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

FORM 10-Q

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

For the quarterly period ended September 30, 2017

OR

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

Commission File Number: 001-14625 (Host Hotels & Resorts, Inc.)
0-25087 (Host Hotels & Resorts, L.P.)

HOST HOTELS & RESORTS, INC.
HOST HOTELS & RESORTS, L.P.
(Exact name of registrant as specified in its charter)

Maryland (Host Hotels & Resorts, Inc.) **Delaware (Host Hotels & Resorts, L.P.)** (State or Other Jurisdiction of Incorporation or Organization)	**53-008595** **52-2095412** (I.R.S. Employer Identification No.)
6903 Rockledge Drive, Suite 1500 **Bethesda, Maryland** (Address of Principal Executive Offices)	**20817** (Zip Code)

(240) 744-1000
(Registrant's telephone number, including area code)

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

Host Hotels & Resorts, Inc.	Yes ☑	No ☐
Host Hotels & Resorts, L.P.	Yes ☑	No ☐

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

Host Hotels & Resorts, Inc.	Yes ☑	No ☐
Host Hotels & Resorts, L.P.	Yes ☑	No ☐

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

Host Hotels & Resorts, Inc.

Large accelerated filer ☑	Accelerated filer ☐
Non-accelerated filer (Do not check if a smaller reporting company) ☐	Smaller reporting company ☐
Emerging growth company ☐	

Host Hotels & Resorts, L.P.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer (Do not check if a smaller reporting company) ☑	Smaller reporting company ☐
Emerging growth company ☐	

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

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

Host Hotels & Resorts, Inc.	Yes ☐	No ☑
Host Hotels & Resorts, L.P.	Yes ☐	No ☑

As of October 31, 2017 there were 740,088,192 shares of Host Hotels & Resorts, Inc.'s common stock, $.01 par value per share, outstanding.

EXPLANATORY NOTE

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

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

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

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

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

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PART I. FINANCIAL INFORMATION

PART II. OTHER INFORMATION

HOST HOTELS & RESORTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
September 30, 2017 and December 31, 2016
(in millions, except share and per share amounts)

	September 30, 2017 (unaudited)	December 31, 2016
ASSETS		
Property and equipment, net	$ 10,014	$ 10,145
Assets held for sale	67	150
Due from managers	116	55
Advances to and investments in affiliates	319	286
Furniture, fixtures and equipment replacement fund	183	173
Other	283	225
Restricted cash	—	2
Cash and cash equivalents	789	372
Total assets	$ 11,771	$ 11,408
LIABILITIES, NON-CONTROLLING INTERESTS AND EQUITY		
Debt		
Senior notes	$ 2,777	$ 2,380
Credit facility, including term loans of $996 million and $997 million, respectively	1,184	1,206
Mortgage debt and other	—	63
Total debt	3,961	3,649
Accounts payable and accrued expenses	250	278
Other	295	283
Total liabilities	4,506	4,210
Non-controlling interests - Host Hotels & Resorts, L.P.	157	165
Host Hotels & Resorts, Inc. stockholders' equity:		
Common stock, par value $.01, 1,050 million shares authorized, 738.9 million shares and 737.8 million shares issued and outstanding, respectively	7	7
Additional paid-in capital	8,103	8,077
Accumulated other comprehensive loss	(57)	(83)
Deficit	(974)	(1,007)
Total equity of Host Hotels & Resorts, Inc. stockholders	7,079	6,994
Non-controlling interests—other consolidated partnerships	29	39
Total equity	7,108	7,033
Total liabilities, non-controlling interests and equity	$ 11,771	$ 11,408

See notes to condensed consolidated financial statements.

HOST HOTELS & RESORTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Quarter and Year-to-date ended September 30, 2017 and 2016
(unaudited, in millions, except per share amounts)

	Quarter ended September 30,		Year-to-date ended September 30,	
	2017	**2016**	**2017**	**2016**
REVENUES				
Rooms	$ 860	$ 879	$ 2,643	$ 2,655
Food and beverage	314	336	1,152	1,183
Other	80	80	248	255
Total revenues	1,254	1,295	4,043	4,093
EXPENSES				
Rooms	227	225	676	674
Food and beverage	242	257	794	830
Other departmental and support expenses	309	321	952	981
Management fees	53	54	178	177
Other property-level expenses	97	96	294	289
Depreciation and amortization	176	182	534	541
Corporate and other expenses	24	28	79	82
Gain on insurance and business interruption settlements	(1)	(12)	(6)	(15)
Total operating costs and expenses	1,127	1,151	3,501	3,559
OPERATING PROFIT	127	144	542	534
Interest income	2	—	4	2
Interest expense	(43)	(38)	(125)	(116)
Gain on sale of assets	59	14	105	245
Gain (loss) on foreign currency transactions and derivatives	(2)	(1)	(4)	1
Equity in earnings of affiliates	4	8	19	19
INCOME BEFORE INCOME TAXES	147	127	541	685
Provision for income taxes	(42)	(19)	(63)	(42)
NET INCOME	105	108	478	643
Less: Net income attributable to non-controlling interests	(1)	(1)	(6)	(7)
NET INCOME ATTRIBUTABLE TO HOST HOTELS & RESORTS, INC.	$ 104	$ 107	$ 472	$ 636
Basic earnings per common share	$ .14	$ .14	$ .64	$ .85
Diluted earnings per common share	$ .14	$ .14	$ .64	$ .85

See notes to condensed consolidated financial statements.

HOST HOTELS & RESORTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
Quarter and Year-to-date ended September 30, 2017 and 2016
(unaudited, in millions)

	Quarter ended September 30,		Year-to-date ended September 30,	
	2017	**2016**	**2017**	**2016**
NET INCOME	$ 105	$ 108	$ 478	$ 643
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:				
Foreign currency translation and other comprehensive income of unconsolidated affiliates	11	(1)	26	13
Change in fair value of derivative instruments	(4)	—	(14)	(2)
Amounts reclassified from other comprehensive income (loss)	13	(7)	14	17
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	20	(8)	26	28
COMPREHENSIVE INCOME	125	100	504	671
Less: Comprehensive income attributable to non-controlling interests	(1)	(1)	(7)	(7)
COMPREHENSIVE INCOME ATTRIBUTABLE TO HOST HOTELS & RESORTS, INC.	$ 124	$ 99	$ 497	$ 664

See notes to condensed consolidated financial statements.

HOST HOTELS & RESORTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Year-to-date ended September 30, 2017 and 2016
(unaudited, in millions)

	Year-to-date ended September 30,	
	2017	**2016**
OPERATING ACTIVITIES		
Net income	$ 478	$ 643
Adjustments to reconcile to cash provided by operations:		
Depreciation and amortization	534	541
Amortization of finance costs, discounts and premiums, net	5	4
Stock compensation expense	8	8
Deferred income taxes	37	29
Gain on sale of assets	(105)	(245)
(Gain) loss on foreign currency transactions and derivatives	4	(1)
Gain on property insurance settlement	(1)	(1)
Equity in earnings of affiliates	(19)	(19)
Change in due from managers	(60)	(63)
Distributions from investments in affiliates	14	20
Changes in other assets	(17)	(1)
Changes in other liabilities	(14)	—
Cash provided by operating activities	864	915
INVESTING ACTIVITIES		
Proceeds from sales of assets, net	472	464
Return of investments in affiliates	4	23
Advances to and investments in affiliates	(1)	(4)
Acquisitions	(467)	(54)
Capital expenditures:		
Renewals and replacements	(155)	(222)
Redevelopment and acquisition-related investments	(53)	(192)
Cash provided by (used in) investing activities	(200)	15
FINANCING ACTIVITIES		
Financing costs	(9)	—
Issuances of debt	398	—
Draws on credit facility	340	598
Repayment of credit facility	(379)	(590)
Mortgage debt and other prepayments and scheduled maturities	(69)	(137)
Common stock repurchase	—	(206)
Dividends on common stock	(480)	(448)
Distributions and payments to non-controlling interests	(47)	(6)
Other financing activities	2	—
Cash used in financing activities	(244)	(789)
Effects of exchange rate changes on cash held	5	6
INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	425	147
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	547	377
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	$ 972	$ 524

See notes to condensed consolidated financial statements.

HOST HOTELS & RESORTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS, CONTINUED
Year-to-date ended September 30, 2017 and 2016
(unaudited)

Supplemental disclosure of cash flow information (in millions):

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet to the amount shown in the statements of cash flows:

	September 30, 2017	September 30, 2016
Cash and cash equivalents	$ 789	$ 340
Restricted cash	—	2
Cash included in furniture, fixtures and equipment replacement fund	183	182
Total cash and cash equivalents and restricted cash shown in the statements of cash flows	$ 972	$ 524

The following table presents cash paid during the year-to-date for the following:

	Year-to-date ended September 30,	
	2017	2016
Total interest paid	$ 108	$ 105
Income taxes paid	$ 38	$ 14

See notes to condensed consolidated financial statements.

HOST HOTELS & RESORTS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
September 30, 2017 and December 31, 2016
(in millions)

	September 30, 2017 (unaudited)	December 31, 2016
ASSETS		
Property and equipment, net	$ 10,014	$ 10,145
Assets held for sale	67	150
Due from managers	116	55
Advances to and investments in affiliates	319	286
Furniture, fixtures and equipment replacement fund	183	173
Other	283	225
Restricted cash	—	2
Cash and cash equivalents	789	372
Total assets	$ 11,771	$ 11,408
LIABILITIES, LIMITED PARTNERSHIP INTERESTS OF THIRD PARTIES AND CAPITAL		
Debt		
Senior notes	$ 2,777	$ 2,380
Credit facility, including term loans of $996 million and $997 million, respectively	1,184	1,206
Mortgage debt and other	—	63
Total debt	3,961	3,649
Accounts payable and accrued expenses	250	278
Other	295	283
Total liabilities	4,506	4,210
Limited partnership interests of third parties	157	165
Host Hotels & Resorts, L.P. capital:		
General partner	1	1
Limited partner	7,135	7,076
Accumulated other comprehensive loss	(57)	(83)
Total Host Hotels & Resorts, L.P. capital	7,079	6,994
Non-controlling interests—consolidated partnerships	29	39
Total capital	7,108	7,033
Total liabilities, limited partnership interest of third parties and capital	$ 11,771	$ 11,408

See notes to condensed consolidated financial statements.

HOST HOTELS & RESORTS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Quarter and Year-to-date ended September 30, 2017 and 2016
(unaudited, in millions, except per unit amounts)

	Quarter ended September 30,		Year-to-date ended September 30,	
	2017	**2016**	**2017**	**2016**
REVENUES				
Rooms	$ 860	$ 879	$ 2,643	$ 2,655
Food and beverage	314	336	1,152	1,183
Other	80	80	248	255
Total revenues	1,254	1,295	4,043	4,093
EXPENSES				
Rooms	227	225	676	674
Food and beverage	242	257	794	830
Other departmental and support expenses	309	321	952	981
Management fees	53	54	178	177
Other property-level expenses	97	96	294	289
Depreciation and amortization	176	182	534	541
Corporate and other expenses	24	28	79	82
Gain on insurance and business interruption settlements	(1)	(12)	(6)	(15)
Total operating costs and expenses	1,127	1,151	3,501	3,559
OPERATING PROFIT	127	144	542	534
Interest income	2	—	4	2
Interest expense	(43)	(38)	(125)	(116)
Gain on sale of assets	59	14	105	245
Gain (loss) on foreign currency transactions and derivatives	(2)	(1)	(4)	1
Equity in earnings of affiliates	4	8	19	19
INCOME BEFORE INCOME TAXES	147	127	541	685
Provision for income taxes	(42)	(19)	(63)	(42)
NET INCOME	105	108	478	643
Less: Net loss attributable to non-controlling interests	1	—	—	1
NET INCOME ATTRIBUTABLE TO HOST HOTELS & RESORTS, L.P.	$ 106	$ 108	$ 478	$ 644
Basic earnings per common unit	$ .14	$ .15	$ .65	$ .87
Diluted earnings per common unit	$ .14	$ .15	$ .65	$ .87

See notes to condensed consolidated financial statements.

