of our Annual Report on Form 10-K for the year ended December 31, 2018.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE

(a) Financial Statements and Financial Statement Schedule.

The Consolidated Financial Statements and Schedule listed in the accompanying Index to Consolidated Financial Statements and Financial Statement Schedule were previously filed with the Annual Report on Form 10-K for the year ended December 31, 2018, filed on February 27, 2019.

The following financial statements are included in this Amendment No. 1 to Annual Report on Form 10-K/A pursuant to Rule 3-09 of Regulation S-K.

DLV/HHPI Summerlin, LLC audited Consolidated Financial Statements as of December 31, 2018 and for the year ended December 31, 2018 and unaudited Consolidated Financial Statements as of December 31, 2017, and for the years ended December 31, 2017 and 2016

No additional financial statement schedules are presented since the required information is not present or not present in amounts sufficient to require submission of the schedule or because the information required has been enclosed in the Consolidated Financial Statements and notes thereto.

(b) Exhibits.

Exhibits required by Item 601 of Regulation S-K: The exhibits filed in response to this item are listed in the Exhibit Index.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE HOWARD HUGHES CORPORATION

/s/ David R. Weinreb

David R. Weinreb

Chief Executive Officer March 15, 2019

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE

| Exhibit No. | Description of Exhibit |
|-------------|--|
| 1.1 | <u>Underwriting Agreement, dated January 2, 2018, by and among The Howard Hughes Corporation, certain stockholders named therein and J.P. Morgan Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Jeffries LLC (incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K, filed on January 5, 2018)</u> |
| 3.1 | <u>Second Amended and Restated Certificate of Incorporation of the Howard Hughes Corporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed May 24, 2016)</u> |
| 3.2 | <u>Amendment No. 1 to the Amended and Restated Bylaws of The Howard Hughes Corporation (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, filed May 24, 2016)</u> |
| 3.3 | <u>Certificate of Designations of Series A Junior Participating Preferred Stock, filed with the Secretary of State of Delaware on February 29, 2012 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed February 29, 2012)</u> |
| 4.1 | <u>Section 382 Rights Agreement, dated as of February 27, 2012, by and between The Howard Hughes Corporation and Computershare Trust Company, N.A., as rights agent (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed February 29, 2012)</u> |
| 4.2 | <u>Amendment No. 1 to Rights Agreement dated as of February 26, 2015, by and between The Howard Hughes Corporation and Computershare Trust Company, N.A., as rights agent (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K, filed March 3, 2015)</u> |
| 4.3 | <u>Amendment No. 2 to Rights Agreement, dated as of January 2, 2018, by and between The Howard Hughes Corporation and Computershare Trust Company, N.A., as rights agent (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed January 2, 2018)</u> |
| 4.4 | <u>Indenture, dated as of March 16, 2017 by and between The Howard Hughes Corporation and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on March 21, 2017)</u> |
| 10.1 | <u>Form of indemnification agreement for directors and certain executive officers of The Howard Hughes Corporation (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K, filed November 12, 2010)</u> |
| 10.2 | <u>Warrant Agreement, dated November 9, 2010, between The Howard Hughes Corporation and Mellon Investor Services LLC (incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K, filed November 12, 2010)</u> |
| 10.3 | <u>Letter Agreement, dated November 9, 2010, between The Howard Hughes Corporation and Pershing Square Capital Management, L.P. (incorporated by reference to Exhibit 10.11 to the Company's Current Report on Form 8-K, filed November 12, 2010)</u> |
| 10.4 | |

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Registration Rights Agreement, dated November 9, 2010, between The Howard Hughes Corporation and Pershing Square Capital Management, L.P., Blackstone Real Estate Partners VI L.P., Blackstone Real Estate Partners (AIV) VI L.P., Blackstone Real Estate Partners VI.F L.P., Blackstone Real Estate Partners VI.TE.1 L.P., Blackstone Real Estate Partners VI.TE.2 L.P., Blackstone Real Estate Holdings VI L.P., and Blackstone GGP Principal Transaction Partners L.P. (incorporated by reference to Exhibit 99.4 to the Company's Current Report on Form 8-K, filed November 12, 2010)

