

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

**FORM S-3  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**HOST MARRIOTT CORPORATION**

(Exact name of registrant as specified in its governing instrument)

**Maryland**  
(State of  
Incorporation)

**53-0085950**  
(I.R.S. Employer  
Identification Number)

**6903 Rockledge Drive, Suite 1500  
Bethesda, Maryland 20817  
(240) 744-1000**  
(Address and telephone number of principal executive offices)

**Elizabeth A. Abdo, Esq.**  
**Executive Vice President and General Counsel**  
**Host Marriott Corporation**  
**6903 Rockledge Drive, Suite 1500**  
**Bethesda, Maryland 20817**  
**(240) 744-1000**  
(Name, address and telephone number of agent for service)

*Copies to:*

**Scott C. Herlihy, Esq.**  
**LATHAM & WATKINS**  
**555 11th Street, N.W. Suite 1000**  
**Washington, DC 20004**  
**(202) 637-2200**

**Approximate date of commencement of proposed sale to the public:** From time to time after this registration statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Amount To Be Registered(1)	Proposed Maximum Offering Price Per Unit(2)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(3) (5)
Common Stock, par value \$0.01 per share(1) and Preferred Stock Purchase Rights(4)	27,322,400	\$ 12.32	\$ 336,611,968	\$ 42,648.74

(1) Represents the number of shares of common stock that are currently issuable upon exchange of the 3.25% Exchangeable Senior Debentures due April 25,

2024 of Host Marriott, L.P. (the "Debentures"). Pursuant to Rule 416(a) under the Securities Act, this registration statement shall be deemed to cover any additional number of shares of common stock as may be issued from time to time upon exchange of the Debentures as a result of stock splits, stock dividends or similar transactions. No additional consideration will be received for the common stock and, therefore, no registration fee is required pursuant to Rule 457(i).

- (2) The price is estimated in accordance with Rule 457(c) under the Securities Act, solely for the purpose of calculating the registration fee and is \$12.32, the average of the high and low prices of Host Marriott common stock as reported by the New York Stock Exchange on June 30, 2004.
- (3) Determined Pursuant to Rule 457(o).
- (4) The registration statement also includes the rights to acquire shares of registrant's Series A Junior Participating Preferred Stock associated with the registrant's common stock. These preferred stock purchase rights are initially carried and traded with the common stock and the value of the rights, if any, is reflected in the value of the common stock.
- (5) Pursuant to Rule 457(p), \$42,648.74 of the filing fee previously paid by Host Marriott, L.P., a subsidiary in which the Company owns more than 50 percent of the outstanding voting securities, upon the initial filing of the registration on Form S-3 (File Number 333-61722) on May 25, 2001, is offset against the currently due filing fee.

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The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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Subject to completion, dated July 8, 2004

PROSPECTUS



27,322,400 Shares of Common Stock

This prospectus related to 27,322,400 shares of our common stock that may be offered for resale by the persons or entities listed herein who may become stockholders of ours upon issuance of shares of common stock upon exchange of 3.25% Exchangeable Senior Debentures due April 15, 2024 of Host Marriott, L.P. (of which we are the sole general partner and in which we own 94% of the partnership interests). Host Marriott, L.P. issued the debentures in a private offering on March 16, 2004. This prospectus also relates to an indeterminate number of additional shares of our common stock that may be issued from time to time upon exchange of the debentures as a result of exchange rate adjustments under the terms of the debentures.

The selling stockholders named in this prospectus, or in supplements hereto, may sell all or a portion of the common stock, from time to time, in market transactions, in negotiated transactions or otherwise, and at prices and on terms which will be determined by the then prevailing market price for common stock or at negotiated prices directly or through a broker or brokers, who may act as agent or as principal or by a combination of such methods of sale. See "Plan of Distribution" for additional information on the methods of sale.

No securities are being offered or sold by us pursuant to this prospectus. We will not receive any of the proceeds from the sale of these shares by the selling stockholders.

Our common stock is traded on the New York Stock Exchange under the symbol "HMT". On July 7, 2004, the last reported sale price of our common stock was \$12.75 per share.

Our principal executive offices are located at 6903 Rockledge Drive, Suite 1500, Bethesda, Maryland, 20817. Our phone number is (240) 744-1000.

**Investing in the offered securities involves risks. See "Risk Factors" beginning on page 2.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the offered securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus is July , 2004.

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You should rely only on the information contained in or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus or the documents incorporated therein is accurate as of any date other than the date of this prospectus or such documents.

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## ABOUT THIS PROSPECTUS

Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus to “we,” “us,” “our,” “Host Marriott,” or the “Company” means Host Marriott Corporation, including our consolidated subsidiaries. References to the “Operating Partnership” or to “Host LP” are to Host Marriott, L.P., a Delaware limited partnership.

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, using a “shelf” registration process for the delayed offering and sale of securities pursuant to Rule 415 under the Securities Act of 1933. Under the shelf process, the selling stockholders may, from time to time, sell the offered securities described in this prospectus in one or more offerings.

This prospectus and any accompanying prospectus supplement do not contain all of the information included in the registration statement. We have omitted parts of the registration statement in accordance with the rules and regulations of the SEC. For further information, we refer you to the registration statement on Form S-3 of which this prospectus is a part, including its exhibits. Statements contained in this prospectus and any accompanying prospectus supplement about the provisions or contents of any agreement or other document are not necessarily complete. If the SEC rules and regulations require that an agreement or document be filed as an exhibit to the registration statement, please see that agreement or document for a complete description of these matters. You should not assume that the information in this prospectus or any prospectus supplement is accurate as of any date other than the date on the front of each document.

You should read both this prospectus and any prospectus supplement together with the additional information described under the heading “Where You Can Find More Information” in this prospectus.

## SUMMARY

*This summary contains a general summary of the information contained in this prospectus. The summary may not contain all of the information that is important to you, and it is qualified in its entirety by the more detailed information and historical consolidated financial statements, including the notes to those financial statements, that are part of the reports we file with the SEC and that are incorporated by reference in this prospectus. You should carefully consider the information contained in and incorporated by reference in this entire prospectus including the information set forth under the heading "Risk Factors", beginning on page 2 of this prospectus.*

### General

We are a Maryland corporation and we operate as a self-managed and self-administered real estate investment trust, or REIT. We own our properties and conduct our operations through Host Marriott, L.P., a Delaware limited partnership of which we are the sole general partner and in which we hold 94% of the partnership interests as of July 1, 2004.

As of July 1, 2004, our lodging portfolio consisted of 111 upper-upscale and luxury full-service hotels containing approximately 56,000 rooms. Our portfolio is geographically diverse with hotels in most of the major metropolitan areas in 28 states, Washington, D.C., Toronto and Calgary, Canada and Mexico City, Mexico. Our locations include central business districts of major cities, near airports and resort/convention locations. Our hotels are operated under such brand names as Marriott, Ritz-Carlton, Hyatt, Four Seasons, Hilton and Westin.

The address of our principal executive office is 6903 Rockledge Drive, Suite 1500, Bethesda, Maryland, 20817. Our phone number is (240) 744-1000. Our Internet website address is [www.hostmarriott.com](http://www.hostmarriott.com).

### The Offering

This prospectus relates to the resale by the selling stockholders of up to 27,322,400 shares of our common stock that we may issue to the selling stockholders upon exchange of the 3.25% Exchangeable Senior Debentures due April 15, 2024 of Host Marriott, L.P. (plus an indeterminate number of additional shares of our common stock that may be issued from time to time upon exchange of the debentures as a result of exchange rate adjustments under the terms of the debentures).

## RISK FACTORS

*You should carefully consider the risk factors set forth below and other information included or incorporated by reference in this prospectus before you decide to buy our common stock. This includes the risk factors set forth below and the matters discussed in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q and the discussion of material federal income tax consequences applicable to us and holders of our common stock incorporated by reference from our Form 8-K dated March 5, 2004, which are incorporated by reference into this prospectus, as the same may be updated from time to time by our future filings under the Securities Exchange Act of 1934, as amended. For more information, see the section entitled, “Where You Can Find More Information” in this prospectus.*

### Risks of Ownership of our Common Stock

**There are limitations on the acquisition of our common stock and changes in control.** Our charter and bylaws, the partnership agreement of the Operating Partnership, our stockholder rights plan and the Maryland General Corporation Law contain a number of provisions, the exercise of which could delay, defer or prevent a transaction or a change in control of us that might involve a premium price for our stockholders or otherwise be in their best interests, including the following:

- **Ownership limit.** The 9.8% ownership limit described under “Risk Factors—Risks of Ownership of our Common Stock—There are possible adverse consequences of limits on ownership of our common stock” may have the effect of precluding a change in control of us by a third party without the consent of our Board of Directors, even if the change in control would be in the interest of our stockholders, and even if the change in control would not reasonably jeopardize our REIT status.

- **Removal of board of directors.** Our charter provides that, except for any directors who may be elected by holders of a class or series of shares of capital stock other than our common stock, directors may be removed only for cause and only by the affirmative vote of stockholders holding at least two-thirds of all the votes entitled to be cast for the election of directors. Vacancies on the Board of Directors may be filled by the concurring vote of a majority of the remaining directors and, in the case of a vacancy resulting from the removal of a director by the stockholders, by at least two-thirds of all the votes entitled to be cast in the election of directors.

- **Preferred shares; classification or reclassification of unissued shares of capital stock without stockholder approval.** Our charter provides that the total number of shares of stock of all classes that we have authority to issue is 800,000,000, initially consisting of 750,000,000 shares of common stock and 50,000,000 shares of preferred stock. Our Board of Directors has the authority, without a vote of stockholders, to classify or reclassify any unissued shares of stock, including common stock into preferred stock or vice versa, and to establish the preferences and rights of any preferred or other class or series of shares to be issued. The issuance of preferred shares or other shares having special preferences or rights could delay, defer or prevent a change in control even if a change in control would be in the interests of our stockholders. Because our Board of Directors has the power to establish the preferences and rights of additional classes or series of shares without a stockholder vote, our Board of Directors may give the holders of any class or series preferences, powers and rights, including voting rights, senior to the rights of holders of our common stock.

- **Consent rights of the limited partners.** Under the partnership agreement of the Operating Partnership, we generally will be able to merge or consolidate with another entity with the consent of partners holding limited percentage interests that are more than 50% of the aggregate percentage interests of the outstanding limited partnership interests entitled to vote on the merger or consolidation, including any limited partnership interests held by us, as long as the holders of limited partnership interests either receive or have the right to receive the same consideration as our stockholders. We, as holder of a majority of the limited partnership interests, would be able to control the vote. Under our charter, holders of at least two-thirds of our outstanding shares of common stock generally must approve the merger or consolidation.

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• **Maryland business combination law.** Under the Maryland General Corporation Law, specified “business combinations,” including specified issuances of equity securities, between a Maryland corporation and any person who owns 10% or more of the voting power of the corporation’s then outstanding shares, or an “interested stockholder,” or an affiliate of the interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. Thereafter, any of these specified business combinations must be approved by 80% of the votes entitled to be cast by the holders of outstanding voting shares and by two-thirds of the votes entitled to be cast by the holders of voting shares other than voting shares held by an interested stockholder unless, among other conditions, the corporation’s common stockholders receive a minimum price, as defined in the Maryland General Corporation Law, for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder. We are subject to the Maryland business combination statute.

• **Maryland control share acquisition law.** Under the Maryland General Corporation Law, “control shares” acquired in a “control share acquisition” have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares owned by the acquiror, by officers or by directors who are employees of the corporation. “Control shares” are voting shares which, if aggregated with all other voting shares previously acquired by the acquiror or over which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power: (1) one-tenth or more but less than one-third, (2) one-third or more but less than a majority or (3) a majority or more of the voting power. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A “control share acquisition” means the acquisition of control shares, subject to specified exceptions. We are subject to these control share provisions of Maryland law.

• **Merger, consolidation, share exchange and transfer of our assets.** Pursuant to our charter, subject to the terms of any outstanding class or series of capital stock, we can merge with or into another entity, consolidate with one or more other entities, participate in a share exchange or transfer our assets within the meaning of the Maryland General Corporation Law if approved (1) by our Board of Directors in the manner provided in the Maryland General Corporation Law and (2) by our stockholders holding two-thirds of all the votes entitled to be cast on the matter, except that any merger of us with or into a trust organized for the purpose of changing our form of organization from a corporation to a trust requires only the approval of our stockholders holding a majority of all votes entitled to be cast on the merger. Under the Maryland General Corporation Law, specified mergers may be approved without a vote of stockholders and a share exchange is only required to be approved by a Maryland corporation by its Board of Directors if the corporation is the successor. Our voluntary dissolution also would require approval of stockholders holding two-thirds of all the votes entitled to be cast on the matter.

• **Certain amendments to our charter and bylaws.** Our charter contains provisions relating to restrictions on transferability of our common stock, fixing the size of our Board of Directors within the range set forth in our charter, removal of directors and the filling of vacancies, all of which may be amended only by a resolution adopted by the Board of Directors and approved by our stockholders holding two-thirds of the votes entitled to be cast on the matter. Any amendments of these provisions of our charter (setting forth the necessary approval requirements) also would require action of our Board of Directors and the approval by stockholders holding two-thirds of all the votes entitled to be cast on the matter. As permitted under the Maryland General Corporation Law, our bylaws provide that directors have the exclusive right to amend our bylaws.

• **Stockholder rights plan.** We adopted a stockholder rights plan which provides, among other things, that when specified events occur, our stockholders will be entitled to purchase from us a newly created class or series of junior preferred shares, subject to our ownership limit described below. The preferred share purchase rights are triggered by the earlier to occur of (1) ten days after the date of a public announcement that a person or group acting in concert has acquired, or obtained the right to acquire, beneficial ownership of 20% or more of our outstanding shares of common stock or (2) ten business days after the commencement of or announcement of an intention to make a tender offer or exchange offer, the consummation of which would result in the acquiring person becoming the beneficial owner of 20% or more of our outstanding common stock. The exercise of the

preferred share purchase rights would cause substantial dilution to a person or group that attempts to acquire us on terms not approved by our Board of Directors.

**There are possible adverse consequences of limits on ownership of our common stock.** To maintain our qualification as a REIT for Federal income tax purposes, not more than 50% in value of our outstanding shares of capital stock may be owned, directly or indirectly, by five or fewer individuals, as defined in the Internal Revenue Code to include some entities. In addition, a person who owns, directly or by attribution, 10% or more of an interest in a tenant of ours, or a tenant of any partnership in which we are a partner, cannot own, directly or by attribution, 10% or more of our shares without jeopardizing our qualification as a REIT. Primarily to facilitate maintenance of our qualification as a REIT for Federal income tax purposes, the ownership limit under our charter prohibits ownership, directly or by virtue of the attribution provisions of the Internal Revenue Code, by any person or persons acting as a group, of more than 9.8% of the issued and outstanding shares of our common stock, and prohibits ownership, directly or by virtue of the attribution provisions of the Internal Revenue Code, by any person, or persons acting as a group, of more than 9.8% of the issued and outstanding shares of any class or series of our preferred shares or any other class or series of stock. Together, these limitations are referred to as the “ownership limit.”

Our Board of Directors, in its sole and absolute discretion, may waive or modify the ownership limit with respect to one or more persons who would not be treated as “individuals” for purposes of the Internal Revenue Code if the Board of Directors is satisfied, based upon information required to be provided by the party seeking the waiver and, if it determines necessary or advisable, upon an opinion of counsel satisfactory to our Board of Directors, that ownership in excess of this limit will not cause a person who is an individual to be treated as owning shares in excess of the ownership limit, applying the applicable constructive ownership rules, and will not otherwise jeopardize our status as a REIT for Federal income tax purposes (for example, by causing any of our tenants to be considered a “related party tenant” for purposes of the REIT qualification rules). Common stock acquired or held in violation of the ownership limit will be transferred automatically to a trust for the benefit of a designated charitable beneficiary, and the person who acquired the common stock in violation of the ownership limit will not be entitled to any distributions thereon, to vote those shares of common stock or to receive any proceeds from the subsequent sale of the common stock in excess of the lesser of the price paid for the common stock or the amount realized from the sale. A transfer of shares of our common stock to a person who, as a result of the transfer, violates the ownership limit may be void under certain circumstances, and, in any event, would deny that person any of the economic benefits of owning shares of our common stock in excess of the ownership limit. The ownership limit may have the effect of delaying, deferring or preventing a change in control and, therefore, could adversely affect the stockholders’ ability to realize a premium over the then-prevailing market price for our common stock in connection with such transaction.

**Shares of our common stock that are or become available for sale could affect the price for shares of our common stock.** Sales of a substantial number of shares of our common stock, or the perception that sales could occur, could adversely affect prevailing market prices for our common stock. In addition, holders of units of limited partnership interest in the Operating Partnership (referred to as “OP Units”), whose OP Units are redeemed by the Operating Partnership in exchange for common stock, will be able to sell those shares freely, unless the person is our affiliate and resale of the affiliate’s shares is not covered by an effective registration statement. Further, a substantial number of shares of our common stock have been and will be issued or reserved for issuance from time to time under our employee benefit plans, including shares of our common stock reserved for options, or pursuant to securities we may issue that are convertible into shares of our common stock or securities (other than OP Units) that the Operating Partnership has issued that are exchangeable for shares of our common stock. These shares of common stock would be available for sale in the public markets from time to time pursuant to exemptions from registration or upon registration. As of July 1, 2004, (i) there are approximately 23 million OP Units outstanding that are currently redeemable, and (ii) there are outstanding \$500 million aggregate principal amount of 3.25% Exchangeable Senior Debentures of the Operating Partnership exchangeable under certain conditions for shares of our common stock at a price of approximately \$18.30 per share. Moreover, additional shares of our common stock issued by us would be available in the future for sale in

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the public markets. We can make no prediction about the effect that future sales of our common stock would have on the market price of our common stock.

**Our earnings and cash distributions will affect the market price of shares of our common stock.** We believe that the market value of a REIT's equity securities is based primarily upon the market's perception of the REIT's growth potential and its current and potential future cash distributions, whether from operations, sales, acquisitions, development or refinancings, and is secondarily based upon the value of the underlying assets. For that reason, shares of our common stock may trade at prices that are higher or lower than the net asset value per share. To the extent we retain operating cash flow for investment purposes, working capital reserves or other purposes rather than distributing the cash flow to stockholders, these retained funds, while increasing the value of our underlying assets, may negatively impact the market price of our common stock. Our failure to meet the market's expectation with regard to future earnings and cash distributions would likely adversely affect the market price of our common stock.

**Market interest rates may affect the price of shares of our common stock.** We believe that one of the factors that investors consider important in deciding whether to buy or sell shares of a REIT is the distribution rate on the shares, considered as a percentage of the price of the shares, relative to market interest rates. If market interest rates increase, prospective purchasers of REIT shares may expect a higher distribution rate. Thus, higher market interest rates could cause the market price of our shares to go down.

### **Financial Risks and Risks of Operation**

**We depend on external sources of capital for future growth and we may be unable to access capital when necessary.** Unlike corporations, our ability to reduce our debt and finance our growth largely must be funded by external sources of capital because we are generally required to distribute to our stockholders at least 90% of our taxable income in order to qualify as a REIT, including taxable income we recognize for tax purposes but with regard to which we do not receive corresponding cash. Our ability to access the external capital we require could be hampered by a number of factors many of which are outside of our control, including, without limitation, declining general market conditions, unfavorable market perception of our growth potential, decreases in our current and estimated future earnings, excessive cash distributions or decreases in the market price of our common stock. In addition, our ability to access additional capital may also be limited by the terms of our existing indebtedness, which, among other things, restricts our incurrence of debt and the payment of distributions. The occurrence of any of these above-mentioned factors, individually or in combination, could prevent us from being able to obtain the external capital we require on terms that are acceptable to us or at all and the failure to obtain necessary external capital could have a material adverse affect on our ability to finance our future growth.

**We have substantial leverage.** We have a significant amount of indebtedness and that could have important consequences. It currently requires us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, which reduces the availability of our cash flow to fund working capital, capital expenditures, expansion efforts, distributions to our stockholders and other general purposes. Additionally, our high level of indebtedness could:

- limit our ability in the future to undertake refinancings of our indebtedness or obtain financing for expenditures, acquisitions, development or other general corporate or business purposes; or
- affect adversely our ability to compete effectively or operate successfully under adverse economic conditions.

If our cash flow and working capital were not sufficient to fund our expenditures or service our indebtedness, we would have to raise additional funds through:

- the sale of our equity;
- the incurrence of additional permitted indebtedness by the Operating Partnership; or

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- the sale of our assets.

We cannot assure you that any of these sources of funds would be available to us or, if available, would be on terms that we would find acceptable or in amounts sufficient for us to meet our obligations or fulfill our business plan.

**Our revenues and the value of our properties are subject to conditions affecting the lodging industry.** The lodging industry has experienced a difficult period, and operations generally declined from 2001 to 2003, which caused declines in our revenue per available room, or RevPAR, and profit margins. The decline in the lodging industry was attributed to a number of factors including a weak economy, the effect of terrorist attacks, terror alerts and potential terrorist activity in the United States and the war in Iraq, all of which changed the travel patterns of both business and leisure travelers. While our operations have improved and RevPAR increased in the first quarter of 2004, it is not clear whether the changes in travel patterns of both business and leisure travelers are permanent or whether they will continue to evolve creating new opportunities or difficulties for the industry. Any forecast we make regarding our results of operations may be affected and can change based on the following risks:

- changes in the national, regional and local economic climate;
- reduced demand and increased operating costs and other conditions resulting from terrorist threats;
- changes in business and leisure travel patterns;
- local market conditions such as an oversupply of hotel rooms or a reduction in lodging demand;
- the attractiveness of our hotels to consumers relative to our competition;
- the performance of the managers of our hotels;
- changes in room rates and increases in operating costs due to inflation and other factors; and
- unionization of the labor force at our hotels.

**Our expenses may not decrease if our revenue drops.** Many of the expenses associated with owning and operating hotels, such as debt payments, property taxes, insurance, utilities, and employee wages and benefits, are relatively inflexible and do not necessarily decrease in tandem with a reduction in revenue at the property. Because of weak economic conditions from 2001 to 2003, particularly in the lodging industry, we have been working with our managers to reduce the operating costs of our hotels. While we have achieved reductions in operating costs as a result of these efforts, further cost reductions could be difficult to achieve if operating levels were to decline further. Some of the cost reduction efforts undertaken may eventually need to be reversed even if operations again declined to reduced levels. Regardless of these efforts to reduce costs, our expenses will be affected by inflationary increases, and in the case of certain costs, such as wages, benefits and insurance, may exceed the rate of inflation in any given period. Our managers may be unable to offset any such increased expenses with higher room rates. Any of our efforts to reduce operating costs or failure to make scheduled capital expenditures could adversely affect the growth of our business and the value of our hotel properties.

**Our revenues may be affected by increased use of reservation systems based on the Internet.** Although a majority of the room reservations made on the Internet are made through websites maintained by our managers, a growing number of reservations are also made through independent Internet sites. These independent Internet sites often purchase room reservations at a negotiated discount from participating properties, which could result in lower average room rates compared to the room rates offered by the manager on its website. While we do not believe that price is the only factor considered when choosing our properties, if the room rate available to consumers using the independent Internet sites were to be significantly lower than those offered by our managers on their websites our revenues and results of operations could be adversely affected.

**Our ground lease payments may increase faster than the revenues we receive on the hotels situated on the leased properties.** As of July 1, 2004, forty-four of all or a portion of our hotels are subject to ground leases.

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These ground leases generally require increases in ground rent payments every five years. Our ability to service our debt could be adversely affected to the extent that our revenues do not increase at the same or a greater rate than the increases in rental payments under the ground leases. In addition, if we were to sell a hotel encumbered by a ground lease, the buyer would have to assume the ground lease, which may result in a lower sales price.