HOST HOTELS & RESORTS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
Quarter and Year-to-date ended September 30, 2017 and 2016
(unaudited, in millions)

	Quarter ended September 30,		Year-to-date ended September 30,	
	2017	**2016**	**2017**	**2016**
NET INCOME	$ 105	$ 108	$ 478	$ 643
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:				
Foreign currency translation and other comprehensive income of unconsolidated affiliates	11	(1)	26	13
Change in fair value of derivative instruments	(4)	—	(14)	(2)
Amounts reclassified from other comprehensive income (loss)	13	(7)	14	17
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	20	(8)	26	28
COMPREHENSIVE INCOME	125	100	504	671
Less: Comprehensive (income) loss attributable to non-controlling interests	1	—	(1)	1
COMPREHENSIVE INCOME ATTRIBUTABLE TO HOST HOTELS & RESORTS, L.P.	$ 126	$ 100	$ 503	$ 672

See notes to condensed consolidated financial statements.

HOST HOTELS & RESORTS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Year-to-date ended September 30, 2017 and 2016
(unaudited, in millions)

	Year-to-date ended September 30,	
	2017	2016
OPERATING ACTIVITIES		
Net income	$ 478	$ 643
Adjustments to reconcile to cash provided by operations:		
Depreciation and amortization	534	541
Amortization of finance costs, discounts and premiums, net	5	4
Stock compensation expense	8	8
Deferred income taxes	37	29
Gain on sale of assets	(105)	(245)
(Gain) loss on foreign currency transactions and derivatives	4	(1)
Gain on property insurance settlement	(1)	(1)
Equity in earnings of affiliates	(19)	(19)
Change in due from managers	(60)	(63)
Distributions from investments in affiliates	14	20
Changes in other assets	(17)	(1)
Changes in other liabilities	(14)	—
Cash provided by operating activities	864	915
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Proceeds from sales of assets, net	472	464
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Advances to and investments in affiliates	(1)	(4)
Acquisitions	(467)	(54)
Capital expenditures:		
Renewals and replacements	(155)	(222)
Redevelopment and acquisition-related investments	(53)	(192)
Cash provided by (used in) investing activities	(200)	15
FINANCING ACTIVITIES		
Financing costs	(9)	—
Issuances of debt	398	—
Draws on credit facility	340	598
Repayment of credit facility	(379)	(590)
Mortgage debt and other prepayments and scheduled maturities	(69)	(137)
Repurchase of common OP units	—	(206)
Distributions on common OP units	(486)	(453)
Distributions and payments to non-controlling interests	(41)	(1)
Other financing activities	2	—
Cash used in financing activities	(244)	(789)
Effects of exchange rate changes on cash held	5	6
INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	425	147
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	547	377
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	$ 972	$ 524

See notes to condensed consolidated financial statements.

HOST HOTELS & RESORTS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS, CONTINUED
Year-to-date ended September 30, 2017 and 2016
(unaudited)

Supplemental disclosure of cash flow information (in millions):

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet to the amount shown in the statements of cash flows:

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Total cash and cash equivalents and restricted cash shown in the statements of cash flows	$ 972	$ 524

The following table presents cash paid during the year-to-date for the following:

	Year-to-date ended September 30,	
	2017	2016
Total interest paid	$ 108	$ 105
Income taxes paid	$ 38	$ 14

See notes to condensed consolidated financial statements.

1. Organization

Description of Business

Host Hotels & Resorts, Inc. operates as a self-managed and self-administered real estate investment trust ("REIT"), with its operations conducted solely through Host Hotels & Resorts, L.P. and its subsidiaries. Host Hotels & Resorts, L.P., a Delaware limited partnership, operates through an umbrella partnership structure, with Host Hotels & Resorts, Inc., a Maryland corporation, as its sole general partner. In the notes to these unaudited condensed consolidated financial statements, we use the terms "we" or "our" to refer to Host Hotels & Resorts, Inc. and Host Hotels & Resorts, L.P. together, unless the context indicates otherwise. We also use the term "Host Inc." specifically to refer to Host Hotels & Resorts, Inc. and the term "Host L.P." specifically to refer to Host Hotels & Resorts, L.P. in cases where it is important to distinguish between Host Inc. and Host L.P. As of September 30, 2017, Host Inc. holds approximately 99% of Host L.P.'s OP units.

Consolidated Portfolio

As of September 30, 2017, our consolidated portfolio, primarily consisting of luxury and upper upscale hotels, is located in the following countries:

	Hotels
United States	88
Brazil	3
Canada	2
Mexico	1
Total	94

Joint Ventures

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

We also own non-controlling interests in an additional six joint ventures that own eight hotels.

2. Summary of Significant Accounting Policies

We have condensed or omitted certain information and footnote disclosures normally included in financial statements presented in accordance with GAAP in the accompanying unaudited condensed consolidated financial statements. We believe the disclosures made herein are adequate to prevent the information presented from being misleading. However, the financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10–K for the year ended December 31, 2016.

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

In our opinion, the accompanying unaudited condensed consolidated financial statements reflect all adjustments necessary to present fairly our financial position as of September 30, 2017, and the results of our operations for the quarter and year-to-date periods ended September 30, 2017 and 2016, respectively, and cash flows for the year-to-date periods ended September 30, 2017 and 2016, respectively. Interim results are not necessarily indicative of full year performance because of the impact of seasonal variations.

Three of our partnerships are considered variable interest entities (VIEs) as the general partner maintains control over the decisions that most significantly impact the partnerships. This includes the operating partnership, Host L.P., which is consolidated by Host Inc., of which Host Inc. is the sole general partner and holds approximately 99% of its partnership interests; the consolidated partnership that owns the Houston Airport Marriott at George Bush Intercontinental; and the unconsolidated partnership that owns the Philadelphia Marriott Downtown. Host Inc.'s sole significant asset is its investment in Host L.P. and, consequently, substantially all of Host Inc.'s assets and liabilities consist of the assets and liabilities of Host L.P. All of Host Inc.'s debt is an obligation of Host L.P. and may be settled only with assets of Host L.P.

Reclassifications

Certain prior year financial statement amounts have been reclassified to conform with the current year presentation.

New Accounting Standards

In August 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-12, *Derivatives and Hedging (Topic 815)*: Targeted Improvements to Accounting for Hedging Activities, which is intended to better align an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. The standard is effective for annual periods beginning after December 15, 2018, with early adoption permitted. We are evaluating its impact on our consolidated financial statements and the disclosure requirements.

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

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230)*: Restricted Cash, which requires that, on the statement of cash flows, amounts generally described as restricted cash or restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning and ending total amounts thereof. We adopted this standard beginning January 1, 2017. As a result, amounts included in restricted cash and furniture, fixtures and equipment replacement fund on our consolidated balance sheet are included with cash and cash equivalents on the statement of cash flows. We have restated the statement of cash flows for the year-to-date period ended September 30, 2016 to reflect this change. The adoption of this standard did not change our consolidated balance sheet presentation.

In March 2016, the FASB issued ASU No. 2016-09, *Improvements to Employee Share-Based Payment Accounting*, which is intended to simplify accounting for share-based payment transactions and will affect the classification of certain share-based awards and related income tax withholdings. We adopted this standard beginning January 1, 2017. As a result of the standard, the majority of our share-based payment awards granted in 2017 are equity-classified awards, and the excess tax benefits or deficiencies that are generated or incurred based on the difference between the intrinsic value of the award and the grant-date fair value is recognized as income tax benefit or expense on the income statement. The adoption of this standard has not had a material effect on our consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The standard sets forth steps to determine the timing and amount of revenue to be recognized to depict the transfer of goods or services in an amount that reflects the consideration that the entity expects in exchange. Beginning in 2015, the FASB has issued a number of ASUs to provide further clarification related to this standard and to defer the effective date to reporting periods beginning after December 15, 2017. Additionally, in February 2017, the FASB issued ASU No. 2017-05, Other *Income – Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20)*, which is required to be adopted concurrently, as it provides further guidance on accounting for the derecognition of and partial sales of a non-financial asset. Based on our assessment of this standard, it will not materially affect the amount or timing of revenue recognition for revenues from room, food and beverage, and other hotel level sales; however, it may allow for earlier gain recognition for certain asset sale transactions pursuant to which we have continuing involvement with the asset. We will adopt this standard on January 1, 2018 and are evaluating new disclosure requirements. Upon adoption, we expect to implement these standards using a modified retrospective approach with a cumulative effect recognized with no restatements of prior period amounts.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which affects aspects of accounting for lease agreements. Under this standard, all leases, including operating leases, will require recognition of the lease assets and lease liabilities by lessees on the balance sheet. However, the net effect on the statement of operations and the statement of cash flows largely is unchanged. The standard is effective for fiscal years beginning after December 15, 2018. The standard requires a modified retrospective approach, with restatement of the periods presented in the year of adoption. The primary impact of the new standard will be to the treatment of our 25 ground leases, which represent approximately 85% of our annual operating lease payments. While we have not completed our analysis, we believe that application of this standard will result in the recording of a right of use asset and the related lease liability of between $400 million and $500 million for the ground leases, although changes in discount rates, ground lease terms or other variables may have a significant effect on this analysis. We expect the adoption of this standard to have minimal impact on our income statement.

3. Earnings Per Common Share (Unit)

Basic earnings per common share (unit) is computed by dividing net income attributable to common stockholders (unitholders) by the weighted average number of shares of Host Inc. common stock or Host L.P. common units outstanding. Diluted earnings per common share (unit) is computed by dividing net income attributable to common stockholders (unitholders), as adjusted for potentially dilutive securities, by the weighted average number of shares of Host Inc. common stock or Host L.P. common units outstanding plus other potentially dilutive securities. Dilutive securities may include shares granted under comprehensive stock plans or the common OP units distributed to Host Inc. to support such shares granted, and other non-controlling interests that have the option to convert their limited partnership interests to common OP units. No effect is shown for any securities that are anti-dilutive. We have 8.3 million common OP units which are convertible into 8.5 million common shares which are not included in Host Inc.'s calculation of earnings per share as their effect is not dilutive. The calculation of Host Inc. basic and diluted earnings per common share is shown below (in millions, except per share amounts):

	Quarter ended September 30,		Year-to-date ended September 30,	
	2017	2016	2017	2016
Net income	$ 105	$ 108	$ 478	$ 643
Less: Net income attributable to non-controlling interests	(1)	(1)	(6)	(7)
Net income attributable to Host Inc.	$ 104	$ 107	$ 472	$ 636
Basic weighted average shares outstanding	738.8	740.6	738.5	744.8
Assuming distribution of common shares granted under the comprehensive stock plans, less shares assumed purchased at market	0.2	0.5	0.2	0.4
Diluted weighted average shares outstanding	739.0	741.1	738.7	745.2
Basic earnings per common share	$ .14	$ .14	$ .64	$ .85
Diluted earnings per common share	$ .14	$ .14	$ .64	$ .85

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

	Quarter ended September 30,		Year-to-date ended September 30,	
	2017	2016	2017	2016
Net income	$ 105	$ 108	$ 478	$ 643
Less: Net loss attributable to non-controlling interests	1	—	—	1
Net income attributable to Host L.P.	$ 106	$ 108	$ 478	$ 644
Basic weighted average units outstanding	731.6	733.8	731.4	738.1
Assuming distribution of common units to support shares granted under the comprehensive stock plans, less shares assumed purchased at market	0.2	0.5	0.2	0.4
Diluted weighted average units outstanding	731.8	734.3	731.6	738.5
Basic earnings per common unit	$ .14	$ .15	$ .65	$ .87
Diluted earnings per common unit	$ .14	$ .15	$ .65	$ .87

4. Property and Equipment

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

	September 30, 2017	December 31, 2016
Land and land improvements	$ 2,072	$ 2,047
Buildings and leasehold improvements	13,658	13,483
Furniture and equipment	2,362	2,377
Construction in progress	94	86
	18,186	17,993
Less accumulated depreciation and amortization	(8,172)	(7,848)
	$ 10,014	$ 10,145

5. Debt

Credit Facility. During the quarter, we repaid A$50 million ($39 million) under the revolver portion of our credit facility. As of September 30, 2017, we had $807 million of available capacity under the revolver portion of our credit facility.

Mortgage Debt. In connection with the sale of the Hilton Melbourne South Wharf hotel, we repaid the A$86 million ($69 million) mortgage loan secured by the property.

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

Equity of Host Inc.

