



THE PHOENICIAN,  
A LUXURY COLLECTION RESORT



# Supplemental Financial Information

JUNE 30, 2021

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# OVERVIEW

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INFORMATION



HOST HOTELS & RESORTS,  
CORPORATE HEADQUARTERS

# ABOUT HOST HOTELS & RESORTS

## PREMIER US LODGING REIT

S&P  
500  
COMPANY

\$12.3  
BILLION  
MARKET CAP<sup>(1)</sup>

\$16.6  
BILLION  
ENTERPRISE VALUE<sup>(1)</sup>

## LUXURY & UPPER UPSCALE CONSOLIDATED HOTELS PORTFOLIO<sup>(2)</sup>

84  
HOTELS

47,600  
ROOMS

20  
TOP US MARKETS

(1) Based on market cap as of June 30, 2021. See Comparative Capitalization for calculation.

(2) At August 3, 2021.



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# OVERVIEW



## ABOUT HOST HOTELS & RESORTS

Host Hotels & Resorts, Inc., herein referred to as “we,” “Host Inc.,” or the “Company,” is a self-managed and self-administered real estate investment trust that owns hotel properties. We conduct our operations as an umbrella partnership REIT through an operating partnership, Host Hotels & Resorts, L.P. (“Host LP”), of which we are the sole general partner. When distinguishing between Host Inc. and Host LP, the primary difference is approximately 1% of the partnership interests in Host LP held by outside partners as of June 30, 2021, which is non-controlling interests in Host LP in our consolidated balance sheets and is included in net (income) loss attributable to non-controlling interests in our consolidated statements of operations. Readers are encouraged to find further detail regarding our organizational structure in our annual report on Form 10-K.

## FORWARD-LOOKING STATEMENTS

This supplemental information contains forward-looking statements within the meaning of federal securities regulations. These forward-looking statements include forecast results and are identified by their use of terms and phrases such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “should,” “plan,” “predict,” “project,” “will,” “continue” and other similar terms and phrases, including references to assumptions and forecasts of future results. Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results to differ materially from those anticipated at the time the forward-looking statements are made. These risks include, but are not limited to: the duration and scope of the COVID-19 pandemic and its short and longer-term impact on the demand for travel, transient and group business, and levels of consumer confidence; actions governments, businesses and individuals take in response to the pandemic, including limiting or banning travel or the size of gatherings; the impact of the pandemic and actions taken in response to the pandemic on global and regional economies, travel, and economic activity, including the duration and magnitude of its impact on unemployment rates, business investment and consumer discretionary spending; the pace of recovery when the COVID-19 pandemic subsides; general economic uncertainty in U.S. markets where we own hotels and a worsening of economic conditions or low levels of economic growth in these markets; the effects of steps we and our hotel managers take to reduce operating costs in response to the COVID-19 pandemic; other changes (apart from the COVID-19 pandemic) in national and local economic and business conditions and other factors such as natural disasters and weather that will affect occupancy rates at our hotels and the demand for hotel products and services; the impact of geopolitical developments outside the U.S. on lodging demand; volatility in global financial and credit markets; operating risks associated with the hotel business; risks and limitations in our operating flexibility associated with the level of our indebtedness and our ability to meet covenants in our debt agreements; risks associated with our relationships with property managers and joint venture partners; our ability to maintain our properties in a first-class manner, including meeting capital expenditure requirements; the effects of hotel renovations on our hotel occupancy and financial results; our ability to compete effectively in areas such as access, location, quality of accommodations and room rate structures; risks associated with our ability to complete acquisitions and develop new properties and the risks that acquisitions and new developments may not perform in accordance with our expectations; our ability to continue to satisfy complex rules in order for us to remain a REIT for federal income tax purposes; risks associated with our ability to effectuate our dividend policy, including factors such as operating results and the economic outlook influencing our board’s decision whether to pay further dividends at levels previously disclosed or to use available cash to make special dividends; and other risks and uncertainties associated with our business described in the Company’s annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K filed with the SEC. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that the expectations will be attained or that any deviation will not be material. All information in this supplemental presentation is as of August 3, 2021, and the Company undertakes no obligation to update any forward-looking statement to conform the statement to actual results or changes in the Company’s expectations.

# ALL OWNED HOTEL PRO FORMA OPERATING STATISTICS AND RESULTS AND NON-GAAP FINANCIAL MEASURES



To facilitate a quarter-to-quarter comparison of our operations, we typically present certain operating statistics (i.e., Total RevPAR, RevPAR, average daily rate and average occupancy) and operating results (revenues, expenses, hotel EBITDA and associated margins) for the periods included in this supplemental information on a comparable hotel basis in order to enable our investors to better evaluate our operating performance (discussed in “Hotel Property Level Operating Results”). However, due to the COVID-19 pandemic and its effects on operations, there is little comparability between periods. For this reason, we temporarily are suspending our comparable hotel presentation and instead present hotel operating results for all consolidated hotels and, to facilitate comparisons between periods, we are presenting results on a pro forma basis, including the following adjustments: (1) operating results are presented for all consolidated hotels owned as of June 30, 2021, but do not include the results of operations for properties sold through the reporting date; and (2) operating results for acquisitions as of June 30, 2021 are reflected for full calendar years, to include results for periods prior to our ownership. For these hotels, since the year-over-year comparison includes periods prior to our ownership, the changes will not necessarily correspond to changes in our actual results. See the Notes to Supplemental Financial Information for further information on these pro forma statistics and the limitations on their use.

Included in this supplemental information are certain “non-GAAP financial measures,” which are measures of our historical or future financial performance that are not calculated and presented in accordance with GAAP (U.S. generally accepted accounting principles), within the meaning of applicable SEC rules. They are as follows: (i) EBITDA (for both the Company and hotel level), (ii) EBITDAre and Adjusted EBITDAre, (iii) Net Operating Income (NOI) and (iv) All Owned Hotel Pro Forma Operating Statistics and Results. Also included are reconciliations to the most directly comparable GAAP measures. See the Notes to Supplemental Financial Information for definitions of these measures, why we believe these measures are useful and limitations on their use.

Also included in this supplemental information is our leverage ratio, unsecured interest coverage ratio and fixed charge coverage ratio, calculated in accordance with our credit facility, along with our EBITDA to interest coverage ratio, indenture indebtedness test, indenture secured indebtedness test, and indenture unencumbered assets to unsecured indebtedness test, calculated in accordance with our senior notes indenture covenants. Included with these ratios are reconciliations calculated in accordance with GAAP. See the Notes to Supplemental Financial Information for information on how these supplemental measures are calculated, why we believe they are useful and limitations on their use.

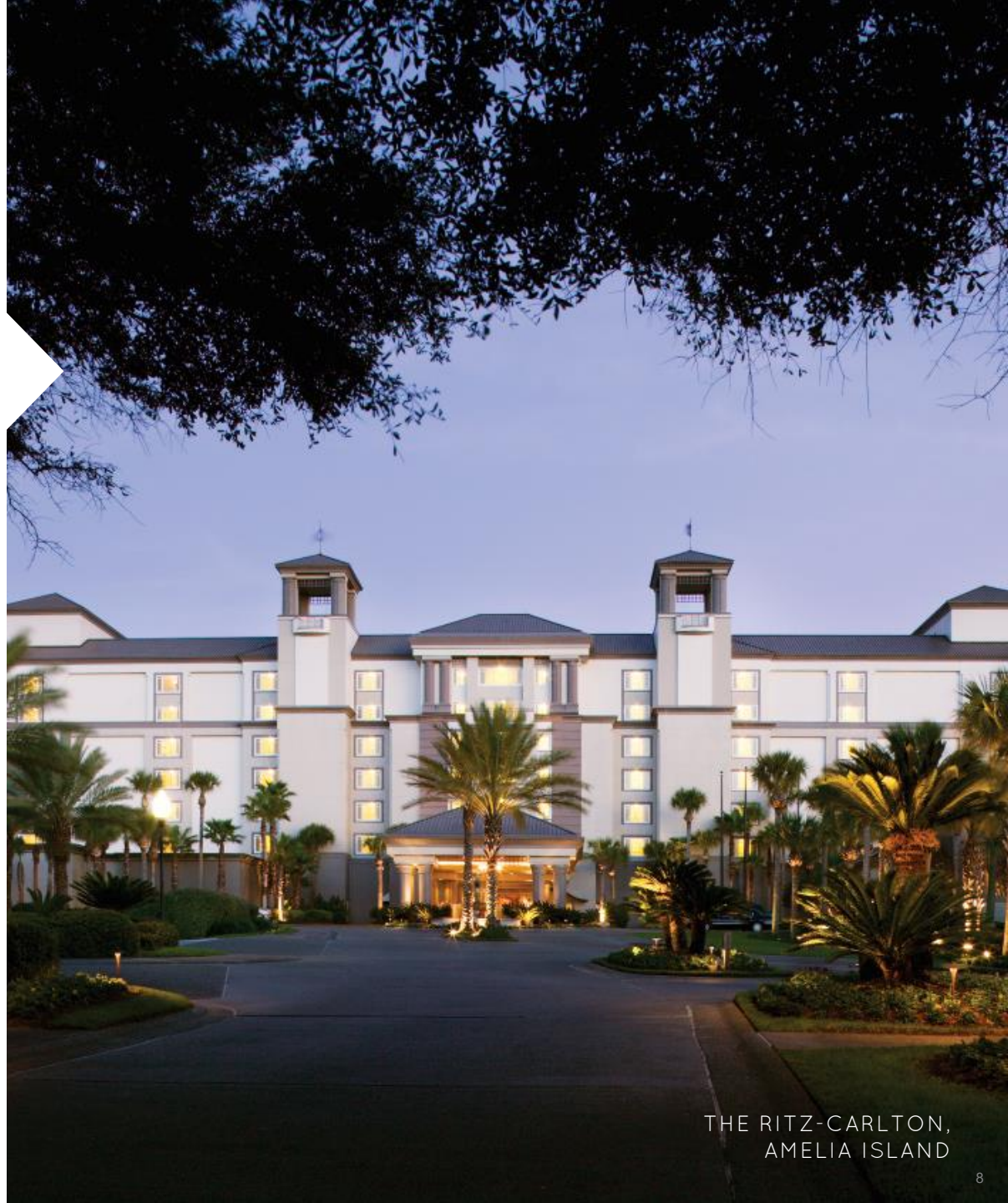
OVERVIEW

## PROPERTY LEVEL DATA

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NOTES TO  
SUPPLEMENTAL  
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THE RITZ-CARLTON,  
AMELIA ISLAND



# ALL OWNED HOTELS (PRO FORMA) RESULTS BY LOCATION IN NOMINAL US\$



(UNAUDITED, IN MILLIONS, EXCEPT HOTEL STATISTICS AND PER ROOM BASIS)

