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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Good morning, and welcome to the Host Hotels & Resorts fourth quarter 2025 earnings conference call. Today's conference is being recorded.

At this time, I would like to turn the call over to Jaime Marcus, Senior Vice President of Investor Relations.

Jaime Marcus - *Host Hotels & Resorts Inc - Senior Vice President, Investor Relations*

Thank you, and good morning, everyone. Before we begin, please note that many of the comments made today are considered to be forward-looking statements under Federal Securities Laws. As described in our filings with the SEC, these statements are subject to numerous risks and uncertainties that could cause future results to differ from those expressed, and we are not obligated to publicly update or revise these forward-looking statements.

In addition, on today's call, we will discuss certain non-GAAP financial information, such as FFO, adjusted EBITDAre and comparable hotel level results. You can find this information together with reconciliations to the most directly comparable GAAP information in yesterday's earnings press release and our 8-K filed with the SEC and in the supplemental financial information on our website at hosthotels.com.

The operational results discussed today refer to our 76 hotel comparable portfolio in 2025, which excludes Alila Ventana Big Sur, The Don CeSar and St. Regis Houston, which we sold in January. With me on today's call are Jim Risoleo, President and Chief Executive Officer; and Sourav Ghosh, Executive Vice President and Chief Financial Officer.

With that, I would like to turn the call over to Jim.

James Risoleo - *Host Hotels & Resorts Inc - President, Chief Executive Officer, Director*

Thank you, Jaime, and thanks to everyone for joining us this morning. 2025 was another strong year for Host. We delivered operational improvements across our portfolio driven by rate growth and out-of-room spending, and we continue to successfully allocate capital through dispositions, portfolio reinvestment, share repurchases and dividends. We also maintained an investment-grade balance sheet while positioning Host to take advantage of future opportunities.

Turning to our results, we finished 2025 meaningfully above our most recent guidance estimates. For the full year, we delivered adjusted EBITDAre of $1,757 million, a 4.6% increase over 2024, and adjusted FFO per share of $2.07, a 3.5% increase year over year. Comparable hotel total RevPAR grew 4.2% and comparable hotel RevPAR grew 3.8% compared to 2024. Comparable hotel EBITDA margin of 28.9% was down 40 basis points year over year, driven by $21 million of business interruption proceeds that we received in 2024 for the Maui wildfires. Our full year RevPAR and adjusted EBITDAre exceeded our initial 2025 guidance by 2.3 percentage-points and 8.5%, respectively. Notably, our portfolio outperformed the upper tier industry RevPAR growth by approximately 200 basis points for the year.

During the fourth quarter, we delivered adjusted EBITDAre of $428 million and adjusted FFO per share of $0.51. Comparable hotel total RevPAR improved 5.4% compared to the fourth quarter of 2024, and comparable hotel RevPAR was up 4.6%, driven by strong leisure transient demand, higher room rates and increased out-of-room spending. Comparable hotel EBITDA margins declined by 30 basis points to 28% as these operational improvements were offset by certain onetime benefits in the fourth quarter of 2024.

Turning to business mix. RevPAR growth in the fourth quarter was better than expected, driven by resilient transient demand, particularly at our luxury resorts. Transient revenue grew by 6%, driven almost entirely by rate increases. In terms of markets, we saw particularly strong transient performance in Maui, New York and San Francisco. In fact, Maui was a standout market, contributing more than one-third of the transient revenue growth in the fourth quarter.

RevPAR grew 15% and TRevPAR grew 13%, driven by strong demand growth. For context, Maui contributed $111 million of EBITDA for the year, which was slightly ahead of our most recent forecast and significantly ahead of our initial $90 million expectation at the start of 2025. Looking forward, we expect Maui to contribute approximately $120 million of EBITDA in 2026.

Turning to business transient. Revenue was up 1% in the fourth quarter as increases in rate offset a decline in room nights. Group revenue for the quarter was up approximately 1% year over year as rate increases offset group room night declines, which were driven by renovations and citywide softness in several markets. Our properties sold 900,000 group rooms in the fourth quarter, bringing our total group room nights sold for 2025 to $4.1 million.

Ancillary spending remained strong in the quarter with continued growth in food and beverage revenues and out-of-room spending. Comparable hotel F&B revenue grew 6%, driven by strong outlet performance and banquet contribution per group room night. We also saw particularly strong growth in other revenue, which was up 10% in the quarter, including growth in golf and spa. Taken together, we continue to benefit from the strength of the affluent consumer across properties in our portfolio.

Turning to capital allocation. In 2025, we sold The Westin Cincinnati and Washington Marriott at Metro Center for a combined $237 million. We also provided $114 million of seller financing for the Washington Marriott at Metro Center transaction at a 6.5% interest rate. Yesterday, we announced the sale of the Four Seasons Resort Orlando at Walt Disney World Resort and the Four Seasons Resort and Residences Jackson Hole for $1.1 billion, which represents a 14.9 times EBITDA multiple on trailing 12-month EBITDA. The multiple includes approximately $88 million of estimated foregone capital expenditures over the next five years.