**We do not control our hotel operations and we are dependent on the managers of our hotels.** Because Federal income tax laws restrict REITs and their subsidiaries from operating a hotel, we do not manage our hotels. Instead, we lease substantially all of our full-service properties to subsidiaries which qualify as “taxable REIT subsidiaries” under applicable REIT laws, and our taxable REIT subsidiaries retain third-party managers to manage our hotels pursuant to management agreements. Our income from the hotels may be adversely affected if our managers fail to provide quality services and amenities or if they fail to maintain a quality brand name. While our taxable REIT subsidiaries monitor the hotel managers’ performance, we have limited specific recourse under our management agreements if we believe that the hotel managers are not performing adequately. In addition, from time to time, we have had, and continue to have, differences with the managers of our hotels over their performance and compliance with the terms of our management agreements. We generally resolve issues with our managers through discussions and negotiations. However, if we are unable to reach satisfactory results through discussions and negotiations, we may choose to litigate such a dispute. Failure by our hotel managers to fully perform the duties agreed to in our management agreements could adversely affect our results of operations. In addition, our hotel managers manage, and in some cases own or have invested in, hotels that compete with our hotels, which may result in conflicts of interest. As a result, our hotel managers have in the past made and may in the future make decisions regarding competing lodging facilities that are not or would not be in our best interests.

**The terms of our debt place restrictions on us and our subsidiaries, reducing operational flexibility and creating default risks.** The documents governing the terms of the senior notes and credit facility of the Operating Partnership contain covenants that place restrictions on us and our subsidiaries. The activities upon which such restrictions exist include, but are not limited to:

- acquisitions, mergers and consolidations;
- the incurrence of additional debt;
- the creation of liens;
- the sale of assets;
- capital expenditures;
- raising capital from the issuance of certain types of mandatorily redeemable capital stock;
- the payment of dividends; and
- transactions with affiliates.

In addition, certain covenants in the credit facility of the Operating Partnership require it and our other subsidiaries to meet financial performance tests. The restrictive covenants in the indenture, the credit facility and the documents governing our other debt (including our mortgage debt) may reduce our flexibility in conducting our operations and may limit our ability to engage in activities that may be in our long-term best interest. The Operating Partnership’s failure to comply with these restrictive covenants could result in an event of default that, if not cured or waived, could result in the acceleration of all or a substantial portion of our debt.

**Our mortgage debt contains provisions that may reduce our liquidity.** Certain of our mortgage debt requires that, to the extent cash flow from the hotels which secure such debt drops below stated levels, we escrow cash flow after the payment of debt service until operations improve above the stated levels. In some cases, the escrowed amount may be applied to the outstanding balance of the mortgage debt. When such provisions are triggered, there can be no assurance that the affected properties will achieve the minimum cash flow levels required to trigger a release of any escrowed funds. The amounts required to be escrowed may be material and

may negatively affect our liquidity by limiting our access to cash flow after debt service from these mortgaged properties.

**Our ability to pay dividends on our common stock may be limited or prohibited by the terms of our indebtedness.** We and our subsidiaries, including the Operating Partnership, are, and may in the future become, parties to agreements and instruments which restrict or prevent the payment of dividends on our classes and series of capital stock. For example, under the terms of our credit facility and our senior notes indenture, distributions to us by the Operating Partnership, which we depend upon in order to obtain the cash necessary to pay dividends, are permitted only to the extent that, at the time of the distributions, the Operating Partnership can satisfy certain financial covenant tests and meet other requirements which are summarized below in “Dividend Policy—Dividend and Redemption Restrictions Under Our Debt Instruments and Our Preferred Stock.” At any time during which it fails to meet these requirements, the Operating Partnership will only be able to make cash distributions to us in the amounts required to maintain our qualification as a REIT (subject to limitations on the Operating Partnership’s ability to pay these “permitted REIT distributions” described below in “Dividend Policy—Dividend and Redemption Restrictions Under Our Debt Instruments and Our Preferred Stock”).

Beginning in the third quarter of 2002 and continuing through the fiscal quarter ended March 26, 2004, the Operating Partnership was prohibited from making distributions and other restricted payments, other than permitted REIT distributions, because the Operating Partnership’s EBITDA-to-interest coverage ratio as calculated under the indenture governing its senior notes (which measures the Operating Partnership’s ratio of its pro forma consolidated EBITDA to pro forma consolidated interest expense) was below 2.0 to 1.0. Accordingly, during this period, the Operating Partnership was only able to make distributions to us, and we only have been able to pay dividends to the extent that we had taxable income and were required to make distributions to maintain our status as a REIT. Our income distribution requirements for 2002 were satisfied, in part, by the full payment of regular dividends on our outstanding classes of preferred stock in 2002 and in the first three quarters of 2003, but our distribution requirements were not sufficient enough to permit us to pay any dividend on our common stock. We did not generate any taxable income from regular operations during 2003; however, taxable income generated by our insurance recovery on the New York Marriott World Trade Center and Financial Center hotels was sufficient to allow us to pay the regular quarterly dividend due on our outstanding classes of preferred stock for the fourth quarter of 2003 and the first quarter of 2004. We expect that the taxable income generated by the insurance recovery will be sufficient to allow us to pay the regular quarterly dividend on our outstanding classes of preferred stock through the third quarter of 2004. We will likely need to distribute a small dividend on our common stock in 2004 to complete the final required distribution of 2003 taxable income.

Currently, our EBITDA-to-interest coverage ratio is slightly above 2.0 to 1.0, based upon our results of operations for the four fiscal quarters ended March 26, 2004, and after giving effect to certain acquisition, disposition, financing and other transactions that occurred subsequent to March 26, 2004. Under the terms of the senior notes indenture, the ability to consider the aggregate pro forma effect of transactions occurring subsequent to March 26, 2004, such as our redemption of approximately, \$560 million of outstanding indebtedness, hotel acquisitions and dispositions and our redesignation by the Operations Partnership of JWDC Limited Partnership, through which we own the JW Marriott hotel in Washington, D.C. as a restricted subsidiary under the senior notes indenture, had the effect of improving the Operating Partnership’s EBITDA-to-interest coverage ratio. As a result, and because we expect operations to continue to improve, we currently expect to be able to pay dividends on our outstanding classes of preferred stock without regard to whether we generate any taxable income. However, we currently do not expect to pay a meaningful dividend on our common stock during 2004. Notwithstanding our current expectations, a decline in our operations or an increase in our consolidated interest expense, or any combination thereof, or, if the Operating Partnership is required to give pro forma effect to any other transactions that have a similar effect, could cause the Operating Partnership’s EBITDA-to-interest coverage ratio to again fall below 2.0 to 1.0. This could once again limit the amount of the Operating Partnership’s distributions to us (and our payment of dividends on our capital stock) to only permitted REIT distributions. Since, based on current estimates, we do not currently expect to generate taxable income during 2004, if the Operating Partnership’s EBITDA-to-interest coverage ratio again falls below 2.0 to 1.0, or the Operating Partnership is otherwise limited in the amount of distributions it can make to us under the terms of the senior notes indenture, we cannot provide any assurance that we would be able to pay dividends on any class of our capital stock.

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Accordingly, our ability to resume paying dividends on our common stock will depend on several factors outside of our control, such as our liquidity, the extent of our taxable income or loss from operations in 2004 and thereafter, our ability to meet the minimum EBITDA-to-interest coverage ratio and to satisfy the other requirements for making distributions set forth in the senior notes indenture and our credit facility and the amount of cumulative accrued dividends, if any, that remain unpaid on our outstanding classes of preferred stock (as discussed below).

**Our ability to pay dividends on our common stock may also be limited or prohibited by the terms of our preferred stock.** Under the terms of each of our outstanding classes of preferred stock, we are not permitted to pay dividends on our common stock unless cumulative dividends have been paid (or funds for payment have been set aside for payment) on each such class of preferred stock. Not counting our 10% Class A cumulative redeemable preferred stock (which we have called for redemption on August 3, 2004), the amount of aggregate dividends that accrue on our outstanding classes of preferred stock each quarter is approximately \$8.5 million.

In the event that we fail to pay the accrued dividends on our preferred stock for any reason, including because we are prevented from paying such dividends under the terms of the Operating Partnership's debt instruments (as discussed above), dividends will continue to accrue on all outstanding classes of our preferred stock and we will be prohibited from paying any dividends on our common stock until all such accrued but unpaid dividends on our preferred stock have been paid (or funds for such payment have been set aside).

**Rating Agency downgrades may increase our cost of capital.** Both our corporate debt and our preferred stock are rated by independent rating agencies, such as Moody's and Standard & Poor's. These rating agencies may elect to downgrade their ratings on our corporate debt and our preferred stock at any time. These downgrades may negatively affect our access to the capital markets and increase our cost of capital.

**Our management agreements could impair the sale or financing of our hotels.** Under the terms of our management agreements, we generally may not sell, lease or otherwise transfer the hotels unless the transferee is not a competitor of the manager and the transferee assumes the related management agreements and meets specified other conditions. Our ability to finance or sell any of the properties, depending upon the structure of such transactions, may require the manager's consent. If, in these circumstances, the manager does not consent, we would be prohibited from taking actions in our best interest without breaching the management agreement.

**The acquisition contracts relating to some hotels limit our ability to sell or refinance those hotels.** For reasons relating to tax considerations of the former and current owners of nine hotels, we have agreed to restrictions on selling the hotels, or repaying or refinancing the mortgage debt for varying periods depending on the hotel. We have also agreed not to sell more than 50% of the original allocated value attributable to the former owners of a portfolio of 11 additional hotels, or to take other actions that would result in the recognition and allocation of gain to the former owners of such hotels for income tax purposes. We anticipate that, in specified circumstances, we may agree to similar restrictions in connection with future hotel acquisitions. As a result, even if it were in our best interests to sell these hotels or repay or otherwise reduce the level of the mortgage debt on such hotels, it may be difficult or costly to do so during their respective lock-out periods.

**We may be unable to sell properties because real estate investments are illiquid.** Real estate investments generally cannot be sold quickly. We may not be able to vary our portfolio promptly in response to economic or other conditions. The inability to respond promptly to changes in the performance of our investments could adversely affect our financial condition and our ability to service our debt. In addition, there are limitations under the federal tax laws applicable to REITs that may limit our ability to recognize the full economic benefit from a sale of our assets.

**We depend on our key personnel.** Our success depends on the efforts of our executive officers and other key personnel. None of our key personnel have employment agreements and we do not maintain key person life insurance for any of our executive officers. We cannot assure you that these key personnel will remain employed

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by us. While we believe that we could find replacements for these key personnel, the loss of their services could have a significant adverse effect on our financial performance.

**Litigation judgments or settlements could have a material adverse effect on our financial condition.** We are a party to various lawsuits, including lawsuits relating to our conversion into a REIT. While we and the other defendants to such lawsuits believe all of the lawsuits in which we are a defendant are without merit and we are vigorously defending against such claims, we can give no assurance as to the outcome of any of the lawsuits. If any of the lawsuits were to be determined adversely to us or a settlement involving a payment of a material sum of money were to occur, there could be a material adverse effect on our financial condition.

**We may acquire hotel properties through joint ventures with third parties that could result in conflicts.** Instead of purchasing hotel properties directly, we may invest as a co-venturer. Co-venturers often share control over the operation of a joint venture. For example, we entered into a joint venture with Marriott International that owns two limited partnerships holding, in the aggregate, 120 Courtyard by Marriott hotels. Subsidiaries of Marriott International manage these Courtyard by Marriott hotels and other subsidiaries of Marriott International serve as ground lessors and mezzanine lender to the partnerships. Actions by a co-venturer could subject the assets to additional risk, including:

- our co-venturer in an investment might have economic or business interests or goals that are inconsistent with our, or the joint venture's, interests or goals;
- our co-venturer may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives; or
- our co-venturer could go bankrupt, leaving us liable for its share of joint venture liabilities.

Although we generally will seek to maintain sufficient control of any joint venture to permit our objectives to be achieved, we might not be able to take action without the approval of our joint venture partners. Also, our joint venture partners could take actions binding on the joint venture without our consent.

**Environmental problems are possible and can be costly.** We believe that our properties are in compliance in all material respects with applicable environmental laws. Unidentified environmental liabilities could arise, however, and could have a material adverse effect on our financial condition and performance. Federal, state and local laws and regulations relating to the protection of the environment may require a current or previous owner or operator of real estate to investigate and clean up hazardous or toxic substances or petroleum product releases at the property. The owner or operator may have to pay a governmental entity or third parties for property damage and for investigation and clean-up costs incurred by the parties in connection with the contamination. These laws typically impose clean-up responsibility and liability without regard to whether the owner or operator knew of or caused the presence of the contaminants. Even if more than one person may have been responsible for the contamination, each person covered by the environmental laws may be held responsible for all of the clean-up costs incurred. In addition, third parties may sue the owner or operator of a site for damages and costs resulting from environmental contamination emanating from that site. Environmental laws also govern the presence, maintenance and removal of asbestos. These laws require that owners or operators of buildings containing asbestos properly manage and maintain the asbestos, that they notify and train those who may come into contact with asbestos and that they undertake special precautions, including removal or other abatement, if asbestos would be disturbed during renovation or demolition of a building. These laws may impose fines and penalties on building owners or operators who fail to comply with these requirements and may allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos fibers.

**Compliance with other government regulations can be costly.** Our hotels are subject to various other forms of regulation, including Title III of the Americans with Disabilities Act, building codes and regulations pertaining to fire safety. Compliance with those laws and regulations could require substantial capital expenditures. These regulations may be changed from time to time, or new regulations adopted, resulting in

additional costs of compliance, including potential litigation. Any increased costs could have a material adverse effect on our business, financial condition or results of operations.

**Future terrorist attacks or changes in terror alert levels could adversely affect us.** Previous terrorist attacks in the United States have adversely affected the travel and hospitality industries, including the full-service portion of the hotel industry. The impact which terrorist attacks in the United States or elsewhere could have on our business in particular and the U.S. economy, the global economy and global financial markets in general is indeterminable. It is possible that such attacks or the threat of such attacks could have a material adverse effect on our business, our ability to finance our business, our ability to insure our properties and on our results of operations and financial condition as a whole.

**Some potential losses are not covered by insurance.** We carry comprehensive insurance coverage for general liability, property, business interruption and other risks with respect to all of our hotels and other properties. These policies offer coverage features and insured limits that we believe are customary for similar type properties. Generally, our “all-risk” property policies provide coverage that is available on a per occurrence basis and that, for each occurrence, has an overall limit as well as various sub-limits on the amount of insurance proceeds we can receive. Sub-limits exist for certain types of claims such as service interruption, abatement, earthquakes, expediting costs or landscaping replacement, and the dollar amounts of these sub-limits are significantly lower than the dollar amounts of the overall coverage limit. Our property policies also provide that all of the claims from each of our properties resulting from a particular insurable event must be combined together for purposes of evaluating whether the aggregate limits and sub-limits contained in our policies have been exceeded and, in the case of four of our hotels where the manager provides this coverage, any such claims will also be combined with the claims of other owners participating in the managers’ program for the same purpose. That means that, if an insurable event occurs that affects more than one of our hotels, or, in the case of hotels where coverage is provided by the management company, affects hotels owned by others, the claims from each affected hotel will be added together to determine whether the aggregate limit or sub-limits, depending on the type of claim, have been reached and each affected hotel may only receive a proportional share of the amount of insurance proceeds provided for under the policy if the total value of the loss exceeds the aggregate limits available. We may incur losses in excess of insured limits and, as a result, we may be even less likely to receive sufficient coverage for risks that affect multiple properties such as earthquakes or certain types of terrorism.

In addition, there are other risks such as war, certain forms of terrorism such as nuclear, biological or chemical terrorism and some environmental hazards that may be deemed to fall completely outside the general coverage limits of our policies or may be uninsurable or may be too expensive to justify insuring against. If any such risk were to materialize and materially adversely affect one or more of our properties, we would likely not be able to recover our losses.

We may also encounter challenges with an insurance provider regarding whether it will pay a particular claim that we believe to be covered under our policy. Should a loss in excess of insured limits or an uninsured loss occur or should we be unsuccessful in obtaining coverage from an insurance carrier, we could lose all, or a portion of, the capital we have invested in a property, as well as the anticipated future revenue from the hotel. In that event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property.

**We may not be able to recover fully under our existing terrorism insurance for losses caused by some types of terrorist acts, and federal terrorism legislation does not ensure that we will be able to obtain terrorism insurance in adequate amounts or at acceptable premium levels in the future.** We obtain terrorism insurance as part of our all-risk property insurance program. However, as noted above, our all-risk policies have limitations such as per occurrence limits and sublimits which might have to be shared proportionally across participating hotels under certain loss scenarios. Also, all-risk insurers only have to provide terrorism coverage to the extent mandated by the Terrorism Risk Insurance Act (TRIA) for “certified” acts of terrorism—namely those which are committed on behalf of non-United States persons or interests. Furthermore,

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we do not have full replacement coverage at all of our properties for acts of terrorism committed on behalf of United States persons or interests (“noncertified” events) as our coverage for such incidents is subject to sublimits and annual aggregate limits. In addition, property damage related to war and to nuclear, biological and chemical incidents is excluded under our policies. While TRIA will reimburse insurers for losses resulting from nuclear, biological and chemical perils, TRIA does not require insurers to offer coverage for these perils and, to date, insurers are not willing to provide this coverage, even with government reinsurance. In addition, TRIA terminates on December 31, 2005, and there is no guarantee that the terrorism coverage that it mandates will be readily available or affordable thereafter. As a result of the above, there remains considerable uncertainty regarding the extent and adequacy of terrorism coverage that will be available to protect our interests in the event of future terrorist attacks that impact our properties.

### **Federal Income Tax Risks**

**Recent changes in taxation of corporate dividends may adversely affect the value of our stock.** While corporate dividends have traditionally been taxed at ordinary income rates, dividends received by individuals through December 31, 2008 from regular C corporations generally will be taxed at the maximum capital gains tax rate of 15% as opposed to the maximum ordinary income tax rate of 35%. REIT dividends are not eligible for the lower capital gains rates, except in certain circumstances where the dividends are attributable to income that has been subject to corporate-level tax. While the earnings of a REIT that are distributed to its stockholders generally will be subject to less Federal income taxation than earnings of a non-REIT C corporation that are distributed to its stockholders net of corporate-level income tax, this difference in the taxation of dividends could cause individual investors to view the stock of regular C corporations as more attractive relative to the stock of REITs. Individual investors could hold this view because the dividends from regular C corporations will generally be taxed at a lower rate while dividends from REITs will generally be taxed at the same rate as the individual’s other ordinary income. We cannot predict what effect, if any, this difference in the taxation of dividends may have on the value of the stock of REITs, either in terms of price or relative to other potential investments.

**To qualify as a REIT, we are required to distribute at least 90% of our taxable income, irrespective of our available cash or outstanding obligations.** To continue to qualify as a REIT, we currently are required to distribute to our stockholders with respect to each year at least 90% of our taxable income, excluding net capital gain. In addition, we will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions made by us with respect to the calendar year are less than the sum of 85% of our ordinary income and 95% of our capital gain net income for that year and any undistributed taxable income from prior periods less excess distributions from prior years. We intend to make distributions, subject to the availability of cash and in compliance with any debt covenants, to our stockholders to comply with the distribution requirement and to avoid the nondeductible excise tax and will rely for this purpose on distributions from the Operating Partnership. However, there are differences in timing between our recognition of taxable income and our receipt of cash available for distribution due to, among other things, the seasonality of the lodging industry and the fact that some taxable income will be “phantom” income, which is taxable income that is not matched by cash flow to us. Due to some transactions entered into in years prior to the REIT conversion, we could recognize substantial amounts of “phantom” income. It is possible that these timing differences could require us to borrow funds or to issue additional equity to enable us to meet the distribution requirement and, therefore, to maintain our REIT status, and to avoid the nondeductible excise tax. In addition, because the REIT distribution requirements prevent us from retaining earnings, we will generally be required to refinance debt that matures with additional debt or equity. We cannot assure you that any of the sources of funds, if available at all, would be sufficient to meet our distribution and tax obligations.

**Adverse tax consequences would apply if we failed to qualify as a REIT.** We believe that we have been organized and have operated in such a manner so as to qualify as a REIT under the Internal Revenue Code, commencing with our taxable year beginning January 1, 1999, and we currently intend to continue to operate as a REIT during future years. No assurance can be provided, however, that we qualify as a REIT or that new

legislation, treasury regulations, administrative interpretations or court decisions will not significantly change the tax laws with respect to our qualification as a REIT or the federal income tax consequences of our REIT qualification. If we fail to qualify as a REIT, we will not be allowed to take a deduction for distributions to stockholders in computing our taxable income, and we will be subject to Federal and state income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates. In addition, unless entitled to statutory relief, we would not qualify as a REIT for the four taxable years following the year during which REIT qualification is lost. Any determination that we do not qualify as a REIT would have a materially adverse effect on our results of operations and could reduce the value of our common stock materially. The additional tax liability to us for the year or years in which we did not qualify would reduce our net earnings available for investment, debt service or distribution to our stockholders. Furthermore, we would no longer be required to make any distributions to stockholders as a condition to REIT qualification and all of our distributions to stockholders would be taxable as regular corporate dividends to the extent of our current and accumulated earnings and profits, or “E&P.” This means that stockholders taxed as individuals currently would be taxed on those dividends at capital gains rates and corporate stockholders generally would be entitled to the dividends received deduction with respect to such dividends, subject in each case, to applicable limitations under the Internal Revenue Code. Our failure to qualify as a REIT also would cause an event of default under our credit facility that could lead to an acceleration of the amounts due under the credit facility, which, in turn, would constitute an event of default under our outstanding debt securities.

**If our leases are not respected as true leases for Federal income tax purposes, we would fail to qualify as a REIT.** To qualify as a REIT, we must satisfy two gross income tests, under which specified percentages of our gross income must be passive income, like rent. For the rent paid pursuant to the leases, which constitutes substantially all of our gross income, to qualify for purposes of the gross income tests, the leases must be respected as true leases for Federal income tax purposes and not be treated as service contracts, joint ventures or some other type of arrangement. In addition, the lessees must not be regarded as related party tenants, as defined in the Internal Revenue Code. We believe that the leases will be respected as true leases for Federal income tax purposes. There can be no assurance, however, that the IRS will agree with this view. We also believe that Crestline Capital Corporation, the lessee of substantially all of our full service hotels prior to January 1, 2001, was not a related party tenant and, as a result of changes in the tax laws effective January 1, 2001, HMT Lessee, LLC, or HMT Lessee, will not be treated as a related party tenant so long as it qualifies as a taxable REIT subsidiary. If the leases were not respected as true leases for federal income tax purposes or if the lessees were regarded as related party tenants, we would not be able to satisfy either of the two gross income tests applicable to REITs and we would lose our REIT status. See “Risk Factors—Federal Income Tax Risks—Adverse tax consequences would apply if we failed to qualify as a REIT” above.

**If HMT Lessee fails to qualify as a taxable REIT subsidiary, we would fail to qualify as a REIT.** For our taxable years beginning on and after January 1, 2001, as a result of REIT tax law changes under the specific provisions of the Ticket to Work and Work Incentives Improvement Act of 1999, which we refer to as the “REIT Modernization Act”, we are permitted to lease our hotels to a subsidiary of the Operating Partnership that is taxable as a corporation and that elects to be treated as a taxable REIT subsidiary. Accordingly, HMT Lessee has directly or indirectly acquired all of the full-service hotel leasehold interests from third parties. So long as HMT Lessee and other affiliated lessees qualify as taxable REIT subsidiaries of ours, they will not be treated as “related party tenants.” We believe that HMT Lessee qualifies to be treated as a taxable REIT subsidiary for Federal income tax purposes. We cannot assure you, however, that the IRS will not challenge its status as a taxable REIT subsidiary for Federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in disqualifying HMT Lessee from treatment as a taxable REIT subsidiary, we would fail to meet the asset tests applicable to REITs and substantially all of our income would fail to qualify for the gross income tests and, accordingly, we would cease to qualify as a REIT. See “Risk Factors—Federal Income Tax Risks—Adverse tax consequences would apply if we failed to qualify as a REIT” above.