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

	Equity of Host Inc.	Non-redeemable, non-controlling interests	Total equity	Redeemable, non-controlling interests
Balance, December 31, 2016	$ 6,994	$ 39	$ 7,033	$ 165
Net income	472	—	472	6
Issuance of common stock for comprehensive stock plans	17	—	17	—
Dividends declared on common stock	(443)	—	(443)	—
Distributions to non-controlling interests	—	(14)	(14)	(5)
Changes in ownership and other	14	3	17	(9)
Other comprehensive income	25	1	26	—
Balance, September 30, 2017	$ 7,079	$ 29	$ 7,108	$ 157

Capital of Host L.P.

As of September 30, 2017, Host Inc. is the owner of approximately 99% of Host L.P.'s common OP units. The remaining common OP units are held by third party limited partners. Each common OP unit may be redeemed for cash or, at the election of Host Inc., Host Inc. common stock, based on the conversion ratio of 1.021494 shares of Host Inc. common stock for each common OP unit.

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

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

	Capital of Host L.P.	Non-controlling interests	Total capital	Limited partnership interest of third parties
Balance, December 31, 2016	$ 6,994	$ 39	$ 7,033	$ 165
Net income	472	—	472	6
Issuance of common OP units to Host Inc. for comprehensive stock plans	17	—	17	—
Distributions declared on common OP units	(443)	—	(443)	(5)
Distributions to non-controlling interests	—	(14)	(14)	—
Changes in ownership and other	14	3	17	(9)
Other comprehensive income	25	1	26	—
Balance, September 30, 2017	$ 7,079	$ 29	$ 7,108	$ 157

Dividends/Distributions

On September 18, 2017, Host Inc.'s Board of Directors declared a regular quarterly cash dividend of $0.20 per share on its common stock. The dividend was paid on October 16, 2017 to stockholders of record as of September 29, 2017. Accordingly, Host L.P. made a distribution of $0.2042988 per unit on its common OP units based on the current conversion ratio.

7. Dispositions

During the third quarter 2017, we sold the Hilton Melbourne South Wharf for A$230 million ($184 million) and the Sheraton Indianapolis at Keystone Crossing for $66 million, and recorded a total gain of approximately $58 million. In connection with the sale of the Hilton Melbourne South Wharf, we recorded taxes of $22 million associated with the gain on sale.

As of September 30, 2017, the Key Bridge Marriott has been classified as held for sale.

8. Fair Value Measurements

Derivatives and Hedging

Foreign Investment Hedging Instruments. We have three foreign currency forward sale contracts in the aggregate notional amount of $70 million that hedge a portion of the foreign currency exposure resulting from the eventual repatriation of our Canadian dollar and euro net investments in foreign operations. These derivatives are considered hedges of the foreign currency exposure of a net investment in a foreign operation. The contracts are required to be measured at fair value on a recurring basis using significant other observable inputs (Level 2) in the GAAP fair value hierarchy. As a result, we recorded a liability of $4 million and an asset of $12 million as of September 30, 2017 and December 31, 2016, respectively, related to these foreign currency forward sale contracts. These contracts are marked-to-market with changes in fair value recorded to other comprehensive income (loss). We recorded losses of $4 million and $1 million for the quarters ended September 30, 2017 and 2016, respectively, and losses of $14 million and $3 million for the year-to-date periods ended September 30, 2017 and 2016, respectively. The foreign currency forward sale contracts are valued based on the forward yield curve of the foreign currency to U.S. dollar forward exchange rate on the date of measurement. We also evaluate counterparty credit risk when we calculate the fair value of the derivatives.

In addition to the foreign currency forward sale contracts, we have designated $128 million of the foreign currency draws on our credit facility as hedges of net investments in foreign operations. Changes in fair value of the designated credit facility draws are recorded to other comprehensive income (loss). We recorded a loss of $4 million and a gain of $2 million for the quarters ended September 30, 2017 and 2016, respectively, and losses of $12 million and $5 million for the year-to-date periods ended September 30, 2017 and 2016, respectively.

Other Liabilities

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

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

	September 30, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Senior notes (Level 1)	$ 2,777	$ 2,952	$ 2,380	$ 2,477
Credit facility (Level 2)	1,184	1,193	1,206	1,211
Mortgage debt and other, excluding capital leases (Level 2)	—	—	62	62

9. Geographic Information

We consider each of our hotels to be an operating segment, none of which meets the threshold for a reportable segment. We also allocate resources and assess operating performance based on individual hotels. All of our other real estate investment activities (primarily office buildings and apartments) are immaterial and, with our operating segments, meet the aggregation criteria, and thus, we report one segment: hotel ownership. Our consolidated foreign operations consist of hotels in three countries as of September 30, 2017. There were no intersegment sales during the periods presented.

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

	Revenues		Revenues		Property and Equipment, net	
	Quarter ended September 30,		Year-to-date ended September 30,			
	2017	2016	2017	2016	September 30, 2017	December 31, 2016
United States	$ 1,225	$ 1,247	$ 3,947	$ 3,959	$ 9,864	$ 9,913
Australia	2	8	18	24	—	85
Brazil	5	15	16	29	62	63
Canada	16	16	42	40	73	71
Chile	—	—	—	9	—	—
Mexico	6	6	20	21	15	13
New Zealand	—	3	—	11	—	—
Total	$ 1,254	$ 1,295	$ 4,043	$ 4,093	$ 10,014	$ 10,145

10. Non-controlling Interests

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

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

	September 30, 2017	December 31, 2016
Common OP units outstanding (millions)	8.3	8.6
Market price per Host Inc. common share	$ 18.49	$ 18.84
Shares issuable upon conversion of one common OP unit	1.021494	1.021494
Redemption value (millions)	$ 157	$ 165
Historical cost (millions)	82	84
Book value (millions) (1)	157	165

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

Other Consolidated Partnerships. We consolidate three majority-owned partnerships that have third-party, non-controlling partners. The third-party partnership interests are included in non-controlling interests — other consolidated partnerships on the balance sheets and totaled $29 million and $39 million as of September 30, 2017 and December 31, 2016, respectively

11. Contingencies

All of our hotels in Houston and Florida were affected by Hurricanes Harvey and Irma in August and September 2017, respectively. All four of our hotels in Houston were able to remain operational during the hurricane. In Florida, due to evacuation mandates and loss of commercial power, seven of the nine properties were closed for a period of time. We are still evaluating the property and business interruption impact to our hotels. However, our current estimate of the book value of the property and equipment written off, and the related repairs and cleanup costs, is approximately $31 million and have recorded a corresponding insurance receivable of $31 million. We believe our insurance coverage should be sufficient to cover a substantial portion of the property damage to the hotels and the near-term loss of business.

12. Legal Proceedings

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

Based on our analysis of legal proceedings with which we currently are involved or of which we are aware and our experience in resolving similar claims in the past, we have accrued approximately $4 million as of September 30, 2017 related to such claims. We have estimated that, in the aggregate, our losses related to these proceedings could be as much as $17 million. We believe this range represents the maximum potential loss for all our legal proceedings. We are not aware of any other matters with a reasonably possible unfavorable outcome for which disclosure of a loss contingency is required. No assurances can be given as to the outcome of any pending legal proceedings.

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

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

Forward-Looking Statements

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

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

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

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

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

Operating Results and Outlook

Operating Results

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

Historical Income Statement Data:

	Quarter ended September 30,			Year-to-date ended September 30,		
	2017	2016	Change	2017	2016	Change
Total revenues	$ 1,254	$ 1,295	(3.2)%	$ 4,043	$ 4,093	(1.2)%
Net income	105	108	(2.8)%	478	643	(25.7)%
Operating profit	127	144	(11.8)%	542	534	1.5%
Operating profit margin under GAAP	10.1%	11.1%	(100bps)	13.4%	13.0%	40bps
Adjusted EBITDA (1)	$ 317	$ 342	(7.3)%	$ 1,128	$ 1,123	0.4%
Diluted earnings per share	0.14	0.14	—	0.64	0.85	(24.7)%
NAREIT FFO and Adjusted FFO per diluted share (1)	0.33	0.37	(10.8)%	1.27	1.28	(0.8)%

Comparable Hotel Data:

	2017 Comparable Hotels (2)					
	Quarter ended September 30,			Year-to-date ended September 30,		
	2017	2016	Change	2017	2016	Change
Comparable hotel revenues (1)	$ 1,136	$ 1,166	(2.6)%	$ 3,621	$ 3,616	0.1%
Comparable hotel EBITDA (1)	296	313	(5.3)%	1,015	1,010	0.5%
Comparable hotel EBITDA margin (1)	26.1%	26.85%	(75bps)	28.0%	27.9%	10bps
Change in comparable hotel RevPAR - Constant US$	(1.8)%			1.0%		
Change in comparable hotel RevPAR - Nominal US$	(1.7)%			1.1%		
Change in comparable domestic RevPAR	(0.7)%			1.6%		
Change in comparable international RevPAR - Constant US$	(31.0)%			(17.6)%		

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

(2) Comparable hotel operating statistics for 2017 and 2016 are based on 87 hotels as of September 30, 2017.

The third quarter was negatively affected by weakness in group revenue due to the shift of the Jewish holidays into the quarter and significant declines at our Brazil properties in comparison to the results during the Olympics in 2016. In addition to the anticipated weakness due to the difficult quarter-over-quarter comparisons, 13 properties were affected by Hurricanes Harvey and Irma in August and September 2017, respectively, which negatively affected total revenues by approximately $12 million this quarter, with approximately 65% of the revenue lost coming from a decline in food and beverage revenues. These factors led to decreased RevPAR for the quarter, as well as a reduction in F&B revenues and profits, as both the decline in group revenue, and the shift in the mix of business due to the hurricanes, led to a reduction in F&B banquet and outlet business overall.

Revenue per Available Room ("RevPAR")

Comparable RevPAR on a constant US$ basis decreased 1.8% for the third quarter, due to a 30 basis point decrease in occupancy and a 1.5% decrease in average room rate. Year-to-date, comparable RevPAR on a constant US$ basis improved 1.0% as a result of a 40 basis point increase in occupancy and a 0.6% increase in average room rate. Comparable RevPAR for the quarter was negatively impacted 110 basis points as a result of difficult year-over-year comparisons in Brazil (discussed below). Results were mixed across our remaining portfolio for the quarter, as declines in our Florida, Atlanta and Chicago markets were partially offset by strong performances in our Phoenix, Seattle, and San Francisco markets. In addition to the negative effect of the holiday shift in the third quarter of 2017, the disruption in business from the hurricanes are estimated to have reduced Comparable RevPAR by approximately 45 basis points for the third quarter based on pre-hurricane forecasts.

On a constant US$ basis, RevPAR at our comparable international properties decreased 31.0% for the third quarter and 17.6% year-to-date. The decline was due to the highly unfavorable comparison to the prior year, when Brazil hosted the 2016 Olympics and Paralympics, as well as economic and over-supply issues in Brazil.

Operating profit

Operating profit margins (calculated based on GAAP operating profit as a percentage of GAAP revenues) decreased 100 basis points, to 10.1%, for the third quarter and increased 40 basis points, to 13.4%, year-to-date. These operating profit margins are affected significantly by several items, including dispositions, depreciation and corporate expenses. Our comparable hotel EBITDA margins, which exclude these items, decreased 75 basis points, to 26.1%, for the third quarter and increased 10 basis points, to 28.0%, year-to-date. For the quarter, approximately 85% of the decline was due to the performance of the properties in Brazil and the effects of the hurricanes described above. Year-to-date, we continue to see labor productivity improvements at certain of our properties, which are reflective of the time and motion studies we have initiated at some of our largest hotels over the past two years and continue to implement at our medium and smaller-sized hotels. These studies have resulted in hotel managers establishing more accurate labor model standards and improved and expanded forecasting tools, which allow them to more effectively schedule labor based on demand and to minimize excess staffing, thereby reducing costs.

Net income, Adjusted EBITDA and Adjusted FFO per Diluted Share

Net income for the quarter decreased $3 million due to a decline in operating profit of 11.8%, partially offset by the increase in gain on sale of assets, net of tax. Year-to-date, net income decreased $165 million, primarily due to a decrease in gain on sale of assets, net of tax. Adjusted EBITDA decreased $25 million for the quarter due to a decrease in gain on business interruption settlements and a decline in operations. Year-to-date, Adjusted EBITDA increased $5 million. Based on actual results compared to the anticipated results for the quarter, we estimate that the impact of the hurricanes was approximately $7 million in the quarter for both net income and Adjusted EBITDA. These changes resulted in no change in earnings per diluted share for the quarter and a decrease of $0.21, or 24.7%, year-to-date. Adjusted FFO per diluted share decreased $0.04, or 10.8%, in the quarter and $0.01, or 0.8%, for year-to-date, reflecting the operating results described above as well as an increase in interest expense.