10.5*

Form of Restricted Stock Agreement for Nonemployee Directors under The Howard Hughes Corporation 2010 Amended and Restated Incentive Plan (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 10-K, filed February 27, 2019)

- 10.6* Restricted Stock Agreement dated as of February 16, 2018, between The Howard Hughes Corporation and David Weinreb (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 10-K, filed February 27, 2019)
- 10.7* Form of Time-based Restricted Stock Agreement for Executive Officers under The Howard Hughes Corporation 2010 Amended and Restated Incentive Plan (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 10-K, filed February 27, 2019)
- 10.8* Form of Performance-based Restricted Stock Agreement for Executive Officers under The Howard Hughes Corporation 2010 Amended and Restated Incentive Plan (incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 10-K, filed February 27, 2019)
- 10.9* Form of Time-based Restricted Stock Agreement for Employees under The Howard Hughes Corporation Amended and Restated 2010 Incentive Plan (incorporated by reference to Exhibit 10.9 to the Company's Current Report on Form 10-K, filed February 27, 2019)
- 10.10* Form of Performance-based Restricted Stock Agreement for Employees under The Howard Hughes Corporation Amended and Restated 2010 Incentive Plan (incorporated by reference to Exhibit 10.10 to the Company's Current Report on Form 10-K, filed February 27, 2019)
- 10.11* Employment Agreement, dated as of August 29, 2017, between The Howard Hughes Corporation and David R. Weinreb (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed September 5, 2017)
- 10.12* Employment Agreement, dated as of October 2, 2017, between The Howard Hughes Corporation and Grant Herlitz (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed October 5, 2017)
- 10.13* Employment Agreement, dated as of November 6, 2017, between The Howard Hughes Corporation and Peter F. Riley (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed November 9, 2017)
- 10.14* Amended and Restated Employment Agreement, dated as of February 21, 2018, between The Howard Hughes Corporation and David O'Reilly (incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K, filed February 26, 2018)
- 10.15* Restricted Stock Agreement, dated as of August 29, 2017, between The Howard Hughes Corporation and David R. Weinreb (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed September 5, 2017)
- 10.16* Restricted Stock Agreement, dated as of October 2, 2017, between The Howard Hughes Corporation and Grant Herlitz (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed October 5, 2017)

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10.17* Restricted Stock Agreement, dated as of November 8, 2017, between The Howard Hughes Corporation and Peter F. Riley (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed November 9, 2017)

10.18* Warrant Grant Agreement, dated as of June 16, 2017, between The Howard Hughes Corporation and David R. Weinreb (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed June 20, 2017)

10.19* Warrant Grant Agreement, dated as of October 4, 2017, between The Howard Hughes Corporation and Grant Herlitz (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed October 5, 2017)