**Despite our REIT status, we remain subject to various taxes, including substantial deferred and contingent tax liabilities.** Notwithstanding our status as a REIT, we are subject, through our ownership interest

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in the Operating Partnership, to certain Federal, state, local and foreign taxes on our income and property. In addition, we will be required to pay Federal income tax at the highest regular corporate rate upon our share of any “built-in gain” recognized as a result of any sale before January 1, 2009, by the Operating Partnership of assets, including the hotels, in which interests were acquired by the Operating Partnership from our predecessor and its subsidiaries as part of our conversion into a REIT (referred to as the “REIT Conversion”). Built-in gain is the amount by which an asset’s fair market value exceeded our adjusted basis in the asset on January 1, 1999, the first day of our first taxable year as a REIT. The total amount of gain on which we would be subject to corporate income tax if the assets that we held at the time of the REIT Conversion were sold in a taxable transaction prior to January 1, 2009 would be material to us. In addition, at the time of the REIT Conversion, we expected that we or Rockledge Hotel Properties, Inc. or Fernwood Hotel Assets, Inc., or Rockledge and Fernwood, respectively (each of which is a taxable corporation in which the Operating Partnership owned a 95% nonvoting interest and, as of April, 2001, acquired 100% of the voting interests and each of which elected to be a taxable REIT subsidiary effective January 1, 2001), likely would recognize substantial built-in gain and deferred tax liabilities in the next ten years without any corresponding receipt of cash by us or the Operating Partnership. We may have to pay certain state income taxes because not all states treat REITs the same as they are treated for federal income tax purposes. We may also have to pay certain foreign taxes to the extent we own assets or conduct operations in foreign jurisdictions. The Operating Partnership is obligated under its partnership agreement to pay all such taxes (and any related interest and penalties) incurred by us, as well as any liabilities that the IRS or the tax authorities successfully may assert against us for corporate income taxes for taxable years prior to the time we qualified as a REIT. Our taxable REIT subsidiaries, including Rockledge, Fernwood and HMT Lessee, are taxable as corporations and will pay federal, state and local income tax on their net income at the applicable corporate rates, and foreign taxes to the extent they own assets or conduct operations in foreign jurisdictions.

**If the IRS were to challenge successfully the Operating Partnership’s status as a partnership for federal income tax purposes, we would cease to qualify as a REIT and suffer other adverse consequences.** We believe that the Operating Partnership qualifies to be treated as a partnership for federal income tax purposes. As a partnership, it is not subject to federal income tax on its income. Instead, each of its partners, including us, is required to pay tax on its allocable share of the Operating Partnership’s income. No assurance can be provided, however, that the IRS will not challenge its status as a partnership for federal income tax purposes, or that a court would not sustain such a challenge. If the IRS were successful in treating the Operating Partnership as a corporation for tax purposes, we would fail to meet the income tests and certain of the asset tests applicable to REITs and, accordingly, cease to qualify as a REIT. If the Operating Partnership fails to qualify as a partnership for federal income tax purposes or we fail to qualify as a REIT, either failure would cause an event of default under our credit facility that, in turn, could constitute an event of default under our outstanding debt securities. Also, the failure of the Operating Partnership to qualify as a partnership would cause it to become subject to federal and state corporate income tax, which would reduce significantly the amount of cash available for debt service and for distribution to its partners, including us. Finally, the classification of the Operating Partnership as a corporation would cause us to recognize gain at least equal to our “negative capital account,” if any.

**As a REIT, we are subject to limitations on our ownership of debt and equity securities.** Subject to the exceptions discussed in this paragraph, a REIT is prohibited from owning securities in any one issuer to the extent that the value of those securities exceeds 5% of the value of the REIT’s total assets or the securities owned by the REIT represent more than 10% of the issuer’s outstanding voting securities or more than 10% of the value of the issuer’s outstanding securities. A REIT is permitted to own securities of a subsidiary in an amount that exceeds the 5% value test and the 10% vote or value test if the subsidiary elects to be a taxable REIT subsidiary, which is taxable as a corporation. However, a REIT may not own securities of taxable REIT subsidiaries that represent in the aggregate more than 20% of the value of the REIT’s total assets.

**Our taxable REIT subsidiaries are subject to special rules that may result in increased taxes.** Several Internal Revenue Code provisions ensure that a taxable REIT subsidiary is subject to an appropriate level of federal income taxation. For example, a taxable REIT subsidiary is limited in its ability to deduct interest payments made to an affiliated REIT. In addition, the REIT has to pay a 100% penalty tax on some payments

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that it receives if the economic arrangements between the REIT and the taxable REIT subsidiary are not comparable to similar arrangements between unrelated parties.

**We may be required to pay a penalty tax upon the sale of a hotel.** The Federal income tax provisions applicable to REITs provide that any gain realized by a REIT on the sale of property held as inventory or other property held primarily for sale to customers in the ordinary course of business is treated as income from a “prohibited transaction” that is subject to a 100% penalty tax. Under existing law, whether property, including hotels, is held as inventory or primarily for sale to customers in the ordinary course of business is a question of fact that depends upon all of the facts and circumstances with respect to the particular transaction. The Operating Partnership intends that it and its subsidiaries will hold the hotels for investment with a view to long-term appreciation, to engage in the business of acquiring and owning hotels and to make occasional sales of hotels as are consistent with the Operating Partnership’s investment objectives. We cannot assure you, however, that the IRS might not contend that one or more of these sales is subject to the 100% penalty tax.

## WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934 and, in accordance therewith, file annual, quarterly and current reports, proxy statements and other information with the SEC. Such reports, proxy statements and other information can be inspected and copied at the Public Reference Room of the SEC located at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Copies of such material can be obtained from the Public Reference Section of the SEC at prescribed rates. Such material may also be accessed electronically by means of the SEC's home page on the internet (<http://www.sec.gov>) and on our website (<http://www.hostmarriott.com>). You can also inspect reports and other information we file with the SEC at the office of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

We have filed a registration statement and related exhibits with the SEC under the Securities Act of 1933, as amended (the "Securities Act"). The registration statement contains additional information about us and our common stock. You can inspect or access electronically the registration statement and exhibits by the means described in the paragraph above.

The SEC allows us to "incorporate by reference" information that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus and the information that we file later with the SEC may update and supersede the information we incorporated by reference. We incorporate by reference the documents listed below and any filings made by us with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and before we stop offering the securities under this prospectus (in each case, other than information in such documents that is deemed not to be filed):

- Annual Report on Form 10-K of Host Marriott Corporation for the fiscal year ended December 31, 2003 (including information specifically incorporated by reference therein from our Proxy Statement for our 2003 Annual Meeting);
- Current Report on Form 8-K of Host Marriott Corporation dated and filed on March 5, 2004;
- Current Report on Form 8-K of Host Marriott Corporation dated March 9, 2004 and filed on March 11, 2004;
- Current Report on Form 8-K of Host Marriott Corporation dated March 16, 2004 and filed on March 17, 2004;
- Quarterly Report on Form 10-Q of Host Marriott Corporation for the quarterly period ended March 26, 2004;
- Current Report on Form 8-K of Host Marriott Corporation dated April 28, 2004 and filed on April 29, 2004;
- Current Report on Form 8-K of Host Marriott Corporation dated and filed on May 25, 2004;
- Current Report on Form 8-K of Host Marriott Corporation dated May 26, 2004 and filed on June 1, 2004;
- Current Report on Form 8-K of Host Marriott Corporation dated and filed on June 2, 2004;
- Current Report on Form 8-K of Host Marriott Corporation dated June 1, 2004 and filed on June 10, 2004;
- Current Report on Form 8-K of Host Marriott Corporation dated July 2, 2004 and filed on July 7, 2004;
- Description of our common stock included in Registration Statement on Form 8-A, as amended, of HMC Merger Corporation, filed November 18, 1998 (as amended on December 28, 1998);
- Description of rights included in Registration Statement on Form 8-A, as amended, of HMC Merger Corporation, filed December 11, 1998 (as amended on December 24, 1998);

We will provide to each person, including any beneficial owner, to whom this prospectus is delivered a copy of any or all of the information that we have incorporated by reference into this prospectus but not delivered with this prospectus. To receive a free copy of any of the documents incorporated by reference in this prospectus, other than exhibits, unless they are specifically incorporated by reference in those documents, call or write to our Corporate Secretary, Host Marriott Corporation, 6903 Rockledge Drive, Suite 1500, Bethesda, Maryland, 20817 ((240) 744-1000).

You should rely only upon the information provided in this document or incorporated by reference in this prospectus and any supplement. We have not authorized anyone to provide you with different information.

## FORWARD-LOOKING STATEMENTS

This prospectus and the information incorporated by reference herein contain certain “forward-looking” statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These statements are included throughout this prospectus and the information incorporated by reference herein, including in the section entitled “Risk Factors” and relate to, among other things, analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These forward-looking statements are identified by their use of terms and phrases such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “will,” “continue,” and other similar terms and phrases, including references to assumptions.

These forward-looking statements are subject to numerous assumptions, risks and uncertainties. Factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by us in those statements include, among others, the following:

- national and local economic and business conditions and changes in travel patterns, including the effect of terror alerts and potential terrorist activity on travel, that will affect, among other things, demand for products and services at our hotels, the level of room rates and occupancy that can be achieved by such properties, the availability and terms of financing and our liquidity;
- changes in taxes and government regulations that influence or determine wages, prices, construction procedures and costs;
- our ability to maintain properties in a first-class manner, including meeting capital expenditure requirements;
- our ability to compete effectively in areas such as access, location, quality of accommodations and room rate;
- our ability to acquire or develop additional properties and the risk that potential acquisitions or developments may not perform in accordance with expectations;
- our degree of leverage, which may affect our ability to obtain financing in the future;
- the reduction in our operating flexibility and the limitation on our ability to pay dividends resulting from the terms of our preferred stock and the restrictive covenants in our debt agreements, which limit the amount of distributions the Operating Partnership can make to us to only permitted REIT distributions if its EBITDA-to-interest coverage ratio under the indenture governing its senior notes (which measures the Operating Partnership’s ratio of its pro forma consolidated EBITDA to pro forma consolidated interest expense) is less than 2.0 to 1.0, and other risks related to restricting covenants in our debt agreements, including the risk of default that could occur;
- government approvals, actions and initiatives, including the need for compliance with environmental and safety requirements, and changes in laws and regulations or the interpretation thereof;
- the effects of tax legislative action;
- our ability to continue to satisfy complex rules in order for us to maintain REIT status for Federal income tax purposes, the ability of the Operating Partnership to satisfy the rules to maintain its status as a partnership for Federal income tax purposes, the ability of certain of our subsidiaries to maintain their status as taxable REIT subsidiaries for Federal income tax purposes, and our ability and the ability of our subsidiaries to operate effectively within the limitations imposed by these rules;
- the effect of any rating agency downgrades on the cost and availability of new debt financings;
- the relatively fixed nature of our property-level operating costs and expenses;
- our ability to recover fully under our existing insurance for terrorist acts and our ability to maintain adequate or full replacement cost “all-risk” property insurance on our properties; and
- other factors discussed above under the heading “Risk Factors” and in other filings with the SEC.

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Although we believe the expectations reflected in our 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. Except as otherwise required by the federal securities laws, we disclaim any obligation or undertaking to publicly release any updates or revisions to any forward-looking statement contained in this prospectus and the information incorporated by reference herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

## USE OF PROCEEDS

We will not receive any proceeds upon the sale of the common stock covered by this prospectus, but we will incur expenses in connection with the filing of the registration statement of which this prospectus forms a part. We will pay certain costs and expenses incurred in connection with the sale of the common stock covered by this prospectus, excluding any brokerage fees and commission and share transfer and other taxes attributable to the sale of the common stock, which will be paid by the selling stockholders.

## PRICE RANGE OF COMMON STOCK

Our common stock is listed on the New York Stock Exchange under the symbol "HMT". The table below sets forth for the periods indicated the high and low sales prices for our common stock as reported on the NYSE Composite Tape.

	Price Range	
	High	Low
<b>2002</b>		
First Quarter	\$ 12.05	\$ 9.20
Second Quarter	12.05	11.10
Third Quarter	11.60	9.05
Fourth Quarter	10.02	7.75
<b>2003</b>		
First Quarter	\$ 8.15	\$ 6.10
Second Quarter	9.47	6.92
Third Quarter	10.27	8.67
Fourth Quarter	12.32	9.95
<b>2004</b>		
First Quarter	\$ 13.00	\$ 11.95
Second Quarter	12.91	11.37
Third Quarter (through July 7, 2004)	12.75	12.20

The last reported sale price of our common stock on the New York Stock Exchange on July 7, 2004 was \$12.75. At June 30, 2004 there were 349,617,632 shares of our common stock outstanding, held by approximately 40,000 stockholders.

We have not paid dividends on our common stock during the period presented above. The last dividends paid on our common stock were for the third quarter of 2001. See "Dividend Policy" for additional information.

## DIVIDEND POLICY

We are required to distribute to our stockholders at least 90% of our taxable income in order to qualify as a REIT, including taxable income we recognize for tax purposes but with regard to which we do not receive corresponding cash. Funds we use to pay dividends on our common and preferred stock are provided through distributions from the Operating Partnership. For every share of common and preferred stock we have outstanding, the Operating Partnership has issued to us a corresponding common Operating Partnership unit ("common OP unit") or preferred Operating Partnership unit ("preferred OP unit"), respectively. As of July 1, 2004, we are the owner of substantially all of the preferred OP units and approximately 94% of the common OP units. The remaining 6% of the common OP units are held by various third-party limited partners. As a result of their minority position in the Operating Partnership common OP units, these holders share, on a pro rata basis, in amounts being distributed by the Operating Partnership on its common OP units. As a general rule, we obtain the cash necessary to pay a common or preferred dividend from an equivalent per unit distribution to us by the Operating Partnership on all common or corresponding preferred OP units. For example, if we pay a five cent per share dividend on our common stock, it would be based on payment of a five cent per common OP unit distribution by the Operating Partnership to us and to all other common OP unit holders.

Our policy on dividends generally is to distribute at least 90% of our taxable income in order to satisfy the above REIT distribution requirements. However, we currently intend to pay dividends on our outstanding classes of preferred stock regardless of the amount of our taxable income, so long as we are not restricted in doing so by the terms of the our debt instruments (as discussed below) or by applicable law. We currently do not expect to pay a meaningful dividend on our common stock during 2004. It is also likely that, when we do resume paying dividends on our common stock, the amount of such dividends will be meaningfully lower than those that we previously paid. The decision to reinstate the dividend on our common stock, and the amount of any such dividend, will be made by our Board of Directors and will depend upon several factors, including our liquidity, the extent of our taxable income or loss from operations in 2004 and thereafter, the ability of the Operating Partnership to meet the minimum EBITDA-to-interest coverage ratio and to satisfy the other requirements for making distributions to us set forth in the senior notes indenture and our credit facility, and the amount of cumulative accrued dividends, if any, that remain unpaid on our outstanding classes of preferred stock.

### **Dividend and Redemption Restrictions Under Our Debt Instruments and Our Preferred Stock**

We and our subsidiaries, including the Operating Partnership, are, and may in the future become, parties to agreements and instruments which restrict or prevent the payment of dividends on our classes and series of capital stock. Additionally, the terms of our outstanding classes of preferred stock restrict or prevent the payment of dividends on our common stock unless all dividends that have accrued on such classes of preferred stock have been paid or set aside for payment.

**The Operating Partnership's Credit Facility.** The Operating Partnership's credit facility provides that distributions may only be paid to holders of equity interests of the Operating Partnership, including Host Marriott as a partner of the Operating Partnership, and we may only pay dividends on our capital stock, including our common stock, so long as (1) no default or event of default under the credit facility exists at the time of the payment or would exist immediately after giving effect to such payment and (2) we qualify or have taken all actions necessary to qualify as a REIT for Federal income tax purposes. Assuming the foregoing conditions are met, the Operating Partnership may distribute quarterly to us and the other holders of the units of the Operating Partnership, and we may pay dividends to our stockholders, in an amount not to exceed the greater of (I) the greatest of (A) 100% of "cash available for distribution" (as defined in the credit facility), (B) 100% of "taxable income" (as defined in the credit facility) and (C) the minimum amount necessary for us to maintain our tax status as a REIT and to satisfy the distribution required to be made by Notice 88-19 under the Internal Revenue Code of 1986 (or Treasury regulations issued pursuant thereto) by reason of our having made the election provided for therein, or (II) if the Operating Partnership's "consolidated interest coverage ratio" (as defined in the credit facility) is greater than 2.0 to 1.0, 85% of our funds from operations (as defined and adjusted in the credit facility) for the current fiscal year.

**The Operating Partnership's Senior Notes Indenture.** In addition, the senior notes indenture governing the Operating Partnership's outstanding 7<sup>7</sup>/<sub>8</sub>% Series B senior notes due 2008, 8<sup>3</sup>/<sub>8</sub>% Series E senior notes due

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2006, 9 1/4% Series G senior notes due 2007 and 9 1/2% Series I senior notes due 2007 provides that no distributions may be made to holders of its equity interests, including Host Marriott as a partner of the Operating Partnership, during the continuance of defaults or events of defaults under the senior notes indenture or if the Operating Partnership could not incur at least \$1.00 of indebtedness (as defined) under the terms of the indebtedness covenant of the senior notes indenture. The Operating Partnership's ability to incur indebtedness under the senior notes indenture's indebtedness covenant is subject to various financial tests and requirements, including that the Operating Partnership's EBITDA-to-interest coverage ratio (which measures the ratio of its pro forma consolidated EBITDA to its pro forma consolidated interest expense, as these terms are defined in the senior notes indenture) be 2.0 to 1.0 or greater. In addition, the aggregate amount of all of the Operating Partnership's indebtedness must be less than or equal to 65% of its total assets plus accumulated depreciation.

The senior notes indenture also provides that distributions may not be made to holders of the Operating Partnership's equity interests, including Host Marriott, if all distributions and other "restricted payments" (as defined) made since August 5, 1998 (the initial issue date of debt securities under the senior notes indenture) generally exceed the sum of (a) 95% of the Operating Partnership's aggregate funds from operations (as defined) beginning on the first day of the fiscal quarter in which debt securities were first issued under the senior notes indenture, (b) 100% of the net cash proceeds from the permitted issuance of certain equity interests of the Operating Partnership and from the issuance of specified convertible indebtedness upon conversion thereof, or otherwise received as capital contributions (as defined), (c) the total net reduction in certain investments resulting from payments to the Operating Partnership or the sale of those investments, (d) the fair market value of noncash tangible assets or capital stock (other than that of the Operating Partnership or Host Marriott) acquired in exchange for qualified capital stock (as defined), and (e) fair market value of noncash tangible assets or capital stock (other than that of the Operating Partnership or Host Marriott) contributed to the Operating Partnership as a capital contribution (as defined). The aggregate amount of distributions and other "restricted payments" that the Operating Partnership is permitted to make pursuant to clause (3) of the preceding sentence is sometimes referred to as the Operating Partnership's "restricted payments basket."

Notwithstanding the foregoing restrictions on distributions by the Operating Partnership, it is permitted under the senior notes indenture to make distributions as required to allow us to make all dividend payments necessary to maintain our status as a REIT for Federal income tax purposes (which we call "permitted REIT distributions") unless (1) it is during the continuance of a default or event of default under the senior notes indenture or (2) the aggregate principal amount of all outstanding indebtedness of the Operating Partnership and its restricted subsidiaries (as defined in the senior notes indenture) (other than the Operating Partnership's obligations under our 6 3/4% convertible subordinated debentures) at such time is equal to or greater than 80% of the value of the Operating Partnership's adjusted total assets (as defined in the senior notes indenture).

The senior notes indenture governing the Operating Partnership's outstanding 7 1/8% Series K senior notes due 2013 contains limitations on distributions that may be made to holders of the Operating Partnership's equity interests that are substantially similar to those governing the Operating Partnership's other outstanding senior notes. However, the covenants governing distributions and other "restricted payments" in the indenture for the Series K senior notes provides that, for the purposes of determining whether the Operating Partnership may make a declaration or payment of any dividend or other distribution in respect of its preferred stock, the EBITDA-to-interest coverage ratio must be 1.7 to 1.0 or greater, rather than 2.0 to 1.0 or greater and the permitted REIT distributions definition provides that the Operating Partnership may make distributions to us without limitation in the amount necessary to permit us to distribute to our stockholders (1) 100% of the "real estate investment trust taxable income" within the meaning of the Internal Revenue Code or (2) such amounts necessary to maintain our status as a REIT or to enable us to avoid the payment of any tax that could be avoided by reason of such distribution. Our ability to make permitted REIT distributions under the indenture for the Series K senior notes is otherwise subject to similar conditions to those in the indenture governing the Operating Partnership's other outstanding senior notes.

**Our Convertible Subordinated Debentures.** We are the obligor under \$492 million aggregate principal amount of 6 3/4% convertible subordinated debentures due 2026, which are held by our subsidiary, Host Marriott Financial Trust, in connection with its 6 3/4% convertible quarterly income preferred securities. Under the terms of the indenture governing our convertible subordinated debentures, we may defer interest payments on the convertible subordinated debentures for a period not to exceed 20 consecutive quarters. To the extent that we defer the payment of interest on the convertible subordinated debentures, we will not be permitted to declare or pay any cash distributions with respect to our capital stock, including our common stock, or debt securities that rank on a parity with, or junior to, the convertible subordinated debentures.

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**Our Preferred Stock.** Under the terms of each of our outstanding classes of preferred stock, we are not permitted to pay dividends on our common stock unless cumulative dividends have been paid (or funds for payment have been set aside for payment) on each such class of preferred stock. Dividends on our outstanding classes of preferred stock will accrue regardless of whether we are permitted to declare or pay dividends on our preferred stock.

In the event that we fail to pay the accrued dividends on our preferred stock, for any reason, including because we are prevented from paying such dividends under the terms of the Operating Partnership's debt instruments (as discussed above) or by applicable law, dividends will continue to accrue on all outstanding classes of our preferred stock and we will be prohibited from paying any dividends on our common stock until all such accrued dividends on our preferred stock have been paid (or funds for such payment have been set aside).

## DESCRIPTION OF CAPITAL STOCK

This prospectus describes certain general terms of our capital stock, including certain provisions of our charter and bylaws relevant to an offering of our capital stock. For a complete description, we refer you to the Maryland General Corporation Law and to the applicable provisions of our charter and Bylaws, which we have filed as exhibits to this registration statement. When we offer to sell common stock or a particular class of preferred stock, we will describe the specific terms of such stock in a supplement to this prospectus.

### General

Our charter provides that we may issue up to 750,000,000 shares of common stock, \$.01 par value per share, and up to 50,000,000 shares of preferred stock, \$.01 par value per share. Of the 50,000,000 shares of preferred stock, (i) 650,000 shares have been classified as Series A Junior Participating Preferred Stock, (ii) 4,600,000 shares have been classified as 10% Class A Cumulative Redeemable Preferred Stock, (iii) 4,600,000 shares have been classified as 10% Class B Cumulative Redeemable Preferred Stock, (iv) 5,980,000 shares have been classified as 10% Class C Cumulative Redeemable Preferred Stock, (v) 40,000 shares have been classified as 10% Class D Cumulative Redeemable Preferred Stock and (vi) 8,000,000 shares have been classified as 8 <sup>7</sup>/<sub>8</sub>% Class E Cumulative Redeemable Preferred Stock. As of June 30, 2004, the following shares of our stock are outstanding:

- common stock – 349,617,632 shares
- 10% Class A Cumulative Redeemable Preferred Stock – 4,160,000 shares
- 10% Class B Cumulative Redeemable Preferred Stock – 4,000,000 shares
- 10% Class C Cumulative Redeemable Preferred Stock – 5,980,000 shares
- 10% Class D Cumulative Redeemable Preferred Stock – 33,182 shares
- 8 <sup>7</sup>/<sub>8</sub>% Class E Cumulative Redeemable Preferred Stock – 4,034,300 shares

On July 1, 2004, we called for redemption all of the outstanding 10% Class A Cumulative Redeemable Preferred Stock. The Class A preferred stock will be redeemed on August 3, 2004 at a redemption price of \$25.00 per share plus accrued dividends to the redemption date.

