HOST
HOTELS & RESORTS

Host Hotels & Resorts, Inc. Reports Results for Second Quarter 2020

July 30, 2020

BETHESDA, Md., July 30, 2020 (GLOBE NEWSWIRE) -- Host Hotels & Resorts, Inc. (NYSE: HST) (the "Company"), the nation's largest lodging real estate investment trust ("REIT"), today announced results for the second quarter of 2020.

James F. Risoleo, President and Chief Executive Officer, said, "I am incredibly proud of Host's swift and decisive response to the challenging operating environment we faced in the second quarter. We significantly reduced our monthly hotel-level loss from April to June by working with our operators to reopen 19 hotels in a socially and financially responsible manner while continuing to carefully control expenses. Our total portfolio grew average occupancy by 380 basis points and improved average room rates by over 50% from April through June. As importantly, we worked with our supportive lending partners to successfully amend our $2.5 billion credit agreement and achieved outstanding terms that preserve the Company's liquidity while retaining our flexibility to capitalize on value-enhancing investment opportunities during this period of extreme dislocation."

Risoleo continued, "Although it remains difficult to estimate the timing or magnitude of an economic recovery, we are continuing to take actions to strengthen our business to achieve our key near-term objectives, including improving cash flow and achieving breakeven EBITDA at our hotels. We are working with our operators to drive occupancy and increase revenues while redefining our operating model to generate higher levels of profitability at lower levels of occupancy. As we rise to the unprecedented challenge facing the travel industry today, our hearts and minds remain with all those affected by COVID-19, as well as with the healthcare workers who are making tremendous sacrifices to help save lives and end this crisis."

OPERATING RESULTS
(unaudited, in millions, except per share and hotel statistics)

	Quarter ended June 30, 2020	Quarter ended June 30, 2019	Percent Change	Year-to-date ended June 30, 2020	Year-to-date ended June 30, 2019	Percent Change
Revenues	$ 103	$ 1,483	(93.1)%	$ 1,155	$ 2,873	(59.8)%
All owned hotel revenues (pro forma) (1)	103	1,398	(92.6)%	1,155	2,712	(57.4)%
Net income (loss)	(356)	290	N/M	(359)	479	N/M
EBITDA*re* and Adjusted EBITDA*re* (1)	(190)	460	N/M	(26)	867	N/M
All owned hotel Total RevPAR - Constant US$	23.16	327.00	(92.9)%	134.46	319.06	(57.9)%
All owned hotel RevPAR - Constant US$	14.31	204.15	(93.0)%	80.81	198.12	(59.2)%
Diluted earnings (loss) per common share	(0.50)	0.39	N/M	(0.50)	0.64	N/M
NAREIT FFO and Adjusted FFO per diluted share (1)	(0.26)	0.53	N/M	(0.03)	1.01	N/M

N/M = Not meaningful.

(1) NAREIT Funds From Operations ("FFO") per diluted share, Adjusted FFO per diluted share, EBITDA *re*, Adjusted EBITDA*re* and all owned hotel results (pro forma) are non-GAAP (U.S. generally accepted accounting principles) financial measures within the meaning of the rules of the Securities and Exchange Commission ("SEC"). See the Notes to Financial Information on why the Company believes these supplemental measures are useful, reconciliations to the most directly comparable GAAP measure, and the limitations on the use of these supplemental measures.

**Additional detail on the Company's results, including data for 22 domestic markets and top 40 hotels by Total RevPAR, is available in the Second Quarter 2020 Supplemental Financial Information available on the Company's website at* www.hosthotels.com.

PORTFOLIO HIGHLIGHTS:

- As of July 30, 2020, re-opened 19 of the 35 hotels that had suspended operations as of May 6, 2020.
- Improved average occupancy by 380 basis points, from 6.9% in April to 10.7% in June 2020.
- Improved average room rate by over 50%, from $129 in April to $194 in June 2020.

UPDATE ON COVID-19 RESPONSE

In response to the COVID-19 pandemic, the Company and its hotel operators have prioritized preserving financial liquidity and ensuring that its hotels are well positioned for recovery. Actions by the Company in support of these priorities include:

Preserving financial liquidity:

Hotel Operations

- Reduced portfolio-wide hotel operating costs by approximately 70% in the second quarter compared to the prior year, by suspending operations at certain hotels, furloughs of hotel employees and scaling back operations.
- Reduced hotel labor costs significantly due to the furlough of up to 80% of hotel employees who received healthcare benefits and special pay of $45 million in the second quarter. The Company accrued $35 million of these second-quarter costs in the first quarter and $32 million of these third-quarter costs in the second quarter.

Balance Sheet, Capital Allocation and Expense Management

- Amended the credit agreement governing the $1.5 billion revolving credit facility and two $500 million term loans in June 2020, while preserving the Company's flexibility in making acquisitions and raising capital, subject to certain restrictions. Additional detail on the Company's second quarter covenant levels is available in the Second Quarter 2020 Supplemental Financial Information available on the Company's website at www.hosthotels.com.
- Suspended the quarterly dividend and stock repurchases.
- Continue to expect reductions in corporate expenses for the full year of 10-15% compared to the prior year. Corporate expenses in the second quarter were unchanged from the prior year due to timing of certain expenses.

Positioning for recovery:

- Continued to take advantage of reduced demand to complete Marriott transformational capital program and other ROI projects. The Company believes the renovations will position these hotels to capture additional revenue during a potential economic recovery.
- Continued to review operating costs at varying levels of occupancy with a focus on modernizing brand standards, streamlining operating departments and accelerating the adoption of cost-saving technology.

The impact of the COVID-19 pandemic on the Company remains fluid and a great deal of uncertainty surrounding the trends and duration of the COVID-19 pandemic remains. The Company, as well as its hotel managers, are monitoring developments on an ongoing basis and may take additional actions in response to future developments to reduce the impact to the Company's stakeholders.

OPERATING RESULTS

The Company's prior year presentation of comparable hotel performance is no longer relevant given the impact of COVID-19. Hotel operating results, including RevPAR, are being reported on an All Owned Hotel pro forma basis, which includes all consolidated properties owned as of June 30, 2020, but does not include the results of operations for properties sold in 2019. Additionally, operating results for acquisitions in the prior year are reflected for the full 2019 calendar quarter, to include results for periods prior to the Company's ownership. See the Notes to Financial Information – All Owned Hotel Operating Statistics and Results for further information on these pro forma statistics.

Due to low occupancy levels and/or state mandates, operations remain suspended at 16 hotels in the Company's portfolio as of July 30, 2020. The Company has provided a complete list of these suspended hotels on page 41 of its Second Quarter 2020 Supplemental Information available on the Company's website at www.hosthotels.com.

