SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

OR

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

For the Quarter Ended September 10, 1999   Commission File No. 0-25087

HOST MARRIOTT, L.P.
10400 Fernwood Road
Bethesda, Maryland 20817
(301) 380-9000

Delaware	52-2095412
(State of Incorporation)	(I.R.S. Employer Identification Number)

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, and (2) has been subject to such filing requirements for the past 90 days.

Yes X   No___

Class	Units outstanding at October 19, 1999
Units of limited partnership interest	293,335,128
Units of Class TS Cumulative Redeemable Preferred limited partnership interest	585,777
Units of Class A Cumulative Redeemable Preferred limited partnership interest	4,160,000

INDEX

HOST MARRIOTT, L.P.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions)

	September 10, 1999 (unaudited)	December 31, 1998
ASSETS		
Property and equipment, net	$ 7,221	$ 7,201
Notes and other receivables (including amounts due from affiliates of $131 million and $134 million, respectively)	244	203
Rent receivable	63	--
Due from managers	--	19
Investments in affiliates	48	33
Other assets	458	370
Cash and cash equivalents	290	436
	$ 8,324	$ 8,262
LIABILITIES AND SHAREHOLDERS' EQUITY		
Debt		
Senior notes	$ 2,539	$ 2,246
Mortgage debt	2,255	2,438
Convertible debt obligation to Host Marriott	567	567
Other	356	447
	5,717	5,698
Accounts payable and accrued expenses	142	204
Deferred income taxes	96	97
Other liabilities	383	460
Total liabilities	6,338	6,459
Minority interest	141	147
Class TS cumulative redeemable preferred limited partnership interests of third parties at redemption value ("Class TS Preferred Units") (representing 0.6 million units and 0 units at September 10, 1999 and December 31, 1998, respectively)	6	--
Limited partnership interests of third parties at redemption value (representing 64.3 million units and 64.6 million units at September 10, 1999 and December 31, 1998, respectively)	611	892
Partners' Capital		
General partner	1	1
Class A cumulative redeemable preferred limited partner units ("Class A Preferred Units")	100	--
Limited partner	1,124	767
Accumulated other comprehensive income (loss)	3	(4)
Total shareholders' equity	1,228	764
	$ 8,324	$ 8,262

See Notes to Condensed Consolidated Financial Statements

HOST MARRIOTT, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Twelve weeks ended September 10, 1999 and September 11, 1998
(unaudited, in millions)

	1999	1998
REVENUES		
Rental income (Note 3)	$ 274	$ --
Hotel sales		
Rooms	--	494
Food and beverage	--	198
Other	--	49
Interest income	10	11
Net gains on property transactions	--	1
Equity in earnings of affiliates	3	2
Other	2	1
Total revenues	289	756
EXPENSES		
Depreciation and amortization	68	53
Property-level expenses	62	67
Hotel operating expenses		
Rooms	--	121
Food and beverage	--	156
Other department costs and deductions	--	194
Management fees (including Marriott International management fees of $36 million in 1998)	--	39
Minority interest	3	6
Interest expense	108	79
Dividends on Host Marriott-obligated mandatorily redeemable convertible preferred securities of a subsidiary trust whose sole assets are the convertible subordinated debentures due 2026 ("Convertible Preferred Securities")	--	9
Corporate expenses	6	12
REIT Conversion expenses	--	8
Other expenses	1	4
	248	748
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	41	8
Provision for income taxes	--	(6)
INCOME FROM CONTINUING OPERATIONS	41	2
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAXES	--	2
INCOME BEFORE EXTRAORDINARY ITEM	41	4
Extraordinary gain (loss)	4	(148)
NET INCOME (LOSS)	$ 45	$ (144)
Less: Distributions on Class A Preferred Units	(1)	--
NET INCOME (LOSS) AVAILABLE TO COMMON UNITHOLDERS	$ 44	$ (144)

See Notes to Condensed Consolidated Financial Statements

HOST MARRIOTT, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (cont.)
Twelve weeks ended September 10, 1999 and September 11, 1998
(unaudited)

BASIC EARNINGS PER UNIT:		
CONTINUING OPERATIONS	$ 0.13	$ 0.01
Discontinued operations (net of income taxes)	--	0.01
Extraordinary gain (loss)	0.02	(0.69)
BASIC EARNINGS (LOSS) PER UNIT:	$ 0.15	$ (0.67)
DILUTED EARNINGS PER UNIT:		
CONTINUING OPERATIONS	$ 0.13	$ 0.01
Discontinued operations (net of income taxes)	--	0.01
Extraordinary gain (loss)	0.02	(0.67)
DILUTED EARNINGS (LOSS) PER UNIT	$ 0.15	$ (0.65)

See Notes to Condensed Consolidated Financial Statements

HOST MARRIOTT, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Thirty-six weeks ended September 10, 1999 and September 11, 1998
(unaudited, in millions)

	1999	1998
REVENUES		
Rental income (Note 3)	$ 885	$ --
Hotel sales		
Rooms	--	1,514
Food and beverage	--	642
Other	--	159
Interest income	26	35
Net gains on property transactions	16	53
Equity in earnings of affiliates	5	1
Other	5	6
Total revenues	937	2,410
EXPENSES		
Depreciation and amortization	201	166
Property-level expenses	182	189
Hotel operating expenses		
Rooms	--	348
Food and beverage	--	477
Other department costs and deductions	--	568
Management fees (including Marriott International management fees of $138 million in 1998)	--	147
Minority interest	16	36
Interest expense	325	231
Dividends on Host Marriott-obligated mandatorily redeemable convertible preferred securities of a subsidiary trust whose sole assets are the convertible subordinated debentures due 2026 ("Convertible Preferred Securities")	--	26
Corporate expenses	22	33
REIT conversion expenses	--	14
Other expenses	10	14
	756	2,249
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	181	161
Provision for income taxes	--	(69)
INCOME FROM CONTINUING OPERATIONS	181	92
INCOME FROM DISCONTINUED OPERATIONS, net of taxes	--	8
INCOME BEFORE EXTRAORDINARY ITEM	181	100
Extraordinary gain (loss)	17	(148)
NET INCOME (LOSS)	$ 198	$ (48)
Less: Distributions on Class A Preferred Units	(1)	--
NET INCOME (LOSS) AVAILABLE TO COMMON UNITHOLDERS	$ 197	$ (48)

See Notes to Condensed Consolidated Financial Statements

HOST MARRIOTT, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (cont.)
Thirty-six weeks ended September 10, 1999 and September 11, 1998
(unaudited)

BASIC EARNINGS PER UNIT:		
CONTINUING OPERATIONS	$ 0.62	$ 0.42
Discontinued operations (net of income taxes)	--	0.04
Extraordinary gain (loss)	0.06	(0.69)
BASIC EARNINGS (LOSS) PER UNIT:	$ 0.68	$ (0.23)
DILUTED EARNINGS PER UNIT:		
CONTINUING OPERATIONS	$ 0.60	$ 0.42
Discontinued operations (net of income taxes)	--	0.03
Extraordinary gain (loss)	0.06	(0.67)
DILUTED EARNINGS (LOSS) PER UNIT	$ 0.66	$ (0.22)

See Notes to Condensed Consolidated Financial Statements

HOST MARRIOTT, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOWS
Thirty-six weeks ended September 10, 1999 and September 11, 1998
(unaudited, in millions)

	1999	1998
OPERATING ACTIVITIES		
Income from continuing operations	$ 181	$ 92
Adjustments to reconcile to cash from continuing operations:		
Depreciation and amortization	203	168
Income taxes	--	50
Gain on sale of hotel properties	(16)	(50)
Equity in earnings of affiliates	(5)	(1)
Changes in operating accounts	(127)	(35)
Other	20	30
Cash from continuing operations	256	254
Cash from discontinued operations	--	24
Cash from operations	256	278
INVESTING ACTIVITIES		
Proceeds from sales of assets	49	211
Acquisitions	(17)	(607)
Capital expenditures:		
Renewals and replacements	(143)	(108)
Development projects	(102)	(32)
Other investments	(16)	(19)
Purchases of short-term marketable securities	--	(134)
Sales of short-term marketable securities	--	451
Note receivable advances, net of collections	(47)	4
Affiliate collections, net	--	13
Other	--	(12)
Cash used in investing activities from continuing operations	(276)	(233)
Cash used in investing activities from discontinued operations	--	(10)
Cash used in investing activities	(276)	(243)
FINANCING ACTIVITIES		
Issuances of debt, net	1,282	2,004
Issuances of Class A Preferred Units	100	--
Issuances of common units	2	--
Distributions	(195)	--
Scheduled principal repayments	(26)	(39)
Debt prepayments	(1,275)	(1,631)
Costs of extinguishment of debt	(2)	(175)
Other	(12)	(14)
Cash (used in) from financing activities from continuing operations	(126)	145
Cash used in financing activities from discontinued operations	--	(152)
Cash used in financing activities	(126)	(7)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (146)	$ 28

See Notes to Condensed Consolidated Financial Statements

HOST MARRIOTT, L.P.
CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOWS
Thirty-six weeks ended September 10, 1999 and September 11, 1998
(unaudited, in millions)

Supplemental schedule of noncash investing and financing activities:

Approximately 586,000 Class TS Preferred Units valued at $7.4 million were issued in connection with the acquisition by merger of two partnerships that own limited partnership interests in the partnership that owns the New York Marriott Marquis.

