SYMMETRY RESEARCH REPORT

Howard Hughes Holdings

NYSE: HHH

From America's premier city-builder to a Berkshire-style holding company — an irreplaceable land bank, now paired with an insurance compounder, trading at a deep discount to intrinsic value.

~$65 today vs. a sum-of-the-parts fair value of ~$119 — ~83% upside

≈ 30% CAGR to 2030 *

Symmetry SOTP fair value (~45% discount to intrinsic value). Management targets >$200 / share by 2030.

* CAGR to year-end 2030 calculated from the current ~$65 share price to management's ~$200 / share 2030 price target.

Symmetry Invest
Company deep dive

September 2026
Andreas Aaen

Contents

Symmetry Invest · Research Report. All figures in USD unless stated. Data as of the Q2 2026 reporting period (quarter ended 30 June 2026); market prices early September 2026.

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01 EXECUTIVE SUMMARY

A city-builder turning into a compounder

Howard Hughes owns some of the best real estate in America — roughly 101,000 acres of pre-entitled, deed-restricted land inside thriving master-planned communities. After the 2024 Seaport spin-off and the 2026 acquisition of insurer Vantage Group, it is deliberately re-shaping itself into a Berkshire-style diversified holding company. The market still prices it as a lumpy, indebted developer. We think that gap is the opportunity.

~101k	~$5.7B	$2.1B	~83%
GROSS ACRES OF ENTITLED LAND ACROSS 5 STATES	RESIDUAL VALUE, WHOLLY-OWNED LAND BANK	VANTAGE ACQUISITION (1.5× BOOK)	UPSIDE TO SYMMETRY SOTP (~$119 / SHARE)

THE THESIS IN BRIEF

- **An irreplaceable moat.** Contiguous, entitled land inside established communities creates local monopolies with genuine pricing power — Summerlin land has risen from ~$772k to ~$1.97m per acre since 2020.
- **A self-funding flywheel.** Horizontal development is largely recovered through MUD/SID bonds; land sales fund commercial development that in turn lifts the value of the remaining land.
- **Land appreciation beats acreage depletion.** Residential residual value has grown despite selling nearly half the acres — scarcity is being harvested, not depleted.
- **A second engine.** Vantage adds low-cost insurance float that Pershing Square manages fee-free, redeployable into equities and operating businesses at high-teens returns.
- **A tax engine on top.** A buy-and-hold portfolio that need never be sold compounds its deferred tax as a second, interest-free "float" — while real-estate depreciation shelters income elsewhere in the group.
- **Accelerating the unlock.** On the Q2 2026 call management signalled a decisive shift — actively pursuing joint ventures, partnerships and asset sales to free capital from real estate faster and channel it into Vantage.
- **Aligned control.** Pershing Square owns ~46.7% and Bill Ackman is Executive Chairman; incremental free cash flow is earmarked for compounding, not dilution.
- **A wide value gap.** HHH trades near $65 against Symmetry's sum-of-the-parts fair value of ~$119 — roughly 83% upside — with management targeting more than $200 per share by 2030.

The pivot in management's own words (Q2 2026 call)

Real estate is now treated as *"effectively self-liquidating."* Management intends to sell the residential lots, the condos and non-core assets over time, and to lean on JV structures and third-party capital to release value faster — redeploying every incremental dollar into the insurance engine. Bill Ackman: HHH will become *"disproportionately an insurance holding company … as opposed to a real estate company with an insurance operation — and we're going to work to achieve that as rapidly as possible."*

Why it's mispriced

Reported earnings are episodic — land and condo sales close in bursts — so screens make HHH look expensive and highly levered. The durable asset is the land bank's residual value and the growing recurring NOI beneath it, neither of which shows up cleanly in GAAP EPS. Add a holding-company structure the market doesn't yet understand, and you get a wide discount to a conservatively-struck net asset value.

From a spin-off to a holding company

Howard Hughes has always owned extraordinary land. What has changed is the ambition around it: from a patient developer harvesting communities over decades, to a holding company determined to convert that hidden value into a compounding machine.

Sixteen years in seven steps

- **Jul 2010** — **Spun off from General Growth Properties**
  HHH is created as a pure-play developer, operating through The Howard Hughes Corporation.
- **2010–23** — **A decade as a pure-play developer**
  Focus on master-planned communities and vertical commercial real estate.
- **Jul 2024** — **Seaport Entertainment spun off**
  ~$144m stub of restaurants, sports and air rights separated to refocus the company.
- **Jan 2025** — **Ackman's $85 take-private bid**
  Pershing Square proposes buying the remaining 62.4% it does not own.
- **May 2025** — **Pershing Square invests $900m**
  9m new shares at $100; ownership to ~47%; Ackman becomes Executive Chairman.
- **Dec 2025** — **Vantage acquisition signed**
  Agreement to buy 100% of Vantage Group from Carlyle & Hellman & Friedman.
- **Jun 2026** — **Vantage closes — a holding company is born**
  $2.1bn deal completes; insurance becomes the second platform.

The origin: a General Growth spin-off

Howard Hughes was formed in July 2010 when it was spun out of mall giant **General Growth Properties** as GGP emerged from bankruptcy. Investors in the parent received shares in a new, debt-light developer holding GGP's "non-core" assets — among them Summerlin in Las Vegas, The Woodlands and Bridgeland near Houston, and Ward Village in Honolulu. Bill Ackman's Pershing Square, central to the GGP restructuring, has been an anchor shareholder from day one. For over a decade the company operated as a pure-play master-planned-community (MPC) developer.

Refocusing, then transforming

Two moves reshaped the company. First, in July 2024 it spun off **Seaport Entertainment** — a collection of restaurants, the Las Vegas Aviators, a ballpark and Fashion Show air rights — that a former executive called "a massive distraction." That left a clean, pure-play developer. Then, having concluded that public markets would never fairly value a lumpy, non-investment-grade developer, Ackman moved to convert it into something else entirely.

In May 2025 Pershing Square injected **$900m at $100 per share**, lifting its stake to roughly 47%; Ackman became Executive Chairman and his CIO Ryan Israel joined as HHH's Chief Investment Officer. Seven months later the company agreed to buy the insurer Vantage Group — closing in

June 2026. Howard Hughes now runs on two platforms: **Howard Hughes Communities** (the legacy real estate) and **Vantage** (insurance).

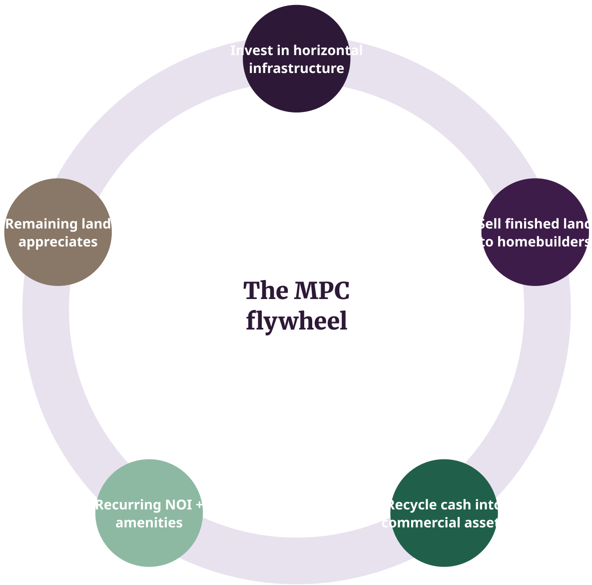
The structure today

HHH is the listed parent (NYSE: HHH) with no direct operations of its own. Beneath it sit the real-estate business — three segments: Master Planned Communities, Operating Assets and Strategic Developments — and Vantage's specialty insurance and reinsurance. The parent's job is capital allocation: pulling cash out of real estate and compounding it inside insurance and new operating businesses.