The following presents the monthly hotel operating results for the full portfolio and for the hotels without suspended operations during the periods presented:

	Total Portfolio			Open Hotels (2)		
	April	May	June	April	May	June
Number of hotels	80	80	80	45	45	47
Number of rooms	46,669	46,670	46,670	26,379	26,379	27,280
Average Occupancy Percentage	6.9%	8.8%	10.7%	12.1%	15.3%	16.3%
Average Room Rate	$ 128.54	$ 150.16	$ 193.67	$ 134.01	$ 146.09	$ 182.26
RevPAR	$ 8.92	$ 13.29	$ 20.77	$ 16.16	$ 22.37	$ 29.71

(2) Represents the hotels that were accepting reservations during the entirety of the month. Excludes the 35, 35, and 33 hotels with suspended operations in the months of April, May, and June, respectively.

During the COVID-19 pandemic, the Company has remained keenly focused on monthly operating results and the effect on the long-term liquidity of the Company, and, as a result of the initiatives discussed above, significantly reduced its monthly cash expenditures for the second quarter of 2020. The following presents the second quarter 2020 results (in millions):

	April	May	June	Quarter ended June 30, 2020
Revenues	$ 24	$ 30	$ 49	$ 103
Net loss	(120)	(114)	(122)	(356)
Hotel-level operating loss (3)	(73)	(53)	(37)	(163)

Significant expenditures for the second quarter included in the Company's total cash burn are (in millions):

	Quarter ended June 30, 2020
GAAP net cash used in operating activities	$ (172)
Cash burn (3)	$ (399)
Components of cash burn:	
Hotel-level operating loss (3)	(163)
Interest payments	(46)
Cash corporate and other expenses	(21)
Capital expenditures	(169)

(3) Hotel-level operating loss and cash burn are non-GAAP financial measures within the meaning of the rules of the Securities and Exchange Commission ("SEC"). See the Notes to Financial Information on why the Company believes these supplemental measures are useful, reconciliations to the most directly comparable GAAP measure, and the limitations on the use of these supplemental measures.

The Company's long-term liquidity can be estimated based on the average monthly cash burn using the second quarter performance. In this scenario, the average monthly GAAP cash used in operating activities would be approximately $75 million at the midpoint, which includes estimated interest, corporate-level expense, and cash timing adjustments, and the monthly cash burn for the remainder of 2020 would be approximately $100 million to $110 million(3), which includes estimated monthly capital expenditures. In this scenario, the total available liquidity at the end of 2020 would be approximately $1.8 billion to $1.9 billion, including cash, FF&E reserves and capacity under the credit facility. Further, at this estimated level of activity, the Company anticipates it would have ample liquidity until the middle of 2022, subject to obtaining continued covenant waivers from the lenders under the credit facility.

HOTEL BUSINESS MIX UPDATE

The Company's customers fall into three broad groups: transient, group and contract business, which accounted for approximately 61%, 35%, and 4%, respectively, of its 2019 room sales.

During the second quarter, demand was primarily driven by drive-to and resort destinations. The following are the results of the Company's consolidated portfolio transient, group and contract business:

	Quarter ended June 30, 2020		Percent change vs. Quarter ended June 30, 2019	
	Room nights (in thousands)	Room Revenues (in millions)	Room nights	Room Revenues
Transient business	198	$ 37	(90.0)%	(92.8)%
Group business	134	18	(90.0)%	(94.3)%
Contract business	43	6	(74.1)%	(83.3)%

As of July 30, 2020, 2.7 million group room nights for the year have been cancelled. This equates to an estimated $1.0 billion in total cancelled group revenue of which approximately 62% is rooms revenue. Approximately 63% of the group room revenue lost was for the first half of the year. The Company believes that the pace of group and transient business remains uncertain for the second half of the year due to the continued uncertainty surrounding the pandemic, government restrictions on travel, and companies' restrictions on business travel. The Company expects further cancellations of group business in the second half of the year.

CAPITAL EXPENDITURES

The Company's capital expenditures spending is expected to range from $475 million to $520 million for full year 2020:

	Year-to-date ended June 30, 2020	2020 Full Year Forecast	
	Actuals	Low-end of range	High-end of range
ROI - Marriott transformational capital program	$ 118	$ 195	$ 200
ROI - All other ROI projects	88	130	145
Total ROI project spend	206	325	345
Renewals and Replacements	94	150	175
Total Capital Expenditures	$ 300	$ 475	$ 520

Through the second quarter of 2020, the Company completed almost 60% of the total capital expenditure projects planned for the year and expects total spend in the second half of the year to be approximately $100 million lower than the first half. The full year forecast ROI capital expenditures includes $200 million for the Marriott transformational capital program, for which Marriott is expected to provide operating profit guarantees of approximately $20 million in 2020, including $6 million that was received in the second quarter of 2020.

The Company has prioritized major capital projects in those assets and markets that are expected to recover faster, such as leisure and drive-to destinations, as well as previously announced major return on investment projects. The Company is utilizing the low occupancy environment to accelerate certain projects and minimize future disruption.

DISPOSITIONS

During the quarter, the Company sold a parcel of land adjacent to The Phoenician hotel for approximately $17 million, of which half was financed through a bridge loan to the buyer, and recorded a gain of $12 million.

BALANCE SHEET

The Company maintains a robust balance sheet with the following values at June 30, 2020:

- Total assets of $12.2 billion.
- Cash balance of approximately $1.6 billion, FF&E escrow reserves of $154 million, and $750 million of available capacity under the revolver portion of the credit facility, following the June repayment of $750 million.
- Debt balance of $4.5 billion, with an average maturity of 4.7 years, an average interest rate of 3.0%, and no significant maturities until 2023.

The Company's quarterly-tested financial covenants in its credit facility were waived beginning July 1, 2020 through the second quarter of 2021, with testing resuming for the third quarter of 2021.

2020 OUTLOOK

Given the global economic uncertainty COVID-19 has created for the travel, airline, lodging and tourism and event industries, among others, the Company cannot provide full year guidance for its operations or fully estimate the effect of COVID-19 on operations. The Company's results during the second quarter reflected the unprecedented declines resulting from COVID-19. The Company does not expect to see a material improvement in operations until government restrictions have been lifted and business and leisure travelers are comfortable that the risks associated with traveling and contracting COVID-19 are significantly reduced. The Company does not intend to provide further updates unless deemed appropriate.