We purchased the hotels in 2021 and '22, respectively, for a total of $925 million with no significant capital expenditures required under our ownership. The $1.1 billion sale price represents an 11% unlevered IRR and an EBITDA multiple that is more than four turns higher than our company's recent trading multiple. The IRR includes $58 million of capital expenditures, which was funded within the FF&E reserve as well as transaction costs. These items negatively impacted the IRR calculation by approximately 170 basis points.

We are retaining the ongoing condo development at the Four Seasons Orlando, which is excluded from the sale. In 2025, we recognized $17 million of net adjusted EBITDAre from the sale of 16 condo units, and we expect to recognize an additional $20 million to $25 million when the remaining units are sold. As we assess the best use of capital in the current environment, our investment-grade balance sheet provides meaningful financial flexibility to pursue the highest return opportunities. We expect to recognize a taxable gain of approximately $500 million from the sale of the two hotels, subject to final prorations, and we have 45 days to identify a potential like-kind exchange. If we are unable to identify an accretive acquisition within that time frame, we would intend to return the taxable gain to shareholders through a special dividend.

For the remaining sale proceeds, we will evaluate the best path forward based on market conditions, which could include returning additional capital to shareholders through special dividends or share repurchases, reinvesting in our portfolio or pursuing accretive acquisitions. We also completed the previously announced sale of the St. Regis Houston for $51 million. The sale price represents a 25 times EBITDA multiple on trailing 12-month EBITDA. The multiple includes approximately $49 million of estimated foregone capital expenditures over the next five years.

Finally, the Sheraton Parsippany is under contract to sell for $15 million with an expected close in the second quarter. Since 2018, we have disposed of approximately $6.4 billion of hotel assets at a blended 16.7 times EBITDA multiple, including estimated foregone capital expenditures of $1.2 billion. This compares favorably to the $4.9 billion of acquisitions we completed over the same period at a blended 13.6 times EBITDA multiple.

In addition to successfully allocating capital through dispositions, we also returned capital to shareholders through share repurchases and dividends. In 2025, we repurchased 13.1 million shares at an average price of $15.68 per share for a total of $205 million. For context, we have repurchased 69.2 million shares at an average price of $16.63 per share for a total of approximately $1.2 billion since 2017.

In the fourth quarter, we declared a quarterly common dividend of $0.20 per share and announced a special dividend of $0.15 per share, bringing the total dividends declared for the year to $0.95 per share. In total, we returned nearly $860 million of capital to shareholders in 2025, including share repurchases. Turning to portfolio reinvestment. In 2025, we invested approximately $644 million in capital expenditures, resiliency initiatives and hurricane restoration across our portfolio. As of the end of the fourth quarter, the Hyatt Transformational Capital Program is more than 75% complete and is tracking on time and under budget.

Transformational renovations have been completed at the Grand Hyatt Atlanta Buckhead, the Hyatt Regency Capitol Hill and the Hyatt Regency Austin. We are nearing completion of the Hyatt Regency Reston and Grand Hyatt Washington D.C., both of which are expected to be finished in the first half of 2026.

The Manchester Grand Hyatt San Diego, the final asset in the program has been phased to mitigate business interruption and is expected to be substantially complete by the end of 2026. Additionally, we started the transformational renovation of the New Orleans Marriott in the third quarter of 2025, which is part of the second Marriott Transformational Capital Program. In the fourth quarter, we received $3 million of operating guarantees related to our Transformational Capital Programs, bringing the total received to $26 million in 2025.

We also completed several major ROI projects over the course of 2025, including the oceanfront ballroom expansion at The Don CeSar, villa development at The Phoenician, Canyon Suites; the new AVIV Restaurant at the one Hotel South Beach, and the meeting space expansion and reopening of The View Restaurant at the New York Marriott Marquis.

We are nearing completion of the condo development at the Four Seasons Orlando, having completed the 31-unit mid-rise building, and we began closing on unit sales in the fourth quarter. To date, we have deposits and purchase agreements in place for 28 of the 40 units, including 8 of the 9 villas, which are expected to complete in the first half of this year.

In 2026, our capital expenditure guidance range is $525 million to $625 million. This includes approximately $250 million to $300 million of investment focused on redevelopment, repositioning and ROI projects. As I just mentioned, we expect to substantially complete the Hyatt

Transformational Capital Program renovations by the end of 2026. The second Marriott Transformational Capital Program is also well underway. We expect to start construction at The Ritz-Carlton Naples, Tiburon and Westin Kierland in the second quarter.

