

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended March 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

Commission File Number: 001-14625 (Host Hotels & Resorts, Inc.)

0-25087 (Host Hotels & Resorts, L.P.)

HOST HOTELS & RESORTS, INC.  
HOST HOTELS & RESORTS, L.P.

(Exact name of registrant as specified in its charter)

Maryland (Host Hotels & Resorts, Inc.)

Delaware (Host Hotels & Resorts, L.P.)

(State or Other Jurisdiction of  
Incorporation or Organization)

6903 Rockledge Drive, Suite 1500

Bethesda, Maryland

(Address of Principal Executive Offices)

53-008595

52-2095412

(I.R.S. Employer  
Identification No.)

20817

(Zip Code)

(240) 744-1000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Host Hotels & Resorts, Inc.

Yes  No

Host Hotels & Resorts, L.P.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Host Hotels & Resorts, Inc.

Yes  No

Host Hotels & Resorts, L.P.

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Host Hotels & Resorts, Inc.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

Host Hotels & Resorts, L.P.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Host Hotels & Resorts, Inc.

Yes  No

Host Hotels & Resorts, L.P.

Yes  No

As of April 28, 2017 there were 739,745,335 shares of Host Hotels & Resorts, Inc.'s common stock, \$.01 par value per share, outstanding.

## EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q of Host Hotels & Resorts, Inc. and Host Hotels & Resorts, L.P. Unless stated otherwise or the context requires otherwise, references to “Host Inc.” mean Host Hotels & Resorts, Inc., a Maryland corporation, and references to “Host L.P.” mean Host Hotels & Resorts, L.P., a Delaware limited partnership, and its consolidated subsidiaries, in cases where it is important to distinguish between Host Inc. and Host L.P. We use the terms “we” or “our” or “the company” to refer to Host Inc. and Host L.P. together, unless the context indicates otherwise.

Host Inc. operates as a self-managed and self-administered real estate investment trust (“REIT”). Host Inc. owns properties and conducts operations through Host L.P., of which Host Inc. is the sole general partner and of which it holds approximately 99% of the partnership interests (“OP units”). The remaining OP units are owned by various unaffiliated limited partners. As the sole general partner of Host L.P., Host Inc. has the exclusive and complete responsibility for Host L.P.’s day-to-day management and control. Management operates Host Inc. and Host L.P. as one enterprise. The management of Host Inc. consists of the same persons who direct the management of Host L.P. As general partner with control of Host L.P., Host Inc. consolidates Host L.P. for financial reporting purposes, and Host Inc. does not have significant assets other than its investment in Host L.P. Therefore, the assets and liabilities of Host Inc. and Host L.P. are substantially the same on their respective condensed consolidated financial statements and the disclosures of Host Inc. and Host L.P. also are substantially similar. For these reasons, we believe that the combination into a single report of the quarterly reports on Form 10-Q of Host Inc. and Host L.P. results in benefits to management and investors.

The substantive difference between Host Inc.’s and Host L.P.’s filings is the fact that Host Inc. is a REIT with public stock, while Host L.P. is a partnership with no publicly traded equity. In the condensed consolidated financial statements, this difference primarily is reflected in the equity (or partners’ capital for Host L.P.) section of the consolidated balance sheets and in the consolidated statements of equity (or partners’ capital for Host L.P.). Apart from the different equity treatment, the condensed consolidated financial statements of Host Inc. and Host L.P. nearly are identical.

This combined Form 10-Q for Host Inc. and Host L.P. includes, for each entity, separate interim financial statements (but combined footnotes), separate reports on disclosure controls and procedures and internal control over financial reporting and separate CEO/CFO certifications. In addition, with respect to any other financial and non-financial disclosure items required by Form 10-Q, any material differences between Host Inc. and Host L.P. are discussed separately herein. For a more detailed discussion of the substantive differences between Host Inc. and Host L.P. and why we believe the combined filing results in benefits to investors, see the discussion in the combined Annual Report on Form 10-K for the year ended December 31, 2016 under the heading “Explanatory Note.”

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**HOST HOTELS & RESORTS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**March 31, 2017 and December 31, 2016**  
(in millions, except share and per share amounts)

	<u>March 31, 2017</u>	<u>December 31, 2016</u>
	<u>(unaudited)</u>	
<b>ASSETS</b>		
Property and equipment, net	\$ 10,382	\$ 10,145
Assets held for sale	138	150
Due from managers	133	55
Advances to and investments in affiliates	295	286
Furniture, fixtures and equipment replacement fund	171	173
Other	244	225
Restricted cash	2	2
Cash and cash equivalents	411	372
<b>Total assets</b>	<b><u>\$ 11,776</u></b>	<b><u>\$ 11,408</u></b>
<b>LIABILITIES, NON-CONTROLLING INTERESTS AND EQUITY</b>		
<b>Debt</b>		
Senior notes	\$ 2,776	\$ 2,380
Credit facility, including term loans of \$998 million and \$997 million, respectively	1,211	1,206
Mortgage debt and other	1	63
<b>Total debt</b>	<b><u>3,988</u></b>	<b><u>3,649</u></b>
Accounts payable and accrued expenses	218	278
Liabilities held for sale	74	—
Other	269	283
<b>Total liabilities</b>	<b><u>4,549</u></b>	<b><u>4,210</u></b>
Non-controlling interests - Host Hotels & Resorts, L.P.	161	165
<b>Host Hotels &amp; Resorts, Inc. stockholders' equity:</b>		
Common stock, par value \$.01, 1,050 million shares authorized, 738.6 million shares and 737.8 million shares issued and outstanding, respectively	7	7
Additional paid-in capital	8,089	8,077
Accumulated other comprehensive loss	(78)	(83)
Deficit	(992)	(1,007)
<b>Total equity of Host Hotels &amp; Resorts, Inc. stockholders</b>	<b><u>7,026</u></b>	<b><u>6,994</u></b>
Non-controlling interests—other consolidated partnerships	40	39
<b>Total equity</b>	<b><u>7,066</u></b>	<b><u>7,033</u></b>
<b>Total liabilities, non-controlling interests and equity</b>	<b><u>\$ 11,776</u></b>	<b><u>\$ 11,408</u></b>

See notes to condensed consolidated financial statements.

**HOST HOTELS & RESORTS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**Quarter ended March 31, 2017 and 2016**  
**(unaudited, in millions, except per share amounts)**

	Quarter ended March 31,	
	2017	2016
<b>REVENUES</b>		
Rooms	\$ 843	\$ 843
Food and beverage	422	408
Other	83	88
Total revenues	<u>1,348</u>	<u>1,339</u>
<b>EXPENSES</b>		
Rooms	219	221
Food and beverage	277	284
Other departmental and support expenses	319	328
Management fees	56	57
Other property-level expenses	100	93
Depreciation and amortization	180	181
Corporate and other expenses	29	27
Gain on insurance and business interruption settlements	(3)	(3)
Total operating costs and expenses	<u>1,177</u>	<u>1,188</u>
<b>OPERATING PROFIT</b>	171	151
Interest income	1	1
Interest expense	(39)	(39)
Gain on sale of assets	17	59
Gain (loss) on foreign currency transactions and derivatives	(2)	1
Equity in earnings of affiliates	7	2
<b>INCOME BEFORE INCOME TAXES</b>	155	175
Benefit for income taxes	6	9
<b>NET INCOME</b>	161	184
Less: Net income attributable to non-controlling interests	(3)	(2)
<b>NET INCOME ATTRIBUTABLE TO HOST HOTELS &amp; RESORTS, INC.</b>	<u>\$ 158</u>	<u>\$ 182</u>
Basic earnings per common share	<u>\$ .21</u>	<u>\$ .24</u>
Diluted earnings per common share	<u>\$ .21</u>	<u>\$ .24</u>

See notes to condensed consolidated financial statements.

**HOST HOTELS & RESORTS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**Quarter ended March 31, 2017 and 2016**  
**(unaudited, in millions)**

	<b>Quarter ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
NET INCOME	\$ 161	\$ 184
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:		
Foreign currency translation and other comprehensive income of unconsolidated affiliates	7	14
Change in fair value of derivative instruments	(1)	(5)
Amounts reclassified from other comprehensive income (loss)	(1)	4
OTHER COMPREHENSIVE INCOME, NET OF TAX	5	13
COMPREHENSIVE INCOME	166	197
Less: Comprehensive income attributable to non-controlling interests	(2)	(2)
COMPREHENSIVE INCOME ATTRIBUTABLE TO HOST HOTELS & RESORTS, INC.	\$ 164	\$ 195

See notes to condensed consolidated financial statements.

**HOST HOTELS & RESORTS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Quarter ended March 31, 2017 and 2016**  
**(unaudited, in millions)**

	Quarter ended March 31,	
	2017	2016
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 161	\$ 184
Adjustments to reconcile to cash provided by operations:		
Depreciation and amortization	180	181
Amortization of finance costs, discounts and premiums, net	1	2
Stock compensation expense	3	3
Deferred income taxes	(6)	(9)
Gain on sale of assets	(17)	(59)
(Gain) loss on foreign currency transactions and derivatives	2	(1)
Gain on property insurance settlement	—	(1)
Equity in earnings of affiliates	(7)	(2)
Change in due from managers	(77)	(83)
Distributions from investments in affiliates	—	12
Changes in other assets	(12)	9
Changes in other liabilities	(19)	(17)
Cash provided by operating activities	<u>209</u>	<u>219</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sales of assets, net	160	115
Return of investments in affiliates	3	7
Advances to and investments in affiliates	—	(1)
Acquisitions	(467)	—
Capital expenditures:		
Renewals and replacements	(64)	(89)
Redevelopment and acquisition-related investments	(16)	(79)
Cash used in investing activities	<u>(384)</u>	<u>(47)</u>
<b>FINANCING ACTIVITIES</b>		
Financing costs	(3)	—
Issuances of debt	398	—
Draws on credit facility	340	170
Repayment of credit facility	(340)	(70)
Mortgage debt and other prepayments and scheduled maturities	—	(20)
Common stock repurchase	—	(81)
Dividends on common stock	(185)	(150)
Other financing activities	(2)	(1)
Cash provided by (used in) financing activities	<u>208</u>	<u>(152)</u>
Effects of exchange rate changes on cash held	4	4
INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	37	24
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	547	377
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	<u>\$ 584</u>	<u>\$ 401</u>

See notes to condensed consolidated financial statements.

**HOST HOTELS & RESORTS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Quarter ended March 31, 2017 and 2016**  
**(unaudited)**

**Supplemental disclosure of cash flow information (in millions):**

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statements of cash flows:

	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Cash and cash equivalents	\$ 411	\$ 234
Restricted cash	2	15
Cash included in Furniture, fixtures and equipment replacement fund	171	152
<b>Total cash and cash equivalents and restricted cash shown in the statements of cash flows</b>	<b>\$ 584</b>	<b>\$ 401</b>

The following table presents cash paid during the quarter for the following:

	<u>Quarter ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
Total interest paid	\$ 37	\$ 34
Income taxes paid	\$ 1	\$ 2

See notes to condensed consolidated financial statements.



**HOST HOTELS & RESORTS, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**March 31, 2017 and December 31, 2016**  
(in millions)

	<u>March 31, 2017</u>	<u>December 31, 2016</u>
	<u>(unaudited)</u>	
<b>ASSETS</b>		
Property and equipment, net	\$ 10,382	\$ 10,145
Assets held for sale	138	150
Due from managers	133	55
Advances to and investments in affiliates	295	286
Furniture, fixtures and equipment replacement fund	171	173
Other	244	225
Restricted cash	2	2
Cash and cash equivalents	411	372
Total assets	<u>\$ 11,776</u>	<u>\$ 11,408</u>
<b>LIABILITIES, LIMITED PARTNERSHIP INTERESTS OF THIRD PARTIES AND CAPITAL</b>		
Debt		
Senior notes	\$ 2,776	\$ 2,380
Credit facility, including term loans of \$998 million and \$997 million, respectively	1,211	1,206
Mortgage debt and other	1	63
Total debt	<u>3,988</u>	<u>3,649</u>
Accounts payable and accrued expenses	218	278
Liabilities held for sale	74	—
Other	269	283
Total liabilities	<u>4,549</u>	<u>4,210</u>
Limited partnership interests of third parties	161	165
Host Hotels & Resorts, L.P. capital:		
General partner	1	1
Limited partner	7,103	7,076
Accumulated other comprehensive loss	(78)	(83)
Total Host Hotels & Resorts, L.P. capital	<u>7,026</u>	<u>6,994</u>
Non-controlling interests—consolidated partnerships	40	39
Total capital	<u>7,066</u>	<u>7,033</u>
Total liabilities, limited partnership interest of third parties and capital	<u>\$ 11,776</u>	<u>\$ 11,408</u>

See notes to condensed consolidated financial statements.

**HOST HOTELS & RESORTS, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**Quarter ended March 31, 2017 and 2016**  
**(unaudited, in millions, except per unit amounts)**

	Quarter ended March 31,	
	2017	2016
<b>REVENUES</b>		
Rooms	\$ 843	\$ 843
Food and beverage	422	408
Other	83	88
Total revenues	<u>1,348</u>	<u>1,339</u>
<b>EXPENSES</b>		
Rooms	219	221
Food and beverage	277	284
Other departmental and support expenses	319	328
Management fees	56	57
Other property-level expenses	100	93
Depreciation and amortization	180	181
Corporate and other expenses	29	27
Gain on insurance and business interruption settlements	(3)	(3)
Total operating costs and expenses	<u>1,177</u>	<u>1,188</u>
<b>OPERATING PROFIT</b>	171	151
Interest income	1	1
Interest expense	(39)	(39)
Gain on sale of assets	17	59
Gain (loss) on foreign currency transactions and derivatives	(2)	1
Equity in earnings of affiliates	7	2
<b>INCOME BEFORE INCOME TAXES</b>	155	175
Benefit for income taxes	6	9
<b>NET INCOME</b>	161	184
Less: Net income attributable to non-controlling interests	(1)	—
<b>NET INCOME ATTRIBUTABLE TO HOST HOTELS &amp; RESORTS, L.P.</b>	<u>\$ 160</u>	<u>\$ 184</u>
Basic earnings per common unit	<u>\$ .22</u>	<u>\$ .25</u>
Diluted earnings per common unit	<u>\$ .22</u>	<u>\$ .25</u>

See notes to condensed consolidated financial statements.

**HOST HOTELS & RESORTS, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**Quarter ended March 31, 2017 and 2016**  
**(unaudited, in millions)**

	<b>Quarter ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
NET INCOME	\$ 161	\$ 184
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:		
Foreign currency translation and other comprehensive income of unconsolidated affiliates	7	14
Change in fair value of derivative instruments	(1)	(5)
Amounts reclassified from other comprehensive income (loss)	(1)	4
OTHER COMPREHENSIVE INCOME, NET OF TAX	5	13
COMPREHENSIVE INCOME	166	197
Less: Comprehensive income attributable to non-controlling interests	—	—
COMPREHENSIVE INCOME ATTRIBUTABLE TO HOST HOTELS & RESORTS, L.P.	<u>\$ 166</u>	<u>\$ 197</u>

See notes to condensed consolidated financial statements.

**HOST HOTELS & RESORTS, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Quarter ended March 31, 2017 and 2016**  
**(unaudited, in millions)**

	Quarter ended March 31,	
	2017	2016
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 161	\$ 184
Adjustments to reconcile to cash provided by operations:		
Depreciation and amortization	180	181
Amortization of finance costs, discounts and premiums, net	1	2
Stock compensation expense	3	3
Deferred income taxes	(6)	(9)
Gain on sale of assets	(17)	(59)
(Gain) loss on foreign currency transactions and derivatives	2	(1)
Gain on property insurance settlement	—	(1)
Equity in earnings of affiliates	(7)	(2)
Change in due from managers	(77)	(83)
Distributions from investments in affiliates	—	12
Changes in other assets	(12)	9
Changes in other liabilities	(19)	(17)
Cash provided by operating activities	<u>209</u>	<u>219</u>
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Acquisitions	(467)	—
Capital expenditures:		
Renewals and replacements	(64)	(89)
Redevelopment and acquisition-related investments	(16)	(79)
Cash used in investing activities	<u>(384)</u>	<u>(47)</u>
<b>FINANCING ACTIVITIES</b>		
Financing costs	(3)	—
Issuances of debt	398	—
Draws on credit facility	340	170
Repayment of credit facility	(340)	(70)
Mortgage debt and other prepayments and scheduled maturities	—	(20)
Repurchase of common OP units	—	(81)
Distributions on common OP units	(187)	(151)
Cash provided by (used in) financing activities	<u>208</u>	<u>(152)</u>
Effects of exchange rate changes on cash held	4	4
<b>INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH</b>	<u>37</u>	<u>24</u>
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD</b>	<u>547</u>	<u>377</u>
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD</b>	<u>\$ 584</u>	<u>\$ 401</u>

See notes to condensed consolidated financial statements.

**HOST HOTELS & RESORTS, L.P. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Quarter ended March 31, 2017 and 2016**  
**(unaudited)**

**Supplemental disclosure of cash flow information (in millions):**

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statements of cash flows:

	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Cash and cash equivalents	\$ 411	\$ 234
Restricted cash	2	15
Cash included in Furniture, fixtures and equipment replacement fund	171	152
Total cash and cash equivalents and restricted cash shown in the statements of cash flows	<u>\$ 584</u>	<u>\$ 401</u>

The following table presents cash paid during the quarter for the following:

	<u>Quarter ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
Total interest paid	<u>\$ 37</u>	<u>\$ 34</u>
Income taxes paid	<u>\$ 1</u>	<u>\$ 2</u>

See notes to condensed consolidated financial statements.

**HOST HOTELS & RESORTS, INC., HOST HOTELS & RESORTS, L.P., AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. Organization**

**Description of Business**

Host Hotels & Resorts, Inc. operates as a self-managed and self-administered real estate investment trust (“REIT”), with its operations conducted solely through Host Hotels & Resorts, L.P. and its subsidiaries. Host Hotels & Resorts, L.P., a Delaware limited partnership, operates through an umbrella partnership structure, with Host Hotels & Resorts, Inc., a Maryland corporation, as its sole general partner. In the notes to these unaudited condensed consolidated financial statements, we use the terms “we” or “our” to refer to Host Hotels & Resorts, Inc. and Host Hotels & Resorts, L.P. together, unless the context indicates otherwise. We also use the term “Host Inc.” specifically to refer to Host Hotels & Resorts, Inc. and the term “Host L.P.” specifically to refer to Host Hotels & Resorts, L.P. in cases where it is important to distinguish between Host Inc. and Host L.P. As of March 31, 2017, Host Inc. holds approximately 99% of Host L.P.’s OP units.

**Consolidated Portfolio**

As of March 31, 2017, our consolidated portfolio, primarily consisting of luxury and upper upscale hotels, is located in the following countries:

	<b>Hotels</b>
United States	90
Australia	1
Brazil	3
Canada	2
Mexico	1
Total	97

**Joint Ventures**

We own a non-controlling interest in a joint venture in Europe (“Euro JV”) that owns hotels in two separate funds. We own a 32.1% interest in the first fund (“Euro JV Fund I”) (3 hotels) and a 33.4% interest in the second fund (“Euro JV Fund II”) (7 hotels).

As of March 31, 2017, the Euro JV owned hotels located in the following countries:

	<b>Hotels</b>
Belgium	1
France	3
Germany	1
Spain	2
Sweden	1
The Netherlands	1
United Kingdom	1
Total	10

We also own non-controlling interests in an additional six joint ventures that own eight hotels totaling approximately 3,700 rooms.

**2. Summary of Significant Accounting Policies**

We have condensed or omitted certain information and footnote disclosures normally included in financial statements presented in accordance with GAAP in the accompanying unaudited condensed consolidated financial statements. We believe the disclosures made herein are adequate to prevent the information presented from being

**HOST HOTELS & RESORTS, INC., HOST HOTELS & RESORTS, L.P., AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

misleading. However, the financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2016.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

In our opinion, the accompanying unaudited condensed consolidated financial statements reflect all adjustments necessary to present fairly our financial position as of March 31, 2017, and the results of our operations and cash flows for the quarters ended March 31, 2017 and 2016, respectively. Interim results are not necessarily indicative of full year performance because of the impact of seasonal variations.

Three of our partnerships are considered variable interest entities (VIEs) as the general partner maintains control over the decisions that most significantly impact the partnerships. This includes the operating partnership, Host L.P., which is consolidated by Host Inc., of which Host Inc. is the general partner and holds 99% of the limited partner interests. Host Inc.'s sole significant asset is its investment in Host L.P. and, consequently, substantially all of Host Inc.'s assets and liabilities consist of the assets and liabilities of Host L.P. All of Host Inc.'s debt is an obligation of Host L.P. and may be settled only with assets of Host L.P. Our consolidated partnership that owns the Houston Airport Marriott at George Bush Intercontinental, of which we are the general partner and hold 85% of the partnership interests, is a VIE. The total assets of this VIE are \$60 million and consist of cash and property and equipment. Liabilities for the VIE total \$3 million and consist of accounts payable and deferred revenue. The unconsolidated partnership that owns the Philadelphia Marriott Downtown, of which we hold 11% of the limited partner interests, also is a VIE. The carrying amount of this investment is \$(7) million and is included in advances to and investments in affiliates. The mortgage debt held by this VIE is non-recourse to us.

### *New Accounting Standards*

In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*. The standard adopts a two-step approach wherein, if substantially all of the fair value of the gross assets acquired is concentrated in a single (group of similar) identifiable asset(s), then the transaction would be considered an asset purchase. As a result of the standard, we anticipate that the majority of our hotel purchases will be considered asset purchases as opposed to business combinations. However, the determination will be made on a transaction-by-transaction basis and we do not expect the determination to materially change the recognition of the assets and liabilities acquired. This standard will be applied on a prospective basis and, therefore, it does not affect the accounting for any of our previous transactions. The standard is effective for annual periods beginning after December 15, 2017, with early adoption permitted.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires that, on the statement of cash flows, amounts generally described as restricted cash or restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning and ending total amounts thereof. The standard is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. We adopted this standard beginning January 1, 2017. As a result, amounts included in restricted cash and furniture, fixtures and equipment replacement fund on our consolidated balance sheet are included with cash and cash equivalents on the statement of cash flows, and we have restated the statement of cash flows for the quarter ended March 31, 2016 to reflect this change. The adoption of this standard did not change our balance sheet presentation.

In March 2016, the FASB issued ASU No. 2016-09, *Improvements to Employee Share-Based Payment Accounting*, which is intended to simplify accounting for share-based payment transactions and will affect the classification of certain share-based awards and related income tax withholdings. The standard is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. We adopted this standard beginning January 1, 2017. As a result of the standard, we anticipate that the majority of our share-based payment awards granted in 2017 will be equity-classified awards, and the excess tax benefits or deficiencies that are incurred based on the difference between the intrinsic value of the award and the grant-date fair value will be recognized as income tax expense or benefit on the income statement. However, we do not anticipate that the implementation of this standard will have a material effect on our financial statements. The shares granted are still included under the previous Comprehensive Stock and Cash Incentive Plan rules.