ABOUT HOST HOTELS & RESORTS

Host Hotels & Resorts, Inc. is an S&P 500 company and is the largest lodging real estate investment trust and one of the largest owners of luxury and upper-upscale hotels. The Company currently owns 75 properties in the United States and five properties internationally totaling approximately 46,700 rooms. The Company also holds non-controlling interests in six domestic and one international joint ventures. Guided by a disciplined approach to capital allocation and aggressive asset management, the Company partners with premium brands such as Marriott®, Ritz-Carlton®, Westin®, Sheraton®, W®, St. Regis®, The Luxury Collection®, Hyatt®, Fairmont®, Hilton®, Swissôtel®, ibis® and Novotel®, as well as independent brands. For additional information, please visit the Company's website at www.hosthotels.com.

Note: This press release 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; 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 dispositions 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 release is as of July 30, 2020 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.

*** Tables to Follow ***

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, 2020, 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.

HOST HOTELS & RESORTS, INC.
Condensed Consolidated Balance Sheets
(unaudited, in millions, except shares and per share amounts)

	June 30, 2020	December 31, 2019
ASSETS		
Property and equipment, net	$ 9,613	$ 9,671
Right-of-use assets	595	595
Due from managers	6	63
Advances to and investments in affiliates	38	56
Furniture, fixtures and equipment replacement fund	154	176
Other	206	171
Cash and cash equivalents	1,578	1,573
Total assets	$ 12,190	$ 12,305
LIABILITIES, NON-CONTROLLING INTERESTS AND EQUITY		
Debt [(1)]		
Senior notes	$ 2,778	$ 2,776
Credit facility, including the term loans of $997	1,736	989
Other debt	29	29
Total debt	4,543	3,794
Lease liabilities	607	606
Accounts payable and accrued expenses	68	263
Other	169	175
Total liabilities	5,387	4,838
Redeemable non-controlling interests - Host Hotels & Resorts, L.P.	81	142
Host Hotels & Resorts, Inc. stockholders' equity:		
Common stock, par value $.01, 1,050 million shares authorized, 705.2 million shares and 713.4 million shares issued and outstanding, respectively	7	7
Additional paid-in capital	7,586	7,675
Accumulated other comprehensive loss	(74)	(56)
Deficit	(802)	(307)
Total equity of Host Hotels & Resorts, Inc. stockholders	6,717	7,319
Non-redeemable non-controlling interests—other consolidated partnerships	5	6
Total equity	6,722	7,325
Total liabilities, non-controlling interests and equity	$ 12,190	$ 12,305

(1) Please see our Second Quarter 2020 Supplemental Financial Information for more detail on our debt balances and financial covenant ratios under our credit facility and senior notes indentures.

HOST HOTELS & RESORTS, INC.
Condensed Consolidated Statements of Operations
(unaudited, in millions, except per share amounts)

	Quarter ended June 30,		Year-to-date ended June 30,	
	2020	2019	2020	2019
Revenues				
Rooms	$ 61	$ 931	$ 687	$ 1,788
Food and beverage	11	449	341	882
Other	31	103	127	203
Total revenues	103	1,483	1,155	2,873
Expenses				
Rooms	43	226	230	443
Food and beverage	39	290	284	575
Other departmental and support expenses	113	334	432	661
Management fees	(2)	71	28	125
Other property-level expenses	70	91	163	183
Depreciation and amortization	168	166	332	336
Corporate and other expenses(1)	25	25	50	54
Total operating costs and expenses	456	1,203	1,519	2,377
Operating profit (loss)	(353)	280	(364)	496
Interest income	1	7	7	15
Interest expense	(40)	(43)	(77)	(86)
Other gains/(losses)	13	57	12	62
Gain on foreign currency transactions and derivatives	2	1	1	1
Equity in earnings (losses) of affiliates	(25)	4	(21)	9
Income (loss) before income taxes	(402)	306	(442)	497
Benefit (provision) for income taxes	46	(16)	83	(18)
Net income (loss)	(356)	290	(359)	479
Less: Net (income) loss attributable to non-controlling interests	4	(4)	4	(7)
Net income (loss) attributable to Host Inc.	$ (352)	$ 286	$ (355)	$ 472
Basic and diluted earnings (loss) per common share	$ (.50)	$ .39	$ (.50)	$ .64

(1) Corporate and other expenses include the following items:

	Quarter ended June 30,		Year-to-date ended June 30,	
	2020	2019	2020	2019
General and administrative costs	$ 21	$ 22	$ 43	$ 47
Non-cash stock-based compensation expense	4	3	7	7
Total	$ 25	$ 25	$ 50	$ 54

HOST HOTELS & RESORTS, INC.
Earnings (Loss) per Common Share
(unaudited, in millions, except per share amounts)

	Quarter ended June 30,		Year-to-date ended June 30,	
	2020	2019	2020	2019
Net income (loss)	$ (356)	$ 290	$ (359)	$ 479
Less: Net (income) loss attributable to non-controlling interests	4	(4)	4	(7)
Net income (loss) attributable to Host Inc.	$ (352)	$ 286	$ (355)	$ 472
Basic weighted average shares outstanding	705.1	739.1	706.7	739.9
Assuming distribution of common shares granted under the comprehensive stock plans, less shares assumed purchased at market	—	.3	—	.3
Diluted weighted average shares outstanding (1)	705.1	739.4	706.7	740.2
Basic and diluted earnings (loss) per common share	$ (.50)	$ .39	$ (.50)	$ .64

(1) Dilutive securities may include shares granted under comprehensive stock plans, preferred operating partnership units ("OP Units") held by minority partners and other non-controlling interests that have the option to convert their limited partnership interests to common OP Units. No effect is shown for any securities that were anti-dilutive for the period.

HOST HOTELS & RESORTS, INC.
Hotel Operating Data for Consolidated Hotels (1)(2)

All Owned Hotels (pro forma) by Location in Constant US$

	As of June 30, 2020		Quarter ended June 30, 2020				Quarter ended June 30, 2019					
Location	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentage	RevPAR	Total RevPAR	Average Room Rate	Average Occupancy Percentage	RevPAR	Total RevPAR	Percent Change in RevPAR	Percent Change in Total RevPAR
Florida Gulf Coast	5	1,842	$ 278.24	17.7 %	$ 49.11	$ 87.12	$ 313.53	73.9 %	$ 231.56	$ 471.22	(78.8)%	(81.5)%
Maui/Oahu	4	1,983	75.47	3.7	2.77	5.82	384.31	92.3	354.62	563.56	(99.2)	(99.0)
Jacksonville	1	446	469.00	28.1	131.95	219.50	414.11	84.1	348.40	753.61	(62.1)	(70.9)
Miami	3	1,276	276.13	8.3	22.86	39.35	299.54	80.6	241.56	390.25	(90.5)	(89.9)