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

Outlook

Forecasts for the United States economy continue to be cautiously optimistic for the remainder of 2017, as the country continues to experience low unemployment rates, corporate profits have improved and business investment has accelerated. While discussions on tax reform have picked up, the timing and economic impact of any legislation remains uncertain though we remain hopeful it will benefit the lodging industry.

While the industry has experienced slightly above average supply growth in 2017, demand growth has outpaced supply, and the majority of markets are operating at peak occupancy levels. Yet, some of our markets, such as New York and Houston, have continued to experience above-average supply growth in 2017 that has exceeded demand growth, which has made it more challenging for our operators to grow average rates. However, demand growth in these markets has remained strong overall and we continue to focus on shifting the mix of business toward more profitable channels.

Our operations were affected by Hurricanes Harvey and Irma during the third quarter and continue to be impacted by damages sustained during the storms. All four of our hotels in Houston were able to remain operational during the hurricane. In Florida, due to evacuation mandates, seven of our nine consolidated properties were temporarily closed; however, all have since reopened, although approximately 320 rooms remain out of service. Based on the operating readiness and level of property damage sustained, we did not remove any properties from our comparable operations for the quarter and full year forecast. As a result, we estimate that comparable RevPAR growth for full year 2017 will be between 1.15% and 1.35% on a constant US$ basis. Additionally, we have recorded an insurance receivable of $31 million; however, we are still evaluating the complete property and business interruption impacts of the storms.

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

Strategic Initiatives

Portfolio

Dispositions. During the quarter, we sold The Hilton Melbourne South Wharf for A$230 million ($184 million) and the Sheraton Indianapolis Hotel at Keystone Crossing for $66 million. We also reached an agreement to sell the Key Bridge Marriott for $190 million, including $8 million of FF&E replacement funds, and as of September 30, 2017, it has been classified as held for sale. We expect the sale to be completed no later than the first quarter of 2018, subject to customary closing conditions. Subsequent to quarter end, we also sold a parcel of excess land at the previously sold Chicago Marriott O'Hare for approximately $10 million.

Balance Sheet

Debt transactions. During the quarter, in connection with the sale of the Hilton Melbourne South Wharf hotel, we repaid the A$86 million ($69 million) mortgage loan secured by the property and repaid A$50 million ($39 million) under the revolver portion of our credit facility. As of September 30, 2017, we had $807 million of available capacity remaining under the revolver portion of our credit facility.

Capital Investments

Value enhancements. During the quarter, subject to customary appeals, we received approvals for the rezoning of the golf course land at The Phoenician, A Luxury Collection Resort. The revised plan includes an 18-hole golf course, new tennis complex and activity center and allows for 60 acres of residential development. The approved plan allows for a mix of single-family, townhome and condominium units with approximately 360 units. The property is being marketed to third parties for the residential development.

In addition, we negotiated new management agreements for two properties in the third quarter, including the re-branding of The Ritz-Carlton, Buckhead in Atlanta to The Whitley, a Luxury Collection Hotel that will be managed by HEI Hotels & Resorts.

Redevelopment and Return on Investment Capital Expenditures. Redevelopment and return on investment ("ROI") projects primarily consist of large-scale redevelopment projects designed to increase cash flow and improve profitability by capitalizing on changing market conditions and the favorable locations of our properties, including projects such as the redevelopment of a hotel, the repositioning of a hotel restaurant, the installation of energy efficient systems or the conversion of underutilized space to more profitable uses. Additionally, in conjunction with the acquisition of a property, we prepare capital and operational improvement plans designed to maximize profitability. During the third quarter, we completed the pool renovation and restaurant repositioning at The Phoenician as part of a multi-year project, as well as the redesign of restaurant and meeting space at The Ritz-Carlton, Buckhead. We deployed approximately $53 million for these projects during the first three quarters of 2017.

We expect that redevelopment and ROI projects for full year 2017 will be approximately $90 million to $100 million.

Renewal and Replacement Capital Expenditures. These expenditures are designed to ensure that our standards for product quality are maintained and to enhance the overall competitiveness of our properties in the marketplace. We deployed $155 million on renewal and replacement capital expenditures during the first three quarters of 2017. During the third quarter, we completed the renovation of the 48,000-square foot ballroom at the New Orleans Marriott, as well as ballroom renovations at the JW Marriott Hotel Mexico City, the JW Marriott Atlanta Buckhead and The Ritz-Carlton, Naples. We expect that our investment in renewal and replacement expenditures in full year 2017 will total approximately $270 million to $300 million, which includes additional expected spend of approximately $55 million related to replacements for hurricane damage.

Results of Operations

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

	Quarter ended September 30, 2017	Quarter ended September 30, 2016	Change	Year-to-date ended September 30, 2017	Year-to-date ended September 30, 2016	Change
Total revenues	$ 1,254	$ 1,295	(3.2)%	$ 4,043	$ 4,093	(1.2)%
Operating costs and expenses:						
Property-level costs [1]	1,104	1,135	(2.7)	3,428	3,492	(1.8)
Corporate and other expenses	24	28	(14.3)	79	82	(3.7)
Gain on insurance and business interruption settlements	1	12	(91.7)	6	15	(60.0)
Operating profit	127	144	(11.8)	542	534	1.5
Interest expense	43	38	13.2	125	116	7.8
Gain on sale of assets	59	14	321.4	105	245	(57.1)
Provision for income taxes	42	19	121.1	63	42	50.0
Host Inc.:						
Net income attributable to non-controlling interests	1	1	—	6	7	(14.3)
Net income attributable to Host Inc.	104	107	(2.8)	472	636	(25.8)
Host L.P.:						
Net loss attributable to non-controlling interests	(1)	—	N/M	—	(1)	N/M
Net income attributable to Host L.P.	106	108	(1.9)	478	644	(25.8)

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

N/M=Not meaningful.

Statement of Operations Results and Trends

For the third quarter and year-to-date 2017, the results of hotels acquired or sold during the comparable periods (collectively, our “Recent Acquisitions and Dispositions”) reduced our year-over-year comparisons. Comparisons of our operations were affected by the acquisition of two hotels during the first quarter 2017: the W Hollywood acquired in March 2017 and The Don CeSar and Beach House Suites complex acquired in February 2017. However, dispositions include the sale of four hotels in 2017 and ten hotels in 2016, which led to an overall net reduction in results. The table below presents the effects on earnings from our Recent Acquisitions and Dispositions (in millions, increase (decrease)):

	Quarter ended September 30, 2017	Quarter ended September 30, 2016	Change	Year-to-date ended September 30, 2017	Year-to-date ended September 30, 2016	Change
Revenues:						
Acquisitions	$ 24	$ —	$ 24	$ 65	$ —	$ 65
Dispositions	6	45	(39)	46	203	(157)
Total revenues	$ 30	$ 45	$ (15)	$ 111	$ 203	$ (92)
Net income (excluding gain on sale, net of tax):						
Acquisitions	$ 3	$ —	$ 3	$ 14	$ —	$ 14
Dispositions	3	—	3	8	20	(12)
Net income (excluding gain on sale, net of tax):	$ 6	$ —	$ 6	$ 22	$ 20	$ 2

Hotel Sales Overview

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

	Quarter ended September 30,				Year-to-date ended September 30,			
	2017		2016	Change	2017		2016	Change
Revenues:								
Rooms	$ 860		$ 879	(2.2)%	$ 2,643		$ 2,655	(0.5)%
Food and beverage	314		336	(6.5)	1,152		1,183	(2.6)
Other	80		80	—	248		255	(2.7)
Total revenues	$ 1,254		$ 1,295	(3.2)	$ 4,043		$ 4,093	(1.2)

Rooms. Total rooms revenues decreased 2.2% and 0.5% for the quarter and year-to-date, respectively. For our comparable hotels, rooms revenues decreased 1.7% for the quarter, as an unfavorable holiday shift resulted in a decrease in group business, which led to declines in both average room rate and occupancy. Year-to-date, comparable rooms revenues increased 0.8% reflecting increases in both average room rate and occupancy. The net effects of our Recent Acquisitions and Dispositions reduced rooms revenues by $8 million for the quarter and $52 million for the year-to-date.

Food and beverage. Total food and beverage ("F&B") revenues decreased 6.5% for the quarter and 2.6% year-to-date, reflecting the reduction in group business, which led to decreases in both outlet and banquet and audio visual revenue, as well as the negative impact of Hurricanes Harvey and Irma. Comparable F&B revenues decreased 5.6% for the quarter and 1.6% year-to-date. The net effect of our Recent Acquisitions and Dispositions reduced F&B revenues by $7 million for the quarter and $33 million for the year-to-date.

Other revenues. Total other revenues were flat for the quarter and decreased 2.7% year-to-date, primarily due to the net effect of our Recent Acquisitions and Dispositions, which did not materially impact other revenues for the quarter but reduced other revenues by $7 million year-to-date. At our comparable hotels, other revenues increased 0.8% for the quarter and 1.1% year-to-date as an increase in rental income at the New York Marriott Marquis offset a decline in attrition and cancellation revenues.

Property-level Operating Expenses

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

	Quarter ended September 30,		Change	Year-to-date ended September 30,		Change
	2017	2016		2017	2016	
Expenses:						
Rooms	$ 227	$ 225	0.9%	$ 676	$ 674	0.3%
Food and beverage	242	257	(5.8)	794	830	(4.3)
Other departmental and support expenses	309	321	(3.7)	952	981	(3.0)
Management fees	53	54	(1.9)	178	177	0.6
Other property-level expenses	97	96	1.0	294	289	1.7
Depreciation and amortization	176	182	(3.3)	534	541	(1.3)
Total property-level operating expenses	$ 1,104	$ 1,135	(2.7)	$ 3,428	$ 3,492	(1.8)

Our operating costs and expenses, which have both fixed and variable components, are affected by changes in occupancy, inflation, and revenues (which affect management fees), though the effect on specific costs will differ. Our wages and benefits account for approximately 57% of the operating expenses at our hotels (excluding depreciation). Other property-level expenses consist of property taxes, the amounts and structure of which are highly dependent on local jurisdiction taxing authorities, and property and general liability insurance, all of which do not necessarily increase or decrease based on similar changes in revenues at our hotels.

Rooms. Rooms expenses increased 0.9% and 0.3% for the third quarter and year-to-date 2017, respectively, which reflects an increase of 1.6% and 2.0% for the quarter and year-to-date, respectively, at our comparable hotels. The increase was driven by overall growth in wage rates. The net effect of our Recent Acquisitions and Dispositions reduced rooms expenses $3 million and $14 million for the quarter and year to date, respectively.

Food and beverage. F&B expenses decreased 5.8% for the quarter and 4.3% year-to-date. The net effect of our Recent Acquisitions and Dispositions reduced F&B expenses by $5 million and $23 million for the quarter and year-to-date, respectively. For our comparable hotels, F&B expenses decreased 5.2% for the quarter and 3.0% year-to-date, consistent with the decline in comparable F&B revenues.

Other departmental and support expenses. Other departmental and support expenses decreased $12 million for the third quarter and $29 million year-to-date, primarily due to a decrease of $7 million for the quarter and $31 million year-to-date from the net effect of our Recent Acquisitions and Dispositions. On a comparable hotel basis, other departmental and support expenses decreased $5 million for the quarter and were flat year-to-date.

Management fees. Base management fees, which generally are calculated as a percentage of total revenues, decreased $2 million in the third quarter and $4 million year-to-date, due primarily to the net effect of our Recent Acquisitions and Dispositions. Incentive management fees, which are generally based on the level of operating profit at each property after we receive a priority return on our investment, increased $1 million for the third quarter and $4 million year-to-date.

Other property-level expenses. These expenses generally do not vary significantly based on occupancy and include expenses such as property taxes and insurance. Other property level expenses increased $1 million for the third quarter and $5 million year-to-date. Other property-level expenses at our comparable hotels were flat for the quarter. Year-to-date, comparable other property-level expenses increased 2.7% year-to-date, primarily due to increases in property taxes and ground rent, partially offset by a decrease in insurance expense. The net effect of our Recent Acquisitions and Dispositions reduced other property-level expenses by $1 million for the quarter and $6 million year-to-date.