As a reminder, we expect to benefit from approximately $19 million of operating profit guarantees in 2026 related to our Transformational Capital Programs, which we expect will offset the majority of the EBITDA disruption at these properties. In addition to our capital expenditure investment, we expect to spend $15 million to complete the condo development at the Four Seasons Orlando in 2026.

Looking back on our portfolio reinvestments, we completed 23 transformational renovations between 2018 and 2023, which continue to provide meaningful tailwinds for our portfolio. Of the 21 hotels that have stabilized post renovation operations to date, the average RevPAR index share gain is 8.7 points, which is well in excess of our targeted gain of 3 to 5 points. As evidenced by our results, the continued reinvestments we have made in our portfolio yield strong returns and drive value creation for our shareholders.

We continue to be recognized as a global leader in corporate responsibility over the course of 2025. As part of our climate risk and resiliency program, we completed the purchase and preinstallation of modular flood barriers that exceed FEMA 100-year flood elevation for eight high-risk properties. We are also working to formalize the connection between our climate risk program and our property insurance premiums to validate proactive resilience investment opportunities, quantify the impact and return on investment and scale efforts across our portfolio where we see elevated climate risk.

Wrapping up, we are very proud of the continued outperformance we delivered in 2025, which reflects the disciplined capital allocation decisions we have made since 2017. Our recent transactions represent an important step in advancing our capital allocation strategy and underscore our ability to generate meaningful shareholder value by monetizing assets at attractive returns and accretive multiples with an eye towards maximizing total shareholder returns.

Looking ahead, we are optimistic about the travel environment, particularly at the upper end of the chain scale, and we are confident that Host is well positioned to capitalize on future opportunities. With our geographically diversified portfolio, ongoing reinvestment in our properties and fortress balance sheet, we will continue to leverage our competitive advantages to create value for our shareholders in 2026 and beyond.

With that, I will now turn the call over to Sourav.

Sourav Ghosh - *Host Hotels & Resorts Inc - Chief Financial Officer, Executive Vice President*

Thank you, Jim, and good morning, everyone. Building on Jim's comments, I will go into detail on our fourth quarter operations, full year 2026 guidance and our balance sheet.

Starting with total revenue trends. Total RevPAR growth continued to outpace RevPAR growth as transient guests maintained elevated levels of out-of-room spending. Comparable hotel food and beverage revenue for the quarter grew approximately 6%, driven by outlet revenue and banquet contribution per group room night. Outlet revenue grew 9%, driven by resorts and new restaurants at the one Hotel South Beach and the New York Marriott Marquis. Resort outlet growth was led by the ongoing recovery in Maui as well as the Ritz-Carlton Naples and the continued ramp-up of the Singer Island Oceanfront Resort and the Ritz-Carlton Turtle Bay.

Comparable banquet and catering revenue increased 4% in the fourth quarter, driven by 6% growth in banquet contribution per group room night. Other revenues increased 10%, propelled by sustained strength in golf and spa operations. Spa revenue was up 6%, driven by higher occupancy at luxury resorts and improved capture, particularly at the Ritz-Carlton, Amelia Island and Fairmont Kea Lani. Golf revenue grew 14% due to strong performance at our Maui and Naples golf courses. Shifting to rooms revenues.

Overall transient revenue grew 6% compared to the fourth quarter of 2024, driven by improving leisure transient demand and rate growth across the portfolio. Notably, resorts generated 80% of the transient revenue growth in the quarter. Transient revenue at luxury properties increased by more than 10%, underscoring the strength of high-end demand. The Ritz-Carlton Naples and Fairmont Kea Lani delivered double-digit room night growth while maintaining rates above $1,000, representing a 5% increase year over year, further validating the meaningful impact of our transformational reinvestment strategy.

Looking at holidays in the fourth quarter. Thanksgiving revenue grew 3%, while festive season revenue grew 9%. Festive season revenue growth, which includes the two week period around Christmas and New Year's, was broad-based across the portfolio but led by resorts with four resorts generating more than $1 million of incremental revenue over the festive period. Looking at recent and upcoming 2026 holidays, transient booking pace is up meaningfully. For President's Day weekend, transient revenue pace was up approximately 8% compared to the same time last year, driven by rate and occupancy growth at our convention properties. For the spring break and Easter period, which runs from the end of March through the end of April, transient revenue pace is up 17%.

Strength is broad-based across property type and led by hotels in Maui, Orlando and New York. Business transient revenue grew approximately 1% versus the fourth quarter of 2024, driven primarily by rate growth as our managers continued shifting towards corporate negotiated business. Group revenue in the fourth quarter was up 1% year over year as 3% rate growth outpaced group room night declines. Corporate groups led growth in the quarter, particularly at our properties in New York, Boston, San Diego and San Francisco. For 2026, we have 3.1 million in definite group room nights on the books, representing a 16% increase since the third quarter of 2025 and putting us slightly ahead of where we were this time last year.