Phoenix	3	1,654	185.02	6.8	12.58	53.48	277.88	74.6	207.40	488.38	(93.9)	(89.0)
San Francisco/San Jose	7	4,528	175.74	4.2	7.43	14.51	267.87	82.7	221.55	313.95	(96.6)	(95.4)
Los Angeles	4	1,726	207.67	9.9	20.48	28.05	228.49	89.1	203.54	300.39	(89.9)	(90.7)
New York	3	4,261	134.19	30.2	40.47	43.18	292.59	84.9	248.42	378.93	(83.7)	(88.6)
San Diego	3	3,288	181.47	2.5	4.57	17.07	257.34	83.0	213.66	394.65	(97.9)	(95.7)
Atlanta	4	1,682	138.09	9.6	13.23	18.55	188.81	76.7	144.87	232.21	(90.9)	(92.0)
Washington, D.C. (CBD)	5	3,238	221.94	4.6	10.14	10.76	278.76	91.5	255.04	367.23	(96.0)	(97.1)
New Orleans	1	1,333	N/M	0.0	0.29	1.94	196.98	81.0	159.65	233.90	(99.8)	(99.2)
Orange County	2	925	163.08	7.4	12.01	18.18	189.11	79.5	150.28	251.79	(92.0)	(92.8)
Orlando	1	2,004	N/M	0.1	0.05	17.24	177.39	70.7	125.33	295.11	(100.0)	(94.2)
Houston	4	1,716	112.05	13.9	15.63	20.43	181.69	74.6	135.49	193.31	(88.5)	(89.4)
Philadelphia	2	810	120.32	10.6	12.75	15.74	247.35	89.7	221.94	366.74	(94.3)	(95.7)
Northern Virginia	3	1,252	129.21	7.9	10.20	15.45	214.09	77.9	166.82	280.83	(93.9)	(94.5)
Seattle	2	1,315	196.68	1.1	2.26	5.68	234.35	85.1	199.47	271.52	(98.9)	(97.9)
Boston.	3	2,715	N/M	0.2	0.28	2.05	272.01	87.8	238.87	324.76	(99.9)	(99.4)
Denver	3	1,340	112.47	7.9	8.87	10.96	176.07	79.4	139.88	210.69	(93.7)	(94.8)
San Antonio	2	1,512	123.02	5.4	6.59	9.36	186.37	75.1	139.94	200.21	(95.3)	(95.3)
Chicago	4	1,816	110.04	9.8	10.82	13.03	237.05	82.5	195.46	278.10	(94.5)	(95.3)
Other	6	2,509	109.28	13.5	14.77	18.40	175.50	83.0	145.69	207.76	(89.9)	(91.1)
Domestic	75	45,171	165.18	8.9	14.62	23.52	252.03	82.4	207.60	332.73	(93.0)	(92.9)
International	5	1,499	59.79	8.4	5.02	12.44	143.72	69.7	100.16	154.14	(95.0)	(91.9)
All Locations - Constant US$	80	46,670	161.97	8.8	14.31	23.16	249.07	82.0	204.15	327.00	(93.0)	(92.9)

All Owned Hotels (pro forma) in Nominal US$

	As of June 30, 2020		Quarter ended June 30, 2020				Quarter ended June 30, 2019					
	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentage	RevPAR	Total RevPAR	Average Room Rate	Average Occupancy Percentage	RevPAR	Total RevPAR	Percent Change in RevPAR	Percent Change in Total RevPAR
International	5	1,499	$ 59.79	8.4%	$ 5.02	$ 12.44	$ 158.97	69.7%	$ 110.79	$ 169.04	(95.5)%	(92.6)%
Domestic	75	45,171	165.18	8.9	14.62	23.52	252.03	82.4	207.60	332.73	(93.0)	(92.9)
All Locations	80	46,670	161.97	8.8	14.31	23.16	249.49	82.0	204.49	327.47	(93.0)	(92.9)

All Owned Hotels (pro forma) by Location in Constant US$

	As of June 30, 2020		Year-to-date ended June 30, 2020				Year-to-date ended June 30, 2019					
Location	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentage	RevPAR	Total RevPAR	Average Room Rate	Average Occupancy Percentage	RevPAR	Total RevPAR	Percent Change in RevPAR	Percent Change in Total RevPAR
Florida Gulf Coast	5	1,842	$ 400.35	44.2%	$177.03	$353.01	$ 379.76	78.4%	$297.90	$586.44	(40.6)%	(39.8)%
Maui/Oahu	4	1,983	451.32	39.1	176.41	259.64	410.35	90.6	371.89	573.91	(52.6)	(54.8)
Jacksonville	1	446	398.29	42.6	169.62	342.83	391.86	81.4	318.88	722.04	(46.8)	(52.5)
Miami	3	1,276	425.83	39.6	168.56	268.97	355.53	83.2	295.96	455.82	(43.0)	(41.0)
Phoenix	3	1,654	352.56	37.0	130.34	303.21	327.86	78.6	257.82	566.03	(49.4)	(46.4)
San Francisco/San Jose	7	4,528	287.40	31.8	91.26	134.44	286.10	80.0	228.99	322.35	(60.1)	(58.3)
Los Angeles	4	1,726	215.97	39.3	84.80	124.95	226.22	87.8	198.59	294.83	(57.3)	(57.6)
New York	3	4,261	190.39	43.1	82.11	120.16	266.94	78.5	209.56	323.62	(60.8)	(62.9)
San Diego	3	3,288	241.83	31.8	77.01	154.12	255.23	80.0	204.18	372.23	(62.3)	(58.6)
Atlanta	4	1,682	185.37	36.3	67.36	107.33	208.09	76.7	159.65	252.43	(57.8)	(57.5)
Washington, D.C. (CBD)	5	3,238	229.66	29.3	67.21	97.24	265.11	82.5	218.62	312.73	(69.3)	(68.9)
New Orleans	1	1,333	202.76	32.6	66.19	99.87	203.37	81.3	165.38	241.84	(60.0)	(58.7)
Orange County	2	925	193.61	32.9	63.66	110.25	195.04	79.2	154.54	260.36	(58.8)	(57.7)
Orlando	1	2,004	215.19	28.6	61.54	152.85	193.57	74.8	144.76	339.92	(57.5)	(55.0)
Houston	4	1,716	163.52	37.6	61.51	91.53	182.15	75.2	136.92	197.16	(55.1)	(53.6)
Philadelphia	2	810	165.99	36.7	60.90	98.18	220.90	83.9	185.41	304.83	(67.2)	(67.8)
Northern Virginia	3	1,252	196.57	30.3	59.55	98.07	212.31	71.8	152.53	260.36	(61.0)	(62.3)
Seattle	2	1,315	193.49	27.6	53.38	77.51	215.31	81.3	174.95	237.90	(69.5)	(67.4)
Boston	3	2,715	176.94	26.6	47.06	71.97	236.19	78.6	185.74	260.95	(74.7)	(72.4)
Denver	3	1,340	154.85	29.0	44.89	68.03	169.71	72.1	122.41	184.62	(63.3)	(63.2)
San Antonio	2	1,512	179.31	24.2	43.38	65.75	191.24	76.2	145.81	215.02	(70.3)	(69.4)
Chicago	4	1,816	136.92	28.7	39.26	54.32	199.76	71.5	142.77	203.93	(72.5)	(73.4)
Other	6	2,509	155.53	35.4	55.07	76.39	172.13	78.1	134.38	191.51	(59.0)	(60.1)
Domestic	75	45,171	242.02	34.0	82.19	136.94	254.20	79.3	201.52	324.88	(59.2)	(57.8)