In the first quarter of 1998, the Company assumed $164 million of mortgage debt for the acquisition of, or purchase of controlling interests in, certain hotel properties.

See Notes to Condensed Consolidated Financial Statements

1. Organization

Host Marriott Corporation ("Host Marriott"), operating through an umbrella partnership REIT structure, is the owner of hotel properties. Host Marriott operates as a self-managed and self-administered real estate investment trust ("REIT") and its operations are conducted through an operating partnership and its subsidiaries. As REITs are not currently permitted to derive revenues directly from the operation of hotels, Host Marriott leases substantially all of its hotels to subsidiaries of Crestline Capital Corporation ("Crestline" or the "Lessee") and certain other lessees.

In these condensed consolidated financial statements, the "Company" or "Host Marriott" refers to Host Marriott Corporation and its consolidated subsidiaries before, and Host Marriott, L.P. and its consolidated subsidiaries (the "Operating Partnership"), after Host Marriott Corporation's conversion to a REIT (the "REIT Conversion"). Host Marriott Corporation is presented as the predecessor to the Operating Partnership since the Operating Partnership and its subsidiaries received substantially all of the continuing operations, assets and liabilities of Host Marriott Corporation and its subsidiaries.

On December 15, 1998, shareholders of Host Marriott approved a plan to reorganize Host Marriott's business operations through the spin-off of Host Marriott's senior living business as part of Crestline and the contribution of Host Marriott's hotels and certain other assets and liabilities to a newly formed Delaware limited partnership, Host Marriott, L.P. Host Marriott merged into HMC Merger Corporation (the "Merger"), a newly formed Maryland corporation (renamed Host Marriott Corporation) which intends to qualify, effective January 1, 1999 as a REIT and is the sole general partner of the Operating Partnership. On December 29, 1998, Host Marriott completed the previously announced spin-off of Crestline through a taxable stock dividend to its shareholders. Each Host Marriott shareholder of record on December 28, 1998 received one share of Crestline for every ten shares of Host Marriott Corporation owned (the "Distribution"). In connection with the REIT Conversion, Host Marriott contributed its hotels and substantially all of its other assets and liabilities to the Operating Partnership and subsidiaries (the "Contribution") in exchange for units of partnership interest in the Operating Partnership. The Contribution was accounted for at Host Marriott's historical basis. As of September 10, 1999, Host Marriott owned approximately 78% of the Operating Partnership.

As a result of the Distribution, the Company's financial statements have been restated to present the senior living communities business results of operations and cash flows as discontinued operations. All historical financial statements presented have been restated to conform to this presentation.

2. Summary of Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements of the Company and its subsidiaries have been prepared without audit. Certain information and footnote disclosures normally included in financial statements presented in accordance with generally accepted accounting principles have been condensed or omitted. The Company believes the disclosures made are adequate to make the information presented not misleading. However, the unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's annual report on Form 10-K for the fiscal year ended December 31, 1998.

In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements reflect all adjustments necessary to present fairly the financial position of the Company as of September 10, 1999 and December 31, 1998, and the results of operations for the twelve and thirty-six weeks ended September 10, 1999 and September 11, 1998 and cash flows for the thirty-six weeks ended September 10, 1999 and September 11, 1998. The statements of operations for the twelve and thirty-six weeks ended September 11, 1998 and the cash flows for the thirty-six weeks ended September 11, 1998 reflect the historical results of Host Marriott Corporation as discussed in Note 1. Interim results are not necessarily indicative of fiscal year performance because of the impact of seasonal and short-term variations.

The Company's leases have remaining terms ranging from 2 to 10 years, subject to earlier termination upon the occurrence of certain contingencies, as defined. The rent due under each lease is the greater of base rent or percentage rent, as defined. Percentage rent applicable to room, food and beverage and other types of hotel revenue varies by lease and is calculated by multiplying fixed percentages by the total amounts of such revenues over specified threshold amounts. Both the minimum rent and the revenue thresholds used in computing percentage rents are subject to annual adjustments based on increases in the United States Consumer Price Index and the Labor Index, as defined. Certain amounts of the percentage rent recognized are considered contingent until such time as the revenue recognized exceeds annual thresholds, which are determined individually by property. For the twelve and thirty-six weeks ended September 10, 1999, $86 million and $339 million of contingent rent is included in the statement of operations, respectively.

3. Rental Revenue

The Company's 1999 revenue primarily represents the rental income from its leased hotels and is not comparable to 1998 hotel revenues which reflect gross sales generated by the properties. Also, in December 1998 the Company retroactively adopted Emerging Issues Task Force Issue No. 97-2, "Application of FASB Statement No. 94 and APB Opinion No. 16 to Physician Management Entities and Certain Other Entities with Contractual Management Arrangements." The impact of the adoption of Issue 97-2 on the condensed consolidated financial statements for the twelve and thirty-six weeks ended September 11, 1998 was to increase both revenues and operating expenses by approximately $471 million and $1,393 million, respectively, with no impact on net income or earnings per share.

The comparison of the 1999 results with 1998 is also affected by a change in the reporting period for the Company's hotels not managed by Marriott International. The 1998 year to date historical results would have to be adjusted to exclude the results of these hotels for December 1997 and include August 1998 for the thirty-six weeks ended September 11, 1998 in order to be comparable to the 1999 period results as reported. Also, for the third quarter the 1998 historical results would have to be adjusted to exclude the results of these hotels for May 1998 and include August 1998 for the twelve weeks ended September 11, 1998 in order to be comparable to the 1999 period results as reported.

The table below represents hotel sales for which rental income is computed for 1999.

	Twelve Weeks Ended		Thirty-six Weeks Ended	
	September 10, 1999	September 11, 1998	September 10, 1999	September 11, 1998
	(in millions)		(in millions)	
Hotel Sales				
Rooms	$ 609	$ 494	$ 1,881	$ 1,514
Food and beverage	250	198	828	642
Other	66	49	201	159
Total hotel sales	$ 925	$ 741	$ 2,910	$ 2,315

4. Earnings Per Unit

Basic earnings per common unit is computed by dividing net income less dividends on preferred limited partner interests by the weighted average number of common units outstanding. Diluted earnings per unit is computed by dividing net income less dividends on preferred limited partner units as adjusted for potentially dilutive securities, by the weighted average number of common units outstanding plus other potentially dilutive securities. Dilutive securities may include units distributed to Host Marriott Corporation for Host Marriott Corporation common shares granted under comprehensive stock plans, warrants and the Convertible Preferred Securities. Dilutive securities also include those common and preferred Operating Partnership Units ("OP Units") issuable or outstanding that are held by minority partners which are assumed to be converted. Diluted earnings per unit was not adjusted for the impact of the Convertible Preferred Securities as they were anti-dilutive for all periods presented.

	Twelve weeks ended					
	September 10, 1999			September 11, 1998		
	Income (Numerator)	Units (Denominator)	Per Unit Amount	Income (Numerator)	Units (Denominator)	Per Unit Amount
Net Income	$ 45	292.9	$ .15	$ (144)	216.2	$ (.67)
Distributions on Class A Preferred Units	(1)	--	--	--	--	--
Basic earnings available to common unitholders per unit	44	292.9	.15	(144)	216.2	(.67)
Assuming distribution of units to Host Marriott Corporation for Host Marriott Corporation common shares granted under the Host Marriott comprehensive stock plan, less shares assumed purchased at average market price	--	5.3	--	--	4.0	.02
Assuming distribution of units to Host Marriott Corporation for Host Marriott common shares issuable for warrants, less shares assumed purchased at average market price	--	--	--	--	0.1	--
Assuming conversion of Class TS Preferred Units	--	0.6	--	--	--	--
Assuming issuance of OP Units issuable under certain purchase agreements	2	9.1	--	--	--	--
Assuming conversion of Convertible Preferred Securities	--	--	--	--	--	--
Diluted Earnings per Unit	$ 46	307.9	$ .15	$ (144)	220.3	$ (.65)

	Thirty-six Weeks Ended					
	September 10, 1999			September 11, 1998		
	Income (Numerator)	Units (Denominator)	Per Unit Amount	Income (Numerator)	Units (Denominator)	Per Unit Amount
Net Income	$ 198	292.4	$ .68	$ (48)	216.0	$ (.23)
Distributions on Class A preferred units	(1)	--	--	--	--	--
Basic earnings available to common unitholders per unit	197	292.4	.68	(48)	216.0	(.23)
Assuming distribution of units to Host Marriott Corporation for Host Marriott Corporation common shares granted under the Host Marriott comprehensive stock plan, less shares assumed purchased at average market price	--	5.6	(.02)	--	4.2	.01
Assuming distribution of units to Host Marriott Corporation for Host Marriott common shares issuable for warrants, less shares assumed purchased at average market price	--	--	--	--	0.1	--
Assuming conversion of Class TS Preferred Units	--	0.6	--	--	--	--
Assuming issuance of OP Units issuable under certain purchase agreements	6	9.1	--	--	--	--
Assuming conversion of Convertible Preferred Securities	--	--	--	--	--	--
Diluted Earnings per Unit	$ 203	307.7	$ .66	$ (48)	220.3	$ (.22)

In September 1999, the Board of Directors of Host Marriott Corporation approved the repurchase, from time to time on the open market and/or in privately negotiated transactions, of up to 22 million of the outstanding shares of Host Marriott common stock or a corresponding amount (based on the appropriate conversion ratio) of Host Marriott Convertible Preferred Securities. Such repurchases will be made at management's discretion, subject to market conditions, and may be suspended at any time at Host Marriott Corporation's discretion. Additionally, under the terms of the partnership agreement, an equivalent number of OP units will also be repurchased on a one-for-one basis from Host Marriott Corporation. Subsequent to quarter end, Host Marriott has spent approximately $7.7 million to repurchase 797,000 shares.