Total group revenue pace is up 5% over the same time last year, driven by rate and banquet growth. More specifically, we are seeing meaningful total group revenue pace in San Francisco, Washington, D.C., Nashville, Miami, New York, Austin and Atlanta. Group booking pace is strongest for the second and fourth quarters, driven by World Cup bookings and a beneficial holiday calendar shift in October. We are encouraged by citywide room night pace in key markets such as San Antonio, San Francisco and Washington, D.C.

Shifting gears to margins. Full year 2025 comparable hotel EBITDA margin of 28.9% was 40 basis points below 2024, driven by the $21 million of business interruption proceeds that we received for the Maui wildfires as well as certain onetime benefits in 2024.

Turning to our outlook for 2026. The midpoint of our guidance contemplates a stable operating environment with a continuation of trends seen through the second half of 2025. This includes leisure transient strength driven by special events such as the World Cup, modest improvements to short-term group booking trends and stable business transient demand. At the low end of our guidance range, we have assumed no improvement in short-term group booking trends and weaker special events demand. And at the high end, we have assumed improving short-term group booking trends and increased demand around special events.

For full year 2026, we anticipate comparable hotel total RevPAR growth of between 2.5% and 4%, and comparable hotel RevPAR growth of between 2% and 3.5% over 2025. Year over year, we expect comparable hotel EBITDA margins to be down 20 basis points at the low end of our guidance to up 20 basis points at the high end. In 2026, our 74 hotel comparable portfolio now includes the Alila Ventana Big Sur, but excludes The Don CeSar due to its closure in 2025.

Our 2026 comparable portfolio also removed the Four Seasons Resort Orlando at Walt Disney World Resort, the Four Seasons Resort and Residences Jackson Hole and Sheraton Parsippany, which is under contract and expected to be sold in the second quarter.

In terms of comparable hotel RevPAR growth cadence for the year, we expect the first quarter to be the weakest with growth in the low single digits due to tough comparisons related to the presidential inauguration and pickup from the Los Angeles wildfires last year. January 2026 performance exceeded expectations with comparable hotel RevPAR declining only 40 basis points despite challenging comparisons to January 2025. We expect the second quarter to be the strongest of the year with mid-single-digit RevPAR growth driven by the World Cup and an earlier Easter. RevPAR growth in the second half of the year is expected to be between first and second quarter growth.

At the midpoint of our guidance range, we anticipate comparable hotel RevPAR growth of 2.75% compared to 2025. This includes an estimated 40 basis points net benefit from special events for the full year with an estimated 60 basis points lift from the World Cup, partially offset by a 20 basis points headwind from last year's presidential inauguration. In addition, Maui is expected to contribute approximately 35 basis points to our full year RevPAR growth.

At the midpoint, we expect a comparable hotel EBITDA margin of 29.2%, which is flat to 2025. Our margin performance reflects our continued success in partnering with our operators to drive productivity gains across our portfolio as well as the value-enhancing capital allocation decisions we have made over the past few years. In 2026, we expect wage rates to increase approximately 5%. For context, in 2025, wages grew at slightly over 6%. As a reminder, wages and benefits comprise approximately 50% of our total comparable hotel operating expenses.

Our 2026 full year adjusted EBITDAre midpoint is $1,770 million. On a year over year basis, this reflects an expected 1% increase despite a decline of $87 million from dispositions, a $17 million net decline in business interruption proceeds and a $7 million net decline in transformational renovation program operating profit guarantees.

Our adjusted EBITDAre midpoint includes $28 million of estimated EBITDA from operations at The Don CeSar, which is excluded from our comparable hotel set in 2026, as previously mentioned. It also includes approximately $7 million of business interruption proceeds related to Hurricanes Helene and Milton, which we already received in January. Lastly, our 2026 full year adjusted EBITDAre midpoint includes between $20 million and $25 million of estimated net EBITDA from the Four Seasons condo development, which we expect to recognize concurrent with condo sale closings.

Turning to our balance sheet and liquidity position. Our weighted average maturity is 5.1 years at a weighted average interest rate of 4.8%. We have no debt maturities in 2026. We ended 2025 at a leverage ratio of 2.6 times, and we have $2.4 billion in total available liquidity including $167 million of FF&E reserves and $1.5 billion of availability on our credit facility. Our fortress balance sheet continues to be a distinct competitive advantage for Host.

Wrapping up, in January, we paid a quarterly cash dividend of $0.20 per share and a special dividend of $0.15, bringing the total dividends declared in 2025 to $0.95 per share. On February 17, the Board of Directors authorized a quarterly cash dividend of $0.20 on our common stock to be paid on April 15 to shareholders of record on March 31. As always, future dividends are subject to approval by the company's Board of Directors.