International	5	1,499	127.54	30.9	39.36	59.43	139.27	68.7	95.64	143.57	(58.8)	(58.6)
All Locations - Constant US$	80	46,670	238.67	33.9	80.81	134.46	250.99	78.9	198.12	319.06	(59.2)	(57.9)

All Owned Hotels (pro forma) in Nominal US$

	As of June 30, 2020		Year-to-date ended June 30, 2020				Year-to-date ended June 30, 2019					
	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentage	RevPAR	Total RevPAR	Average Room Rate	Average Occupancy Percentage	RevPAR	Total RevPAR	Percent Change in RevPAR	Percent Change in Total RevPAR
International	5	1,499	$ 127.54	30.9 %	$ 39.36	$ 59.43	$ 151.58	68.7 %	$ 104.09	$ 155.00	(62.2)%	(61.7)%
Domestic	75	45,171	242.02	34.0	82.19	136.94	254.20	79.3	201.52	324.88	(59.2)	(57.8)
All Locations	80	46,670	238.67	33.9	80.81	134.46	251.33	78.9	198.39	319.43	(59.3)	(57.9)

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(1) To facilitate a quarter-to-quarter comparison of our operations, we typically present certain operating statistics and operating results for the periods included in this presentation on a comparable hotel basis. However, due to the COVID-19 pandemic and its effects on operations there is little comparability between periods. For this reason, we are revising our presentation to 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 properties owned as of June 30, 2020 but do not include the results of operations for properties sold in 2019; and (2) operating results for acquisitions in the current and prior year 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 Financial Information – All Owned Hotel Operating Statistics and Results for further information on these pro forma statistics and – Constant US$ and Nominal US$ for a discussion on constant US$ presentation. Nominal US$ results include the effect of currency fluctuations, consistent with our financial statement presentation. CBD of a location refers to the central business district.

(2) *Hotel RevPAR* is calculated as room revenues divided by the available room nights. Hotel Total RevPAR is calculated by dividing the sum of rooms, food and beverage and other revenues by the available room nights.

N/M = Not meaningful

HOST HOTELS & RESORTS, INC.

Schedule of All Owned Hotel Pro Forma Results (1)

(unaudited, in millions, except hotel statistics)

	Quarter ended June 30,		Year-to-date ended June 30,	
	2020	2019	2020	2019
Number of hotels	80	80	80	80
Number of rooms	46,670	46,670	46,670	46,670
Change in hotel Total RevPAR -				
Constant US$	(92.9)%	—	(57.9)%	—
Nominal US$	(92.9)%	—	(57.9)%	—
Change in hotel RevPAR -				
Constant US$	(93.0)%	—	(59.2)%	—
Nominal US$	(93.0)%	—	(59.3)%	—
Operating profit (loss) margin (2)	(342.7)%	18.9 %	(31.5)%	17.3 %
All Owned Hotel Pro Forma EBITDA margin (2)	(155.3)%	31.9 %	1.6 %	31.2 %
Food and beverage profit margin (2)	(254.5)%	35.4 %	16.7 %	34.8 %
All Owned Hotel Pro Forma food and beverage profit margin (2)	(254.5)%	35.6 %	16.7 %	34.9 %
Net income (loss)	$ (356)	$ 290	$ (359)	$ 479
Depreciation and amortization	168	166	332	336
Interest expense	40	43	77	86
Provision (benefit) for income taxes	(46)	16	(83)	18
Gain on sale of property and corporate level income/expense	34	(44)	51	(33)
Pro forma adjustments(3)	—	(25)	—	(40)
All Owned Hotel Pro Forma EBITDA	$ (160)	$ 446	$ 18	$ 846

	Quarter ended June 30, 2020			Quarter ended June 30, 2019			
		Adjustments			Adjustments		
	GAAP Results	Depreciation and corporate level items	**All Owned Hotel Pro Forma Results (3)**	**GAAP Results**	Pro forma adjustments(3)	Depreciation and corporate level items	**All Owned Hotel Pro Forma Results (3)**
Revenues							
Room	$ 61	$ —	$ 61	$ 931	(62)	$ —	$ 869
Food and beverage	11	—	11	449	(19)	—	430
Other	31	—	31	103	(4)	—	99
Total revenues	103	—	103	1,483	(85)	—	1,398
Expenses							
Room	43	—	43	226	(14)	—	212
Food and beverage	39	—	39	290	(13)	—	277
Other	181	—	181	496	(33)	—	463
Depreciation and amortization	168	(168)	—	166	—	(166)	—
Corporate and other expenses	25	(25)	—	25	—	(25)	—
Total expenses	456	(193)	263	1,203	(60)	(191)	952
Operating Profit (Loss) - All Owned Hotel Pro Forma EBITDA	$ (353)	$ 193	$ (160)	$ 280	$ (25)	$ 191	$ 446

	Year-to-date ended June 30, 2020	Year-to-date ended June 30, 2019

	GAAP Results	Adjustments: Depreciation and corporate level items	All Owned Hotel Pro Forma Results (3)	GAAP Results	Adjustments: Pro forma adjustments(3)	Adjustments: Depreciation and corporate level items	All Owned Hotel Pro Forma Results (3)
Revenues							
Room	$ 687	$ —	$ 687	$ 1,788	$ (111)	$ —	$ 1,677
Food and beverage	341	—	341	882	(39)	—	843
Other	127	—	127	203	(11)	—	192
Total revenues	1,155	—	1,155	2,873	(161)	—	2,712
Expenses							
Room	230	—	230	443	(28)	—	415
Food and beverage	284	—	284	575	(26)	—	549
Other	623	—	623	969	(67)	—	902
Depreciation and amortization	332	(332)	—	336	—	(336)	—
Corporate and other expenses	50	(50)	—	54	—	(54)	—
Total expenses	1,519	(382)	1,137	2,377	(121)	(390)	1,866
Operating Profit (Loss) - All Owned Hotel Pro Forma EBITDA	$ (364)	$ 382	$ 18	$ 496	$ (40)	$ 390	$ 846

	April	May	June	Quarter ended June 30, 2020
Net loss	$ (120)	$ (114)	$ (122)	$ (356)
Depreciation and amortization	54	56	58	168
Interest expense	14	13	13	40
Benefit for income taxes	(8)	(16)	(22)	(46)
Gain on sale of property and corporate level income/expense	7	11	16	34
All Owned Hotel Pro Forma EBITDA	(53)	(50)	(57)	(160)
Benefits for furloughed employees adjustment	(20)	(3)	20	(3)
Hotel-level operating loss (1)	$ (73)	$ (53)	$ (37)	$ (163)

(1) See the Notes to Financial Information for a discussion of non-GAAP measures and the calculation of all owned hotel pro forma results and hotel-level operating loss, including the limitations on their use. For additional information on hotel EBITDA by location, see the Second Quarter 2020 Supplemental Financial Information posted on our website.