Quarter ended June 30, 2021

Location	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentage	RevPAR <sup>(1)</sup>	Total Revenues	Total Revenues per Available Room <sup>(2)</sup>
Miami	3	1,276	\$496.88	61.3%	\$304.64	\$56.2	\$469.79
Jacksonville	1	446	559.42	68.9	385.55	29.6	730.42
Florida Gulf Coast	5	1,842	404.15	66.5	268.58	84.8	506.14
Maui/Oahu	4	2,006	457.70	78.5	359.35	99.0	543.98
Phoenix	4	1,822	311.33	61.6	191.85	63.4	382.50
Orlando	2	2,448	427.88	27.0	115.67	45.6	204.69
Houston	4	1,716	141.99	61.3	87.08	18.4	117.76
Los Angeles/Orange County	5	2,119	171.25	63.5	108.66	28.4	147.12
Philadelphia	2	810	160.86	59.6	95.82	10.9	147.30
Atlanta	4	1,682	172.58	49.5	85.50	17.7	115.83
Washington, D.C. (CBD) <sup>(4)</sup>	5	3,238	152.55	40.4	61.69	20.1	68.15
San Diego	3	3,288	194.88	46.0	89.63	40.4	134.93
Northern Virginia	3	1,252	157.97	42.4	67.01	11.6	101.80
San Antonio/Austin	3	1,960	162.93	43.6	70.96	18.1	101.33
New York	3	4,261	172.42	32.6	56.16	24.8	63.98
Denver	3	1,340	133.42	43.3	57.76	9.0	74.07
New Orleans	1	1,333	125.59	44.8	56.27	9.4	77.37
Chicago	4	1,816	149.79	33.2	49.78	9.8	59.22
San Francisco/San Jose	7	4,529	145.03	30.8	44.69	24.5	59.49
Seattle	2	1,315	166.90	22.2	37.13	5.4	45.54
Boston	3	2,715	145.54	20.4	29.70	9.6	38.73
Other	6	2,509	145.72	40.7	59.29	17.8	78.10
Other property level <sup>(3)</sup>						1.8	
Domestic	77	45,723	234.48	43.8	102.71	656.3	157.19
International	5	1,499	66.34	19.2	12.75	2.7	19.99
All Locations - Nominal US\$	82	47,222	\$232.10	43.0%	\$99.86	\$659.0	\$152.84
Pro forma adjustments <sup>(5)</sup>						(9.6)	
Total	82	47,222	—	—	—	\$649.4	—

(1) RevPAR is the product of the average daily room rate charged and the average daily occupancy achieved.

(2) Total Revenues per Available Room ("Total RevPAR") is a summary measure of hotel results calculated by dividing the sum of room, food and beverage and other ancillary service revenue by room nights available to guests for the period. It includes ancillary revenues not included within RevPAR.

(3) Other property level includes certain ancillary revenues.

(4) CBD refers to the central business district.

(5) Pro forma adjustments represent the following items: (i) the elimination of results of operations of our sold hotels, which operations are included in our unaudited condensed consolidated statements of operations as continuing operations and (ii) the addition of results for periods prior to our ownership for hotels acquired as of June 30, 2021. The AC Hotel Scottsdale North is a new development hotel located in Phoenix that opened in January 2021. Therefore, there were no operations for the hotel prior to January 2021 and no adjustments made for pro forma results of the hotel for periods prior to its opening.

# ALL OWNED HOTELS (PRO FORMA) RESULTS BY LOCATION IN NOMINAL US\$



(UNAUDITED, IN MILLIONS, EXCEPT HOTEL STATISTICS AND PER ROOM BASIS)

Quarter ended June 30, 2020

Location	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentage	RevPAR	Total Revenues	Total Revenues per Available Room
Miami	3	1,276	\$276.13	8.3%	\$22.86	\$4.7	\$39.35
Jacksonville	1	446	469.00	28.1	131.95	8.9	219.50
Florida Gulf Coast	5	1,842	278.24	17.7	49.11	17.1	102.21
Maui/Oahu	4	2,006	75.47	3.7	2.77	1.5	8.23
Phoenix	3	1,657	185.02	6.8	12.58	8.0	53.48
Orlando	2	2,448	N/M	0.0	N/M	4.3	19.13
Houston	4	1,716	112.05	13.9	15.63	3.2	20.43
Los Angeles/Orange County	5	2,119	206.66	8.1	16.84	4.5	23.12
Philadelphia	2	810	120.32	10.6	12.75	1.2	15.74
Atlanta	4	1,682	138.09	9.6	13.23	2.8	18.55
Washington, D.C. (CBD)	5	3,238	221.94	4.6	10.14	3.2	10.76
San Diego	3	3,288	181.47	2.5	4.57	5.1	17.07
Northern Virginia	3	1,252	129.21	7.9	10.20	1.8	15.45
San Antonio/Austin	3	1,960	135.64	6.3	8.49	2.3	12.80
New York	3	4,261	134.19	30.2	40.47	16.7	43.18
Denver	3	1,340	112.47	7.9	8.87	1.3	10.96
New Orleans	1	1,333	N/M	0.0	0.29	0.2	1.94
Chicago	4	1,816	110.04	9.8	10.82	2.2	13.03
San Francisco/San Jose	7	4,529	175.74	4.2	7.43	6.0	14.51
Seattle	2	1,315	196.68	1.1	2.26	0.7	5.68
Boston	3	2,715	N/M	0.2	0.28	0.5	2.05
Other	6	2,509	109.28	13.5	14.77	4.3	18.40
Other property level <sup>(1)</sup>						2.0	
Domestic	76	45,558	165.12	8.7	14.41	102.5	24.20
International	5	1,499	59.79	8.4	5.02	1.7	12.44
All Locations - Nominal US\$	81	47,057	\$161.89	8.7%	\$14.11	\$104.2	\$23.83
Pro forma adjustments <sup>(2)</sup>						(1.1)	
Total	81	47,057	—	—	—	\$103.1	—

(1) Other property level includes certain ancillary revenues.

(2) Pro forma adjustments represent the following items: (i) the elimination of results of operations of our sold hotels, which operations are included in our unaudited condensed consolidated statements of operations as continuing operations and (ii) the addition of results for periods prior to our ownership for hotels acquired as of June 30, 2021.

N/M = Not meaningful

# ALL OWNED HOTELS (PRO FORMA) RESULTS BY LOCATION IN NOMINAL US\$



(UNAUDITED, IN MILLIONS, EXCEPT HOTEL STATISTICS AND PER ROOM BASIS)

Quarter ended June 30, 2019

Location	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentage	RevPAR	Total Revenues	Total Revenues per Available Room
Miami	3	1,276	\$299.54	80.6%	\$241.56	\$47.0	\$390.25
Jacksonville	1	446	414.11	84.1	348.40	30.6	753.61
Florida Gulf Coast	5	1,842	313.53	73.9	231.56	83.3	496.76
Maui/Oahu	4	2,006	384.31	92.3	354.62	104.2	577.55
Phoenix	3	1,657	277.88	74.6	207.40	73.5	488.38
Orlando	2	2,448	280.14	72.2	202.14	91.6	411.47
Houston	4	1,716	181.69	74.6	135.49	30.2	193.31
Los Angeles/Orange County	5	2,119	220.32	87.0	191.79	55.2	286.02
Philadelphia	2	810	247.35	89.7	221.94	27.0	366.74
Atlanta	4	1,682	188.81	76.7	144.87	35.5	232.21
Washington, D.C. (CBD)	5	3,238	278.76	91.5	255.04	108.3	367.23
San Diego	3	3,288	257.34	83.0	213.66	118.1	394.65
Northern Virginia	3	1,252	214.09	77.9	166.82	32.0	280.83
San Antonio/Austin	3	1,960	196.21	78.9	154.89	41.9	235.22
New York	3	4,261	292.59	84.9	248.42	146.9	378.93
Denver	3	1,340	176.07	79.4	139.88	25.7	210.69
New Orleans	1	1,333	196.98	81.0	159.65	28.4	233.90
Chicago	4	1,816	237.05	82.5	195.46	45.6	278.10
San Francisco/San Jose	7	4,529	267.87	82.7	221.55	129.3	313.95
Seattle	2	1,315	234.35	85.1	199.47	32.5	271.52
Boston	3	2,715	272.01	87.8	238.87	80.3	324.76
Other	6	2,509	175.50	83.0	145.69	47.5	207.76
Other property level <sup>(1)</sup>						1.7	
Domestic	76	45,558	256.49	82.5	211.49	1,416.3	341.16
International	5	1,499	158.97	69.7	110.79	23.1	169.04
All Locations - Nominal US\$	81	47,057	\$253.85	82.0%	\$208.28	\$1,439.4	\$335.67
Pro forma adjustments <sup>(2)</sup>						44.0	
Total	81	47,057	—	—	—	\$1,483.4	—

(1) Other property level includes certain ancillary revenues.

(2) Pro forma adjustments represent the following items: (i) the elimination of results of operations of our sold hotels, which operations are included in our unaudited condensed consolidated statements of operations as continuing operations and (ii) the addition of results for periods prior to our ownership for hotels acquired as of June 30, 2021.



# ALL OWNED HOTELS (PRO FORMA) RESULTS BY LOCATION IN NOMINAL US\$



(UNAUDITED, IN MILLIONS, EXCEPT HOTEL STATISTICS AND PER ROOM BASIS)

Year-to-date ended June 30, 2021								
Location	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentage	RevPAR	Total Revenues	Total Revenues per Available Room	
Miami	3	1,276	\$525.00	58.5%	\$306.95	\$111.9	\$470.12	
Jacksonville	1	446	534.27	52.3	279.35	43.5	539.18	
Florida Gulf Coast	5	1,842	455.98	59.7	272.11	166.0	497.88	
Maui/Oahu	4	2,006	440.07	59.4	261.61	145.0	401.86	
Phoenix	4	1,822	330.65	55.8	184.62	117.1	359.23	
Orlando	2	2,448	454.91	22.2	101.17	79.8	180.02	
Houston	4	1,716	134.73	56.1	75.63	31.8	102.44	
Los Angeles/Orange County	5	2,119	167.63	44.0	73.73	38.0	98.96	
Philadelphia	2	810	151.04	48.3	72.98	16.0	108.91	
Atlanta	4	1,682	165.27	43.6	72.11	29.1	95.56	
Washington, D.C. (CBD)	5	3,238	152.25	44.9	68.30	43.0	73.29	
San Diego	3	3,288	184.52	31.6	58.33	54.7	91.91	
Northern Virginia	3	1,252	154.95	36.0	55.79	18.7	82.65	
San Antonio/Austin	3	1,960	148.39	37.6	55.74	28.2	79.40	
New York	3	4,261	162.82	24.3	39.56	36.0	46.67	
Denver	3	1,340	127.52	30.3	38.66	11.9	49.03	
New Orleans	1	1,333	121.54	29.1	35.40	12.7	52.52	
Chicago	4	1,816	138.56	24.7	34.28	13.5	41.10	
San Francisco/San Jose	7	4,529	142.47	22.1	31.47	34.2	41.73	
Seattle	2	1,315	162.69	14.8	24.06	7.2	30.12	
Boston	3	2,715	137.77	14.2	19.61	12.5	25.51	
Other	6	2,509	141.77	34.0	48.19	28.7	63.11	
Other property level <sup>(1)</sup>						3.4		
Domestic	77	45,723	238.03	35.5	84.58	1,082.9	130.40	
International	5	1,499	75.57	16.1	12.19	4.8	17.74	
All Locations - Nominal US\$	82	47,222	\$235.65	34.9%	\$82.28	\$1,087.7	\$126.83	
Pro forma adjustments <sup>(2)</sup>						(39.5)		
Total	82	47,222	—	—	—	\$1,048.2	—	

(1) Other property level includes certain ancillary revenues.