Under Maryland law, our stockholders generally are not liable for our debts or obligations.

Our charter authorizes our Board of Directors to classify and reclassify any unissued shares of our common stock and preferred stock into other classes or series of stock. Prior to issuance of shares of each class or series, the Board is required by Maryland law and by our charter to set, subject to our charter restrictions on transfer of our stock, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, the Board could authorize the issuance of shares of common stock or preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest.

We believe that the power to issue additional shares of common stock or preferred stock and to classify or reclassify unissued shares of common or preferred stock and thereafter to issue the classified or reclassified shares provides us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs which might arise. These actions can be taken without stockholder approval, unless stockholder approval is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Although we have no present intention of doing so, we could issue a class or series of stock that could delay, defer or prevent a transaction or a change in control that might involve a premium price for holders of common stock or otherwise be in their best interest.

### Common Stock

All shares of common stock offered pursuant to this prospectus and any applicable supplement, when issued, will be duly authorized, fully paid and nonassessable. Holders of our common stock are entitled to receive

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dividends when authorized by our Board of Directors out of assets legally available for the payment of dividends. Common stockholders are also entitled to share ratably in our assets legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up, after payment of or adequate provision for all of our known debts and liabilities. These rights are subject to the preferential rights of any other class or series of our stock and to the provisions of our charter regarding restrictions on transfer of our stock.

Subject to our charter restrictions on transfer of our stock (see “Restrictions on Ownership and Transfer”), each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess the exclusive voting power. There is no cumulative voting in the election of directors, which means that the holders of a majority of the outstanding shares of common stock can elect all of the directors then standing for election, and the holders of the remaining shares will not be able to elect any directors.

Holders of our common stock have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and have no preemptive rights to subscribe for any of our securities. Subject to our charter restrictions on transfer of our stock, all shares of common stock will have equal dividend, liquidation and other rights.

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business, unless approved by the affirmative vote of stockholders holding at least two thirds of the shares entitled to vote on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter does not provide for a lesser percentage in these situations. Also, because many of the operating assets are held by our subsidiaries, these subsidiaries may be able to merge or sell all or substantially all of their assets without the approval of our stockholders.

### *Transfer Agent and Registrar*

The transfer agent and registrar for the common stock is EquiServe Trust Company, N.A.

### *Stockholder Rights Plan/Preferred Stock Purchase Rights*

The Board of Directors has adopted a stockholder rights plan pursuant to a Rights Agreement dated as of November 23, 1998, as amended as of December 18, 1998 and August 21, 2002, between Host Marriott and The Bank of New York, as rights agent. Each share of common stock issued by Host Marriott between the date of adoption of the Rights Agreement and the Rights Distribution Date (defined below) or the date, if any, on which the Rights are redeemed, would have one preferred stock purchase right (a “Right”) attached to it. The Rights will expire on November 22, 2008, unless earlier redeemed or exchanged. Each Right, when exercisable, would entitle the holder to purchase one unit of Host Marriott Series A Junior Participating Preferred Stock, equal to one one-thousandth of a share of such stock, at a purchase price equal to \$55.00 per unit, subject to adjustment. Until a Right is exercised, the holder of the Right, as such, would have no rights as a stockholder of Host Marriott, including, without limitation, the right to vote or to receive dividends.

The Rights Agreement provides that the Rights initially attach to all certificates representing common stock then outstanding. The Rights would separate from the common stock and a distribution of Rights certificates would occur (a “Rights Distribution Date”) upon the earlier to occur of:

- ten days following a public announcement that a person or group of affiliated or associated persons (an “Acquiring Person”) has acquired, or obtained the right to acquire, beneficial ownership of 20% or more of the outstanding common stock (the “Stock Acquisition Date”) or
- ten business days, or some later date as the Board of Directors may determine, following the commencement of a tender offer or exchange offer, the consummation of which would result in the beneficial ownership by a person of 20% or more of the outstanding common stock.

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For the purposes of determining the 20% threshold amount, the following shares of common stock are not included:

- shares received pursuant to the Agreement and Plan of Merger, dated November 23, 1998, pursuant to which Host Marriott Corporation, a Delaware corporation, was merged into Host Marriott, in exchange for shares of common stock of Host Marriott Corporation which the holder beneficially owned on February 3, 1989 and owned continuously thereafter
- shares acquired by a person pursuant to a gift, bequest, inheritance or distribution from a trust or from a corporation controlled by that person where the shares of common stock were exempt shares under the Rights Agreement immediately prior to their acquisition and where the shares of common stock were beneficially owned by that person continuously after their acquisition and
- shares acquired as a result of a stock dividend, stock distribution or other recapitalization relating to exempt shares under the Rights Agreement.

Until the Rights Distribution Date, the Rights will be represented by the common stock certificates, and will be transferred with, and only with, the common stock certificates. The Rights are not exercisable until the Rights Distribution Date.

If a person becomes the beneficial owner of 20% or more of the then outstanding common stock, except in connection with an offer for all outstanding common stock which the directors by a two-thirds vote determine to be fair to and otherwise in the best interests of Host Marriott and its stockholders, each holder of a Right would, after the end of a redemption period, have the right to exercise the Right by purchasing, for an amount equal to the purchase price, shares of common stock having a value equal to two times the purchase price, subject to the ownership limit. All Rights acquired by the Acquiring Person will be null and void.

Each holder of a Right would have the right to receive, upon exercise, common shares of the acquiring company having a value equal to two times the purchase price of the Right if, at any time following the Stock Acquisition Date,

- Host Marriott is acquired in a merger or other business combination transaction in which it is not the surviving corporation, other than a merger which follows an offer described in the preceding paragraph or
- 50% or more of Host Marriott's assets or earning power is sold or transferred.

At any time after a person becomes an Acquiring Person, the Board of Directors may exchange the Rights at an exchange ratio of one share of Host Marriott common stock per Right.

In general, the Board of Directors may redeem the Rights at a price of \$.005 per Right at any time until ten days after an Acquiring Person has been identified as an Acquiring Person. If the decision to redeem the Rights occurs after a person becomes an Acquiring Person, the decision will require a two-thirds vote of directors.

The Rights have certain anti-takeover effects. The exercise of the Rights will cause substantial dilution to a person or group that attempts to acquire Host Marriott. The Rights, however, would not interfere with any merger or other business combination approved by the Board of Directors since the Board may, at its option, at any time prior to any person becoming an Acquiring Person, redeem all rights or amend the Rights Agreement to exempt the person from the Rights Agreement.

### **Preferred Stock**

Our charter originally authorized the Board of Directors to issue 50,000,000 shares of preferred stock. As of July 1, 2004, there is outstanding:

- 4,160,000 shares of 10% Class A Cumulative Redeemable Preferred Stock (which are referred to as the "Class A preferred stock")

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- 4,000,000 shares of 10% Class B Cumulative Redeemable Preferred Stock (which are referred to as the “Class B preferred stock”)
- 5,980,000 shares of 10% Class C Cumulative Redeemable Preferred Stock (which are referred to as the “Class C preferred stock”)
- 33,182 shares of 10% Class D Cumulative Redeemable Preferred Stock (which are referred to as the “Class D preferred stock”) and
- 4,034,300 shares of 8<sup>7</sup>/<sub>8</sub>% Class E Cumulative Redeemable Preferred Stock (which are referred to as the “Class E preferred stock”).

Accordingly, 31,792,518 of the original 50,000,000 authorized shares of preferred stock remain authorized but unissued. The Board of Directors has the power to classify or reclassify any unissued preferred shares into one or more classes or series of capital stock, including common stock.

On July 1, 2004, we called for redemption the Class A preferred stock. The Class A preferred stock will be redeemed on August 3, 2004 at a redemption price of \$25.00 per share plus accrued dividends to the redemption date.

### **Restrictions on Ownership and Transfer**

For Host Marriott to qualify as a REIT under the Internal Revenue Code, no more than 50% in value of its outstanding shares of stock may be owned, actually or constructively, by five or fewer individuals, as defined in the Internal Revenue Code to include certain entities:

- during the last half of a taxable year other than the first year for which an election to be treated as a REIT has been made or
- during a proportionate part of a shorter taxable year.

In addition, if Host Marriott, or one or more owners of 10% or more of Host Marriott, actually or constructively owns 10% or more of a tenant of Host Marriott or a tenant of any partnership in which Host Marriott is a partner, the rent received by Host Marriott either directly or through any such partnership from such tenant generally will not be qualifying income for purposes of the REIT gross income tests of the Internal Revenue Code unless the tenant qualifies as a “taxable REIT subsidiary” and the leased property is a “qualified lodging facility” under the Internal Revenue Code. A REIT’s shares also must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of twelve months or during a proportionate part of a shorter taxable year other than the first year for which an election to be treated as a REIT has been made.

Primarily because the Board of Directors believes it is desirable for Host Marriott to qualify as a REIT, the charter provides that, subject to certain exceptions, no person or persons acting as a group may own, or be deemed to own by virtue of the attribution provisions of the Internal Revenue Code, more than:

- 9.8% of the lesser of the number or value of shares of common stock outstanding or
- 9.8% of the lesser of the number or value of the issued and outstanding preferred or other shares of any class or series of Host Marriott’s stock.

The foregoing is subject to a limitation on the application of the “group” limitation, but no other element of the ownership limit, to any “group” that otherwise exceeded the ownership limit at the effective time of such merger solely by reason of its status as a “group.”

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The ownership attribution rules under the Internal Revenue Code are complex and may cause capital stock owned actually or constructively by a group of related individuals and/or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% of the common stock or the acquisition or ownership of an interest in an entity that owns, actually or constructively, common stock, by an individual or entity could nevertheless cause that individual or entity, or another individual or entity, to own constructively in excess of 9.8% of the outstanding common stock and thus subject such common stock to the remedy provision under the ownership limit. The Board of Directors may grant an exemption from the ownership limit with respect to one or more persons who would not be treated as “individuals” for purposes of the Internal Revenue Code if it is satisfied, based upon an opinion of counsel and such other evidence as is satisfactory to the Board of Directors in its sole discretion, that:

- such ownership will not cause a person who is an individual to be treated as owning capital stock in excess of the ownership limit, applying the applicable constructive ownership rules, and
- will not otherwise jeopardize Host Marriott’s status as a REIT by, for example, causing any tenant of the Operating Partnership to be considered a “related party tenant” for purposes of the REIT qualification rules.

As a condition of such waiver, the Board of Directors may require undertakings or representations from the applicant with respect to preserving the REIT status of Host Marriott.

The Board of Directors will have the authority to increase the ownership limit from time to time, but will not have the authority to do so to the extent that after giving effect to such increase, five beneficial owners of capital stock could beneficially own in the aggregate more than 49.5% of the outstanding capital stock.

The charter further prohibits:

- any person from actually or constructively owning shares of beneficial interest of Host Marriott that would result in Host Marriott being “closely held” under Section 856(h) of the Internal Revenue Code or otherwise cause Host Marriott to fail to qualify as a REIT and
- any person from transferring shares of Host Marriott’s capital stock if such transfer would result in shares of Host Marriott’s capital stock being owned by fewer than 100 persons.

Any person who acquires or attempts or intends to acquire actual or constructive ownership of shares of Host Marriott’s capital stock that will or may violate any of the foregoing restrictions on transferability and ownership is required to give notice immediately to Host Marriott and provide Host Marriott with such other information as Host Marriott may request in order to determine the effect of such transfer on Host Marriott’s status as a REIT.

If any purported transfer of shares of Host Marriott’s capital stock or any other event would otherwise result in any person violating the ownership limit or the other restrictions in the Articles of Incorporation, then any such purported transfer will be void and of no force or effect with respect to the purported transferee (the “Prohibited Transferee”) as to that number of shares that exceeds the ownership limit (referred to as “excess shares”) and

- the Prohibited Transferee shall acquire no right or interest in such excess shares and
- in the case of any event other than a purported transfer, the person or entity holding record title to any such shares in excess of the ownership limit (the “Prohibited Owner”) shall cease to own any right or interest in such excess shares.

Any excess shares described above will be transferred automatically, by operation of law, to a trust, the beneficiary of which will be a qualified charitable organization selected by Host Marriott (the “Beneficiary”). The automatic transfer shall be deemed to be effective as of the close of business on the business day prior to the date of the violating transfer. Within 20 days of receiving notice from Host Marriott of the transfer of shares to the trust, the trustee of the trust, who shall be designated by Host Marriott and be unaffiliated with Host Marriott and any Prohibited Transferee or Prohibited Owner, will be required to sell the excess shares to a person or entity who could own the shares without violating the ownership limit, and distribute to the Prohibited Transferee an amount equal to the lesser of the price paid by the Prohibited Transferee for the excess shares or the sales proceeds received by the

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trust for the excess shares. In the case of any excess shares resulting from any event other than a transfer, or from a transfer for no consideration, such as a gift, the trustee will be required to sell the excess shares to a qualified person or entity and distribute to the Prohibited Owner an amount equal to the lesser of the fair market value of the excess shares as of the date of the event or the sales proceeds received by the trust for the excess shares. In either case, any proceeds in excess of the amount distributable to the Prohibited Transferee or Prohibited Owner, as applicable, will be distributed to the Beneficiary. Prior to a sale of any excess shares by the trust, the trustee will be entitled to receive, in trust for the Beneficiary, all dividends and other distributions paid by Host Marriott with respect to those excess shares, and also will be entitled to exercise all voting rights with respect to those excess shares. Subject to Maryland law, effective as of the date that the shares have been transferred to the trust, the trustee shall have the authority to rescind as void any vote cast by a Prohibited Transferee prior to the discovery by Host Marriott that the shares have been transferred to the trust and to recast the vote in accordance with the desires of the trustee acting for the benefit of the Beneficiary.

However, if Host Marriott has already taken irreversible corporate action, then the trustee shall not have the authority to rescind and recast its vote. Any dividend or other distribution paid to the Prohibited Transferee or Prohibited Owner, prior to the discovery by Host Marriott that the shares had been automatically transferred to a trust as described above, will be required to be repaid to the trustee upon demand for distribution to the Beneficiary. If the transfer to the trust as described above is not automatically effective to prevent violation of the ownership limit, then the charter provides that the transfer of the excess shares will be void.

In addition, shares of Host Marriott's stock held in the trust shall be deemed to have been offered for sale to Host Marriott, or its designee, at a price per share equal to the lesser of the price per share in the transaction that resulted in the transfer to the trust or, in the case of a devise or gift, the market value at the time of the devise or gift and the market value of the shares on the date Host Marriott, or its designee, accepts the offer. Host Marriott will have the right to accept the offer until the trustee has sold the shares held in the trust. Upon such a sale to Host Marriott, the interest of the Beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the Prohibited Owner.

The foregoing restrictions on transferability and ownership will not apply if the Board of Directors determines that it is no longer in the best interests of Host Marriott to attempt to qualify, or to continue to qualify, as a REIT.

All certificates representing shares of Host Marriott's capital stock will bear a legend referring to the restrictions described above.

All persons who own, directly or by virtue of the attribution provisions of the Internal Revenue Code, more than 5%, or some other percentage between 1/2 of 1% and 5% as provided in the rules and regulations under the Internal Revenue Code, of the lesser of the number or value of the outstanding shares of Host Marriott's capital stock must give a written notice to Host Marriott within 30 days after the end of each taxable year. In addition, each stockholder will, upon demand, be required to disclose to Host Marriott in writing such information with respect to the direct, indirect and constructive ownership of shares of Host Marriott's capital stock as the Board of Directors deems reasonably necessary to comply with the provisions of the Internal Revenue Code applicable to a REIT, to comply with the requirements of any taxing authority or governmental agency or to determine any such compliance.

The ownership limit could have the effect of delaying, deferring or preventing a change in control or other transaction which might involve a premium for our stockholders over the then prevailing market price or otherwise be in their best interest.

### **Certain Provisions of Maryland Law and of Our Charter and Bylaws**

The following description of certain provisions of Maryland law and of our charter and Bylaws is only a summary. For a complete description, we refer you to the Maryland General Corporation Law, our charter and our Bylaws. We have filed our charter and bylaws as exhibits to this registration statement.

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### *Election of the Board of Directors*

Our charter provides that the number of our directors may be established by the Board of Directors but may not be fewer than three nor more than thirteen. Any vacancy will be filled, at any regular meeting or at any special meeting called for that purpose, by a majority of the remaining directors, except that a vacancy resulting from an increase in the number of directors must be filled by a majority of the entire Board of Directors.

On May 20, 2004, our stockholders approved a proposal to amend our charter to declassify our Board of Directors. Accordingly, beginning with our 2005 Annual Meeting, our stockholders will elect all members of our Board of Directors annually.

### *Removal of Directors*

Our charter provides that, except for any directors who may be elected by holders of a class or series of shares other than common stock, a director may be removed only for cause and only by the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of directors. Vacancies on the Board may be filled by the affirmative vote of the remaining directors except that a vacancy resulting from an increase in the number of directors must be filled by a majority of the entire Board of Directors. Any vacancy resulting from the removal of a director by the stockholders may be filled by the affirmative vote of holders of at least two-thirds of the votes entitled to be cast in the election of directors. The affirmative vote of holders of at least two-thirds of all the votes entitled to be cast is required to amend, alter, change, repeal or adopt any provisions inconsistent with the foregoing director removal provisions. These provisions preclude stockholders from removing incumbent directors except for cause and by a substantial affirmative vote and, thus, may reduce the vulnerability of Host Marriott to an unsolicited takeover proposal which may not be in the best interest of the stockholders.

### *Business Combinations*

Under Maryland law, "business combinations" between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange, or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns ten percent or more of the voting power of the corporation's shares; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of ten percent or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under the statute if the board of directors approved in advance the transaction by which he otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

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The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder.

The Board of Directors has not opted out of the business combinations provisions of the Maryland General Corporation Law and is subject to the five-year prohibition and the super-majority voting requirements with respect to business combinations involving Host Marriott; however, as permitted under Maryland law, Host Marriott's Board of Directors may elect to opt out of these provisions in the future.

The business combination statute may discourage others from trying to acquire control of us and increase the difficulty of consummating any offer.

### *Control Share Acquisitions*

Maryland law provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers or by directors who are employees of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third,
- one-third or more but less than a majority, or
- a majority or more of all voting power.

Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may redeem for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right of the corporation to redeem control shares is subject to certain conditions and limitations. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of the shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The control share acquisition statute does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction, or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation.

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The Board of Directors of Host Marriott has not opted out of the control share provisions of the Maryland General Corporation Law but, as permitted under Maryland law, may elect to opt out of these provisions in the future.

### *Amendment to the Charter and Bylaws*

Our charter may be amended by the affirmative vote of the holders of not less than a majority of all of the votes entitled to be cast on the matter; provided, however, that any amendment to certain charter provisions specifically identified in the charter, including provisions on removal of directors and filling vacancies, restrictions on ownership and transferability of stock, the vote required for certain extraordinary transactions and indemnification, must be approved by the affirmative vote of holders of not less than two-thirds of all of the votes entitled to be cast on the matter.

As permitted under the Maryland General Corporation Law, the charter and Bylaws of Host Marriott provide that the directors have the exclusive right to amend the Bylaws. Amendment of this provision in the charter also would require Board action and the affirmative vote of holders of not less than two-thirds of all votes entitled to be cast on the matter.

### *Dissolution of the Company*

The dissolution of Host Marriott must be approved by the affirmative vote of the holders of not less than two-thirds of all of the votes entitled to be cast on the matter.

### *Advance Notice of Director Nominations and New Business*

Our Bylaws provide that with respect to an annual meeting of stockholders, nominations of individuals for election to the Board of Directors and the proposal of business to be considered by stockholders may be made only (i) pursuant to our notice of the meeting, (ii) by the Board of Directors or (iii) by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice procedures of the Bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of individuals for election to the Board of Directors at a special meeting may be made only (i) pursuant to our notice of the meeting, (ii) by the Board of Directors, or (iii) provided that the Board of Directors has determined that directors will be elected at the meeting, by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice provisions of the Bylaws.

### *Subtitle 8*

Subtitle 8 of Title 3 of the Maryland General Corporation Law permits a Maryland corporation with a class of equity securities registered under the Securities Exchange Act of 1934 and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of five provisions:

- a classified board,
- a two-thirds vote requirement for removing a director,
- a requirement that the number of directors be fixed only by vote of the directors,
- a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred, and
- a majority requirement for the calling of a special meeting of stockholders.

Through provisions in our charter and Bylaws unrelated to Subtitle 8, we already (a) require a two-thirds vote for the removal of any director from the Board, (b) vest in the Board the exclusive power to fix the number of directorships and (c) require, unless called by our president or the Board, the request of holders of a majority of the votes entitled to be cast at the special meeting. As of the date of this prospectus, our Board has not made any election to be subject to any provisions of Subtitle 8.

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*Anti-takeover Effect of Certain Provisions of Maryland Law and of the Charter and Bylaws*

The business combination provisions and the control share acquisition provisions of Maryland law, the provisions of our charter on removal of directors, the share ownership and transfer restrictions in the charter and the advance notice provisions of our Bylaws could delay, defer or prevent a transaction or a change in control of Host Marriott that might involve a premium price for holders of common stock or otherwise be in their best interest.

## SELLING STOCKHOLDERS

Currently there is outstanding \$500,000,000 of Host Marriott, L.P. debentures. We may issue the offered shares of common stock to the selling stockholders if, and to the extent that they exchange their debentures for shares of common stock. The following table provides information regarding the selling stockholders and the number of shares of common stock they are offering for resale.

Unless otherwise indicated in the footnotes below, we believe that the persons and entities named in the table have sole voting and investment power with respect to all shares beneficially owned. Because the selling stockholders may offer, pursuant to this prospectus, all or some portion of the common stock listed below, no estimate can be given as to the amount of common stock that will be held by the selling stockholder upon consummation of any sales. In addition, the selling stockholders listed in the table may have sold, transferred or otherwise disposed of, in transactions exempt from registration requirements of the Securities Act, some or all of their common stock since the date as of which the information in the table is presented. The percentage ownership data is based on 349,617,632 shares of our common stock issued and outstanding as of June 30, 2004.

Unless otherwise set forth below, no selling stockholder has had any material relationship with us or any of our affiliates within the past three years, other than as a stockholder.

We have prepared the table based on information given to us by, or on behalf of, the selling stockholders on or before July 2, 2004. Information about the selling stockholders may change over time. Any changed information given to us by the selling stockholders will be set forth in prospectus supplements or amendments to this prospectus if and when necessary.