03 **THE BUSINESS MODEL**

A self-funding flywheel

Howard Hughes is not a homebuilder. It is a master-planner: it buys and entitles vast tracts of land, builds the roads, utilities and amenities, and sells finished land to third-party builders — keeping the appreciation its own investment creates. Done at scale, over decades, the model funds itself.



How the loop turns

1. **Invest in horizontal infrastructure.** Roughly $400m a year goes into grading, roads and utilities. A meaningful share is recovered through Municipal Utility Districts (Texas) and Special Improvement Districts (Nevada), which reimburse the developer from bond proceeds.

2. **Sell improved land to builders.** In Nevada as large 20–25-acre “superpads”; in Texas as finished individual lots. Howard Hughes never takes homebuilding risk — it sells the land and moves on.

3. **Recycle the cash into commercial development.** Retail, office, medical and multifamily are built to match real-time resident demand, becoming recurring-income Operating Assets.

4. **Grow recurring NOI.** Those stabilised assets throw off rent — a growing annuity that funds overhead and interest.

5. **Let the amenities lift the land.** A Whole Foods anchor or a Class-A office core raises the price and sales velocity of every remaining acre — closing the loop and starting it again at a higher price.

> ### Two platforms, one capital allocator
>
> Post-Vantage the model gains a second half. The real-estate flywheel converts a finite land bank into cash; the insurance platform turns that cash into permanent, compounding capital. The parent's discipline — a largely fixed share count and a refusal to issue equity cheaply — is what links the two.

The result is a business that is genuinely hard to replicate. A would-be competitor cannot simply buy 22,000 contiguous, entitled acres next to Las Vegas; entitlement, infrastructure and water rights take decades to assemble. That is the moat we turn to next.

04 THE VALUE ENGINE

Master Planned Communities

This is where Howard Hughes creates most of its value. It controls the entire master plan of each community, which lets it sequence supply and capture the uplift its own investment creates — selling finished land to builders at steadily rising prices for decades.

The land bank

Howard Hughes controls about 101,000 gross acres of pre-entitled, deed-restricted land across five states. Entitlement barriers, multi-year jurisdictional negotiations and secured water rights make these positions effectively impossible to replicate — a durable local monopoly in each market.

WHOLLY-OWNED & JV LAND PORTFOLIO — RESIDENTIAL, AS OF 30 JUNE 2026

Community	Resid. acres	$ / acre	Gross margin	Total residual value
Summerlin · Las Vegas, NV	1,890	$1,966k	81%	$4,160m
Bridgeland · Houston, TX	1,142	$661k	89%	$1,570m
The Woodlands · Houston, TX	63	$679k	96%	$689m
The Woodlands Hills · TX	597	$403k	87%	$352m
Teravalis · Phoenix, AZ (88%)	15,908	early-stage	—	$549m†
Floreo (JV, 50%) · Phoenix	1,061	$800k	49%	$296m†
Wholly-owned residual value (margin-adj.)				**~$5,735m**

Source: Q2 2026 Supplemental (land portfolio, 30 June 2026). †Teravalis and Floreo carried at book value; Teravalis is an early-stage ~37,000-acre community entitled for up to 100,000 homes, secured by a 100-year assured water supply.

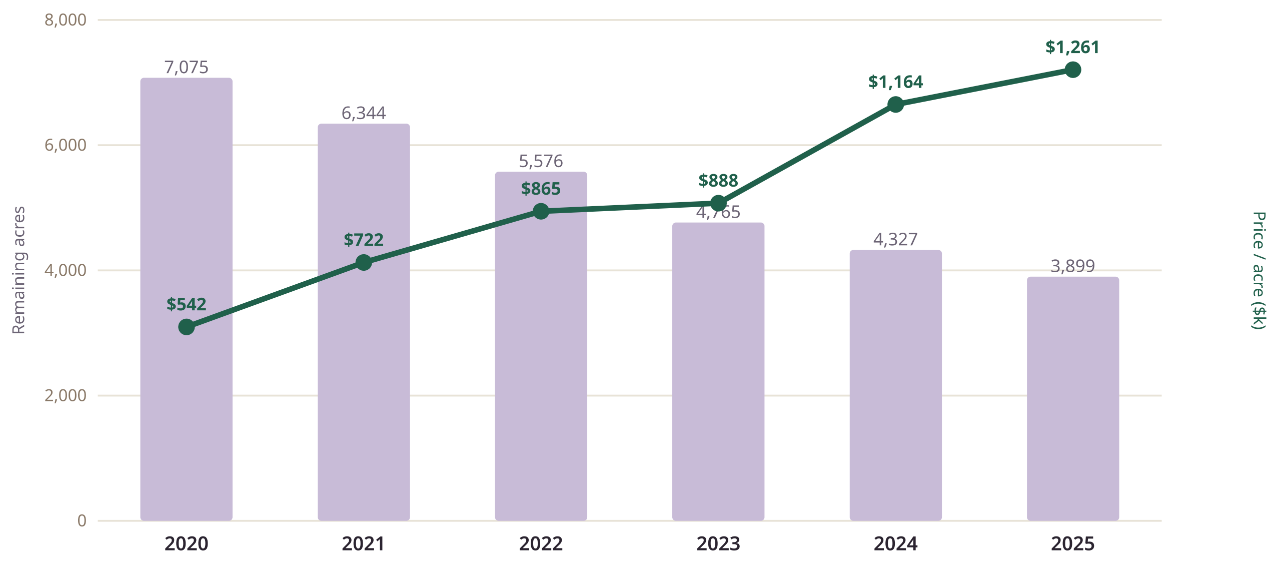
The flywheel

The cycle repeats for decades: invest ~$400m a year in infrastructure (much recovered via MUD/SID bonds), sell finished land to builders, recycle the cash into commercial assets, and let those amenities raise the value of every remaining acre.

> **“We’re not selling land — we’re harvesting scarcity.”**
>
> Because land is released only at the pace of actual home closings, the communities never flood their own market. Supply discipline is the engine behind two decades of per-acre price appreciation.

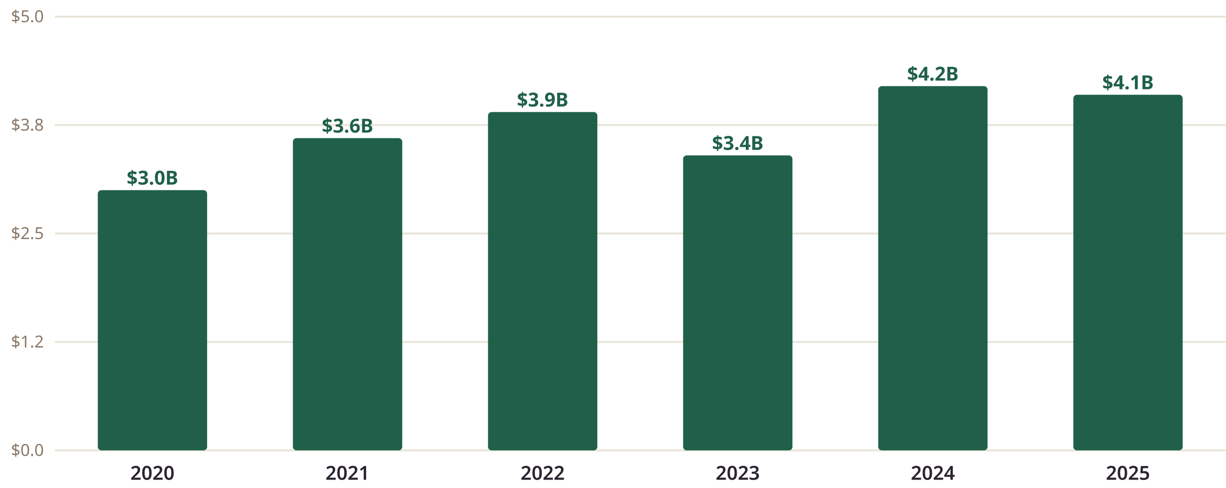
Appreciation beats depletion

The natural worry with a land developer is that it is liquidating a finite asset. Howard Hughes’ own data answers it directly. Since 2020 the residential land bank has shrunk by roughly 45% in acreage — yet price per acre has risen about 133%, so the residual value of the land is *higher* today than when it held nearly twice the acres.