Other Income and Expense

Corporate and other expenses. The following table details our corporate and other expenses for the quarter and year-to-date (in millions):

	Quarter ended September 30,		Year-to-date ended September 30,	
	2017	2016	2017	2016
General and administrative costs	$ 21	$ 26	$ 70	$ 74
Non-cash stock-based compensation expense	3	2	8	8
Litigation accruals and acquisition costs, net	—	—	1	—
Total	$ 24	$ 28	$ 79	$ 82

Interest expense. Interest expense increased due to the issuance of the Series G senior notes in the first quarter 2017. The following table details our interest expense for the quarter and year-to-date (in millions):

	Quarter ended September 30,		Year-to-date ended September 30,	
	2017	2016	2017	2016
Cash interest expense(1)	$ 41	$ 35	$ 120	$ 110
Non-cash interest expense	2	3	5	6
Total interest expense	$ 43	$ 38	$ 125	$ 116

(1) Including the change in accrued interest, total cash interest paid was $108 million and $105 million for year-to-date 2017 and 2016, respectively.

Gain on sale of assets. During the third quarter and year-to-date 2017, we recognized a gain on sale of assets of $59 million and $105 million, respectively, due primarily to the sale of two hotels in the third quarter and four hotels year-to-date. We recognized a gain on sale of assets of $14 million and $245 million during the third quarter and year-to-date 2016, respectively, due to the sale of two hotels during the third quarter and ten hotels year-to-date.

Equity in earnings of affiliates. Equity in earnings of affiliates decreased $4 million for the quarter, reflecting a decline in net income at our European joint venture and a decrease in operations at the Philadelphia Marriott Downtown. Year-to-date, equity in earnings of affiliates remained flat.

Provision for income taxes. We lease substantially all our properties to consolidated subsidiaries designated as taxable REIT subsidiaries ("TRS") for federal income tax purposes. The difference between hotel-level operating cash flow and the aggregate rent paid to Host L.P. by the TRS represents its taxable income or loss, with regard to which we record an income tax provision or benefit. The increase in the income tax provision recorded in the third quarter and year-to-date 2017 compared to the same periods in 2016 relates to an increase of taxable income of the TRS and the Australian capital gains tax (approximately $22 million) associated with the sale of the Hilton Melbourne South Wharf on July 28, 2017.

Comparable Hotel RevPAR Overview

We discuss operating results for our hotels on a comparable basis. Comparable hotels are those properties that we have consolidated for the entirety of the reporting periods being compared. Comparable hotels do not include the results of hotels acquired or sold, that incurred significant property damage or business interruption, or have undergone large scale capital projects during these periods. As of September 30, 2017, 87 of our 94 owned hotels are classified as comparable hotels. See "Comparable Hotel Operating Statistics" for a complete description of our comparable hotels. We also discuss our comparable RevPAR results by geographic market and mix of business (i.e. transient, group, or contract).

Comparable Hotel RevPAR by Geographic Market

The following tables set forth performance information for our comparable hotels by geographic market as of September 30, 2017 and 2016, respectively:

Comparable Hotels by Market in Constant US$ (by RevPAR)

	As of September 30, 2017		Quarter ended September 30, 2017			Quarter ended September 30, 2016			
Market	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentage	RevPAR	Average Room Rate	Average Occupancy Percentage	RevPAR	Percent Change in RevPAR
Hawaii	3	1,682	$ 325.44	92.4%	$ 300.75	$ 316.67	92.5%	$ 292.77	2.7%
Seattle	2	1,315	267.84	93.6	250.75	258.78	90.9	235.26	6.6
New York	8	6,961	271.00	91.3	247.53	280.23	89.8	251.75	(1.7)
San Francisco	4	2,912	256.52	89.4	229.21	252.99	86.8	219.71	4.3
Boston	4	3,185	244.72	88.5	216.68	242.48	90.5	219.42	(1.2)
San Diego	3	2,981	225.90	86.5	195.47	213.13	91.4	194.80	0.3
Los Angeles	7	2,843	214.72	87.7	188.40	216.17	86.9	187.75	0.3
Chicago	6	2,392	204.47	88.5	180.94	216.88	87.0	188.71	(4.1)
Denver	2	735	190.27	88.6	168.50	189.33	85.5	161.91	4.1
Washington, D.C.	12	6,024	193.93	82.5	160.05	193.50	81.4	157.43	1.7
Atlanta	5	1,939	189.32	75.9	143.69	189.85	80.3	152.43	(5.7)
Florida	8	4,559	181.83	62.1	112.92	182.06	68.0	123.72	(8.7)
Houston	4	1,716	168.11	66.3	111.49	167.78	67.7	113.58	(1.8)
Phoenix	4	1,518	142.34	65.7	93.47	147.53	58.0	85.57	9.2
Other	9	5,784	160.58	71.9	115.42	169.12	71.5	120.96	(4.6)
Domestic	81	46,546	219.88	81.6	179.38	221.01	81.8	180.69	(0.7)
Canada	2	849	192.87	79.4	153.11	198.84	76.7	152.45	0.4
Latin America	4	962	167.13	58.7	98.08	299.89	67.9	203.58	(51.8)
International	6	1,811	181.13	68.4	123.87	249.47	72.0	179.62	(31.0)
All Markets - Constant US$	87	48,357	218.65	81.1	177.30	221.95	81.4	180.65	(1.8)

Comparable Hotels in Nominal US$

	As of September 30, 2017		Quarter ended September 30, 2017			Quarter ended September 30, 2016			
	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentage	RevPAR	Average Room Rate	Average Occupancy Percentage	RevPAR	Percent Change in RevPAR
Canada	2	849	$ 192.87	79.4%	$ 153.11	$ 191.03	76.7%	$ 146.46	4.5%
Latin America	4	962	167.13	58.7	98.08	290.57	67.9	197.25	(50.3)
International	6	1,811	181.13	68.4	123.87	240.91	72.0	173.45	(28.6)
Domestic	81	46,546	219.88	81.6	179.38	221.01	81.8	180.69	(0.7)
All Markets	87	48,357	218.65	81.1	177.30	221.67	81.4	180.41	(1.7)

Comparable Hotels by Market in Constant US$ (by RevPAR)

	As of September 30, 2017		Year-to-date ended September 30, 2017			Year-to-date ended September 30, 2016			
Market	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentage	RevPAR	Average Room Rate	Average Occupancy Percentage	RevPAR	Percent Change in RevPAR
Hawaii	3	1,682	$ 339.86	90.9%	$ 308.79	$ 326.28	91.4%	$ 298.38	3.5%
New York	8	6,961	263.14	86.7	228.26	268.49	86.4	232.10	(1.7)
San Francisco	4	2,912	260.60	84.6	220.45	264.71	84.7	224.10	(1.6)
Seattle	2	1,315	242.23	86.8	210.24	226.40	81.8	185.30	13.5
Boston	4	3,185	237.07	82.5	195.54	231.85	82.1	190.45	2.7
San Diego	3	2,981	223.18	84.3	188.08	210.42	86.0	181.05	3.9
Washington, D.C.	12	6,024	224.01	80.8	181.02	212.48	79.6	169.20	7.0
Los Angeles	7	2,843	208.11	85.1	177.05	206.35	84.5	174.42	1.5
Florida	8	4,559	235.84	73.2	172.56	230.87	75.5	174.35	(1.0)
Chicago	6	2,392	197.01	79.6	156.82	201.88	77.6	156.57	0.2
Phoenix	4	1,518	208.06	74.1	154.14	213.44	68.4	146.04	5.5
Atlanta	5	1,939	192.65	78.1	150.46	192.39	79.4	152.70	(1.5)
Denver	2	735	181.43	82.1	149.03	181.35	76.0	137.85	8.1
Houston	4	1,716	179.40	71.8	128.87	182.61	73.6	134.44	(4.1)
Other	9	5,784	177.70	74.2	131.85	180.51	72.4	130.72	0.9
Domestic	81	46,546	228.30	80.8	184.44	226.16	80.3	181.55	1.6
Canada	2	849	179.33	65.9	118.18	176.57	63.9	112.79	4.8
Latin America	4	962	177.99	59.2	105.44	232.98	66.5	154.82	(31.9)
International	6	1,811	178.65	62.4	111.41	207.10	65.2	135.13	(17.6)
All Markets - Constant US$	87	48,357	226.85	80.1	181.70	225.58	79.7	179.81	1.0

Comparable Hotels in Nominal US$

	As of September 30, 2017		Year-to-date ended September 30, 2017			Year-to-date ended September 30, 2016			
	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentage	RevPAR	Average Room Rate	Average Occupancy Percentage	RevPAR	Percent Change in RevPAR
Canada	2	849	$ 179.33	65.9%	$ 118.18	$ 174.32	63.9%	$ 111.35	6.1%
Latin America	4	962	177.99	59.2	105.44	223.43	66.5	148.48	(29.0)
International	6	1,811	178.65	62.4	111.41	200.90	65.2	131.08	(15.0)
Domestic	81	46,546	228.30	80.8	184.44	226.16	80.3	181.55	1.6
All Markets	87	48,357	226.85	80.1	181.70	225.39	79.7	179.66	1.1

Our top performing domestic markets for the quarter were Phoenix and Seattle, with RevPAR growth of 9.2% and 6.6%, respectively. In Phoenix, growth was led by a 12.1% increase in RevPAR at The Westin Kierland Resort & Spa, driven by strong corporate group room nights. Seattle saw gains in both occupancy and rate, with the W Seattle continuing to experience positive effects from the completed rooms renovation last year.

In the southern and central United States, our Florida properties were negatively affected by Hurricane Irma, as just two of our Florida assets remained open throughout the storm. Likewise, our Houston properties were impacted by Hurricane Harvey. RevPAR declined 1.8% due to a shift from transient to group business, mainly related to recovery efforts. Atlanta underperformed the market due to an occupancy decline of 440 basis points, largely due to renovations at three of our properties. Chicago underperformed the portfolio due to soft transient demand and fewer city-wide events.

In the west region, our San Francisco and Denver markets outperformed the portfolio. The San Francisco RevPAR growth was primarily driven by occupancy gains at the San Francisco Marriott Marquis and the San Francisco Marriott Fisherman's Wharf. RevPAR at our Denver properties increased due to strong group volume. In Hawaii, group and transient rate gains at the Hyatt Regency Maui Resort & Spa were the primary contributor to the RevPAR growth in the market.

On the east coast, our Washington, D.C. properties outperformed the portfolio, while our New York properties were in-line with the portfolio. In Washington, D.C., the RevPAR growth of 1.7% mainly was due to occupancy gains from strong city-wide events. In New York, RevPAR decreased due to rate declines across all the assets, despite an increase in occupancy.

On a constant dollar basis, our international markets experienced a decline in RevPAR of 31.0% for the quarter. The decline was primarily due to the highly unfavorable comparison to the prior year, when Brazil hosted the 2016 Olympics and Paralympics, as well as economic and over-supply issues in Brazil.

Hotels Sales by Business Mix

The majority of our customers fall into three broad categories: transient, group, and contract business. The information below is derived from business mix data for 87 of our hotels for which business mix data is available from our managers. For additional detail on our business mix, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent Annual Report on Form 10-K.

For the third quarter, our revenue decline was driven by a decrease in group revenue of 7.0%, with a decline in room nights sold of 6.9% and a decline in average rate of 0.2%. Group volume was negatively impacted by the shift of both Jewish holidays into the third quarter in 2017, as well as the difficult comparison with the Olympics in the third quarter of 2016 for our properties in Brazil. Transient revenue declined 1.0%, despite a 1.3% increase in room nights, as hotels sought to replace lost group rooms through discount channels. Contract business was our strongest performing segment with a 20.2% increase in revenue due to a 21.8% increase in room nights. This performance was due to additional airline contracts at hotels in markets where new supply or demand concerns warranted negotiating multi-year contracts at favorable rates.

Year-to-date, group and transient revenue declined by 0.5% and 0.1%, respectively. The decline in group revenue was driven by a 1.9% decrease in corporate groups and a 0.5% decrease in association group, partially offset by an increase in other group, which includes social, military, education, religious, fraternal and youth and amateur sports teams. Our strongest performing segment year-to-date was contract business, which grew 19.7%.