5. Class A Cumulative Redeemable Preferred Limited Partner Interest

In August 1999, Host Marriott sold 4.16 million shares of 10% Class A cumulative redeemable preferred stock ("Class A Preferred Shares") with a $0.01 par value and we issued an equivalent security, the Class A Preferred Units to Host Marriott Corporation. Holders of the shares are entitled to receive cumulative cash dividends at a rate of 10% per annum of the $25.00 per share liquidation preference. Dividends are payable quarterly in arrears commencing October 15, 1999. A corresponding distribution on the Class A Preferred Units is also payable quarterly in arrears commencing October 15, 1999. After August 3, 2004 Host Marriott Corporation has the option to redeem the Class A Preferred Shares for $25.00 per share, plus accrued and unpaid dividends to the date of redemption. The Class A Preferred Units rank senior to the common units and the Class TS Preferred Units. The Class A Preferred shareholders generally have no voting rights.

Cumulative cash distributions on the Class A Preferred Units have been accrued from the date of issuance, August 3, 1999, through the balance sheet date. The Company declared a pro rata distribution of $0.50 per unit on September 23, 1999, which was paid on October 15, 1999.

6. Dividends and Distributions Payable

On September 23, 1999, the Board of Directors of Host Marriott declared a cash dividend of $0.21 per share of Host Marriott Corporation common stock and a corresponding distribution of $0.21 per OP Unit, which was paid on October 15, 1999 to shareholders and unitholders of record on September 30, 1999. Total dividends and corresponding distributions year to date are $0.63 per share and per unit, respectively.

The 1998 earnings per share has been restated to reflect the impact of the stock portion of a special dividend totaling 11.9 million shares of common stock issued in February, 1999 as a result of the REIT Conversion.

7. Acquisitions and Property Expansions

On December 30, 1998, the Company acquired a portfolio of twelve luxury hotels and other assets (the "Blackstone Acquisition") from the Blackstone Group, a Delaware limited partnership, and a series of funds controlled by affiliates of Blackstone Real Estate Partners. Approximately 467,000 OP Units issued in connection with the Blackstone Acquisition were redeemed for common stock of Host Marriott Corporation during the third quarter of 1999.

The Company completed a 210-room expansion of the Philadelphia Marriott in April 1999 at a cost of approximately $37 million.

In June 1999, the Company acquired by merger Timewell Group, L.P. and Timeport, L.P. which each own limited partnership interests in the partnership that owns the New York Marriott Marquis. As part of the merger, the general partners of Timewell Group, L.P. and Timeport, L.P. received 345,559 and 240,218 Class TS Preferred Units, respectively. The Class TS Preferred Units are convertible into OP Units on a one-for-one basis, subject to certain adjustments, at any time beginning one year after the merger at the option of the holders. At any time beginning two years after the merger, the Company can redeem the Class TS Preferred Units for OP Units or cash. Also as part of the merger, the Company repaid in cash outstanding Partner loans totaling $5.9 million on behalf of each of the partnerships.

8. Dispositions

In February 1999, the Company sold the 479-room Minneapolis/Bloomington Marriott for $35 million and recorded a gain of $10 million. In May 1999, the Company sold the 221-room Saddle Brook Marriott for $15 million and recorded a gain of $4 million.

In the fourth quarter, the Company sold the 306-room Grand Hotel Resort and Golf Club for $28 million, recognizing a loss of $1 million. The Company also announced it has reached an agreement to sell the Ritz-Carlton Boston for total proceeds of approximately $122 million in 1999, subject to normal closing requirements.

9. Debt Issuances and Refinancing

In February 1999, the Company issued $300 million of 83/8% Series D senior notes due in 2006. The senior notes were used to refinance, or purchase, debt which had been acquired through the merger of certain partnerships or the purchase of hotel properties in connection with the REIT Conversion in

December 1998. The notes were exchanged during the third quarter for Series E senior notes on a one-for-one basis, which are freely transferable by the holders.

In April 1999, a subsidiary of the Company completed the refinancing of the $245 million mortgage on the New York Marriott Marquis, maturing June 2000. The Company was required to make a principal payment of $1.25 million on June 30, 1999. In connection with the refinancing, the Company renegotiated the management agreement and recognized an extraordinary gain of $13 million on the forgiveness of accrued incentive management fees by the manager. This mortgage was subsequently refinanced as part of the $665 million financing agreement discussed below.

In June 1999, the Company refinanced the debt on the San Diego Marriott Hotel and Marina. The mortgage is for $195 million for a term of 10 years at a rate of 8.45%. In addition, the Company issued $23 million of mortgage debt on the Philadelphia Marriott expansion in July 1999 at an interest rate of approximately 8.6%, maturing 2009.

In July 1999, the Company entered into a financing agreement pursuant to which it borrowed $665 million due 2009 at a fixed interest rate of 7.47%. The New York Marriott Marquis as well as seven other hotels serve as collateral. The proceeds from this financing were used to refinance existing mortgage indebtedness maturing at various times through 2000.

In August 1999, the Company repaid $100 million of the outstanding balance on a $350 million term loan entered into in August 1998 as part of its $1.25 billion line of credit. During the fourth quarter an additional $50 million repayment was made, reducing the outstanding balance of the term loan to $200 million. Subsequent to these repayments, the available capacity under the line of credit balance remains $900 million while the total line has been permanently reduced to $1.1 billion as a result of the term loan payments.

In August 1999, the Company made a prepayment of $19 million to pay down in full the mezzanine mortgage on the Marriott Desert Springs Resort and Spa. In September 1999, the Company made a prepayment of $45 million to pay down in full the mortgage note on the Philadelphia Four Seasons Hotel.

10. Geographic and Business Segment Information

The Company operates in one business segment, hotel ownership. The Company's hotels are primarily operated under the Marriott or Ritz-Carlton brands. Substantially all of the Company's revenues are earned through leases with Crestline. With respect to 1998, the allocation of taxes is not evaluated at the segment level or reflected in the following information because the Company does not believe the information is material to the readers of the financial statements.

The Company's segmented revenues and income (loss) from continuing operations before income taxes are as follows (in millions):

	Twelve Weeks Ended September 10, 1999		
	Hotels	Corporate & Other	Consolidated
Revenues	$ 287	$ 2	$ 289
Income (loss) from continuing operations before income taxes	56	(15)	41

	Twelve Weeks Ended September 11, 1998		
	Hotels	Corporate & Other	Consolidated
Revenues	$ 752	$ 4	$ 756
Income (loss) from continuing operations before income taxes	38	(30)	8

	Thirty-six Weeks Ended September 10, 1999		
	Hotels	Corporate & Other	Consolidated
Revenues	$ 926	$ 11	$ 937
Income (loss) from continuing operations before income taxes	228	(47)	181

	Thirty-six Weeks Ended September 11, 1998		
	Hotels	Corporate & Other	Consolidated
Revenues	$ 2,350	$ 60	$ 2,410
Income (loss) from continuing operations before income taxes	191	(30)	161

As of September 10, 1999, the Company's foreign operations consisted of four hotel properties located in Canada. There were no intercompany sales between the properties and the Company. The following table presents rental revenues in 1999 and hotel revenues in 1998 for each of the geographical areas in which the Company owns hotels (in millions):

	Twelve Weeks Ended		Thirty-six Weeks Ended	
	September 10, 1999	September 11, 1998	September 10, 1999	September 11, 1998
United States	$ 268	$ 713	$ 869	$ 2,237
International	6	28	16	78
Total	$ 274	$ 741	$ 885	$ 2,315

11. Comprehensive Income

The Company's other comprehensive income consists of foreign currency translation adjustments and the right to receive up to 1.4 million shares of Host Marriott Services Corporation's common stock or an equivalent cash value, at Host Marriott Services Corporation's option, subsequent to the exercise of the options held by certain former and current employees of Marriott International. For the twelve and thirty-six weeks ended September 10, 1999, comprehensive income totaled $51 million and $205 million, respectively. The comprehensive loss was $148 million and $51 million for the twelve and thirty-six weeks ended September 11, 1998. As of September 10, 1999 the Company's accumulated other comprehensive income was approximately $3 million. As of December 31, 1998, the Company's accumulated other comprehensive loss was approximately $4 million

On August 27, 1999, Autogrill Acquisition Co., a wholly-owned subsidiary of Autogrill SpA of Italy, completed its cash tender offer for all the outstanding shares of common stock of Host Marriott Services Corporation. Since Host Marriott Services Corporation is no longer publicly traded, the Company has adjusted the unrealized gain on the receivable to reflect the tender price of $15.75. Further, all future payments to the Company will be made in cash as Host Marriott Services Corporation has indicated that the receivable will not be settled in Autogrill stock.