Residential land bank — remaining acres (bars) vs. average price per acre (line), 2020–2025.

The mechanism is simple: each acre sold makes the next acre scarcer and the community more complete, so the price the market will pay keeps climbing faster than inventory falls. Summerlin land has compounded at roughly 18% a year; Bridgeland at about 9%.

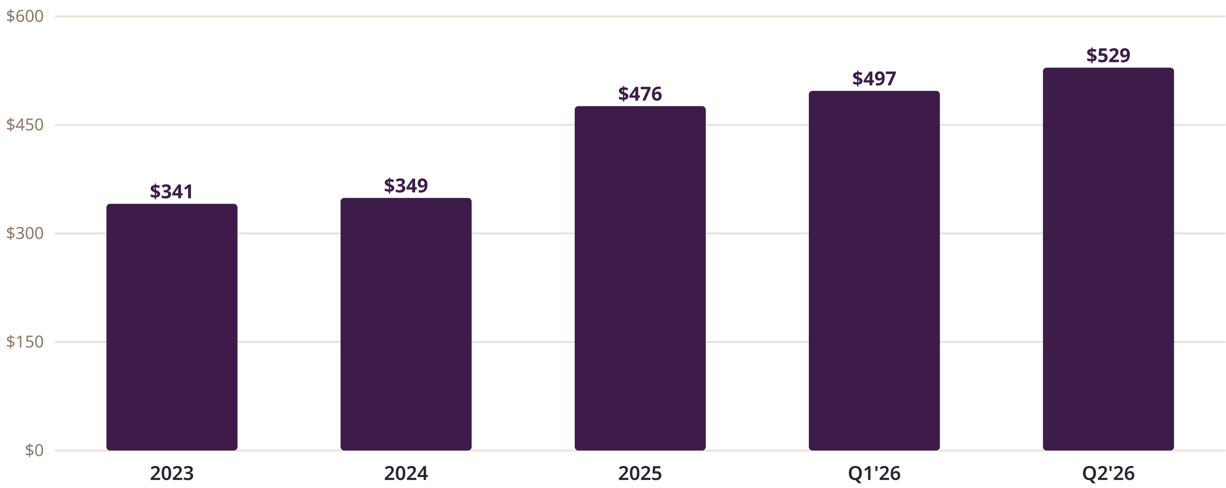


Estimated residential land residual value ($bn, pre-tax), 2020–2025 — resilient despite depletion.

+133%	−45%	+34%
RESIDENTIAL PRICE / ACRE, 2020–2025	REMAINING ACRES OVER THE SAME PERIOD	RESIDUAL LAND VALUE, DESPITE THE DEPLETION

Earnings are following

Layered on top is **builder price participation** — Howard Hughes shares in the upside when the homes built on its land ultimately sell for more, a second bite of the appreciation it helped create. Together these dynamics have driven MPC segment pre-tax earnings sharply higher, even as quarter-to-quarter results stay lumpy.



MPC segment EBT ($m, trailing twelve months at each period end). Source: company filings.

What it’s worth

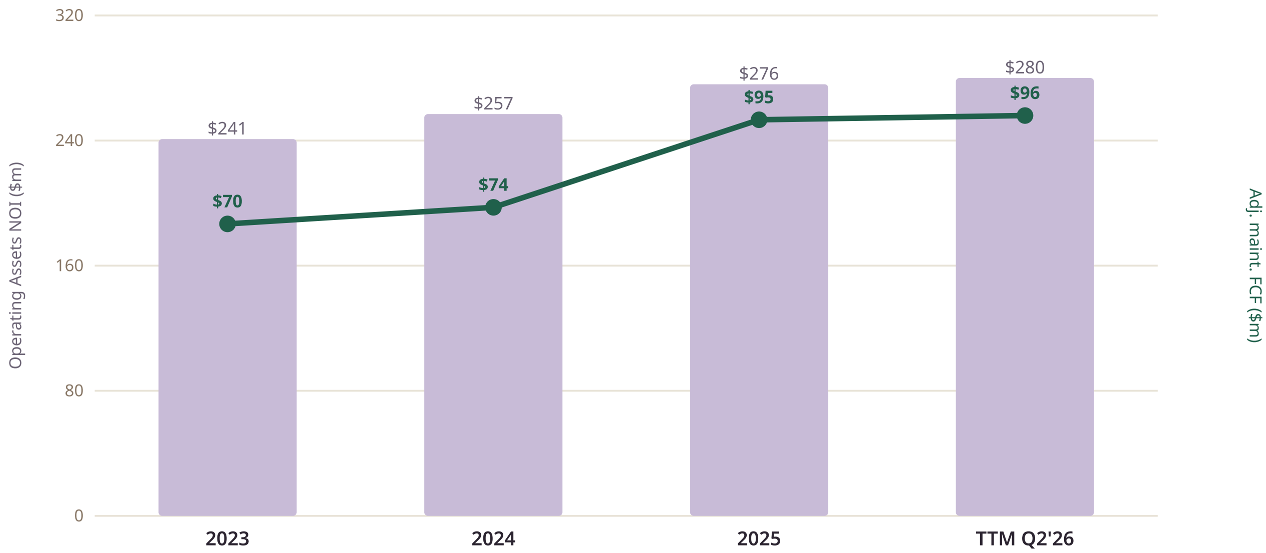
Management estimates the wholly-owned land bank alone carries roughly **$5.7bn** of margin-adjusted residual value — before any contribution from Teravalis. Symmetry carries MPC at **$5,198m after tax** in the sum-of-the-parts (§11), the single largest piece of the valuation.

Operating Assets

If the land bank is the engine, the Operating Assets are the flywheel's battery: a growing portfolio of stabilised office, retail and multifamily — almost all of it built inside the communities — that throws off recurring rent to cover overhead and interest while the land monetises.

A growing annuity

Net operating income has compounded steadily to about **$280m** on a trailing-twelve-month basis, with same-store growth in the mid-single digits. Because the assets sit inside communities Howard Hughes itself is filling with residents, occupancy and rents benefit from demand the developer is helping to create.



Operating Assets NOI (bars) and Adjusted Maintenance Free Cash Flow (line), $m, 2023–TTM Q2 2026.

After maintenance capital, leasing costs and net interest, the portfolio produced roughly **$96m** of adjusted maintenance free cash flow over the last twelve months, up about 16%. Management frames the multi-year build as double-digit FCF growth — mid-single-digit rent growth, plus stabilising new assets, plus operating leverage.

Portfolio mix

By NOI the portfolio is balanced across the three core property types, with a modest tail of "other" assets:

Operating Assets NOI mix (TTM to 30 June 2026): office, multifamily, retail and other.

What it’s worth

We value the segment the way its public REIT peers are valued — on a multiple of recurring free cash flow (AFFO). Peer multiples cluster around 17–22× depending on asset class:

Peer P/AFFO multiples by asset class (mid-2026) and the blended ~20× Symmetry applies. Source: Symmetry, company comps.

Valuation

At ~20× a normalised ~$96m of adjusted maintenance FCF, the Operating Assets are worth roughly **$1,920m** — the figure Symmetry carries in the sum-of-the-parts. As newer assets stabilise and FCF compounds, this piece should grow at a double-digit rate for years.