- 10.20* Warrant Purchase Agreement, dated October 7, 2016, between The Howard Hughes Corporation and David O'Reilly (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed October 11, 2016)
- 10.21* Saul Scherl offer letter, dated as of February 21, 2019 (incorporated by reference to Exhibit 10.21 to the Company's Current Report on Form 10-K, filed February 27, 2019)
- 10.22 Loan Agreement dated as of September 29, 2011, by and among Victoria Ward, Limited along with certain Victoria Ward, Limited's subsidiaries, as borrowers, Wells Fargo Bank, National Association, as Administrative Agent and lead lender, CIBC, First Hawaiian Bank, Bank of Hawaii and Central Pacific Bank, as lenders, and Wells Fargo Securities, L.L.C., as Sole Lead Arranger and Sole Bookrunner (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed October 4, 2011)
- 10.23 Loan Agreement dated as of July 15, 2014, by and among The Shops at Summerlin North, LP, The Shops at Summerlin South, LP, Wells Fargo Bank, National Association, as Administrative Agent and lead lender, U.S. Bank National Association, as Syndication Agent and a lender, the other lending institutions party thereto, and Wells Fargo Securities, L.L.C., as sole Lead Arranger and Sole Bookrunner (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed July 16, 2014)
- 10.24 Loan Agreement dated as of September 18, 2018, by and among Victoria Ward, Limited; Victoria Ward Center L.L.C.; Victoria Ward Entertainment Center L.L.C.; 1240 Ala Moana, LLC; Anaha Retail Holdings, LLC; Waiea Retail Holdings, LLC; 10 CCC, LLC; 20 CCC, LLC; 30 CCC, LLC; 10/20/30 CCC Parking Deck, LLC; 40 CCC, LLC; 40 CCC Parking Deck, LLC; 50 CCC, LLC; 60 CCC, LLC; 70 CC, LLC; 50/60/70 CCC Parking Deck, LLC; One Mall North, LLC; Crescent Area 1 Holdings, LLC; Crescent Area 1 Parking Deck 1, LLC; HL Champion Holding Company, LLC; Lakeland Village Holding Company, LLC; Waterway Hotel Holdings, LLC; HL-Hotel Holding Company, LLC; CSPV Holdings, LLC; 1701 Lake Robbins, LLC; Wells Fargo Bank, National Association, as administrative agent and a lender; Wells Fargo Securities, L.L.C., as sole lead arranger and sole book-runner; and the other lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed September 24, 2018)
- 10.25* The Howard Hughes Corporation 2010 Amended and Restated Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed June 14, 2012)
- 10.26* Form of The Howard Hughes Corporation Deferred Compensation Plan (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K, filed September 17, 2014)
- 10.27* The Howard Hughes Corporation Management Co., LLC Separation Benefit Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed August 16, 2017)
- 21.1 List of Subsidiaries (incorporated by reference to Exhibit 21.1 to the Company's Current Report on Form 10-K, filed February 27, 2019)
- 23.1 Consent of Ernst & Young LLP (incorporated by reference to Exhibit 23.1 to the Company's Current Report on Form 10-K, filed February 27, 2019)
- 23.2+ Consent of Ernst & Young LLP

- 24.1 Power of Attorney (incorporated by reference to Exhibit 24.1 to the Company's Current Report on Form 10-K, filed February 27, 2019)
 - 31.1+ Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
 - 31.2+ Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
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32.1+ Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

99.1+ DLV/HHPI Summerlin, LLC audited Consolidated Financial Statements as of December 31, 2018 and for the year ended December 31, 2018 and unaudited Consolidated Financial Statements as of December 31, 2017, and for the years ended December 31, 2017 and 2016

101.INS^ XBRL Instance Document

101.SCH^ XBRL Taxonomy Extension Schema Document

101.CAL^ XBRL Taxonomy Extension Calculation Linkbase Document

101.LAB^ XBRL Taxonomy Extension Label Linkbase Document

101.PRE^ XBRL Taxonomy Extension Presentation Linkbase Document

101.DEF^ XBRL Taxonomy Extension Definition Linkbase Document

* Management contract, compensatory plan or arrangement

+ Filed herewith

^ Submitted electronically with the original Annual Report on Form 10-K for the year ended December 31, 2018 filed on February 27, 2019. The following documents from the Company's Annual Report on Form 10-K for the year ended December 31, 2018 are formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Operations for the years ended December 31, 2018, 2017 and 2016, (ii) the Consolidated Balance Sheets at December 31, 2018 and 2017, (iii) the Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2017 and 2016, (iv) the Consolidated Statements of Shareholders' Equity for the years ended December 31, 2018, 2017 and 2016. In accordance with Rule 402 of Regulation S-T, the XBRL related information in Exhibit 101 to the Annual Report on Form 10-K shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, and shall not be part of any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.