Liquidity and Capital Resources

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

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

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

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

Cash Requirements. We use cash for acquisitions, capital expenditures, debt payments, operating costs, and corporate and other expenses, as well as for dividends and distributions to stockholders and OP unitholders and stock and OP unit repurchases. As a REIT, Host Inc. is required to distribute to its stockholders at least 90% of its taxable income, excluding net capital gain, on an annual basis. On October 16, 2017, we paid a dividend of $0.20 per share on Host Inc.'s common stock, which totaled approximately $148 million.

Capital Resources. As of September 30, 2017, we had $789 million of cash and cash equivalents. We depend primarily on external sources of capital to finance growth, including acquisitions. As a result, the liquidity and debt capacity provided by our credit facility and the ability to issue senior unsecured debt are key components of our capital structure. Our financial flexibility (including our ability to incur debt, make distributions and make investments) is contingent on our ability to maintain compliance with the financial covenants of such indebtedness, which include, among other things, the allowable amounts of leverage, interest coverage and fixed charges.

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

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

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

Cash Provided by Operations. Our cash provided by operations decreased $51 million to $864 million for the year-to-date ended September 30, 2017 compared to the same period of 2016, due to an increase in interest expense and taxes paid.

Cash Provided by (Used in) Investing Activities. Net cash used in investing activities was $200 million during the first three quarters of 2017 compared to net cash provided by investing activities of $15 million for the first three quarters of 2016. Cash used in investing activities primarily consisted of capital expenditures for our existing portfolio and the acquisition of The Don CeSar, W Hollywood and the Miami Marriott Biscayne Bay ground lease in 2017. Cash used for renewal and replacement capital expenditures for the first three quarters of 2017 and 2016 was $155 million and $222 million, respectively, while cash used for capital expenditures invested in ROI/redevelopment projects and acquisition capital expenditures during the same period was $53 million and $192 million, respectively. This use of cash was offset partially by proceeds from the sale of four hotels in 2017 and ten hotels in 2016.

The following tables summarize significant acquisitions and dispositions that have been completed as of October 31, 2017 (in millions):

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

Transaction Date		Description of Transaction	Net Proceeds(1)	Sales Price
Dispositions				
September	2017	Disposition of Sheraton Indianapolis at Keystone Crossing	$ 64	$ 66
July	2017	Disposition of the Hilton Melbourne South Wharf(2)	182	184
April	2017	Disposition of Sheraton Memphis Downtown	66	67
January	2017	Disposition of JW Marriott Desert Springs Resort & Spa	160	172
		Total dispositions	$ 472	

(1) Proceeds are net of transfer taxes, other sales costs and FF&E replacement funds deposited directly to the property or hotel manager by the purchaser.
(2) Immediately prior to the sale, we acquired the 25% interest from the non-controlling partner for $27 million.

Cash Used in Financing Activities. Year-to-date 2017, net cash used in financing activities was $244 million compared to net cash used of $789 million for the year-to-date 2016. Cash provided by financing activities in 2017 included the issuance of the Series G senior notes. Cash used in financing activities in 2017 primarily consisted of dividend payments and the repayment of mortgage debt, while 2016 also included the repurchase of Host Inc. common stock.

The following tables summarize significant issuances, net of deferred financing costs and issuance discounts, or repayments of debt, including premiums, that have been completed through October 31, 2017 (in millions):

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

Transaction Date		Description of Transaction	Transaction Amount
Debt Repayments			
July	2017	Repayment of A$86 mortgage loan on the Hilton Melbourne South Wharf	$ (69)
January - September	2017	Net repayment on the revolver portion of credit facility	(39)
		Total cash repayments	$ (108)

The following table summarizes significant equity transactions that have been completed through October 31, 2017 (in millions):

Transaction Date		Description of Transaction	Transaction Amount
Equity of Host Inc.			
January - October	2017	Dividend payments (1)(2)	$ (628)
		Cash payments on equity transactions	$ (628)

(1) In connection with the dividends, Host L.P. made distributions of $635 million to its common OP unit holders.
(2) Includes the cash payment for the fourth quarter 2016 dividend that was paid in January 2017.

Debt

As of September 30, 2017, our total debt was $4.0 billion, with an average interest rate of 3.9% and an average maturity of 5.4 years. Additionally, 70% of our debt has a fixed rate of interest and none of our hotels are encumbered by mortgage debt.

Financial Covenants

Credit Facility Covenants. Our credit facility contains certain important financial covenants concerning allowable leverage, unsecured interest coverage, and required fixed charge coverage. There were no changes to these financial covenants in connection with the May 2017 amendment and restatement of the credit facility. Total debt used in the calculation of our leverage ratio is based on a "net debt" concept, under which cash and cash equivalents in excess of $100 million are deducted from our total debt balance for purposes of measuring compliance. To the extent that no amounts are outstanding under the credit facility, breaching these covenants is not an event of default thereunder.

We are in compliance with all of our financial covenants under the credit facility. The following table summarizes the results of the financial tests required by the credit facility as of September 30, 2017:

	Actual Ratio	Covenant Requirement for all years
Leverage ratio	2.3x	Maximum ratio of 7.25x
Fixed charge coverage ratio	6.5x	Minimum ratio of 1.25x
Unsecured interest coverage ratio (1)	9.6x	Minimum ratio of 1.75x

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

Senior Notes Indenture Covenants

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

We are in compliance with all of the financial covenants applicable to our Series D, Series E, Series F and Series G senior notes. The following table summarizes the results of the financial tests required by the senior notes indentures for our Series D, Series E, Series F and Series G senior notes and our actual credit ratios as of September 30, 2017:

	Actual Ratio	Covenant Requirement
Unencumbered assets tests	493%	Minimum ratio of 150%
Total indebtedness to total assets	20%	Maximum ratio of 65%
Secured indebtedness to total assets	<1%	Maximum ratio of 40%
EBITDA-to-interest coverage ratio	9.1x	Minimum ratio of 1.5x

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

The terms of our senior notes that were issued before we attained an investment grade rating contained provisions providing that many of the restrictive covenants in the senior notes indenture would not apply should Host L.P. attain an investment grade rating. Accordingly, because our senior notes currently are rated investment grade by both Moody's and Standard & Poor's, the covenants in our senior notes indenture (for all series prior to the Series D senior notes) that previously limited our ability to incur indebtedness or pay dividends no longer are applicable. Even if we were to lose the investment grade rating, however, we would be in compliance with all of our financial covenants under the senior notes indenture. The following table summarizes the actual credit ratios for our existing senior notes (other than the Series D, Series E, Series F and Series G senior notes) as of September 30, 2017 and the covenant requirements contained in the senior notes indenture that would be applicable at such times as our existing senior notes no longer are rated investment grade by either Moody's or Standard & Poor's:

	Actual Ratio*	Covenant Requirement
Unencumbered assets tests	499%	Minimum ratio of 125%
Total indebtedness to total assets	20%	Maximum ratio of 65%
Secured indebtedness to total assets	<1%	Maximum ratio of 45%
EBITDA-to-interest coverage ratio	9.1x	Minimum ratio of 2.0x

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

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

Dividend Policy

Host Inc. is required to distribute at least 90% of its annual taxable income, excluding net capital gain, to its stockholders in order to maintain its qualification as a REIT, including taxable income recognized for federal income tax purposes but with regard to which we do not receive cash. Funds used by Host Inc. to pay dividends on its common stock are provided through distributions from Host L.P. As of September 30, 2017, Host Inc. is the owner of approximately 99% of the Host L.P. common OP units. The remaining common OP units are owned by third party limited partners. Each Host L.P. OP unit may be redeemed for cash or, at the election of Host Inc., Host Inc. common stock based on the conversion ratio. The conversion ratio is 1.021494 shares of Host Inc. common stock for each Host L.P. OP unit.

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

Host Inc.'s policy on common dividends generally is to distribute, over time, 100% of its taxable income, which is dependent primarily on Host Inc.'s results of operations, as well as gains and losses on property sales. Host Inc. paid a regular quarterly cash dividend of $0.20 per share on its common stock on October 16, 2017 to stockholders of record on September 29, 2017. All future dividends are subject to approval by Host Inc.'s Board of Directors. While Host Inc. intends to use available cash predominantly for acquisitions or other investments in its portfolio, to the extent that we do not identify appropriate investments, we may decide in the future to use available cash for other items, such as common stock repurchases or increased dividends, the amount of which dividends could be in excess of taxable income.

European Joint Venture

At September 30, 2017, hotel investments by the Euro JV total approximately €1.5 billion, with €0.7 billion of mortgage debt. All of the mortgage debt of the Euro JV is non-recourse to us and our partners and a default thereunder does not trigger a default under any of our debt. Our investment, total partners' funding, and debt outstanding as of September 30, 2017 are as follows:

	Host's Net Investment	Total Partner Funding	% of Total Commitment	Debt balance	Host's Portion of Non-Recourse Debt
	(in millions)	(in millions)		(in millions)	(in millions)
Euro JV Fund I	€ 124	€ 463	67% (1)	€ 305	€ 98
Euro JV Fund II	91	301	67%	394	132
	€ 215	€ 764		€ 699	€ 230

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

The following table sets forth operating statistics for the 10 Euro JV hotels consisting of 3,902 rooms as of September 30, 2017 and 2016, all of which are comparable:

	Comparable Euro JV Hotels in Constant Euros					
	Quarter ended September 30,			Year-to-date ended September 30,		
	2017	2016	Change	2017	2016	Change
Average room rate	€ 222.07	€ 223.65	(0.7)%	€ 217.66	€ 215.71	0.9%
Average occupancy	81.9%	78.8%	310 bps	78.3%	74.3%	410 bps
RevPAR	€ 181.94	€ 176.25	3.2%	€ 170.48	€ 160.18	6.4%

The Euro JV's comparable hotel RevPAR increased approximately 3.2% and 6.4% on a constant Euro basis for the third quarter and year-to-date, respectively, primarily due to improvement in occupancy driven by group performance.

Critical Accounting Policies

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

Comparable Hotel Operating Statistics

To facilitate a quarter-to-quarter comparison of our operations, we present certain operating statistics (i.e., RevPAR, average daily rate and average occupancy) and operating results (revenues, expenses, hotel EBITDA and associated margins) for the periods included in this report on a comparable hotel basis in order to enable our investors to better evaluate our operating performance.

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

(i) that are owned or leased by us and the operations of which are included in our consolidated results for the entirety of the reporting periods being compared; and

(ii) that have not sustained substantial property damage or business interruption, or undergone large-scale capital projects (as defined further below) during the reporting periods being compared.

The hotel business is capital-intensive and renovations are a regular part of the business. Generally, hotels under renovation remain comparable hotels. A large scale capital project that would cause a hotel to be excluded from our comparable hotel set is an extensive renovation of several core aspects of the hotel, such as rooms, meeting space, lobby, bars, restaurants, and other public spaces. Both quantitative and qualitative factors are taken into consideration in determining if the renovation would cause a hotel to be removed from the comparable hotel set, including unusual or exceptional circumstances such as: a reduction or increase in room count, rebranding, a significant alteration of the business operations, or the closing of the hotel during the renovation.

We do not include an acquired hotel in our comparable hotel set until the operating results for that hotel have been included in our consolidated results for one full calendar year. For example, we acquired The Don CeSar in February of 2017. The hotel will not be included in our comparable hotel set until January 1, 2019. Hotels that we sell are excluded from the comparable hotel set once the transaction has closed. Similarly, hotels are excluded from our comparable hotel set from the date that they sustain substantial property damage or business interruption or commence a large-scale capital project. In each case, these hotels are returned to the comparable hotel set when the operations of the hotel have been included in our consolidated results for one full calendar year after completion of the repair of the property damage or cessation of the business interruption, or the completion of large-scale capital projects, as applicable.