Now a source of capital to recycle

Historically these assets were held for the long term. Under the holding-company strategy they take on a second role — a pool of capital to be recycled into higher-returning uses. Unlike the condos, which self-liquidate on their own schedule, the stabilised income properties are exactly what management is now working to **monetise faster**: it is actively willing to sell assets, enter joint ventures and bring in third-party (for example, pension-fund) capital to release value from the property portfolio and channel it toward Vantage — all without issuing HHH equity. It has already begun pruning, selling the Creekside Park assets for roughly **$30m of net proceeds at a ~30% project-level IRR**. We cover this pivot in full in §07.

06 STRATEGIC DEVELOPMENTS

Ward Village & condominiums

On 60 acres of Honolulu waterfront, Howard Hughes is building one of America's most successful master-planned condo communities. It is high-margin, largely pre-sold and effectively self-financing — a periodic gusher of cash that funds the rest of the company.

How the condo model works

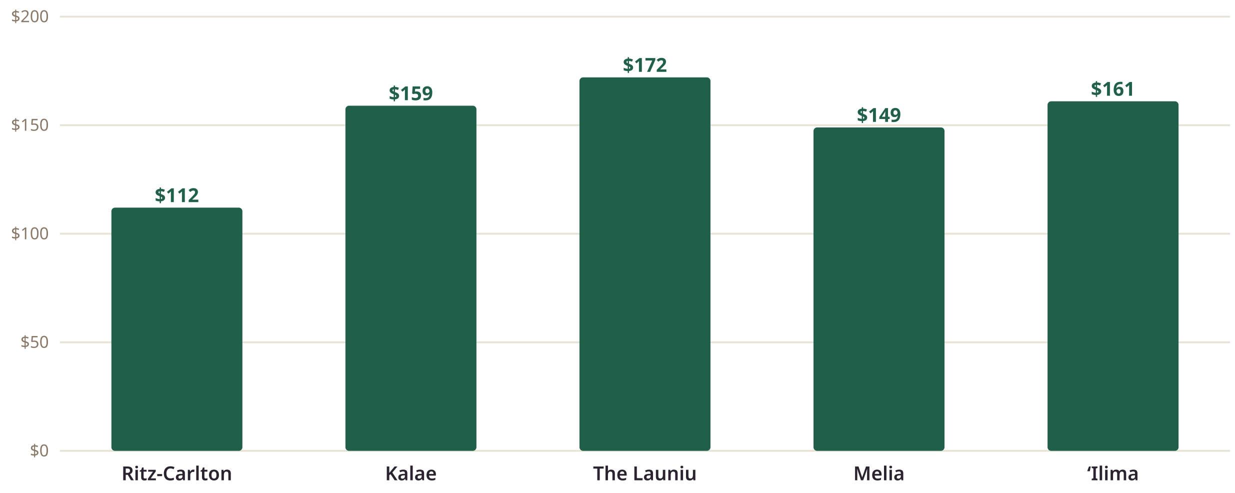
Ward Village towers are sold years before completion. Buyers put down deposits; construction is funded by non-recourse loans against those pre-sales; and because Howard Hughes contributes the land it already owns, margins are effectively locked in before the first shovel. Cumulative sales at Ward Village now exceed **$8.3bn**.

The most recent tower, **The Park Ward Village**, completed in Q2 2026: 97% of units sold, delivering $130.9m of condo gross profit and about **$226.6m of net cash proceeds** after repaying project debt. Behind it sits a pipeline of roughly **1,293 units, ~78% already under contract**, worth more than $4bn of future revenue.

CONDOMINIUM PIPELINE — SYMMETRY NPV BUILD (12% DISCOUNT RATE, 25% MARGIN)

Tower	Delivery	% sold	Future revenue	Gross profit	NPV
Ritz-Carlton Residences	2027	77%	$506m	$127m	$112m
Kalae	2028	94%	$819m	$205m	$159m
The Launiu	2028	75%	$887m	$222m	$172m
Melia	2030	70%	$997m	$249m	$149m
'Ilima	2030	63%	$1,072m	$268m	$161m
Total pipeline NPV		**~78%**	**~$4.3bn**		**~$752m**

Source: Symmetry condo model; Q2 2026 Supplemental pipeline. Symmetry carries condos at $720m in the SOTP (§11), a shade below the gross NPV for conservatism.



Risk-adjusted NPV by tower ($m) — the near-term, high-certainty towers carry the most value.

Why it matters to the thesis

The condo pipeline is **self-liquidating by design**: with margins largely locked and ~78% of units already under contract, it converts to cash with high visibility over the next several years — no acceleration required. That cash is destined for Vantage. It is the income-producing Operating Assets (§05), not the condos, that management is now working to monetise faster through JVs, partnerships and sales.

Vantage, float & releasing capital

This is the chapter that changes the story. In June 2026 Howard Hughes bought the specialty insurer Vantage Group, giving it a second engine — low-cost insurance float — and a reason to pull capital out of real estate as fast as it responsibly can. The model is explicitly Warren Buffett's early Berkshire.

What Vantage is

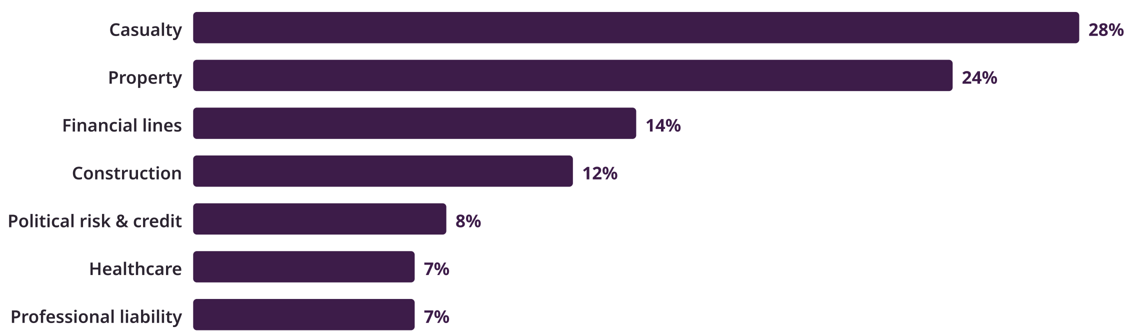
Vantage Group Holdings is a Bermuda-based specialty property & casualty insurer and reinsurer, founded in 2020 with about $1bn of capital and led since its launch by insurance veteran Greg Hendrick. Before this deal it was majority-owned by private-equity firms Carlyle and Hellman & Friedman. It earned a 96% combined ratio in 2025 with mid-teens returns on equity and no legacy reserve problems.

A diversified book

A crucial and under-appreciated feature of Vantage is how **diversified** it is. It is not a one-trick catastrophe reinsurer or a mono-line specialist — it is split roughly **60% specialty insurance / 40% reinsurance**, and within each half it writes a broad spread of largely uncorrelated lines across multiple geographies.

Vantage premium split: specialty insurance vs. reinsurance (~60 / 40).

On the insurance side the book spans casualty, property, financial lines, construction, political risk & credit, healthcare and professional liability; the reinsurance side is weighted toward property & casualty and specialty treaties. No single line dominates:



Vantage specialty-insurance gross premiums by line (% of insurance GWP, Q2 2026).

That breadth matters. Diversification across lines, perils and geographies smooths underwriting results — a bad quarter in one line (the political-risk losses from the Iran conflict in Q2 2026, say) is cushioned by the others — and it is exactly the discipline that lets a quality specialty insurer earn steady mid-teens returns through the cycle rather than lurching with a single market. It also gives the incoming Arch team room to lean into the lines that are pricing well and pull back from those that are not.