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In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). The new standard sets forth steps to determine the timing and amount of revenue to be recognized to depict the transfer of goods or services in an amount that reflects the consideration that the entity expects in exchange. In March, April, May and December 2016, the FASB issued ASUs Nos. 2016-08, 2016-10, 2016-12 and 2016-20, respectively, all related to Revenue from Contracts with Customers (Topic 606), which further clarify the application of the standard. Additionally, in February 2017, the FASB issued ASU No. 2017-05, Other Income – Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20), which is required to be adopted concurrently with ASU No. 2014-09, as it provides further guidance on accounting for the derecognition of and partial sales of a non-financial asset. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, which deferred the effectiveness of ASU No. 2014-09 to reporting periods beginning after December 15, 2017 and permitted early application for annual reporting periods beginning after December 15, 2016. The new standards can be applied retrospectively or under a modified retrospective approach. Based on our assessment of this standard, it will not materially affect the amount or timing of revenue recognition for revenues from room, food and beverage, and other hotel level sales; however, it may allow for earlier gain recognition for certain sale transactions pursuant to which we have continuing involvement. Upon adoption, we expect to implement these standards using a modified retrospective approach with a cumulative effect recognized with no restatements of prior period amounts.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which affects aspects of accounting for lease agreements. Under the new standard, all leases, including operating leases, will require recognition of the lease assets and lease liabilities by lessees on the balance sheet. However, the net effect on the statement of operations and the statement of cash flows largely is unchanged. The standard is effective for fiscal years beginning after December 15, 2018, with early application permitted. The standard requires a modified retrospective approach, with restatement of the periods presented in the year of adoption. The primary impact of the new standard will be to the treatment of our 26 ground leases, which represent approximately 85% of all of our operating lease payments. While we have not completed our analysis, we believe that the application of this standard will result in the recording of a right of use asset and the related lease liability of between \$400 million and \$500 million for the ground leases, although changes in discount rates, ground lease terms or other variables may have a significant effect on this calculation. As noted above, we expect the adoption of this standard to have minimal impact on our income statement.



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**3. Earnings Per Common Share (Unit)**

Basic earnings per common share (unit) is computed by dividing net income attributable to common stockholders (unitholders) by the weighted average number of shares of Host Inc. common stock or Host L.P. common units outstanding. Diluted earnings per common share (unit) is computed by dividing net income attributable to common stockholders (unitholders), as adjusted for potentially dilutive securities, by the weighted average number of shares of Host Inc. common stock or Host L.P. common units outstanding plus other potentially dilutive securities. Dilutive securities may include shares granted under comprehensive stock plans or the common OP units distributed to Host Inc. to support such shares granted, 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 are anti-dilutive. We have 8.4 million common OP units which are convertible into 8.6 million common shares which are not included in Host Inc.'s calculation of earnings per share as their effect is not dilutive. The calculation of Host Inc. basic and diluted earnings per common share is shown below (in millions, except per share amounts):

	<b>Quarter ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
Net income	\$ 161	\$ 184
Less: Net income attributable to non-controlling interests	(3)	(2)
Net income attributable to Host Inc.	<u>\$ 158</u>	<u>\$ 182</u>
Basic weighted average shares outstanding	738.0	749.6
Assuming distribution of common shares granted under the comprehensive stock plans, less shares assumed purchased at market	0.2	0.1
Diluted weighted average shares outstanding	<u>738.2</u>	<u>749.7</u>
Basic earnings per common share	<u>\$ .21</u>	<u>\$ .24</u>
Diluted earnings per common share	<u>\$ .21</u>	<u>\$ .24</u>

The calculation of Host L.P. basic and diluted earnings per unit is shown below (in millions, except per unit amounts):

	<b>Quarter ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
Net income	\$ 161	\$ 184
Less: Net income attributable to non-controlling interests	(1)	—
Net income attributable to Host L.P.	<u>\$ 160</u>	<u>\$ 184</u>
Basic weighted average units outstanding	731.0	742.9
Assuming distribution of common units to support shares granted under the comprehensive stock plans, less shares assumed purchased at market	0.2	0.1
Diluted weighted average units outstanding	<u>731.2</u>	<u>743.0</u>
Basic earnings per common unit	<u>\$ .22</u>	<u>\$ .25</u>
Diluted earnings per common unit	<u>\$ .22</u>	<u>\$ .25</u>

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**4. Property and Equipment**

Property and equipment consists of the following (in millions):

	March 31, 2017	December 31, 2016
Land and land improvements	\$ 2,145	\$ 2,047
Buildings and leasehold improvements	13,720	13,483
Furniture and equipment	2,392	2,377
Construction in progress	70	86
	<u>18,327</u>	<u>17,993</u>
Less accumulated depreciation and amortization	(7,945)	(7,848)
	<u>\$ 10,382</u>	<u>\$ 10,145</u>

**5. Debt**

*Senior notes.* On March 20, 2017, we issued \$400 million of 3.875% Series G senior notes due April 2024 for proceeds of approximately \$395 million, net of discounts, underwriting fees and expenses. Interest is payable semi-annually in arrears on May 15 and November 15, commencing November 15, 2017. The net proceeds were used to repay \$250 million that had been drawn under the revolver portion of our credit facility during the first quarter and for general corporate purposes.

*Credit facility.* As of March 31, 2017, we had \$784 million of available capacity under the revolver portion of our credit facility.

**6. Equity of Host Inc. and Capital of Host L.P.**

**Equity of Host Inc.**

Equity of Host Inc. is allocated between controlling and non-controlling interests as follows (in millions):

	Equity of Host Inc.	Non- redeemable, non- controlling interests	Total equity	Redeemable, non- controlling interests
Balance, December 31, 2016	\$ 6,994	\$ 39	\$ 7,033	\$ 165
Net income	158	1	159	2
Issuance of common stock for comprehensive stock plans	8	—	8	—
Dividends declared on common stock	(147)	—	(147)	—
Distributions to non-controlling interests	—	—	—	(2)
Changes in ownership and other	9	(1)	8	(4)
Other comprehensive income	4	1	5	—
Balance, March 31, 2017	<u>\$ 7,026</u>	<u>\$ 40</u>	<u>\$ 7,066</u>	<u>\$ 161</u>

**Capital of Host L.P.**

As of March 31, 2017, Host Inc. is the owner of approximately 99% of Host L.P.'s common OP units. The remaining common OP units are held by third party limited partners. Each common OP unit may be redeemed for cash or, at the election of Host Inc., Host Inc. common stock, based on the conversion ratio of 1.021494 shares of Host Inc. common stock for each common OP unit.

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In exchange for any shares issued by Host Inc., Host L.P. will issue common OP units to Host Inc. based on the applicable conversion ratio. Additionally, funds used by Host Inc. to pay dividends on its common stock are provided by distributions from Host L.P.

Capital of Host L.P. is allocated between controlling and non-controlling interests as follows (in millions):

	<b>Capital of Host L.P.</b>	<b>Non- controlling interests</b>	<b>Total Capital</b>	<b>Limited Partnership Interest of Third Parties</b>
Balance, December 31, 2016	\$ 6,994	\$ 39	\$ 7,033	\$ 165
Net income	158	1	159	2
Issuance of common OP units to Host Inc. for comprehensive stock plans	8	—	8	—
Distributions declared on common OP units	(147)	—	(147)	(2)
Changes in ownership and other	9	(1)	8	(4)
Other comprehensive income	4	1	5	—
Balance, March 31, 2017	<u>\$ 7,026</u>	<u>\$ 40</u>	<u>\$ 7,066</u>	<u>\$ 161</u>

**Dividends/Distributions**

On February 22, 2017, Host Inc.'s Board of Directors declared a regular quarterly cash dividend of \$0.20 per share on its common stock. The dividend was paid on April 17, 2017 to stockholders of record as of March 31, 2017. Accordingly, Host L.P. made a distribution of \$0.2042988 per unit on its common OP units based on the current conversion ratio.

7.

**Dispositions**

During the first quarter, we sold the JW Marriott Desert Springs Resort & Spa for \$172 million, including \$12 million of furniture, fixtures and equipment replacement funds retained at the hotel.

The following table provides summary results of operations for the one hotel sold during the first quarter of 2017 and ten hotels sold in 2016, which are included in continuing operations (in millions):

	<b>Quarter ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
Revenues	\$ 3	\$ 68
Income before taxes and gain on disposal	1	11
Gain on disposals	15	58

As of March 31, 2017, the Sheraton Memphis Downtown and the Hilton Melbourne South Wharf have been classified as held for sale. Subsequent to quarter end, on April 19, 2017, we sold the Sheraton Memphis Downtown for \$67 million and expect to record a gain of approximately \$28 million in the second quarter.

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**8. Acquisitions**

**Business Combinations**

On March 7, 2017, we acquired the 305-room W Hollywood for \$219 million. On February 16, 2017, we acquired the 347-room Don CeSar, including the adjacent Beach House Suites for \$214 million.

**Asset Acquisitions**

On March 24, 2017, we purchased the ground lease at the Miami Marriott Biscayne Bay for \$38 million.

**9. Fair Value Measurements**

The following tables detail the fair value of our financial assets and liabilities that are required to be measured at fair value on a recurring basis (in millions):

	Balance at March 31, 2017	Fair Value at Measurement Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Fair Value Measurements on a Recurring Basis:</b>				
Assets				
Foreign currency forward sale contracts (1)	\$ 10	\$ —	\$ 10	\$ —

	Balance at December 31, 2016	Fair Value at Measurement Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Fair Value Measurements on a Recurring Basis:</b>				
Assets				
Foreign currency forward sale contracts (1)	\$ 12	\$ —	\$ 12	\$ —

(1) These derivative contracts have been designated as hedging instruments.

**Derivatives and Hedging**

**Foreign Investment Hedging Instruments.** We have five foreign currency forward sale contracts that hedge a portion of the foreign currency exposure resulting from the eventual repatriation of our net investment in foreign operations. These derivatives are considered hedges of the foreign currency exposure of a net investment in a foreign operation and are marked-to-market with changes in fair value recorded to other comprehensive income (loss) within the equity portion of our balance sheet. The foreign currency forward sale contracts are valued based on the forward yield curve of the foreign currency to U.S. dollar forward exchange rate on the date of measurement. We also evaluate counterparty credit risk when we calculate the fair value of the derivatives.

The following table summarizes our foreign currency forward sale contracts (in millions):

Transaction Date Range	Currently Outstanding		Forward Purchase Date Range	Change in Fair Value - All Contracts	
	Total Transaction Amount in Foreign Currency	Total Transaction Amount in Dollars		Gain (Loss)	
				Quarter ended March 31,	
			2017	2016	
May 2014-January 2016	€ 100	\$ 118	May 2017-January 2018	\$ (1)	\$ (4)
November 2016	C\$ 25	\$ 19	November 2018	\$ —	\$ (1)

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In addition to the foreign currency forward sale contracts, we have designated a portion of the foreign currency draws on our credit facility as hedges of net investments in foreign operations. Changes in fair value of the designated credit facility draws are recorded to other comprehensive income (loss).

The following table summarizes the draws on our credit facility that are designated as hedges of net investments in foreign operations (in millions):

Currency	Balance Outstanding US\$	Balance Outstanding in Foreign Currency	Gain (Loss)	
			Quarter ended March 31,	
			2017	2016
Canadian dollars (1)	\$ 35	C\$ 46	\$ —	\$ 2
Euros	\$ 82	€ 77	\$ (1)	\$ 4
Australian dollars	\$ 38	A\$ 50	\$ (2)	\$ —

(1) We have drawn an additional \$45 million on the credit facility in Canadian dollars, which has not been designated as a hedging instrument.

#### Other Liabilities

**Fair Value of Other Financial Liabilities.** We did not elect the fair value measurement option for any of our other financial liabilities. The fair values of secured debt and our credit facility are determined based on the expected future payments discounted at risk-adjusted rates. Senior notes are valued based on quoted market prices. The fair values of financial instruments not included in this table are estimated to be equal to their carrying amounts.

The fair value of certain financial liabilities is shown below (in millions):

	March 31, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Senior notes (Level 1)	\$ 2,776	\$ 2,913	\$ 2,380	\$ 2,477
Credit facility (Level 2)	1,211	1,215	1,206	1,211
Mortgage debt and other, excluding capital leases (Level 2)	—	—	62	62

#### 10. Geographic Information

We consider each of our hotels to be an operating segment, none of which meets the threshold for a reportable segment. We also allocate resources and assess operating performance based on individual hotels. All of our other real estate investment activities (primarily office buildings and apartments) are immaterial and, with our operating segments, meet the aggregation criteria, and thus, we report one segment: hotel ownership. Our consolidated foreign operations consist of hotels in four countries as of March 31, 2017. There were no intersegment sales during the periods presented.

The following table presents total revenues and property and equipment for each of the geographical areas in which we operate (in millions):

	Revenues		Property and Equipment, net	
	Quarter ended March 31,		March 31,	December 31,
	2017	2016	2017	2016
United States	\$ 1,317	\$ 1,296	\$ 10,233	\$ 9,913
Australia	9	8	—	85
Brazil	5	7	65	63
Canada	10	10	70	71
Chile	—	5	—	—
Mexico	7	7	14	13
New Zealand	—	6	—	—
Total	\$ 1,348	\$ 1,339	\$ 10,382	\$ 10,145

**11. Non-controlling Interests**

**Other Consolidated Partnerships.** We consolidate four majority-owned partnerships that have third-party, non-controlling ownership interests. The third-party partnership interests are included in non-controlling interests — other consolidated partnerships on the balance sheets and totaled \$40 million and \$39 million as of March 31, 2017 and December 31, 2016, respectively. One of the partnerships has a finite life that terminates in 2095, and the associated non-controlling interests are redeemable at our option at the end of, but not prior to, the finite life.

Net income attributable to non-controlling interests of consolidated partnerships is included in our determination of net income. Net income attributable to non-controlling interests of third parties was \$1 million for the quarter ended March 31, 2017 and immaterial for the quarter ended March 31, 2016.

**Host Inc.'s treatment of the non-controlling interests of Host L.P.:** Host Inc. adjusts the non-controlling interests of Host L.P. each period so that the amount presented equals the greater of its carrying value based on accumulated historical cost or its redemption value. The historical cost is based on the proportional relationship between the historical cost of equity held by our common stockholders relative to that of the unitholders of Host L.P. The redemption value is based on the amount of cash or Host Inc. common stock, at our option, that would be paid to the non-controlling interests of Host L.P. if it were terminated. Therefore, the redemption value of the common OP units is equivalent to the number of shares that would be issued upon conversion of the common OP units held by third parties valued at the market price of Host Inc. common stock at the balance sheet date. One common OP unit may be exchanged for 1.021494 shares of Host Inc. common stock. Non-controlling interests of Host L.P. are classified in the mezzanine section of our balance sheets as they do not meet the requirements for equity classification because the redemption feature requires the delivery of registered shares.

The table below details the historical cost and redemption values for the non-controlling interests:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Common OP units outstanding (millions)	8.4	8.6
Market price per Host Inc. common share	\$ 18.66	\$ 18.84
Shares issuable upon conversion of one common OP unit	1.021494	1.021494
Redemption value (millions)	\$ 161	\$ 165
Historical cost (millions)	83	84
Book value (millions) (1)	161	165

(1) The book value recorded is equal to the greater of redemption value or historical cost.

Net income is allocated to the non-controlling interests of Host L.P. based on their weighted average ownership interest during the period. Net income attributable to the non-controlling interests of Host L.P. was \$2 million for both quarters ended March 31, 2017 and 2016.

**12. Legal Proceedings**

We are involved in various legal proceedings in the normal course of business regarding the operation of our hotels and company matters. To the extent not covered by insurance, these legal proceedings generally fall into the following broad categories: disputes involving hotel-level contracts, employment litigation, compliance with laws such as the Americans with Disabilities Act, tax disputes and other general matters. Under our management agreements, our operators have broad latitude to resolve individual hotel-level claims for amounts generally less than \$150,000. However, for matters exceeding such threshold, our operators may not settle claims without our consent.

Based on our analysis of legal proceedings with which we currently are involved or of which we are aware and our experience in resolving similar claims in the past, we have accrued approximately \$5 million as of March 31, 2017. We have estimated that, in the aggregate, our losses related to these proceedings could be as much as \$17 million. We believe this range represents the maximum potential loss for all of our legal proceedings. We are not aware of any other matters

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with a reasonably possible unfavorable outcome for which disclosure of a loss contingency is required. No assurances can be given as to the outcome of any pending legal proceedings.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included elsewhere in this report. Host Inc. operates as a self-managed and self-administered REIT. Host Inc. is the sole general partner of Host L.P. and holds approximately 99% of its partnership interests. Host L.P. is a limited partnership operating through an umbrella partnership structure. The remaining common OP units are owned by various unaffiliated limited partners.

### Forward-Looking Statements

In this report on Form 10-Q, we make forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "believe," "could," "expect," "may," "intend," "predict," "project," "plan," "will," "estimate" and other similar terms and phrases, including references to assumptions and forecasts of future results. Forward-looking statements are based on management's current expectations and assumptions and are not guarantees of future performance. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results to differ materially from those anticipated at the time the forward-looking statements are made.

The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- the effect on lodging demand of (i) changes in national and local economic and business conditions, including concerns about the duration and strength of U.S. economic growth, global economic prospects, consumer confidence and the value of the U.S. dollar, and (ii) factors that may shape public perception of travel to a particular location such as natural disasters, weather, pandemics, changes in the international political climate, and the occurrence or potential occurrence of terrorist attacks, all of which will affect occupancy rates at our hotels and the demand for hotel products and services;
- the impact of geopolitical developments outside the U.S., such as the pace of the economic recovery in Europe, the effects of the United Kingdom's referendum to withdraw from the European Union, the slowing of growth in markets such as China and Brazil, or unrest in the Middle East, all of which could affect the relative volatility of global credit markets generally, global travel and lodging demand, including with respect to our foreign hotel properties;
- risks that the recent travel ban to the United States and proposed immigration policies will suppress international travel to the United States generally;
- volatility in global financial and credit markets, and the impact of budget deficits and pending and future U.S. governmental action to address such deficits through reductions in spending and similar austerity measures, which could materially adversely affect U.S. and global economic conditions, business activity, credit availability, borrowing costs, and lodging demand;
- operating risks associated with the hotel business, including the effect of increasing operating or labor costs or changes in workplace rules that affect labor costs;
- the effect of rating agency downgrades of our debt securities on the cost and availability of new debt financings;
- the reduction in our operating flexibility and the limitation on our ability to pay dividends and make distributions resulting from restrictive covenants in our debt agreements, which limit the amount of distributions from Host L.P. to Host Inc., and other risks associated with the amount of our indebtedness or related to restrictive covenants in our debt agreements, including the risk of default that could occur;
- our ability to maintain our properties in a first-class manner, including meeting capital expenditures requirements, and the effect of renovations, including temporary closures, on our hotel occupancy and financial results;
- the ability of our hotels to compete effectively against other lodging businesses in the highly competitive markets in which we operate in areas such as access, location, quality of accommodations and room rate structures;
- our ability to acquire or develop additional properties and the risk that potential acquisitions or developments may not perform in accordance with our expectations;
- relationships with property managers and joint venture partners and our ability to realize the expected benefits of our joint ventures and other strategic relationships;
- risks associated with a single manager, Marriott International, managing a significant portion of our properties;
- changes in the desirability of the geographic regions of the hotels in our portfolio or in the travel patterns of hotel customers;



- the ability of third-party internet and other travel intermediaries to attract and retain customers;
- our ability to recover fully under our existing insurance policies for terrorist acts and our ability to maintain adequate or full replacement cost “all-risk” property insurance policies on our properties on commercially reasonable terms;
- the effect of a data breach or significant disruption of hotel operator information technology networks as a result of cyber attacks;
- the effects of tax legislative action and other changes in laws and regulations, or the interpretation thereof, including the need for compliance with new environmental and safety requirements;
- the ability of Host Inc. and each of the REITs acquired, established or to be established by Host Inc. to continue to satisfy complex rules in order to qualify as REITs for federal income tax purposes and Host Inc.’s and Host L.P.’s ability and the ability of our subsidiaries, and similar entities to be acquired or established by us, to operate effectively within the limitations imposed by these rules; and
- risks associated with our ability to execute our dividend policy, including factors such as investment activity, operating results and the economic outlook, any or all of which may influence the decision of our board of directors as to whether to pay future dividends at levels previously disclosed or to use available cash to pay special dividends.

We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events, or otherwise. Achievement of future results is subject to risks, uncertainties and potentially inaccurate assumptions, including those risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2016 and in other filings with the Securities and Exchange Commission (“SEC”). Although we believe that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that we will attain these expectations or that any deviations will not be material.

## Operating Results and Outlook

### Operating Results

The following table reflects certain line items from our statement of operations and significant operating statistics (in millions, except per share and hotel statistics):

#### Historical Income Statement Data:

	Quarter ended March 31,		Change
	2017	2016	
Total revenues	\$ 1,348	\$ 1,339	0.7%
Net income	161	184	(12.5)%
Operating profit	171	151	13.2%
Operating profit margin under GAAP	12.7%	11.3%	140bps
Adjusted EBITDA (1)	\$ 367	\$ 345	6.4%
Diluted earnings per share	0.21	0.24	(12.5)%
NAREIT FFO and Adjusted FFO per diluted share (1)	0.44	0.41	7.3%

#### Comparable Hotel Data:

	2017 Comparable Hotels (2)		Change
	Quarter ended March 31,		
	2017	2016	
Comparable hotel revenues (1)	\$ 1,209	\$ 1,173	3.1%
Comparable hotel EBITDA (1)	324	304	6.5%
Comparable hotel EBITDA margin (1)	26.75%	25.9%	85bps
Change in comparable hotel RevPAR - Constant US\$	3.4%		
Change in comparable hotel RevPAR - Nominal US\$	3.6%		
Change in comparable domestic RevPAR	3.8%		
Change in comparable international RevPAR - Constant US\$	(7.1)%		

- (1) Adjusted EBITDA, NAREIT FFO and Adjusted FFO per diluted share and comparable hotel operating results (including comparable hotel revenues and comparable hotel EBITDA and margins) are non-GAAP (U.S. generally accepted accounting principles) financial measures within the meaning of the rules of the SEC. See “Non-GAAP Financial Measures” for more information on these measures, including why we believe that these supplemental measures are useful, reconciliations to the most directly comparable GAAP measure, and the limitations on the use of these supplemental measures.
- (2) Comparable hotel operating statistics for 2017 and 2016 are based on 90 hotels as of March 31, 2017.