12. Subsequent Events

In September 1999, the mortgage note receivable on a hotel property matured and the Company collected the outstanding balance of approximately $65 million. The note was originally acquired as part of the Blackstone Acquisition.

In October 1999, the Company initiated a tender offer to acquire the remaining partnership interests in the Hopewell Group, Ltd., a minority owner in the Atlanta Marriott Marquis, for preferred OP Units and cash.

13. Summarized Lease Pool Financial Statements

As discussed in Note 2, as of September 10, 1999, almost all the properties of the Company and its subsidiaries were leased to Crestline Capital Corporation and managed by Marriott International, Inc. In conjunction with these leases, Crestline and certain of its subsidiaries entered into limited guarantees of the lease obligations of each lessee. The full-service hotel leases are grouped into four lease pools, with Crestline's guarantee limited to the greater of 10% of the aggregate rent payable for the preceding year or 10% of the aggregate rent payable under all leases in the respective pool. Additionally, the lessee's obligation under each lease agreement is guaranteed by all other lessees in the respective lease pool. As a result, the Company believes that the operating results of each full-service lease pool may be material to the Company's financial statements. Financial information of certain pools related to the sublease agreements for limited service properties are not presented, as the Company believes they are not material to the Company's financial statements. Financial information of Crestline may be found in its quarterly and annual filings with the Securities and Exchange Commission. Further information regarding these leases and Crestline's limited guarantees may be found in the Company's annual report on Form 10-K for the fiscal year ended December 31, 1998. The results of operations for the twelve and thirty-six weeks ended September 10, 1999 and summarized balance sheet data as of September 10, 1999 of the lease pools in which the Company's hotels are organized are as follows (in millions):

	Twelve Weeks Ended September 10, 1999				
	Pool 1	Pool 2	Pool 3	Pool 4	Combined
Hotel Sales					
Rooms	$ 135	$ 142	$ 126	$ 128	$ 531
Food and beverage	57	59	55	67	238
Other	16	15	16	17	64
Total hotel sales	208	216	197	212	833
Operating Costs and Expenses					
Rooms	34	40	32	30	136
Food and beverage	46	48	44	50	188
Other	58	50	54	55	217
Management fees	9	13	9	13	44
Lease expense	57	59	56	61	233
Total operating expenses	204	210	195	209	818
Operating Profit	4	6	2	3	15
Corporate and Interest Expenses	(1)	(1)	--	(1)	(3)
Income before taxes	3	5	2	2	12
Income taxes	(1)	(3)	(1)	(1)	(6)
Net Income	$ 2	$ 2	$ 1	$ 1	$ 6

	Thirty-six Weeks Ended September 10, 1999				
	Pool 1	Pool 2	Pool 3	Pool 4	Combined
Hotel Sales					
Rooms	$ 408	$ 436	$ 394	$ 401	$ 1,639
Food and beverage	184	196	183	220	783
Other	46	44	54	51	195
Total hotel sales	638	676	631	672	2,617
Operating Costs and Expenses					
Rooms	98	108	95	88	389
Food and beverage	143	150	135	154	582
Other	168	157	161	158	644
Management fees	29	43	30	46	148
Lease expense	190	206	202	218	816
Total operating expenses	628	664	623	664	2,579
Operating Profit	10	12	8	8	38
Corporate and Interest Expenses	(2)	(2)	(1)	(2)	(7)
Income before taxes	8	10	7	6	31
Income taxes	(3)	(5)	(3)	(2)	(13)
Net Income	$ 5	$ 5	$ 4	$ 4	$ 18

	As of September 10, 1999				
	Pool 1	Pool 2	Pool 3	Pool 4	Combined
Assets	$ 43	$ 32	$ 35	$ 34	$ 144
Liabilities	38	27	31	30	126
Equity	5	5	4	4	18

14. Supplemental Guarantor and Non-Guarantor Subsidiary Information

All subsidiaries of the operating partnership guarantee the Company's senior notes except those among the twenty full service hotels listed below and HMH HPT Residence Inn, LLC and HMH HPT Courtyard, LLC, the lessees of the Residence Inn and Courtyard properties, respectively. The separate financial statements of each guaranteeing subsidiary (each, a "Guarantor Subsidiary") are not presented because management has concluded that such financial statements are not material to investors. The guarantee of each Guarantor Subsidiary is full and unconditional and joint and several and each Guarantor Subsidiary is a wholly owned subsidiary of the Company. The non-guarantor subsidiaries (the "Non-Guarantor Subsidiaries") own the following full-service hotels: the Albany Marriott; Atlanta Marriott Marquis; Grand Hyatt, Atlanta; Harbor Beach Resort; Hartford Marriott; Hyatt Regency, Cambridge; Hyatt Regency, Reston; Manhattan Beach Marriott; Minneapolis Southwest Marriott; New York Marriott Marquis; Ontario Airport Marriott; Pittsburgh City Center Marriott; The Ritz-Carlton, Amelia Island; San Diego Marriott Hotel and Marina; San Diego Mission Valley; Swissotel, Atlanta; Swissotel, Boston; Swissotel, Chicago; The Drake (Swissotel) New York; and the Oklahoma City Waterford Marriott.

The following condensed combined consolidating information sets forth the financial position as of September 10, 1999 and December 31, 1998 and results of operations for the twelve and thirty-six weeks ended September 10, 1999 and September 11, 1998, and cash flows for the thirty-six weeks ended September 10, 1999 and September 11, 1998 of the parent, Guarantor Subsidiaries and the Non-Guarantor Subsidiaries.

HOST MARRIOTT, L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Supplemental Condensed Combined Consolidating Balance Sheets
(in millions)
September 10, 1999

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Property and equipment, net..................	$ 1,224	$ 3,787	$ 2,210	$ --	$ 7,221
Investments in affiliate.....................	1,685	--	--	(1,637)	48
Notes and other receivables..................	840	53	19	(668)	244
Other assets.................................	165	178	215	(37)	521
Cash and cash equivalents....................	119	148	23	--	290
Total assets.............................	$ 4,033	$ 4,166	$ 2,467	$ (2,342)	$ 8,324
Debt...	$ 1,317	$ 3,014	$ 1,173	$ (354)	$ 5,150
Convertible debt obligations to Host Marriott	567	--	--	--	567
Deferred income taxes........................	57	32	7	--	96
Other liabilities............................	234	446	196	(351)	525
Total liabilities........................	2,175	3,492	1,376	(705)	6,338
Minority interests...........................	13	54	74	--	141
Limited partner interest of third parties at redemption value..........................	617	--	--	--	617
Owner's capital..............................	1,228	620	1,017	(1,637)	1,228
Total liabilities and owner's capital.....	$ 4,033	$ 4,166	$ 2,467	$ (2,342)	$ 8,324

December 31, 1998

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Property and equipment, net..................	$ 1,172	$ 3,796	$ 2,233	$ --	$ 7,201
Investments in affiliate.....................	1,475	--	--	(1,442)	33
Notes and other receivables..................	782	52	19	(650)	203
Other assets.................................	259	145	141	(156)	389
Cash and cash equivalents....................	330	91	15	--	436
Total assets.............................	$ 4,018	$ 4,084	$ 2,408	$(2,248)	$ 8,262
Debt...	$ 1,438	$ 2,837	$ 1,183	$ (327)	$ 5,131
Convertible debt obligation to Host Marriott.	567	--	--	--	567
Deferred income taxes........................	51	39	7	--	97
Other liabilities............................	291	600	252	(479)	664
Total liabilities.........................	2,347	3,476	1,442	(806)	6,459
Minority interests...........................	15	56	76	--	147
Limited partner interest of third parties at redemption value..........................	892	--	--	--	892
Owner's capital..............................	764	552	890	(1,442)	764
Total liabilities and owner's capital......	$ 4,018	$ 4,084	$ 2,408	$(2,248)	$ 8,262

HOST MARRIOTT, L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Supplemental Condensed Combined Statements of Operations
(in millions)

Twelve Weeks Ended September 10, 1999

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
REVENUES	$ 96	$ 137	$ 93	$ (37)	$ 289
Depreciation	(13)	(35)	(20)	--	(68)
Property-level expenses	(10)	(24)	(28)	--	(62)
Hotel operating expenses	--	--	--	--	--
Minority interest	(1)	--	(2)	--	(3)
Interest expense	(17)	(64)	(22)	(5)	(108)
Dividends on convertible preferred securities	--	--	--	--	--
Corporate expenses	(1)	(3)	(2)	--	(6)
Other expenses	--	(1)	--	--	(1)
Income before extraordinary gain	54	10	19	(42)	41
Extraordinary item-gain on forgiveness of debt	--	1	3	--	4
NET INCOME	$ 54	$ 11	$ 22	$ (42)	$ 45

Twelve Weeks Ended September 11, 1998

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
REVENUES	$ 22	$ 309	$ 428	$ (3)	$ 756
Depreciation	(11)	(26)	(16)	--	(53)
Property-level expenses	(2)	(28)	(37)	--	(67)
Hotel operating expenses	(8)	(210)	(292)	--	(510)
Minority interest	(1)	(2)	(3)	--	(6)
Interest expense	(21)	(47)	(17)	6	(79)
Dividends on convertible preferred securities	(9)	--	--	--	(9)
Corporate expenses	(6)	(4)	(2)	--	(12)
REIT Conversion expenses	(8)	--	--	--	(8)
Other expenses	(3)	--	(1)	--	(4)
Income from continuing operations before taxes	(47)	(8)	60	3	8
Provision for income taxes	18	2	(26)	--	(6)
Income from continuing operations	(29)	(6)	34	3	2
Income from discontinued operations	2	--	--	--	2
INCOME BEFORE EXTRAORDINARY ITEM	$ (27)	$ (6)	$ 34	$ 3	$ 4