Name	Number of Shares Beneficially Owned Before Offering (1)	Number of Shares Being Offered for Resale (2)	Percentage of Common Stock Outstanding (3)
Barclays Global Investors Limited	136,612	136,612	*
Barnet Partners Ltd.	136,612	136,612	*
Bear, Stearns & Co. Inc.	163,934	163,934	*
BNP Paribas Equity Strategies, SNC	134,262	134,262	*
CC Convertible Arbitrage, Ltd.	191,257	191,257	*
Century Park Trust	81,967	81,967	*
CNH CA Master Account, L.P.	27,322	27,322	*
Consulting Group Capital Market Funds	327,869	327,869	*
Convertible Securities Fund	4,372	4,372	*
CooperNeff Convertible Strategies (Cayman) Master Fund, LP	144,973	144,973	*
DB Equity Opportunities Master Portfolio Ltd.	31,694	31,694	*
Deam Convertible Arbitrage	15,301	15,301	*
FrontPoint Convertible Arbitrage Fund, L.P.	163,934	163,934	*
Grace Convertible Arbitrage Fund, Ltd.	245,902	245,902	*
HighBridge International LLC	1,092,896	1,092,896	*
HFR CA Select Fund	54,645	54,645	*
Institutional Benchmarks Management Fund c/o Quattro Fund	36,885	36,885	*
Institutional Benchmarks Master Fund, Ltd.	109,290	109,290	*
John Deere Pension Trust	163,934	163,934	*
LDG Limited	8,579	8,579	*
Lexington Vantage Fund c/o TQA Investors, LLC	1,913	1,913	*
Lyxor/Convertible Arbitrage Fund Limited	24,317	24,317	*
Lyxor/Zola Fund Ltd.	13,661	13,661	*
McMahan Securities Co. L.P.	54,645	54,645	*
Melody IAM LTD	43,716	43,716	*
MFS Total Return Fund A Series of Series Trust V	316,940	316,940	*
Nations Convertible Securities Fund	931,147	931,147	*
Pyramid Equity Strategies Fund	7,650	7,650	*
Quattro Fund Ltd.	663,934	663,934	*
Quattro Multistrategy Masterfund LP	36,885	36,885	*
S.A.C. Capital Associates, LLC	242,479	242,479	*
San Diego County Employee Retirement Association	163,934	163,934	*
Singlehedge US Convertible Arbitrage Fund	37,650	37,650	*
Sphinx Fund c/o TQA Investors, LLC	5,847	5,847	*
St. Albans Partners Ltd.	218,579	218,579	*
TQA Master Fund, Ltd.	83,716	83,716	*
TQA Master Plus Fund, Ltd.	130,874	130,874	*
Tribeca Investments Ltd.	1,010,929	1,010,929	*
White River Securities L.L.C.	163,934	163,934	*
Xavex – Convertible Arbitrage 7 Fund c/o TQA Investors, LLC	24,590	24,590	*
Zazove Convertible Arbitrage Fund, L.P.	341,530	341,530	*
Zazove Hedged Convertible Fund, L.P.	204,918	204,918	*
Zazove Income Fund, L.P.	81,967	81,967	*
Zola Partners, L.P.	13,661	13,661	*
Zurich Institutional Bench Marks Master Fund Ltd. c/o TQA Investors, LLC	17,705	17,705	*
Unnamed stockholders or any future transferees, pledgees, donees or successors of or from any such unnamed stockholders	—	19,236,937	5.50%
<b>Total</b>		<b>27,322,400</b>	<b>7.81%</b>



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- \* Less than one percent of the common stock outstanding, as applicable.
- (1) Includes shares of common stock issuable upon the exchange of debentures assuming an exchange rate of 54.6448 common shares for each \$1,000 principal amount of debentures and a cash payment in lieu of any fractional shares. The exchange rate is subject to adjustment pursuant to the terms of the debentures.
- (2) Assumes the selling stockholder sells all of the common stock being offered by this prospectus.
- (3) Calculated based on Rule 13d-3(d)(i) under the Securities Exchange Act of 1934, as amended, using 349,617,632 shares outstanding on June 30, 2004. In calculating this amount, we treated as outstanding the number of shares of common stock issuable upon exchange of the debentures. However, we did not assume exchange of any of other holder's debentures.

## PLAN OF DISTRIBUTION

We are registering the resale of common stock issuable upon exchange of the 3.25% Exchangeable Senior Debentures due 2024 of the Operating Partnership to permit selling stockholders to conduct secondary trading of these securities from time to time after the date of this prospectus. We will not receive any proceeds from the sale of the securities covered by this prospectus. The shares of common stock issuable upon exchange of the debentures are being offered on behalf of the selling stockholders.

The shares of common stock issuable upon exchange of the debentures may be sold or distributed from time to time by the selling stockholders, or by pledgees, donees or transferees of, or other successors in interest to, the selling stockholders, directly to one or more purchasers (including pledgees) or through brokers, dealers or underwriters who may act solely as agents or who may acquire the shares of common stock as principals, at market prices prevailing at the time of sale, at prices related to the prevailing market prices, at varying prices determined at the time of sale, at negotiated prices, or at fixed prices, which may be changed. If the shares of common stock are sold through brokers, dealers or underwriters, the selling stockholder (or a purchaser therefrom) will be responsible for underwriting discounts, concessions, or commissions or agent's commissions. Unless otherwise permitted by law, if the shares are to be sold by pledgees, donees or transferees of, or other successors in interest to the selling stockholders, then we must distribute a prospectus supplement and/or file an amendment to this registration statement amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus.

The sale of the shares of common stock may be effected in one or more of the following methods:

- on any national securities exchange or quotation service on which the shares of common stock may be listed or quoted at the time of sale, including the New York Stock Exchange;
- in the over-the-counter market;
- in transactions otherwise than on such exchanges or services or in the over-the-counter market;
- through the writing of options, whether the options are listed on an option exchange or otherwise; or
- through the settlement of short sales.

In addition, any shares of common stock that qualify for resale pursuant to Rule 144 or Rule 144A of the Securities Act may be sold under Rule 144 or Rule 144A of the Securities Act rather than pursuant to this prospectus. In addition, a selling stockholder may transfer, devise, or gift shares of common stock by other means not described in this prospectus.

These transactions may include crosses or block transactions. Crosses are transactions in which the same broker acts as agent on both sides of the trade.

In addition, the selling stockholders or their successors in interest may enter into hedging transactions with broker-dealers or other financial institutions who may engage in short sales of the shares of common stock, sell the shares of common stock short and deliver these securities to close out such short positions, or loan or pledge the shares of common stock to broker-dealers that in turn may sell such securities. The selling stockholders or their successors in interest may also enter into option or other transactions with broker-dealers that require the delivery by such broker-dealers of the shares of common stock which may be resold thereafter pursuant to this prospectus if the shares of common stock are delivered by the selling stockholders.

The selling stockholders or their successors in interest may from time to time pledge or grant a security interest in some or all of the shares of common stock and, if the selling stockholders default in the performance of their secured obligation, the pledgees or secured parties may offer and sell the shares of common stock from time to time under this prospectus; however, in the event of a pledge or the default on the performance of a secured obligation by the selling stockholders, in order for the shares of common stock to be sold under this

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registration statement, unless permitted by law, we must distribute a prospectus supplement and/or an amendment to this registration statement amending the list of selling stockholders to include the pledgee, transferee, secured party or other successors in interest as selling stockholders under this prospectus.

Brokers, dealers, underwriters or agents participating in the distribution of the shares of common stock as agents may receive compensation in the form of commissions, discounts or concessions from the selling stockholders and/or purchasers of the shares of common stock for whom such broker-dealers may act as agent, or to whom they may sell as principal, or both (which compensation as to a particular broker-dealer may be less than or in excess of customary commissions).

The selling stockholders and any underwriters, broker-dealers or agents who act in connection with the sale of shares of common stock hereunder may be deemed to be “underwriters” within the meaning of Section 2(ii) of the Securities Act, and any commissions they receive and proceeds of any sale of shares of common stock may be deemed to be underwriting discounts and commissions under the Securities Act. Neither we nor any selling stockholder can presently estimate the amount of such compensation. We know of no existing arrangements between any selling stockholder, broker, dealer, underwriter or agent relating to the sale or distribution of the shares of common stock. Selling Stockholders who are “underwriters” within the meaning of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act. To the extent the selling stockholders may be deemed underwriters, they may be subject to statutory liabilities, including, but not limited to, Sections 11, 12 and 17 of the Securities Act.

The selling stockholders and any other person participating in a distribution will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder. Regulation M of the Exchange Act may limit the timing of purchases and sales of any of the common stock by the selling stockholders and any other person. In addition, Regulation M may restrict the ability of any person engaged in the distribution of the common stock to engage in market-making activities with respect to the common stock being distributed for a period of up to five business days before the distribution. The selling stockholders have acknowledged that they understand their obligations to comply with the provisions of the Exchange Act and the rules thereunder relating to stock manipulation, particularly Regulation M, and have agreed that they will not engage in any transaction in violation of such provisions.

Under the registration rights agreement that has been filed as an exhibit to this registration statement, we will use our reasonable best efforts to keep the registration statement of which this prospectus is a part effective until the earliest of (i) the sale of all of the registrable securities registered under the registration statement; and (ii) one year after the date of the last date that debentures have been exchanged for shares of common stock.

We are permitted to prohibit offers and sales of securities pursuant to this prospectus under certain circumstances for a period not to exceed 30 days in any 90-day period and not to exceed an aggregate of 90 days in any 12-month period if (i) we are required by law to do so or (ii) our CEO or CFO has determined in good faith that under circumstances related to the acquisition or divestiture of assets, pending corporate developments, public filings with the SEC, or other similar events, it is in the best interests of the Company to suspend use of this prospectus. We agreed to pay predetermined additional amounts to holders of the debentures and shares of common stock issuable upon exchange of the debentures if the prospectus is unavailable for the periods in excess of those permitted above.

Under the registration rights agreement, we have agreed to indemnify the initial purchaser, each selling stockholder and certain other persons, and each selling stockholder has agreed to indemnify us, the initial purchaser, the other selling stockholders and certain other persons, against certain specified liabilities, including liabilities arising under the Securities Act.

We have agreed, among other things, to bear all fees and expenses, other than selling expenses, commissions and discounts and transfer taxes, if any, of the selling stockholders, in connection with the registration and sale of the shares of common stock covered by this prospectus.

**LEGAL MATTERS**

The validity of the offered securities will be passed upon for us by Venable LLP, Baltimore, Maryland. Hogan & Hartson, L.L.P., Washington, D.C., will pass upon certain tax matters relating to this offering for us. If the offered securities are distributed in an underwritten offering or through agents, certain legal matters may be passed upon for any agents or underwriters by counsel for such agents or underwriters identified in the applicable prospectus supplement.

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The consolidated financial statements of Host Marriott Corporation and subsidiaries as of December 31, 2003 and 2002, and for each of the years in the three-year period ended December 31, 2003, incorporated by reference into this prospectus, have been audited by KPMG LLP, independent registered public accounting firm, as stated in their report included in our Current Report on Form 8-K filed on May 25, 2004. KPMG's report contains an explanatory paragraph that indicates our adoption of Statement of Financial Accounting Standards No. 144 "Accounting for the Impairment or Disposal of Long Lived Assets," on January 1, 2002, as discussed in note 1 to our consolidated financial statements.



HOST MARRIOTT  
CORPORATION

**PART II****INFORMATION NOT REQUIRED IN PROSPECTUS****Item 14. Other Expenses of Issuance and Distribution**

The following table sets forth the estimated fees and expenses payable by Host Marriott in connection with the issuance and distribution of the securities being registered:

†Registration Fee	\$ 42,649
*Printing and Duplicating Expenses	125,000
*Legal Fees and Expenses	500,000
*Accounting Fees and Expenses	150,000
*Blue Sky Fees	20,000
*Transfer Agent Fees and Expenses	25,000
*Miscellaneous	25,000
	<hr/>
*Total	\$ 887,649

† Pursuant to Rule 457(p), \$42,649 of the filing fee previously paid by Host Marriott, L.P., a subsidiary in which the Company owns more than 50 percent of the outstanding voting securities, upon the initial filing of the registration on Form S-3 (File Number 333- 61722) on May 25, 2001, is offset against the currently due filing fee.

\* Estimated

**Item 15. Indemnification of Directors and Officers**

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment and which is material to the cause of action. Our charter contains such a provision which eliminates directors' and officers' liability to the maximum extent permitted by Maryland law.

Our charter authorizes us, to the maximum extent permitted by Maryland law, to obligate our company to indemnify any present or former director or officer or any individual who, while a director or officer of Host Marriott and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee, from and against any claim or liability to which that individual may become subject or which that individual may incur by reason of his or her status as a present or former director or officer of Host Marriott and to pay or reimburse his or her reasonable expenses in advance of final disposition of a proceeding. Our bylaws obligate us, to the maximum extent permitted by Maryland law, to indemnify any present or former director or officer or any individual who, while a director or officer of Host Marriott and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee and who is made, or threatened to be made, a party to the proceeding by reason of his service in any such capacity from and against any claim or liability to which that individual may become subject or which that individual may incur by reason of his or her service in any such capacity and to pay or reimburse his or her reasonable expenses in advance of final disposition of a proceeding. The charter and bylaws also permit us to indemnify and advance expenses to any individual who served a predecessor of Host Marriott in any of the capacities described above and any employee or agent of our company or a predecessor of our company.

Maryland law requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he is made a party by reason of his service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was

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material to the matter giving rise to the proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that personal benefit was improperly received, unless in either case a court orders indemnification and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

Host Marriott does not have indemnification agreements with its directors and officers, but is currently evaluating whether to enter into such agreements. Any indemnification agreements, if entered into, may provide that Host Marriott indemnifies its directors and officers to the fullest extent permitted by law and advance to its directors and officers all related expenses, subject to reimbursement if it is subsequently determined that indemnification is not permitted.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling the registrant pursuant to the foregoing provisions, Host Marriott Corporation has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

### **Item 16. Exhibits**

#### **Exhibit Index**

- 4.1 Articles of Amendment and Restatement of Articles of Incorporation of Host Marriott Corporation (incorporated by reference to Exhibit 3.3 to Host Marriott Corporation's Amendment No. 2 to its Registration Statement on Form S-4 (SEC File No. 333-64793) filed on November 10, 1998).
- 4.2 Articles of Amendment of the Articles of Incorporation of Host Marriott Corporation (incorporated by reference to Exhibit 3.2 to Host Marriott Corporation's Registration Statement on Form 8-A filed with the SEC on June 1, 2004).
- 4.3 Bylaws of Host Marriott Corporation, as amended, effective August 1, 2002 (incorporated by reference to Exhibit 3.1 to Host Marriott's Annual Report on Form 10-K for 2002, filed on March 31, 2003).
- 4.4 Rights Agreement between Host Marriott and The Bank of New York, as Rights Agent, dated as of November 23, 1998 (incorporated herein by reference to Exhibit 4.1 to Host Marriott Corporation's Registration Statement on Form 8-A filed with the SEC on December 11, 1998).
- 4.5 Form of Rights Certificate (incorporated herein by reference to Exhibit 4.3 to Host Marriott Corporation's Registration Statement on Form 8-A (SEC File No. 333-55807) filed with the SEC on December 11, 1998).
- 4.6 Amendment No. 1 to Rights Agreement between Host Marriott and The Bank of New York, as Rights Agent, dated as of December 18, 1998 (incorporated herein by reference to Exhibit 4.2 to Host Marriott's Current Report on Form 8-K filed with the SEC on December 24, 1998).
- 4.7 Amendment No. 2 to Rights Agreement between Host Marriott Corporation and The Bank of New York as Rights Agent dated as of August 21, 2002 (incorporated by reference to Exhibit 4.3 to Host Marriott Corporation's Report on Form 10-Q for the quarter ended September 6, 2002, filed on October 21, 2002).

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4.8	Form of Common Stock Certificate (incorporated herein by reference to Exhibit 4.7 to Host Marriott's Amendment No. 4 to its Registration Statement on Form S-4 (SEC File No. 333-55807) filed on October 2, 1998).
4.9	Articles Supplementary of the Company Classifying and Designating a Series of Preferred Stock as Series A Junior Participating Preferred Stock and Fixing Distribution and Other Preferences and Rights of Such Series (incorporated herein by reference to Exhibit 4.2 to Host Marriott Corporation's Registration Statement on Form 8-A (Registration No. 001-14625) filed with the SEC on December 11, 1998).
4.10*	Registration Rights Agreement, dated as of March 16, 2004, among Host Marriott Corporation, Host Marriott, L.P. and Goldman, Sachs & Co. as representatives of the several Initial Purchasers named therein.
5.1*	Opinion of Venable LLP regarding the legality of the securities being registered.
8.1*	Opinion of Hogan & Hartson L.L.P. regarding certain tax matters.
23.1*	Consent of Venable LLP (included as part of Exhibit 5.1).
23.2*	Consent of Hogan & Hartson L.L.P. (included as part of Exhibit 8.1).
23.3*	Consent of KPMG LLP, independent registered public accounting firm.
24.1*	Power of Attorney (included in signature page).

\* Filed herewith

### **Item 17. Undertakings**

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;"

*provided, however,* that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the registration statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the SEC by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.
- (c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

**SIGNATURES**

**PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-3 AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN BETHESDA, MARYLAND, ON THIS 8TH DAY OF JULY, 2004.**

HOST MARRIOTT CORPORATION

By: /s/ LARRY K. HARVEY

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NAME: LARRY K. HARVEY  
TITLE: SENIOR VICE PRESIDENT AND CORPORATE CONTROLLER

We, the undersigned directors and officers of Host Marriott Corporation, do hereby constitute and appoint Elizabeth A. Abdoo and Larry K. Harvey, and each of them, our true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, to do any and all acts and things in our names and on our behalf in our capacities as directors and officers and to execute any and all instruments for us in the capacities indicated below, which said attorney and agent may deem necessary or advisable to enable said corporation to comply with the Securities Act of 1933 and any rules, regulations and agreements of the Securities and Exchange Commission, in connection with this registration statement, or any registration statement for this offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, including specifically, but without limitation, any and all amendments (including post-effective amendments) hereto; and we hereby ratify and confirm all that said attorney and agent shall do or cause to be done by virtue thereof.

**PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-3 AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN BETHESDA, MARYLAND, ON THIS 8TH DAY OF JULY, 2004.**

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ CHRISTOPHER J. NASSETTA _____ CHRISTOPHER J. NASSETTA	President, Chief Executive Officer and Director (Principal Executive Officer)	July 8, 2004
/s/ W. EDWARD WALTER _____ W. EDWARD WALTER	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	July 8, 2004
/s/ LARRY K. HARVEY _____ LARRY K. HARVEY	Senior Vice President and Corporate Controller (Principal Accounting Officer)	July 8, 2004
/s/ RICHARD E. MARRIOTT _____ RICHARD E. MARRIOTT	Chairman of the Board of Directors	July 8, 2004
/s/ ROBERT M. BAYLIS _____ ROBERT M. BAYLIS	Director	July 8, 2004

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<u>/s/ TERENCE C. GOLDEN</u> TERENCE C. GOLDEN	Director	July 8, 2004
<u>/s/ ANN MCLAUGHLIN KOROLOGOS</u> ANN MCLAUGHLIN KOROLOGOS	Director	July 8, 2004
<u>/s/ JUDITH A. MCHALE</u> JUDITH A. MCHALE	Director	July 8, 2004
<u>/s/ JOHN B. MORSE, JR.</u> JOHN B. MORSE, JR.	Director	July 8, 2004

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- 4.9 Articles Supplementary of the Company Classifying and Designating a Series of Preferred Stock as Series A Junior Participating Preferred Stock and Fixing Distribution and Other Preferences and Rights of Such Series (incorporated herein by reference to Exhibit 4.2 to Host Marriott Corporation's Registration Statement on Form 8-A (Registration No. 001-14625) filed with the SEC on December 11, 1998).
- 4.10\* Registration Rights Agreement, dated as of March 16, 2004, among Host Marriott Corporation, Host Marriott, L.P. and Goldman, Sachs & Co. as representatives of the several Initial Purchasers named therein.
- 5.1\* Opinion of Venable LLP regarding the legality of the securities being registered.
- 8.1\* Opinion of Hogan & Hartson L.L.P. regarding certain tax matters.
- 23.1\* Consent of Venable LLP (included as part of Exhibit 5.1).
- 23.2\* Consent of Hogan & Hartson L.L.P. (included as part of Exhibit 8.1).
- 23.3\* Consent of KPMG LLP, independent registered public accounting firm.
- 24.1\* Power of Attorney (included in signature page).

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\* Filed herewith

HOST MARRIOTT, L.P.  
HOST MARRIOTT CORPORATION

3.25% Exchangeable Senior Debentures due 2024

Registration Rights Agreement

March 16, 2004

Goldman, Sachs & Co.,  
As representatives of the several Initial Purchasers  
named in Schedule I to the Purchase Agreement  
c/o Goldman, Sachs & Co.  
85 Broad Street  
New York, New York 10004

Ladies and Gentlemen:

Host Marriott, L.P., a Delaware limited partnership (the "Company"), proposes to issue and sell to the Initial Purchasers (as defined herein) upon the terms set forth in the Purchase Agreement (as defined herein) the Company's 3.25% Exchangeable senior Debentures due 2024 (the "Debentures"), exchangeable into common stock, par value \$0.01 per share ("Host REIT Common Stock") of Host Marriott Corporation, a Maryland corporation ("Host REIT"). As an inducement to the Initial Purchasers to enter into the Purchase Agreement and in satisfaction of a condition to the obligations of the Initial Purchasers thereunder, the Company and Host REIT agrees with the Initial Purchasers for the benefit of Holders (as defined herein) from time to time of the Registrable Securities (as defined herein) as follows:

1. *Definitions.*

(a) Capitalized terms used herein without definition shall have the meanings ascribed to them in the Purchase Agreement. As used in this Agreement, the following defined terms shall have the following meanings:

"Act" or "Securities Act" means the United States Securities Act of 1933, as amended.

"Affiliate" of any specified person means any other person which, directly or indirectly, is in control of, is controlled by, or is under common control with such specified person. For purposes of this definition, control of a person means the power, direct or indirect, to direct or cause the direction of the management and policies of such person whether by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Closing Date" has the meaning set forth in the Purchase Agreement.

"Commission" means the United States Securities and Exchange Commission, or any other federal agency at the time administering the Exchange Act or the Securities Act, whichever is the relevant statute for the particular purpose.

"DTC" means The Depository Trust Company.

“*Effective Failure*” has the meaning assigned thereto in Section 7(b) hereof.

“*Effectiveness Period*” has the meaning assigned thereto in Section 2(b)(i) hereof.

“*Effective Time*” means the time at which the Commission declares the Shelf Registration Statement effective or at which the Shelf Registration Statement otherwise becomes effective.

“*Electing Holder*” has the meaning assigned thereto in Section 3(a)(iii) hereof.

“*Exchange Act*” means the United States Securities Exchange Act of 1934, as amended.

“*Holder*” means any person that is the record owner of Registrable Securities (and includes any person that has a beneficial interest in any Registrable Security in book-entry form).

“*Host REIT Common Stock*” means Host REIT’s common stock, par value \$0.01 per share.

“*Indenture*” means the Amended and Restated Indenture, dated as of August 5, 1998 by and among HMM Properties, Inc., the guarantors named therein and HSBC Bank USA (f/k/a Marine Midland Bank, as trustee, as amended or supplemented from time to time (the “Base Indenture,”) and the Thirteenth Supplemental Indenture (the “Supplemental Indenture,” and, together with the Base Indenture, the “Indenture”), to be dated as of March 16, 2004, by and among the Company, Host REIT, the Guarantors named therein and The Bank of New York, as trustee, as amended and supplemented from time to time in accordance with its terms.

“*Initial Purchasers*” means the Initial Purchasers named in Schedule I to the Purchase Agreement.

“*Liquidated Damages*” has the meaning assigned thereto in Section 7(a) hereof.

“*Managing Underwriters*” means the investment banker or investment bankers and manager or managers that shall administer an underwritten offering, if any, conducted pursuant to Section 6 hereof.

“*NASD Rules*” means the Rules of the National Association of Securities Dealers, Inc., as amended from time to time.

“*Notice and Questionnaire*” means a Notice of Registration Statement and Selling Securityholder Questionnaire substantially in the form of Appendix A hereto.

The term “*person*” means an individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

“*Prospectus*” means the prospectus (including, without limitation, any preliminary prospectus, any final prospectus and any prospectus that discloses information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A under the Act) included in the Shelf Registration Statement, as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by the Shelf Registration Statement and by all other amendments and supplements to such prospectus, including all material incorporated by reference in such prospectus and all documents filed after the date of such prospectus by Host REIT under the Exchange Act and incorporated by reference therein.