To conclude, we are proud of our accomplishments in 2025, and we believe that our diversified portfolio, continued reinvestment in our assets and strong balance sheet uniquely position Host to capitalize on future opportunities.

With that, we would be happy to take your questions. To ensure we have time to address as many questions as possible, please limit yourself to one question.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Michael Bellisario, Baird.

Michael Bellisario - *Robert W. Baird & Co Inc - Analyst*

Jim, on the Four Seasons sales, certainly great execution there and you're proving out value. So of two parts here. One, how deep is that buyer pool today? And then two, can you, and next maybe, would you sell more of your top assets? Or what's the outlook and thinking around more high-value dispositions going forward?

James Risoleo - *Host Hotels & Resorts Inc - President, Chief Executive Officer, Director*

Sure, Mike. Good questions. As you always have good questions for us, and we appreciate that very much. Before I talk about the Four Seasons specifically, I just want to take a moment and go back and highlight our performance in 2025 and our guide in 2026. We -- Sourav said it.

I said it as well. We're very proud of our '25 performance. TRevPAR of 4.2%, RevPAR of 3.8% and adjusted EBITDAre of $1,757 million. And our '26 guide, I think, is very strong with TRevPAR at the midpoint of 3.25% and RevPAR of 2.75%, and adjusted EBITDAre of $1,770 million. I think it is worth noting again, saying again that, that $1,770 million is after we sold $87 million of hotel EBITDA, and we won't benefit from BI proceeds and operating partner guarantees, disruption guarantees of $24 million.

So the run rate is really closer to $1.9 billion for 2025. And that didn't happen by accident. That's a result of all the capital allocation decisions that we made over the last nine years. And as you know, we have been exploring ways to unlock the value embedded in our shares. In other words, looking for ways to expand our trading multiple with the goal of maximizing total shareholder returns.

In addition to acquiring $4.9 billion of assets at 13.6 times, we sold $6.4 billion of assets with $1.2 billion of avoided CapEx at 16.7 times. The shares haven't really responded. We haven't received credit for portfolio recycling despite buying well below where we were selling on a blended basis. So I think it goes back to a healthy amount of skepticism with regard to some of the large acquisitions that we made, starting with the one Hotel South Beach, which in 2018, had $46 million of EBITDA. And in 2025, we ended the year with $65 million of EBITDA. So the story is solid, and it holds together very well.

But to answer your question, is there a market for these assets? If so, at what valuation? Are we sellers of the crown jewels to realize the value that we've created. And the short answer is, yes. I mean you've heard us say that we're constantly testing the market with dispositions and that everything is for sale at the right price, and we mean it. This was an opportunistic transaction to create immediate and tangible value for our shareholders. We were looking for an opportunity to realize that value and we found one and we executed on it.

So even though the two Four Seasons were top performers for Host, and we fully expect luxury to continue outperforming. We believe that it was prudent to maximize value for our shareholders by selling these assets at an attractive profit and accretive multiple. Quick summary of the transaction. We sold these two assets for $175 million more than where we bought them. A 14.9 times multiple, which is a 5.9% cap rate that is four turns higher than where Host shares have been trading.

And we think that provides a really favorable read-through on the value of our portfolio. We generated an 11% unlevered IRR for our ownership period, which clearly demonstrates our ability to create value. That includes $58 million of CapEx, which was funded within the FF&E reserve as well as transaction costs that hit the IRR by 170 basis points. We kept the condos in Orlando, and we expect the IRR and the condos to be above 11% with our guide to roughly $40 million of net EBITDA in total. And as you said in one of your notes, Mike, we sold 6.5% of enterprise value, but only 4.7% of our consolidated hotel EBITDA.

So we think this was a really fantastic trade, the Four Seasons Orlando, based on 2019 year-end EBITDA saw an 18.4% CAGR from the time we bought it to our ownership period through '25, so it's performed very well. And we're very, very happy with the round-trip investment we made with these two resorts. Not only we feel that the transaction demonstrates the value of our portfolio, it also shows the value that we create for shareholders as a management team, including our unwavering focus on maximizing total shareholder return, which is what we've done here, we believe. So are there other opportunities to maximize value within the portfolio? I think there is, we'll be opportunistic.

The buyer pool for these types of assets is, I think, a lot deeper than people realize. There are a lot of sovereigns out there who are very interested in luxury hotels. There are high net worth individuals who are interested in luxury properties as well. And there are a couple of big private equity firms that have a lot of capital that have been sitting on the sidelines waiting to -- waiting for the inflection point to jump back into the market.

And we're hopeful that this is the inflection point that we can prove out that there is value here, value to be created, and we're certainly hopeful that we're going to get the read through and see some multiple expansion as a result of not only this decision, but all the capital allocation decisions that we've made over the last nine years.