HOST MARRIOTT, L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Supplemental Condensed Combined Statements of Operations
(in millions)

Thirty-six Weeks Ended September 10, 1999

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
REVENUES	$ 393	$ 471	$ 284	$ (211)	$ 937
Depreciation	(41)	(105)	(55)	--	(201)
Property-level expenses	(31)	(69)	(82)	--	(182)
Hotel operating expenses	--	--	--	--	--
Minority interest	(5)	(6)	(5)	--	(16)
Interest expense	(108)	(168)	(68)	19	(325)
Dividends on convertible preferred securities	--	--	--	--	--
Corporate expenses	(4)	(11)	(7)	--	(22)
Other expenses	(6)	(3)	(1)	--	(10)
Income before extraordinary gain	198	109	66	(192)	181
Extraordinary item-gain on forgiveness of debt	--	1	16	--	17
NET INCOME (LOSS)	$ 198	$ 110	$ 82	$ (192)	$ 198

Thirty-six Weeks Ended September 11, 1998

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
REVENUES	$ 683	$ 1,160	$ 678	$ (111)	$ 2,410
Depreciation	(50)	(83)	(33)	--	(166)
Property-level expenses	(43)	(91)	(55)	--	(189)
Hotel operating expenses	(352)	(740)	(448)	--	(1,540)
Minority interest	(23)	(8)	(5)	--	(36)
Interest expense	(58)	(141)	(54)	22	(231)
Dividends on convertible preferred securities	(26)	--	--	--	(26)
Corporate expenses	(11)	(15)	(7)	--	(33)
REIT Conversion expenses	(14)	--	--	--	(14)
Other expenses	(12)	(1)	(1)	--	(14)
Income from continuing operations before taxes	94	81	75	(89)	161
Provision for income taxes	(2)	(35)	(32)	--	(69)
Income from continuing operations	92	46	43	(89)	92
Income from discontinued operations	8	--	--	--	8
INCOME BEFORE EXTRAORDINARY ITEM	$ 100	$ 46	$ 43	$ (89)	$ 100

HOST MARRIOTT, L.P.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Supplemental Condensed Combined Statements of Cash Flows
(in millions)

Thirty-six Weeks Ended September 10, 1999

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
OPERATING ACTIVITIES				
Cash (used in) from operations....................	$ 17	$ 147	$ 92	$ 256
INVESTING ACTIVITIES				
Cash received from sales of assets................	1	48	--	49
Capital expenditures..............................	(58)	(172)	(31)	(261)
Acquisitions......................................	--	(12)	(5)	(17)
Other...	(47)	--	--	(47)
Cash used in investing activities	(104)	(136)	(36)	(276)
FINANCING ACTIVITIES				
Repayment of debt.................................	(111)	(333)	(857)	(1,301)
Issuances of debt.................................	290	35	957	1,282
Distributions.....................................	(195)	--	--	(195)
Issuances of common units.........................	2	--	--	2
Issuances of Class A Preferred Units..............	100	--	--	100
Cost of extinguishment of debt....................	--	--	(2)	(2)
Transfers to/from Parent..........................	(198)	344	(146)	--
Other...	(12)	--	--	(12)
Cash (used in) from financing activities..........	(124)	46	(48)	(126)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS....................................	$ (211)	$ 57	$ 8	$ (146)

Thirty-six Weeks Ended September 11, 1998

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
OPERATING ACTIVITIES				
Cash from continuing operations	$ (2)	$ 149	$ 107	$ 254
Cash from discontinued operations	24	--	--	24
Cash from operations	22	149	107	278
INVESTING ACTIVITIES				
Cash received from sales of assets	211	--	--	211
Capital expenditures	(38)	(96)	(25)	(159)
Acquisitions	(470)	(22)	(115)	(607)
Sales of short-term marketable securities, net	317	--	--	317
Other	5	--	--	5
Cash from (used in) investing activities from continuing operations	25	(118)	(140)	(233)
Cash used in investing activities from discontinued Operations	(10)	--	--	(10)
Cash from (used in) investing activities	15	(118)	(140)	(243)
FINANCING ACTIVITIES				
Repayment of debt	(1,596)	(56)	(18)	(1,670)
Issuances of debt	1,998	5	1	2,004
Costs of extinguishment of debt	(175)	--	--	(175)
Transfers to/from Parent	(64)	5	59	--
Other	(14)	--	--	(14)
Cash from (used in) financing activities from continuing operations	149	(46)	42	145
Cash used in financing activities from discontinued operations	(152)	--	--	(152)
Cash (used in) from financing activities	(3)	(46)	42	(7)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 34	$ (15)	$ 9	$ 28

15. Contingencies

Courtyard by Marriott II Limited Partnership (CBM II)

A group of partners in CBM II filed a lawsuit, Whitey Ford, et al. v. Host Marriott Corporation, et al., Case No. 96-CI-08327, on June 7, 1996, in the 285th Judicial District Court of Bexar County, Texas against the Company and others alleging breach of fiduciary duty, breach of contract, fraud, negligent misrepresentation, tortious interference, violation of the Texas Free Enterprise and Antitrust Act of 1983 and conspiracy in connection with the formation, operation and management of CBM II and its hotels. The plaintiffs are seeking unspecified damages. On January 29, 1998, two other limited partners, A.R. Milkes and D.R. Burklew, filed a petition in intervention seeking to convert the lawsuit into a class action. The defendants have filed an answer, the class has been certified, class counsel has been appointed, and discovery is underway. On March 11, 1999, Palm Investors, L.L.C., the assignee of a number of limited partnership units acquired through various tender offers, filed a plea in intervention to bring additional claims relating to the 1993 split of Marriott Corporation and to the 1995 refinancing of CBM II's indebtedness. The original plaintiffs subsequently filed a second amended complaint on March 19, 1999 and in a third amended complaint, filed May 24, 1999, asserted as derivative claims, some of the claims previously asserted as individual claims. On March 25, 1999, Equity Resource, an assignee, through various of its funds, of a number of limited partnership units, also filed a plea in intervention similar to that which was filed by Palm Investors. A trial date of January 3, 2000 has been set.

On August 17, 1999, the general partner of CBM II appointed an independent special litigation committee (the "SLC"), comprised of the Honorable William Webster and the Honorable Charles Renfrew, to investigate the derivative claims described above and to recommend to the general partner whether it is in the best interests of CBM II for the derivative litigation to proceed. The general partner has agreed to adopt the recommendation of the SLC. Under Delaware law, the recommendation of a duly appointed independent litigation committee is binding on the general partner and the limited partners. On August 30, 1999, the court held a hearing to consider the defendant's motion to stay these proceedings until the committee makes its recommendation. Similarly, the SLC has asked the court to postpone the trial for up to six months so that the SLC can complete its investigation. The court has not yet ruled on these requests.

Courtyard by Marriott Limited Partnership I (CBM I) and CBM II Derivative Action

After intervening in the CBM II class action, Palm Investors and Equity Resource, together with Repp Properties, joined in a complaint filed in April 1999, Equity Resource Fund X et al. v. CBM One Corporation et al., Case No. 99-CI-04765, in the 57th Judicial District Court of Bexar County, Texas. This action asserted as derivative claims, on behalf of CBM I and CBM II, the same kind of claims asserted individually in the Ford and Milkes actions described above. After the appointment of the SLC, this complaint was withdrawn by the plaintiffs in September 1999.

Texas Multi-Partnership Lawsuits

On March 16, 1998, limited partners in several limited partnerships sponsored by Host Marriott or its subsidiaries filed a lawsuit, Robert M. Haas, Sr. and Irwin Randolph Joint Tenants, et al. v. Marriott International, Inc., et al., Case No. 98-CI-04092, in the 57th Judicial District Court of Bexar County, Texas, alleging that the defendants conspired to sell hotels to the partnerships for inflated prices and that they charged the partnerships excessive management fees to operate the partnerships' hotels. The plaintiffs further allege that the defendants committed fraud, breached fiduciary duties and violated the provisions of various contracts. A Marriott International subsidiary manages each of the hotels involved and, as to some properties, Marriott International, or one of its subsidiaries, is the ground lessor and collects rent. The Company, Marriott International, several of their subsidiaries, and J.W. Marriott, Jr. are among the various named defendants. The plaintiffs are seeking unspecified damages. Those allegations concerning CBM II have been transferred to the CBM II lawsuit described above. On March 18, 1999, two limited partners in CBM I filed a class action petition in intervention seeking to treat CBM I in a similar manner by converting that portion of the lawsuit into a class action. On April 29, 1999, the court denied this petition and refused to certify the class. No trial date has been set.

We are from time to time the subject of, or involved in, judicial proceedings, including those lawsuits discussed above and also other lawsuits involving other syndicated partnerships which could, if adversely decided, result in losses to our Company. We believe that the lawsuits described above are without merit, and we intend to vigorously defend against the claims being made against us. We cannot assure you as to the outcome of these lawsuits and we are uncertain as to any potential loss to the Company.