Acquisition price	**~$2.1bn, all cash**
Multiple paid	**1.5× 2025 book (~1.4× tangible)**
Financing	**$1.2bn HHH cash + $1.0bn Pershing Square preferred**
Closed	**4 June 2026**
Rating	**A.M. Best A− (positive outlook)**
Leadership	**Marc Grandisson (ex-Arch CEO), Exec Chairman**

The operators behind Vantage

The reason to believe Vantage can earn high-teens returns is not a spreadsheet — it is the two people Howard Hughes brought in during 2026 to run it going forward. Marc Grandisson and David Gansberg spent their careers building **Arch Capital Group** into one of the best-performing specialty insurers of the past two decades. They did not build Vantage — they are joining it — but their arrival is precisely what underpins the higher-return ambition for the platform.

Arch was recapitalised in 2001, in the dislocation after 9/11, and rebuilt from a near-standing start into a premier specialty insurer, reinsurer and mortgage insurer. Over the following two decades it compounded **book value per share at roughly 15% a year**, earned **consistently high-teens returns on equity** through the cycle, and grew into a company worth more than $30bn — a genuinely top-tier underwriting and capital-allocation record.

~29%	**~15%**	**High-teens**	**>$30bn**
AVG. ANNUAL ARCH SHARE-PRICE RETURN UNDER GRANDISSON AS CEO	ARCH BOOK-VALUE-PER-SHARE CAGR, ~2 DECADES	ARCH RETURNS ON EQUITY THROUGH THE CYCLE	VALUE ARCH GREW INTO FROM ITS 2001 RESTART

Marc Grandisson joined Arch in 2001, built its reinsurance and then its insurance operations, and rose to President, Chief Operating Officer and ultimately Chief Executive — widely regarded as one of the industry's finest underwriters. During his tenure as CEO, Arch's shares compounded at an average of roughly **29% a year** (per Howard Hughes' announcement of his appointment). **David Gansberg** built and led Arch's U.S. mortgage-insurance business into the national market leader before becoming co-President of the group and a candidate to run Arch itself. Ackman coaxed Grandisson out of retirement to chair Vantage; Gansberg, his long-time lieutenant, is CEO-designate once a noncompete lapses in 2027.

Why this de-risks the thesis

The high-teens return on equity in our Vantage build is not a hope — it is close to what these two delivered at Arch for twenty years. Pair that underwriting discipline with Pershing Square's fee-free, equity-heavy management of the float, and the target looks less like a stretch and more like a base case.

The Berkshire logic

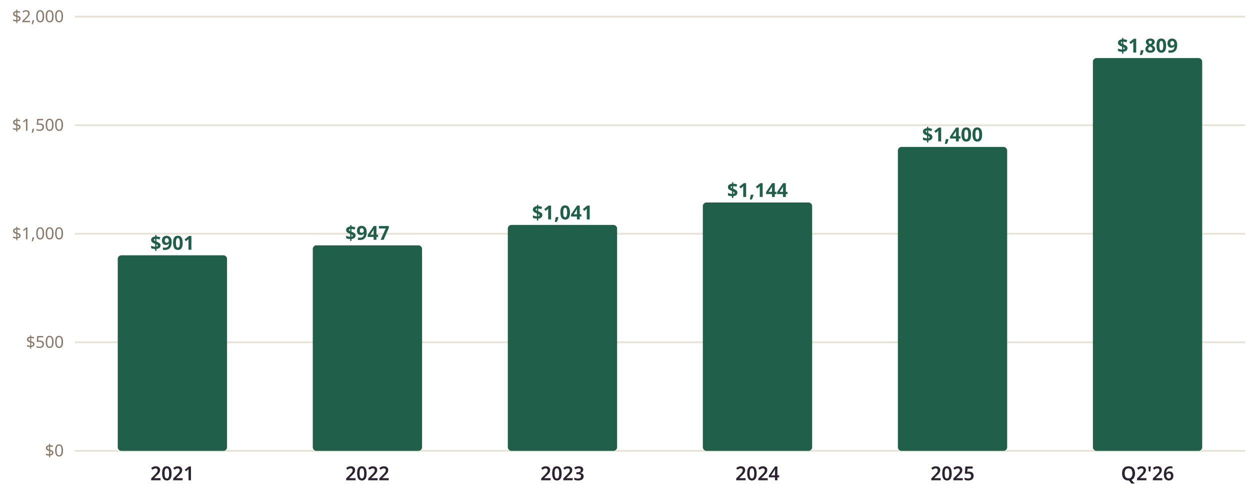
An insurer collects premiums today and pays claims later; the money it holds in between — the **float** — can be invested. If the underwriting breaks even or better, that float is a low- or negative-cost source of permanent capital. Buffett built Berkshire on exactly this. Howard Hughes intends to do the same, with two twists that make it unusually powerful.

- **Fee-free management.** Pershing Square manages Vantage's ~$3.4bn portfolio at no charge — removing the fee drag that burdens most insurers' investment returns.
- **A far higher equity allocation.** Vantage's book was 100% fixed income; it has already been rebalanced toward a barbell of short-term Treasuries and public equities, targeting more than 50% in equities over time — only liquid, large-cap stocks, no private holdings.

Vantage invested-asset mix at 30 June 2026: cash & T-bills, common equities, fixed income — a deliberate barbell.

The engine is compounding

Vantage's GAAP equity has grown from ~$0.9bn in 2021 to ~$1.8bn at mid-2026, helped by a capital infusion from Howard Hughes at close. Underwriting is cyclical — the Q2 2026 combined ratio rose to 101.6% on Iran-war catastrophe losses and some adverse prior-year development — but the trailing return on equity is still ~16%.



Vantage GAAP shareholders' equity ($m), 2021–Q2 2026. Source: company filings.

Management's illustrative build lifts Vantage's through-cycle return on equity from a typical insurer's ~12% toward the high-teens — driven by that fee-free, equity-heavy portfolio — which in turn should warrant a higher multiple of book (high-teens-ROE specialty insurers trade around 2× tangible book).

ILLUSTRATIVE RETURN-ON-EQUITY BUILD (MANAGEMENT FRAMEWORK)

Driver	Typical P&C insurer	Illustrative Vantage
Investment return on equity	8.3%	16.4%
Underwriting return on equity	4.0%	3.0%
Total after-tax return on equity	**12.2%**	**19.3%**

Source: management valuation framework. Illustrative; assumes ~50% equity allocation earning ~20% (in line with Pershing Square's long-run record) — a bull-case input that, importantly, the thesis does not depend on (see below).

You don't need the 20% for this to work

Crucially, the high-teens return does *not* hinge on Pershing Square repeating its ~20%. Marc Grandisson targets a **mid-teens ROE through the cycle from underwriting profit and normal investment income alone** — before any equity out-performance is counted. Even a modest **12–15% return on the equity book**, well below Pershing Square's long-run record, comfortably supports a high-teens ROE and therefore the **1.5–2.0× book value** we ascribe to Vantage. If Pershing Square delivers its historical ~20%, that is upside on top of the thesis — not a load-bearing assumption within it.

Hasn't this been tried before?

A fair objection: hedge-fund managers have built insurers to invest the float before, and it went badly. David Einhorn's **Greenlight Re** and Dan Loeb's **Third Point Re** were both created to run exactly this model — and both disappointed for years. It is worth being precise about why they failed, because Vantage is structured to avoid each mistake.

WHY GREENLIGHT RE AND THIRD POINT RE DIDN'T WORK

- **Built from scratch to gather premium.** Starting with no franchise, they had to grow the top line quickly just to have float to invest — and chasing premium volume is precisely how insurers write bad business. Persistent underwriting losses followed.
- **The float was managed for high fees.** Each reinsurer paid its sponsoring hedge fund to run the assets. In practice the structures worked as much as a way to raise fee-paying AUM for Greenlight and Third Point as a way to compound for the reinsurance shareholders — a misalignment baked into the design.