(2) Profit margins are calculated by dividing the applicable operating profit by the related revenue amount. GAAP profit margins are calculated using amounts presented in the condensed consolidated statements of operations. Hotel margins are calculated using amounts presented in the above tables.

(3) Pro forma adjustments represent the following items: (i) the elimination of results of operations of our sold hotels, which operations are included in our condensed consolidated statements of operations as continuing operations and (ii) the addition of results for periods prior to our ownership for hotels acquired during the presented periods. For this presentation, we no longer adjust for certain items such as gains on insurance settlements, the results of our leased office buildings and other non-hotel revenue and expense items, and they are included in the All Owned Hotel Pro Forma results.

HOST HOTELS & RESORTS, INC.
Reconciliation of Net Income (Loss) to
EBITDA, EBITDA*re* and Adjusted EBITDA*re* (1)
(unaudited, in millions)

	Quarter ended June 30, 2020	Quarter ended June 30, 2019	Year-to-date ended June 30, 2020	Year-to-date ended June 30, 2019
Net income (loss) (2)	$ (356)	$ 290	$ (359)	$ 479
Interest expense	40	43	77	86
Depreciation and amortization	168	166	332	336
Income taxes	(46)	16	(83)	18
EBITDA(2)	(194)	515	(33)	919
Gain on dispositions (3)	(1)	(57)	—	(59)
Equity investment adjustments:				
Equity in (earnings) losses of affiliates	25	(4)	21	(9)
Pro rata EBITDA*re* of equity investments	(20)	6	(14)	16
EBITDAre and Adjusted EBITDA*re* (2)	$ (190)	$ 460	$ (26)	$ 867

(1) See the Notes to Financial Information for discussion of non-GAAP measures.

(2) Net income (loss), EBITDA, EBITDAre, Adjusted EBITDAre, NAREIT FFO and Adjusted FFO for the quarter ended June 30, 2020 include a gain of $12 million from the sale of land adjacent to The Phoenician and a loss of $14 million related to inventory impairment expense recorded by our Maui timeshare joint venture, reflected through equity in (earnings) losses of affiliates.

(3) Reflects the sale of four hotels in 2019.

HOST HOTELS & RESORTS, INC.
Reconciliation of Diluted Earnings (Loss) per Common Share to
NAREIT and Adjusted Funds From Operations per Diluted Share (1)
(unaudited, in millions, except per share amounts)

	Quarter ended June 30, 2020	Quarter ended June 30, 2019	Year-to-date ended June 30, 2020	Year-to-date ended June 30, 2019
Net income (loss) (2)	$ (356)	$ 290	$ (359)	$ 479
Less: Net (income) loss attributable to non-controlling interests	4	(4)	4	(7)
Net income (loss) attributable to Host Inc.	(352)	286	(355)	472
Adjustments:				
Gain on dispositions (3)	(1)	(57)	—	(59)
Depreciation and amortization	166	165	331	334
Equity investment adjustments:				
Equity in (earnings) losses of affiliates	25	(4)	21	(9)

Pro rata FFO of equity investments	(20)	4	(17)	13
Consolidated partnership adjustments:				
FFO adjustment for non-controlling partnerships	—	—	(1)	1
FFO adjustments for non-controlling interests of Host L.P.	(2)	(1)	(3)	(3)
NAREIT FFO (2)	(184)	393	(24)	749
Adjustments to NAREIT FFO:				
Loss on debt extinguishment	1	—	1	—
Adjusted FFO (2)	$ (183)	$ 393	$ (23)	$ 749
For calculation on a per share basis (4):				
Diluted weighted average shares outstanding - EPS, NAREIT FFO and Adjusted FFO	705.1	739.4	706.7	740.2
Diluted earnings (loss) per common share	$ (.50)	$ .39	$ (.50)	$ .64
NAREIT FFO and Adjusted FFO per diluted share	$ (.26)	$ .53	$ (.03)	$ 1.01

(1-3) Refer to the corresponding footnote on the Reconciliation of Net Income (Loss) to EBITDA, EBITDA*re* and Adjusted EBITDA*re*.

(4) Diluted earnings (loss) per common share, NAREIT FFO per diluted share and Adjusted FFO per diluted share are adjusted for the effects of dilutive securities. Dilutive securities may include shares granted under comprehensive stock plans, preferred OP units held by non-controlling partners and other non-controlling interests that have the option to convert their limited partnership interests to common OP units. No effect is shown for securities if they are anti-dilutive.

HOST HOTELS & RESORTS, INC.
Notes to Financial Information

ALL OWNED HOTEL OPERATING STATISTICS AND RESULTS

To facilitate a quarter-to-quarter comparison of our operations, we typically present certain operating statistics and operating results for the periods included in this presentation on a comparable hotel basis (discussed in "Comparable Hotel Operating Statistics" below). However, due to the COVID-19 pandemic and its effects on operations there is little comparability between periods. For this reason, we are temporarily 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, 2020, but do not include the results of operations for properties sold in 2019; and (2) operating results for acquisitions in the current and prior year 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.

COMPARABLE HOTEL OPERATING STATISTICS

The following discusses our typical presentation of comparable hotels; however, this method is not being used in the current presentation due to the impact of COVID-19:

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 report on a comparable hotel basis in order to enable our investors to better evaluate our operating performance.

We define our comparable hotels as those:

(i) that are owned or leased by us at the end of the reporting periods being compared; and

(ii) that have not sustained substantial property damage or business interruption, or undergone large-scale capital projects (as further defined below) during the reporting periods being compared.

The hotel business is capital-intensive and renovations are a regular part of the business. Generally, hotels under renovation remain comparable hotels. A large-scale capital project that would cause a hotel to be excluded from our comparable hotel set is an extensive renovation of several core aspects of the hotel, such as rooms, meeting space, lobby, bars, restaurants and other public spaces. Both quantitative and qualitative factors are taken into consideration in determining if the renovation would cause a hotel to be removed from the comparable hotel set, including unusual or exceptional circumstances such as: a reduction or increase in room count, rebranding, a significant alteration of the business operations, or the closing of the hotel during the renovation.