(2) Pro forma adjustments represent the following items: (i) the elimination of results of operations of our sold hotels, which operations are included in our unaudited condensed consolidated statements of operations as continuing operations and (ii) the addition of results for periods prior to our ownership for hotels acquired as of June 30, 2021. The AC Hotel Scottsdale North is a new development hotel located in Phoenix that opened in January 2021. Therefore, there were no operations for the hotel prior to January 2021 and no adjustments made for pro forma results of the hotel for periods prior to its opening.

# ALL OWNED HOTELS (PRO FORMA) RESULTS BY LOCATION IN NOMINAL US\$



(UNAUDITED, IN MILLIONS, EXCEPT HOTEL STATISTICS AND PER ROOM BASIS)

Year-to-date ended June 30, 2020								
Location	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentage	RevPAR	Total Revenues	Total Revenues per Available Room	
Miami	3	1,276	\$425.83	39.6%	\$168.56	\$64.6	\$268.97	
Jacksonville	1	446	398.29	42.6	169.62	27.8	342.83	
Florida Gulf Coast	5	1,842	400.35	44.2	177.03	125.9	375.72	
Maui/Oahu	4	2,006	451.32	39.1	176.41	96.8	268.10	
Phoenix	3	1,657	352.56	37.0	130.34	91.3	303.21	
Orlando	2	2,448	337.30	28.8	97.01	93.0	208.69	
Houston	4	1,716	163.52	37.6	61.51	28.6	91.53	
Los Angeles/Orange County	5	2,119	212.33	37.8	80.18	46.1	119.42	
Philadelphia	2	810	165.99	36.7	60.90	14.5	98.18	
Atlanta	4	1,682	185.37	36.3	67.36	32.9	107.33	
Washington, D.C. (CBD)	5	3,238	229.66	29.3	67.21	57.3	97.24	
San Diego	3	3,288	241.83	31.8	77.01	92.2	154.12	
Northern Virginia	3	1,252	196.57	30.3	59.55	22.3	98.07	
San Antonio/Austin	3	1,960	189.54	27.0	51.17	30.3	84.93	
New York	3	4,261	190.39	43.1	82.11	93.2	120.16	
Denver	3	1,340	154.85	29.0	44.89	16.6	68.03	
New Orleans	1	1,333	202.76	32.6	66.19	24.2	99.87	
Chicago	4	1,816	136.92	28.7	39.26	18.0	54.32	
San Francisco/San Jose	7	4,529	287.40	31.8	91.26	110.7	134.44	
Seattle	2	1,315	193.49	27.6	53.38	18.6	77.51	
Boston	3	2,715	176.94	26.6	47.06	35.6	71.97	
Other	6	2,509	155.53	35.4	55.07	34.8	76.39	
Other property level <sup>(1)</sup>						4.1		
Domestic	76	45,558	247.59	33.9	84.03	1,179.4	141.69	
International	5	1,499	127.54	30.9	39.36	16.1	59.43	
All Locations - Nominal US\$	81	47,057	\$244.10	33.8%	\$82.61	\$1,195.5	\$139.07	
Pro forma adjustments <sup>(2)</sup>						(40.7)		
Total	81	47,057	—	—	—	\$1,154.8	—	

(1) Other property level includes certain ancillary revenues.

(2) Pro forma adjustments represent the following items: (i) the elimination of results of operations of our sold hotels, which operations are included in our unaudited condensed consolidated statements of operations as continuing operations and (ii) the addition of results for periods prior to our ownership for hotels acquired as of June 30, 2021.

# ALL OWNED HOTELS (PRO FORMA) RESULTS BY LOCATION IN NOMINAL US\$



(UNAUDITED, IN MILLIONS, EXCEPT HOTEL STATISTICS AND PER ROOM BASIS)

Year-to-date ended June 30, 2019								
Location	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentage	RevPAR	Total Revenues	Total Revenues per Available Room	
Miami	3	1,276	\$355.53	83.2%	\$295.96	\$109.1	\$455.82	
Jacksonville	1	446	391.86	81.4	318.88	58.3	722.04	
Florida Gulf Coast	5	1,842	379.76	78.4	297.90	204.5	612.66	
Maui/Oahu	4	2,006	410.35	90.6	371.89	211.5	589.24	
Phoenix	3	1,657	327.86	78.6	257.82	169.6	566.03	
Orlando	2	2,448	299.99	75.6	226.78	204.4	461.20	
Houston	4	1,716	182.15	75.2	136.92	61.1	197.16	
Los Angeles/Orange County	5	2,119	220.13	85.8	188.88	108.4	282.74	
Philadelphia	2	810	220.90	83.9	185.41	44.7	304.83	
Atlanta	4	1,682	208.09	76.7	159.65	76.9	252.43	
Washington, D.C. (CBD)	5	3,238	265.11	82.5	218.62	183.3	312.73	
San Diego	3	3,288	255.23	80.0	204.18	221.5	372.23	
Northern Virginia	3	1,252	212.31	71.8	152.53	59.0	260.36	
San Antonio/Austin	3	1,960	202.10	79.1	159.76	87.9	247.59	
New York	3	4,261	266.94	78.5	209.56	249.5	323.62	
Denver	3	1,340	169.71	72.1	122.41	44.8	184.62	
New Orleans	1	1,333	203.37	81.3	165.38	58.3	241.84	
Chicago	4	1,816	199.76	71.5	142.77	66.4	203.93	
San Francisco/San Jose	7	4,529	286.10	80.0	228.99	263.8	322.35	
Seattle	2	1,315	215.31	81.3	174.95	56.6	237.90	
Boston	3	2,715	236.19	78.6	185.74	128.2	260.95	
Other	6	2,509	172.13	78.1	134.38	87.1	191.51	
Other property level <sup>(1)</sup>						3.2		
Domestic	76	45,558	259.49	79.4	205.91	2,758.1	334.09	
International	5	1,499	151.58	68.7	104.09	42.2	155.00	
All Locations - Nominal US\$	81	47,057	\$256.50	79.0%	\$202.66	\$2,800.3	\$328.38	
Pro forma adjustments <sup>(2)</sup>						73.1		
Total	81	47,057	—	—	—	\$2,873.4	—	

(1) Other property level includes certain ancillary revenues.

(2) Pro forma adjustments represent the following items: (i) the elimination of results of operations of our sold hotels, which operations are included in our unaudited condensed consolidated statements of operations as continuing operations and (ii) the addition of results for periods prior to our ownership for hotels acquired as of June 30, 2021.



OVERVIEW

PROPERTY  
LEVEL DATA

## CAPITALIZATION

COVID-19 DATA

NOTES TO  
SUPPLEMENTAL  
FINANCIAL  
INFORMATION



# COMPARATIVE CAPITALIZATION

(IN MILLIONS, EXCEPT SECURITY PRICING AND PER SHARE AMOUNTS)

	As of June 30, 2021	As of March 31, 2021	As of December 31, 2020	As of September 30, 2020	As of June 30, 2020
<b><u>Shares/Units</u></b>					
Common shares outstanding	713.9	706.1	705.4	705.3	705.2
Common shares outstanding assuming conversion of OP Units <sup>(1)</sup>	721.3	713.4	712.7	712.7	712.7
Preferred OP Units outstanding	0.01	0.01	0.01	0.01	0.01
<b><u>Security pricing</u></b>					
Common stock at end of quarter <sup>(2)</sup>	\$17.09	\$16.85	\$14.63	\$10.79	\$10.79
High during quarter	18.43	18.42	15.65	12.06	14.82
Low during quarter	16.51	13.50	10.45	10.19	9.06
<b><u>Capitalization</u></b>					
Market value of common equity <sup>(3)</sup>	\$12,327	\$12,021	\$10,427	\$7,690	\$7,690
Consolidated debt	5,542	5,540	5,541	5,638	4,543
Less: Cash	(1,450)	(2,008)	(2,335)	(2,430)	(1,578)
Consolidated total capitalization	16,419	15,553	13,633	10,898	10,655
Plus: Share of debt in unconsolidated investments	143	144	145	142	144
Pro rata total capitalization	\$16,562	\$15,697	\$13,778	\$11,040	\$10,799
	Quarter ended June 30, 2021	Quarter ended March 31, 2021	Quarter ended December 31, 2020	Quarter ended September 30, 2020	Quarter ended June 30, 2020
<b>Dividends declared per common share</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

(1) Each OP Unit is redeemable for cash or, at our option, for 1.021494 common shares of Host Inc. At June 30, 2021, March 31, 2021, December 31, 2020, September 30, 2020, and June 30, 2020, there were 7.2 million, 7.2 million, 7.2 million, 7.3 million and 7.3 million in common OP Units, respectively, held by non-controlling interests.

(2) Share prices are the closing price as reported by the NASDAQ.

(3) Market value of common equity is calculated as the number of common shares outstanding including assumption of conversion of OP units multiplied the closing share price on that day.

# CONSOLIDATED DEBT SUMMARY

(IN MILLIONS)



## Debt

<b>Senior debt</b>	<b>Rate</b>	<b>Maturity date</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Series D	3 <sup>3</sup> / <sub>4</sub> %	10/2023	\$ 399	\$ 399
Series E	4%	6/2025	498	497
Series F	4 <sup>1</sup> / <sub>2</sub> %	2/2026	397	397
Series G	3 <sup>7</sup> / <sub>8</sub> %	4/2024	398	398
Series H	3 <sup>3</sup> / <sub>8</sub> %	12/2029	641	640
Series I	3 <sup>1</sup> / <sub>2</sub> %	9/2030	734	734
2024 Credit facility term loan	1.8%	1/2024	498	498
2025 Credit facility term loan	1.8%	1/2025	498	499
Credit facility revolver <sup>(1)</sup>	1.7%	1/2024	1,474	1,474
			5,537	5,536

## Other debt

Other debt	8.8%	2/2024	5	5
Total debt <sup>(2)(3)</sup>			\$5,542	\$5,541
Percentage of fixed rate debt			55%	55%
Weighted average interest rate			3.0%	3.0%
Weighted average debt maturity			4.5 years	5.0 years