### *Revenue per Available Room (“RevPAR”)*

Comparable RevPAR on a constant US\$ basis improved 3.4% for the first quarter, driven by an 80 basis point increase in occupancy and a 2.4% increase in average room rate. Our results benefited from strong performance in our Washington, D.C. market due to the Presidential inauguration and Women’s March in January, while the shift of the Easter holiday into the second quarter in 2017 drove improvements in group demand for the portfolio as a whole. Excluding the Washington, D.C. market, the comparable RevPAR increase was 1.4%. Results were mixed across our other markets, as Seattle, Denver and San Diego experienced double-digit RevPAR growth, while San Francisco, New York, Florida and Boston experienced declines in RevPAR for the quarter. The Easter holiday shift helped fuel strong growth in group business, with increases in both room nights and rates; however, transient nights decreased due to displacement from the increased group volume and rate growth was inhibited by increased supply growth in many of our major markets, reduced arrivals from international markets and cautious business spending.

On a constant US\$ basis, RevPAR at our comparable international properties decreased 7.1% for the first quarter primarily due to declines in both rate and occupancy at our properties in Rio de Janeiro due to the weakened Brazilian economy and difficult comparisons to the prior year pre-Olympic activity.

### *Rooms*

Total room revenue remained flat for the quarter, reflecting the 2.5% increase in comparable hotel room revenue, offset by lost revenue from 2017 and 2016 hotel dispositions. For the quarter, total room expenses decreased 0.9%, as a result of dispositions, while comparable hotel room expenses increased 2.1% for the quarter, primarily driven by an increase in travel agent commissions.

### *Food and beverage*

Food and beverage revenues increased 3.4% for the quarter, as the comparable food and beverage revenue increase of 4.8% was partially offset by the effect of hotel dispositions. Furthermore, food and beverage expenses decreased, as the improvement in revenues was due to increases in banquet revenues, which generally have lower overall costs as a percentage of revenues than restaurant and outlet sales. These factors, coupled with improvements in overall productivity and controlled food and beverage costs, led to improvement in food and beverage profit.

### *Operating profit*

Operating profit margins (calculated based on GAAP operating profit as a percentage of GAAP revenues) increased 140 basis points, to 12.7%, for the first quarter of 2017. These operating profit margins are affected significantly by several items, including dispositions, depreciation and corporate expenses. Our comparable hotel EBITDA margins, which exclude these items, increased 85 basis points, to 26.75%, for the quarter. The improvements in both GAAP operating profit margins and comparable hotel EBITDA margins were driven by strength in food and beverage profits, labor productivity improvements on a per occupied room basis and a decrease in insurance premiums. The productivity improvements are reflective of the time and motion studies we have initiated at some of our largest hotels over the past two years and continue to implement at our medium and smaller-sized hotels. These studies have resulted in hotel managers establishing more accurate labor model standards and improved and expanded forecasting tools, which allow managers to more effectively schedule labor based on demand and to minimize excess staffing, thereby reducing costs.

### *Net income, Adjusted EBITDA and Adjusted FFO per Diluted Share*

Net income for the quarter decreased \$23 million due to a decrease in gain on sale of assets of \$42 million, which was partially offset by a \$20 million improvement in operating profit, described above, and a \$5 million increase in equity in earnings of affiliates. Adjusted EBITDA increased \$22 million for the quarter due to improvement in our comparable hotel EBITDA and strong performance at three of our non-comparable hotels that were under renovation last year, slightly offset by the sale of eleven hotels in 2016 and 2017. These changes, along with the effect of the decrease in the weighted average shares outstanding due to the repurchase of approximately 14 million shares in 2016, led to a decrease in earnings of \$0.03, or 12.5%, per diluted share for the quarter and an increase in Adjusted FFO per diluted share of \$0.03, or 7.3%, for the quarter.

The trends and transactions described for Host Inc. affected similarly the operating results for Host L.P., as the only significant difference between the Host Inc. and the Host L.P. statements of operations relates to the treatment of income attributable to the third party limited partners of Host L.P.

### *Outlook*

Forecasts for the United States economy continue to be cautiously optimistic for 2017; however, expectations of economic stimulus through tax reform, infrastructure spending or regulatory easing during 2017 have waned. Therefore, we do not anticipate an impactful increase in business investment in 2017, a significant driver of demand for our portfolio.

Additionally, supply growth is expected to accelerate in 2017. In particular, markets in which we own a significant number of hotels have experienced above-average supply growth during this cycle, which may continue to impact the ability of our managers to grow room rate in the near-term and could also lead to downward pressure on occupancy.

As expected, we experienced strong operations in the first quarter due to the Presidential inauguration and related activities in January and the Easter holiday shift into the second quarter for 2017. Therefore, we expect that the first quarter operating performance, including our group business, will likely exceed the operations for the remaining quarters of the year. As a result, we estimate that comparable RevPAR growth for the full year 2017 will be between 0.0% and 2.0% on a constant US\$ basis.

The current outlook for the lodging industry is uncertain; therefore, there can be no assurances that any increases in hotel revenues or earnings will continue for any number of reasons, including, but not limited to, slower than anticipated growth in the economy, changes in travel patterns, and international economic and political instability.

### *Strategic Initiatives*

#### Portfolio

Our portfolio includes multiple types of premium hotels, primarily located in major markets and premier resort and convention destinations. We continue to focus on long-term results by investing in properties that we believe have strong demand generators, are in premier locations, appeal to multiple customer segments and achieve premium rates. At the same time, we intend to strategically dispose of assets that we believe will experience lower growth and/or higher capital expenditures requirements.

*Acquisitions.* During the quarter, we completed the following acquisitions:

- The Don CeSar and Beach House Suites complex in St. Pete Beach, Florida for \$214 million, with Davidson Hotels & Resorts being selected as manager. The hotel has been recognized for excellence by Historic Hotels of America, with 347 rooms and suites along the Florida Gulf coast, award winning dining options and approximately 38,000 square feet of meeting space.
- The 305-room W Hollywood in Hollywood, California for \$219 million. The hotel includes approximately 11,000 square feet of high-quality retail space and seven prominent supergraphic billboard signs.
- The ground lease at the Miami Marriott Biscayne Bay for \$38 million.

*Dispositions.* During the quarter, we sold the JW Marriott Desert Springs Resort & Spa for \$172 million, including \$12 million of furniture, fixtures and equipment replacement funds retained at the hotel. Subsequent to quarter end, we sold the Sheraton Memphis Downtown for \$67 million. This hotel, as well as the Hilton Melbourne South Wharf, was classified as held-for-sale as of March 31, 2017.

#### Balance Sheet

*Debt transactions.* On March 20, 2017, we issued \$400 million of 3% Series G senior notes due April 2024 and received net proceeds of approximately \$395 million, net of discount, underwriting fees and expenses. The net proceeds were used to repay \$250 million that had been drawn under the revolver portion of our credit facility earlier in the quarter and for general corporate purposes. As of March 31, 2017, we had \$784 million of available capacity remaining under the revolver portion of our credit facility.

#### Capital Investments

*Redevelopment and Return on Investment Capital Expenditures.* Redevelopment and return on investment (“ROI”) projects primarily consist of large-scale redevelopment projects designed to increase cash flow and improve profitability by capitalizing on changing market conditions and the favorable locations of our properties, including projects such as the redevelopment of a hotel, the

repositioning of a hotel restaurant, the installation of energy efficient systems or the conversion of underutilized space to more profitable uses. Additionally, in conjunction with the acquisition of a property, we prepare capital and operational improvement plans designed to maximize profitability. We deployed approximately \$16 million for these projects during the first quarter of 2017.

We expect that redevelopment and ROI projects for 2017 will be approximately \$90 million to \$115 million, representing a reduction of approximately \$125 million from 2016.

*Renewal and Replacement Capital Expenditures.* These expenditures are designed to ensure that our standards for product quality are maintained and to enhance the overall competitiveness of our properties in the marketplace. We deployed \$64 million on renewal and replacement capital expenditures during the first quarter of 2017. We completed the renovation of all 285 rooms at the San Francisco Marriott Fisherman's Wharf and renovated almost 43,000 square feet of meeting space at the Westfields Marriott Washington Dulles. We expect that our investment in renewal and replacement expenditures in 2017 will total approximately \$275 million to \$300 million.

## Results of Operations

The following table reflects certain line items from our statements of operations (in millions, except percentages):

	Quarter ended March 31,		Change
	2017	2016	
Total revenues	\$ 1,348	\$ 1,339	0.7%
Operating costs and expenses:			
Property-level costs (1)	1,151	1,164	(1.1)
Corporate and other expenses	29	27	7.4
Gain on insurance and business interruption settlements	3	3	—
Operating profit	171	151	13.2
Interest expense	39	39	—
Gain on sale of assets	17	59	(71.2)
Benefit for income taxes	6	9	(33.3)
<b>Host Inc.:</b>			
Net income attributable to non-controlling interests	3	2	50.0
Net income attributable to Host Inc.	158	182	(13.2)
<b>Host L.P.:</b>			
Net income attributable to non-controlling interests	1	—	N/M
Net income attributable to Host L.P.	160	184	(13.0)

(1) Amount represents total operating costs and expenses from our unaudited condensed consolidated statements of operations, less corporate and other expenses and gain on insurance and business interruption settlements.

N/M=Not meaningful.

## Statement of Operations Results and Trends

For the first quarter of 2017, the results of hotels acquired or sold during the comparable periods (collectively, our "Recent Acquisitions and Dispositions") impacted our year-over-year comparisons. Comparisons of our operations were affected by the acquisition of two hotels during the first quarter: the W Hollywood acquired in March 2017 and The Don CeSar and Beach House Suites complex acquired in February 2017. Dispositions include the sale of one hotel in 2017 and ten hotels in 2016. The table below presents the effects on earnings from our Recent Acquisitions and Dispositions (in millions, increase (decrease)):

	Quarter ended March 31,		Change
	2017	2016	
Revenues:			
Acquisitions	\$ 12	\$ —	\$ 12
Dispositions	3	68	(65)
Total revenues	<u>\$ 15</u>	<u>\$ 68</u>	<u>\$ (53)</u>
Net income (excluding gain on sale):			
Acquisitions	\$ 4	\$ —	\$ 4
Dispositions	1	11	(10)
Net income (excluding gain on sale):	<u>\$ 5</u>	<u>\$ 11</u>	<u>\$ (6)</u>

#### Hotel Sales Overview

The following table presents total revenues in accordance with GAAP and includes both comparable and non-comparable hotels (in millions, except percentages):

	Quarter ended March 31,		Change
	2017	2016	
Revenues:			
Rooms	\$ 843	\$ 843	0.0%
Food and beverage	422	408	3.4
Other	83	88	(5.7)
Total revenues	<u>\$ 1,348</u>	<u>\$ 1,339</u>	<u>0.7</u>

*Rooms.* Total rooms revenues remained flat for the quarter. For our comparable hotels, rooms revenues increased 2.5% for the quarter due to an increase in occupancy along with a shift to higher rated group business. The net effects of our Recent Acquisitions and Dispositions reduced rooms revenues by \$29 million for the quarter.

*Food and beverage.* Total food and beverage (“F&B”) revenues increased 3.4% for the quarter. The results reflect strong banquet and audio video business, which led to an increase in F&B revenues on a comparable hotel basis of 4.8% for the quarter, offset by the net effect of our Recent Acquisitions and Dispositions, which reduced F&B revenues by \$19 million for the quarter.

*Other revenues.* Total other revenues decreased 5.7% for the quarter, primarily due to the net effects of our Recent Acquisitions and Dispositions, which reduced other revenues by \$5 million. At our comparable hotels, other revenues included an increase in cancellation and attrition fees as well as amenity fees.

#### Property-level Operating Expenses

The following table presents property-level operating expenses in accordance with GAAP and includes both comparable and non-comparable hotels (in millions, except percentages):

	Quarter ended March 31,		Change
	2017	2016	
Expenses:			
Rooms	\$ 219	\$ 221	(0.9)%
Food and beverage	277	284	(2.5)
Other departmental and support expenses	319	328	(2.7)
Management fees	56	57	(1.8)
Other property-level expenses	100	93	7.5
Depreciation and amortization	180	181	(0.6)
Total property-level operating expenses	<u>\$ 1,151</u>	<u>\$ 1,164</u>	<u>(1.1)</u>

Our operating costs and expenses, which have both fixed and variable components, are affected by changes in occupancy, inflation, and revenues (which affect management fees), though the effect on specific costs will differ. Our wages and benefits account for approximately 57% of the operating expenses at our hotels (excluding depreciation). Other property-level expenses consist of

property taxes, the amounts and structure of which are highly dependent on local jurisdiction taxing authorities, and property and general liability insurance, all of which do not necessarily increase or decrease based on similar changes in revenues at our hotels.

*Rooms.* Rooms expenses decreased 0.9% for the first quarter, primarily due to the net effects of our Recent Acquisitions and Dispositions, which reduced rooms expenses by \$8 million. At our comparable hotels, rooms expenses increased 2.1% for the quarter, due primarily to an increase in travel agent commissions, commensurate with the increase in group business.

*Food and beverage.* F&B expenses decreased 2.5% in the first quarter. The results reflect a decrease in comparable F&B expenses of 0.2% for the quarter due to controlled labor costs and a decrease in food and beverage costs due to the shift to more banquet business. The decrease also reflects the net effect of our Recent Acquisitions and Dispositions, which reduced F&B expenses by \$12 million.

*Other departmental and support expenses.* Other departmental and support expenses decreased \$9 million for the first quarter, primarily due to a decrease of \$14 million due to the net effects of our Recent Acquisitions and Dispositions. The effect of our Recent Acquisitions and Dispositions was partially offset by an increase in other departmental and support expenses at our comparable hotels of 1.3%, reflecting an increase of 2.3% in administrative and general costs and a 1.8% increase in sales and marketing costs.

*Management fees.* Base management fees, which generally are calculated as a percentage of total revenues, decreased \$1 million for the first quarter due to the net effect of our Recent Acquisitions and Dispositions, which was partially offset by a 1.8% increase at our comparable hotels, reflecting revenue improvements. Incentive management fees, which generally are based on the level of operating profit at each property after we receive a priority return on our investment, increased \$2 million for the first quarter reflecting improvements in hotel operations. The net effects of our Recent Acquisitions and Dispositions reduced total management fees by \$2 million for the quarter.

*Other property-level expenses.* These expenses generally do not vary significantly based on occupancy and include expenses such as property taxes and insurance. Other property level expenses increased \$7 million in the first quarter. Other property-level expenses at our comparable hotels increased 7.3% primarily due to an increase in property taxes and ground rent, partially offset by a decrease in insurance expense. The net effect of our Recent Acquisitions and Dispositions reduced other property-level expense by \$3 million for the quarter.

#### *Other Income and Expense*

*Corporate and other expenses.* Corporate and other expenses increased \$2 million for the first quarter of 2017 compared to the first quarter of 2016. The following table details our corporate and other expenses for the quarter (in millions):

	<b>Quarter ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
General and administrative costs	\$ 25	\$ 24
Non-cash stock-based compensation expense	3	3
Litigation accruals and acquisition costs, net	1	—
Total	<u>\$ 29</u>	<u>\$ 27</u>

*Interest expense.* Interest expense remained flat for the first quarter compared to the corresponding 2016 period. The following table details our interest expense for the quarter (in millions):

	<b>Quarter ended</b>	
	<b>March 31,</b>	
	<b>2017</b>	<b>2016</b>
Cash interest expense <sup>(1)</sup>	\$ 38	\$ 37
Non-cash interest expense	1	2
Total interest expense	<u>\$ 39</u>	<u>\$ 39</u>

(1) Including the change in accrued interest, total cash interest paid was \$37 million and \$34 million for first quarter of 2017 and 2016, respectively.

*Gain on sale of assets.* During the first quarter of 2017, we recognized a \$14 million gain on the sale of the JW Marriott Desert Springs Resort & Spa. During the first quarter of 2016, we recognized a \$47 million gain on the sale of the San Diego Marriott Mission Valley and a \$10 million gain on the sale of two hotels in New Zealand.

*Equity in earnings of affiliates.* The increase in equity in earnings of affiliates primarily reflects an increase in net income at the Euro JV.

*Benefit for income taxes.* We lease substantially all of our properties to consolidated subsidiaries designated as taxable REIT subsidiaries (“TRS”) for federal income tax purposes. The difference between hotel-level operating cash flow and the aggregate rent paid to Host L.P. by the TRS represents its taxable income or loss, on which we record an income tax provision or benefit. The decrease in the income tax benefit recorded in the first quarter of 2017 compared to the first quarter of 2016 primarily relates to the smaller loss incurred by the TRS.

### **Comparable Hotel RevPAR Overview**

We discuss operating results for our hotels on a comparable basis. Comparable hotels are those properties that we have consolidated for the entirety of the reporting periods being compared. Comparable hotels do not include the results of hotels acquired or sold, that incurred significant property damage or business interruption, or have undergone large scale capital projects during these periods. As of March 31, 2017, 90 of our 97 owned hotels are classified as comparable hotels. See “Comparable Hotel Operating Statistics” for a complete description of our comparable hotels. We also discuss our comparable RevPAR results by property type (i.e. urban, suburban, resort, or airport), geographic market, and mix of business (i.e. transient, group, or contract).

Comparable Hotel RevPAR by Geographic Market

The following tables set forth performance information for our comparable hotels by geographic market as of March 31, 2017 and 2016, respectively:

**Comparable Hotels by Market in Constant US\$**

Market	As of March 31, 2017		Quarter ended March 31, 2017			Quarter ended March 31, 2016			Percent Change in RevPAR
	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentage	RevPAR	Average Room Rate	Average Occupancy Percentage	RevPAR	
Boston	4	3,185	\$ 186.34	68.8%	\$ 128.12	\$ 185.93	69.1%	\$ 128.51	(0.3)%
New York	8	6,961	230.50	77.9	179.57	234.65	79.6	186.85	(3.9)
Washington, D.C.	12	6,024	240.32	72.9	175.16	206.59	70.6	145.81	20.1
Atlanta	5	1,939	199.03	78.8	156.76	196.11	76.5	149.92	4.6
Florida	8	4,559	286.45	80.7	231.07	280.34	82.8	231.99	(0.4)
Chicago	6	2,392	147.79	63.4	93.73	148.41	60.7	90.11	4.0
Denver	2	735	166.60	71.9	119.76	164.96	64.2	105.96	13.0
Houston	4	1,716	192.37	78.2	150.38	188.09	77.9	146.54	2.6
Phoenix	4	1,518	270.27	81.2	219.44	278.36	78.4	218.22	0.6
Seattle	2	1,315	199.58	76.9	153.51	185.80	70.1	130.25	17.9
San Francisco	4	2,912	277.68	77.5	215.27	286.77	80.1	229.72	(6.3)
Los Angeles	7	2,843	205.82	82.3	169.35	202.78	82.5	167.27	1.2
San Diego	3	2,981	228.25	81.4	185.72	205.11	81.4	166.88	11.3
Hawaii	3	1,682	366.03	90.2	330.33	356.03	90.6	322.63	2.4
Other	11	6,779	180.61	73.5	132.68	175.68	68.9	121.12	9.5
Domestic	83	47,541	228.08	76.5	174.44	222.40	75.6	168.06	3.8
Asia-Pacific	1	384	\$ 224.89	90.8%	\$ 204.25	\$ 227.62	89.1%	\$ 202.80	0.7%
Canada	2	849	158.13	52.4	82.92	157.42	50.7	79.85	3.9
Latin America	4	963	191.66	58.8	112.66	204.52	66.8	136.56	(17.5)
International	7	2,196	189.49	62.1	117.65	196.01	64.6	126.63	(7.1)
All Markets - Constant US\$	90	49,737	226.68	75.8	171.92	221.39	75.1	166.23	3.4

**Comparable Hotels in Nominal US\$**

Market	As of March 31, 2017		Quarter ended March 31, 2017			Quarter ended March 31, 2016			Percent Change in RevPAR
	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentage	RevPAR	Average Room Rate	Average Occupancy Percentage	RevPAR	
Asia-Pacific	1	384	\$ 224.89	90.8%	\$ 204.25	\$ 216.73	89.1%	\$ 193.10	5.8%
Canada	2	849	158.13	52.4	82.92	151.98	50.7	77.08	7.6
Latin America	4	963	191.66	58.8	112.66	190.71	66.8	127.34	(11.5)
International	7	2,196	189.49	62.1	117.65	185.45	64.6	119.81	(1.8)
Domestic	83	47,541	228.08	76.5	174.44	222.40	75.6	168.06	3.8
All Markets	90	49,737	226.68	75.8	171.92	220.99	75.1	165.92	3.6

With double digit RevPAR growth, our top performing markets were Washington, D.C., Seattle, Denver and San Diego. The Washington, D.C. market benefited from the Presidential inauguration and Women's March in January and accounted for 200 basis points of the overall 340 basis point RevPAR growth for the quarter. In Seattle and San Diego, RevPAR was positively affected by completed rooms renovations and a lack of business disruption compared to the prior year at the W Seattle and the Coronado Island Marriott Resort & Spa, where RevPAR increased by 37.6% and 47.9%, respectively. The RevPAR improvement at our San Diego properties also was due to rate growth of over 11% at our other two comparable hotels as a result of strong citywide events during the quarter. The RevPAR improvement at our Denver properties was due to an increase in occupancy of 760 basis points driven by strong group volume.

In addition, our Atlanta and Chicago markets outperformed the portfolio with RevPAR increases of 4.6% and 4.0%, respectively. The RevPAR growth in Atlanta was due to a combination of rate improvement and an increase in occupancy primarily from the group segment. In Chicago, the improvement in RevPAR was due to an increase in occupancy of 270 basis points due to an increase in city-wide events and the completed rooms renovation, and a lack of business disruption compared to the prior year, at the Chicago Marriott Suites O'Hare where RevPAR increased 25.9%.



Our other west coast markets underperformed our portfolio. Although the Phoenix market benefited from operations improvements following the rebranding and renovation work at the Camby, the average rate of the properties in this market declined by 2.9% due to fewer group room nights. In Hawaii and Los Angeles, RevPAR growth was due to improvement in average rate, offset by declines in occupancy due to the Easter holiday shift, which reduced leisure travel. The RevPAR decline at our San Francisco properties was due to the ongoing construction at the Moscone Convention Center which negatively affected many of our properties, as well as difficult comparisons to the 2016 Super Bowl.

In the southern and central U.S., our Florida hotels experienced a 0.4% decline in RevPAR due to soft transient demand, while RevPAR grew 2.6% at our Houston properties, as the market hosted the Super Bowl in the first quarter.

On the east coast, our Boston and New York hotels underperformed our portfolio. In Boston, there was weakening business transient demand from the financial services and pharmaceutical sectors and fewer citywide events. In New York, supply growth has continued to negatively impact our hotels, as well as the strong U.S. dollar, resulting in a decline in European travel.

On a constant dollar basis, our international markets experienced a decline in RevPAR of 7.1%, primarily due to our Latin American properties with a decline in RevPAR of 17.5% as a result of the weak Brazilian economy and difficult comparisons to the 2016 pre-Olympic test business in Brazil.