WHY VANTAGE IS DIFFERENT

- **Underwriting profit comes first.** The mandate is to make money on the insurance itself from day one — not to grow premium for its own sake. That is exactly the discipline the incoming Arch team is known for.
- **It is an already-built platform.** Vantage is a scaled, A−-rated specialty insurer with a real book and a genuine track record — not a start-up hunting for volume.
- **And, decisively, the manager is aligned.** Pershing Square is **not paid to manage Vantage's assets** — it does so fee-free. It earns a fee only if HHH's share price rises over time. Its incentive is therefore identical to every other HHH shareholder's: not to gather assets, but to compound the share price.

> **The alignment is the whole point**
>
> Greenlight Re and Third Point Re were, in effect, fee machines for their sponsors — the manager got paid on assets whether or not shareholders did well. Vantage is the opposite: Pershing Square makes money only when HHH shareholders do. That single difference — no asset-management fee, and upside tied entirely to the share price — is what turns a structure that failed twice into one we think should work.

A second, hidden float: the deferred-tax engine

There is a further advantage the market almost never prices, and it is pure Buffett. An investor who buys a great business and holds it for decades never realises the gain — and so never pays the tax on it. The government's share of that unrealised gain stays invested and compounds *for the shareholder*: in effect an **interest-free loan from the tax authorities that grows the longer you hold**. Berkshire has quietly compounded tens of billions this way.

Vantage is structurally built to exploit exactly this. Because it generates cash every year from two sources that require no asset sales — **underwriting profit and interest income on its bond and cash book** — it never has to sell equities to pay claims or fund operations. It can therefore let its equity portfolio compound essentially indefinitely, trimming a position only when its forward expected return (*including* the value of the deferred tax it would crystallise) falls below Vantage's ROE hurdle. The growing deferred-tax liability becomes a second, permanent, zero-cost float sitting on top of the insurance float.

- **Volatility becomes a tax asset.** When a holding falls 10–20%, Vantage can sell it, book the realised loss against other taxable income, and re-establish the position — monetising the loss while keeping the long-term thesis intact. Losses are harvested; gains stay deferred.
- **Real-estate deductions shelter the group.** Property development throws off depreciation and upfront tax losses. Inside a diversified holding company those deductions can be applied where they are most valuable — something neither a stand-alone insurer nor a stand-alone developer can do as efficiently.

> **"Float on float"**
>
> The market values Vantage on book value and reported ROE. Neither captures the compounding of deferred tax on a portfolio deliberately designed never to be sold, nor the real-estate deductions that can shield income elsewhere in the group. Over a multi-year hold this quietly adds materially to returns — and it is nowhere in our sum-of-the-parts.

The real pivot: releasing capital from real estate

The most important message from the Q2 2026 call was not about insurance mechanics — it was a change of philosophy toward the real estate itself. Management now treats the property portfolio as a source of capital to be *released*, not held, and is willing to use every tool to do it faster.

> *"We're going to become disproportionately an insurance holding company ... as opposed to a real estate company with an insurance operation — and we're going to work to achieve that as rapidly as possible."*
>
> **Bill Ackman, Executive Chairman — Q2 2026 earnings call**

Concretely, that means the residential lots, the condos and non-core assets are now viewed as **"effectively self-liquidating"**; management is actively open to **joint ventures, partnerships, third-party capital and outright asset sales** to pull value forward — even floating the idea of raising a pool of outside (e.g. pension-fund) capital to develop real estate at a lower cost of capital. Every incremental dollar of free cash flow is earmarked to go to Vantage first. This is the mechanism by which the deep discount in this report actually closes: hidden real-estate value is converted to cash and re-struck at insurance-compounding economics.

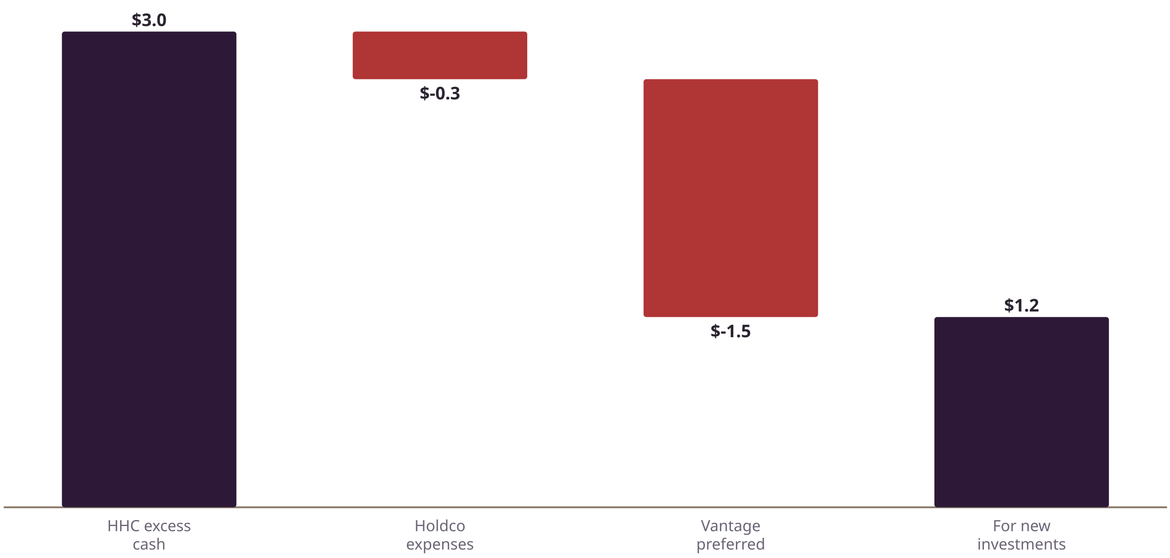
> ### Ownership economics of the deal
>
> Howard Hughes acquired 100% of Vantage, but $1.0bn of the funding came from a non-voting Pershing Square preferred that carries an economic interest in Vantage — leaving HHH with ~58% of Vantage's economics at close. Because HHH can repurchase that preferred at a fixed 1.5× book while intrinsic value rises toward ~2×, buying it back is highly accretive and marches HHH toward 100% ownership over time.

The compounding machine

A holding company is only as good as its capital allocator. Howard Hughes has an unusually clear plan: harvest $2.5–3.0bn of excess cash from real estate over the next five years, buy back the Vantage preferred, feed the insurer, and then acquire controlling stakes in durable operating businesses — all on a largely fixed share count.

The cash engine

Even assuming no new speculative development, management expects the real-estate business to throw off **$2.5–3.0bn of cumulative excess free cash flow by 2030** — roughly two-thirds to four-fifths of today's entire market capitalisation. The willingness to accelerate via JVs and asset sales (chapter 7) only pulls that forward.



Illustrative use of ~$3.0bn cumulative HHC excess cash to 2030 ($bn). Source: management framework.

The priority stack

1. **Redeem the $1bn Pershing Square preferred** within its seven-year window — accretive because it is repurchased at 1.5× book while Vantage's intrinsic value rises toward 2×, moving HHH toward 100% of the insurer.

2. **Feed Vantage primary capital** — the main focus of deployment over the next several years, because capital added at book value compounds faster than book grows.

3. **Acquire controlling (51–100%) stakes** in high-quality, non-real-estate operating businesses that can compound at high-teens rates — the Berkshire play-book.
4. **Selective vertical development** only where demand offers outsized risk-adjusted returns.

The mix shift

The consequence is a company that looks very different by 2030. Real estate — a decent but slow-compounding, self-liquidating asset — shrinks as a share of value, while insurance and future operating businesses grow. Management's own illustration:

Value mix today (pro-forma): ~79% real estate / ~21% Vantage.

Value mix targeted for 2030: ~37% real estate / ~44% Vantage / ~19% future investments.

Discipline that protects the thesis

Two commitments matter. First, Howard Hughes will *not* issue equity near current prices — Berkshire compounded on a near-fixed share count, and so will this. Second, incremental cash goes to the highest-return use, which today is Vantage. For shareholders, that means the value released from real estate accrues per share, rather than being diluted away.