“*Purchase Agreement*” means the purchase agreement, dated as of March 10, 2004 between the Initial Purchasers, the Company, Host REIT and the Guarantors named therein relating to the Debentures.

“*Registrable Securities*” means all shares of Host REIT Common Stock issuable upon exchange, repurchase or redemption of the Debentures; provided, however, that a security ceases to be a Registrable Security when it is no longer a Restricted Security.

“*Registration Default*” has the meaning assigned thereto in Section 7(a) hereof.

“*Restricted Security*” means any share of Host REIT Common Stock issuable upon exchange of the Debentures except any such share of Host REIT Common Stock that (i) has been effectively registered under the Securities Act and sold in a manner contemplated by the Shelf Registration Statement or (ii) has been transferred in compliance with Rule 144 under the Securities Act (or any successor provision thereto) or is transferable pursuant to paragraph (k) of such Rule 144 (or any successor provision thereto)..

“*Rules and Regulations*” means the published rules and regulations of the Commission promulgated under the Securities Act or the Exchange Act, as in effect at any relevant time.

“*Shelf Registration*” means a registration effected pursuant to Section 2 hereof.

“*Shelf Registration Statement*” means a “Shelf” registration statement filed under the Securities Act providing for the registration of, and the sale on a continuous or delayed basis by the Holders of, all of the Registrable Securities pursuant to Rule 415 under the Securities Act and/or any similar rule that may be adopted by the Commission, filed by Host REIT pursuant to the provisions of Section 2 of this Agreement, including the Prospectus contained therein, any amendments and supplements to such registration statement, including post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement.

“*Suspension Period*” has the meaning assigned thereto in Section 2(d) hereof.

“*Trustee*” shall have the meaning set forth in the Indenture.

The term “*underwriter*” means any underwriter of Registrable Securities in connection with an offering thereof under a Shelf Registration Statement.

Wherever there is a reference in this Agreement to a percentage of the “principal amount” of Debentures, Host REIT Common Stock shall be treated as representing the principal amount of Debentures that was surrendered for conversion or exchange in order to receive such number of shares of Host REIT Common Stock.

## 2. *Shelf Registration.*

(a) Host REIT shall, no later than 120 calendar days following the Closing Date, file with the Commission a Shelf Registration Statement relating to the offer and sale of the Registrable Securities by the Holders from time to time in accordance with the methods of distribution elected by such Holders and set forth in such Shelf Registration Statement and, thereafter, shall use its commercially reasonable efforts to cause such Shelf Registration Statement to be declared effective under the Act no later than 210 calendar days following the Closing Date; *provided, however*, that Host REIT may, upon written notice to the Trustee, postpone having the Shelf Registration Statement declared effective for a reasonable period

not to exceed 90 days if Host REIT possesses material non-public information, the disclosure of which would have a material adverse effect on Host REIT and its subsidiaries taken as a whole as determined by the CEO or CFO of Host REIT and subject to its obligations to pay Liquidated Damages as provided in Section 7; *provided, further, however*, that no Holder shall be entitled to be named as a selling securityholder in the Shelf Registration Statement or to use the Prospectus forming a part thereof for resales of Registrable Securities unless such Holder is an Electing Holder.

(b) Host REIT shall use its commercially reasonable efforts:

(i) to keep the Shelf Registration Statement continuously effective under the Act in order to permit the Prospectus forming a part thereof to be usable by Holders for a period expiring on the earlier of (1) the sale of all Registrable Securities registered under the Shelf Registration Statement and (2) one year after the last date that Debentures have been exchanged for shares of Host REIT Common Stock has been issued (such period being referred to herein as the "Effectiveness Period");

(ii) after the Effective Time of the Shelf Registration Statement, promptly upon the request of any Electing Holder of Registrable Securities, to take any action reasonably necessary to enable such Electing Holder to use the Prospectus forming a part thereof for resales of Registrable Securities, including, without limitation, any action necessary to identify such Electing Holder as a selling securityholder in the Shelf Registration Statement; and

(iii) if at any time the Debentures, pursuant to Article 6.07 of the Indenture, are exchangeable into securities other than Host REIT Common Stock, to cause, or to cause any successor under the Indenture to cause such securities to be included in the Shelf Registration Statement no later than the date on which the Debentures may then be exchangeable or convertible into such securities.

(c) Host REIT shall be deemed not to have used its commercially reasonable efforts to keep the Shelf Registration Statement effective during the requisite period if Host REIT voluntarily takes any action that would result in Holders of Registrable Securities covered thereby not being able to offer and sell any of such Registrable Securities during that period, unless (i) Host REIT is required by applicable law, or (ii) if the CEO or CFO of Host REIT shall have determined in good faith that under circumstances related to acquisition or divestiture of assets, pending corporate developments, public filings with the SEC, or other similar events, it is in the best interests of Host REIT to suspend the use of the Prospectus.

(d) Host REIT may suspend the use of the Prospectus for a period not to exceed 30 days in any 90-day period or an aggregate of 90 days in any 12-month period (each a "Suspension Period") for the reasons set forth in 2 (c) above if, prior to suspending such use, Host REIT provides the Holders with written notice of such suspension, which notice need not specify the nature of the event giving rise to such suspension.

3. *Registration Procedures.* In connection with the Shelf Registration Statement, the following provisions shall apply:

(a)

(i) Not less than 30 calendar days prior to the Effective Time of the Shelf Registration Statement, Host REIT shall mail the Notice and Questionnaire to the Trustee for delivery to the Holders. No Holder shall be entitled to be named as a selling securityholder in the

Shelf Registration Statement as of the Effective Time, and no Holder shall be entitled to use the Prospectus forming a part thereof for resales of Registrable Securities at any time, unless such Holder has returned a completed and signed Notice and Questionnaire to Host REIT by the deadline for response set forth therein; *provided, however*, Holders of Registrable Securities shall have at least 28 calendar days from the date on which the Notice and Questionnaire is first mailed to such Holders to return a completed and signed Notice and Questionnaire to Host REIT.

(ii) After the Effective Time of the Shelf Registration Statement, Host REIT shall, upon the request of any Holder of Registrable Securities that is not then an Electing Holder, promptly send a Notice and Questionnaire to such Holder. Host REIT shall not be required to take any action to name such Holder as a selling securityholder in the Shelf Registration Statement or to enable such Holder to use the Prospectus forming a part thereof for resales of Registrable Securities until such Holder has returned a completed and signed Notice and Questionnaire to Host REIT. If a Notice and Questionnaire is delivered to Host REIT during a Suspension Period, Host REIT shall not be obligated to take actions to name the Holder delivering such Notice and Questionnaire as a selling security holder in the Shelf Registration Statement until the termination of such Suspension Period.

(iii) The term "Electing Holder" shall mean any Holder of Registrable Securities that has returned a completed and signed Notice and Questionnaire to Host REIT in accordance with Section 3(a)(i) or 3(a)(ii) hereof.

(b) Host REIT shall furnish to the Trustee for delivery to each Electing Holder, prior to the Effective Time, a sufficient number of copies of the Shelf Registration Statement initially filed with the Commission, and shall furnish to the Trustee for delivery to each such Holder, prior to the filing thereof with the Commission, sufficient copies of each amendment thereto and each amendment or supplement, if any, to the Prospectus included therein, (but not including any reports, other documents and exhibits that are filed with or incorporated by reference in the Shelf Registration Statement) and shall use its reasonable best efforts to reflect in each such document, at the Effective Time or when so filed with the Commission, as the case may be, such comments as such Holders and their respective counsel reasonably may propose.

(c) Host REIT shall promptly take such action as may be necessary so that (i) each of the Shelf Registration Statement and any amendment thereto and the Prospectus forming a part thereof and any amendment or supplement thereto (and each report or other document incorporated therein by reference in each case) complies in all material respects with the Securities Act and the Exchange Act and the respective rules and regulations thereunder, (ii) each of the Shelf Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (iii) each of the Prospectus forming a part of the Shelf Registration Statement, and any amendment or supplement to such Prospectus, does not at any time during the Effectiveness Period include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) Host REIT shall promptly advise the Trustee, and shall confirm such advice in writing if so requested by the Trustee:

(i) when a Shelf Registration Statement and any amendment thereto has been filed with the Commission and when a Shelf Registration Statement or any post-effective amendment thereto has become effective;

(ii) of any request by the Commission for amendments or supplements to the Shelf Registration Statement or the Prospectus included therein or for additional information;

(iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Shelf Registration Statement or the initiation of any proceedings for such purpose;

(iv) of the receipt by Host REIT of any notification with respect to the suspension of the qualification of the securities included in the Shelf Registration Statement for sale in any jurisdiction or the initiation of any proceeding for such purpose; and

(v) of the happening of any event or the existence of any state of facts that requires the making of any changes in the Shelf Registration Statement or the Prospectus included therein so that, as of such date, such Shelf Registration Statement and Prospectus do not contain an untrue statement of a material fact and do not omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of the Prospectus, in light of the circumstances under which they were made) not misleading (which advice shall be accompanied by an instruction to such Holders to suspend the use of the Prospectus until the requisite changes have been made, which notice need not specify the nature of the event giving rise to such suspension).

(e) Host REIT shall use its reasonable best efforts to prevent the issuance, and if issued to obtain the withdrawal at the earliest possible time, of any order suspending the effectiveness of the Shelf Registration Statement.

(f) Host REIT shall furnish to the Trustee for delivery to each Electing Holder, without charge, at least one copy of the Shelf Registration Statement and all post-effective amendments thereto, including financial statements and schedules, and, if such Electing Holder so requests in writing, all reports, other documents and exhibits that are filed with or incorporated by reference in the Shelf Registration Statement.

(g) Host REIT shall, during the Effectiveness Period, deliver to each Electing Holder, without charge, as many copies of the Prospectus (including each preliminary Prospectus) included in the Shelf Registration Statement and any amendment or supplement thereto as such Electing Holder may reasonably request; and Host REIT consents (except during a Suspension Period or during the continuance of any event described in Section 3(d)(v) above) to the use of the Prospectus and any amendment or supplement thereto by each of the Electing Holders in connection with the offering and sale of the Registrable Securities covered by the Prospectus and any amendment or supplement thereto during the Effectiveness Period.

(h) Prior to any offering of Registrable Securities pursuant to the Shelf Registration Statement, Host REIT shall (i) register or qualify or cooperate with the Electing Holders and their respective counsel in connection with the registration or qualification of such Registrable Securities for offer and sale under the securities or "blue sky" laws of such jurisdictions within the United States as any Electing Holder may reasonably request, (ii) keep such registrations or qualifications in effect and comply with such laws so as to permit the continuance of offers and sales in such jurisdictions for so long as may be necessary to enable any Electing Holder or underwriter, if any, to complete its distribution of Registrable Securities pursuant to the Shelf Registration Statement, and (iii) take any and all other actions necessary or advisable to enable the disposition in such jurisdictions of such Registrable Securities; *provided, however*, that in no event shall Host REIT be obligated to (A) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to so qualify but for this Section 3(h) or (B) file any general consent to service of process in any jurisdiction where it is not as of the date hereof so subject.

(i) Unless any Registrable Securities shall be in book-entry only form, Host REIT shall cooperate with the Electing Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold pursuant to the Shelf Registration Statement, which certificates, if so required by any securities exchange upon which any Registrable Securities are listed, shall be panned, lithographed or engraved, or produced by any combination of such methods, on steel engraved borders, and which certificates shall be free of any restrictive legends (other than certain REIT related legends) and in such permitted denominations and registered in such names as Electing Holders may request in connection with the sale of Registrable Securities pursuant to the Shelf Registration Statement.

(j) Upon the occurrence of any fact or event contemplated by paragraph 3(d)(v) above, Host REIT shall promptly prepare a post-effective amendment to any Shelf Registration Statement or an amendment or supplement to the related Prospectus or file any other required document with the Commission so that, as thereafter delivered to purchasers of the Registrable Securities included therein, the Prospectus will not include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If Host REIT notifies the Trustee of the occurrence of any fact or event contemplated by paragraph 3(d)(v) above, the Electing Holder shall suspend the use of the Prospectus until the requisite changes to the Prospectus have been made.

(k) [Intentionally omitted].

(l) Host REIT shall use its reasonable best efforts to comply with all applicable Rules and Regulations in all material respects, and to make generally available to its securityholders as soon as practicable, but in any event not later than eighteen months after (i) the effective date (as defined in Rule 158(c) under the Securities Act) of the Shelf Registration Statement, (ii) the effective date of each post-effective amendment to the Shelf Registration Statement, and (iii) the date of each filing by Host REIT with the Commission of an Annual Report on Form 10-K that is incorporated by reference in the Shelf Registration Statement, an earning statement of Host REIT its subsidiaries complying with Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder (including, at the option of Host REIT, Rule 158).

(m) [Intentionally omitted].

(n) In the event of an underwritten offering conducted pursuant to Section 6 hereof, Host REIT shall, if requested, promptly include or incorporate in a Prospectus supplement or post-effective amendment to the Shelf Registration Statement such information as the Managing Underwriters reasonably agree should be included therein and to which Host REIT does not reasonably object and shall make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after it is notified of the matters to be included or incorporated in such Prospectus supplement or post-effective amendment.

(o) Host REIT shall enter into such customary agreements (including an underwriting agreement in customary form in the event of an underwritten offering conducted pursuant to Section 6 hereof) and take all other appropriate action in order to expedite and facilitate the registration and disposition of the Registrable Securities, and in connection therewith, if an underwriting agreement is entered into, cause the same to contain indemnification provisions and procedures substantially identical to those set forth in Section 5 hereof with respect to all parties to be indemnified pursuant to Section 5 hereof.

(p) Host REIT shall:

(i) (A) make reasonably available for inspection by the Electing Holders, any underwriter participating in any disposition pursuant to the Shelf Registration Statement, and any attorney, accountant or other agent retained by such Electing Holders or any such underwriter all relevant financial and other records, pertinent corporate documents and properties of Host REIT and its subsidiaries, and (B) cause Host REIT's officers, directors and employees to supply all information reasonably requested by such Electing Holders or any such underwriter, attorney, accountant or agent in connection with the Shelf Registration Statement, in each case, as is customary for similar due diligence examinations; *provided, however*, that all records, information and documents that are designated in writing by Host REIT, in good faith, as confidential shall be kept confidential by such Electing Holders and any such underwriter, attorney, accountant or agent, unless such disclosure is made in connection with a court proceeding or required by law, or such records, information or documents become available to the public generally or through a third party without an accompanying obligation of confidentiality; and *provided further* that, if the foregoing inspection and information gathering would otherwise disrupt Host REIT's conduct of its business, such inspection and information gathering shall, to the greatest extent possible, be coordinated on behalf of the Electing Holders and the other parties entitled thereto by one counsel designated by and on behalf of the Electing Holders and other parties;

(ii) in connection with any underwritten offering conducted pursuant to Section 6 hereof, make such representations and warranties to the Electing Holders participating in such underwritten offering and to the Managing Underwriters, in form, substance and scope as are customarily made by Host REIT to underwriters in primary underwritten offerings of equity and exchangeable or convertible debt securities, provided, that in no event shall the representations and warranties be broader than those set forth in the Purchase Agreement, other than appropriate changes to reflect changed circumstances or changed legal requirements;

(iii) in connection with any underwritten offering conducted pursuant to Section 6 hereof, obtain opinions of counsel to Host REIT (which counsel and opinions (in form, scope and substance) shall be consistent with the opinions of counsel of Host REIT delivered in underwritten public offerings and be reasonably satisfactory to the Managing Underwriters) addressed to each Electing Holder participating in such underwritten offering and the underwriters, covering such matters as are customarily covered in opinions requested in primary underwritten offerings of equity and exchangeable or convertible debt securities and such other matters as may be reasonably requested by such Electing Holders and underwriters (it being agreed that the matters to be covered by such opinions shall include, without limitation, as of the date of the opinion and as of the Effective Time of the Shelf Registration Statement or most recent post-effective amendment thereto, as the case may be, the absence from the Shelf Registration Statement and the Prospectus, including the documents incorporated by reference therein, of an untrue statement of a material fact or the omission of a material fact required to be stated therein (in the case of the Prospectus, in light of the circumstances in which they were made) or necessary to make the statements therein not misleading;

(iv) in connection with any underwritten offering conducted pursuant to Section 6 hereof, obtain "cold comfort" letters and updates thereof from the independent public accountants

of Host REIT (and, if necessary, from the independent public accountants of any subsidiary of Host REIT or of any business acquired by Host REIT for which financial statements and financial data are, or are required to be, included in the Shelf Registration Statement), addressed to each Electing Holder participating in such underwritten offering (if such Electing Holder has provided such letter, representations or documentation, if any, required for such cold comfort letter to be so addressed) and the underwriters, in customary form and covering matters of the type customarily covered in “cold comfort” letters in connection with primary underwritten offerings;

(v) in connection with any underwritten offering conducted pursuant to Section 6 hereof, deliver such documents and certificates as may be reasonably requested by any Electing Holders participating in such underwritten offering and the Managing Underwriters, if any, including, without limitation, certificates to evidence compliance with Section 3(i) hereof and with any conditions contained in the underwriting agreement or other agreements entered into by Host REIT; provided that in no event shall the Company, Host REIT nor any of its officers and directors be required to enter into any agreements not to offer or sell Host REIT Common Stock or other securities (i.e., “lock-up letters”).

(q) Host REIT will use its reasonable best efforts to cause the Host REIT Common Stock issuable upon exchange of the Debentures to be listed on the New York Stock Exchange or other stock exchange or trading system on which the Host REIT Common Stock primarily trades on or prior to the Effective Time of the Shelf Registration Statement hereunder.

(r) In the event that any broker dealer registered under the Exchange Act shall be an “affiliate” (as defined in Rule 2720(b)(1) of the NASD Rules (or any successor provision thereto)) of Host REIT or has a “conflict of interest” (as defined in Rule 2720(b)(7) of the NASD Rules (or any successor provision thereto)) and such broker dealer shall underwrite, participate as a member of an underwriting syndicate or selling group or assist in the distribution of any Registrable Securities covered by the Shelf Registration Statement, whether as a Holder of such Registrable Securities or as an underwriter, a placement or sales agent or a broker or dealer in respect thereof, or otherwise, Host REIT shall assist such broker dealer in complying with the requirements of the NASD Rules, including, without limitation, by (A) engaging a “qualified independent underwriter” (as defined in Rule 2720(b)(15) of the NASD Rules (or any successor provision thereto)) to participate in the preparation of the registration statement relating to such Registrable Securities, to exercise usual standards of due diligence in respect thereto and to recommend the public offering price of such Registrable Securities, (B) indemnifying such qualified independent underwriter to the extent of the indemnification of underwriters provided in Section 5 hereof, and (C) providing such information to such broker dealer as may be required in order for such broker-dealer to comply with the requirements of the NASD Rules.

(s) Host REIT shall use its commercially reasonable efforts to take all other steps necessary to effect the registration, offering and sale of the Registrable Securities covered by the Shelf Registration Statement contemplated hereby.

(t) Notwithstanding any provision of this Section 3 to the contrary, Host REIT shall not be required to amend or supplement the Shelf Registration Statement during a Suspension Period.

4. *Registration Expenses.* Except as otherwise provided in Section 3, the Company shall bear all fees and expenses incurred in connection with the performance of its obligations under Sections 2, 3 and 6 hereof and shall bear or reimburse the Electing Holders for the reasonable fees and disbursements of a single counsel selected by a plurality of all Electing Holders who own an aggregate of not less than 25% of the Registrable Securities covered by the Shelf Registration Statement to act as counsel therefore

in connection therewith. Each Electing Holder shall pay all underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Electing Holder's Registrable Securities pursuant to the Shelf Registration Statement.

5. *Indemnification and Contribution.*

(a) *Indemnification by the Company and Host REIT.* Upon the registration of the Registrable Securities pursuant to Section 2 hereof, the Company and Host REIT, jointly and severally, shall indemnify and hold harmless each Electing Holder and each underwriter, selling agent or other securities professional, if any, which facilitates the disposition of Registrable Securities, and each of their respective officers and directors and each person who controls such Electing Holder, underwriter, selling agent or other securities professional within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (each such person being sometimes referred to as an "Indemnified Person") against any losses, claims, damages or liabilities, joint or several, to which such Indemnified Person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Shelf Registration Statement under which such Registrable Securities are to be registered under the Securities Act, or any Prospectus contained therein or furnished by Host REIT to any Indemnified Person, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Company and Host REIT hereby, jointly and severally agree, to reimburse such Indemnified Person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred; *provided, however*, that neither the Company nor Host REIT shall be liable to any such Indemnified Person in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such Shelf Registration Statement or Prospectus, or amendment or supplement, in reliance upon and in conformity with written information furnished to Host REIT by such Indemnified Person expressly for use therein and provided further that, to the extent a physical delivery of a prospectus is required under applicable law, with respect to any untrue statement or alleged untrue statement in or omission or alleged omission from any Prospectus, the indemnity agreement contained in this subsection (a) shall not inure to the benefit of any Holder that sold the Registrable Securities concerned to the person asserting any such losses, claims, damages or liabilities to the extent that they result from the fact that there was not sent or given to such person, at or prior to the written confirmation of the sale of such Registrable Securities to such person, a copy of the Prospectus, as amended or supplemented, if Host REIT had previously furnished copies thereof to such Holder and the untrue statement or alleged untrue statement or omission or alleged omission was corrected in such Prospectus, as amended or supplemented.

(b) *Indemnification by the Electing Holders and any Agents and Underwriters.* Each Electing Holder agrees, as a consequence of the inclusion of any of such Electing Holder's Registrable Securities in such Shelf Registration Statement, and each underwriter, selling agent or other securities professional, if any, which facilitates the disposition of Registrable Securities shall agree, as a consequence of facilitating such disposition of Registrable Securities, severally and not jointly, to (i) indemnify and hold harmless the Company, Host REIT and their respective directors, officers who sign any Shelf Registration Statement and each person, if any, who controls either the Company or Host REIT within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, against any losses, claims, damages or liabilities to which the Company or Host REIT or such other persons may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in such Shelf Registration Statement or Prospectus,

or any amendment or supplement, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to Host REIT by such Electing Holder, underwriter, selling agent or other securities professional expressly for use therein, and (ii) reimburse the Company or Host REIT, as applicable, for any legal or other expenses reasonably incurred by the Company or Host REIT in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) *Notices of Claims, Etc.* Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party under this Section 5, notify such indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under the indemnification provisions of or contemplated by subsection (a) or (b) above. In case any such action shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, such indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, such indemnifying party shall not be liable to such indemnified party under this Section 5 for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) *Contribution.* If the indemnification provided for in this Section 5 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation (even if the Electing Holders or any underwriters, selling agents or other securities professionals or all of them were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 5(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above shall be

deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of the Electing Holders and any underwriters, selling agents or other securities professionals in this Section 5(d) to contribute shall be several in proportion to the percentage of principal amount of Registrable Securities registered or underwritten, as the case may be, by them and not joint.

(e) Notwithstanding any other provision of this Section 5, in no event will any (i) Electing Holder be required to undertake liability to any person under this Section 5 for any amounts in excess of the dollar amount of the proceeds to be received by such Holder from the sale of such Holder's Registrable Securities (after deducting any fees, discounts and commissions applicable thereto) pursuant to any Shelf Registration Statement under which such Registrable Securities are to be registered under the Securities Act and (ii) underwriter, selling agent or other securities professional be required to undertake liability to any person hereunder for any amounts in excess of the discount, commission or other compensation payable to such underwriter, selling agent or other securities professional with respect to the Registrable Securities underwritten by it and distributed to the public.