Historically, we have not included an acquired hotel in our comparable hotel set until the operating results for that hotel have been included in our consolidated results for one full calendar year. For example, we acquired the 1 Hotel South Beach in February 2019 and therefore it was not included in our comparable hotels for 2019. We are, however, making a change to this policy going forward, which is explained below under "2020 Comparable Hotel Definition Change."

Hotels that we sell are excluded from the comparable hotel set once the transaction has closed. Similarly, hotels are excluded from our comparable hotel set from the date that they sustain substantial property damage or business interruption or commence a large-scale capital project. In each case, these hotels are returned to the comparable hotel set when the operations of the hotel have been included in our consolidated results for one full calendar year after completion of the repair of the property damage or cessation of the business interruption, or the completion of large-scale capital projects, as applicable.

2020 Comparable Hotel Definition Change

Effective January 1, 2020, the Company adjusted its definition of comparable hotels to include recent acquisitions on a pro forma basis assuming they have comparable operating environments. Operating results for acquisitions in the current and prior year will be reflected for full calendar years, to include results for periods prior to Company ownership. Management believes this will provide investors a better understanding of underlying growth trends for the Company's current portfolio. As a result, the 1 Hotel South Beach would be included in the comparable hotel set for 2020.

CONSTANT US$ AND NOMINAL US$

Operating results denominated in foreign currencies are translated using the prevailing exchange rates on the date of the transaction, or monthly based on the weighted average exchange rate for the period. For comparative purposes, we also present the RevPAR results for the prior year assuming the results of our foreign operations were translated using the same exchange rates that were effective for the comparable periods in the current year, thereby eliminating the effect of currency fluctuation for the year-over-year comparisons. We believe this presentation is useful to investors as it provides clarity with respect to growth in RevPAR in the local currency of the hotel consistent with the way we would evaluate our domestic portfolio. However, the estimated effect of changes in foreign currency has been reflected in the results of net income (loss), EBITDA, Adjusted EBITDA*re*, diluted earnings (loss) per common share and Adjusted FFO per diluted share. Nominal US$ results include the effect of currency fluctuations, consistent with our financial statement presentation.

NON-GAAP FINANCIAL MEASURES

Included in this press release 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) FFO and FFO per diluted share (both NAREIT and Adjusted), (ii) EBITDA, (iii) EBITDA*re* and Adjusted EBITDA*re,* (iv) All Owned Hotel Property Level Operating Results (v) Hotel-level operating loss and (vi) Cash burn. The following discussion defines these measures and presents why we believe they are useful supplemental measures of our performance.

NAREIT FFO AND NAREIT FFO PER DILUTED SHARE

We present NAREIT FFO and NAREIT FFO per diluted share as non-GAAP measures of our performance in addition to our earnings per share (calculated in accordance with GAAP). We calculate NAREIT FFO per diluted share as our NAREIT FFO (defined as set forth below) for a given operating period, as adjusted for the effect of dilutive securities, divided by the number of fully diluted shares outstanding during such period, in accordance with NAREIT guidelines. Effective January 1, 2019, we adopted NAREIT's definition of FFO included in NAREIT's Funds From Operations White Paper – 2018 Restatement. NAREIT defines FFO as net income (calculated in accordance with GAAP) excluding depreciation and amortization related to real estate, gains and losses from the sale of certain real estate assets, gains and losses from change in control, impairment write-downs of certain real estate assets and investments and adjustments for consolidated partially-owned entities and unconsolidated affiliates. Adjustments for consolidated partially-owned entities and unconsolidated affiliates are calculated to reflect our pro rata share of the FFO of those entities on the same basis.

We believe that NAREIT FFO per diluted share is a useful supplemental measure of our operating performance and that the presentation of NAREIT FFO per diluted share, when combined with the primary GAAP presentation of earnings per share, provides beneficial information to investors. By excluding the effect of real estate depreciation, amortization, impairment expense and gains and losses from sales of depreciable real estate, all of which are based on historical cost accounting and which may be of lesser significance in evaluating current performance, we believe that such measures can facilitate comparisons of operating performance between periods and with other REITs, even though NAREIT FFO per diluted share does not represent an amount that accrues directly to holders of our common stock. Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time. As noted by NAREIT in its Funds From Operations White Paper – 2018 Restatement, the primary purpose for including FFO as a supplemental measure of operating performance of a REIT is to address the artificial nature of historical cost depreciation and amortization of real estate and real estate-related assets mandated by GAAP. For these reasons, NAREIT adopted the FFO metric in order to promote a uniform industry-wide measure of REIT operating performance.

Adjusted FFO per Diluted Share

We also present Adjusted FFO per diluted share when evaluating our performance because management believes that the exclusion of certain additional items described below provides useful supplemental information to investors regarding our ongoing operating performance. Management historically has made the adjustments detailed below in evaluating our performance, in our annual budget process and for our compensation programs. We believe that the presentation of Adjusted FFO per diluted share, when combined with both the primary GAAP presentation of earnings per share and FFO per diluted share as defined by

NAREIT, provides useful supplemental information that is beneficial to an investor's understanding of our operating performance. We adjust NAREIT FFO per diluted share for the following items, which may occur in any period, and refer to this measure as Adjusted FFO per diluted share:

- Gains and Losses on the Extinguishment of Debt – We exclude the effect of finance charges and premiums associated with the extinguishment of debt, including the acceleration of the write-off of deferred financing costs from the original issuance of the debt being redeemed or retired and incremental interest expense incurred during the refinancing period. We also exclude the gains on debt repurchases and the original issuance costs associated with the retirement of preferred stock. We believe that these items are not reflective of our ongoing finance costs.

- 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.

In unusual circumstances, we also may adjust NAREIT FFO for gains or losses that management believes are not representative of the Company's current operating performance. For example, in 2017, as a result of the reduction of the U.S. federal corporate income tax rate from 35% to 21% by the Tax Cuts and Jobs Act, we remeasured our domestic deferred tax assets as of December 31, 2017 and recorded a one-time adjustment to reduce the deferred tax assets and to increase the provision for income taxes by approximately $11 million. We do not consider this adjustment to be reflective of our on-going operating performance and, therefore, excluded this item from Adjusted FFO.

EBITDA

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 as one measure in determining the value of acquisitions and dispositions and, like FFO and Adjusted FFO per diluted share, it is widely used by management in the annual budget process and for our compensation programs.

EBITDAre and Adjusted EBITDAre

We present EBITDA*re* 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 EBITDA *re* 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 write-downs 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 EBITDA *re* of unconsolidated affiliates.