#### *Comparable Hotel RevPAR by Property Type*

The following tables set forth performance information for our comparable hotels by property type as of March 31, 2017 and 2016, respectively:

#### **Comparable Hotels by Type in Nominal US\$**

Property type	As of March 31, 2017		Quarter ended March 31, 2017			Quarter ended March 31, 2016			Percent Change in RevPAR
	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentage	RevPAR	Average Room Rate	Average Occupancy Percentage	RevPAR	
Urban	54	33,327	\$ 218.13	75.1%	\$ 163.75	\$ 210.87	74.4%	\$ 156.82	4.4%
Suburban	19	6,947	204.20	72.6	148.18	204.44	69.5	142.12	4.3
Resort	10	6,218	327.70	81.0	265.42	320.67	81.3	260.55	1.9
Airport	7	3,245	157.53	80.9	127.45	156.40	82.5	129.00	(1.2)
All Types	90	49,737	226.68	75.8	171.92	220.99	75.1	165.92	3.6

Our urban and suburban properties outperformed the portfolio for the quarter, with RevPAR increases of 4.4% and 4.3%, respectively. Washington, D.C. drove the RevPAR improvements for our urban properties, while high occupancy and average room rate in urban markets has helped to drive demand in adjacent suburban markets, continuing a trend from prior year. Our resort properties were negatively affected by the shift in the Easter holiday, as leisure travel shifted into April. RevPAR at our airport properties declined by 1.2% with a decrease in occupancy of 160 basis points.

#### *Hotels Sales by Business Mix*

The majority of our customers fall into three broad categories: transient, group, and contract business. The information below is derived from business mix data for 90 of our hotels for which business mix data is available from our managers. For further detail on our business mix, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent Annual Report on Form 10-K.

For the quarter, our revenue growth was driven by an improvement in group revenue of 9.1%, with an increase in both average rate and group room nights sold of 4.2% and 4.7%, respectively, based on average rooms sold per night. The shift of the Easter holiday as well as the Presidential inauguration in Washington, D.C. allowed the portfolio to achieve this growth in group business. Conversely, transient revenues declined by 1.7% due to a combination of displacement from greater group segment volume, reduced arrivals from high-rated international markets, as well as the shift of spring break and Easter leisure travel into April. Overall, contract business was the strongest performing segment with a 17.7% increase in room nights leading to revenue growth of 20.9% driven by additional airline crews at hotels in markets where new supply or demand concerns warranted negotiating multi-year contracts at favorable rates.

## Liquidity and Capital Resources

**Liquidity and Capital Resources of Host Inc. and Host L.P.** The liquidity and capital resources of Host Inc. and Host L.P. are derived primarily from the activities of Host L.P., which generates the capital required by our business from hotel operations, the incurrence of debt, the issuance of OP units or the sale of properties. Host Inc. is a REIT and its only significant asset is the ownership of partnership interests of Host L.P.; therefore, its financing and investing activities are conducted through Host L.P., except for the issuance of its common and preferred stock. Proceeds from stock issuances by Host Inc. are contributed to Host L.P. in exchange for OP units. Additionally, funds used by Host Inc. to pay dividends or to repurchase its stock are provided by Host L.P. Therefore, while we have noted those areas in which it is important to distinguish between Host Inc. and Host L.P., we have not included a separate discussion of liquidity and capital resources as the discussion below applies to both Host Inc. and Host L.P.

**Overview.** We look to maintain a capital structure and liquidity profile with an appropriate balance of cash, debt, and equity in order to provide financial flexibility given the inherent volatility in the lodging industry. We believe this strategy will result in a lower overall cost of capital, allow us to complete opportunistic investments and acquisitions and will position us to manage potential declines in operations throughout the lodging cycle. Over the past several years, we have decreased our leverage as measured by our net debt-to-EBITDA ratio and reduced our debt service obligations, leading to an increase in our fixed charge coverage ratio.

We intend to use available cash predominantly for acquisitions or other investments in our portfolio. If we are unable to find appropriate investment opportunities, we will consider other uses, such as a return of capital through dividends or common stock repurchases, the amounts of which will be determined by our operations and other market factors. Significant factors we review to determine the amount and timing of common stock repurchases include our current stock price compared to our determination of the underlying value of our assets, current and forecast operating results and the completion of hotel sales.

We have structured our debt profile to maintain a balanced maturity schedule and to minimize the number of assets that are encumbered by mortgage debt. Currently, only one of our consolidated hotels is encumbered by mortgage debt. We have access to multiple types of financing, as approximately 98% of our debt consists of senior notes and borrowings under our credit facility, none of which are collateralized by specific hotels. We believe that we have sufficient liquidity and access to the capital markets in order to take advantage of opportunities to enhance our portfolio, withstand declines in operating cash flow, pay near-term debt maturities, and fund our capital expenditures programs. We may continue to access the capital markets if favorable conditions exist in order to further enhance our liquidity and to fund cash needs.

**Cash Requirements.** We use cash for acquisitions, capital expenditures, debt payments, operating costs, and corporate and other expenses, as well as for dividends and distributions to stockholders and OP unitholders and stock and OP unit repurchases. As a REIT, Host Inc. is required to distribute to its stockholders at least 90% of its taxable income, excluding net capital gain, on an annual basis. On April 17, 2017, we paid a dividend of \$0.20 per share of Host Inc.'s common stock, which totaled approximately \$147 million.

**Capital Resources.** As of March 31, 2017, we had \$411 million of cash and cash equivalents. We depend primarily on external sources of capital to finance growth, including acquisitions. As a result, the liquidity and debt capacity provided by our credit facility and the ability to issue senior unsecured debt are key components of our capital structure. Our financial flexibility (including our ability to incur debt, make distributions and make investments) is contingent on our ability to maintain compliance with the financial covenants of such indebtedness, which include, among other things, the allowable amounts of leverage, interest coverage and fixed charges.

If, at any time, we determine that market conditions are favorable, after taking into account our liquidity requirements, we may cause Host L.P. to issue senior notes or debentures exchangeable for shares of Host Inc. common stock. Given the total amount of our debt and our maturity schedule, we will continue to redeem or refinance senior notes and mortgage debt from time to time, taking advantage of favorable market conditions. In February 2017, Host Inc.'s Board of Directors authorized repurchases of up to \$250 million of senior notes and mortgage debt other than in accordance with its terms, of which the entire amount remains available under this authority. We may purchase senior notes for cash through open market purchases, privately negotiated transactions, a tender offer or, in some cases, through the early redemption of such securities pursuant to their terms. Repurchases of debt will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. Any refinancing or retirement before the maturity date will affect earnings and NAREIT FFO per diluted share as a result of the payment of any applicable call premiums and the acceleration of previously deferred financing costs. In addition, while we intend to use any available cash predominantly for acquisitions or other investments in our hotel portfolio, to the extent we do not identify appropriate investments, we may elect in the future to use available cash for other purposes, including share repurchases, subject to market conditions. Accordingly, in light of our priorities in managing our capital structure and liquidity profile and given prevailing conditions and relative pricing in the capital markets, we may, at any time, subject to applicable securities laws, be considering, or be in discussions with respect to the repurchase or issuance of exchangeable debentures and/or senior notes or the repurchase or sale of common stock. Any such transactions may, subject to applicable securities laws, occur simultaneously.

Additionally, in February 2017, Host Inc.'s Board of Directors authorized a new program to repurchase up to \$500 million of Host Inc. common stock. The common stock may be purchased from time to time depending upon market conditions, and may be purchased in the open market or through private transactions or by other means, including principal transactions with various financial institutions, like accelerated share repurchases, forwards, options and similar transactions and through one or more trading plans designed to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. The plan does not obligate us to repurchase any specific number or any specific dollar amount of shares and may be suspended at any time at our discretion. We have not repurchased any shares under this program.

**Sources and Uses of Cash.** Our sources of cash include cash from operations, proceeds from debt and equity issuances, and proceeds from asset sales. Uses of cash include acquisitions, investments in our joint ventures, capital expenditures, operating costs, debt repayments, and repurchases and distributions to equity holders.

**Cash Provided by Operations.** Our cash provided by operations decreased \$10 million to \$209 million for the quarter ended March 31, 2017 compared to the first quarter of 2016, reflecting improvements in operations that were offset by distributions from equity investments in the first quarter of 2016 that did not repeat in 2017.

**Cash Used in Investing Activities.** Net cash used in investing activities was \$384 million and \$47 million for the first quarter of 2017 and 2016, respectively. Cash used in investing activities primarily consisted of capital expenditures on our existing portfolio and the acquisition of The Don CeSar, W Hollywood and the Miami Marriott Biscayne Bay ground lease in 2017, and totaled \$547 million and \$169 million during the first quarter of 2017 and 2016, respectively. Cash used for renewal and replacement capital expenditures for the first quarter of 2017 and 2016 was \$64 million and \$89 million, respectively, while cash used for capital expenditures invested in ROI/redevelopment projects and acquisition capital expenditures during the same period was \$16 million and \$79 million, respectively. This use of cash was partially offset by cash provided by investing activities totaling \$163 million and \$122 million for the first quarter of 2017 and 2016, respectively, and primarily consisted of proceeds from the sale of one hotel in 2017 and three hotels in 2016.

The following tables summarize significant acquisitions and dispositions that have been completed as of May 1, 2017 (in millions):

Transaction Date	Description of Transaction	Investment
<b>Acquisitions</b>		
March 2017	Acquisition of the Miami Marriott Biscayne Bay ground lease	\$ (38)
March 2017	Acquisition of the W Hollywood	(219)
February 2017	Acquisition of The Don CeSar and Beach House Suites complex	(214)
	Total acquisitions	<u>\$ (471)</u>

Transaction Date	Description of Transaction	Net Proceeds(1)	Sales Price
<b>Dispositions</b>			
April 2017	Disposition of Sheraton Memphis Downtown	\$ 67	\$ 67
January 2017	Disposition of JW Marriott Desert Springs Resort & Spa	160	172
	Total dispositions	<u>\$ 227</u>	

(1) Proceeds are net of transfer taxes, other sales costs and FF&E replacement funds deposited directly to the property or hotel manager by the purchaser.

**Cash Provided by (Used in) Financing Activities.** In the first quarter of 2017, net cash provided by financing activities was \$208 million compared to net cash used of \$152 million for the first quarter of 2016. Cash used in financing activities in 2017 primarily consisted of dividend payments. Cash provided by financing activities in 2017 included the issuance of the Series G senior notes.

The following table summarizes significant issuances, net of deferred financing costs and issuance discounts, or repayments of debt, including premiums, that have been completed through May 1, 2017 (in millions):

Transaction Date	Description of Transaction	Net Proceeds
<b>Debt Issuances</b>		
March 2017	Proceeds from the issuance of \$400 million 3.875% Series G senior notes	\$ 395
	Total issuances	<u>\$ 395</u>

The following table summarizes significant equity transactions that have been completed through May 1, 2017 (in millions):

Transaction Date	Description of Transaction	Transaction Amount
<i>Equity of Host Inc.</i>		
January - April 2017	Dividend payments (1)(2)	\$ (332)
	Cash payments on equity transactions	\$ (332)

(1) In connection with the dividends, Host L.P. made distributions of \$336 million to its common OP unit holders.

(2) Includes the cash payment for the fourth quarter 2016 dividend that was paid in January 2017.

## Debt

As of March 31, 2017, our total debt was \$4.0 billion, with an average interest rate of 3.8% and an average maturity of 5.1 years. Additionally, 69% of our debt has a fixed rate of interest and 96 of our hotels, representing 99% of our revenues, are unencumbered by mortgage debt.

On March 20, 2017, we completed an underwritten public offering of \$400 million aggregate principal amount of Series G senior notes bearing interest at a rate of 3<sup>7</sup>/<sub>8</sub>% due in 2024. The Series G senior notes are not redeemable prior to 60 days before the April 1, 2024 maturity date, except at a price equal to 100% of their principal amount, plus a make-whole premium as set forth in the senior notes indenture, plus accrued and unpaid interest to the applicable redemption date. The notes have covenants customary for investment grade debt, primarily limitations on our ability to incur debt. There are no restrictions on our ability to pay dividends. These senior notes have covenants similar to our Series D, Series E and Series F senior notes, but are different than the covenants applicable to our prior series of senior notes issued before the receipt of our investment grade rating.

## Financial Covenants

*Credit Facility Covenants.* Our credit facility contains certain important financial covenants concerning allowable leverage, unsecured interest coverage, and required fixed charge coverage. Total debt used in the calculation of our leverage ratio is based on a “net debt” concept, under which cash and cash equivalents in excess of \$100 million are deducted from our total debt balance for purposes of measuring compliance. To the extent that no amounts are outstanding under the credit facility, breaching these covenants is not an event of default thereunder.

We are in compliance with all of our financial covenants under the credit facility. The following table summarizes the results of the financial tests required by the credit facility as of March 31, 2017:

	Actual Ratio	Covenant Requirement for all years
Leverage ratio	2.6x	Maximum ratio of 7.25x
Fixed charge coverage ratio	7.3x	Minimum ratio of 1.25x
Unsecured interest coverage ratio (1)	10.0x	Minimum ratio of 1.75x

(1) If, at any time, our leverage ratio exceeds 7.0x, our minimum unsecured interest coverage ratio will be reduced to 1.5x.

### Senior Notes Indenture Covenants

#### Covenants for Senior Notes Issued After We Attained an Investment Grade Rating

We are in compliance with all of the financial covenants applicable to our Series D, Series E, Series F and Series G senior notes. The following table summarizes the results of the financial tests required by the senior notes indentures for our Series D, Series E, Series F and Series G senior notes and our actual credit ratios as of March 31, 2017:

	Actual Ratio	Covenant Requirement
Unencumbered assets tests	482%	Minimum ratio of 150%
Total indebtedness to total assets	21%	Maximum ratio of 65%
Secured indebtedness to total assets	<1%	Maximum ratio of 40%
EBITDA-to-interest coverage ratio	9.3x	Minimum ratio of 1.5x

### *Covenants for Senior Notes Issued Before We Attained an Investment Grade Rating*

The terms of our senior notes that were issued before we attained an investment grade rating contained provisions providing that many of the restrictive covenants in the senior notes indenture would not apply should Host L.P. attain an investment grade rating. Accordingly, because our senior notes currently are rated investment grade by both Moody's and Standard & Poor's, the covenants in our senior notes indenture (for all series prior to the Series D senior notes) that previously limited our ability to incur indebtedness or pay dividends no longer are applicable. Even if we were to lose the investment grade rating, however, we would be in compliance with all of our financial covenants under the senior notes indenture. The following table summarizes the actual credit ratios for our existing senior notes (other than the Series D, Series E, Series F and Series G senior notes) as of March 31, 2017 and the covenant requirements contained in the senior notes indenture that would be applicable at such times as our existing senior notes no longer are rated investment grade by either Moody's or Standard & Poor's:

	<u>Actual Ratio*</u>	<u>Covenant Requirement</u>
Unencumbered assets tests	488%	Minimum ratio of 125%
Total indebtedness to total assets	21%	Maximum ratio of 65%
Secured indebtedness to total assets	<1%	Maximum ratio of 45%
EBITDA-to-interest coverage ratio	9.3x	Minimum ratio of 2.0x

\* Because of differences in the calculation methodology between our Series D, Series E, Series F and Series G senior notes and our other senior notes with respect to covenant ratios, our actual ratios for the two sets of senior notes are slightly different.

For further detail on our credit facility and senior notes, see our Annual Report on Form 10-K for the year ended December 31, 2016.

### **Dividend Policy**

Host Inc. is required to distribute at least 90% of its annual taxable income, excluding net capital gain, to its stockholders in order to maintain its qualification as a REIT, including taxable income recognized for federal income tax purposes but with regard to which we do not receive cash. Funds used by Host Inc. to pay dividends on its common stock are provided through distributions from Host L.P. As of March 31, 2017, Host Inc. is the owner of approximately 99% of the Host L.P. common OP units. The remaining common OP units are held by third party limited partners. Each Host L.P. OP unit may be redeemed for cash or, at the election of Host Inc., Host Inc. common stock based on the conversion ratio. The conversion ratio is 1.021494 shares of Host Inc. common stock for each Host L.P. OP unit.

Investors should take into account the non-controlling interest in the Host L.P. common OP units when analyzing common dividend payments by Host Inc. to its stockholders, as these common OP unitholders share, on a pro rata basis, in cash distributed by Host L.P. to all of its common OP unitholders. For example, if Host Inc. paid a \$1 per share dividend on its common stock, it would be based on the payment of a \$1.021494 per common OP unit distribution by Host L.P. to Host Inc., as well as to the other Host L.P. common OP unitholders.

Host Inc.'s policy on common dividends generally is to distribute, over time, 100% of its taxable income, which is dependent primarily on Host Inc.'s results of operations, as well as gains and losses on property sales. Host Inc. paid a regular quarterly cash dividend of \$0.20 per share on its common stock on April 17, 2017 to stockholders of record on March 31, 2017. All future dividends are subject to approval by Host Inc.'s Board of Directors. While Host Inc. intends to use available cash predominantly for acquisitions or other investments in its portfolio, to the extent that we do not identify appropriate investments, we may decide in the future to use available cash for other items, such as common stock repurchases or increased dividends, the amount of which dividends could be in excess of taxable income.

## European Joint Venture

At March 31, 2017, hotel investments by the Euro JV total approximately €1.5 billion, with €0.7 billion of mortgage debt. All of the mortgage debt of the Euro JV is non-recourse to us and our partners and a default thereunder does not trigger a default under any of our debt. Our investment, total partners' funding, and debt outstanding as of March 31, 2017 are as follows:

	<b>Host's Net Investment</b>	<b>Total Partner Funding</b>	<b>% of Total Commitment</b>	<b>Debt balance</b>	<b>Host's Portion of Non-Recourse Debt</b>
	(in millions)	(in millions)		(in millions)	(in millions)
Euro JV Fund I	€ 121	€ 463	67%(1)	€ 311	€ 100
Euro JV Fund II	94	301	67%	397	133
	<u>€ 215</u>	<u>€ 764</u>		<u>€ 708</u>	<u>€ 233</u>

(1) The remaining commitment for Fund I is limited to investments in the current portfolio of hotels, including capital expenditures and debt repayments.

The following table sets forth operating statistics for the 10 Euro JV hotels as of March 31, 2017 and 2016, all of which are comparable:

	<b>Comparable Euro JV Hotels in Constant Euros (1)</b>				
	<b>Quarter ended March 31,</b>				<b>Change</b>
	<b>2017</b>		<b>2016</b>		
Average room rate	€	191.14	€	189.76	0.7%
Average occupancy		68.3%		63.6%	470bps
RevPAR	€	130.48	€	120.60	8.2%

(1) The presentation above includes the operating performance for 10 hotels consisting of 3,902 rooms. See “-Comparable Hotel Operating Statistics.”

The Euro JV's comparable hotel RevPAR increased approximately 8.2% on a constant euro basis for the first quarter. The improvement was the result of a favorable comparison to the first quarter of 2016, which experienced the aftermath of tragic terrorist attacks in Brussels and Paris, leading to an increase in occupancy of 470 basis points, combined with a slight increase to average room rate. The Euro JV's comparable hotel revenues increased 8.4% for the quarter, due to an increase of 5.6% and 16.1% in rooms revenue and food and beverage revenue, respectively.

## Critical Accounting Policies

Our unaudited condensed consolidated financial statements have been prepared in conformity with GAAP, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of our financial statements and the reported amounts of revenues and expenses during the reporting period. While we do not believe that the reported amounts would be materially different, application of these policies involves the exercise of judgment and the use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on experience and on various other assumptions that we believe to be reasonable under the circumstances. All of our significant accounting policies, including certain critical accounting policies, are disclosed in our Annual Report on Form 10-K for the year ended December 31, 2016. For a detailed discussion of the new accounting standards, see “Note 2. Summary of Significant Accounting Policies” in this quarterly report.

## Comparable Hotel Operating Statistics

To facilitate a quarter-to-quarter comparison of our operations, we present certain operating statistics (i.e., 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.

Because these statistics and operating results relate only to our hotel properties, they exclude results for our non-hotel properties and other real estate investments. We define our comparable hotels as properties:

- (i) that are owned or leased by us and the operations of which are included in our consolidated results for the entirety 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 defined further 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.

We do not include 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 Don CeSar in February of 2017. The hotel will not be included in our comparable hotel set until January 1, 2019. 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.

Of the 97 hotels that we owned on March 31, 2017, 90 have been classified as comparable hotels. The operating results of the following hotels that we owned as of March 31, 2017 are excluded from comparable hotel results for these periods:

- The Denver Marriott Tech Center, removed in the first quarter of 2016 (business disruption due to extensive renovations, including conversion of 64 rooms to 41 suites, conversion of the concierge lounge into three meeting rooms, and the repositioning of the public space and food and beverage areas);
- The Hyatt Regency San Francisco Airport, removed in the first quarter of 2016 (business disruption due to extensive renovations, including all guestrooms and bathrooms, meeting space, the repositioning of the atrium into a new restaurant and lounge, and conversion of the existing restaurant to additional meeting space);
- Marriott Marquis San Diego Marina, removed in the first quarter of 2015 (business interruption due to the demolition of the existing conference center and construction of the new exhibit hall);
- The Phoenician (acquired in June 2015 and, beginning in the second quarter of 2016, business disruption due to extensive renovations, including all guestrooms and suites, a redesign of the lobby and public areas, renovation of pools, recreation areas and a restaurant and a re-configured spa and fitness center);
- Axiom Hotel (acquired as the Powell Hotel in January 2014, then closed during 2015 for extensive renovations and reopened in January 2016);
- The Don CeSar and Beach House Suites complex (acquired February 2017); and
- W Hollywood (acquired March 2017).

The operating results of 11 hotels disposed of in 2017 and 2016 are not included in comparable hotel results for the periods presented herein.

## **CONSTANT US\$, NOMINAL US\$ AND CONSTANT EUROS**

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 that this presentation is useful to investors as it provides clarity with respect to the growth in RevPAR in the local currency of the hotel consistent with the manner in which we would evaluate our domestic portfolio. However, the estimated effect of changes in foreign currency has been reflected in the actual and forecast results of net income, EBITDA, earnings per diluted share and Adjusted FFO per diluted share. Nominal US\$ results include the effect of currency fluctuations, consistent with our financial statement presentation.

We present RevPAR results for our joint venture in Europe in constant Euros using the same methodology as used for the constant US\$ presentation.

## Non-GAAP Financial Measures

We use 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. These measures include the following:

- Earnings Before Interest Expense, Income Taxes, Depreciation and Amortization (“EBITDA”) and Adjusted EBITDA, as a measure of performance for Host Inc. and Host L.P.,
- Funds From Operations (“FFO”) and FFO per diluted share, both calculated in accordance with National Association of Real Estate Investment Trusts (“NAREIT”) guidelines and with certain adjustments from those guidelines, as a measure of performance for Host Inc., and
- Comparable hotel operating results, as a measure of performance for Host Inc. and Host L.P.