## Credit Facility

Total capacity	\$1,500
Available capacity	12

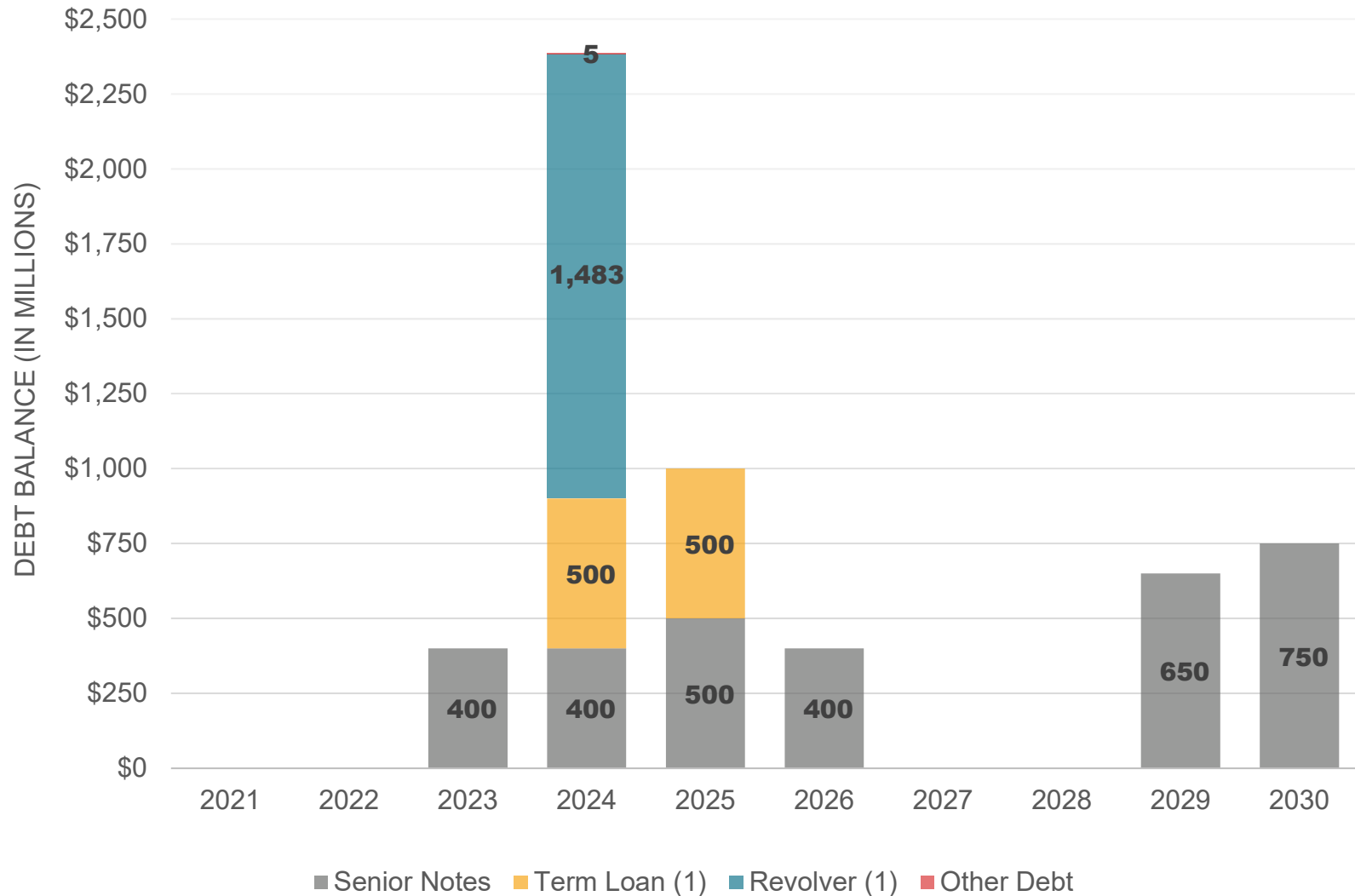
## Assets encumbered by mortgage debt

—

- (1) The interest rate shown is the rate of the outstanding credit facility revolver borrowings at June 30, 2021, based on LIBOR plus 150 basis points. Depending on Host L.P.'s unsecured long-term debt rating, interest on revolver borrowings is equal to LIBOR plus a margin ranging from 117.5 to 185 basis points, with a 15 bps LIBOR floor.
- (2) In accordance with GAAP, total debt includes the debt of entities that we consolidate, but of which we do not own 100%, and excludes the debt of entities that we do not consolidate, but of which we have a non-controlling ownership interest and record our investment therein under the equity method of accounting. As of June 30, 2021, our share of debt in unconsolidated investments is \$143 million and none of our debt is attributable to non-controlling interests.
- (3) Total debt as of June 30, 2021 and December 31, 2020 includes net discounts and deferred financing costs of \$46 million and \$47 million, respectively.



# CONSOLIDATED DEBT MATURITY AS OF JUNE 30, 2021



(1) The term loan and revolver under our credit facility that are due in 2024 have extension options that would extend maturity of both instruments to 2025, subject to meeting certain conditions, including payment of a fee.

# GROUND LEASE SUMMARY AS OF DECEMBER 31, 2020

As of December 31, 2020

	No. of rooms	Lessor Institution Type	Minimum rent	Current expiration	Expiration after all potential options <sup>(1)</sup>
1 Boston Marriott Copley Place	1,144	Public	N/A <sup>(2)</sup>	12/13/2077	12/13/2077
2 Coronado Island Marriott Resort & Spa	300	Public	1,378,850	10/31/2062	10/31/2078
3 Denver Marriott West	305	Private	160,000	12/28/2028	12/28/2058
4 Houston Airport Marriott at George Bush Intercontinental	573	Public	1,560,000	10/31/2053	10/31/2053
5 Houston Marriott Medical Center/Museum District	395	Non-Profit	160,000	12/28/2029	12/28/2059
6 Manchester Grand Hyatt San Diego	1,628	Public	6,600,000	5/31/2067	5/31/2083
7 Marina del Rey Marriott	370	Public	1,991,076	3/31/2043	3/31/2043
8 Marriott Downtown at CF Toronto Eaton Centre	461	Non-Profit	384,900	9/20/2082	9/20/2082
9 Marriott Marquis San Diego Marina	1,360	Public	7,650,541	11/30/2061	11/30/2083
10 Newark Liberty International Airport Marriott	591	Public	2,476,119	12/31/2055	12/31/2055
11 Philadelphia Airport Marriott	419	Public	1,230,278	6/29/2045	6/29/2045
12 San Antonio Marriott Rivercenter	1,000	Private	700,000	12/31/2033	12/31/2063
13 San Francisco Marriott Marquis	1,500	Public	1,500,000	8/25/2046	8/25/2076
14 San Ramon Marriott	368	Private	675,941	5/29/2034	5/29/2064
15 Santa Clara Marriott	766	Private	90,932	11/30/2028	11/30/2058
16 Tampa Airport Marriott	298	Public	1,463,770	12/31/2043	12/31/2043
17 The Ritz-Carlton, Marina del Rey	304	Public	1,453,104	7/29/2067	7/29/2067
18 The Ritz-Carlton, Tysons Corner	398	Private	993,900	6/30/2112	6/30/2112
19 The Westin Cincinnati	456	Public	100,000	6/30/2045	6/30/2075 <sup>(3)</sup>
20 The Westin Los Angeles Airport	747	Private	1,225,050	1/31/2054	1/31/2074 <sup>(4)</sup>
21 The Westin South Coast Plaza, Costa Mesa	393	Private	178,160	9/30/2025	9/30/2025
22 W Hollywood	305	Public	366,579	3/28/2106	3/28/2106

**Weighted average remaining lease term (assuming all extension options)** 53 years

**Percentage of leases (based on room count) with Public/Private/Non-Profit lessors** 66%/28%/6%

(1) Exercise of Host's option to extend is subject to certain conditions, including the existence of no defaults and subject to any applicable rent escalation or rent re-negotiation provisions.

(2) All rental payments have been previously paid and no further rental payments are required for the remainder of the lease term.

(3) No renewal term in the event the Lessor determines to discontinue use of building as a hotel.

(4) A condition of renewal is that the hotel's occupancy compares favorably to similar hotels for the preceding three years.

# PROPERTY TRANSACTIONS

	Sales Price (in millions)	Net income Cap Rate <sup>(5)</sup>	Cap Rate <sup>(3)</sup>	Net income multiple <sup>(5)</sup>	EBITDA multiple <sup>(4)</sup>
<b>2018-2020 completed sales <sup>(1)</sup></b>	\$3,472	3.4%	5.1%	29.5	17.2
Hyatt Regency Austin	\$161	8.5%	10.0%	11.8x	8.8x
Four Seasons Resort Orlando	\$610	3.2%	4.7%	31.6x	16.8x
Ka'anapali golf courses	\$28	3.3%	5.3%	30.6x	17.6x
Baker's Cay Resort Key Largo <sup>(6)</sup>	\$200	4.4%	6.2%	23.0x	14.5x
Downtown Houston hotel	\$65	7.6%	9.6%	13.2x	9.2x
<b>2021 completed acquisitions <sup>(2)</sup></b>	\$1,064	4.5%	6.1%	22.5x	13.8x

	Total Revenues	RevPAR	Total RevPAR	Hotel Net Income	Plus: Depreciation	Plus: Interest Expense	Plus: Income Tax	Equals: Hotel EBITDA	Renewal & Replacement funding	Hotel Net Operating Income
<b>2018-2020 completed sales <sup>(1)</sup></b>	\$847.9	\$170.66	\$238.86	\$117.7	\$100.4	\$10.4	\$2.3	\$230.8	(\$40.8)	\$190.0

	Total Revenues	RevPar	Total RevPar	Hotel Net Income	Plus: Depreciation	Equals: Hotel EBITDA	Renewal & Replacement funding	Hotel Net Operating Income
Hyatt Regency Austin	\$52.2	\$188.55	\$319.37	\$13.6	\$4.6	\$18.2	(\$2.1)	\$16.1
Four Seasons Resort Orlando	\$149.6	\$561.47	\$923.19	\$19.3	\$16.9	\$36.2	(\$7.5)	\$28.7
Ka'anapali golf courses	\$9.9	-	-	\$0.9	\$0.7	\$1.6	(\$0.1)	\$1.5
Baker's Cay Resort Key Largo <sup>(6)</sup>	\$33.9	\$304.25	\$464.38	\$8.7	\$5.1	\$13.8	(\$1.4)	\$12.4
Downtown Houston hotel	\$20.7	\$182.35	\$254.32	\$4.9	\$2.1	\$7.0	(\$0.8)	\$6.2
<b>2021 completed acquisitions <sup>(2)</sup></b>	\$266.3	\$331.05	\$554.91	\$47.4	\$29.4	\$76.8	(\$11.9)	\$64.9

- (1) Total 2018-2020 dispositions include the sale of 19 hotels since January 1, 2018, the European Joint Venture and the New York Marriott Marquis retail, theater and signage commercial condominium units for a combined sales price of \$3.47 billion. European Joint Venture balances included in this total represent our approximate 33% previous ownership interest. The 2018 and 2019 dispositions use trailing twelve-month results from the disposition date, while the 2020 disposition uses 2019 full year results as the TTM is not representative of normalized operations.
- (2) 2021 acquisitions include four properties and two golf courses acquired in 2021, through August 3, 2021. The Hyatt Regency Austin, Four Seasons Resort Orlando and Ka'anapali golf courses use full year 2019 results. Baker's Cay Resort Key Largo is based on 2021 forecast operations at acquisition, as the property was under renovation and closed for part of 2019. The downtown Houston hotel is based on forecast normalized results, which assumes a new manager, brand and operations in line with the 2019 results of comparable Houston properties. Due to the impact of COVID-19, results in 2020 are not reflective of normal operations of the hotels. Any forecast incremental increases to net income compared to net income at underwriting would be equal to the incremental increases in Hotel EBITDA.
- (3) The cap rate is calculated as the ratio between net operating income (NOI) and the sales price (plus avoided capital expenditures for dispositions). Avoided capital expenditures for 2018, 2019 and 2020 sales represents \$138 million, \$202 million and \$27 million, respectively, of estimated capital expenditure spend requirements for the properties in excess of escrow funding over the next 10 years, discounted at 8%, for total avoided capital expenditures of \$284 million.
- (4) The EBITDA multiple is calculated as the ratio between the sales price (plus avoided capital expenditures for dispositions) and Hotel EBITDA. Avoided capital expenditures for 2018, 2019 and 2020 sales represents \$185 million, \$439 million and \$60 million, respectively, of estimated capital expenditure spend requirements for the properties including escrow funding over the next 10 years, discounted at 8%, for total avoided capital expenditures of \$509 million.
- (5) Net income cap rate is calculated as the ratio between net income and the sales price. Net income multiple is calculated as the ratio between the sales price and Hotel net income.
- (6) Baker's Cay is expected to stabilize at approximately 13x EBITDA between 2023 and 2025, due to limited forecast supply growth in the market, expected increases in rooms and F&B demand and significant savings in insurance expense due to Host's scale. Net income is targeted to be stabilized at 19x based on estimated depreciation of approximately \$5 million, which is the only reconciling item from net income to EBITDA.