16. Extraordinary Items

In connection with the refinancing of the mortgage and the renegotiation of the management agreement on the New York Marriott Marquis, we recognized an extraordinary gain of $13 million on the forgiveness of debt in the form of accrued incentive management fees in the second quarter. An extraordinary loss of $3 million representing the write-off of deferred financing fees occurred in July 1999 when the mortgage debt for eight properties was refinanced, including the New York Marriott Marquis. In connection with this refinancing, the interest rate swap agreements associated with some of the original debt were terminated and a $7 million extraordinary gain was recognized. In connection with the purchase of the Old Senior Notes, the Company recognized an extraordinary loss of $148 million in the third quarter of 1998, which represents the bond premium and consent payments totaling approximately $175 million and the write-off of deferred financing fees of approximately $52 million related to the Old Senior Notes, net of taxes.

Forward-looking Statements

Certain matters discussed herein are forward-looking statements. Certain, but not necessarily all, of such forward-looking statements can be identified by the use of forward-looking terminology, such as "believes," "expects," "may," "will," "should," "estimates," or "anticipates," or the negative thereof or other variations thereof or comparable terminology. All forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual transactions, results, performance or achievements to be materially different from any future transactions, results, performance or achievements expressed or implied by such forward-looking statements. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that our expectations will be attained or that any deviations will not be material. We undertake no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances.

Results of Operations

Revenues. Our historical revenues have primarily represented gross property-level sales from hotels, net gains on property transactions, interest income and equity in earnings of affiliates. As of January 1, 1999, we lease substantially all of our hotels to subsidiaries of Crestline Capital Corporation. As a result of these leases, we no longer record property-level revenues and expenses, rather we recognize rental income on the leases. Thus, 1999 revenues and expenses are not comparable with prior periods. Note 3 to the financial statements presents a table comparing gross hotel sales for all periods presented to facilitate an investor's understanding of the operation of our properties. The comparison of the 1999 results with 1998 is also affected by a change in the reporting period for the Company's hotels not managed by Marriott International. The 1998 year to date historical results would have to be adjusted to exclude the results of these hotels for December 1997 and include August 1998 for the thirty-six weeks ended September 11, 1998 in order to be comparable to the 1999 period results as reported. Also, for the third quarter the 1998 historical results would have to be adjusted to exclude the results of these hotels for May 1998 and include August 1998 for the twelve weeks ended September 11, 1998 in order to be comparable to the 1999 period results as reported. The change in reporting was required as part of the REIT conversion.

Year-to-date results for 1999 were primarily driven by the addition of 36 properties in 1998. The increase in hotel sales also reflects the growth in room revenues generated per available room or REVPAR. For comparable properties, REVPAR increased 2.8% to $106.45 for the third quarter of 1999. Year-to-date REVPAR increased 3.8% to $115.40. On a comparable basis, average room rates increased approximately 3% for the third quarter and year-to-date, while average occupancy decreased less than one percentage point for the third quarter and increased less than one percentage point year-to-date.

Interest income decreased as the result of a lower level of cash and marketable securities held during the first three quarters of 1999 compared to the first three quarters of 1998.

The net gain on property transactions for 1999 primarily resulted from the $10 million gain on the sale of the 479-room Minneapolis/Bloomington Marriott for approximately $35 million and the $4 million gain on the sale of the 221-room Saddle Brook Marriott for approximately $15 million.

Expenses. As discussed above, hotel revenues and hotel operating costs are not comparable with the prior year. The lessee pays certain direct property-level costs including management fees and we receive a rent payment, which is generally calculated as a percentage of revenue, subject to a minimum level, net of certain property-level owner costs. All of these costs were our expenses in 1998. Property-level owner costs which are comparable, including depreciation, property taxes, insurance, ground and equipment rent increased 8% to $130 million for the third quarter 1999 versus third quarter 1998 and increased $28 million or 8% to $383 million year-to-date, primarily reflecting the depreciation from 36 properties acquired during 1998.

Minority Interest. Minority interest expense decreased $3 million to $3 million for the third quarter of 1999 and decreased $20 million to $16 million year-to-date, primarily reflecting the impact of the consolidation of partnerships which occurred as part of the REIT conversion.

Interest Expense. Interest expense increased 37% to $108 million in the third quarter of 1999 and increased 41% to $325 million year-to-date, primarily due to the issuance of senior notes, establishment of a new credit facility, interest expense on the convertible debt obligation to Host Marriott Corporation, and additional mortgage debt on properties acquired in 1998.

Dividends on Convertible Preferred Securities. The dividends on the Convertible Preferred Securities reflect the amount accrued for the first three quarters of fiscal year 1998 on the $550 million in 6 3/4% Convertible Preferred Securities. The Convertible Preferred Securities are held by the REIT. The dividends paid by the REIT are supported by the $567 million debt obligation to Host Marriott Corporation on our balance sheet. The Operating Partnership incurs interest expense on the debt obligation, and, therefore, no dividends are included in the current period statement of operations.

Corporate Expenses. Corporate expenses decreased $6 million to $6 million for the third quarter of 1999 and decreased $11 million to $22 million year-to-date, resulting primarily from lower staffing levels after the Crestline spin-off, lower costs associated with reduced acquisition activity and lower costs related to various stock compensation plans.

Income from Discontinued Operations. Income from discontinued operations represents the senior living communities business' results of operations for the third quarter of 1998 and year-to-date 1998 as restated for the spin-off of Crestline.

Extraordinary Gain (Loss). In connection with the refinancing of the mortgage and the renegotiation of the management agreement on the New York Marriott Marquis, we recognized an extraordinary gain of $13 million on the forgiveness of debt in the form of accrued incentive management fees in the second quarter. An extraordinary loss of $3 million representing the write-off of deferred financing fees occurred in July 1999 when the mortgage debt for eight properties was refinanced, including the New York Marriott Marquis. In connection with this refinancing, the interest rate swap agreements associated with some of the original debt were terminated and a $7 million extraordinary gain was recognized. In connection with the purchase of the Old Senior Notes, the Company recognized an extraordinary loss of $148 million in the third quarter of 1998, which represents the bond premium and consent payments totaling approximately $175 million and the write-off of deferred financing fees of approximately $52 million related to the Old Senior Notes, net of taxes.

Net Income. Our net income increased $189 million for the third quarter of 1999 to $45 million and increased $246 million to $198 million for year-to-date 1999.

FFO and EBITDA

We consider Funds From Operations or FFO as defined by the National Association of Real Estate Investment Trusts and our consolidated earnings before interest expense, income taxes, depreciation, amortization and other non-cash items or EBITDA to be indicative measures of our operating performance due to the significance of our long-lived assets. FFO and EBITDA are also useful in measuring our ability to service debt, fund capital expenditures and expand our business. Furthermore, management believes that FFO and EBITDA are meaningful disclosures that will help shareholders and the investment community to better understand our financial performance, including comparing our performance to other Real Estate Investment Trusts. However, FFO and EBITDA as presented may not be comparable to amounts calculated by other companies. This information should not be considered as an alternative to net income, operating profit, cash from operations, or any other operating or liquidity performance measure prescribed by generally accepted accounting principles. Cash expenditures for various long-term assets, interest expense (for EBITDA purposes only) and income taxes have been, and will be incurred which are not reflected in the EBITDA and FFO presentation.

FFO increased $36 million, or 47%, to $112 million in the third quarter of 1999 over the third quarter of 1998. For periods prior to 1999, the FFO disclosed represents comparative FFO (FFO plus deferred tax expense). The following is a reconciliation of income from continuing operations to FFO (in millions):

	Twelve weeks Ended		Thirty-six weeks Ended	
	September 10, 1999	September 11, 1998	September 10, 1999	September 11, 1998
Funds from Operations				
Income from continuing operations	$ 41	$ 2	$ 181	$ 92
Depreciation and amortization	68	54	203	168
Other real estate activities	--	(1)	(16)	(53)
Partnership adjustments	3	(2)	13	(9)
REIT conversion expenses	--	8	--	14
Deferred taxes	--	7	--	46
Funds from continuing operations	112	68	381	258
Discontinued operations	--	8	--	24
Funds from operations before distribution on Class A Preferred Units	112	76	381	282
Distributions on Class A Preferred Units	(1)	--	(1)	--
Funds from operations available to common ... OP unitholders	$ 111	$ 76	$ 380	$ 282

EBITDA increased $56 million, or 36%, to $212 million in the third quarter of 1999 and $126 million or 22%, to $694 million year-to-date. Hotel EBITDA increased $43 million, or 26%, to $210 million in the third quarter of 1999, and $111 million or 19% to $703 million year-to-date, reflecting comparable hotel EBITDA growth, as well as incremental EBITDA from 1998 acquisitions offset by amounts representing hotel sales which are retained by Crestline.