09 GOVERNANCE

Management & ownership

The people running Howard Hughes are, unusually, its largest owners. Pershing Square holds ~46.7% of the company and Bill Ackman chairs it. That alignment — and the quality of the operators he has recruited — is a core part of the thesis, even as it introduces its own dependencies.

Who runs it

KEY LEADERSHIP & BOARD

Person	Role
Bill Ackman	Executive Chairman (Founder & CEO, Pershing Square)
David O'Reilly	Chief Executive Officer
Ryan Israel	Chief Investment Officer (Pershing Square CIO)
Carlos Olea	Chief Financial Officer
Marc Grandisson	Director; Executive Chairman of Vantage (ex-Arch CEO)
R. Scot Sellers	Presiding independent director

Ackman's stated method is to "find a great business and then find the best person in the world to run it" — the pattern behind Pershing Square's Chipotle and Canadian Pacific successes. For Vantage that person is Marc Grandisson, who built Arch Capital into a premier specialty insurer and was coaxed out of retirement to chair Vantage; his former Arch colleague David Gansberg is CEO-designate. The board is fixed at 11 members, a majority independent, with a standstill agreement requiring approval from both disinterested directors and unaffiliated shareholders for any change of control — a guard-rail given Pershing Square's stake.

The Pershing Square arrangement

Under a services agreement dated May 2025, Pershing Square provides strategic advice, transaction execution and capital-allocation support in exchange for a base fee of **$15m a year** plus a variable fee tied to the share price rising above a ~$66 reference level. Importantly, that reference level is itself **stepped up every year with inflation** — so Pershing Square earns the variable fee only on *real* gains above an inflation-indexed hurdle, not on nominal drift. Total advisory fees were ~$17m in 2025. Crucially, Vantage's large investment portfolio is managed **fee-free**, and Pershing Square's own fund fees are reduced dollar-for-dollar to avoid charging its investors twice.

Pershing Square's track record

The entire "compound the float" thesis rests on one question: can Pershing Square actually invest the money well? Two decades of evidence say yes. Founded by Bill Ackman in 2004, Pershing Square has built one of the strongest long-run records among concentrated investors — and the ~20% equity return assumed in our Vantage model is anchored to that multi-decade history.

2004	GGP	Fee-free
PERSHING SQUARE FOUNDED BY BILL ACKMAN	THE DISTRESSED TRADE THAT CREATED HOWARD HUGHES	NOW MANAGES VANTAGE'S FLOAT AT NO CHARGE

The connection to Howard Hughes is not new. Pershing Square's most storied investment was **General Growth Properties**: it bought the mall giant's equity when it was on the brink of bankruptcy in 2008–09, made many multiples of its money as GGP recovered, and negotiated the spin-off of the non-core assets into what became **Howard Hughes**. Pershing Square has, in effect, backed this land bank since inception.

Its other signature wins share a template: a concentrated portfolio of simple, high-quality, cash-generative businesses held for years. It installed Hunter Harrison to transform **Canadian Pacific**; led the **Chipotle** turnaround; and has compounded through long holds in Hilton, Lowe's, Restaurant Brands and Universal Music. The record has not been linear — a difficult 2015–2018 stretch (Valeant, a losing short campaign against Herbalife) cost money and taught hard lessons, after which the strategy was refocused on exactly the kind of durable compounders it favours today. That is the same discipline — and the same manager — now pointed at Vantage's float, for free.

Alignment, with eyes open

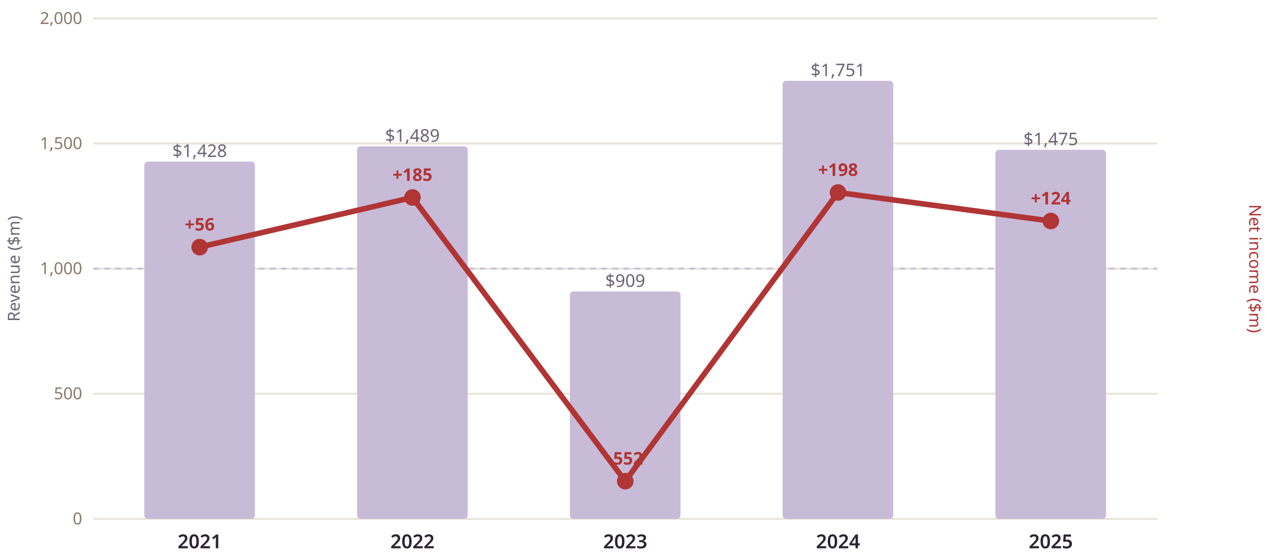
A ~47% owner-operator with a superb long-run record, buying more stock at $100 while it trades at $65, is about as aligned as public markets get. The flip side is concentration: much of the thesis rests on Ackman and Pershing Square continuing to allocate capital well, and on related-party arrangements remaining fair. We treat this as both a strength and a risk (§12).

Financials

Consolidated results are deliberately lumpy — land and condo profits close in bursts, and the Vantage acquisition has just re-based the balance sheet. The job of this chapter is to look through the noise to the segment cash flows and the debt behind them.

Consolidated results

Reported revenue and net income swing widely with the timing of land and condo closings — note 2023, when few condos delivered. This is exactly why GAAP EPS is the wrong lens and a sum-of-the-parts is the right one.



HHH revenue (bars) and net income (line), $m, FY2021–FY2025. Source: company filings.

Segment scorecard

SEGMENT PERFORMANCE — Q2 2026 AND TRAILING TWELVE MONTHS

Metric	Q2 2026	TTM	YoY (TTM)
MPC segment EBT	$134.7m	$529.5m	+44%
Operating Assets NOI	$70.5m	$279.6m	+5%
Condo gross profit	$130.9m	$132.2m	n.m.
Adj. maintenance FCF (Op. Assets)	$21.0m	$96.0m	+16%

Balance sheet & liquidity

Post-Vantage, total assets stand at roughly **$15.9bn**. The real-estate business carries about **$4.8bn of net debt** ($2.1bn excluding self-amortising Operating Assets mortgages), against $2.6bn of cash — of which ~$1.9bn now sits inside Vantage. In early 2026 the company refinanced at the tightest credit spreads in its history, issuing $1.0bn of new senior notes to redeem 2028 maturities.

Total assets (pro-forma, mid-2026)	**~$15.9bn**
Mortgages, notes & loans, net	**$5,456m**
Senior unsecured notes	**$2,300m**
HHC net debt	**$4,803m**
Cash & equivalents	**~$2.6bn**
Undrawn facilities	**$515m Bridgeland + $1.0bn development**

2026 guidance

MANAGEMENT GUIDANCE, FY2026

Metric	Range	Midpoint
MPC segment EBT	$343–391m	$367m
Operating Assets NOI	$279–290m	$284m
Condo sales revenue	$720–750m	$735m
Adjusted operating cash flow	$415–465m	$440m

Management intends to move away from annual segment guidance toward longer-term objectives as the holding-company transition proceeds.