# HISTORICAL PRO-FORMA RESULTS

## Historical Pro forma Hotel Metrics <sup>(1) (2)</sup>

	Three Months Ended						Full Year	Three Months Ended				Full Year
	March 31, 2021	June 30, 2021	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	December 31, 2020	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	December 31, 2019
Pro Forma RevPAR - All Owned Hotels	\$64.49	\$99.86	\$151.10	\$14.11	\$30.25	\$40.08	\$58.75	\$196.98	\$208.28	\$187.39	\$192.12	\$196.16
Pro Forma Occupancy - All Owned Hotels	26.7%	43.0%	59.0%	8.7%	17.1%	19.6%	26.1%	75.9%	82.0%	80.4%	76.2%	78.7%
Pro Forma ADR - All Owned Hotels	\$241.43	\$232.10	\$256.26	\$161.89	\$176.54	\$204.20	\$225.39	\$259.39	\$253.85	\$232.98	\$252.22	\$249.39

## Historical Pro Forma Hotel Revenues <sup>(1) (2)</sup>

	Three Months Ended						Full Year	Three Months Ended				Full Year
	March 31, 2021	June 30, 2021	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	December 31, 2020	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	December 31, 2019
Total Revenues	\$399	\$649	\$1,052	\$103	\$198	\$267	1,620	\$1,390	\$1,483	\$1,262	\$1,334	\$5,469
Add: Revenues from asset acquisitions	30	10	51	2	14	21	88	81	55	41	55	232
Less: Revenues from asset dispositions	-	-	(11)	(1)	(3)	(1)	(16)	(110)	(99)	(64)	(26)	(299)
<b>Pro Forma Revenue - All Owned Hotels</b>	<b>\$429</b>	<b>\$659</b>	<b>\$1,092</b>	<b>\$104</b>	<b>\$209</b>	<b>\$287</b>	<b>1,692</b>	<b>\$1,361</b>	<b>\$1,439</b>	<b>\$1,239</b>	<b>\$1,363</b>	<b>\$5,402</b>

## Historical Pro forma Adjusted EBITDAre <sup>(1) (2)</sup>

	Three Months Ended						Full Year	Three Months Ended				Full Year
	March 31, 2021	June 30, 2021	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	December 31, 2020	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	December 31, 2019
<b>Net income (loss)</b>	<b>\$(153)</b>	<b>\$(61)</b>	<b>\$(3)</b>	<b>\$(356)</b>	<b>\$(316)</b>	<b>\$(66)</b>	<b>\$(741)</b>	<b>\$189</b>	<b>\$290</b>	<b>\$372</b>	<b>\$81</b>	<b>\$932</b>
Interest expense	42	43	37	40	66	51	194	43	43	46	90	222
Depreciation and amortization	165	169	164	168	166	167	665	170	166	159	167	662
Income taxes	(46)	(22)	(37)	(46)	(73)	(64)	(220)	2	16	4	8	30
<b>EBITDA <sup>(3)</sup></b>	<b>8</b>	<b>129</b>	<b>161</b>	<b>(194)</b>	<b>(157)</b>	<b>88</b>	<b>(102)</b>	<b>404</b>	<b>515</b>	<b>581</b>	<b>346</b>	<b>1,846</b>
Gain on dispositions	-	-	1	(1)	(1)	(148)	(149)	(2)	(57)	(273)	(2)	(334)
Non-cash impairment expense	-	-	-	-	-	-	-	-	-	6	8	14
Equity investment adjustments:							-					
Equity in (earnings) losses of affiliates	(9)	(25)	(4)	25	5	4	30	(5)	(4)	(4)	(1)	(14)
Pro rata EBITDAre of equity investments	6	7	6	(20)	(1)	3	(12)	9	6	6	4	26
<b>EBITDAre <sup>(3)</sup></b>	<b>5</b>	<b>111</b>	<b>164</b>	<b>(190)</b>	<b>(154)</b>	<b>(53)</b>	<b>(233)</b>	<b>406</b>	<b>460</b>	<b>316</b>	<b>355</b>	<b>1,538</b>
Adjustments to EBITDAre:												
Severance expense (reversal) at hotel properties	(2)	(1)	-	1	43	21	65	-	-	-	-	-
Gain on property insurance settlement	-	-	-	-	-	-	-	-	-	(4)	-	(4)
<b>Adjusted EBITDAre <sup>(3)</sup></b>	<b>3</b>	<b>110</b>	<b>164</b>	<b>(189)</b>	<b>(111)</b>	<b>(32)</b>	<b>(168)</b>	<b>406</b>	<b>460</b>	<b>312</b>	<b>355</b>	<b>1,534</b>
Add: EBITDA from asset acquisitions	4	1	15	(14)	(9)	-	(8)	27	14	8	15	64
Less: EBITDA from asset dispositions	-	-	(3)	1	(1)	-	(3)	(35)	(31)	(20)	(6)	(92)
<b>Pro forma Adjusted EBITDAre <sup>(3)</sup></b>	<b>\$7</b>	<b>\$111</b>	<b>\$176</b>	<b>\$(202)</b>	<b>\$(121)</b>	<b>\$(32)</b>	<b>\$(179)</b>	<b>\$398</b>	<b>\$443</b>	<b>\$300</b>	<b>\$364</b>	<b>\$1,506</b>

# HISTORICAL PRO FORMA RESULTS CONT.

## Historical All Owned Hotels Pro Forma EBITDA<sup>(1) (2)</sup>

	Three Months Ended						Full Year	Three Months Ended				Full Year
	March 31, 2021	June 30, 2021	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	December 31, 2020	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	December 31, 2019
<b>Net income (loss)</b>	<b>\$(153)</b>	<b>\$(61)</b>	<b>\$(3)</b>	<b>\$(356)</b>	<b>\$(316)</b>	<b>\$(66)</b>	<b>(741)</b>	<b>\$189</b>	<b>\$290</b>	<b>\$372</b>	<b>\$81</b>	<b>\$932</b>
Depreciation and amortization	165	169	164	168	166	167	665	170	166	165	175	676
Interest expense	42	43	37	40	66	51	194	43	43	46	90	222
Provision (benefit) for income taxes	(46)	(22)	(37)	(46)	(73)	(64)	(220)	2	16	4	8	30
Gain on sale of property and corporate level income/expense	15	(3)	17	34	23	(171)	(97)	11	(44)	(263)	13	(283)
Severance expense (reversal) at hotel properties	(2)	(1)	-	1	43	21	65	-	-	-	-	-
Pro forma adjustments	4	1	12	(13)	(10)	-	(11)	(8)	(17)	(12)	9	(28)
<b>All Owned Hotels Pro Forma EBITDA<sup>(3)</sup></b>	<b><u>\$25</u></b>	<b><u>\$126</u></b>	<b><u>\$190</u></b>	<b><u>\$(172)</u></b>	<b><u>\$(101)</u></b>	<b><u>\$(62)</u></b>	<b><u>\$(145)</u></b>	<b><u>\$407</u></b>	<b><u>\$454</u></b>	<b><u>\$312</u></b>	<b><u>\$376</u></b>	<b><u>\$1,549</u></b>
Estimated pro forma adjustments for acquisitions subsequent to quarter end <sup>(4)</sup>												21
<b>Estimated All Owned Hotels Pro Forma EBITDA<sup>(3)(4)</sup></b>												<b><u>\$1,570</u></b>

(1) The tables above include pro forma adjustments for three assets acquired as of June 30, 2021, one property sold in 2020, 14 properties sold in 2019 and one property acquired in 2019. The tables exclude the Baker's Cay Resort Key Largo Curio Collection and a downtown Houston hotel for all periods as they were acquired subsequent to quarter end.

(2) Pro forma results represent adjustments for the following items: (i) to remove the results of operations of our sold hotels, which operations are included in our condensed consolidated statements of operations as continuing operations and (ii) to include the results for periods prior to our ownership for hotels acquired as of June 30, 2021.

(3) EBITDA, EBITDAre, Adjusted EBITDAre, All Owned Hotels Pro forma EBITDA, and Pro-Forma Adjusted EBITDAre are non-GAAP financial measures within the meaning of the rules of the Securities and Exchange Commission. See the Notes to Supplemental Financial Information for discussion of these non-GAAP measures.

(4) Estimated pro forma adjustments for acquisitions subsequent to quarter end and estimated All Owned Hotels Pro Forma EBITDA include the estimated results for the Baker's Cay Resort Key Largo Curio Collection and a downtown Houston hotel.

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FAIRMONT KEA LANI, MAUI

# CREDIT FACILITY AMENDMENTS<sup>(1)</sup>

- Obtained second waiver of existing quarterly-tested financial covenants extending through April 1, 2022.
- Option to terminate the Covenant Relief Period early.
- A fixed charge coverage ratio minimum of 1.0x is the only covenant requirement for the period ending June 30, 2022 and returns to a minimum of 1.25x for subsequent quarters.
- Continued modification of the quarterly-tested leverage covenant and EBITDA calculation to ease compliance:

Maximum Leverage Ratio	8.50x	8.50x	8.00x	8.00x	7.50x	7.25x
	3Q '22	4Q '22	1Q '23	2Q '23	3Q '23	Beyond

Increased flexibility to make acquisitions using our existing liquidity as well as potentially tapping equity capacity with no requirement to first repay debt:

Acquisition Capacity With Existing Liquidity	Minimum Liquidity Requirement
up to \$2.0 billion	\$600 million
up to \$1.5 billion	\$500 million
up to \$1.0 billion	\$400 million
Acquisition Capacity Using Equity	Minimum Liquidity Requirement
up to \$7.5 billion	\$400 million

\$2.0 billion acquisition capacity requires \$500 million of asset sales.

\$1.25 billion of net sale proceeds may be used for reinvestment in new assets that are unencumbered by debt, of which \$750 million is only through the 1031 exchange process.

During the Covenant Waiver Period, net cash proceeds from debt issuances and dispositions, subject to certain exceptions, are to be applied based on the following schedule:

- The first \$350 million to the Borrower (following debt issuance of Series I senior notes and sale of Newport Beach Marriott, have maximized capacity available to Host)
- The second \$750 million to repay revolver (of which \$12 million has been repaid as of June 30, 2021)
- Amounts in excess of \$1.1 billion applied to repay the revolver and the two term loans on a pro rata basis

Ability to fund all emergency, life safety and ordinary course maintenance capital expenditures plus \$950 million in other capital expenditures such as return on investment capital expenditures (from period beginning July 1, 2020).

- Allow \$0.01 dividend per share quarterly distribution or higher to the extent necessary to maintain REIT status or to avoid payment of income taxes
- No share buybacks during Covenant Waiver Period and after existing Covenant Waiver Period, unless Leverage Ratio is  $\leq 7.25x$

- 40-basis point increase in the credit ratings-based interest rate grid during Covenant Relief Period
- LIBOR Floor of 15-basis points for the life of the credit facility

Rating	Revolver	Term Loans	Facility Fee
BBB (Baa2)	130	140	20
BBB-/Baa3	150	165	25
<BBB-/Baa3	185	205	30

## FINANCIAL COVENANTS

## ACQUISITIONS

## DISPOSITIONS

## MANDATORY PAYMENTS

## CAPITAL EXPENDITURES

## RESTRICTED PAYMENTS

## INTEREST RATE

(1) We have completed two amendments to our credit facility agreement since June 2020. The foregoing reflects the combined terms of the Amendments, but does not purport to be a complete description of the terms of the Amendments and such description is qualified in its entirety by reference to the Amendments, copies of which are filed with the SEC.