Operator

David Katz, Jefferies.

David Katz - *Jefferies LLC - Analyst*

I apologize if I missed it in your prepared remarks, but the Transformational Capital Program you included in the release with Marriott. Can you just put a little more color around that and sort of why those hotels, why now and what we can expect on the back end of that endeavor?

James Risoleo - *Host Hotels & Resorts Inc - President, Chief Executive Officer, Director*

Sure. Why those hotels, David. They're great assets, and they need to be repositioned, and we believe that by investing in these assets in a transformational way that we're going to meaningfully increase our yield index and realize mid-teens cash-on-cash returns as a result of our incremental investment that will benefit our shareholders. So the thesis is that we prove this out very strongly in our first Marriott Transformational Capital Program, which was 16 assets as well as 8 additional assets. We underwrote 3 to 5 points increase in yield index.

On the stabilized hotels to date, we've picked up 8.7 points in yield index, which means other hotels in the market have lost yield index to our properties. And we think that this is a very, very solid use of our capital, and it's a clear read-through to our ability to really invest wisely for the benefit of our shareholders and see the proceeds drop right to the bottom line.

And the brands see it as well with Host. I mean we have -- not only is this our second Transformational Capital Program with Marriott. After we did 16 in the first round, we did four in this round. But we are in the midst of finishing up six properties with Hyatt. So it's great to be able to partner with the brands.

And they provide the support that we need to effectuate these transformational renovations while covering off anticipated disruption involved with the renovation and providing enhanced owner priority returns. So we couldn't be happier with our relationship with the brands and the support that they give us and the fact that we are investing in these assets, which elevates not only the EBITDA profile for Host, but the EBITDA profile for the brand as well, and we benefit from that all the way around. It's a round-trip investment, if you will.

David Katz - *Jefferies LLC - Analyst*

And have you shared with us what the sort of reimbursement for Marriott will be and sort of how that cadence works for our model?

James Risoleo - *Host Hotels & Resorts Inc - President, Chief Executive Officer, Director*

Well, I'm sorry, the reimbursement, when we talk about the operating profit guarantees, sure. And Sourav can give you color on what they are, what we got last year, what we'll get this year. And the -- our anticipated property performance is reflected in our guidance. So that's already there for you.

Sourav Ghosh - *Host Hotels & Resorts Inc - Chief Financial Officer, Executive Vice President*

And just to expand on the guarantees. In 2025, we did receive some operating guarantee from the MTCP2, that was about $2 million. It was $1 million in the third quarter, $1 million in the fourth quarter. But remember, we did get a $24 million for HTCP, the Hyatt Transformational Capital Program, throughout 2025. In 2026, we will get operating profit -- guarantee for HTCP that's about $7 million, and that's really for the Hyatt Manchester in San Diego. And the MTCP2, we will get about $12 million through the year. So that's a total of $19 million. So in other words, it's about a $7 million delta in terms of what we'll get for '26 versus '25, so $7 million lower.

Operator

Dan Politzer, JPMorgan.

Daniel Politzer - *JPMorgan Chase & Co - Analyst*

I wanted to touch on Maui a bit here. You came into last year forecasting, I think, $90 million of EBITDA, ended at $110 million, and now you're forecasting $120 million for 2026. I guess what's -- is there some element of conservatism in there as we think about the path getting back to $160 million? And what are the puts and takes to that 2026 outlook?

Sourav Ghosh - *Host Hotels & Resorts Inc - Chief Financial Officer, Executive Vice President*

Sure. So when you look at -- you're right, we started off like last year at forecasting $90 million for 2025, and we ended up at $111 million. And now we are forecasting an additional $9 million. Based on the current booking pace and how things are shaping up, we feel pretty confident in terms of the $120 million guide. The reality is, as we had talked about earlier, that the Hyatt Regency, that's the one in Ka'anapali, that's the one which is going to take a little bit of time to come back because of the lead time required for the groups to come back in a meaningful way.

I will say that the Wailea Hotel, the Fairmont Kea Lani actually reached a high watermark in 2025 with $49 million of EBITDA, and Andaz as well on the way there as well. So the Wailea side is almost completely recovered, if you will, relative to pre-fire. The Hyatt Regency has a little ways to go and has made meaningful progress, and we are expecting a significant amount of growth for the Hyatt Regency Maui. I mean just to put it into perspective, that property, we're expecting to go from about $28 million of EBITDA to close to $34 million for 2026. So significant growth there, and we're making considerable progress.

At this point in time, we feel comfortable with the $120 million. Does that change over the course of the year as we see potential group pace pick up and short-term pick up? Absolutely. So we will provide an update on the next call. So there could be potential upside in those numbers.

Operator

Smedes Rose, Citigroup.