The following discussion defines these measures and presents why we believe they are useful supplemental measures of our performance.

Set forth below for each such non-GAAP financial measure is a reconciliation of the measure with the financial measure calculated and presented in accordance with GAAP that we consider most directly comparable thereto. We also have included in “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures” in our Annual Report on Form 10-K for the year ended December 31, 2016, further explanations of the adjustments being made, a statement disclosing the reasons why we believe the presentation of each of the non-GAAP financial measures provide useful information to investors regarding our financial condition and results of operations, the additional purposes for which we use the non-GAAP financial measures and limitations on their use.

### ***EBITDA and Adjusted 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 our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization). Management also believes the use of EBITDA facilitates comparisons between us and other lodging REITs, hotel owners who 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 compensation programs.

### ***Adjusted EBITDA***

Historically, management has adjusted EBITDA 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 and that the presentation of Adjusted EBITDA, when combined with the primary GAAP presentation of net income (loss), is beneficial to an investor’s complete understanding of our operating performance. Adjusted EBITDA also is a relevant measure in calculating certain credit ratios. We adjust EBITDA for the following items, which may occur in any period, and refer to this measure as Adjusted EBITDA:

- *Real Estate Transactions* – We exclude the effect of gains and losses, including the amortization of deferred gains, recorded on the disposition or acquisition of depreciable assets and property insurance gains in our consolidated statement of operations because we believe that including them in Adjusted EBITDA is not consistent with reflecting the ongoing performance of our assets. In addition, material gains or losses from the depreciated value of the disposed assets could be less important to investors given that the depreciated asset book value often does not reflect its market value (as noted below for FFO).
- *Equity Investment Adjustments* – We exclude the equity in earnings (losses) of unconsolidated investments in partnerships and joint ventures as presented in our consolidated statement of operations because it includes our pro rata portion of depreciation, amortization and interest expense, which are excluded from EBITDA. We include our pro rata share of the Adjusted EBITDA of our equity investments as we believe this more accurately reflects the performance of our investments. The pro rata Adjusted EBITDA of equity investments is defined as the EBITDA of our equity investments, adjusted for any gains or losses on property transactions, multiplied by our percentage ownership in the partnership or joint venture.



- *Consolidated Partnership Adjustments* – We deduct the non-controlling partners’ pro rata share of the Adjusted EBITDA of our consolidated partnerships as this reflects the non-controlling owners’ interest in the EBITDA of our consolidated partnerships. The pro rata Adjusted EBITDA of non-controlling partners is defined as the EBITDA of our consolidated partnerships, adjusted for any gains or losses on property transactions, multiplied by the non-controlling partners’ percentage ownership in the partnership or joint venture.
- *Cumulative Effect of a Change in Accounting Principle* – Infrequently, the Financial Accounting Standards Board (“FASB”) promulgates new accounting standards that require the consolidated statement of operations to reflect the cumulative effect of a change in accounting principle. We exclude these one-time adjustments because they do not reflect our actual performance for that period.
- *Impairment Losses* – We exclude the effect of impairment expense recorded because we believe that including it in Adjusted EBITDA is not consistent with reflecting the ongoing performance of our assets. In addition, we believe that impairment expense, which is based on historical cost book values, is similar to gains (losses) on dispositions and depreciation expense, both of which also are excluded from EBITDA.
- *Acquisition Costs* – Under GAAP, costs associated with completed property acquisitions 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, which is consistent with our definition of Adjusted FFO. We believe that including these items is not consistent with our ongoing operating performance.

In unusual circumstances, we also may adjust EBITDA for gains or losses that management believes are not representative of our current operating performance. The last such adjustment was in 2013.

The following table provides a reconciliation of the differences between EBITDA and Adjusted EBITDA and net income, the financial measure calculated and presented in accordance with GAAP that we consider the most directly comparable:

**Reconciliation of Net Income to EBITDA and Adjusted EBITDA for Host Inc. and Host L.P.**  
(in millions)

	Quarter ended March 31,	
	2017	2016
<b>Net income (1)</b>	\$ 161	\$ 184
Interest expense	39	39
Depreciation and amortization	180	181
Income taxes	(6)	(9)
<b>EBITDA (1)</b>	374	395
Gain on dispositions (2)	(15)	(58)
Gain on property insurance settlement	—	(1)
Acquisition costs	1	—
Equity investment adjustments:		
Equity in earnings of affiliates	(7)	(2)
Pro rata Adjusted EBITDA of equity investments	17	14
Consolidated partnership adjustments:		
Pro rata Adjusted EBITDA attributable to non-controlling partners in other consolidated partnerships	(3)	(3)
<b>Adjusted EBITDA (1)</b>	<u>\$ 367</u>	<u>\$ 345</u>

- (1) Net Income, EBITDA, Adjusted EBITDA, NAREIT FFO and Adjusted FFO include a gain of \$1 million for each of the quarters ended March 31, 2017 and 2016 for the sale of the portion of land attributable to individual units sold by the Maui timeshare joint venture.
- (2) Reflects the sale of one hotel in 2017 and three hotels in 2016.

## FFO Measures

We present NAREIT FFO and NAREIT FFO per diluted share as non-GAAP measures of our performance in addition to our earnings (loss) 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. NAREIT defines FFO as net income (loss) (calculated in accordance with GAAP), excluding gains (losses) from sales of real estate, the cumulative effect of changes in accounting principles, real estate-related depreciation, amortization and impairments, and adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect our pro rata share of the FFO of those entities on the same basis.

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 complete 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 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 our current operating performance. The last such adjustment was in 2013.

The following table provides a reconciliation of the differences between our non-GAAP financial measures NAREIT FFO and Adjusted FFO (separately and on a per diluted share basis) and net income, the financial measure calculated and presented in accordance with GAAP that we consider most directly comparable:

**Host Inc. Reconciliation of Net Income to  
NAREIT and Adjusted Funds From Operations per Diluted Share  
(in millions, except per share amount)**

	Quarter ended March 31,	
	2017	2016
<b>Net income (1)</b>	\$ 161	\$ 184
Less: Net loss attributable to non-controlling interests	(3)	(2)
<b>Net income attributable to Host Inc.</b>	158	182
Adjustments:		
Gain on dispositions (2)	(15)	(58)
Gain on property insurance settlement	—	(1)
Depreciation and amortization	179	180
Equity investment adjustments:		
Equity in earnings of affiliates	(7)	(2)
Pro rata FFO of equity investments	13	10
Consolidated partnership adjustments:		
FFO adjustment for non-controlling partnerships	(1)	(1)
FFO adjustments for non-controlling interests of Host L.P.	(1)	(2)
<b>NAREIT FFO (1)</b>	326	308
Adjustments to NAREIT FFO:		
Acquisition costs	1	—
<b>Adjusted FFO (1)</b>	\$ 327	\$ 308
<b>For calculation on a per share basis(3):</b>		
<b>Diluted weighted average shares outstanding - EPS, NAREIT FFO and Adjusted FFO</b>	738.2	749.7
<b>NAREIT FFO and Adjusted FFO per diluted share</b>	\$ .44	\$ .41

(1-2) Refer to the corresponding footnote on the Reconciliation of Net Income to EBITDA and Adjusted EBITDA for Host Inc. and Host L.P.

(3) Earnings per diluted share and NAREIT FFO 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, exchangeable debt securities 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.

**Comparable Hotel Operating Results**

We present certain operating results of our hotels, such as hotel revenues, expenses, food and beverage profit and EBITDA (and the related margins), on a comparable hotel, or “same store” basis as supplemental information for investors. For an explanation of which properties we consider to be “comparable hotels”, see “Comparable Hotel Operating Statistics” above.

The following tables presents certain operating results and statistics for our comparable hotels for the periods presented herein and a reconciliation of the differences between comparable hotel EBITDA, a non-GAAP financial measure, and net income, the financial measure calculated and presented in accordance with GAAP that we consider most directly comparable. Similar reconciliations of the differences between (i) comparable hotel revenues and (ii) our revenues as calculated and presented in accordance with GAAP (each of which is used in the applicable margin calculation), and between (iii) comparable hotel expenses and (iv) operating costs and expenses as calculated and presented in accordance with GAAP, are also included in the reconciliation:

**Comparable Hotel Results for Host Inc. and Host L.P.**  
(in millions, except hotel statistics)

	Quarter ended March 31,	
	2017	2016
Number of hotels	90	90
Number of rooms	49,737	49,737
Change in comparable hotel RevPAR -		
Constant US\$	3.4%	—
Nominal US\$	3.6%	—
Operating profit margin (1)	12.7%	11.3%
Comparable hotel EBITDA margin (1)	26.75%	25.9%
Food and beverage profit margin (1)	34.4%	30.4%
Comparable hotel food and beverage profit margin (1)	33.4%	30.1%
<b>Net income</b>	\$ 161	\$ 184
Depreciation and amortization	180	181
Interest expense	39	39
Benefit for income taxes	(6)	(9)
Gain on sale of property and corporate level income/expense	6	(36)
Non-comparable hotel results, net (2)	(56)	(55)
<b>Comparable hotel EBITDA</b>	<u>\$ 324</u>	<u>\$ 304</u>

	Quarter ended March 31, 2017			
	GAAP Results	Adjustments		Comparable Hotel Results
		Non-comparable hotel results, net(2)	Depreciation and corporate level items	
<b>Revenues</b>				
Rooms	\$ 843	\$ (73)	\$ —	\$ 770
Food and Beverage	422	(49)	—	373
Other	83	(17)	—	66
Total revenues	<u>1,348</u>	<u>(139)</u>	<u>—</u>	<u>1,209</u>
<b>Expenses</b>				
Rooms	219	(16)	—	203
Food and Beverage	277	(29)	—	248
Other	475	(41)	—	434
Depreciation and amortization	180	—	(180)	—
Corporate and other expenses	29	—	(29)	—
Gain on insurance and business interruption settlements	(3)	3	—	—
Total expenses	<u>1,177</u>	<u>(83)</u>	<u>(209)</u>	<u>885</u>
<b>Operating Profit - Comparable Hotel EBITDA</b>	<u>\$ 171</u>	<u>\$ (56)</u>	<u>\$ 209</u>	<u>\$ 324</u>

**Quarter ended March 31, 2016**

	<b>Adjustments</b>			<b>Comparable Hotel Results</b>
	<b>GAAP Results</b>	<b>Non-comparable hotel results, net<sup>(2)</sup></b>	<b>Depreciation and corporate level items</b>	
<b>Revenues</b>				
Rooms	\$ 843	\$ (92)	\$ —	\$ 751
Food and Beverage	408	(52)	—	356
Other	88	(22)	—	66
Total revenues	<u>1,339</u>	<u>(166)</u>	<u>—</u>	<u>1,173</u>
<b>Expenses</b>				
Rooms	221	(22)	—	199
Food and Beverage	284	(35)	—	249
Other	478	(57)	—	421
Depreciation and amortization	181	—	(181)	—
Corporate and other expenses	27	—	(27)	—
Gain on insurance and business interruption settlements	(3)	3	—	—
Total expenses	<u>1,188</u>	<u>(111)</u>	<u>(208)</u>	<u>869</u>
<b>Operating Profit - Comparable Hotel EBITDA</b>	<u>\$ 151</u>	<u>\$ (55)</u>	<u>\$ 208</u>	<u>\$ 304</u>

- (1) Profit margins are calculated by dividing the applicable operating profit by the related revenue amount. GAAP operating profit margins are calculated using amounts presented in the consolidated statements of operations. Comparable hotel margins are calculated using amounts presented in the above tables.
- (2) Non-comparable hotel results, net, includes the following items: (i) the results of operations of our non-comparable hotels and sold hotels, which operations are included in our consolidated statements of operations as continuing operations, (ii) gains on insurance settlements and business interruption proceeds, and (iii) the results of our office spaces and other non-hotel income.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk

All information in this section applies to Host Inc. and Host L.P.

#### Interest Rate Sensitivity

As of March 31, 2017 and December 31, 2016, 69% and 65%, respectively, of our outstanding debt bore interest at fixed rates. To manage interest rate risk applicable to our debt, we may enter into interest rate swaps or caps. The interest rate derivatives into which we enter are strictly to hedge interest rate risk, and are not for trading purposes. The percentages above reflect the effect of any derivatives into which we have entered to manage interest rate risk. No interest rate hedging transactions were entered into during the first quarter of 2017. See Item 7A of our most recent Annual Report on Form 10-K and Note 9 – “Fair Value Measurements” in this quarterly report.

#### Exchange Rate Sensitivity

As we have operations outside of the United States (specifically, the ownership of hotels in Australia, Brazil, Canada and Mexico and our investments in the Euro JV and Asia/Pacific JV), currency exchange risks arise in the normal course of our business. To manage the currency exchange risk, we may enter into forward or option contracts or hedge our investment through the issuance of foreign currency denominated debt. No forward purchase contracts were entered into during the first quarter of 2017. The following table summarizes our outstanding foreign currency sale contracts (in millions):

Transaction Date Range	Currently Outstanding				Change in Fair Value - All Contracts		
	Total Transaction Amount in Foreign Currency		Total Transaction Amount in Dollars	Forward Purchase Date Range	Gain (Loss)		
					Quarter ended March 31,		
					2017	2016	
May 2014-January 2016	€	100	\$ 118	May 2017-January 2018	\$ (1)	\$ (4)	
November 2016	C\$	25	\$ 19	November 2018	\$ —	\$ (1)	

The foreign currency exchange agreements into which we have entered are strictly to hedge foreign currency risk and not for trading purposes. In addition to the forward sales contracts, we have designated a portion of the foreign currency draws on our credit facility as hedges of net investments in foreign operations. As a result, currency translation adjustments in the designated credit facility draws are recorded to other comprehensive income (loss), which adjustments offset a portion of the translation adjustment related to our international investments.

The following table summarizes the draws on our credit facility that are designated as hedges of net investments in foreign operations (in millions):

Currency	Balance Outstanding US\$	Balance Outstanding in Foreign Currency			Gain (Loss)	
					Quarter ended March 31,	
					2017	2016
Canadian dollars (1)	\$ 35	C\$ 46	\$	—	\$ 2	
Euros	\$ 82	€ 77	\$	(1)	\$ 4	
Australian dollars	\$ 38	A\$ 50	\$	(2)	\$ —	

(1) We have an additional \$45 million outstanding on the credit facility in Canadian dollars, which draw has not been designated as a hedging instrument.

See Item 7A of our most recent Annual Report on Form 10-K and Note 9 – “Fair Value Measurements” in this quarterly report.

**Item 4. Controls and Procedures*****Controls and Procedures (Host Hotels & Resorts, Inc.)******Disclosure Controls and Procedures***

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective.

***Changes to Internal Control over Financial Reporting***

There have been no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

***Controls and Procedures (Host Hotels & Resorts, L.P.)******Disclosure Controls and Procedures***

Under the supervision and with the participation of our management, including Host Inc.'s Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, Host Inc.'s Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective.

***Changes to Internal Control over Financial Reporting***

There have been no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II. OTHER INFORMATION**

**Item 2.Unregistered Sales of Equity Securities and Use of Proceeds**

Issuer Purchases of Equity Securities (Host Hotels & Resorts, Inc.)

On February 22, 2017, Host Inc. announced a program to repurchase up to \$500 million of common stock. The common stock may be purchased from time to time depending upon market conditions, and repurchases may be made in the open market or through private transactions or by other means, including principal transactions with various financial institutions, like accelerated share repurchases, forwards, options and similar transactions, and through one or more trading plans designed to comply with Rule 10b5-1 under the Securities Act of 1934, as amended. The program does not obligate us to repurchase any specific number of shares or any specific dollar amount and may be suspended at any time at our discretion. No repurchases were made in the first quarter of 2017.

<b>Period</b>	<b>Total Number of Host Inc. Common Shares Purchased</b>	<b>Average Price Paid per Common Share</b>	<b>Total Number of Common Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Approximate Dollar Value of Common Shares that May Yet Be Purchased Under the Plans or Programs (in millions)</b>
January 1, 2017 – January 31, 2017	—	\$ —	—	\$ 500
February 1, 2017 – February 28, 2017	—	—	—	500
March 1, 2017 – March 31, 2017	—	—	—	500
<b>Total</b>	<b>—</b>	<b>\$ —</b>	<b>—</b>	<b>\$ 500</b>

Issuer Purchases of Equity Securities (Host Hotels & Resorts, L.P.)

<b>Period</b>	<b>Total Number of OP Units Purchased</b>	<b>Average Price Paid per Unit</b>	<b>Total Number of OP Units Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Approximate Dollar Value of Units that May Yet Be Purchased Under the Plans or Programs (in millions)</b>
January 1, 2017 – January 31, 2017	9,943*	1.021494 shares of Host Hotels & Resorts, Inc. common stock	—	—
February 1, 2017 – February 28, 2017	42,758*	1.021494 shares of Host Hotels & Resorts, Inc. common stock	—	—
March 1, 2017 – March 31, 2017	52,018*	1.021494 shares of Host Hotels & Resorts, Inc. common stock	—	—
<b>Total</b>	<b>104,719</b>		<b>—</b>	<b>—</b>

\* Reflects common OP units redeemed by holders in exchange for shares of Host Inc.'s common stock.



## Item 6.Exhibits

*In reviewing the agreements included as exhibits to this report, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about the company, its subsidiaries or other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:*

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;*
- have been qualified by disclosures that were made to other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;*
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and*
- were made only as of the date of the applicable agreement or such other date or date as may be specified in the agreement and are subject to more recent developments.*

*Accordingly, these representation and warranties may not describe the actual state of affairs as the date they were made or at any other time.*

The exhibits listed on the accompanying Exhibit Index are filed as part of this report and such Exhibit Index is incorporated herein by reference.

<b>Exhibit No.</b>	<b>Description</b>
<b>3</b>	<b>Articles of Incorporation and Bylaws</b>
3.1*	Amended and Restated Bylaws of Host Hotels & Resorts, Inc., effective November 21, 2016.
<b>4</b>	<b>Instruments Defining Rights of Security Holders</b>
4.11	Third Supplemental Indenture, dated March 20, 2017, by and between Host Hotels & Resorts, L.P. and The Bank of New York Mellon, as trustee, to the Indenture dated May 15, 2015 (incorporated by reference to Exhibit 4.1 to Host Hotels & Resorts, Inc. and Host Hotels & Resorts, L.P. Current Report on Form 8-K filed on March 20, 2017).
<b>12</b>	<b>Statements re Computation of Ratios</b>
12.1*	Computation of Ratios of Earnings to Fixed Charges for Host Hotels & Resorts, Inc.
12.2*	Computation of Ratios of Earnings to Fixed Charges for Host Hotels & Resorts, L.P.
<b>31</b>	<b>Rule 13a-14(a)/15d-14(a) Certifications</b>
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Host Hotels & Resorts, Inc.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Host Hotels & Resorts, Inc.
31.3*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Host Hotels & Resorts, L.P.
31.4*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Host Hotels & Resorts, L.P.
<b>32</b>	<b>Section 1350 Certifications</b>
32.1†*	Certificate of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002 for Host Hotels & Resorts, Inc.
32.2†*	Certificate of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002 for Host Hotels & Resorts, L.P.
<b>101</b>	<b>XBRL</b>

<u>Exhibit No.</u>	<u>Description</u>
101.INS	XBRL Instance Document. <i>Submitted electronically with this report.</i>
101.SCH	XBRL Taxonomy Extension Schema Document. <i>Submitted electronically with this report.</i>
101.CAL	XBRL Taxonomy Calculation Linkbase Document. <i>Submitted electronically with this report.</i>
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. <i>Submitted electronically with this report.</i>
101.LAB	XBRL Taxonomy Label Linkbase Document. <i>Submitted electronically with this report.</i>
101.PRE	XBRL Taxonomy Presentation Linkbase Document. <i>Submitted electronically with this report.</i>

Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Operations for the Quarter ended March 31, 2017 and 2016, respectively, for Host Hotels & Resorts, Inc.; (ii) the Condensed Consolidated Balance Sheets at March 31, 2017 and December 31, 2016, respectively, for Host Hotels & Resorts, Inc.; (iii) the Condensed Consolidated Statements of Comprehensive Income (Loss) for the Quarter ended March 31, 2017 and 2016, respectively, for Host Hotels & Resorts, Inc.; (iv) the Condensed Consolidated Statements of Cash Flows for the Quarter ended March 31, 2017 and 2016, respectively, for Host Hotels & Resorts, Inc.; (v) the Condensed Consolidated Statements of Operations for the Quarter ended March 31, 2017 and 2016, respectively, for Host Hotels & Resorts, L.P.; (vi) the Condensed Consolidated Balance Sheets at March 31, 2017 and December 31, 2016, respectively, for Host Hotels & Resorts, L.P.; (vii) the Condensed Consolidated Statements of Comprehensive Income (Loss) for the Quarter ended March 31, 2017 and 2016, respectively, for Host Hotels & Resorts, L.P.; (viii) the Condensed Consolidated Statements of Cash Flows for the Quarter ended March 31, 2017 and 2016, respectively, for Host Hotels & Resorts, L.P.; and (ix) Notes to Condensed Consolidated Financial Statements that have been detail tagged.

\* Filed herewith.

† This certificate is being furnished solely to accompany the report pursuant to 18 U.S.C. 1350 and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HOST HOTELS & RESORTS, INC.

May 2, 2017

/s/ BRIAN G. MACNAMARA

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*Brian G. Macnamara*  
*Senior Vice President,*  
*Corporate Controller*  
*(Principal Accounting Officer and duly authorized officer)*

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HOST HOTELS & RESORTS, L.P.  
By: HOST HOTELS & RESORTS, INC., its general partner

May 2, 2017

/s/ BRIAN G. MACNAMARA  
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*Brian G. Macnamara*  
*Senior Vice President,*  
*Corporate Controller of Host Hotels & Resorts, Inc.,*  
*general partner of Host Hotels & Resorts, L.P.*  
*(Principal Accounting Officer and duly authorized officer)*

*Amended and restated effective November 21, 2016*

**HOST HOTELS & RESORTS, INC.**

**BYLAWS**

**ARTICLE I**

**OFFICES**

Section 1. PRINCIPAL OFFICE. The principal office of the Corporation in the State of Maryland shall be located at such place as the Board of Directors may designate.

Section 2. ADDITIONAL OFFICES. The Corporation may have additional offices, including a principal executive office, at such places as the Board of Directors may from time to time determine or the business of the Corporation may require.

**ARTICLE II**

**MEETINGS OF STOCKHOLDERS**

Section 1. PLACE. All meetings of stockholders shall be held at the principal executive office of the Corporation or at such other place as shall be set by the Board of Directors and stated in the notice of the meeting.

Section 2. ANNUAL MEETING. An annual meeting of the stockholders for the election of directors and the transaction of any business within the powers of the Corporation shall be held on the date and at the time set by the Board of Directors.

Section 3. SPECIAL MEETINGS.