(f) The obligations of the Company and Host REIT under this Section 5 shall be in addition to any liability which the Company or Host REIT may otherwise have to any Indemnified Person and the obligations of any Indemnified Person under this Section 5 shall be in addition to any liability which such Indemnified Person may otherwise have to the Company or Host REIT. The remedies provided in this Section 5 are not exclusive and shall not limit any rights or remedies which may otherwise be available to an indemnified party at law or in equity.

6. *Underwritten Offering.* Any Holder of Registrable Securities who desires to do so may sell Registrable Securities (in whole or in part) in an underwritten offering; *provided* that (i) the Electing Holders of at least 33 1/3% of the Registrable Securities then covered by the Shelf Registration Statement shall request such an offering and (ii) at least such amount of such Registrable Securities shall be included in such offering; and *provided further* that Host REIT shall not be obligated to cooperate with more than one underwritten offering during the Effectiveness Period. Upon receipt of such a request, Host REIT shall provide all Holders of Registrable Securities written notice of the request, which notice shall inform such Holders that they have the opportunity to participate in the offering. In any such underwritten offering, the investment banker or bankers and manager or managers that will administer the offering will be selected by, and the underwriting arrangements with respect thereto (including the size of the offering) will be approved by, the holders of a majority of the Registrable Securities to be included in such offering; *provided, however*, that such investment bankers and managers and underwriting arrangements must be reasonably satisfactory to Host REIT. No Holder may participate in any underwritten offering contemplated hereby unless (a) such Holder agrees to sell such Holder's Registrable Securities to be included in the underwritten offering in accordance with any approved underwriting arrangements, (b) such Holder completes and executes all reasonable questionnaires, powers of attorney, indemnities, underwriting agreements, lock-up letters and other documents required under the terms of such approved underwriting arrangements, and (c) if such Holder is not then an Electing Holder, such Holder returns a completed and signed Notice and Questionnaire to Host REIT in accordance with Section 3(a)(ii) hereof within a reasonable amount of time before such underwritten offering. The Holders participating in any underwritten offering shall be responsible for any underwriting discounts and commissions and fees and, subject to Section 4 hereof, expenses of their own counsel. Host REIT shall pay all expenses customarily borne by issuers in an underwritten offering, including but not limited to filing fees, the fees and disbursements of its counsel and independent public accountants and any printing expenses incurred in connection with such underwritten offering. Notwithstanding the foregoing or the provisions of

Section 3(n) hereof, upon receipt of a request from the Managing Underwriter or a representative of holders of a majority of the Registrable Securities to be included in an underwritten offering to prepare and file an amendment or supplement to the Shelf Registration Statement and Prospectus in connection with an underwritten offering, Host REIT may delay the filing of any such amendment or supplement for up to 90 days if the Board of Directors or the CEO or CFO of Host REIT shall have determined in good faith that Host REIT has a bona fide business reason for such delay.

#### *7. Liquidated Damages.*

(a) Notwithstanding any postponement of effectiveness pursuant to Section 2(a) hereof, if (i) on or prior to the 120th day following the Closing Date, a Shelf Registration Statement has not been filed with the Commission or (ii) on or prior to the 210th day following the Closing Date, such Shelf Registration Statement is not declared effective by the Commission (each, a "Registration Default"), Host REIT shall be required to pay liquidated damages ("Liquidated Damages"), from and including the day following such Registration Default until such Shelf Registration Statement is either so filed or so filed and subsequently declared effective, as applicable, at a rate per annum equal to an additional one-quarter of one percent (0.25%) of the principal amount of the Debentures, to and including the 90th day following such Registration Default and one-half of one percent (0.50%) thereof from and after the 91st day following such Registration Default.

(b) In the event that the Shelf Registration Statement ceases to be effective or usable other than as a result of a Suspension Period (or the Holders of Registrable Securities are otherwise prevented or restricted by Host REIT from effecting sales pursuant thereto) (an "Effective Failure") for more than 10 business days and Host REIT does not restore effectiveness or Host REIT does not terminate a Suspension Period by the 30th day in any 90-day period or if suspension exceeds 90 days in any 360-day period, then Host REIT shall pay Liquidated Damages at a rate per annum equal to an additional one-quarter of one percent (0.25%) of the principal amount of the Debentures from the day following the 10th business day following the date that such Shelf Registration Statement ceases to be effective (or the Holders of Registrable Securities are otherwise prevented or restricted by Host REIT from effecting sales pursuant thereto) or on the 31st or 91st day, as the case may be, in the case of a Suspension Period, for a period of 90 days, and thereafter shall pay Liquidated Damages at a rate per annum equal to an additional one-half of one percent (0.50%), until the earlier of (i) the time the Shelf Registration Statement again becomes effective or the Holders of Registrable Securities are again able to make sales under the Shelf Registration Statement or (2) the time the Effectiveness Period expires. For the purpose of determining an Effective Failure, days on which Host REIT has been obligated to pay Liquidated Damages in accordance with the foregoing in respect of a prior Effective Failure within the applicable period, as the case may be, shall not be included.

(c) In the event Host REIT fails to file a post-effective amendment to the Shelf Registration Statement when required hereunder, or the post-effective amendment is not declared effective, within ten business days following the filing of such post-effective amendment, Host REIT shall pay Liquidated Damages at a rate per annum equal to an additional one-half of one percent (0.50%) of the principal amount of the Debentures from and including the date of such Registration Default until such time as such Registration Default is cured.

(d) Any amounts to be paid as Liquidated Damages pursuant to paragraphs (a), (b) or (c) of this Section 7 shall be paid in cash semi-annually in arrears, with the first semi-annual payment due on the first Interest Payment Date (as defined in the Indenture), as applicable, following the date of such Registration Default or Effective Failure, as applicable. Such Liquidated Damages will accrue (1) in respect of the Debentures at the rates set forth in paragraphs (a), (b) or (c) of this Section 7, as applicable,

on the principal amount of the Debentures and (2) in respect of the Host REIT Common Stock issued upon exchange of the Debentures, at the rates set forth in paragraphs (a), (b) or (c) of this Section 7, as applicable, applied to the Exchange Price (as defined in the Indenture) at that time.

(e) Except as provided in Section 8(b) hereof, the Liquidated Damages as set forth in this Section 7 shall be the exclusive monetary remedy available to the Holders of Registrable Securities for such Registration Default or Effective Failure. In no event shall Host REIT be required to pay Liquidated Damages in excess of the applicable maximum amount of one-half of one percent (0.50%) set forth above, regardless of whether one or multiple Registration Defaults or Effective Failures exist.

#### 8. Miscellaneous.

(a) *Other Registration Rights.* Host REIT may grant registration rights that would permit any person that is a third party the right to piggy-back on any Shelf Registration Statement, *provided* that if the Managing Underwriter of any underwritten offering conducted pursuant to Section 6 hereof notifies Host REIT and the Electing Holders that the total amount of securities which the Electing Holders and the holders of such piggy-back rights intend to include in any Shelf Registration Statement is so large as to materially threaten the success of such offering (including the price at which such securities can be sold), then the amount, number or kind of securities to be offered for the account of holders of such piggy-back rights will be reduced to the extent necessary to reduce the total amount of securities to be included in such offering to the amount, number and kind recommended by the Managing Underwriter prior to any reduction in the amount of Registrable Securities to be included in such Shelf Registration Statement except with respect to securities included by virtue of the piggy-back rights provided under that certain Registration Rights Agreement, dated as of December 30, 1998, by and among Host REIT and the Contributors named therein, in effect as of the date hereof.

(b) *Specific Performance.* The parties hereto acknowledge that there would be no adequate remedy at law if Host REIT fails to perform any of its obligations hereunder and that the Initial Purchasers and the Holders from time to time may be irreparably harmed by any such failure, and accordingly agree that the Initial Purchasers and such Holders, in addition to any other remedy to which they may be entitled at law or in equity and without limiting the remedies available to the Electing Holders under Section 7 hereof, shall be entitled to compel specific performance of the obligations of Host REIT under this Registration Rights Agreement in accordance with the terms and conditions of this Registration Rights Agreement, in any court of the United States or any State thereof having jurisdiction.

(c) *Amendments and Waivers.* This Agreement, including this Section 8(c), may be amended, and waivers or consents to departures from the provisions hereof may be given, only by a written instrument duly executed by Host REIT and the holders of a majority of Registrable Securities then outstanding. Each Holder of Registrable Securities outstanding at the time of any such amendment, waiver or consent or thereafter shall be bound by any amendment, waiver or consent effected pursuant to this Section 8(c), whether or not any notice, writing or marking indicating such amendment, waiver or consent appears on the Registrable Securities or is delivered to such Holder.

(d) *Notices.* Unless otherwise specified herein, all notices and other communications provided for or permitted hereunder shall be given as provided in the Indenture. For so long as the Debentures are in Book Entry Form, and as permitted by the DTC, all notices, reports and other documents to the Holders shall be delivered through the facilities of the DTC by the Trustee.

(e) *Parties in Interest.* The parties to this Agreement intend that all Holders of Registrable Securities shall be entitled to receive the benefits of this Agreement and that any Electing Holder shall be

bound by the terms and provisions of this Agreement by reason of such election with respect to the Registrable Securities which are included in a Shelf Registration Statement. All the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the respective successors and assigns of the parties hereto and any Holder from time to time of the Registrable Securities to the aforesaid extent. In the event that any transferee of any Holder of Registrable Securities shall acquire Registrable Securities, in any manner, whether by gift, bequest, purchase, operation of law or otherwise, such transferee shall, without any further writing or action of any kind, be entitled to receive the benefits of and, if an Electing Holder, be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement to the aforesaid extent.

(f) *Counterparts.* This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(g) *Headings.* The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(h) *Governing Law.* This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, including, without limitation, Section 5-1401 of the New York General Obligation Law.

(i) *Severability.* In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired or affected thereby, it being intended that all of the rights and privileges of the parties hereto shall be enforceable to the fullest extent permitted by law.

(j) *Survival.* The respective indemnities, agreements, representations, warranties and other provisions set forth in this Agreement or made pursuant hereto shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Electing Holder, any director, officer or partner of such Holder, any agent or underwriter, any director, officer or partner of such agent or underwriter, or any controlling person of any of the foregoing, and shall survive the transfer and registration of the Registrable Securities of such Holder.

*[signature pages follow]*

Please confirm that the foregoing correctly sets forth the agreement between the Company, Host REIT and you.

Very truly yours,

HOST MARRIOTT CORPORATION

By: /s/ John A. Carnella

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Name: John A. Carnella  
Title: Senior Vice President and Treasurer

HOST MARRIOTT, L.P.

By: Host Marriott Corporation, its sole general partner

By: /s/ John A. Carnella

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Name: John A. Carnella  
Title: Senior Vice President and Treasurer

Accepted as of the date hereof:  
GOLDMAN, SACHS & CO.  
On behalf of each of the Initial Purchasers

By: /s/ Authorized Person

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(Goldman, Sachs & Co.)

March 16, 2004

HOST MARRIOTT, L.P.  
HOST MARRIOTT CORPORATION  
INSTRUCTION TO DTC PARTICIPANTS

*(Date of Mailing)*

**URGENT - IMMEDIATE ATTENTION REQUESTED**

**DEADLINE FOR RESPONSE: [DATE]**

The Depository Trust Company (“DTC”) has identified you as a DTC Participant through which beneficial interests in the Host Marriott, L.P. (the “Company”) 3.25% Exchangeable Senior Debentures due 2024 (the “Debentures”) are held.

Host Marriott Corporation (“Host REIT”) is in the process of registering the shares of common stock, par value \$0.01 per share, of Host REIT (the “Host REIT Common Stock”) under the Securities Act of 1933 for resale by the beneficial owners thereof. In order to have their shares of Host REIT Common Stock included in the registration statement, beneficial owners must complete and return the enclosed Notice of Registration Statement and Selling Securityholder Questionnaire.

It is important that beneficial owners of the Debentures (and the shares of Host REIT Common Stock into which the Debenture are exchangeable) receive a copy of the enclosed materials as soon as possible as their rights to have shares of Host REIT Common Stock included in the registration statement depend upon their returning the Notice and Questionnaire by [Deadline for response]. Please forward a copy of the enclosed documents to each beneficial owner that holds interests in the Debentures through you. If you require more copies of the enclosed materials or have any questions pertaining to this matter, please contact Host Marriott Corporation, 6903 Rockledge Drive, Suite 1500, Bethesda, Maryland 20817.

HOST MARRIOTT, L.P.  
HOST MARRIOTT CORPORATION

Notice of Registration Statement  
and  
Selling Securityholder Questionnaire

**[Date]**

Host Marriott Corporation (“Host REIT”) has filed with the United States Securities and Exchange Commission (the “Commission”) a registration statement on Form S-3 (the “Shelf Registration Statement”) for the registration and resale under Rule 415 of the United States Securities Act of 1933, as amended (the “Securities Act”), shares of Host REIT common stock, par value \$0.01 per share (the “Host REIT Common Stock”), issuable upon exchange of the 3.25% Exchangeable Senior Debentures due 2024 (the “Debentures”) issued by Host Marriott, L.P., a Delaware limited partnership (the “Company”), in accordance with the Registration Rights Agreement, dated as of March 16, 2004 (the “Registration Rights Agreement”), between the Company, Host REIT and the initial purchasers named therein. A copy of the Registration Rights Agreement is attached hereto. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

In order to have Registrable Securities included in the Shelf Registration Statement (or a supplement or amendment thereto), this Notice of Registration Statement and Selling Securityholder Questionnaire (“Notice and Questionnaire”) must be completed, executed and delivered to Host REIT at the address set forth herein for receipt ON OR BEFORE . Beneficial owners of Registrable Securities who do not complete, execute and return this Notice and Questionnaire by such date (i) will not be named as selling securityholders in the Shelf Registration Statement and (ii) may not use the Prospectus forming a part thereof for resales of Registrable Securities.

Certain legal consequences arise from being named as a selling securityholder in the Shelf Registration Statement and related Prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling securityholder in the Shelf Registration Statement and related Prospectus.

The term “Registrable Securities” is defined in the Registration Rights Agreement to mean all shares of Host REIT Common Stock issuable upon exchange of the Debentures; provided, however, that a security ceases to be a Registrable Security when it is no longer a Restricted Security.

The term “Restricted Security” is defined in the Registration Rights Agreement to mean any share of Host REIT Common Stock issuable upon exchange of the Debentures except any such share of Host REIT Common Stock which (i) has been effectively registered under the Securities Act and sold in a manner contemplated by the Shelf Registration Statement, (ii) has been transferred in compliance with Rule 144 under the Securities Act (or any successor provision thereto) or is transferable pursuant to paragraph (k) of such Rule 144 (or any successor provision thereto), or (iii) has otherwise been transferred and a new share of Host REIT Common Stock not subject to transfer restrictions under the Securities Act has been delivered by or on behalf of Host REIT in accordance with the Indenture.

ELECTION

The undersigned holder (the “Selling Securityholder”) of Registrable Securities hereby elects to include in the Shelf Registration Statement the Registrable Securities beneficially owned by it and listed below in Item (3). The undersigned, by signing and returning this Notice and Questionnaire, agrees to be bound with respect to such Registrable Securities by the terms and conditions of this Notice and Questionnaire and the Registration Rights Agreement, including, without limitation, Section 5 of the Registration Rights Agreement regarding the obligation to indemnify and hold harmless certain persons as set forth therein, as if the undersigned Selling Securityholder were an original party thereto.

Upon any sale of Registrable Securities pursuant to the Shelf Registration Statement, the Selling Securityholder will be required to deliver to Host REIT the Notice of Transfer (completed and signed) set forth in Exhibit 1 to this Notice and Questionnaire.

The Selling Securityholder hereby provides the following information to Host REIT and represents and warrants that such information is accurate and complete:

QUESTIONNAIRE

- (1) (a) Full Legal Name of Selling Securityholder:  
\_\_\_\_\_
- (b) Full Legal Name of Registered Holder (if not the same as in (a) above) of Registrable Securities Listed in Item (3) Below:  
\_\_\_\_\_
- (c) Full Legal Name of DTC Participant (if applicable and if not the same as (b) above) Through Which Registrable Securities Listed in Item (3) Below are Held:  
\_\_\_\_\_

- (2) Address for Notices to Selling Securityholder:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Contact Person: \_\_\_\_\_

- (3) Beneficial Ownership of Securities:  
*Except as set forth below in this Item (3), the undersigned Selling Securityholder does not beneficially own any Registrable Securities.*

- (a) Principal amount of Debentures beneficially owned: \_\_\_\_\_  
CUSIP No(s). of such Debentures: \_\_\_\_\_  
Number of shares of Host REIT Common Stock (if any) issued upon exchange, repurchase or redemption of Debentures: \_\_\_\_\_
- (b) Number of shares of Registrable Securities which the undersigned wishes to be included in the Shelf Registration Statement:  
\_\_\_\_\_  
CUSIP No(s). of such Registrable Securities to be included in the Shelf Registration Statement: \_\_\_\_\_

- (4) Beneficial Ownership of Other Securities of Host REIT:  
*Except as set forth below in this Item (4), the undersigned Selling Securityholder is not the beneficial or registered owner of any shares of Host REIT Common Stock or any other securities of Host REIT (or securities of the Company that are convertible or exchangeable for securities of Host REIT), other than the Debentures and shares of Host REIT Common Stock listed above in Item (3).*  
State any exceptions here:

(5) Relationships with the Company or Host REIT:

*Except as set forth below, neither the Selling Securityholder nor any of its affiliates, officers, directors or principal equity holders (5% or more) has held any position or office or has had any other material relationship with the Company or Host REIT (or their predecessors or affiliates) during the past three years.*

State any exceptions here:

(6) Plan of Distribution:

*Except as set forth below, the undersigned Selling Securityholder intends to distribute the Registrable Securities listed above in Item (3) only as follows (if at all): Such Registrable Securities may be sold from time to time directly by the undersigned Selling Securityholder or, alternatively, through underwriters, broker-dealers or agents. Such Registrable Securities may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of sale, at varying prices determined at the time of sale, or at negotiated prices. Such sales may be effected in transactions (which may involve crosses or block transactions) (i) on any national securities exchange or quotation service on which the Registrable Securities may be listed or quoted at the time of sale, (ii) in the over-the-counter market, (iii) in transactions otherwise than on such exchanges or services or in the over-the-counter market, or (iv) through the writing of options. In connection with sales of the Registrable Securities or otherwise, the Selling Securityholder may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the Registrable Securities in the course of hedging the positions they assume. The Selling Securityholder may also sell Registrable Securities short and deliver Registrable Securities to close out such short positions, or loan or pledge Registrable Securities to broker-dealers that in turn may sell such securities.*

State any exceptions here:

Note: In no event may such method(s) of distribution take the form of an underwritten offering of the Registrable Securities without the prior agreement of Host REIT.

By signing below, the Selling Securityholder acknowledges that it understands its obligation to comply, and agrees that it will comply, with the prospectus delivery and other provisions of the Securities Act and the Exchange Act and the rules and regulations thereunder, particularly Regulation M.

In the event that the Selling Securityholder transfers all or any portion of the Registrable Securities listed in Item (3) above after the date on which such information is provided to Host REIT, the Selling Securityholder agrees to notify the transferee(s) at the time of the transfer of its rights and obligations under this Notice and Questionnaire and the Registration Rights Agreement.

By signing below, the Selling Securityholder consents to the disclosure of the information contained herein in its answers to Items (1) through (6) above and the inclusion of such information in the Shelf Registration Statement and related Prospectus. The Selling Securityholder understands that such information will be relied upon by Host REIT in connection with the preparation of the Shelf Registration Statement and related Prospectus.

In accordance with the Selling Securityholder's obligation under Section 3(a) of the Registration Rights Agreement to provide such information as may be required by law for inclusion in the Shelf Registration Statement, the Selling Securityholder agrees to promptly notify Host REIT of any inaccuracies or changes in the information provided herein which may occur subsequent to the date hereof at any time while the Shelf Registration Statement remains in effect. All notices hereunder and pursuant to the Registration Rights Agreement shall be made in writing, by hand-delivery, first-class mail, or air courier guaranteeing overnight delivery as follows:

(i) To the Company or Host REIT:

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(ii) With a copy to:

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Once this Notice and Questionnaire is executed by the Selling Securityholder and received by Host REIT, the terms of this Notice and Questionnaire, and the representations and warranties contained herein, shall be binding on, shall inure to the benefit of and shall be enforceable by the respective successors, heirs, personal representatives, and assigns of Host REIT and the Selling Securityholder (with respect to the Registrable Securities beneficially owned by such Selling Securityholder and listed in Item (3) above). This Agreement shall be governed in all respects by the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Selling Securityholder  
(Print/type full legal name of beneficial owner of Registrable Securities)

By: \_\_\_\_\_

Name:  
Title:

PLEASE RETURN THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE FOR RECEIPT ON OR BEFORE \_\_\_\_\_ TO THE  
COMPANY AT:

**6903 Rockledge Drive, Suite 1500  
Bethesda, Maryland 20817  
Attention: General Counsel**

NOTICE OF TRANSFER PURSUANT TO REGISTRATION STATEMENT

Host Marriott Corporation  
Host Marriott, L.P.  
6903 Rockledge Drive, Suite 1500  
Bethesda, Maryland 20817  
Attention: General Counsel

Geovanni Barris  
The Bank of New York  
101 Barclay Street  
Floor 8 West  
New York, New York 10286  
Attention: Corporate Trust Services

Re: Host Marriott, L.P. (the "Company")  
Host Marriott Corporation ("Host REIT")  
3.25% Exchangeable Senior Debentures due 2024 (the "Debentures")

Dear Sirs:

Please be advised that \_\_\_\_\_ has transferred \$ \_\_\_\_\_ shares of Host REIT's common stock, issued upon exchange, repurchase or redemption of Debentures, pursuant to an effective Registration Statement on Form [ ] (File No. 333- ) filed by Host REIT.

We hereby certify that the prospectus delivery requirements, if any, of the Securities Act of 1933, as amended, have been satisfied with respect to the transfer described above and that the above-named beneficial owner of the Host REIT common stock is named as a selling securityholder in the Prospectus dated [ date ], or in amendments or supplements thereto, and that the number of shares of Host REIT common stock transferred are [a portion of] the shares of Host REIT common stock listed in such Prospectus as amended or supplemented opposite such owner's name.

Dated:

Very truly yours,

\_\_\_\_\_  
(Name)

By:

\_\_\_\_\_  
(Authorized Signature)

**[Letterhead of Venable LLP]**

July 8, 2004

Host Marriott Corporation  
6903 Rockledge Drive, Suite 1500  
Bethesda, Maryland 20817

Re: Host Marriott Corporation

Ladies and Gentlemen:

We have served as Maryland counsel to Host Marriott Corporation, a Maryland corporation (the "Company"), in connection with certain matters of Maryland law arising out of the registration of 27,322,400 shares (the "Shares"), together with 27,322,400 Purchase Share Rights (as defined below), of the Common Stock, par value \$.01 per share, of the Company (the "Common Stock") to be offered for resale by the persons or entities listed in the Registration Statement on Form S-3, and all amendments thereto (collectively, the "Registration Statement"), to be filed by the Company with the United States Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "1933 Act"), who may become stockholders of the Company upon the issuance of any of the Shares from time to time upon the exchange of 3.25% Exchangeable Senior Debentures due April 25, 2024 of Host Marriott, L.P., a Delaware limited partnership ("Host LP") (the "Debentures"). As used herein, "Purchase Share Rights" means the rights to purchase one one-thousandth of a share of the Series A Junior Participating Preferred Stock, par value \$.01 per share, of the Company, issued as a dividend to the holders of Common Stock, the terms of which are set forth in a Rights Agreement, dated as of November 23, 1998 (the "Rights Agreement"), as amended, between the Company (formerly known as HMC Merger Corporation) and The Bank of New York, as Rights Agent. Capitalized terms used but not defined herein shall have the meanings given to them in the Registration Statement.