# FINANCIAL COVENANTS: CREDIT FACILITY AND SENIOR NOTES

## FINANCIAL PERFORMANCE TESTS



(UNAUDITED, IN MILLIONS, EXCEPT RATIOS)

The following tables present the financial performance tests for our credit facility and senior notes:

Credit Facility Financial Performance Tests	Permitted	At June 30, 2021 <sup>(1)</sup>	
		GAAP Ratio	Covenant Ratio
Leverage Ratio	Maximum 7.25x	(9.3x)	(49.8x)
Unsecured Interest Coverage Ratio	Minimum 1.75x <sup>(2)</sup>	(3.0x)	(0.1x)
Consolidated Fixed Charge Coverage Ratio	Minimum 1.25x	(3.0x)	(1.0x)

Bond Compliance Financial Performance Tests	Permitted	At June 30, 2021 <sup>(3)</sup>	
		GAAP Ratio	Covenant Ratio
Indebtedness Test	Maximum 65%	43%	26%
Secured Indebtedness Test	Maximum 40%	0%	0%
EBITDA-to-interest Coverage ratio	Minimum 1.5x	(3.0x)	(0.5x)
Ratio of Unencumbered Assets to Unsecured Indebtedness	Minimum 150%	231%	387%

As of June 30, 2021, the Company was below the financial covenant levels under its senior notes indentures necessary to incur debt, and, as a result, it will not be able to incur additional debt while below these levels.

(1) Covenant ratios are calculated using Host's credit facility definitions and are for informational purposes only, as the covenants are not currently in effect under the Amendments. The GAAP ratio is not relevant for the purpose of the financial covenants. See the following pages for a reconciliation of the equivalent GAAP measure.

(2) If the leverage ratio is greater than 7.0x then the unsecured interest coverage ratio minimum becomes 1.50x.

(3) Covenant ratios are calculated using Host's senior notes indenture definitions. The GAAP ratio is not relevant for the purpose of the financial covenants. See the following pages for a reconciliation of the equivalent GAAP measure.



# FINANCIAL COVENANTS: RECONCILIATION OF GAAP LEVERAGE RATIO TO CREDIT FACILITY LEVERAGE RATIO

(UNAUDITED, IN MILLIONS, EXCEPT RATIOS)

The following tables present the calculation of our leverage ratio using GAAP measures and used in the financial covenants of the credit facility:

	<b>GAAP Leverage Ratio</b>
	Trailing Twelve Months
	June 30, 2021
Debt	\$5,542
Net loss	(596)
<b>GAAP Leverage Ratio</b>	<b>(9.3x)</b>

The following table presents the calculation of our leverage ratio as used in the financial covenants of the credit facility:

	<b>Leverage Ratio per Credit Facility</b>
	Trailing Twelve Months
	June 30, 2021
Net debt <sup>(1)</sup>	\$4,193
Adjusted Credit Facility EBITDA <sup>(2)</sup>	(84)
<b>Leverage Ratio</b>	<b>(49.8x)</b>

(1) The following presents the reconciliation of debt to net debt per our credit facility definition:

	June 30, 2021
Debt	\$5,542
Less: Unrestricted cash over \$100 million	(1,349)
<b>Net debt per credit facility definition</b>	<b>\$4,193</b>

(2) The following presents the reconciliation of net loss to EBITDA, EBITDAre, Adjusted EBITDAre and Adjusted EBITDA per our credit facility definition in determining leverage ratio:

	Trailing Twelve Months
	June 30, 2021
Net loss	(\$596)
Interest expense	202
Depreciation and amortization	667
Income taxes	(205)
<b>EBITDA</b>	<b>68</b>
Gain on dispositions	(149)
Equity in earnings of affiliates	(25)
Pro rata EBITDAre of equity investments	15
<b>EBITDAre</b>	<b>(91)</b>
Severance at hotel properties	61
<b>Adjusted EBITDAre</b>	<b>(30)</b>
Less: Severance	(61)
Pro forma EBITDA - Acquisitions	(2)
Restricted stock expense and other non-cash items	12
Non-cash partnership adjustments	(3)
<b>Adjusted Credit Facility EBITDA</b>	<b>(\$84)</b>

# FINANCIAL COVENANTS: RECONCILIATION OF GAAP INTEREST COVERAGE RATIO TO CREDIT FACILITY UNSECURED INTEREST COVERAGE RATIO

(UNAUDITED, IN MILLIONS, EXCEPT RATIOS)

The following tables present the calculation of our unsecured interest coverage ratio using GAAP measures and as used in the financial covenants of the credit facility:

	<b>GAAP Interest Coverage Ratio</b>		<b>Unsecured Interest Coverage per Credit Facility Ratio</b>
	Trailing Twelve Months		Trailing Twelve Months
	June 30, 2021		June 30, 2021
Net loss	(\$596)	Unencumbered consolidated EBITDA per credit facility definition <sup>(1)</sup>	(\$10)
Interest expense	202	Adjusted Credit Facility interest expense <sup>(2)</sup>	165
<b>GAAP Interest Coverage Ratio</b>	<b>(3.0x)</b>	<b>Unsecured Interest Coverage Ratio</b>	<b>(0.1x)</b>

(1) The following reconciles Adjusted Credit Facility EBITDA to Unencumbered Consolidated EBITDA per our credit facility definition. See Reconciliation of GAAP Leverage Ratio to Credit Facility Leverage Ratio for calculation and reconciliation of net income to Adjusted Credit Facility EBITDA:

	Trailing Twelve Months
	June 30, 2021
Adjusted Credit Facility EBITDA	(\$84)
Corporate overhead	77
Interest income	(3)
<b>Unencumbered Consolidated EBITDA per credit facility definition</b>	<b>(\$10)</b>

(2) The following reconciles GAAP interest expense to interest expense per our credit facility definition:

	Trailing Twelve Months
	June 30, 2021
GAAP Interest expense	\$202
Debt extinguishment costs	(35)
Deferred financing cost amortization	(7)
Capitalized interest	4
Pro forma interest adjustments	1
<b>Adjusted Credit Facility Interest Expense</b>	<b>\$165</b>

# FINANCIAL COVENANTS: RECONCILIATION OF GAAP INTEREST COVERAGE RATIO TO CREDIT FACILITY FIXED CHARGE COVERAGE RATIO

(UNAUDITED, IN MILLIONS, EXCEPT RATIOS)

The following tables present the calculation of our GAAP Interest coverage ratio and our fixed charge coverage ratio as used in the financial covenants of the credit facility:

	<b>GAAP Interest Coverage Ratio</b>		<b>Credit Facility Fixed Charge Coverage Ratio</b>
	Trailing Twelve Months		Trailing Twelve Months
	June 30, 2021		June 30, 2021
Net loss	(\$596)	Credit Facility Fixed Charge Coverage Ratio EBITDA <sup>(1)</sup>	(\$163)
Interest expense	202	Fixed charges <sup>(2)</sup>	165
<b>GAAP Fixed Charge Coverage Ratio</b>	<b>(3.0x)</b>	<b>Credit Facility Fixed Charge Coverage Ratio</b>	<b>(1.0x)</b>

(1) The following reconciles Adjusted Credit Facility EBITDA to Credit Facility Fixed Charge Coverage Ratio EBITDA. See Reconciliation of GAAP Leverage Ratio to Credit Facility Leverage Ratio for calculation and reconciliation of Adjusted Credit Facility EBITDA.

	Trailing Twelve Months
	June 30, 2021
Adjusted Credit Facility EBITDA	(\$84)
Less: 5% of hotel property gross revenue	(78)
Less: 3% of revenues from other real estate	(1)
<b>Credit Facility Fixed Charge Coverage Ratio EBITDA</b>	<b>(\$163)</b>

(2) The following table calculates the fixed charges per our credit facility definition. See Reconciliation of GAAP Interest Coverage Ratio to Credit Facility Unsecured Interest Coverage Ratio for reconciliation of GAAP interest expense to adjusted interest expense per our credit facility definition.

	Trailing Twelve Months
	June 30, 2021
Adjusted Credit Facility Interest Expense	\$165
<b>Fixed Charges</b>	<b>\$165</b>

# FINANCIAL COVENANTS: RECONCILIATION OF GAAP INDEBTEDNESS TEST TO SENIOR NOTES INDENTURE INDEBTEDNESS TEST

(UNAUDITED, IN MILLIONS, EXCEPT RATIOS)

The following tables present the calculation of our total indebtedness to total assets using GAAP measures and as used in the financial covenants of our senior notes indenture:

	<b>GAAP Total Indebtedness to Total Assets</b>
	June 30, 2021
Debt	\$5,542
Total assets	12,809
<b>GAAP Total Indebtedness to Total Assets</b>	<b>43%</b>

	<b>Total Indebtedness to Total Assets per Senior Notes Indenture</b>
	June 30, 2021
Adjusted indebtedness <sup>(1)</sup>	\$5,572
Adjusted total assets <sup>(2)</sup>	21,625
<b>Total Indebtedness to Total Assets</b>	<b>26%</b>

(1) The following reconciles our GAAP total indebtedness to our total indebtedness per our senior notes indenture:

	June 30, 2021
Debt	\$5,542
Add: Deferred financing costs	30
<b>Adjusted Indebtedness per Senior Notes Indenture</b>	<b>\$5,572</b>

(2) The following presents the reconciliation of total assets to adjusted total assets per the financial covenants of our senior notes indenture definition:

	June 30, 2021
Total assets	\$12,809
Add: Accumulated depreciation	9,200
Add: Prior impairment of assets held	217
Add: Prior year inventory impairment at unconsolidated investment	14
Less: Intangibles	(21)
Less: Right-of-use assets	(594)
<b>Adjusted Total Assets per Senior Notes Indenture</b>	<b>\$21,625</b>

# FINANCIAL COVENANTS: RECONCILIATION OF GAAP SECURED INDEBTEDNESS TEST TO SENIOR NOTES INDENTURE SECURED INDEBTEDNESS TEST



(UNAUDITED, IN MILLIONS, EXCEPT RATIOS)

The following table presents the calculation of our secured indebtedness using GAAP measures and as used in the financial covenants of our senior notes indenture:

	<b>GAAP Secured Indebtedness</b>
	<u>June 30, 2021</u>
Mortgage and other secured debt	\$5
Total assets	12,809
<b>GAAP Secured Indebtedness to Total Assets</b>	<b>0%</b>

	<b>Secured Indebtedness per Senior Notes Indenture</b>
	<u>June 30, 2021</u>
Secured indebtedness <sup>(1)</sup>	\$5
Adjusted total assets <sup>(2)</sup>	21,625
<b>Secured Indebtedness to Total Assets</b>	<b>0%</b>

(1) The following presents the reconciliation of mortgage debt to secured indebtedness per the financial covenants of our senior notes indenture definition:

	<u>June 30, 2021</u>
Mortgage and other secured debt	\$5
<b>Secured Indebtedness</b>	<b>\$5</b>

(2) See Reconciliation of GAAP Indebtedness Test to Senior Notes Indenture Indebtedness Test for reconciliation of GAAP Total Assets to Adjusted Total Assets per our senior notes indenture.