(a) General. The chair of the board, president, chief executive officer or Board of Directors may call a special meeting of the stockholders. Subject to subsection (b) of this Section 3, a special meeting of stockholders shall also be called by the secretary of the Corporation to act on any matter that may properly be considered at a meeting of stockholders upon the written request of stockholders as provided in Article X, Section 10(a)(5) of the charter of the Corporation.

(b) Stockholder-Requested Special Meetings. (1) Any stockholder of record seeking to have stockholders request a special meeting shall, by sending written notice to the secretary (the "Record Date Request Notice") by registered mail, return receipt requested, request the Board of Directors to fix a record date to determine the stockholders entitled to request a special meeting (the "Request Record Date"). The Record Date Request Notice shall set forth the purpose of the meeting and the matters proposed to be acted on at it, shall be signed by one or more stockholders of record as of the date of signature (or their agents duly authorized in a writing accompanying the Record Date Request Notice), shall bear the date of signature of

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each such stockholder (or such agent) and shall set forth all information relating to each such stockholder and each matter proposed to be acted on at the meeting that would be required to be disclosed in connection with the solicitation of proxies for the election of directors in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such a solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Upon receiving the Record Date Request Notice, the Board of Directors may fix a Request Record Date. The Request Record Date shall not precede and shall not be more than ten days after the close of business on the date on which the resolution fixing the Request Record Date is adopted by the Board of Directors. If the Board of Directors, within ten days after the date on which a valid Record Date Request Notice is received, fails to adopt a resolution fixing the Request Record Date, the Request Record Date shall be the close of business on the tenth day after the first date on which the Record Date Request Notice is received by the secretary.

(2) In order for any stockholder to request a special meeting to act on any matter that may properly be considered at a meeting of stockholders, one or more written requests for a special meeting (collectively, the “Special Meeting Request”) signed by stockholders of record (or their agents duly authorized in a writing accompanying the request) as of the Request Record Date entitled to cast the votes required by Article X, Section 10(a)(5) of the charter of the Corporation at such meeting (the “Special Meeting Percentage”) shall be delivered to the secretary. In addition, the Special Meeting Request shall (i) set forth the purpose of the meeting and the matters proposed to be acted on at it (which shall be limited to those lawful matters set forth in the Record Date Request Notice received by the secretary), (ii) bear the date of signature of each such stockholder (or such agent) signing the Special Meeting Request, (iii) set forth (A) the name and address, as they appear in the Corporation’s books, of each stockholder signing such request (or on whose behalf the Special Meeting Request is signed), (B) the class, series and number of all shares of stock of the Corporation which are owned (beneficially or of record) by such stockholder and (C) the nominee holder for, and number of, shares of stock of the Corporation owned beneficially but not of record by such stockholder, (iv) be sent to the secretary by registered mail, return receipt requested, and (v) be received by the secretary within 60 days after the Request Record Date. Any requesting stockholder (or agent duly authorized in a writing accompanying the revocation or the Special Meeting Request) may revoke his, her or its request for a special meeting at any time by written revocation delivered to the secretary.

(3) The secretary shall inform the requesting stockholders of the reasonably estimated cost of preparing and delivering the notice of the meeting (including the Corporation’s proxy materials). The secretary shall not be required to call a special meeting upon stockholder request and such meeting shall not be held unless, in addition to the documents required by paragraph (2) of this Section 3(b), the secretary receives payment of such reasonably estimated cost prior to the preparation and delivery of any notice of the meeting.

(4) In the case of any special meeting called by the secretary upon the request of stockholders (a “Stockholder-Requested Meeting”), such meeting shall be held at such place, date and time as may be designated by the Board of Directors; provided, however, that the date of any Stockholder-Requested Meeting shall be not more than 90 days after the record date for such meeting (the “Meeting Record Date”); and provided further that if the Board of Directors fails to designate, within ten days after the date that a valid Special Meeting Request is actually

received by the secretary (the "Delivery Date"), a date and time for a Stockholder-Requested Meeting, then such meeting shall be held at 2:00 p.m. local time on the 90<sup>th</sup> day after the Meeting Record Date or, if such 90<sup>th</sup> day is not a Business Day (as defined below), on the first preceding Business Day; and provided further that in the event that the Board of Directors fails to designate a place for a Stockholder-Requested Meeting within ten days after the Delivery Date, then such meeting shall be held at the principal executive office of the Corporation. In fixing a date for any special meeting, the chair of the board, chief executive officer, president or Board of Directors may consider such factors as he, she or it deems relevant, including, without limitation, the nature of the matters to be considered, the facts and circumstances surrounding any request for the meeting and any plan of the Board of Directors to call an annual meeting or a special meeting. In the case of any Stockholder-Requested Meeting, if the Board of Directors fails to fix a Meeting Record Date that is a date within 30 days after the Delivery Date, then the close of business on the 30<sup>th</sup> day after the Delivery Date shall be the Meeting Record Date. The Board of Directors may revoke the notice for any Stockholder-Requested Meeting in the event that the requesting stockholders fail to comply with the provisions of paragraph (3) of this Section 3(b).

(5) If written revocations of the Special Meeting Request have been delivered to the secretary and the result is that stockholders of record (or their agents duly authorized in writing), as of the Request Record Date, entitled to cast less than the Special Meeting Percentage have delivered, and not revoked, requests for a special meeting to the secretary: (i) if the notice of meeting has not already been delivered, the secretary shall refrain from delivering the notice of the meeting and send to all requesting stockholders who have not revoked such requests written notice of any revocation of a request for the special meeting, or (ii) if the notice of meeting has been delivered and if the secretary first sends to all requesting stockholders who have not revoked requests for a special meeting on a matter written notice of any revocation of a request for the special meeting and written notice of the Corporation's intention to revoke the notice of the meeting or for the chairman of the meeting to adjourn the meeting without action on the matter, (A) the secretary may revoke the notice of the meeting at any time before ten days before the commencement of the meeting or (B) the chairman of the meeting may call the meeting to order and adjourn the meeting without acting on the matter. Any request for a special meeting received after a revocation by the secretary of a notice of a meeting shall be considered a request for a new special meeting.

(6) The chair of the board, chief executive officer, president or Board of Directors may appoint regionally or nationally recognized independent inspectors of elections to act as the agent of the Corporation for the purpose of promptly performing a ministerial review of the validity of any purported Special Meeting Request received by the secretary. For the purpose of permitting the inspectors to perform such review, no such purported Special Meeting Request shall be deemed to have been delivered to the secretary until the earlier of (i) five Business Days after receipt by the secretary of such purported request and (ii) such date as the independent inspectors certify to the Corporation that the valid requests received by the secretary represent, as of the Request Record Date, stockholders of record entitled to cast not less than the Special Meeting Percentage. Nothing contained in this paragraph (6) shall in any way be construed to suggest or imply that the Corporation or any stockholder shall not be entitled to contest the validity of any request, whether during or after such five Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

(7) For purposes of these Bylaws, “Business Day” shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of Maryland are authorized or obligated by law or executive order to close.

Section 4. NOTICE. Not less than ten nor more than 90 days before each meeting of stockholders, the secretary shall give to each stockholder entitled to vote at such meeting and to each stockholder not entitled to vote who is entitled to notice of the meeting notice in writing or by electronic transmission stating the time and place of the meeting and, in the case of a special meeting or as otherwise may be required by any statute, the purpose for which the meeting is called, by mail, by presenting it to such stockholder personally, by leaving it at the stockholder’s residence or usual place of business or by any other means permitted by Maryland law. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the stockholder at the stockholder’s address as it appears on the records of the Corporation, with postage thereon prepaid. If transmitted electronically, such notice shall be deemed to be given when transmitted to the stockholder by an electronic transmission to any address or number of the stockholder at which the stockholder receives electronic transmissions. A single notice to all stockholders who share an address shall be effective as to any stockholder at such address who consents to such notice or after having been notified of the Corporation’s intent to give a single notice fails to object in writing to such single notice within 60 days. Failure to give notice of any meeting to one or more stockholders, or any irregularity in such notice, shall not affect the validity of any meeting fixed in accordance with this Article II, or the validity of any proceedings at any such meeting.

Subject to Section 11(a) of this Article II, any business of the Corporation may be transacted at an annual meeting of stockholders without being specifically designated in the notice, except such business as is required by any statute to be stated in such notice. No business shall be transacted at a special meeting of stockholders except as specifically designated in the notice. The Corporation may postpone or cancel a meeting of stockholders by making a “public announcement” (as defined in Section 11(c)(3)) of such postponement or cancellation prior to the meeting. Notice of the date to which the meeting is postponed shall be given not less than ten days prior to such date and otherwise in the manner set forth in this section.

Section 5. ORGANIZATION AND CONDUCT. Every meeting of stockholders shall be conducted by an individual appointed by the Board of Directors to be chair of the meeting or, in the absence of such appointment, by the chair of the board or, in the case of a vacancy in the office or absence of the chair of the board, by one of the following officers present at the meeting: the vice chair of the board, if there is one, the president, the vice presidents in their order of rank and seniority, or, in the absence of such officers, a chair chosen by the stockholders by the vote of a majority of the votes cast by stockholders present in person or by proxy. The secretary, or, in the secretary’s absence, an assistant secretary, or in the absence of both the secretary and assistant secretaries, a person appointed by the Board of Directors or, in the absence of such appointment, a person appointed by the chair of the meeting shall act as secretary. In the event that the secretary presides at a meeting of the stockholders, an assistant secretary, or in the absence of assistant secretaries, an individual appointed by the Board of Directors or the chair of the meeting, shall record the minutes of the meeting. The order of business and all other matters of procedure at any meeting of stockholders shall be determined by the chair of the meeting. The chair of the meeting may prescribe such rules,



regulations and procedures and take such action as, in the discretion of the chair and without any action by the stockholders, are appropriate for the proper conduct of the meeting, including, without limitation, (a) restricting admission to the time set for the commencement of the meeting; (b) limiting attendance at the meeting to stockholders of record of the Corporation, their duly authorized proxies and other such individuals as the chair of the meeting may determine; (c) limiting participation at the meeting on any matter to stockholders of record of the Corporation entitled to vote on such matter, their duly authorized proxies and other such individuals as the chair of the meeting may determine; (d) limiting the time allotted to questions or comments by participants; (e) determining when the polls should be opened and closed; (f) maintaining order and security at the meeting; (g) removing any stockholder or any other individual who refuses to comply with meeting procedures, rules or guidelines as set forth by the chair of the meeting; (h) concluding a meeting or recessing or adjourning the meeting to a later date and time and at a place announced at the meeting; and (i) complying with any state and local laws and regulations concerning safety and security. Unless otherwise determined by the chair of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 6. QUORUM. At any meeting of stockholders, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter shall constitute a quorum; but this section shall not affect any requirement under any statute or the charter of the Corporation for the vote necessary for the adoption of any measure. If, however, such quorum shall not be present at any meeting of the stockholders, the chair of the meeting may adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

The stockholders present either in person or by proxy, at a meeting which has been duly called and at which a quorum was established, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 7. VOTING. Except as otherwise provided in this Section, each director shall be elected by a majority of the total votes cast for and against such director nominee at a meeting of stockholders duly called and at which a quorum is present. Directors shall be elected by a plurality of votes cast at a meeting of stockholders duly called and at which a quorum is present for which (a) the secretary of the Corporation receives notice that a stockholder has nominated an individual for election as a director in compliance with the requirements of advance notice of stockholder nominees for director set forth in Article II, Section 11 of these Bylaws or the requirements of a proxy access nomination for director set forth in Article II, Section 14 of these Bylaws, and (b) such nomination has not been withdrawn by such stockholder on or prior to the date of the definitive proxy statement of the Corporation, as filed with the Securities and Exchange Commission, and, as a result of which, there are more nominees than directorships. Each share may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. Stockholders are not entitled to cumulative voting in the election of directors. A majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to

approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required by statute or by the charter of the Corporation. Unless otherwise provided by statute or by the charter, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders. Voting on any question or in any election may be by voice vote unless the chair of the meeting shall order that voting be by ballot.

Section 8. PROXIES. A stockholder may cast the votes entitled to be cast by the holder of the shares of stock owned of record by the stockholder in person or by proxy executed by the stockholder or by the stockholder's duly authorized agent in any manner permitted by law. Such proxy or evidence of authorization of such proxy shall be filed with the secretary of the Corporation before or at the meeting. No proxy shall be valid more than eleven months after its date unless otherwise provided in the proxy.

Section 9. VOTING OF STOCK BY CERTAIN HOLDERS. Stock of the Corporation registered in the name of a corporation, limited liability corporation, partnership, trust or other entity, if entitled to be voted, may be voted by the president or a vice president, a member manager, a general partner or trustee thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such stock pursuant to a bylaw or a resolution of the governing body of such corporation or other entity or agreement of the partners of a partnership presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such stock. Any director or other fiduciary may vote stock registered in his or her name in his or her capacity as such fiduciary, either in person or by proxy.

Shares of stock of the Corporation directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The Board of Directors may adopt by resolution a procedure by which a stockholder may certify in writing to the Corporation that any shares of stock registered in the name of the stockholder are held for the account of a specified person other than the stockholder. The resolution shall set forth the class of stockholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date, the time after the record date within which the certification must be received by the Corporation; and any other provisions with respect to the procedure which the Board of Directors considers necessary or desirable. On receipt of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the stockholder of record of the specified stock in place of the stockholder who makes the certification.

Section 10. INSPECTORS. The Board of Directors or the chair of the meeting may appoint, before or at the meeting, one or more inspectors for the meeting and any successor thereto. The inspectors, if any, shall (a) determine the number of shares of stock represented at the meeting, in person or by proxy, and the validity and effect of proxies, (b) receive and tabulate

all votes, ballots or consents, (c) report such tabulation to the chair of the meeting, (d) hear and determine all challenges and questions arising in connection with the right to vote, and (e) do such acts as are proper to fairly conduct the election or vote. Each such report shall be in writing and signed by him or her or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be prima facie evidence thereof.

Section 11. ADVANCE NOTICE OF STOCKHOLDER NOMINEES FOR DIRECTOR AND OTHER STOCKHOLDER PROPOSALS.

(a) Annual Meetings of Stockholders. (1) Nominations of individuals for election to the Board of Directors and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record both at the time of giving of notice by the stockholder as provided for in this Section 11(a) and at the time of the annual meeting, who is entitled to vote at the meeting in the election of each individual so nominated or on any such other business and who has complied with this Section 11(a).

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a)(1) of this Section 11, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation and such other business must otherwise be a proper matter for action by the stockholders. To be timely, a stockholder's notice shall set forth all information required under this Section 11 and shall be delivered to the secretary at the principal executive office of the Corporation not earlier than the 150<sup>th</sup> day nor later than 5:00 p.m., Eastern Time, on the 120<sup>th</sup> day prior to the first anniversary of the date of the proxy statement for the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the 150<sup>th</sup> day prior to the date of such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the 120<sup>th</sup> day prior to the date of such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. The public announcement of a postponement or adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(3) Such stockholder's notice shall set forth:

(i) as to each individual whom the stockholder proposes to nominate for election or reelection as a director (each, a "Proposed Nominee"),

(A) all information relating to the Proposed Nominee that would be required to be disclosed in connection with the solicitation of proxies for the election of the Proposed Nominee as a director in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Exchange Act and the rules

thereunder (including the Proposed Nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected), and

(B) an executed statement of the background and qualification of such Proposed Nominee (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in form provided by the Secretary upon written request) that such Proposed Nominee is not, and will not become a party to, any agreement, arrangement or understanding with any person or entity other than the Corporation in connection with service or action as a director that has not been disclosed to the Corporation;

(ii) as to any business that the stockholder proposes to bring before the meeting, a description of such business, the stockholder's reasons for proposing such business at the meeting and any material interest in such business of such stockholder or any Stockholder Associated Person (as defined below), individually or in the aggregate, including any anticipated benefit to the stockholder or the Stockholder Associated Person therefrom;

(iii) as to the stockholder giving the notice, any Proposed Nominee and any Stockholder Associated Person,

(A) the class, series and number of all shares of stock or other securities of the Corporation or any affiliate thereof (collectively, the "Company Securities"), if any, which are owned (beneficially or of record) by such stockholder, Proposed Nominee or Stockholder Associated Person, the date on which each such Company Security was acquired and the investment intent of such acquisition, and any short interest (including any opportunity to profit or share in any benefit from any decrease in the price of such stock or other security) in any Company Securities of any such person,

(B) the nominee holder for, and number of, any Company Securities owned beneficially but not of record by such stockholder, Proposed Nominee or Stockholder Associated Person,

(C) whether and the extent to which such stockholder, Proposed Nominee or Stockholder Associated Person, directly or indirectly (through brokers, nominees or otherwise), is subject to or during the last six months has engaged in any hedging, derivative or other transaction or series of transactions or entered into any other agreement, arrangement or understanding (including any short interest, any borrowing or lending of securities or any proxy or voting agreement), the effect or intent of which is to (I) manage risk or benefit of changes in the price of Company Securities for such stockholder, Proposed Nominee or Stockholder Associated Person or (II) increase or decrease the voting power of such stockholder, Proposed Nominee or Stockholder Associated Person in the Corporation or any affiliate thereof disproportionately to such person's economic interest in the Company Securities; and

(D) any substantial interest, direct or indirect (including, without limitation, any existing or prospective commercial, business or contractual relationship with the Corporation), by security holdings or otherwise, of such stockholder, Proposed Nominee or Stockholder Associated Person, in the Corporation or any affiliate thereof, other than an interest arising from the ownership of Company Securities where such stockholder, Proposed Nominee

or Stockholder Associated Person receives no extra or special benefit not shared on a *pro rata* basis by all other holders of the same class or series;

(iv) as to the stockholder giving the notice, any Stockholder Associated Person with an interest or ownership referred to in clauses (ii) or (iii) of this paragraph (3) of this Section 11(a) and any Proposed Nominee,

(A) the name and address of such stockholder, as they appear on the Corporation's stock ledger, and the current name and business address, if different, of each such Stockholder Associated Person and any Proposed Nominee and

(B) the investment strategy or objective, if any, of such stockholder and each such Stockholder Associated Person who is not an individual and a copy of the prospectus, offering memorandum or similar document, if any, provided to investors or potential investors in such stockholder, each such Stockholder Associated Person and any Proposed Nominee; and

(v) to the extent known by the stockholder giving the notice, the name and address of any other stockholder supporting the nominee for election or reelection as a director or the proposal of other business on the date of such stockholder's notice.

(4) Notwithstanding anything in this subsection (a) of this Section 11 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased, and there is no public announcement of such action at least 130 days prior to the first anniversary of the date of the proxy statement for the preceding year's annual meeting, a stockholder's notice required by this Section 11(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the principal executive office of the Corporation not later than 5:00 p.m., Eastern Time, on the tenth day following the day on which such public announcement is first made by the Corporation.

(5) For purposes of this Section 11, "Stockholder Associated Person" of any stockholder means (i) any person acting in concert with, such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder (other than a stockholder that is a depository) and (iii) any person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such stockholder or such Stockholder Associated Person. For purposes of this Section 11, a person shall be deemed to be "acting in concert" with another person if such person knowingly acts (whether or not pursuant to an express agreement) in concert with, or towards a common goal relating to the Corporation in parallel with, such other person where (A) each person is conscious of the other person's conduct or intent and (B) at least one additional factor suggests that such persons intend to act in concert or in parallel, which such additional factors may include, without limitation, exchanging information (whether publicly or privately), attending meetings, conducting discussions or making or soliciting invitations to act in concert or in parallel; provided, that a person shall not be deemed to be acting in concert with any other person solely as a result of the solicitation of proxies after the filing of an effective Schedule 14A under Section 14(a) of the

Exchange Act. A person acting in concert with another person shall be deemed to be acting in concert with any third party who is also acting in concert with such other person.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of individuals for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected only (1) by or at the direction of the Board of Directors, (2) by a stockholder that has requested that a special meeting be called for the purpose of electing directors in connection with a proposal to remove directors, each in compliance with Section 3 of this Article II, and that has supplied the information required by Section 3 of this Article II about each individual whom the stockholder proposes to nominate for election of directors or (3) provided that the special meeting has been called in accordance with Section 3 of this Article II for the purpose of electing directors, by any stockholder of the Corporation who is a stockholder of record both at the time of giving of notice provided for in this Section 11 and at the time of the special meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who has complied with the notice procedures set forth in this Section 11. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more individuals to the Board of Directors, any such stockholder may nominate an individual or individuals (as the case may be) for election as a director as specified in the Corporation's notice of meeting, if the stockholder's notice, containing the information regarding the stockholder, Proposed Nominee or Stockholder Associated Person required by paragraph (a)(3) of this Section 11, shall be delivered to the secretary at the principal executive office of the Corporation not earlier than the 120<sup>th</sup> day prior to such special meeting and not later than 5:00 p.m., Eastern Time on the later of the 90<sup>th</sup> day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The public announcement of a postponement or adjournment of a special meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(c) General. (1) If information submitted pursuant to this Section 11 by any stockholder proposing a nominee for election as a director or any proposal for other business at a meeting of stockholders shall be inaccurate in any material respect, such information may be deemed not to have been provided in accordance with this Section 11. Any such stockholder shall notify the Corporation of any inaccuracy or change (within two Business Days of becoming aware of such inaccuracy or change) in any such information and, in any event, shall provide notice of any inaccuracy or change not later than five days after the record date for the applicable meeting and not later than eight days prior to the applicable meeting date. Upon written request by the Secretary or the Board of Directors, any such stockholder shall provide, within five Business Days of delivery of such request (or such other period as may be specified in such request), (i) written verification, satisfactory, in the discretion of the Board of Directors or any authorized officer of the Corporation, to demonstrate the accuracy of any information submitted by the stockholder pursuant to this Section 11, and (ii) a written update of any information submitted by the stockholder pursuant to this Section 11 as of an earlier date. If a stockholder fails to provide such written verification or written update within such period, the information as to which written verification or a written update was requested may be deemed not to have been provided in accordance with this Section 11.

(2) Only such individuals who are nominated in accordance with this Section 11 shall be eligible for election by stockholders as directors, and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with this Section 11. The chair of the meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with this Section 11.

(3) “Public announcement” shall mean disclosure (i) in a press release reported by the Dow Jones News Service, Associated Press, Business Wire, PR Newswire or other widely circulated news or wire service or (ii) in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to the Exchange Act.

(4) Notwithstanding the foregoing provisions of this Section 11, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 11. Nothing in this Section 11 shall be deemed to affect any right of a stockholder to request inclusion of a proposal in, or the right of the Corporation to omit a proposal from, the Corporation’s proxy statement pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act. Nothing in this Section 11 shall require disclosure of revocable proxies received by the stockholder or Stockholder Associated Person pursuant to a solicitation of proxies after the filing of an effective Schedule 14A under Section 14(a) of the Exchange Act.

(5) Nominations made pursuant to this Section 11 shall have the impact as described in Article II, Section 14(i).