Of the 94 hotels that we owned on September 30, 2017, 87 have been classified as comparable hotels. The operating results of the following hotels that we owned as of September 30, 2017 are excluded from comparable hotel results for these periods:

- The Denver Marriott Tech Center, removed in the first quarter of 2016 (business disruption due to extensive renovations, including conversion of 64 rooms to 41 suites, conversion of the concierge lounge into three meeting rooms, and the repositioning of the public space and food and beverage areas);
- The Hyatt Regency San Francisco Airport, removed in the first quarter of 2016 (business disruption due to extensive renovations, including all guestrooms and bathrooms, meeting space, the repositioning of the atrium into a new restaurant and lounge, and conversion of the existing restaurant to additional meeting space);
- Marriott Marquis San Diego Marina, removed in the first quarter of 2015 (business interruption due to the demolition of the existing conference center and construction of the new exhibit hall);

- The Phoenician (acquired in June 2015 and, beginning in the second quarter of 2016, business disruption due to extensive renovations, including all guestrooms and suites, a redesign of the lobby and public areas, renovation of pools, recreation areas and a restaurant and a re-configured spa and fitness center);
- Axiom Hotel (acquired as the Powell Hotel in January 2014, then closed during 2015 for extensive renovations and reopened in January 2016);
- The Don CeSar and Beach House Suites complex (acquired February 2017); and
- W Hollywood (acquired March 2017).

The operating results of 14 hotels disposed of in 2017 and 2016 are not included in comparable hotel results for the periods presented herein. None of our hotels have been excluded from our comparable hotel results due to Hurricanes Harvey or Irma.

CONSTANT US$, NOMINAL US$ AND CONSTANT EUROS

Operating results denominated in foreign currencies are translated using the prevailing exchange rates on the date of the transaction, or monthly based on the weighted average exchange rate for the period. For comparative purposes, we also present the RevPAR results for the prior year assuming the results of our foreign operations were translated using the same exchange rates that were effective for the comparable periods in the current year, thereby eliminating the effect of currency fluctuation for the year-over-year comparisons. We believe that this presentation is useful to investors as it provides clarity with respect to the growth in RevPAR in the local currency of the hotel consistent with the manner in which we would evaluate our domestic portfolio. However, the estimated effect of changes in foreign currency has been reflected in the actual and forecast results of net income, EBITDA, earnings per diluted share and Adjusted FFO per diluted share. Nominal US$ results include the effect of currency fluctuations, consistent with our financial statement presentation.

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

Non-GAAP Financial Measures

We use certain “non-GAAP financial measures,” which are measures of our historical or future financial performance that are not calculated and presented in accordance with GAAP, within the meaning of applicable SEC rules. These measures include the following:

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

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

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

EBITDA and Adjusted EBITDA

Earnings before Interest Expense, Income Taxes, Depreciation and Amortization (“EBITDA”) is a commonly used measure of performance in many industries. Management believes EBITDA provides useful information to investors regarding our results of operations because it helps us and our investors evaluate the ongoing operating performance of our properties after removing the impact of our capital structure (primarily interest expense) and our asset base (primarily depreciation and amortization). Management also believes the use of EBITDA facilitates comparisons between us and other lodging REITs, hotel owners who are not REITs and other capital-intensive companies. Management uses EBITDA to evaluate property-level results and as one measure in determining the value of acquisitions and dispositions and, like FFO and Adjusted FFO per diluted share, it is widely used by management in the annual budget process and for compensation programs.

Adjusted EBITDA

Historically, management has adjusted EBITDA when evaluating our performance because we believe that the exclusion of certain additional items described below provides useful supplemental information to investors regarding our ongoing operating performance and that the presentation of Adjusted EBITDA, when combined with the primary GAAP presentation of net income (loss), is beneficial to an investor's complete understanding of our operating performance. Adjusted EBITDA also is a relevant measure in calculating certain credit ratios. We adjust EBITDA for the following items, which may occur in any period, and refer to this measure as Adjusted EBITDA:

- *Real Estate Transactions* – We exclude the effect of gains and losses, including the amortization of deferred gains, recorded on the disposition or acquisition of depreciable assets and property insurance gains in our consolidated statement of operations because we believe that including them in Adjusted EBITDA is not consistent with reflecting the ongoing performance of our assets. In addition, material gains or losses from the depreciated value of the disposed assets could be less important to investors given that the depreciated asset book value often does not reflect its market value (as noted below for FFO).
- *Equity Investment Adjustments* – We exclude the equity in earnings (losses) of unconsolidated investments in partnerships and joint ventures as presented in our consolidated statement of operations because it includes our pro rata portion of depreciation, amortization and interest expense, which are excluded from EBITDA. We include our pro rata share of the Adjusted EBITDA of our equity investments as we believe this more accurately reflects the performance of our investments. The pro rata Adjusted EBITDA of equity investments is defined as the EBITDA of our equity investments, adjusted for any gains or losses on property transactions, multiplied by our percentage ownership in the partnership or joint venture.
- *Consolidated Partnership Adjustments* – We deduct the non-controlling partners' pro rata share of the Adjusted EBITDA of our consolidated partnerships as this reflects the non-controlling owners' interest in the EBITDA of our consolidated partnerships. The pro rata Adjusted EBITDA of non-controlling partners is defined as the EBITDA of our consolidated partnerships, adjusted for any gains or losses on property transactions, multiplied by the non-controlling partners' percentage ownership in the partnership or joint venture.
- *Cumulative Effect of a Change in Accounting Principle* – Infrequently, the Financial Accounting Standards Board ("FASB") promulgates new accounting standards that require the consolidated statement of operations to reflect the cumulative effect of a change in accounting principle. We exclude these one-time adjustments because they do not reflect our actual performance for that period.
- *Impairment Losses* – We exclude the effect of impairment expense recorded because we believe that including it in Adjusted EBITDA is not consistent with reflecting the ongoing performance of our assets. In addition, we believe that impairment expense, which is based on historical cost book values, is similar to gains (losses) on dispositions and depreciation expense, both of which also are excluded from EBITDA.
- *Acquisition Costs* – Under GAAP, costs associated with completed property acquisitions are expensed in the year incurred. We exclude the effect of these costs because we believe they are not reflective of the ongoing performance of the company.
- *Litigation Gains and Losses* – We exclude the effect of gains or losses associated with litigation recorded under GAAP that we consider outside the ordinary course of business. We believe that including these items is not consistent with our ongoing operating performance.

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

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

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

	Quarter ended September 30,		Year-to-date ended September 30,	
	2017	**2016**	**2017**	**2016**
Net income (1)	$ 105	$ 108	$ 478	$ 643
Interest expense	43	38	125	116
Depreciation and amortization	176	182	534	541
Income taxes	42	19	63	42
EBITDA (1)	366	347	1,200	1,342
Gain on dispositions (2)	(58)	(12)	(101)	(242)
Gain on property insurance settlement	(1)	—	(1)	(1)
Acquisition costs	—	—	1	—
Equity investment adjustments:				
Equity in earnings of affiliates	(4)	(8)	(19)	(19)
Pro rata Adjusted EBITDA of equity investments	16	17	55	51
Consolidated partnership adjustments:				
Pro rata Adjusted EBITDA attributable to non-controlling partners in other consolidated partnerships	(2)	(2)	(7)	(8)
Adjusted EBITDA (1)	$ 317	$ 342	$ 1,128	$ 1,123

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(1) Net Income, EBITDA, Adjusted EBITDA, NAREIT FFO and Adjusted FFO include a gain of $1 million for the quarter ended September 30, 2016, and $1 million and $2 million for the year-to-date periods ended September 30, 2017 and 2016, respectively, for the sale of the portion of land attributable to individual units sold by the Maui timeshare joint venture.
(2) Reflects the sale of four hotels in 2017 and ten hotels in 2016.

FFO Measures

We present NAREIT FFO and NAREIT FFO per diluted share as non-GAAP measures of our performance in addition to our earnings (loss) per share (calculated in accordance with GAAP). We calculate NAREIT FFO per diluted share as our NAREIT FFO (defined as set forth below) for a given operating period, as adjusted for the effect of dilutive securities, divided by the number of fully diluted shares outstanding during such period in accordance with NAREIT guidelines. NAREIT defines FFO as net income (loss) (calculated in accordance with GAAP), excluding gains (losses) from sales of real estate, the cumulative effect of changes in accounting principles, real estate-related depreciation, amortization and impairments, and adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect our pro rata share of the FFO of those entities on the same basis.

We also present Adjusted FFO per diluted share when evaluating our performance because management believes that the exclusion of certain additional items described below provides useful supplemental information to investors regarding our ongoing operating performance. Management historically has made the adjustments detailed below in evaluating our performance, in our annual budget process, and for our compensation programs. We believe that the presentation of Adjusted FFO per diluted share, when combined with both the primary GAAP presentation of earnings per share and FFO per diluted share as defined by NAREIT, provides useful supplemental information that is beneficial to an investor's complete understanding of our operating performance. We adjust NAREIT FFO per diluted share for the following items, which may occur in any period, and refer to this measure as Adjusted FFO per diluted share:

- *Gains and Losses on the Extinguishment of Debt* – We exclude the effect of finance charges and premiums associated with the extinguishment of debt, including the acceleration of the write-off of deferred financing costs from the original issuance of the debt being redeemed or retired and incremental interest expense incurred during the refinancing period. We also exclude the gains on debt repurchases and the original issuance costs associated with the retirement of preferred stock. We believe that these items are not reflective of our ongoing finance costs.
- *Acquisition Costs* – Under GAAP, costs associated with completed property acquisitions are expensed in the year incurred. We exclude the effect of these costs because we believe they are not reflective of the ongoing performance of the company.
- *Litigation Gains and Losses* – We exclude the effect of gains or losses associated with litigation recorded under GAAP that we consider outside the ordinary course of business. We believe that including these items is not consistent with our ongoing operating performance.

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

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

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

	Quarter ended September 30,		Year-to-date ended September 30,	
	2017	**2016**	**2017**	**2016**
Net income (1)	$ 105	$ 108	$ 478	$ 643
Less: Net income attributable to non-controlling interests	(1)	(1)	(6)	(7)
Net income attributable to Host Inc.	104	107	472	636
Adjustments:				
Gain on dispositions (2)	(58)	(12)	(101)	(242)
Tax on dispositions	22	—	22	9
Gain on property insurance settlement	(1)	—	(1)	(1)
Depreciation and amortization	175	181	532	538
Equity investment adjustments:				
Equity in earnings of affiliates	(4)	(8)	(19)	(19)
Pro rata FFO of equity investments	11	13	39	38
Consolidated partnership adjustments:				
FFO adjustment for non-controlling partnerships	(1)	(1)	(2)	(3)
FFO adjustments for non-controlling interests of Host L.P.	(1)	(2)	(6)	(3)
NAREIT FFO (1)	247	278	936	953
Adjustments to NAREIT FFO:				
Acquisition costs	—	—	1	—
Loss on debt extinguishment	—	—	1	—
Adjusted FFO (1)	$ 247	$ 278	$ 938	$ 953
For calculation on a per share basis(3):				
Diluted weighted average shares outstanding - EPS, NAREIT FFO and Adjusted FFO	739.0	741.1	738.7	745.2
NAREIT FFO and Adjusted FFO per diluted share	$ .33	$ .37	$ 1.27	$ 1.28

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(1-2) Refer to the corresponding footnote on the Reconciliation of Net Income to EBITDA and Adjusted EBITDA for Host Inc. and Host L.P.
(3) Earnings per diluted share and NAREIT FFO and Adjusted FFO per diluted share are adjusted for the effects of dilutive securities. Dilutive securities may include shares granted under comprehensive stock plans, preferred OP units held by non-controlling partners, exchangeable debt securities and other non-controlling interests that have the option to convert their limited partner interests to common OP units. No effect is shown for securities if they are anti-dilutive.