The following is a reconciliation of EBITDA to income from continuing operations (in millions):

	Twelve Weeks Ended		Thirty-six Weeks Ended	
	September 10, 1999	September 11, 1998	September 10, 1999	September 11, 1998
EBITDA	$ 212	$ 156	$ 694	$ 568
Interest expense	(108)	(79)	(325)	(231)
Dividends on Convertible Preferred Securities	--	(9)	--	(26)
Depreciation and amortization	(68)	(54)	(203)	(168)
Minority interest expense	(3)	(6)	(16)	(36)
Income taxes	--	(6)	--	(69)
REIT Conversion expense	--	(8)	--	(14)
Other non-cash charges, net	8	8	31	68
Income from continuing operations	$ 41	$ 2	$ 181	$ 92

Our interest coverage, defined as EBITDA divided by cash interest expense, was 2.2 times and 2.4 times year to date for 1999 and 1998, respectively, and 2.7 times for full year 1998. The ratio of earnings to fixed charges was 1.6 to 1 through the third quarter of 1999 and 1.7 to 1 through the third quarter of 1998.

Cash Flows and Financial Condition

We reported a decrease in cash and cash equivalents of $146 million during the thirty-six weeks ended September 10, 1999. Cash from continuing operations was $256 million through the third quarter of 1999 and $254 million through the third quarter of 1998. There was no cash activity related to discontinued operations through the third quarter of 1999; however, cash from discontinued operations totaled $24 million through the third quarter of 1998.

Cash used in investing activities from continuing operations was $276 million and $233 million through the third quarter of 1999 and 1998, respectively. Cash used in investing activities through the third quarter includes capital expenditures of $261 million and $159 million for 1999 and 1998, respectively, mostly related to renewals and replacements on existing properties and development projects. In addition, we generated $49 million of cash from the net sale of assets, primarily the Minneapolis/Bloomington and Saddle Brook properties. There was no cash related to investing activities from discontinued operations through the third quarter 1999; however, cash used in investing activities from discontinued operations totaled $10 million year-to-date 1998. Property and equipment balances include $162 million and $78 million for construction in progress as of September 10, 1999 and December 31, 1998, respectively. The current balance primarily relates to properties in Tampa, Orlando, Memphis, Naples and various other expansion and development projects.

In June 1999, we acquired by merger Timewell Group, L.P. and Timeport, L.P., which each own limited partnership interests in the partnership that owns the New York Marriott Marquis. As part of the merger, the general partners of Timewell Group, L.P. and Timeport, L.P. received 345,559 and 240,218 Class TS Preferred Units, respectively. The Class TS Preferred Units are convertible into OP Units on a one-for-one basis, subject to certain adjustments, at any time beginning one year after the merger at the option of the holders. At any time, beginning two years after the merger, we can redeem the Class TS Preferred Units for OP Units or cash. Also as part of the merger, the Company re-paid in cash outstanding Partner loans totaling $5.9 million on behalf of each of the partnerships.

Cash used in financing activities from continuing operations was $126 million through the third quarter of 1999. Cash from financing activities from continuing operations was $145 million through the third quarter of 1998. Cash used in financing activities includes $1.3 billion in prepayment of debt, offset by a similar amount of debt issuances, the issuance of preferred stock and the payment of distributions.

The $300 million of 8 3/8% series D senior notes were issued in February 1999 and were used to refinance, or purchase, debt which had been assumed through the merger of certain partnerships or the purchase of hotel properties in connection with the REIT conversion in December 1998. In August 1999, the Series D Senior notes were exchanged on a one-for-one basis for Series E Senior notes, which are freely transferable by the holders.

In April 1999, a subsidiary completed the refinancing of the $245 million mortgage on the New York Marriott Marquis, maturing June 2000. We subsequently refinanced this mortgage as part of the $665 million financing agreement completed in the third quarter of 1999. The financing agreement for $665 million is secured by eight hotels, and is due 2009 with a fixed interest rate of 7.47%. The proceeds from this financing were used to refinance existing mortgage indebtedness maturing at various times through 2000 on eight hotels including the New York Marriott Marquis.

Also in June 1999, we refinanced the debt on the San Diego Marriott Hotel and Marina. The mortgage is for $195 million for a term of 10 years at a rate of 8.45%. In addition, we completed a 210-room extension of the Philadelphia Marriott in April 1999 at a cost of approximately $37 million. We established a mortgage on the extension of the Philadelphia Marriott in July 1999 for $23 million at an interest rate of approximately 8.6%, maturing in 2009.

In August 1999, we repaid $100 million of the outstanding balance on a $350 million term loan entered into in August 1998 as part of our $1.25 billion line of credit. During the fourth quarter, an additional $50 million repayment was made, reducing the outstanding balance of the term loan to $200 million. Subsequent to these repayments, the available capacity under the line of credit balance remains $900 million while the total line has been permanently reduced to $1.1 billion as a result of the term loan payments.

In August 1999, the Company made a prepayment of $19 million to pay down in full the mezzanine mortgage on the Marriott Desert Springs Resort and Spa. In September 1999, the Company made a prepayment of $45 million to pay down in full the mortgage note on the Philadelphia Four Seasons Hotel.

Distributions reflect the $69 million in payments for a special distribution declared in December 1998 as well as the $0.42 distribution per common unit paid as of September 11, 1999. In addition, on September 23, 1999, the Board of Directors declared a regular cash distribution of $0.21 per unit. The third quarter distribution was paid on October 15, 1999 to unit holders of record on September 30, 1999. Total distributions year-to-date are $0.63 per common unit.

In August 1999, Host Marriott sold 4.16 million shares of 10% Class A Preferred Stock with a $0.01 par value and we issued an equivalent security, the Class A Preferred Units to Host Marriott Corporation. Holders of the shares are entitled to receive cumulative cash dividends at a rate of 10% per annum of the $25.00 per share liquidation preference. Dividends are payable quarterly in arrears commencing October 15, 1999. A corresponding distribution on the Class A Preferred Units is also payable quarterly in arrears commencing October 15, 1999. After August 3, 2004 the Company has the option to redeem the Class A Preferred Shares for $25.00 per share, plus accrued and unpaid dividends to the date of redemption. The Class A Preferred Units rank senior to the common units and the Class TS Preferred Units. The Class A Preferred shareholders generally have no voting rights.

Cumulative cash distributions on the Class A Preferred Units have been accrued from the date of issuance, August 3, 1999, through the balance sheet date. The Company declared a pro rata distribution of $0.50 per unit on September 23, 1999, which was paid on October 15, 1999.

In September 1999, the Board of Directors of Host Marriott Corporation approved the repurchase, from time to time on the open market and/or in privately negotiated transactions, of up to 22 million of the outstanding shares of Host Marriott common stock or a corresponding amount (based on the appropriate conversion ratio) of Host Marriott Convertible Preferred Securities. Based on current market conditions, we believe that the stock repurchase program reflects the best return on investment for our shareholders. However, we will continue to look at strategic acquisitions as well as evaluate our stock repurchase program based on changes in market conditions and our stock price. The repurchases will be financed in part through cash from operations and the net proceeds from sales of assets, prior to their reinvestment in real estate assets, such as the fourth quarter sale of the Grand Hotel Resort and Golf Club or the recently announced contract to sell our interest in the Ritz-Carlton Boston. This is consistent with our strategy of improving the overall portfolio by selling assets that may be in suburban locations, require significant capital improvements or do not fit our long-term strategy. Such repurchases will be made at management's discretion, subject to market conditions, and may be suspended at any time at our discretion. Additionally, under the terms of the partnership agreement, an equivalent number of OP units will also be repurchased on a one-for-one basis from Host Marriott Corporation. Subsequent to quarter end, we have spent approximately $7.7 million to repurchase 797,000 units.

On December 30, 1998, we acquired a portfolio of twelve luxury hotels and other assets from the Blackstone Group, a Delaware limited partnership, and a series of funds controlled by affiliates of Blackstone Real Estate Partners. Approximately 467,000 OP Units issued in connection with the Blackstone Acquisition were redeemed for Host Marriott Corporation common stock during the third quarter of 1999.

There was no cash related to financing activities from discontinued operations through the third quarter of 1999; however, cash used in financing activities from discontinued operations totaled $152 million through the third quarter of 1998.

Year 2000 Issue

Year 2000 issues have arisen because many existing computer programs and chip-based embedded technology systems use only the last two digits to refer to a year, and therefore do not properly recognize a year that begins with "20" instead of the familiar "19". If not corrected, many computer applications could fail or create erroneous results. The following disclosure provides information regarding the current status of our Year 2000 compliance program.

We have adopted the compliance program because we recognize the importance of minimizing the number and seriousness of any disruptions that may occur as a result of the Year 2000 issue. Our compliance program includes an assessment of our hardware and software computer systems and embedded systems, as well as an assessment of the Year 2000 issues relating to third parties with which we have a material relationship or whose systems are material to the operations of our hotel properties. Our efforts to ensure that our computer systems are Year 2000 compliant have been segregated into two separate phases: in-house systems and third-party systems. Following the REIT conversion, Crestline, as the lessee of most of our hotels, will deal directly with Year 2000 matters material to the operation of the hotels, and Crestline has agreed to adopt and implement the program outlined below with respect to third-party systems for all hotels for which it is lessee.