Section 12. STOCKHOLDERS’ CONSENT IN LIEU OF MEETING. Any action required or permitted to be taken at any meeting of stockholders may be taken without a meeting if a unanimous consent setting forth the action is given in writing or by electronic transmission by each stockholder entitled to vote on the matter and filed with the minutes of proceedings of the stockholders.

Section 13. CONTROL SHARE ACQUISITION ACT. Notwithstanding any other provision of the charter of the Corporation or these Bylaws, Title 3, Subtitle 7 of the Maryland General Corporation Law, or any successor statute (the “MGCL”), shall not apply to any acquisition by any person of shares of stock of the Corporation. This section may be repealed, in whole or in part, at any time, whether before or after an acquisition of control shares and, upon such repeal, may, to the extent provided by any successor bylaw, apply to any prior or subsequent control share acquisition.

#### Section 14. PROXY ACCESS.

(a) Notwithstanding anything to the contrary in these Bylaws, whenever the Board of Directors solicits proxies with respect to the election of directors at an annual meeting of stockholders, subject to the provisions of this Section 14, the Corporation shall include in its proxy statement and related additional soliciting materials relating to the election of directors, if any (the “Company Proxy Materials”) pursuant to Section 14(a) of the Exchange Act, in addition to any individuals nominated for election by or at the direction of the Board of Directors, the

name, together with the Required Information (as defined below), of any individual nominated for election to the Board of Directors (each such individual being hereinafter referred to as a “Stockholder Nominee”) by a stockholder or group of no more than 20 stockholders that satisfies the requirements of this Section 14 (such individual or group, including as the context requires each member thereof, being hereinafter referred to as the “Eligible Stockholder”). For purposes of this Section 14, the “Required Information” that the Corporation shall include in the Company Proxy Materials is (1) the information provided to the Secretary of the Corporation concerning the Stockholder Nominee and the Eligible Stockholder that is required to be disclosed in the Company Proxy Materials by the rules and regulations promulgated under the Exchange Act and (2) if the Eligible Stockholder so elects, a written statement in support of the Stockholder Nominee’s candidacy, not to exceed 500 words, delivered to the Secretary of the Corporation at the time the Notice of Proxy Access Nomination (as defined below) required by this Section 14 is provided (the “Statement”). Notwithstanding anything to the contrary contained in this Section 14, the Corporation may omit from the Company Proxy Materials any information or Statement (or portion thereof) that the Board of Directors, determines is materially false or misleading, omits to state any material fact necessary in order to make such information or Statement, in light of the circumstances under which it was provided or made, not misleading, or would violate any applicable law or regulation.

(b) To be eligible to require the Corporation to include a Stockholder Nominee in the Company Proxy Materials pursuant to this Section 14, an Eligible Stockholder must have Owned (as defined below) at least three percent or more of the shares of common stock, par value \$0.01 per share (the “Common Stock”), of the Corporation outstanding from time to time (the “Required Shares”) continuously for at least three years (the “Minimum Holding Period”) as of the date the Notice of Proxy Access Nomination is received by the Secretary of the Corporation in accordance with this Section 14 and must continuously Own the Required Shares through the date of such annual meeting (and any postponement or adjournment thereof). For purposes of this Section 14, an Eligible Stockholder shall be deemed to “Own” only those outstanding shares of Common Stock as to which the Eligible Stockholder possesses both (1) the full voting and investment rights pertaining to such shares and (2) the full economic interest in (including the opportunity for profit from and risk of loss on) such shares; provided that the number of shares calculated in accordance with clauses (1) and (2) shall not include any shares (i) sold by such Eligible Stockholder or any of its Affiliates (as defined below) in any transaction that has not been settled or closed, including short sales, (ii) borrowed by such Eligible Stockholder or any of its Affiliates for any purpose or purchased by such Eligible Stockholder or any of its Affiliates pursuant to an agreement to resell, (iii) that are subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar instrument, agreement, arrangement or understanding entered into by such stockholder or any of its Affiliates, whether any such instrument, agreement, arrangement or understanding is to be settled with shares or with cash based on the notional amount or value of outstanding shares of Common Stock, in any such case which instrument, agreement, arrangement or understanding has, or is intended to have, the purpose or effect of (A) reducing in any manner, to any extent or at any time in the future, such stockholder’s or its Affiliate’s full right to vote or direct the voting of any such shares and/or (B) hedging, offsetting or altering to any degree any gain or loss arising from the full economic ownership of such shares by such stockholder or its Affiliate or (iv) for which the stockholder has transferred the right to vote the shares other than by means of a proxy, power of attorney or other instrument or arrangement that is unconditionally revocable at any time by the stockholder



and that expressly directs the proxy holder to vote at the direction of the stockholder. In addition, an Eligible Stockholder shall be deemed to “Own” shares of Common Stock held in the name of a nominee or other intermediary so long as the stockholder retains the full right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares of Common Stock. An Eligible Stockholder’s Ownership of shares of Common Stock shall be deemed to continue during any period in which the stockholder has loaned such shares provided that the Eligible Stockholder has the power to recall such loaned shares on five Business Days’ notice and has in fact recalled such loaned shares as of the time the Notice of Proxy Access Nomination is provided and through the date of the annual meeting of stockholders. For purposes of this Section 14, the terms “Owned,” “Owning” and other variations of the word “Own” shall have correlative meanings. Whether outstanding shares of Common Stock are “Owned” for these purposes shall be determined by the Board of Directors. In addition, the term “Affiliate” or “Affiliates” shall have the meaning ascribed thereto under the Exchange Act.

(c) To be eligible to require the Corporation to include a Stockholder Nominee in the Company Proxy Materials pursuant to this Section 14, an Eligible Stockholder must provide to the Secretary of the Corporation, in proper form and within the times specified below, (1) a written notice expressly electing to have such Stockholder Nominee included in the Company Proxy Materials pursuant to this Section 14 (a “Notice of Proxy Access Nomination”) and (2) any updates or supplements to such Notice of Proxy Access Nomination. To be timely, the Notice of Proxy Access Nomination must be delivered or mailed to and received by the Secretary of the Corporation at the principal executive office of the Corporation not earlier than the 150th day nor later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date of the proxy statement (as defined below) for the preceding year’s annual meeting; provided, however, that in the event that the date of the annual meeting of stockholders is advanced or delayed by more than 30 days from the first anniversary of the date of the preceding year’s annual meeting, the Notice of Proxy Access Nomination to be timely must be so delivered or mailed to and received by the Secretary not earlier than the 150th day prior to the date of such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the 120th day prior to the date of such annual meeting, as originally convened, or the tenth day following the day on which public announcement of the date of such annual meeting is first made. The public announcement of a postponement or an adjournment of an annual meeting shall not commence a new time for the giving of a Notice of Proxy Access Nomination as described above. As used herein, “the date of the proxy statement” shall have the same meaning as “the date of the company’s proxy statement released to shareholders” as used in Rule 14a-8(e) promulgated under the Exchange Act, as interpreted by the Securities and Exchange Commission from time to time.

(d) To be in proper form for purposes of this Section 14, the Notice of Proxy Access Nomination delivered or mailed to and received by the Secretary shall include the following information:

(1) one or more written statements from the record holder of the Required Shares (or from each intermediary through which the Required Shares are or have been held during the Minimum Holding Period and, if applicable, each participant in the Depository Trust Company (“DTC”) or affiliate of a DTC participant through which the Required Shares are or have been

held by such intermediary during the Minimum Holding Period if the intermediary is not a DTC participant or affiliate of a DTC participant) verifying that, as of a date within seven Business Days prior to the date the Notice of Proxy Access Nomination is delivered to or mailed to and received by the Secretary of the Corporation, the Eligible Stockholder Owns, and has Owned continuously for the Minimum Holding Period, the Required Shares, and the Eligible Stockholder's agreement to provide (i) within five Business Days after the record date for the annual meeting of stockholders, written statements from the record holder or intermediaries between the record holder and the Eligible Stockholder verifying the Eligible Stockholder's continuous Ownership of the Required Shares through the close of business on the record date, together with a written statement by the Eligible Stockholder that such Eligible Stockholder will continue to Own the Required Shares through the date of such annual meeting (and any postponement or adjournment thereof), and (ii) the updates and supplements to the Notice of Proxy Access Nomination at the times and in the forms required by this Section 14;

(2) a copy of the Schedule 14N filed or to be filed with the Securities and Exchange Commission as required by Rule 14a-18 under the Exchange Act;

(3) information that is the same as would be required to be set forth in a stockholder's notice of nomination pursuant to Section 11(a)(3) of this Article II, including the written consent of the Stockholder Nominee to being named in the Company Proxy Materials as a nominee and to serving as a director if elected;

(4) a written undertaking executed by the Stockholder Nominee (i) that such Stockholder Nominee (A) is not, and will not become, a party to any agreement, arrangement or understanding with any person or entity other than the Corporation in connection with service or action as a director that has not been disclosed to the Corporation and (B) will serve as a director of the Corporation if elected and (ii) attaching a completed Stockholder Nominee questionnaire (which questionnaire shall be provided by the Corporation, upon request by the Eligible Stockholder, and shall include all information relating to the Stockholder Nominee that would be required to be disclosed in connection with the solicitation of proxies for the election of the Stockholder Nominee as a director in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Exchange Act, or would be required pursuant to the rules of any national securities exchange on which any securities of the Corporation are listed or over-the-counter market on which any securities of the Corporation are traded);

(5) the written agreement of the Stockholder Nominee, upon such Stockholder Nominee's election, to make such acknowledgments, enter into such agreements and provide such information as the Board of Directors requires of all directors at such time, including, without limitation, agreeing to be bound by the Corporation's code of conduct, insider trading policy and other similar policies and procedures;

(6) a representation that the Eligible Stockholder (i) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control of the Corporation, and that neither the Eligible Stockholder nor any Stockholder Nominee being nominated thereby presently has such intent, (ii) has not nominated and will not nominate for

election to the Board of Directors at the annual meeting of stockholders (or any postponement or adjournment thereof) any individual other than the Stockholder Nominee(s) included in the Company Proxy Materials pursuant to this Section 14, (iii) has not engaged and will not engage in, and has not been and will not be a “participant” in another person’s, “solicitation,” each within the meaning of Rule 14a-1(l) under the Exchange Act, in support of the election of any individual as a director at the annual meeting (or any postponement or adjournment thereof) other than such Stockholder Nominee(s) or a nominee of the Board of Directors, (iv) has complied, and will comply, with all applicable laws and regulations applicable to solicitations and the use, if any, of soliciting material in connection with the annual meeting, including, without limitation, Rule 14a-9 under the Exchange Act, (v) will not distribute to any stockholder any form of proxy for the annual meeting other than the form distributed by the Corporation and (vi) has not provided and will not provide facts, statements or information in its communications with the Corporation and the stockholders that were not or will not be true, correct and complete in all material respects or which omitted or will omit to state a material fact necessary in order to make such facts, statements or information, in light of the circumstances under which they were or will be provided, not misleading;

(7) a written description of any agreement, arrangement or understanding with, or commitment or assurance to, any person or entity as to how the Stockholder Nominee, if elected as a director of the Corporation, will act or vote on any issue or question or issues or questions generally in his or her capacity as a director, together with a copy of any such agreement, arrangement or understanding, if written;

(8) a written undertaking that the Eligible Stockholder (i) assumes all liability stemming from any legal or regulatory violation arising out of communications with the stockholders by the Eligible Stockholder, its Affiliates and associates or their respective agents or representatives, either before or after providing a Notice of Proxy Access Nomination pursuant to this Section 14, or out of the facts, statements or information that the Eligible Stockholder or its Stockholder Nominee(s) provided to the Corporation pursuant to this Section 14 or otherwise in connection with the inclusion of such Stockholder Nominee(s) in the Company Proxy Materials pursuant to this Section 14, and (ii) indemnifies and holds harmless the Corporation and each of its directors, officers and employees against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers or employees arising out of any nomination of a Stockholder Nominee or inclusion of such Stockholder Nominee in the Company Proxy Materials pursuant to this Section 14;

(9) a written description of any compensatory, payment or other agreement, arrangement or understanding with any person or entity other than the Corporation under which the Stockholder Nominee is receiving or will receive compensation or payments directly related to service on the Board of Directors, together with a copy of any such agreement, arrangement or understanding if written; and

(10) in the case of the nomination by a group, the designation by all group members of one group member that is authorized to act on behalf of all group members with respect to matters relating to the nomination, including withdrawal of the nomination.

The Corporation may also require each Stockholder Nominee and the Eligible Stockholder to furnish such other information (i) as may reasonably be required by the Corporation to determine the eligibility of such Stockholder Nominee to serve as an independent director, (ii) that could be material to a stockholder's understanding of the independence or lack of independence of such Stockholder Nominee or (iii) as may reasonably be required by the Corporation to determine that the Eligible Stockholder meets the criteria for qualification as an Eligible Stockholder.

(e) To be eligible to require the Corporation to include a Stockholder Nominee in the Company Proxy Materials pursuant to this Section 14, an Eligible Stockholder must further update and supplement the Notice of Proxy Access Nomination, if necessary, so that the information provided or required to be provided in such Notice of Proxy Access Information pursuant to this Section 14 shall be true and correct as of the record date for the annual meeting of stockholders and as of the date that is ten Business Days prior to such annual meeting or any postponement or adjournment thereof, and such update and supplement (or a written notice stating that there is no such update or supplement) shall be delivered or mailed to and received by the Secretary at the principal executive office of the Corporation not later than 5:00 p.m., Eastern Time, on the fifth Business Day after the record date for the meeting (in the case of the update and supplement required to be made as of the record date) and not later than 5:00 p.m., Eastern Time, on the eighth Business Day prior to the date of the meeting, if practicable, or, if not practicable, on the first practicable date prior to the meeting or any postponement or adjournment thereof (in the case of the update and supplement required to be made as of ten Business Days prior to the meeting or any postponement or adjournment thereof).

(f) In the event that any facts, statements or information provided by the Eligible Stockholder or a Stockholder Nominee to the Corporation or the stockholders ceases to be true, correct and complete in all material respects or omits a material fact necessary to make such facts, statements or information, in light of the circumstances under which they were provided, not misleading, the Eligible Stockholder or Stockholder Nominee, as the case may be, shall promptly notify the Secretary of the Corporation of any defect in such previously provided facts, statements or information and of the facts, statements or information required to correct any such defect.

(g) Whenever an Eligible Stockholder consists of a group of more than one stockholder, each provision in this Section 14 that requires the Eligible Stockholder to provide any written statements, representations, undertakings, agreements or other instruments or to comply with any other conditions shall be deemed to require each stockholder that is a member of such group to provide such statements, representations, undertakings, agreements or other instruments and to meet such other conditions (which, if applicable, shall apply with respect to the portion of the Required Shares Owned by such stockholder). When an Eligible Stockholder is comprised of a group, a violation of any provision of these Bylaws by any member of the group shall be deemed a violation by the entire group. No person may be a member of more than one group of persons constituting an Eligible Stockholder with respect to any annual meeting of stockholders. In determining the aggregate number of stockholders in a group, two or more funds that are (1) under common management and investment control, (2) under common management and funded primarily by the same employer (or by a group of related employers that are under common control) or (3) a "group of investment companies," as such term is defined in Section

12(d)(1)(G)(ii) of the Investment Company Act of 1940, as amended (each, a “Qualifying Fund Family”), shall be treated as one stockholder. Not later than the deadline for delivery of the Notice of Proxy Access Nomination pursuant to this Section 14, a Qualifying Fund Family whose stock Ownership is counted for purposes of determining whether a stockholder or group of stockholders qualifies as an Eligible Stockholder shall provide to the Secretary of the Corporation such documentation as is reasonably satisfactory to the Board of Directors, in its sole discretion, that demonstrates that the funds comprising the Qualifying Fund Family satisfy the definition thereof.

(h) The maximum number of Stockholder Nominees nominated by all Eligible Stockholders and entitled to be included in the Company Proxy Materials with respect to an annual meeting of stockholders shall be the greater of (i) 20% of the number of directors up for election as of the last day on which a Notice of Proxy Access Nomination may be timely delivered pursuant to and in accordance with this Section 14 (the “Final Proxy Access Nomination Date”) or, if such percentage is not a whole number, the closest whole number below such percentage or (ii) two; provided that the maximum number of Stockholder Nominees entitled to be included in the Company Proxy Materials with respect to a forthcoming annual meeting of stockholders shall be reduced by the number of individuals who were elected as directors at the immediately preceding or second preceding annual meeting of stockholders after inclusion in the Company Proxy Materials pursuant to this Section 14 and whom the Board of Directors nominates for re-election at such forthcoming annual meeting of stockholders. In the event that one or more vacancies for any reason occur on the Board of Directors after the Final Proxy Access Nomination Date but before the date of the annual meeting of stockholders and the Board of Directors elects to reduce the size of the Board of Directors in connection therewith, the maximum number of Stockholder Nominees eligible for inclusion in the Company Proxy Materials pursuant to this Section 14 shall be calculated based on the number of directors serving as so reduced. Any individual nominated by an Eligible Stockholder for inclusion in the Company Proxy Materials pursuant to this Section 14 whose nomination is subsequently withdrawn or whom the Board of Directors decides to nominate for election to the Board of Directors shall be counted as one of the Stockholder Nominees for purposes of determining when the maximum number of Stockholder Nominees eligible for inclusion in the Company Proxy Materials pursuant to this Section 14 has been reached. Any Eligible Stockholder submitting more than one Stockholder Nominee for inclusion in the Company Proxy Materials pursuant to this Section 14 shall rank such Stockholder Nominees based on the order that the Eligible Stockholder desires such Stockholder Nominees be selected for inclusion in the Company Proxy Materials in the event that the total number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 14 exceeds the maximum number of Stockholder Nominees eligible for inclusion in the Company Proxy Materials pursuant to this Section 14(h). In the event the number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 14 exceeds the maximum number of nominees eligible for inclusion in the Company Proxy Materials pursuant to this Section 14(h), the highest-ranking Stockholder Nominee from each Eligible Stockholder pursuant to the preceding sentence shall be selected for inclusion in the Company Proxy Materials until the maximum number is reached, proceeding in order of the number of shares of Common Stock (largest to smallest) disclosed as Owned by each Eligible Stockholder in the Notice of Proxy Access Nomination submitted to the Secretary of the Corporation. If the maximum number is not reached after the highest-ranking Stockholder Nominee from each Eligible Stockholder has been selected, this selection process shall continue

as many times as necessary, following the same order each time, until the maximum number is reached. The Stockholder Nominees so selected in accordance with this Section 14(h) shall be the only Stockholder Nominees entitled to be included in the Company Proxy Materials and, following such selection, if the Stockholder Nominees so selected are not included in the Company Proxy Materials or are not submitted for election for any reason (other than the failure of the Corporation to comply with this Section 14), no other Stockholder Nominees shall be included in the Company Proxy Materials pursuant to this Section 14.

(i) The Corporation shall not be required to include, pursuant to this Section 14, a Stockholder Nominee in the Company Proxy Materials for any annual meeting of stockholders (1) for which meeting the Secretary of the Corporation receives a notice that the Eligible Stockholder or any other stockholder has nominated one or more individuals for election to the Board of Directors pursuant to the advance notice requirements for stockholder nominees for director set forth in Section 11 of this Article II, (2) if the Eligible Stockholder who has nominated such Stockholder Nominee has engaged in or is currently engaged in, or has been or is a “participant” in another person’s, “solicitation,” each within the meaning of Rule 14a-1(l) under the Exchange Act, in support of the election of any individual as a director at the annual meeting other than its Stockholder Nominee(s) or a nominee of the Board of Directors, (3) if such Stockholder Nominee would not qualify as an Independent Director, (4) if the election of such Stockholder Nominee as a director would cause the Corporation to fail to comply with these Bylaws, the charter of the Corporation, the rules and listing standards of any national securities exchange on which any securities of the Corporation are listed or over-the-counter market on which any securities of the Corporation are traded, or any applicable state or federal law, rule or regulation, (5) if such Stockholder Nominee is or has been, within the past three years, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, (6) if such Stockholder Nominee is a defendant in or named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted or has pleaded nolo contendere in such a criminal proceeding within the past ten years, (7) if such Stockholder Nominee is subject to any order of the type specified in Rule 506(d) of Regulation D promulgated under the Securities Act of 1933, as amended, (8) if the Eligible Stockholder who has nominated such Stockholder Nominee or such Stockholder Nominee provides any facts, statements or information to the Corporation or the stockholders required or requested pursuant to this Section 14 that is not true, correct and complete in all material respects or that omits a material fact necessary to make such facts, statements or information, in light of the circumstances in which they were provided, not misleading, or that otherwise contravenes any of the agreements, representations or undertakings made by such Eligible Stockholder or Stockholder Nominee pursuant to this Section 14 or (9) if the Eligible Stockholder who has nominated such Stockholder Nominee or such Stockholder Nominee fails to comply with any of its obligations pursuant to this Section 14, in each instance as determined by the Board of Directors, in its sole discretion.

(j) Notwithstanding anything to the contrary set forth herein, the Board of Directors or the officer of the Corporation presiding at an annual meeting shall declare a nomination by an Eligible Stockholder to be invalid, and such nomination shall be disregarded notwithstanding that proxies in respect of such vote may have been received by the Corporation, if (1) the Stockholder Nominee(s) and/or the applicable Eligible Stockholder shall have failed to comply with its or their obligations under this Section 14, as determined by the Board of Directors or

such officer, or (2) the Eligible Stockholder, or a qualified representative thereof, does not appear at the annual meeting of stockholders to present the nomination of the Stockholder Nominee(s) included in the Company Proxy Materials pursuant to this Section 14. For purposes of this Section 14(j), to be considered a qualified representative of a stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as its proxy at the annual meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction thereof, at such annual meeting.

(k) Any Stockholder Nominee who is included in the Company Proxy Materials for an annual meeting of stockholders but either (1) withdraws from or becomes ineligible or unavailable for election to the Board of Directors at such annual meeting or (2) does not receive a number of “for” votes equal to at least 25% of the number of votes cast by stockholders in the election of such Stockholder Nominee at such annual meeting shall be ineligible for inclusion in the Company Proxy Materials as a Stockholder Nominee pursuant to this Section 14 for the next two annual meetings of stockholders. For the avoidance of doubt, this Section 14(k) shall not prevent any stockholder from nominating any individual to the Board of Directors pursuant to and in accordance with Section 11 of Article II.

(l) This Section 14 provides the exclusive method for a stockholder to require the Corporation to include nominee(s) for election to the Board of Directors in the Company Proxy Materials.

### **ARTICLE III**

#### **DIRECTORS**

Section 1. GENERAL POWERS. The business and affairs of the Corporation shall be managed under the direction of its Board of Directors.