In connection with our representation of the Company, and as a basis for the opinion hereinafter set forth, we have examined originals, or copies certified or otherwise identified to our satisfaction, of the following documents (hereinafter collectively referred to as the "Documents"):

1. The Registration Statement, including the related form of Prospectus included therein, dated July 8, 2004 (the "Prospectus"), in the form in which they were or will be transmitted to the Commission under the 1933 Act;

2. The charter of the Company (the "Charter"), certified as of the date hereof by the State Department of Assessments and Taxation of Maryland (the "SDAT");
3. The Bylaws of the Company, certified as of the date hereof by an officer of the Company;
4. Resolutions (the "Resolutions") adopted by the Board of Directors of the Company (the "Board"), or a duly authorized committee of the Board, relating to, among other matters, (i) the filing of the Registration Statement and the Prospectus, (ii) the offering of the Debentures, (iii) the reservation and issuance of the Shares upon the exchange of any of the Debentures and (iv) the execution, delivery and performance of the Rights Agreement and the authorization of the distribution of the Purchase Share Rights, certified as of the date hereof by an officer of the Company;
5. The Rights Agreement, as amended, certified as of the date hereof by an officer of the Company;
6. The Thirteenth Supplemental Indenture to Amended and Restated Indenture, dated as of March 16, 2004 (the "Supplemental Indenture"), among Host LP, the Company, the Subsidiary Guarantors (as defined therein) and The Bank of New York, as Trustee, to the Amended and Restated Indenture, dated as of August 5, 1998, as amended and supplemented, certified as of the date hereof by an officer of the Company;
7. A certificate of the SDAT as to the good standing of the Company, dated as of a recent date;
8. A certificate executed by an officer of the Company, dated as of the date hereof; and
9. Such other documents and matters as we have deemed necessary or appropriate to express the opinion set forth below, subject to the assumptions, limitations and qualifications stated herein.

In expressing the opinion set forth below, we have assumed the following:

1. Each individual executing any of the Documents, whether on behalf of such individual or another person, is legally competent to do so.
2. Each individual executing any of the Documents on behalf of a party (other than the Company) is duly authorized to do so.

3. Each of the parties (other than the Company) executing any of the Documents has duly and validly executed and delivered each of the Documents to which such party is a signatory, and such party's obligations set forth therein are legal, valid and binding and are enforceable in accordance with all stated terms.

4. All Documents submitted to us as originals are authentic. The form and content of all Documents submitted to us as unexecuted drafts do not differ in any respect relevant to this opinion from the form and content of such Documents as executed and delivered. All Documents submitted to us as certified or photostatic copies conform to the original documents. All signatures on all such Documents are genuine. All public records reviewed or relied upon by us or on our behalf are true and complete. All representations, warranties, statements and information contained in the Documents are true and complete. There has been no oral or written modification of or amendment to any of the Documents and there has been no waiver of any provision of any of the Documents, by action or omission of the parties or otherwise.

5. Upon the issuance of any of the Shares, the total number of shares of Common Stock issued and outstanding will not exceed the total number of shares of Common Stock that the Company is then authorized to issue under the Charter.

6. The Shares have not been and will not be issued or transferred in violation of the restrictions on transfer and ownership contained in Article VIII of the Charter.

Based upon the foregoing, and subject to the assumptions, limitations and qualifications stated herein, it is our opinion that:

1. The Company is a corporation duly incorporated and existing under and by virtue of the laws of the State of Maryland and is in good standing with the SDAT.

2. The Shares have been duly authorized and, when and to the extent issued and delivered in exchange for the Debentures pursuant to the Resolutions, the Charter, the Supplemental Indenture and the Registration Statement, the Shares will be validly issued, fully paid and nonassessable.

3. The Purchase Share Rights have been duly authorized and, when issued in accordance with the Resolutions, the Charter and the Rights Agreement, will be validly issued.

The foregoing opinion is limited to the substantive laws of the State of Maryland and we do not express any opinion herein concerning any other law. We express no opinion as to the applicability or effect of any federal or state tax or securities laws, including the securities laws of the State of Maryland, or as to federal or state laws regarding fraudulent transfers. To the extent that any matter as to which our opinion is expressed herein would be governed by any jurisdiction other than the State of Maryland, we do not express any opinion on such matter. The opinion expressed herein is subject to the effect of judicial decisions which may permit the introduction of parol evidence to modify the terms or the interpretation of agreements.

The opinion expressed herein is limited to the matters specifically set forth herein and no other opinion shall be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable law changes after the date hereof or if we become aware of any fact that might change the opinion expressed herein after the date hereof.

This opinion is being furnished to you solely for submission to the Commission as an exhibit to the Registration Statement. We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of the name of our firm therein. In giving this consent, we do not admit that we are within the category of persons whose consent is required by Section 7 of the 1933 Act.

Very truly yours,

/s/ Venable LLP

37829/201683

**[Letterhead of Hogan & Hartson LLP]**

July 8, 2004

HOST MARRIOTT CORPORATION  
6903 Rockledge Drive  
Suite 1500  
Bethesda, Maryland 20817

Ladies and Gentlemen:

This firm has acted as special tax counsel to Host Marriott Corporation, a Maryland corporation (“Host REIT”), in connection with the registration of 27,322,400 shares of Host REIT’s common stock pursuant to a registration statement on Form S-3 filed on the date hereof with the Securities and Exchange Commission (the “Registration Statement”).

We have been requested to provide to Host REIT the legal opinions set forth herein. Capitalized terms used herein, unless otherwise defined in the body of this letter, shall have the meanings set forth in Appendix A.

**Bases for Opinions**

The opinions set forth in this letter are based on relevant current provisions of the Internal Revenue Code of 1986, as amended (the “Code”), Treasury Regulations thereunder (including proposed and temporary Treasury Regulations), and interpretations of the foregoing as expressed in court decisions, applicable legislative history, and the administrative rulings and practices of the Internal Revenue Service (the “IRS”), including its practices and policies in issuing private letter rulings, which are not binding on the IRS except with respect to a taxpayer that receives such a ruling, all as of the date hereof. These provisions and interpretations are subject to change by the IRS, Congress and the courts (as applicable), which may or may not be retroactive in effect and that might result in material modifications of our opinion. Our opinions do not foreclose the possibility of a contrary determination by the IRS or a court of competent jurisdiction, or of a contrary position taken by the IRS or the Treasury Department in regulations or rulings issued in the future. In this regard, an opinion of counsel with respect to an issue represents counsel’s best professional judgment with respect to the outcome on the merits with respect to such issue, if such issue were to be litigated, but an

opinion is not binding on the IRS or the courts, and is not a guarantee that the IRS will not assert a contrary position with respect to such issue or that a court will not sustain such a position asserted by the IRS.

In rendering the following opinions, we have examined such statutes, regulations, records, agreements, certificates and other documents as we have considered necessary or appropriate as a basis for the opinion, including, but not limited to, the following:

(1) the Registration Statement, including the Prospectus contained therein;

(2) the discussion under the caption "Material Federal Income Tax Considerations" contained in Exhibit 99.1 to the Current Report on Form 8-K of Host REIT, which is dated and was filed on March 5, 2004 (the "Tax Disclosure");

(3) the Acquisition and Exchange Agreement;

(4) the Second Amended and Restated Agreement of Limited Partnership of Host LP, dated as of December 30, 1998, as amended through the date hereof;

(5) the Articles of Amendment and Restatement of Articles of Incorporation of Host REIT, filed with the State Department of Assessments and Taxation of Maryland on December 29, 1998 (the "Articles of Incorporation"), and the Bylaws of Host REIT, as amended;

(6) the Articles of Incorporation of Crestline, dated November 9, 1998, and the Bylaws of Crestline, and the Agreement and Consent, dated as of March 27, 2002, by and among Host REIT and Crestline, Barcelo Gestion Hotelera, S.L., a Spanish limited liability company ("Barcelo"), and Cowboy Acquisition Corporation, a Maryland corporation and wholly owned subsidiary of Barcelo ("Merger Sub") (the "Agreement and Consent"), and the Amendment to Agreement and Consent, dated as of April 26, 2002, by and among Host REIT, Crestline, Barcelo, Barcelo Corporacion Empresarial, S.A., a Spanish corporation ("Barcelo Empresarial"), and Merger Sub (the "Amendment to Agreement and Consent");

(7) the operating agreement of HMT Lessee, dated November 10, 2000;

(8) the partnership agreement of each partnership and the operating agreement of each limited liability company other than HMT Lessee in which either Host REIT or Host LP has a direct or indirect interest;

(9) all real estate leases on the Hotels, pursuant to which Host LP or a Partnership Subsidiary, as lessor or sub-lessor, leases a hotel to a lessee or sub-lessee, respectively, the majority of which leases were entered into with entities that were indirect subsidiaries of Crestline prior to the Lease Acquisition (as further defined in Appendix A, the "Lessees") (and including, without limitation, the leases acquired in connection with the IHP Lease Acquisition), the amendments to certain of the Leases, which were entered into in connection with the Lease Acquisition, and the agreements between and among the Partnership Subsidiaries owning certain Hotels and the respective TRS Lessees of such Hotels relating to the extension of the terms of the expiring Leases on those Hotels (collectively, the "Leases," which term includes, without limitation, the Harbor Beach Lease);

(10) the Certificate of Incorporation, dated December 3, 1998, and the Bylaws, dated December 14, 1998, of Fernwood, and the Amended and Restated Certificate of Incorporation, dated December 3, 1998, and the Bylaws, dated December 14, 1998, of Rockledge;

(11) the Declaration of Trust for the Host Marriott Statutory Employee/Charitable Trust, a Delaware business trust (the "Host Employee/Charitable Trust"), dated December 30, 1998, and the Declaration of Trust for the Host Marriott Employees' Trust, a common law trust formed under Maryland law, dated December 30, 1998;

(12) Amendment No. 6 to the Distribution Agreement;

(13) the Asset Management Agreement between Host LP and Crestline, dated as of December 31, 1998, which agreement terminated immediately prior to January 1, 2001 in connection with the Lease Acquisition;

(14) the General Expense Sharing and Cost Reimbursement Agreement between Host LP and HMT Lessee;

(15) with respect to each class or series of preferred stock of Host REIT, the Articles Supplementary to the Articles of Amendment and Restatement of Articles of Incorporation of Host REIT establishing and fixing the rights and preferences of such class or series of preferred stock; and

(16) such other documents as we deemed necessary or appropriate.

The opinions set forth in this letter also are premised on certain written factual representations of Host REIT and Host LP regarding the organization, ownership and operations (including the income, assets, businesses, liabilities, properties and accumulated undistributed earnings and profits) of Host REIT, Host LP, the Partnership Subsidiaries, the Non-Controlled Subsidiaries, the Taxable REIT Subsidiaries, the Host Employee/Charitable Trust, Crestline and the Lessees contained in a letter to us dated June 18, 2004 (the "Representation Letter").

For purposes of rendering our opinions, although we have knowledge as to certain of the facts set forth in the above-referenced documents, we have not made an independent investigation or audit of the facts set forth in such documents, including the Prospectus and the Representation Letter. We consequently have relied upon the representations in the Representation Letter and the Prospectus and assumed that the information presented in such documents or otherwise furnished to us is accurate and complete in all material respects. We are not aware, however, of any material facts or circumstances contrary to, or inconsistent with, the representations we have relied upon as described herein, or other assumptions set forth herein.

In this regard, we have assumed with your consent the following:

(i) that (A) all of the representations and statements set forth in the documents that we reviewed, including the Prospectus and the Representation Letter (collectively, the "Reviewed Documents"), are true, correct, and complete, (B) any representation or statement made as a belief or made "to the knowledge of" or similarly qualified is correct and accurate, and that such representation or statement will continue to be correct and accurate, without such qualification, (C) each of the Reviewed Documents that constitutes an agreement is valid and binding in accordance with its terms, and (D) all of the obligations imposed by or described in the Reviewed Documents, including, without limitation, the obligations imposed under the Articles of Incorporation, have been and will continue to be performed or satisfied in accordance with their terms; provided that, notwithstanding any of the foregoing, we are not making any assumption as to the

accuracy or completeness with respect to statements in the Tax Disclosure describing provisions of federal income tax law, which statements are covered by our opinion set forth below;

(ii) the genuineness of all signatures, the proper execution of all documents, the authenticity of all documents submitted to us as originals, the conformity to originals of documents submitted to us as copies, and the authenticity of the originals from which any copies were made;

(iii) that any documents as to which we have reviewed only a form were or will be duly executed without material changes from the form reviewed by us;

(iv) that Crestline (A) is a duly incorporated and validly existing Maryland corporation; (B) has been, is and will continue to be, operated in accordance with the laws of the State of Maryland, its organizational documents, and statements made in the Prospectus (including the SEC filings incorporated into each by reference) and the Representation Letter; and (C) was formed, has operated and will continue to operate with a profit motive; and

(v) without limiting any other assumption described herein, that the representations of Crestline and the representations and covenants of Barcelo Empresarial and Merger Sub set forth in the Agreement and Consent and the Amendment to Agreement and Consent were true and correct on the date such representations were made, are true and correct on the date hereof and will remain true and correct.

Any material variation or difference in the facts from those set forth in the documents that we have reviewed and upon which we have relied (including, in particular, the Prospectus and the Representation Letter) may adversely affect the conclusions stated herein.

**Opinion**

Based upon, subject to, and limited by the assumptions and qualifications set forth herein (including those set forth below), we are of the opinion that:

(i) Host REIT was organized and has operated in conformity with the requirements for qualification and taxation as a real

estate investment trust ("REIT") under the Code, effective for its taxable years ended December 31, 1999, December 31, 2000, December 31, 2001, December 31, 2002 and December 31, 2003, and Host REIT's current organization and intended method of operation will enable it to continue to meet the requirements for qualification and taxation as a REIT under the Code for taxable year 2004 and thereafter; and

(ii) The discussion in the Tax Disclosure, which discussion is incorporated by reference into the Prospectus, to the extent that it describes provisions of federal income tax law, is correct in all material respects.

\* \* \* \* \*

Host REIT's ability to qualify as a REIT depends in particular upon whether each of the Leases is respected as a lease for federal income tax purposes. If one or more Leases are not respected as leases for federal income tax purposes, Host REIT may fail to qualify as a REIT. The determination of whether the Leases are leases for federal income tax purposes is highly dependent on specific facts and circumstances. In addition, for the rents payable under a Lease to qualify as "rents from real property" under the Code, the rental provisions of the Leases and the other terms thereof must conform with normal business practice and not be used as a means to base the rent paid on the income or profits of the lessees. In delivering the opinion set forth above that Host REIT's organization and method of operation (as described in the Representation Letter) have enabled Host REIT to meet the requirements for qualification and taxation as a REIT for its taxable years ended December 31, 1999, December 31, 2000, December 31, 2001, December 31, 2002, and December 31, 2003, and that Host REIT's current organization and intended method of operation will enable Host REIT to meet such requirements for the current taxable year and subsequent taxable years, we expressly rely upon, among other things, Host REIT's representations as to various factual matters with respect to the Leases, including representations as to the commercial reasonableness of the economic and other terms of the Leases at the times the Leases were originally entered into and subsequently renewed or extended (and taking into account for this purpose changes to the economic and other terms of the Leases pursuant to subsequent amendments), the intent and economic expectations of the parties to the Leases, the allocation of various economic risks between the parties to the Leases,

taking into account all surrounding facts and circumstances, the conformity of the rental provisions and other terms of the Leases with normal business practice, the conduct of the parties to the Leases, and the conclusion that, except in connection with the Harbor Beach Lease and any other leases that Host REIT acknowledges will not qualify as producing "rent from real property" under the Code, such terms are not being, and will not be, used as a means to base the rent paid on the income or profits of the lessees. We express no opinion as to any of the economic terms of the Leases, the commercial reasonableness thereof, or whether the actual economic relationships created thereby are such that the Leases will be respected for federal income tax purposes or whether the rental and other terms of the Leases conform with normal business practice (and are not being used as a means to base the rent paid on the income or profits of the Lessees).

Host REIT's ability to qualify as a REIT for its taxable year ended December 31, 1999 also depends upon Host REIT not having had as of December 31, 1999, any "earnings and profits" accumulated in any prior taxable year of Host REIT or any of its predecessors or subsidiaries (which would be based on the consolidated earnings and profits of Host REIT (including each of its predecessors) accumulated from 1929, the first year that a predecessor of Host REIT was a "C" corporation, through and including 1998). The calculation of "earnings and profits" depends upon a number of factual and legal interpretations related to the activities and operations of Host REIT's predecessors and their corporate affiliates during their entire corporate existence and is subject to review and challenge by the IRS. Host REIT has represented to us for purposes of our opinion that Host REIT distributed by the close of its taxable year ending December 31, 1999 any "earnings and profits" accumulated in any prior taxable year of Host REIT or any of its predecessors or subsidiaries. There can be no assurance, however, that the IRS will not examine the tax returns of Host REIT's predecessors and their affiliates for all years prior to 1999 and propose adjustments to increase their taxable income, which could result in Host REIT being considered to have had undistributed "earnings and profits" at the close of its taxable year ending December 31, 1999, in which event Host REIT would not qualify as a REIT for such year. We express no opinion as to Host REIT's current and accumulated "earnings and profits" or whether Host REIT will be considered to have had undistributed "earnings and profits" at the close of 1999.

Host REIT's qualification and taxation as a REIT depend upon Host REIT's ability to meet on an ongoing basis (through actual annual operating results,

distribution levels, diversity of share ownership and otherwise) the various qualification tests imposed under the Code, which are described (or incorporated by reference) in the Prospectus. We have relied upon representations of Host REIT and Host LP with respect to these matters (including those set forth or incorporated by reference in the Prospectus and the Representation Letter) and will not review Host REIT's compliance with these requirements on a continuing basis. Accordingly, no assurance can be given that the actual results of Host REIT's operations, the sources of its income, the nature of its assets, the level of its distributions to shareholders and the diversity of its share ownership for any given taxable year will satisfy the requirements under the Code for qualification and taxation as a REIT.

For a discussion relating the law to the facts, and the legal analysis underlying the opinions set forth in this letter, we incorporate by reference the discussion in the Tax Disclosure (which is incorporated by reference into the Prospectus).

This opinion letter addresses only the specific federal income tax matters set forth above and does not address any other federal, state, local or foreign tax issues. This opinion letter has been prepared solely for your use in connection with the Prospectus, and should not be quoted in whole or in part or otherwise be referred to, nor be filed with or furnished to any governmental agency (other than the IRS or any state, local or foreign taxing authority) or other person or entity, without the prior written consent of this firm. We assume no obligation by reason of this opinion letter to advise you of any changes in our opinions subsequent to the delivery of this opinion letter but agree to do so from time to time upon specific request from you for an update or confirmation.

We consent to your filing this opinion as an exhibit to the Registration Statement and to the reference to our firm under the caption "Legal Matters" in the Prospectus included therein. In giving this consent, we do not thereby admit that we are an "expert" within the meaning of the Securities Act of 1933, as amended..

Very truly yours,

/s/ Hogan & Hartson L.L.P.

HOGAN & HARTSON L.L.P.

## Appendix A

### **Definitions**

“**Acquisition and Exchange Agreement**” means that certain Acquisition and Exchange Agreement, dated as of November 13, 2000, among HMT Lessee, Host LP, Crestline and the other parties named therein, as amended from time to time.

“**Crestline**” means, for periods prior to June 7, 2002, Crestline Capital Corporation, a Maryland corporation, and, for periods beginning on and after June 7, 2002, Barcelo Crestline Corporation, a Maryland corporation.

“**Crestline Lessees**” means those indirect subsidiaries of Crestline that leased Hotels pursuant to certain of the Leases prior to the Lease Acquisition.

“**Distribution Agreement**” means the Distribution Agreement between Host REIT (f/k/a as “Marriott Corporation”) and Marriott International, Inc., dated as of September 15, 1993, as amended.

“**Fernwood**” means Fernwood Hotel Assets, Inc., a Delaware corporation.

“**Harbor Beach Lease**” means the lease of the Marriott Harbor Beach Resort from Lauderdale Beach Association to Marriott Hotel Services, Inc.

“**HMT Lessee**” means HMT Lessee LLC, a Delaware limited liability company that elected, effective January 1, 2001, to be treated as a corporation and a TRS for federal income tax purposes.

“**Host LP**” means Host Marriott, L.P., a Delaware limited partnership.

“**Hotel**” means each hotel in which Host LP has a direct or indirect interest.

“**IHP Lease Acquisition**” means the acquisition by HMT Lessee in June of 2001 of the leasehold interests with respect to three (3) full-service Hotels that were leased to IHP Lessee LLC.

“**Lease Acquisition**” means the acquisition by HMT Lessee, pursuant to the Acquisition and Exchange Agreement, of the leasehold interests with respect to 117 full-service Hotels that were leased to the Crestline Lessees.

**“Lessee”** means, with regard to Host REIT’s taxable years ended prior to January 1, 2001, any one of the Crestline Lessees or IHP Lessee LLC, and with regard to Host REIT’s taxable periods beginning on or after January 1, 2001, any one of the TRS Lessees, IHP Lessee LLC prior to the IHP Lease Acquisition, the Crestline Lessees owning leasehold interests (as lessee or sub-lessee) that were not acquired by HMT Lessee pursuant to the Lease Acquisition, and any other lessee to which Host LP, directly or through another Partnership Subsidiary, leases one or more Hotels in the future.

**“Noncontrolled Subsidiaries”** means, with regard to Host REIT’s taxable years ended prior to January 1, 2001, Fernwood and Rockledge.

**“Partnership Subsidiary”** means Host LP and any partnership, limited liability company, or other entity treated as a partnership for federal income tax purposes or disregarded as a separate entity for federal income tax purposes in which either Host REIT or Host LP owns (or owned on or after January 1, 1999) an interest, either directly or through one or more other partnerships, limited liability companies or other entities treated as a partnership for federal income tax purposes or disregarded as a separate entity for federal income tax purposes (whether or not Host REIT or Host LP has a controlling interest in, or otherwise has the ability to control or direct the operation of, such entity). Notwithstanding the foregoing, the term “Partnership Subsidiary” shall not in any way be deemed to include the Non-Controlled Subsidiaries or subsidiaries thereof or the Taxable REIT Subsidiaries or subsidiaries thereof.

**“Rockledge”** means Rockledge Hotel Properties, Inc., a Delaware corporation.

**“Taxable REIT Subsidiary”** means, with regard to Host REIT’s taxable years commencing after December 31, 2000, any of HMT Lessee, Fernwood, Rockledge or any other TRS of Host REIT.

**“TRS”** means a “taxable REIT subsidiary,” as described in Section 856(l) of the Code. Any entity taxable as a corporation in which a TRS of Host REIT owns (x) securities possessing more than 35% of the total voting power of the outstanding securities of such entity or (y) securities having a value of more than 35% of the total value of the outstanding securities of such entity shall also be treated as a TRS of Host REIT whether or not a separate election is made with respect to such other entity.

**“TRS Lessee”** means any of (i) HMT Lessee, (ii) the direct or indirect subsidiaries of HMT Lessee that hold the leasehold interests that were acquired by HMT Lessee from Crestline pursuant to the Acquisition and Exchange Agreement or in connection with the IHP Lease Acquisition, and (iii) any future lessee of a Hotel that is a TRS.

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders  
Host Marriott Corporation:

We consent to the incorporation by reference in the registration statement on Form S-3 of Host Marriott Corporation of our report dated February 23, 2004, except as to notes 4, 11, 16 and 19, which are as of May 11, 2004, with respect to the consolidated balance sheets of Host Marriott Corporation and subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of operations, shareholders' equity and comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2003 and the related financial statement schedule, which report appears in the Form 8-K of Host Marriott Corporation dated May 25, 2004, and to the reference to our firm under the heading "Experts" in the registration statement.

Our report refers to the adoption by Host Marriott Corporation of Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* in 2002.

/s/ KPMG LLP

McLean, Virginia  
July 7, 2004