11 VALUATION

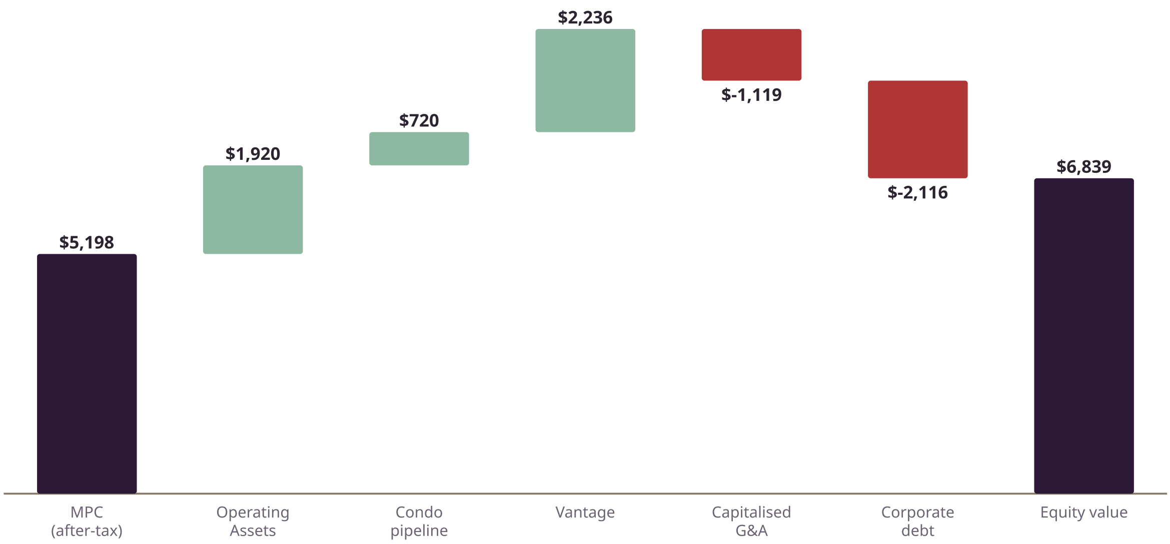
Sum of the parts

Because GAAP earnings understate Howard Hughes, we value it the way management does — piece by piece. Add the real-estate segments and Vantage, subtract overhead and debt, and a very different number emerges from the ~$65 share price.

The build

SYMMETRY SUM-OF-THE-PARTS — Q2 2026 BASIS, $M

Component	Basis	Value
MPC segment (after tax)	Margin-adjusted residual land value	$5,198m
Operating Assets	20× ~$96m adj. maintenance FCF	$1,920m
Condominium pipeline	NPV at 12%, 25% margin	$720m
Vantage (HHH share)	1.8× $1,809m book − $1,020m preferred	$2,236m
Gross asset value		**$10,074m**
Capitalised G&A	15× after-tax overhead	−$1,119m
Corporate debt (ex-Op. Assets)	Net	−$2,116m
Equity value		**$6,839m**



Sum-of-the-parts bridge to equity value ($m). Green = asset value, red = overhead & debt, purple = totals.

Per share — and the gap

On ~59m shares, the current sum-of-the-parts equity value is about **$116 per share**; on Symmetry's 2026 base case it rises to roughly **$119**. Against a share price near $65, that is a discount of about 45% — or, put the other way, roughly **83% upside** just to close the gap to intrinsic value today.

~$65	~$119	~83%	>$200
CURRENT SHARE PRICE	SYMMETRY SOTP FAIR VALUE	UPSIDE TO FAIR VALUE	MANAGEMENT TARGET BY 2030

Why we think it's conservative

- **Land at undiscounted, margin-adjusted residual value** — no credit for future price appreciation, which has run at double digits for years.
- **Vantage at 1.8× book**, below the ~2× that high-teens-ROE specialty insurers command — and that high-teens ROE is justified on just 12–15% equity returns, not Pershing Square's historic ~20%, which would be pure upside. We also take no credit for the accretion from buying back the preferred toward 100% ownership.
- **Condos struck below their gross NPV**, and Teravalis carried only at book despite entitlement for 100,000 homes.
- **No credit yet** for the faster capital release management is now pursuing, nor for future operating-business acquisitions.
- **No credit for the "float on float"** — the compounding of deferred tax on a buy-and-hold portfolio, plus real-estate depreciation sheltering group income (see §07).

The two-part return

The first leg is the discount closing — ~83% just to reach today's ~$119 intrinsic value. The second, larger leg is compounding: as real-estate cash is redeployed into Vantage and new businesses, management sees a path beyond $200 per share by 2030. We are paid to wait either way.

12 THE OTHER SIDE

Risks

The upside is large, but so is the list of things that must go right. We hold the position with these risks explicitly in view.

Holding-company complexity

A real-estate developer bolted to a Bermuda insurer is hard to analyse and may attract a persistent conglomerate discount rather than see it close.

Leverage

~$5.5bn of debt and a 'BB' credit profile leave less room for error if land or condo cash flows slow or rates stay high.

Cyclical, lumpy earnings

MPC and condo profits are episodic and tied to the housing cycle; a downturn in Sunbelt homebuilding would slow land sales and pricing.

Regional concentration

Heavy exposure to Houston (energy) and the water-constrained West concentrates both demand and resource risk.

Insurance volatility

Underwriting is exposed to catastrophes, social inflation and reserve development — Q2 2026's 101.6% combined ratio is a live reminder.

Equity-portfolio volatility

Vantage runs a ~50% equity allocation, so drawdowns hit its book value and valuation multiple together. The base case needs only 12–15% equity returns, not Pershing's historic ~20% — but a sharp, sustained equity fall would still hurt.

Preferred redemption

If the $1bn Pershing Square preferred is not repurchased within seven years it becomes exchangeable into Vantage equity, diluting HHH's economics.

Key-man & related parties

Much of the thesis rests on Ackman and Pershing Square; a departure, a stumble, or unfavourable related-party terms would all weigh on value.

Our take

None of these are trivial, but most are risks to the *pace* of value realisation rather than the *existence* of the value. The land bank is real, entitled and appreciating; the insurer is A− rated and profitable through the cycle; and the controlling owner is buying, not selling. That is the combination that gives us the margin of safety to own the volatility.

13 CONCLUSION

Why we own it

Howard Hughes is two good businesses inside one misunderstood wrapper: an irreplaceable, appreciating land bank, and a profitable insurer that turns the land's cash into permanent, compounding capital — run by an aligned owner-operator who is buying at these prices.

The market prices HHH as a lumpy, levered developer. We see a diversified holding company at the start of a deliberate transformation. The land bank is worth more today than when it held twice the acres; the Operating Assets are a growing annuity; the condos are a self-financing cash gusher; and Vantage adds a fee-free float engine with a path to high-teens returns. Management has told us plainly what happens next — real estate is now "self-liquidating," and every dollar released is bound for insurance and new operating businesses, on a fixed share count.

~$65	~$119	~83%	>$200
PRICE TODAY	INTRINSIC VALUE NOW	UPSIDE TO CLOSE THE GAP	MANAGEMENT TARGET, 2030

At roughly 0.55× a conservatively-struck net asset value, we are buying a dollar of durable, appreciating assets for about 55 cents — and being handed, for free, an insurance compounder and one of the best capital allocators of his generation to close the gap. That is why Howard Hughes is a core position for Symmetry.

In one line

An irreplaceable land bank plus an insurance compounder plus an aligned owner-operator, trading at ~55 cents on the dollar — with a catalyst, in management's own hands, to close it.