Section 2. NUMBER, TENURE AND QUALIFICATIONS. At any regular meeting or at any special meeting called for that purpose, a majority of the entire Board of Directors may establish, increase or decrease the number of directors, provided that the number thereof shall never be less than three, nor more than 13, and further provided that the tenure of office of a director shall not be affected by any decrease in the number of directors. A director shall be an individual at least 21 years of age who is not under a legal disability. Any director of the Corporation may resign at any time by delivering his or her resignation to the Board of Directors, the chair of the board or the secretary. Any resignation shall take effect immediately upon its receipt or at such later time specified in the resignation. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation.

Section 3. ANNUAL AND REGULAR MEETINGS. An annual meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of stockholders, no notice other than this Bylaw being necessary. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors. The Board of Directors may

provide, by resolution, the time and place for the holding of regular meetings of the Board of Directors without other notice than such resolution.

Section 4. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the chair of the board, the chief executive officer, the president or by a majority of the directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix any place as the place for holding any special meeting of the Board of Directors called by them. The Board of Directors may provide, by resolution, the time and place for the holding of special meetings of the Board of Directors without other notice than such resolution.

Section 5. NOTICE. Notice of any special meeting of the Board of Directors shall be delivered personally or by telephone, electronic mail, facsimile transmission, United States mail or courier to each director at his or her business or residence address. Notice by personal delivery, telephone, electronic mail or facsimile transmission shall be given at least 24 hours prior to the meeting. Notice by United States mail shall be given at least three days prior to the meeting. Notice by courier shall be given at least two days prior to the meeting. Telephone notice shall be deemed to be given when the director or his or her agent is personally given such notice in a telephone call to which the director or his or her agent is a party. Electronic mail notice shall be deemed to be given upon transmission of the message to the electronic mail address given to the Corporation by the director. Facsimile transmission notice shall be deemed to be given upon completion of the transmission of the message to the number given to the Corporation by the director and receipt of a completed answer-back indicating receipt. Notice by United States mail shall be deemed to be given when deposited in the United States mail properly addressed, with postage thereon prepaid. Notice by courier shall be deemed to be given when deposited with or delivered to a courier properly addressed. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be stated in the notice, unless specifically required by statute or these Bylaws.

Section 6. QUORUM. A majority of the directors shall constitute a quorum for transaction of business at any meeting of the Board of Directors, provided that, if less than a majority of such directors is present at such meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, and provided further that if, pursuant to applicable law, the charter of the Corporation or these Bylaws, the vote of a majority or other percentage of a particular group of directors is required for action, a quorum must also include a majority of such group.

The directors present at a meeting which has been duly called and at which a quorum was established may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 7. VOTING. The action of a majority of the directors present at a meeting at which a quorum is present shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the charter or these Bylaws. If enough directors have withdrawn from a meeting to leave less than a quorum but the meeting is not adjourned, the action of the majority of that number of directors necessary



to constitute a quorum at such meeting shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the charter or these Bylaws.

Section 8. ORGANIZATION. At each meeting of the Board of Directors, the chair of the board or, in the absence of the chair, the vice chair of the board, if any, shall act as chair of the meeting. In the absence of both the chair and vice chair of the board, the chief executive officer or in the absence of the chief executive officer, the president or in the absence of the president, a director chosen by a majority of the directors present, shall act as chair of the meeting. The secretary or, in his or her absence, an assistant secretary of the Corporation, or in the absence of the secretary and all assistant secretaries, a person appointed by the chair of the meeting, shall act as secretary of the meeting.

Section 9. TELEPHONE MEETINGS. Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 10. CONSENT BY DIRECTORS WITHOUT A MEETING. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if a consent in writing or by electronic transmission to such action is given by each director and is filed with the minutes of proceedings of the Board of Directors.

Section 11. VACANCIES. If for any reason any or all the directors cease to be directors, such event shall not terminate the Corporation or affect these Bylaws or the powers of the remaining directors hereunder. Any vacancy on the Board of Directors for any cause other than an increase in the number of directors may be filled by a majority of the remaining directors, even if such majority is less than a quorum. Any vacancy in the number of directors created by an increase in the number of directors may be filled by a majority vote of the entire Board of Directors and, in the case of a vacancy resulting from the removal of a director, by the stockholders by the affirmative vote of two-thirds of the votes entitled to be cast in the election of directors. However, any vacancy on the Board of Directors among the directors elected by a class or series of stock other than common stock may be filled by a majority of the remaining directors elected by that class or series or by the sole remaining director elected by that class or series, or by a majority of the stockholders of that class or series unless otherwise provided in the articles supplementary for that class or series. Any individual so elected as director shall serve until the next annual meeting of stockholders and until his or her successor is elected and qualifies.

Section 12. COMPENSATION. Directors shall not receive any stated salary for their services as directors but, by resolution of the Board of Directors, may receive compensation per year and/or per meeting and/or per visit to real property or other facilities owned or leased by the Corporation and for any service or activity they performed or engaged in as directors. Directors may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the Board of Directors or of any committee thereof and for their expenses, if any, in connection with each property visit and any other service or activity they performed or engaged

in as directors; but nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

Section 13. RELIANCE. Each director and officer of the Corporation shall, in the performance of his or her duties with respect to the Corporation, be entitled to rely on any information, opinion, report or statement, including any financial statement or other financial data, prepared or presented by an officer or employee of the Corporation whom the director or officer reasonably believes to be reliable and competent in the matters presented, by a lawyer, certified public accountant or other person, as to a matter which the director or officer reasonably believes to be within the person's professional or expert competence, or, with respect to a director, by a committee of the Board of Directors on which the director does not serve, as to a matter within its designated authority, if the director reasonably believes the committee to merit confidence.

Section 14. RATIFICATION. The Board of Directors or the stockholders may ratify and make binding on the Corporation any action or inaction by the Corporation or its officers to the extent that the Board of Directors or the stockholders could have originally authorized the matter. Moreover, any action or inaction questioned in any stockholders' derivative proceeding or any other proceeding on the ground of lack of authority, defective or irregular execution, adverse interest of a director, officer or stockholder, non-disclosure, miscomputation, the application of improper principles or practices of accounting, or otherwise, may be ratified, before or after judgment, by the Board of Directors or by the stockholders, and if so ratified, shall have the same force and effect as if the questioned action or inaction had been originally duly authorized, and such ratification shall be binding upon the Corporation and its stockholders and shall constitute a bar to any claim or execution of any judgment in respect of such questioned action or inaction.

Section 15. CERTAIN RIGHTS OF DIRECTORS AND OFFICERS. A director who is not also an officer of the Corporation shall have no responsibility to devote his or her full time to the affairs of the Corporation. Any director or officer, in his or her personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar to, in addition to or in competition with those of or relating to the Corporation.

#### **ARTICLE IV**

#### **COMMITTEES**

Section 1. NUMBER, TENURE AND QUALIFICATIONS. The Board of Directors may appoint from among its members an Executive Committee, an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and other committees, composed of one or more directors, to serve at the pleasure of the Board of Directors.

Section 2. POWERS. The Board of Directors may delegate to committees appointed under Section 1 of this Article any of the powers of the Board of Directors, except as prohibited by law.

Section 3. MEETINGS. Notice of committee meetings shall be given in the same manner as notice for special meetings of the Board of Directors. A majority of the members of the committee shall constitute a quorum for the transaction of business at any meeting of the committee. The act of a majority of the committee members present at a meeting shall be the act of such committee. The Board of Directors may designate a chair of any committee, and such chair or, in the absence of a chair, any two members of any committee (if there are at least two members of the Committee) may fix the time and place of its meeting unless the Board shall otherwise provide. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint another director to act in the place of such absent member. Each committee shall keep minutes of its proceedings.

Section 4. TELEPHONE MEETINGS. Members of a committee of the Board of Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 5. CONSENT BY COMMITTEES WITHOUT A MEETING. Any action required or permitted to be taken at any meeting of a committee of the Board of Directors may be taken without a meeting, if a consent in writing or by electronic transmission to such action is given by each member of the committee and is filed with the minutes of proceedings of such committee.

Section 6. VACANCIES. Subject to the provisions hereof, the Board of Directors shall have the power at any time to change the membership of any committee, to fill any vacancy, to designate an alternate member to replace any absent or disqualified member or to dissolve any such committee.

Section 7. EMERGENCY. In the event of a state of disaster of sufficient severity or other emergency condition, the result of which a quorum of the Board of Directors under Article III of these Bylaws cannot readily be obtained (an "Emergency"), any two or more available members of the then incumbent Board shall constitute a committee of the Board with the full power of the Board to conduct and manage the affairs and business of the Corporation in accordance with the provisions of this Article IV. Any provisions of the Bylaws (other than this Section 7) and any resolutions which are contrary to the provisions of this Section 7 or to the provisions of any such implementing resolutions shall be suspended until it shall be determined by such Committee acting under this Section 7 that it shall be to the advantage of the Corporation to resume the conduct and management of its affairs and business under all the other provisions of these Bylaws.

## **ARTICLE V**

### **OFFICERS**

Section 1. GENERAL PROVISIONS. The officers of the Corporation shall include a president, a secretary and a treasurer and may include a chair of the board, a vice chair of the board, a chief executive officer, one or more vice presidents, a chief operating officer, a

chief financial officer, one or more assistant secretaries and one or more assistant treasurers. In addition, the Board of Directors may from time to time elect such other officers with such powers and duties as they shall deem necessary or desirable. The officers of the Corporation shall be elected annually by the Board of Directors, except that the chief executive officer or president may from time to time appoint one or more vice presidents, assistant secretaries and assistant treasurers or other officers. Each officer shall serve until his or her successor is elected and qualifies or until his or her death, or his or her resignation or removal in the manner hereinafter provided. Any two or more offices except president and vice president may be held by the same person. Election of an officer or agent shall not of itself create contract rights between the Corporation and such officer or agent.

Section 2. REMOVAL AND RESIGNATION. Any officer or agent of the Corporation may be removed, with or without cause, by the Board of Directors if in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Corporation may resign at any time by delivering his or her resignation to the Board of Directors, the chair of the board, the president or the secretary. Any resignation shall take effect immediately upon its receipt or at such later time specified in the resignation. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Corporation.

Section 3. VACANCIES. A vacancy in any office may be filled by the Board of Directors for the balance of the term.

Section 4. CHIEF EXECUTIVE OFFICER. The Board of Directors may designate a chief executive officer. In the absence of such designation, the chair of the board shall be the chief executive officer of the Corporation. The chief executive officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the Board of Directors, and for the management of the business and affairs of the Corporation. He or she may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of chief executive officer and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5. CHIEF OPERATING OFFICER. The Board of Directors may designate a chief operating officer. The chief operating officer shall have the responsibilities and duties as determined by the Board of Directors or the chief executive officer.

Section 6. CHIEF FINANCIAL OFFICER. The Board of Directors may designate a chief financial officer. The chief financial officer shall have the responsibilities and duties as determined by the Board of Directors or the chief executive officer.

Section 7. CHAIR OF THE BOARD. The Board of Directors shall designate a chair of the board. The chair of the board shall preside over the meetings of the Board of Directors and of the stockholders at which he shall be present. The chair of the board shall perform such other duties as may be assigned to him or her by the Board of Directors.

Section 8. PRESIDENT. In the absence of a chief executive officer, the president shall in general supervise and control all of the business and affairs of the Corporation. In the absence of a designation of a chief operating officer by the Board of Directors, the president shall be the chief operating officer. He or she may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

Section 9. VICE PRESIDENTS. In the absence of the president or in the event of a vacancy in such office, the vice president (or in the event there be more than one vice president, the vice presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions upon the president; and shall perform such other duties as from time to time may be assigned to such vice president by the president or by the Board of Directors. The Board of Directors may designate one or more vice presidents as executive vice president, senior vice president, or as vice president for particular areas of responsibility.

Section 10. SECRETARY. The secretary shall (a) keep the minutes of the proceedings of the stockholders, the Board of Directors and committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation; (d) keep or cause to be kept by the transfer agent of the Corporation or other person a register of the post office address of each stockholder which shall be furnished to the secretary by such stockholder; (e) have general charge of the stock transfer books of the Corporation; and (f) in general perform such other duties as from time to time may be assigned to him by the chief executive officer, the president or by the Board of Directors.

Section 11. TREASURER. The treasurer shall have the custody of the funds and securities of the Corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. In the absence of a designation of a chief financial officer by the Board of Directors, the treasurer shall be the chief financial officer of the Corporation.

The treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and Board of Directors, at the regular meetings of the Board of Directors or whenever it may so require, an account of all his or her transactions as treasurer and of the financial condition of the Corporation.

Section 12. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or treasurer, respectively, or by the president or the Board of Directors.

Section 13. COMPENSATION. The compensation of the officers shall be fixed from time to time by or under the authority of the Board of Directors and no officer shall be prevented from receiving such compensation by reason of the fact that he is also a director.

## **ARTICLE VI**

### **CONTRACTS, LOANS, CHECKS AND DEPOSITS**

Section 1. CONTRACTS. The Board of Directors may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document shall be valid and binding upon the Corporation when duly authorized or ratified by action of the Board of Directors and executed by an authorized person.

Section 2. CHECKS AND DRAFTS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or agent of the Corporation in such manner as shall from time to time be determined by the Board of Directors.

Section 3. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited or invested from time to time to the credit of the Corporation as the Board of Directors, the chief executive officer, the chief financial officer, or any other officer designated by the Board of Directors may determine.

## **ARTICLE VII**

### **STOCK**

Section 1. CERTIFICATES. Except as may be otherwise provided by the Board of Directors, stockholders of the Corporation are not entitled to certificates representing the shares of stock held by them. In the event that the Corporation issues shares of stock represented by certificates, such certificates shall be in such form as prescribed by the Board of Directors or a duly authorized officer, shall contain the statements and information required by the MGCL and shall be signed by the officers of the Corporation in the manner permitted by the MGCL. In the event that the Corporation issues shares of stock without certificates, to the extent then required by the MGCL, the Corporation shall provide to the record holders of such shares a written statement of the information required by the MGCL to be included on stock certificates. There shall be no differences in the rights and obligations of stockholders based on whether or not their shares are represented by certificates.

Section 2. TRANSFERS. All transfers of shares of stock shall be made on the books of the Corporation, by the holder of the shares, in person or by his or her attorney, in such

manner as the Board of Directors or any officer of the Corporation may prescribe and, if such shares are certificated, upon surrender of certificates duly endorsed. The issuance of a new certificate upon the transfer of certificated shares is subject to the determination of the Board of Directors that such shares shall no longer be represented by certificates. Upon the transfer of uncertificated shares, to the extent then required by the MGCL, the Corporation shall provide to record holders of such shares a written statement of the information required by the MGCL to be included on stock certificates.

The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Maryland.

Notwithstanding the foregoing, transfers of shares of any class or series of stock will be subject in all respects to the charter of the Corporation and all of the terms and conditions contained therein.

Section 3. REPLACEMENT CERTIFICATE. Any officer of the Corporation may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, destroyed, stolen or mutilated, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, destroyed, stolen or mutilated; provided, however, if such shares have ceased to be certificated, no new certificate shall be issued unless requested in writing by such stockholder and the Board of Directors has determined that such certificates may be issued. Unless otherwise determined by an officer of the Corporation, the owner of such lost, destroyed, stolen or mutilated certificate or certificates, or his or her legal representative, shall be required, as a condition precedent to the issuance of a new certificate or certificates, to give the Corporation a bond in such sums as it may direct as indemnity against any claim that may be made against the Corporation.

Section 4. FIXING OF RECORD DATE. The Board of Directors may set, in advance, a record date for the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or determining stockholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days and, in the case of a meeting of stockholders, not less than ten days, before the date on which the meeting or particular action requiring such determination of stockholders of record is to be held or taken.

When a record date for the determination of stockholders entitled to notice of and to vote at any meeting of stockholders has been set as provided in this section, such record date shall continue to apply to the meeting if adjourned or postponed, except if the meeting is adjourned to a date more than 120 days or postponed to a date more than 90 days after the record date originally fixed for the meeting, in which case a new record date for such meeting may be determined as set forth herein.

Section 5. STOCK LEDGER. The Corporation shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate stock ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.

Section 6. FRACTIONAL STOCK; ISSUANCE OF UNITS. The Board of Directors may issue fractional stock or provide for the issuance of scrip, all on such terms and under such conditions as they may determine. Notwithstanding any other provision of the charter or these Bylaws, the Board of Directors may issue units consisting of different securities of the Corporation. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Corporation, except that the Board of Directors may provide that for a specified period securities of the Corporation issued in such unit may be transferred on the books of the Corporation only in such unit.

## **ARTICLE VIII**

### **ACCOUNTING YEAR**

The Board of Directors shall have the power, from time to time, to fix the fiscal year of the Corporation by a duly adopted resolution.

## **ARTICLE IX**

### **DISTRIBUTIONS**

Section 1. AUTHORIZATION. Dividends and other distributions upon the stock of the Corporation may be authorized by the Board of Directors, subject to the provisions of law and the charter of the Corporation. Dividends and other distributions may be paid in cash, property or stock of the Corporation, subject to the provisions of law and the charter.

Section 2. CONTINGENCIES. Before payment of any dividends or other distributions, there may be set aside out of any assets of the Corporation available for dividends or other distributions such sum or sums as the Board of Directors may from time to time, in its absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends, for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall determine, and the Board of Directors may modify or abolish any such reserve.

## **ARTICLE X**

### **INVESTMENT POLICY**

Subject to the provisions of the charter of the Corporation, the Board of Directors may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Corporation as it shall deem appropriate in its sole discretion.



## ARTICLE XI

### SEAL

Section 1. SEAL. The Board of Directors may authorize the adoption of a seal by the Corporation. The seal shall contain the name of the Corporation and the year of its incorporation and the words "Incorporated Maryland." The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof.

Section 2. AFFIXING SEAL. Whenever the Corporation is permitted or required to affix its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word "(SEAL)" adjacent to the signature of the person authorized to execute the document on behalf of the Corporation.

## ARTICLE XII

### INDEMNIFICATION AND ADVANCE OF EXPENSES

To the maximum extent permitted by Maryland law in effect from time to time, the Corporation shall indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, shall pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (a) any individual who is a present or former director or officer of the Corporation and who is made or threatened to be made a party to the proceeding by reason of his or her service in that capacity or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner or trustee of another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made or threatened to be made a party to the proceeding by reason of his or her service in that capacity. The rights to indemnification and advance of expenses provided by the charter of the Corporation and these Bylaws shall vest immediately upon election of a director or officer. The Corporation may, with the approval of its Board of Directors, provide such indemnification and advance for expenses to an individual who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation. The indemnification and payment or reimbursement of expenses provided in these Bylaws shall not be deemed exclusive of or limit in any way other rights to which any person seeking indemnification or payment or reimbursement of expenses may be or may become entitled under any bylaw, regulation, insurance, agreement or otherwise.

Neither the amendment nor repeal of this Article, nor the adoption or amendment of any other provision of the Bylaws or charter of the Corporation inconsistent with this Article, shall apply to or affect in any respect the applicability of the preceding paragraph with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption regardless of whether a claim with respect to such action or inaction is raised prior or subsequent to such amendment.

### **ARTICLE XIII**

#### **WAIVER OF NOTICE**

Whenever any notice of a meeting is required to be given pursuant to the charter of the Corporation or these Bylaws or pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

### **ARTICLE XIV**

#### **AMENDMENT OF BYLAWS**

These Bylaws may be altered, amended or repealed, or new Bylaws may be adopted, as provided in Article X, Section 10(a)(6) of the charter of the Corporation.

**HOST HOTELS & RESORTS, INC. AND SUBSIDIARIES**  
**COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES**  
(in millions, except ratio amounts)

	Quarter ended March 31,	
	2017	2016
Income from continuing operations before income taxes	\$ 155	\$ 175
Add (deduct):		
Fixed charges	46	47
Capitalized interest	—	(1)
Amortization of capitalized interest	2	2
Equity in earnings related to equity method investees	(7)	(2)
Distributions from investments in affiliates	—	12
Adjusted earnings	\$ 196	\$ 233
Fixed charges:		
Interest on indebtedness and amortization of deferred financing costs	\$ 39	\$ 39
Capitalized interest	—	1
Portion of rents representative of the interest factor	7	7
Total fixed charges	\$ 46	\$ 47
Ratio of earnings to fixed charges	4.3	5.0

**HOST HOTELS & RESORTS, L.P. AND SUBSIDIARIES**  
**COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES**  
(in millions, except ratio amounts)

	<u>Quarter ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
Income from continuing operations before income taxes	\$ 155	\$ 175
Add (deduct):		
Fixed charges	46	47
Capitalized interest	—	(1)
Amortization of capitalized interest	2	2
Equity in earnings related to equity method investees	(7)	(2)
Distributions from investments in affiliates	—	12
Adjusted earnings	\$ 196	\$ 233
Fixed charges:		
Interest on indebtedness and amortization of deferred financing costs	\$ 39	\$ 39
Capitalized interest	—	1
Portion of rents representative of the interest factor	7	7
Total fixed charges	\$ 46	\$ 47
Ratio of earnings to fixed charges	4.3	5.0

**Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, James F. Risoleo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Host Hotels & Resorts, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 2, 2017

/s/ JAMES F. RISOLEO

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**James F. Risoleo**  
*President, Chief Executive Officer*

**Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Gregory J. Larson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Host Hotels & Resorts, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 2, 2017

/s/ GREGORY J. LARSON

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Gregory J. Larson  
*Executive Vice President, Chief Financial Officer*

**Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, James F. Risoleo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Host Hotels & Resorts, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 2, 2017

By: /s/ JAMES F. RISOLEO

**James F. Risoleo**  
**President, Chief Executive Officer of Host Hotels & Resorts, Inc.,**  
**general partner of Host Hotels & Resorts, L.P.**

**Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Gregory J. Larson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Host Hotels & Resorts, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 2, 2017

/s/ GREGORY J. LARSON

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**Gregory J. Larson**  
*Executive Vice President, Chief Financial Officer of*  
*Host Hotels & Resorts, Inc.,*  
*general partner of Host Hotels & Resorts, L.P.*



**Section 906 Certification**

Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. § 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, updated pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of Host Hotels & Resorts, Inc. (the "Company") hereby certify, to such officers' knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2017 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 2, 2017

/s/ JAMES F. RISOLEO

James F. Risoleo  
*Chief Executive Officer*

/s/ GREGORY J. LARSON

Gregory J. Larson  
*Chief Financial Officer*

**Section 906 Certification**

Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. § 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, updated pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of Host Hotels & Resorts, Inc., the general partner of Host Hotels & Resorts, L.P., hereby certify, to such officers' knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of Host Hotels & Resorts, L.P. for the period ended March 31, 2017 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Host Hotels & Resorts, L.P.

Dated: May 2, 2017

/s/ JAMES F. RISOLEO

**James F. Risoleo**

*Chief Executive Officer of Host Hotels & Resorts, Inc.*

/s/ GREGORY J. LARSON

**Gregory J. Larson**

*Chief Financial Officer of Host Hotels & Resorts, Inc.*