# FINANCIAL COVENANTS: RECONCILIATION OF GAAP INTEREST COVERAGE RATIO TO SENIOR NOTES INDENTURE EBITDA-TO-INTEREST COVERAGE RATIO



(UNAUDITED, IN MILLIONS, EXCEPT RATIOS)

The following tables present the calculation of our interest coverage ratio using our GAAP measures and as used in the financial covenants of the senior notes indenture:

	GAAP Interest Coverage Ratio
	Trailing Twelve Months June 30, 2021
Net loss	(\$596)
Interest expense	202
<b>GAAP Interest Coverage Ratio</b>	<b>(3.0x)</b>

	EBITDA to Interest Coverage Ratio
	Trailing Twelve Months June 30, 2021
Adjusted Credit Facility EBITDA <sup>(1)</sup>	(\$84)
<b>Adjusted Senior Notes EBITDA</b>	<b>(\$84)</b>
Adjusted Credit Facility interest expense <sup>(2)</sup>	165
<b>EBITDA to Interest Coverage Ratio</b>	<b>(0.5x)</b>

(1) See Reconciliation of GAAP Leverage Ratio to Credit Facility Leverage Ratio for the calculation of Adjusted Credit Facility EBITDA and reconciliation to net income.

(2) See Reconciliation of GAAP Interest Coverage Ratio to Credit Facility Unsecured Interest Coverage Ratio for reconciliation of GAAP interest expense to adjusted interest expense per our credit facility definition. This same measure is used for our senior notes.

# FINANCIAL COVENANTS: RECONCILIATION OF GAAP ASSETS TO INDEBTEDNESS TEST TO SENIOR NOTES UNENCUMBERED ASSETS TO UNSECURED INDEBTEDNESS TEST



(UNAUDITED, IN MILLIONS, EXCEPT RATIOS)

The following tables present the calculation of our total assets to total debt using GAAP measures and unencumbered assets to unsecured debt as used in the financial covenants of our senior notes indenture:

	<b>GAAP Assets / Debt</b>
	<u>June 30, 2021</u>
Total assets	\$12,809
Total debt	5,542
<b>GAAP Total Assets / Total Debt</b>	<b>231%</b>
	<b>Unencumbered Assets / Unsecured Debt per Senior Notes Indenture</b>
	<u>June 30, 2021</u>
Unencumbered Assets <sup>(1)</sup>	\$21,553
Unsecured Debt <sup>(2)</sup>	5,567
<b>Unencumbered Assets / Unsecured Debt</b>	<b>387%</b>

(1) The following presents the reconciliation of adjusted total assets to unencumbered assets per the financial covenants of our senior notes indenture definition:

	<u>June 30, 2021</u>
Adjusted total assets <sup>(a)</sup>	\$21,625
Less: Partnership adjustments	(58)
Less: Prior year inventory impairment at unconsolidated investment	(14)
<b>Unencumbered Assets</b>	<b>\$21,553</b>

(a) See reconciliation of GAAP Indebtedness Test to Senior Notes Indenture Indebtedness Test for reconciliation of GAAP Total Assets to Adjusted Total Assets per our senior notes indenture.

(2) The following presents the reconciliation of total debt to unsecured debt per the financial covenants of our senior notes indenture definition:

	<u>June 30, 2021</u>
Total debt	5,542
Deferred financing costs	30
Less: Secured indebtedness <sup>(b)</sup>	(5)
<b>Unsecured Debt</b>	<b>5,567</b>

(b) See reconciliation of GAAP Secured Indebtedness Test to Senior Notes Indenture Secured Indebtedness Test for the reconciliation of mortgage and other secured debt to senior notes secured indebtedness.

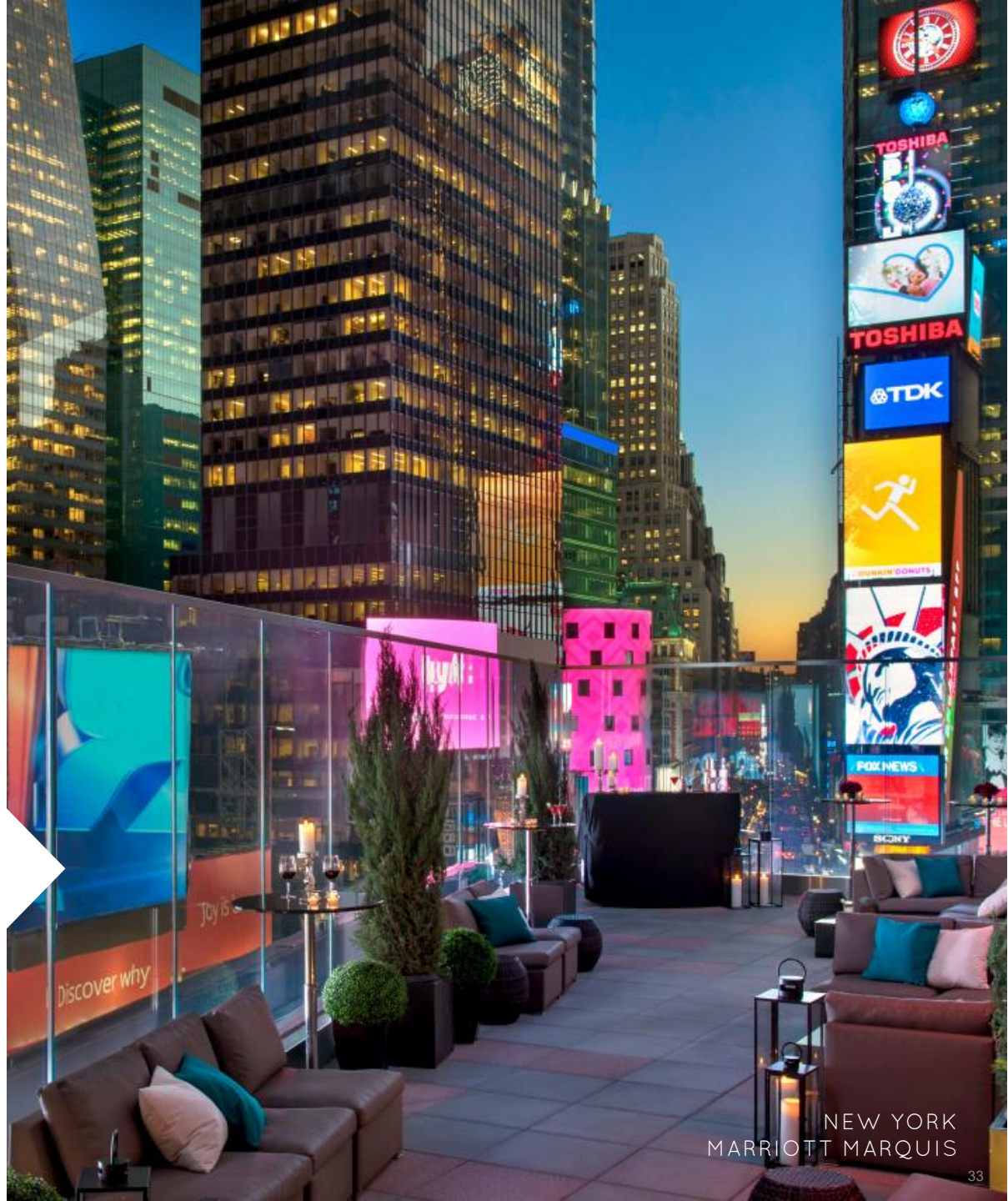
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MARRIOTT MARQUIS

# NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION



## ALL OWNED HOTEL PRO FORMA OPERATING STATISTICS AND RESULTS

To facilitate a quarter-to-quarter comparison of our operations, we typically present certain operating statistics (i.e., Total RevPAR, RevPAR, average daily rate and average occupancy) and operating results (revenues, expenses, hotel EBITDA and associated margins) for the periods included in this presentation on a comparable hotel basis in order to enable our investors to better evaluate our operating performance (discussed in “Hotel Property Level Operating Results” below). However, due to the COVID-19 pandemic and its effects on operations, there is little comparability between periods. For this reason, we temporarily are suspending our comparable hotel presentation and instead present hotel operating results for all consolidated hotels and, to facilitate comparisons between periods, we are presenting results on a pro forma basis, including the following adjustments: (1) operating results are presented for all consolidated hotels owned as of June 30, 2021, but do not include the results of operations for properties sold through the reporting date; and (2) operating results for acquisitions as of June 30, 2021 are reflected for full calendar years, to include results for periods prior to our ownership. For these hotels, since the year-over-year comparison includes periods prior to our ownership, the changes will not necessarily correspond to changes in our actual results.

## NON-GAAP FINANCIAL MEASURES

Included in this supplemental information are certain “non-GAAP financial measures,” which are measures of our historical or future financial performance that are not calculated and presented in accordance with GAAP, within the meaning of applicable SEC rules. They are as follows: (i) EBITDA, (ii) EBITDAre and Adjusted EBITDAre, (iii) NOI, (iv) All Owned Hotel Pro Forma Operating Statistics and Results, (v) Credit Facility Financial Performance Tests, and (vi) Senior Notes Financial Performance Tests. The following discussion defines these measures and presents why we believe they are useful supplemental measures of our performance.

### EBITDA AND NOI

Earnings before Interest Expense, Income Taxes, Depreciation and Amortization (“EBITDA”) is a commonly used measure of performance in many industries. Management believes EBITDA provides useful information to investors regarding our results of operations because it helps us and our investors evaluate the ongoing operating performance of our properties after removing the impact of the Company’s capital structure (primarily interest expense) and its asset base (primarily depreciation and amortization). Management also believes the use of EBITDA facilitates comparisons between us and other lodging REITs, hotel owners that are not REITs and other capital-intensive companies. Management uses EBITDA to evaluate property-level results and EBITDA multiples (calculated as sales price divided by EBITDA) as one measure in determining the value of acquisitions and dispositions and, like Funds From Operations (“FFO”) and Adjusted FFO per diluted share, it is widely used by management in the annual budget process and for our compensation programs. Management also uses NOI when calculating capitalization rates (“Cap Rates”) to evaluate acquisitions and dispositions. For a specific hotel, NOI is calculated as the hotel or entity level EBITDA less an estimate for the annual contractual reserve requirements for renewal and replacement expenditures. Cap Rates are calculated as NOI divided by sales price. Management believes using Cap Rates allows for a consistent valuation method in comparing the purchase or sale value of properties.

# NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION

## NON-GAAP FINANCIAL MEASURES (continued)

### EBITDAre AND ADJUSTED EBITDAre

We present EBITDAre in accordance with NAREIT guidelines, as defined in its September 2017 white paper “Earnings Before Interest, Taxes, Depreciation and Amortization for Real Estate,” to provide an additional performance measure to facilitate the evaluation and comparison of the Company’s results with other REITs. NAREIT defines EBITDAre as net income (calculated in accordance with GAAP) excluding interest expense, income tax, depreciation and amortization, gains or losses on disposition of depreciated property (including gains or losses on change of control), impairment expense of depreciated property and of investments in unconsolidated affiliates caused by a decrease in value of depreciated property in the affiliate, and adjustments to reflect the entity’s pro rata share of EBITDAre of unconsolidated affiliates.

