



SOURAV GHOSH
Chief Financial Officer
(240) 744-5267

JAIME MARCUS
Investor Relations
(240) 744-5117
ir@hosthotels.com

Host Hotels & Resorts Acquires Hotel Van Zandt and Disposes of Sheraton Boston

BETHESDA, MD; February 2, 2022 – Host Hotels & Resorts, Inc. (NASDAQ: HST), the nation's largest lodging real estate investment trust (the "Company"), today announced that it has acquired the fee simple interest in the Hotel Van Zandt, a 319-room luxury lifestyle hotel in Austin, Texas for a purchase price of approximately \$246 million including its \$4 million FF&E reserve. The net acquisition price of approximately \$242 million represents a 13.2x multiple on 2019 EBITDA¹ and stabilization is expected in the 2025-2027 timeframe at approximately 10-12x EBITDA¹.

The Company funded the acquisition with approximately \$140 million in proceeds from recent dispositions, and it assumed approximately \$101.5 million of existing secured debt. The debt matures in 2027, and the interest rate is fixed at an annual rate of 4.67%.

This recently constructed hotel opened in 2015 with rooms that range in size from 330 to 1,100 square feet, including 52 suites. The hotel offers 13,000 square feet of indoor meeting space and three F&B outlets including a rooftop pool bar and a full-service restaurant with a stage and nightly live music.

Hotel Van Zandt is well-located in Austin's Rainey Street district, the most popular entertainment district in the downtown area. Bolstered by the relocation of several Fortune 500 company headquarters, Austin is the third fastest growing city of the last decade and its population is projected to grow another 30% by 2029. The Rainey Street submarket is poised to benefit from several nearby mixed-use developments currently under construction or in planning, as well as the \$1.2 billion expansion of the convention center, situated within walking distance of the hotel.

In addition to the Hotel Van Zandt acquisition, the Company also announced that it has sold the 1,220-room Sheraton Boston for approximately \$233 million. The sale price represents a 14.2x EBITDA multiple² on 2019 EBITDA, which includes approximately \$135 million of estimated foregone capital expenditures over the next five years. In connection with the sale, the Company is providing a \$163 million bridge loan to the purchaser.

James F. Risoleo, President and Chief Executive Officer, said, "We are thrilled to add a second hotel in Austin to our portfolio with the Hotel Van Zandt. The hotel is well-located with no expected near-term capex in a market with multiple demand drivers and a history of strong RevPAR growth. In addition, the sale of the Sheraton Boston allowed us to redeploy capital into other assets that we believe will bolster the EBITDA growth profile of our portfolio. We continue to be very active on the capital allocation front as we target new growing markets in the United States. Since the beginning of 2021, we have invested \$1.6 billion in early-

¹ Consistent with industry practice, we calculate the EBITDA multiple as the ratio of the purchase price to the property's EBITDA. EBITDA is a non-GAAP measure. The comparable GAAP metric to EBITDA multiple is the ratio of the purchase price to net income. The ratio of the purchase price to 2019 net income is 22.4x based on net income of \$11 million. The ratio of the purchase price to stabilized net income is 15.8x based on forecast stabilized net income of \$15 million. The difference between net income and EBITDA is depreciation expense of \$7.5 million for both periods. Stabilized results are illustrative only. Our ability to achieve the 2025-2027 results is subject to various uncertainties and actual results may be materially different.

² Disposition multiples are calculated as the ratio between the sales price (plus estimated avoided capital expenditures) and 2019 EBITDA. The ratio of the purchase price to 2019 net income for the Sheraton Boston is 18.2x. The Sheraton Boston 2019 net income is \$13 million and the difference between net income and EBITDA is depreciation expense of \$13 million. The ratio of the purchase price to net income for the combined 2021 and 2022 dispositions is 24.4x and estimated avoided capital expenditures over the five years following disposition date totaled \$290 million. The combined net income of the 2021 and 2022 dispositions is \$40 million and the difference between net income and EBITDA is depreciation expense of \$42 million.



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cycle acquisitions. The blended EBITDA multiple on our seven hotel acquisitions is $13.0x^3$, which compares favorably to the nearly \$1 billion generated, including amounts due under seller financing, from our seven hotel dispositions at a $15.4x^2$ EBITDA multiple, including estimated foregone capital expenditures.”

³ The blended EBITDA multiple is based on 2019 operations for Hyatt Regency Austin, Four Seasons Resort Orlando at Walt Disney World® Resort, and Hotel Van Zandt and the 2021 forecast at acquisition for Baker's Cay Resort and Alila Ventana Big Sur, as these hotels experienced renovation disruption and closures in 2019. Estimated normalized 2019 operations were used for The Laura Hotel, assuming a new manager and brand, and for The Alida, Savannah, adjusting for construction disruption to the surrounding Plant Riverside District and for initial ramp-up of hotel operations. The blended ratio of the purchase price to net income for these acquisitions is $21.1x$, using net income of \$74 million. The difference between combined net income and EBITDA is depreciation expense of \$46 million. In addition, EBITDA includes an upward adjustment of \$13 million to reflect normalized operations for both The Laura Hotel and The Alida, Savannah.



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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 44,400 rooms. The Company also holds non-controlling interests in six domestic and one international joint venture.

FORWARD LOOKING STATEMENTS

Note: This press release contains forward-looking statements within the meaning of federal securities regulations. These forward-looking statements 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; 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 real estate investment trust for federal income tax purposes; 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 the date of this release 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.