We make additional adjustments to EBITDA*re* 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 EBITDA*re*, when combined with the primary GAAP presentation of net income, is beneficial to an investor's understanding of our operating performance. Adjusted EBITDA*re* also is similar to the measure used to calculate certain credit ratios for our credit facility and senior notes. We adjust EBITDA*re* for the following items, which may occur in any period, and refer to this measure as Adjusted EBITDA*re*:

- 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 EBITDA*re* 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.

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

Limitations on the Use of NAREIT FFO per Diluted Share, Adjusted FFO per Diluted Share, EBITDA, EBITDAre and Adjusted EBITDAre

We calculate NAREIT FFO per diluted share 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 FFO or do not calculate FFO per diluted share in accordance with NAREIT guidance. In addition, although FFO per diluted share is a useful measure when comparing our results to other REITs, it may not be helpful to investors when comparing us to non-REITs. We also calculate Adjusted FFO per diluted share, which is not in accordance with NAREIT guidance and may not be comparable to measures calculated by other REITs. EBITDA, EBITDA*re* and Adjusted EBITDA*re*, as presented, may also not be comparable to measures calculated 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), interest expense (for EBITDA, EBITDA*re* and Adjusted EBITDA*re* purposes only) and other items have been and will be made and are not reflected in the EBITDA, EBITDA*re,* Adjusted EBITDA*re*, NAREIT FFO per diluted share and Adjusted FFO per diluted share 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 in the Company's quarterly report on Form 10-Q ("Statements of Cash Flows") 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, NAREIT FFO per diluted share, Adjusted FFO per diluted share, EBITDA, EBITDA*re* and Adjusted EBITDA*re* 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. In addition, NAREIT FFO per diluted share and Adjusted FFO per diluted share do not measure, and should not be used as a measure of, amounts that accrue directly to stockholders' benefit.

Similarly, EBITDA*re,* Adjusted EBITDA*re*, NAREIT FFO and Adjusted FFO per diluted share include adjustments for the pro rata share of our equity investments and NAREIT FFO and Adjusted FFO per diluted share include adjustments for the pro rata share of non-controlling partners in consolidated partnerships. 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 NAREIT FFO and Adjusted FFO per diluted share, EBITDA*re* and Adjusted EBITDA*re* were calculated as set forth in the definitions above. Readers should be cautioned that the pro rata results presented in these measures for consolidated partnerships (for NAREIT FFO and Adjusted FFO per diluted share) and equity investments may not accurately depict the legal and economic implications of our investments in these entities.

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 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 properties 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. We 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 have historically 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 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 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 these 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.

COVID-19 Non-GAAP Reporting Measures

Hotel-level Operating Loss. We present hotel-level operating loss because management believes this metric is helpful to investors to evaluate the monthly operating performance of our properties during the COVID-19 pandemic. We further adjust All Owned Hotel Pro Forma EBITDA to reflect the benefits for furloughed employees in the month that they are provided to the employees of our properties, replacing the related GAAP expense accrual. While furlough costs may arise in various situations, the furlough costs incurred during the COVID-19 pandemic are unusually large and not reflective of how wages and benefits are generally accrued and paid, therefore management adjusts All Owned Hotel Pro Forma EBITDA to include the furlough costs based on the timing that they are provided to the employees to better reflect monthly costs and evaluate the hotel performance. We accrue for the anticipated furlough costs when our hotel managers have committed to the continuation of these benefits regardless of the timing of the benefits. For example, in March 2020 we accrued $35 million for April and May benefits for furloughed employees at our Marriott- and Hyatt-managed hotels. In June 2020, we accrued $32 million for the July, August and September benefits for our Marriott-managed hotels. As a result, our GAAP operating results reflect the timing of the commitment rather than the actual month of the benefits. While the net impact of the accrual is not significant in the evaluation of our hotel operations on a quarterly basis, we adjust for the timing of the accrual on a monthly basis to include the expense in the month that the furlough benefits are provided in order to evaluate the month-to-month changes in operating results at our properties exclusive of the timing of the accrual. Hotel-level operating loss is not intended to be, and should not be used as, a substitute for GAAP net income (loss). Because of the elimination of corporate-level costs and expenses, gains or losses on disposition and depreciation and amortization expense, the hotel-level monthly operating results we present do not represent our total operating results 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.

Cash Burn. We present cash burn because management believes this metric is helpful to investors to evaluate the company's ability to continue to fund operations during periods where hotels have suspended operations or are operating at very low levels of occupancy due to the COVID-19 pandemic. The Company defines cash burn as net cash from operating activities adjusted for (i) capital expenditures, (ii) changes in short term assets and liabilities and (iii) contributions to equity investments, as further described below. Cash burn is not intended to be, and should not be used as a substitute for GAAP cash flow as it does not reflect the issuance or repurchase of equity, dividends, issuance or repayment of debt, or other investing activities such as the purchase or sale of properties. Adjustments include:

- Capital Expenditures – Capital expenditures are included in the overall cash burn as they represent a significant on-going cash outflow of the Company. While management continually evaluates its capital expenditure program to appropriately balance improving and renewing its hotel portfolio with its overall cash needs; management continues to anticipate capital expenditures to be a significant cash outflow.

- Changes in short term assets and liabilities – The Company eliminates changes in short-term assets and liabilities, including due from managers, other assets and other liabilities, that primarily represent timing of cash inflows and outflows. As a result, cash burn includes income and expenses in better alignment with how these items are reflected on the statement of operations. These generally represent receipts and payments that will be settled within the year and do not reflect the cash savings or liquidity needs of the Company on an on-going basis.

- Contributions to equity investments – The Company includes contributions to equity investments that have been necessary due to the depressed operations for these investments during the COVID-19 pandemic. These are included as investing activities on the Statements of Cash Flows.

The following presents the reconciliation of our second quarter cash used in operating activities per our Statements of Cash Flows to cash burn (in millions):

	Quarter ended June 30, 2020	
GAAP net cash used in operating activities	$	(172)
Capital expenditures		(169)
Contributions to equity investments		(1)
Timing adjustments		
Change in due from managers		(31)
Change in other assets		(17)
Change in other liabilities		(9)
Cash burn	$	(399)

In a scenario in which hotel operational performance remains at the average of second quarter 2020 levels, the following presents the reconciliation of monthly cash used in operating activities to cash burn (in millions):

	Monthly average remainder of 2020			
	Low		High	
GAAP net cash used in operating activities	$	(76)	$	(73)
Capital expenditures		(38)		(31)
Timing adjustments				
Changes in other assets/other liabilities		4		4
Cash burn	$	(110)	$	(100)

A PDF accompanying this announcement is available at: http://ml.globenewswire.com/Resource/Download/583af8ab-6e77-40a6-bb9e-e8e3a6a3963c

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