We make additional adjustments to EBITDAre when evaluating our performance because we believe that the exclusion of certain additional items described below provides useful supplemental information to investors regarding our ongoing operating performance. We believe that the presentation of Adjusted EBITDAre, when combined with the primary GAAP presentation of net income, is beneficial to an investor’s understanding of our operating performance. Adjusted EBITDAre also is similar to the measure used to calculate certain credit ratios for our credit facility and senior notes. We adjust EBITDAre for the following items, which may occur in any period, and refer to this measure as Adjusted EBITDAre:

- **Property Insurance Gains** – We exclude the effect of property insurance gains reflected in our consolidated statements of operations because we believe that including them in Adjusted EBITDAre is not consistent with reflecting the ongoing performance of our assets. In addition, property insurance gains could be less important to investors given that the depreciated asset book value written off in connection with the calculation of the property insurance gain often does not reflect the market value of real estate assets.
- **Acquisition Costs** – Under GAAP, costs associated with completed property acquisitions that are considered business combinations are expensed in the year incurred. We exclude the effect of these costs because we believe they are not reflective of the ongoing performance of the Company.
- **Litigation Gains and Losses** – We exclude the effect of gains or losses associated with litigation recorded under GAAP that we consider outside the ordinary course of business. We believe that including these items is not consistent with our ongoing operating performance.
- **Severance Expense** – In certain circumstances, we will add back hotel-level severance expenses when we do not believe that such expenses are reflective of the ongoing operation of our properties. Situations that would result in a severance add-back include, but are not limited to, (i) costs incurred as part of a broad-based reconfiguration of the operating model with the specific hotel operator for a portfolio of hotels and (ii) costs incurred at a specific hotel due to a broad-based and significant reconfiguration of a hotel and/or its workforce. We do not add back corporate-level severance costs or severance costs at an individual hotel that we consider to be incurred in the normal course of business.

In unusual circumstances, we also may adjust EBITDAre for gains or losses that management believes are not representative of the Company’s current operating performance. The last adjustment of this nature was a 2013 exclusion of a gain from an eminent domain claim.



# NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION

## NON-GAAP FINANCIAL MEASURES (continued)

### LIMITATIONS ON THE USE OF EBITDA, EBITDAre, ADJUSTED EBITDAre AND NOI

EBITDA, EBITDAre, Adjusted EBITDAre, and NOI, as presented, may not be comparable to measures calculated by other companies. We calculate EBITDAre in accordance with standards established by NAREIT, which may not be comparable to measures calculated by other companies that do not use the NAREIT definition of EBITDAre. In addition, although EBITDAre is a useful measure when comparing our results to other REITs, they may not be helpful to investors when comparing us to non-REITs. We also calculate Adjusted EBITDAre, which is not in accordance with NAREIT guidance and may not be comparable to measures calculated by other REITs or by other companies. This information should not be considered as an alternative to net income, operating profit, cash from operations or any other operating performance measure calculated in accordance with GAAP. Cash expenditures for various long-term assets (such as renewal and replacement capital expenditures, with the exception of NOI), interest expense (for EBITDA, EBITDAre, Adjusted EBITDAre and NOI purposes only) severance expense related to significant property-level reconfiguration and other items have been, and will be, made and are not reflected in the EBITDA, EBITDAre, Adjusted EBITDAre, and NOI presentations. Management compensates for these limitations by separately considering the impact of these excluded items to the extent they are material to operating decisions or assessments of our operating performance.

Our consolidated statements of operations and consolidated statements of cash flows ("Statements of Cash Flows") in the Company's annual report on Form 10-K and quarterly reports on Form 10-Q include interest expense, capital expenditures, and other excluded items, all of which should be considered when evaluating our performance, as well as the usefulness of our non-GAAP financial measures. Additionally, EBITDA, EBITDAre, Adjusted EBITDAre and NOI should not be considered as a measure of our liquidity or indicative of funds available to fund our cash needs, including our ability to make cash distributions.

Similarly, EBITDAre and Adjusted EBITDAre, include adjustments for the pro rata share of our equity investments. Our equity investments consist of interests ranging from 11% to 67% in seven domestic and international partnerships that own a total of 10 properties and a vacation ownership development. Due to the voting rights of the outside owners, we do not control and, therefore, do not consolidate these entities. The non-controlling partners in consolidated partnerships primarily consist of the approximate 1% interest in Host LP held by outside partners, and a 15% interest held by outside partners in a partnership owning one hotel for which we do control the entity and, therefore, consolidate its operations. These pro rata results for EBITDAre and Adjusted EBITDAre were calculated as set forth in the definitions above. Readers should be cautioned that the pro rata results presented in these measures for equity investments may not accurately depict the legal and economic implications of our investments in these entities.

# NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION

## NON-GAAP FINANCIAL MEASURES (continued)

### HOTEL PROPERTY LEVEL OPERATING RESULTS

We present certain operating results for our hotels, such as hotel revenues, expenses, food and beverage profit, and EBITDA (and the related margins), on a hotel-level pro forma basis as supplemental information for our investors. Our hotel results reflect the operating results of our hotels as discussed in “All Owned Hotel Pro Forma Operating Statistics and Results” above. We present all owned hotel pro forma EBITDA to help us and our investors evaluate the ongoing operating performance of our hotels after removing the impact of the Company’s capital structure (primarily interest expense) and its asset base (primarily depreciation and amortization expense). Corporate-level costs and expenses also are removed to arrive at property-level results. We believe these property-level results provide investors with supplemental information about the ongoing operating performance of our hotels. All owned hotel pro forma results are presented both by location and for the Company’s properties in the aggregate. While severance expense is not uncommon at the individual property level in the normal course of business, we eliminate from our hotel level operating results severance costs related to broad-based and significant property-level reconfiguration that is not considered to be within the normal course of business, as we believe this elimination provides useful supplemental information that is beneficial to an investor’s understanding of our ongoing operating performance. We also eliminate depreciation and amortization expense because, even though depreciation and amortization expense are property-level expenses, these non-cash expenses, which are based on historical cost accounting for real estate assets, implicitly assume that the value of real estate assets diminishes predictably over time. As noted earlier, because real estate values historically have risen or fallen with market conditions, many real estate industry investors have considered presentation of historical cost accounting for operating results to be insufficient.

Because of the elimination of corporate-level costs and expenses, gains or losses on disposition, certain severance expenses and depreciation and amortization expense, the hotel operating results we present do not represent our total revenues, expenses, operating profit or net income and should not be used to evaluate our performance as a whole. Management compensates for these limitations by separately considering the impact of these excluded items to the extent they are material to operating decisions or assessments of our operating performance. Our consolidated statements of operations include such amounts, all of which should be considered by investors when evaluating our performance.

While management believes that presentation of all owned hotel results is a supplemental measure that provides useful information in evaluating our ongoing performance, this measure is not used to allocate resources or to assess the operating performance of each of our hotels, as these decisions are based on data for individual hotels and are not based on all owned hotel results in the aggregate. For these reasons, we believe all owned hotel operating results, when combined with the presentation of GAAP operating profit, revenues and expenses, provide useful information to investors and management.

# NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION

## NON-GAAP FINANCIAL MEASURES (continued)

### CREDIT FACILITY – LEVERAGE, UNSECURED INTEREST COVERAGE AND CONSOLIDATED FIXED CHARGE COVERAGE RATIOS

Host's credit facility contains certain financial covenants, including allowable leverage, unsecured interest coverage and fixed charge ratios, which are determined using EBITDA as calculated under the terms of our credit facility ("Adjusted Credit Facility EBITDA"). The leverage ratio is defined as net debt plus preferred equity to Adjusted Credit Facility EBITDA. The unsecured interest coverage ratio is defined as unencumbered Adjusted Credit Facility EBITDA to unsecured consolidated interest expense. The fixed charge coverage ratio is defined as Adjusted Credit Facility EBITDA divided by fixed charges, which include interest expense, required debt amortization payments, cash taxes and preferred stock payments. These calculations are based on pro forma results for the prior four fiscal quarters, giving effect to transactions such as acquisitions, dispositions and financings as if they occurred at the beginning of the period. The credit facility also incorporates by reference the ratio of unencumbered assets to unsecured indebtedness test from our senior notes indentures, calculated in the same manner, and the covenant is discussed below with the senior notes covenants.

Additionally, total debt used in the calculation of our leverage ratio is based on a "net debt" concept, under which cash and cash equivalents in excess of \$100 million are deducted from our total debt balance. Management believes these financial ratios provide useful information to investors regarding our compliance with the covenants in our credit facility and our ability to access the capital markets, in particular debt financing.

### SENIOR NOTES INDENTURE – INDEBTEDNESS TEST, SECURED INDEBTEDNESS TO TOTAL ASSETS TEST, EBITDA-TO-INTEREST COVERAGE RATIO AND RATIO OF UNENCUMBERED ASSETS TO UNSECURED INDEBTEDNESS

Host's senior notes indentures contains certain financial covenants, including allowable indebtedness, secured indebtedness to total assets, EBITDA-to-interest coverage and unencumbered assets to unsecured indebtedness. The indebtedness test is defined as adjusted indebtedness, which includes total debt adjusted for deferred financing costs, divided by adjusted total assets, which includes undepreciated real estate book values ("Adjusted Total Assets"). The secured indebtedness to total assets is defined as secured indebtedness, which includes mortgage debt and finance leases, divided by Adjusted Total Assets. The EBITDA-to-interest coverage ratio is defined as EBITDA as calculated under our senior notes indenture ("Adjusted Senior Notes EBITDA") to interest expense as defined by our senior notes indenture. The ratio of unencumbered assets to unsecured indebtedness is defined as unencumbered adjusted assets, which includes Adjusted Total Assets less encumbered assets, divided by unsecured debt, which includes the aggregate principal amount of outstanding unsecured indebtedness plus contingent obligations.

Under the terms of the senior notes indentures, interest expense excludes items such as the gains and losses on the extinguishment of debt, deferred financing charges related to the senior notes or the credit facility, amortization of debt premiums or discounts that were recorded at issuance of a loan to establish its fair value and non-cash interest expense, all of which are included in interest expense on our consolidated statement of operations. As with the credit facility covenants, management believes these financial ratios provide useful information to investors regarding our compliance with the covenants in our senior notes indentures and our ability to access the capital markets, in particular debt financing.

# NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION



## NON-GAAP FINANCIAL MEASURES (continued)

### LIMITATIONS ON CREDIT FACILITY AND SENIOR NOTES CREDIT RATIOS

These metrics are useful in evaluating the Company's compliance with the covenants contained in its credit facility and senior notes indentures. However, because of the various adjustments taken to the ratio components as a result of negotiations with the Company's lenders and noteholders they should not be considered as an alternative to the same ratios determined in accordance with GAAP. For instance, interest expense as calculated under the credit facility and senior notes indenture excludes the items noted above such as deferred financing charges and amortization of debt premiums or discounts, all of which are included in interest expense on our consolidated statement of operations. Management compensates for these limitations by separately considering the impact of these excluded items to the extent they are material to operating decisions or assessments of performance. In addition, because the credit facility and indenture ratio components are also based on pro forma results for the prior four fiscal quarters, giving effect to transactions such as acquisitions, dispositions and financings as if they occurred at the beginning of the period, they are not reflective of actual performance over the same period calculated in accordance with GAAP.