Smedes Rose - *Citi Infrastructure Investments LLC - Analyst*

I just wanted to ask a little bit about as these CapEx programs that you're doing with the brands kind of finish up over the course of this year, and it looks like total CapEx spending is kind of on a downward trend. Is it fair to think that, that could continue to kind of move down slightly? And does that change the way you're thinking about -- you and the Board are thinking about your quarterly dividend payments versus kind of year-end true-ups?

James Risoleo - *Host Hotels & Resorts Inc - President, Chief Executive Officer, Director*

See, Smedes, we're always looking for opportunities to invest in our assets if we can generate an acceptable return on that investment. So we have done a lot of transformational renovations in the portfolio. I think it's a total of 33 assets will have been transformationally renovated now, and that excludes the Washington Marriott at Metro Center, which we sold, or would have been 34, that was one of the original 16 programs. So I think stay tuned. We'll look for other opportunities after we complete these assets going forward. The portfolio is in terrific shape given the amount of capital that we put in it. And you can see that in the performance that we've been able to generate.

So with respect to the dividend, our objective is to pay out our taxable income and to pay a sustainable dividend going forward. So it's something that we will revisit from time to time. And if a policy change is warranted, that's something we'll discuss with the Board of Directors, and we will inform you at that point in time. But at this point in time, we are on track for our $0.20 dividend that's paid this quarter coming up and stay tuned for the next dividend announcement.

Operator

Aryeh Klein, BMO Capital Markets.

Aryeh Klein - *BMO Capital Markets - Analyst*

Jim, you talked a bit about selling the Four Seasons and your general view on realizing value within the portfolio. I was hoping maybe you can talk a little bit about the other side of that and what you're seeing out there on the acquisition side, particularly with the $500 million of capital gains that could theoretically go towards acquisition.

James Risoleo - *Host Hotels & Resorts Inc - President, Chief Executive Officer, Director*

Sure, Aryeh. I would say that the acquisition market generally is better than it was last year, but it's still not robust. And we do have an opportunity to effectuate a reverse like-kind exchange. If we were in a position to identify assets, accretive asset acquisitions within 45 days, and I want to make that point very clear. If we do a reverse like-kind exchange, it's going to be an accretive transaction.

We're not going to acquire an asset just to effectuate a like-kind exchange. I think the proof is in the pudding, and I've talked about it earlier today and talked about it in the past. So we are going to look at what's out there relative to our current trading multiple. And generally, most of the deals that we've done, Aryeh, have been based on relationships that we have in the industry. So we're thinking about it as a team, the investments team and others here at Host are thinking about what assets might be available to us to effectuate this.

But we're perfectly comfortable returning $0.5 billion in the form of a special dividend to our shareholders. I mean that is tangible. It's $0.72 a share roughly, it's meaningful, and it is a piece of total shareholder return. So I'd say, stay tuned. But at this point in time, I think it's more likely than not that we will pay the special dividend.

Operator

Cooper Clark, Wells Fargo.

Cooper Clark - *Wells Fargo Securities LLC - Equity Analyst*

As we think about the $600 million in proceeds outside of the taxable gains, you noted a few options as it relates to allocation in terms of returning capital through dividend, buybacks, reinvesting in the portfolio and potentially acquisitions. As you sit here today, can you talk about which one of those options looks most attractive and where you're seeing the best opportunity?

James Risoleo - *Host Hotels & Resorts Inc - President, Chief Executive Officer, Director*

Cooper, this is going to evolve. It's not something that we have to -- we don't have to act on the balance of the proceeds in any short-term time frame. So we're going to sit back and take measure of how the market evolves, how our operating performance evolves over the course of the year, what happens in the acquisition market. And at the appropriate point in time, we will make some decisions with respect to what we do with the incremental cash that's left over. But I can't sit here today and tell you what the highest and best use of that cash is. It's something that we're going to take a measured approach to as we always do, and we'll just have to wait and see how the year plays out.

Operator

Chris Darling, Green Street.

Chris Darling - *Green Street - Analyst*

Jim or Sourav, I'd like to dive a little bit deeper on the expense outlook for the year. I think you mentioned wage and benefit expected to grow about 5%. Anything you can share on labor availability, whether you're seeing sort of an easing in the market? And then if you're able, it'd be helpful to break down some of your other expenses, any other major line items where you have visibility.

Sourav Ghosh - *Host Hotels & Resorts Inc - Chief Financial Officer, Executive Vice President*

Sure thing, Chris. So obviously, given at the midpoint, we're expecting flat margins. Our expense growth is -- total expense growth is assumed at 3.3% with total revenue growth of 3.3%. Yes, the wage rates are expected to go up 5% for the year. But obviously, we do have certain other benefits that our overall expenses can be lower for the year.

That's being driven by a few things. It's productivity enhancements. There's a lot of focus on really honing in on what the best labor standards should be. And we literally are going position by position and working with our managers to make sure that there is keen focus on the ideal standards that drive scheduling and forecasting for labor. So that's a big piece of it.