In-House Systems. Since the distribution of Marriott International on October 8, 1993, we have invested in the implementation and maintenance of accounting and reporting systems and equipment that are intended to enable us to provide adequately for our information and reporting needs and which are also Year 2000 compliant. Substantially all of our in-house systems have already been certified as Year 2000 compliant through testing and other mechanisms and we have not delayed any systems projects due to the Year 2000 issue. We engaged a third party to review our Year 2000 in-house readiness and found no problems with any mission critical systems. Management believes that future costs associated with Year 2000 issues for our in-house systems will be insignificant and therefore not impact our business, financial condition and results of operations. We have not developed, and do not plan to develop, a separate contingency plan for our in-house systems due to their current Year 2000 compliance. We do, however, have the normal disaster recovery procedures in place should we have a systems failure.

Third-Party Systems. We rely upon operational and financial systems provided by third parties, primarily the managers and operators of our hotel properties, to provide the appropriate property-specific operating systems, including reservation, phone, elevator, security, HVAC and other systems, and to provide us with financial information. Based on discussion with the third parties that are critical to our business, including the managers and operators of our hotels, we believe that these parties are in the process of studying their systems and the systems of their respective vendors and service providers and, in many cases, have begun to implement changes, to ensure that they are Year 2000 compliant. We continue to receive verbal and written assurances that these third parties are, or will be, Year 2000 compliant on time. To the extent these changes impact property-level systems, we may be required to fund capital expenditures for upgraded equipment and software. We do not expect these charges to be material, but we are committed to making these investments as required. To the extent that these changes relate to a third party manager's centralized systems, including reservations, accounting, purchasing, inventory, personnel and other systems, management agreements generally provide for these costs to be charged to our properties subject to annual limitations, which costs will be borne by Crestline under the leases. We expect that the third party managers will incur Year 2000 costs in lieu of costs for their centralized systems related to system projects that otherwise would have been pursued and other centralized costs and, therefore, the overall level of centralized systems charges allocated to the properties will not materially increase as a result of the Year 2000 compliance effort. We believe that this deferral of certain system projects will not have a material impact on our future results of operations, although it may delay certain productivity enhancements at our properties. We and Crestline will continue to monitor the efforts of these third parties to become Year 2000 compliant and will take appropriate steps to address any non-compliance issues. We believe that, in the event of material Year 2000 non-compliance, we will have the right to seek recourse against the manager under our third party management agreements. The management agreements, however, generally do not specifically address the Year 2000 compliance issue. Therefore, the amount of any recovery in the event of Year 2000 non-compliance at a property, if any, is not determinable at this time, and only a portion of such recovery would accrue to us through increased lease rental payments from Crestline.

We and Crestline will work with the third parties to ensure that appropriate contingency plans will be developed to address the most reasonably likely worst case Year 2000 scenarios, which may not have been identified fully. In particular, we and Crestline have had extensive discussions regarding the Year 2000 problem with Marriott International, the manager of a substantial majority of our hotel properties. Due to the significance of Marriott International to our business, a detailed description of Marriott International's state of readiness follows.

Marriott International has adopted an eight-step process toward Year 2000 readiness, consisting of the following: (i) Awareness: fostering understanding of, and commitment to, the problem and its potential risks; (ii) Inventory: identifying and locating systems and technology components that may be affected; (iii) Assessment: reviewing these components for Year 2000 compliance, and assessing the scope of

Year 2000 issues; (iv) Planning: defining the technical solutions and labor and work plans necessary for each affected system; (v) Remediation/Replacement: completing the programming to renovate or replace the problem software or hardware; (vi) Testing and Compliance Validation: conducting testing, followed by independent validation by a separate internal verification team; (vii) Implementation: placing the corrected systems and technology back into the business environment; and (viii) Quality Assurance: utilizing an internal audit team to review significant projects for adherence to quality standards and program methodology.

Marriott International has grouped its systems and technology into three categories for purposes of Year 2000 compliance: (i) information resource applications and technology (IT Applications)--enterprise-wide systems supported by Marriott International's centralized information technology organization ("IR"); (ii) Business-initiated Systems ("BIS")--systems that have been initiated by an individual business unit, and that are not supported by Marriott International's IR organization; and (iii) Building Systems--non-IT equipment at properties that use embedded computer chips, such as elevators, automated room key systems and HVAC equipment. Marriott International is prioritizing its efforts based on how severe an effect noncompliance would have on customer service, core business processes or revenues, and whether there are viable, non-automated fallback procedures (System Criticality).

Marriott International measures the completion of each phase based on documentation and quantified results weighted for System Criticality. As of September 10, 1999, the Awareness, Inventory, Assessment, and Planning phases were complete for IT Applications, BIS, and Building Systems. For IT Applications, the Remediation/Replacement and Testing phases were 95 percent complete. Compliance Validation had been completed for over 90 percent of key systems, with most of the remaining work in its final stage. For BIS and Building Systems, Remediation/Replacement is over 95 percent complete. For BIS, Testing is approximately 80 percent complete and Compliance Validation is in progress. Testing is over 95% complete for Building Systems and Compliance Validation is in progress. Implementation is approximately 85 percent complete and Quality Assurance is 80 percent complete for IT Applications. For BIS, Implementation is approximately 85 percent complete while Quality Assurance is in progress. Implementation is over 95 percent complete and Quality Assurance is in progress for Building Systems.

Year 2000 compliance communications with Marriott International's significant third party suppliers, vendors and business partners, including its franchisees are ongoing. Marriott International's efforts are focused on the connections most critical to customer service, core business processes and revenues, including those third parties that support the most critical enterprise-wide IT Applications, franchisees generating the most revenues, suppliers of the most widely used Building Systems and BIS, the top 100 suppliers, by dollar volume, of non-IT products and services, and financial institutions providing the most critical payment processing functions. Responses have been received from a majority of the firms in this group. A majority of these respondents have either given assurances of timely Year 2000 compliance or have identified the necessary actions to be taken by them or Marriott International to achieve timely Year 2000 compliance for their products. Where Marriott International has not received satisfactory responses it is addressing the potential risks of failure through its contingency planning process.

Marriott International has established a common approach for testing and addressing Year 2000 compliance issues for its managed and franchised properties. This includes guidance for operated properties, and a Year 2000 "Toolkit" for franchisees containing relevant Year 2000 compliance information. Marriott International is also utilizing a Year 2000 best-practices sharing system. Marriott International is monitoring the progress of the managed and franchised properties towards Year 2000 compliance.

Risks. There can be no assurances that Year 2000 remediation by us or third parties will be properly and timely completed, and failure to do so could have a material adverse effect on us, our business and our financial condition. We cannot predict the actual effects to us of the Year 2000 problem, which depends on numerous uncertainties such as: whether significant third parties properly and timely address the Year 2000 issue and whether broad-based or systemic economic failures may occur. Moreover, we are reliant upon Crestline to interface with third parties in addressing the Year 2000 issue at the hotels leased by Crestline. We are also unable to predict the severity and duration of any such failures, which could include disruptions in passenger transportation or transportation systems generally, loss of utility and/or telecommunications services, the loss or disruption of hotel reservations made on centralized reservation systems and errors or failures in financial transactions or payment processing systems such as credit cards. Due to the general uncertainty inherent in the Year 2000 problem and our dependence on third parties, including Crestline following the REIT Conversion, we are unable to determine at this time whether the consequences of Year 2000 failures will have a material impact on us. Our Year 2000 compliance program and Crestline's adoption thereof are expected to significantly reduce the level of uncertainty about the Year 2000 problem and management believes that the possibility of significant interruptions of normal operations should be reduced.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We have certain financial instruments that are sensitive to changes in interest rates. The interest recognized on the debt obligations is based on various LIBOR terms, which were 5.18% and 5.06%, respectively, at September 10, 1999 and 5.1% and 5% at December 31, 1998, respectively. The interest rates, fair values and future maturities associated with these financial instruments have not changed materially from the amounts reported in our annual report on Form 10-K except for the refinancing and termination discussed below.

We repaid a $40 million variable rate mortgage with proceeds from the $300 million senior notes offering discussed in Note 8 to the financial statements during the first quarter of 1999. We terminated the associated swap agreement incurring a termination fee of approximately $1 million.

In July 1999, we completed the refinancing of approximately $790 million of outstanding variable rate mortgage debt and terminated the related interest rate swap agreements. See Note 11 to the condensed consolidated financial statements. As a result of the refinancing we no longer have any interest rate swap agreements outstanding. As of September 10, 1999, our remaining variable debt consists of the credit facility and the mortgage debt on the Ritz-Carlton Amelia Island property which total $340 million, $50 million of which has been repaid subsequent to quarter end.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Incorporated by reference to the description of legal proceedings in the "Contingencies" footnote to the condensed consolidated financial statements set forth in Part I, "Financial Information."

SIGNATURE

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 MARRIOTT, L.P.

BY: HOST MARRIOTT CORPORATION
Its General Partner

October 19, 1999	/s/ Donald D. Olinger
Date	Donald D. Olinger Senior Vice President and Corporate Controller (Chief Accounting Officer)

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM HOST
MARRIOTT, L.P. CONDENSED CONSOLIDATED BALANCE SHEET AND CONDENSED CONSOLIDATED
STATEMENT OF OPERATIONS AS OF AND FOR THE PERIOD ENDED SEPTEMBER 10, 1999 AND IS
QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

6-MOS
DEC-31-1999
JAN-01-1999
SEP-10-1999
290
0
307
0
0
0
8,362
1,141
8,324
0
2,539
0
100
1
1,127
8,324
885
937
0
756
0
0
325
181
0
181
0
17
0
198
.68
.66