The other thing is insurance should be down for the year. Obviously, we did not have any weather-related events in 2025. So hoping for a good outcome for our insurance renewal. So that stuff should help our overall expense growth as well.

In terms of labor availability, we have not seen any challenges. And honestly, didn't see any challenges at all even coming out of COVID. And that's primarily because, as we have stated earlier, we are really predisposed to brand-managed hotels, which really do a great job with talent acquisition and talent retention. So from that perspective, we haven't really had any issues being able to sort of staff at the hotel level.

Operator

Duane Pfennigwerth, Evercore ISI.

Duane Pfennigwerth - *Evercore Inc - Analyst*

Just headwinds and tailwinds from a market perspective. You've talked pretty consistently about Maui tracking better, maybe San Francisco. Maybe you could just comment on group pacing in Maui and for those two markets, what you expect the level of improvement to be? And then, I guess, away from those two markets, any markets you'd highlight in your portfolio that you think are going to be a material driver this year?

James Risoleo - *Host Hotels & Resorts Inc - President, Chief Executive Officer, Director*

I'll let Sourav get into the pacing on Maui and some of the other markets, Duane. But one thing that we're excited about for the year that should be a benefit for our portfolio is the World Cup matches. So World Cup, we expect 60 basis points of full year RevPAR benefit from the World Cup. That's a net 40 basis points pickup if you take into consideration that 2025 benefited from the inauguration to the tune of 20 basis points. So we have -- given the geographic diversification of our portfolio, we have World Cup matches in 10 of our markets, which is, I think, really quite attractive for us going forward.

So we would expect a benefit in quarter two as there are more matches in more markets in quarter two than in quarter three. At this point in time, we don't have a good handle on how things are going to evolve because we believe that the booking pace is going to be 30 to 60 days out. And we'll have a much better indication in our May earnings call how World Cup is going to affect our performance for the year. So that's a big plus for us.

I'll let Sourav talk about pace in Maui and maybe pace in San Francisco as well because those are two other really strong markets for us in 2026.

Sourav Ghosh - *Host Hotels & Resorts Inc - Chief Financial Officer, Executive Vice President*

Yeah. Overall, just as a reminder, group makes up about only 22% in Maui. So the big push is really getting that group at the Hyatt Regency, and our RevPAR expectations right now for the Hyatt Regency is north of 10%, it's close to 11.5%. And we are pleased with how that is pacing.

Overall, Maui pace is relatively flat to last year, but that's just given how well Wailea performed and where pace was last year for the two hotels in Wailea. But Hyatt Regency where the group matters meaningfully, we are pacing really strong. In terms of other markets where we're pacing really well, and this is specifically for the Host portfolio, we did mention Nashville, Atlanta, Miami, San Francisco, D.C. and Austin, which is benefiting just from the reno at the Hyatt Regency. Nashville, we were expecting to pace up 13%.

Atlanta, we are pacing up right now close to 10%. Miami is double digits, close to 15%. And San Francisco is almost pacing 20%. This is all total group revenue. D.C. is double digit as well at 10%. And Austin is at 26%. And the ones which are pacing behind are where there is a citywide impact. So specifically, San Diego, which you all know about, to some extent, Chicago, Boston and Seattle.

Operator

Robin Farley, UBS.

Robin Farley - *UBS AG - Analyst*

Great. Most of my questions have been asked already. But just circling back to what you're looking to do with the proceeds from the Four Seasons sale. I know you mentioned you're maybe even leaning towards the dividend. But just wondering if you could talk a little bit about what type of assets you're looking at to use those proceeds for?

James Risoleo - *Host Hotels & Resorts Inc - President, Chief Executive Officer, Director*

Robin, it's a broad question. So let me answer it in the context of the types of assets that we feel that we can create value with and also think about as we're deploying capital, maintaining our geographic diversification, which has served us very well over the course of the last nine years or so. So it's an asset that we believe will have meaningful upside opportunities from our asset management platform and our enterprise analytics platform. It will have diverse demand generators, a combination of group, leisure transient and business transient, and in a market that we feel has strong growth drivers going forward. So I can't get more specific in that because I don't have a specific asset in mind today, but those are the types of properties that we would be looking to acquire.

Operator

And we are out of time for questions. I would like to turn the call back over to Jim Risoleo.

James Risoleo - *Host Hotels & Resorts Inc - President, Chief Executive Officer, Director*

Well, thank you again for joining us today. We always appreciate the opportunity to discuss our quarterly results with you and our, in this case, our full year 2025 results, and we look forward to seeing many of you at conferences in the coming weeks. Have a great day, and thanks again.

Operator

This concludes today's conference call. Thank you for your participation. You may now disconnect.