Comparable Hotel Operating Results

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

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

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

	Quarter ended September 30,		Year-to-date ended September 30,	
	2017	**2016**	**2017**	**2016**
Number of hotels	87	87	87	87
Number of rooms	48,357	48,357	48,357	48,357
Change in comparable hotel RevPAR -				
Constant US$	(1.8)%	—	1.0%	—
Nominal US$	(1.7)%	—	1.1%	—
Operating profit margin (1)	10.1%	11.1%	13.4%	13.0%
Comparable hotel EBITDA margin (1)	26.1%	26.85%	28.0%	27.9%
Food and beverage profit margin (1)	22.9%	23.5%	31.1%	29.8%
Comparable hotel food and beverage profit margin (1)	22.9%	23.3%	30.9%	29.9%
Net income	$ 105	$ 108	$ 478	$ 643
Depreciation and amortization	176	182	534	541
Interest expense	43	38	125	116
Provision for income taxes	42	19	63	42
Gain on sale of property and corporate level income/expense	(39)	7	(45)	(185)
Non-comparable hotel results, net (2)	(31)	(41)	(140)	(147)
Comparable hotel EBITDA	$ 296	$ 313	$ 1,015	$ 1,010

	Quarter ended September 30, 2017				Quarter ended September 30, 2016			
		Adjustments				Adjustments		
	GAAP Results	**Non-comparable hotel results, net(2)**	**Depreciation and corporate level items**	**Comparable Hotel Results**	**GAAP Results**	**Non-comparable hotel results, net(2)**	**Depreciation and corporate level items**	**Comparable Hotel Results**
Revenues								
Room	$ 860	$ (71)	$ —	$ 789	$ 879	$ (76)	$ —	$ 803
Food and beverage	314	(35)	—	279	336	(40)	—	296
Other	80	(12)	—	68	80	(13)	—	67
Total revenues	1,254	(118)	—	1,136	1,295	(129)	—	1,166
Expenses								
Room	227	(18)	—	209	225	(19)	—	206
Food and beverage	242	(27)	—	215	257	(30)	—	227
Other	459	(43)	—	416	471	(51)	—	420
Depreciation and amortization	176	—	(176)	—	182	—	(182)	—
Corporate and other expenses	24	—	(24)	—	28	—	(28)	—
Gain on insurance and business interruption settlements	(1)	1	—	—	(12)	12	—	—
Total expenses	1,127	(87)	(200)	840	1,151	(88)	(210)	853
Operating Profit - Comparable Hotel EBITDA	$ 127	$ (31)	$ 200	$ 296	$ 144	$ (41)	$ 210	$ 313

	Year-to-date ended September 30, 2017				Year-to-date ended September 30, 2016			
		Adjustments				Adjustments		
	GAAP Results	Non-comparable hotel results, net(2)	Depreciation and corporate level items	Comparable Hotel Results	GAAP Results	Non-comparable hotel results, net(2)	Depreciation and corporate level items	Comparable Hotel Results
Revenues								
Room	$ 2,643	$ (244)	$ —	$ 2,399	$ 2,655	$ (275)	$ —	$ 2,380
Food and beverage	1,152	(133)	—	1,019	1,183	(148)	—	1,035
Other	248	(45)	—	203	255	(54)	—	201
Total revenues	4,043	(422)	—	3,621	4,093	(477)	—	3,616
Expenses								
Room	676	(58)	—	618	674	(68)	—	606
Food and beverage	794	(90)	—	704	830	(104)	—	726
Other	1,424	(140)	—	1,284	1,447	(173)	—	1,274
Depreciation and amortization	534	—	(534)	—	541	—	(541)	—
Corporate and other expenses	79	—	(79)	—	82	—	(82)	—
Gain on insurance and business interruption settlements	(6)	6	—	—	(15)	15	—	—
Total expenses	3,501	(282)	(613)	2,606	3,559	(330)	(623)	2,606
Operating Profit - Comparable Hotel EBITDA	$ 542	$ (140)	$ 613	$ 1,015	$ 534	$ (147)	$ 623	$ 1,010

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(1) Profit margins are calculated by dividing the applicable operating profit by the related revenue amount. GAAP operating profit margins are calculated using amounts presented in the consolidated statements of operations. Comparable hotel margins are calculated using amounts presented in the above tables.

(2) Non-comparable hotel results, net, includes the following items: (i) the results of operations of our non-comparable hotels and sold hotels, which operations are included in our consolidated statements of operations as continuing operations, (ii) gains on insurance settlements and business interruption proceeds, and (iii) the results of our office spaces and other non-hotel income.

Item 3.Quantitative and Qualitative Disclosures about Market Risk

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

Interest Rate Sensitivity

As of September 30, 2017 and December 31, 2016, 70% and 65%, respectively, of our outstanding debt bore interest at fixed rates. To manage interest rate risk applicable to our debt, we may enter into interest rate swaps or caps. The interest rate derivatives into which we enter are strictly to hedge interest rate risk, and are not for trading purposes. The percentages above reflect the effect of any derivatives into which we have entered to manage interest rate risk. No interest rate hedging transactions were entered into during the first three quarters of 2017. See Item 7A of our most recent Annual Report on Form 10–K and Note 8 – "Fair Value Measurements" in this quarterly report.

Exchange Rate Sensitivity

As we have operations outside of the United States (specifically, the ownership of hotels in Brazil, Canada and Mexico and our minority investments in the Euro JV and a joint venture in India), currency exchange risks arise in the normal course of our business. To manage the currency exchange risk, we may enter into forward or option contracts or hedge our investment through the issuance of foreign currency denominated debt. We have three foreign currency forward sale contracts for a total notional amount of $70 million. No forward purchase contracts were entered into during the first three quarters of 2017.

The foreign currency exchange agreements into which we have entered are strictly to hedge foreign currency risk and not for trading purposes. In addition to the forward sales contracts, we have designated $128 million of the foreign currency draws on our credit facility as hedges of net investments in foreign operations. As a result, currency translation adjustments in the designated credit facility draws are recorded to other comprehensive income (loss), which adjustments offset a portion of the translation adjustment related to our international investments.

See Item 7A of our most recent Annual Report on Form 10-K and Note 8 – "Fair Value Measurements" in this quarterly report.

Item 4.Controls and Procedures

Controls and Procedures (Host Hotels & Resorts, Inc.)

Disclosure Controls and Procedures

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

Changes to Internal Control over Financial Reporting

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

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

Disclosure Controls and Procedures

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

Changes to Internal Control over Financial Reporting

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

PART II. OTHER INFORMATION

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

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

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

Period	Total Number of Host Inc. Common Shares Purchased	Average Price Paid per Common Share	Total Number of Common Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Common Shares that May Yet Be Purchased Under the Plans or Programs (in millions)
July 1, 2017 – July 31, 2017	—	$ —	—	$ 500
August 1, 2017 – August 31, 2017	—	—	—	500
September 1, 2017 – September 30, 2017	—	—	—	500
Total	—	$ —	—	$ 500

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

Period	Total Number of OP Units Purchased	Average Price Paid per Unit	Total Number of OP Units Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Units that May Yet Be Purchased Under the Plans or Programs (in millions)
July 1, 2017 – July 31, 2017	37,035*	1.021494 shares of Host Hotels & Resorts, Inc. common stock	—	—
August 1, 2017 – August 31, 2017	2,879*	1.021494 shares of Host Hotels & Resorts, Inc. common stock	—	—
September 1, 2017 – September 30, 2017	13,055*	1.021494 shares of Host Hotels & Resorts, Inc. common stock	—	—
Total	52,969*		—	—

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

Issuer Sales of Unregistered Securities (Host Hotels & Resorts, Inc.)

On July 5, 2017, Host Inc. issued 15,322 shares of common stock to Fidelity Investments Charitable Gift Fund in exchange for 15,000 OP units of Host L.P. held by Fidelity Investments Charitable Gift Fund. All shares were issued pursuant to the private placement exemption from registration provided by Section 4(2) of the Securities Act. The number of shares issued was based on the current conversion factor of 1.021494 common shares per OP unit.

Item 6.Exhibits

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

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

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

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

Exhibit No.	Description
10	**Material Contracts**
10.1	Form of Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.1 to Host Hotels & Resorts, Inc. and Host Hotels & Resorts, L.P. Current Report on Form 8-K, filed July 21, 2017).
12	**Statements re Computation of Ratios**
12.1*	Computation of Ratios of Earnings to Fixed Charges for Host Hotels & Resorts, Inc.
12.2*	Computation of Ratios of Earnings to Fixed Charges for Host Hotels & Resorts, L.P.
31	**Rule 13a-14(a)/15d-14(a) Certifications**
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Host Hotels & Resorts, Inc.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Host Hotels & Resorts, Inc.
31.3*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Host Hotels & Resorts, L.P.
31.4*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Host Hotels & Resorts, L.P.
32	**Section 1350 Certifications**
32.1†*	Certificate of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002 for Host Hotels & Resorts, Inc.
32.2†*	Certificate of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002 for Host Hotels & Resorts, L.P.
101	**XBRL**
101.INS	XBRL Instance Document. *Submitted electronically with this report.*
101.SCH	XBRL Taxonomy Extension Schema Document. *Submitted electronically with this report.*
101.CAL	XBRL Taxonomy Calculation Linkbase Document. *Submitted electronically with this report.*

Exhibit No.	Description
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document. *Submitted electronically with this report.*
101.LAB	XBRL Taxonomy Label Linkbase Document. *Submitted electronically with this report.*
101.PRE	XBRL Taxonomy Presentation Linkbase Document. *Submitted electronically with this report.*

Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Operations for the Quarter and Year-to-date ended September 30, 2017 and 2016, respectively, for Host Hotels & Resorts, Inc.; (ii) the Condensed Consolidated Balance Sheets at September 30, 2017 and December 31, 2016, respectively, for Host Hotels & Resorts, Inc.; (iii) the Condensed Consolidated Statements of Comprehensive Income (Loss) for the Quarter and Year-to-date ended September 30, 2017 and 2016, respectively, for Host Hotels & Resorts, Inc.; (iv) the Condensed Consolidated Statements of Cash Flows for the Year-to-date ended September 30, 2017 and 2016, respectively, for Host Hotels & Resorts, Inc. (v) the Condensed Consolidated Statements of Operations for the Quarter and Year-to-date ended September 30, 2017 and 2016, respectively, for Host Hotels & Resorts, L.P.; (vi) the Condensed Consolidated Balance Sheets at September 30, 2017 and December 31, 2016, respectively, for Host Hotels & Resorts, L.P.; (vii) the Condensed Consolidated Statements of Comprehensive Income (Loss) for the Quarter and Year-to-date ended September 30, 2017 and 2016, respectively, for Host Hotels & Resorts, L.P.; (viii) the Condensed Consolidated Statements of Cash Flows for the Year-to-date ended September 30, 2017 and 2016, respectively, for Host Hotels & Resorts, L.P.; and (ix) Notes to Condensed Consolidated Financial Statements that have been detail tagged.

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* Filed herewith.

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

SIGNATURES

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

HOST HOTELS & RESORTS, INC.

November 2, 2017

/s/ BRIAN G. MACNAMARA

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

SIGNATURES

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

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

November 2, 2017

/S/ BRIAN G. MACNAMARA

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

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

	Year-to-date ended September 30,	
	2017	**2016**
Income from continuing operations before income taxes	$ 541	$ 685
Add (deduct):		
Fixed charges	147	138
Capitalized interest	(1)	(2)
Amortization of capitalized interest	6	6
Equity in earnings related to equity method investees	(19)	(19)
Distributions from investments in affiliates	14	20
Adjusted earnings	$ 688	$ 828
Fixed charges:		
Interest on indebtedness and amortization of deferred financing costs	$ 125	$ 116
Capitalized interest	1	2
Portion of rents representative of the interest factor	21	20
Total fixed charges	$ 147	$ 138
Ratio of earnings to fixed charges	4.7	6.0

Exhibit 12.2

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

	Year-to-date ended September 30,	
	2017	**2016**
Income from continuing operations before income taxes	$ 541	$ 685
Add (deduct):		
Fixed charges	147	138
Capitalized interest	(1)	(2)
Amortization of capitalized interest	6	6
Equity in earnings related to equity method investees	(19)	(19)
Distributions from investments in affiliates	14	20
Adjusted earnings	$ 688	$ 828
Fixed charges:		
Interest on indebtedness and amortization of deferred financing costs	$ 125	$ 116
Capitalized interest	1	2
Portion of rents representative of the interest factor	21	20
Total fixed charges	$ 147	$ 138
Ratio of earnings to fixed charges	4.7	6.0

Exhibit 31.1

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

I, James F. Risoleo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Host Hotels & Resorts, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 2, 2017

/s/ JAMES F. RISOLEO

James F. Risoleo
President, Chief Executive Officer

Exhibit 31.2

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

I, Gregory J. Larson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Host Hotels & Resorts, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 2, 2017

/s/ GREGORY J. LARSON

Gregory J. Larson
Executive Vice President, Chief Financial Officer

Exhibit 31.3

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

I, James F. Risoleo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Host Hotels & Resorts, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 2, 2017

By: /s/ JAMES F. RISOLEO

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

Exhibit 31.4

<u>Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>

I, Gregory J. Larson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Host Hotels & Resorts, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 2, 2017

/s/ GREGORY J. LARSON

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

Exhibit 32.1

<u>Section 906 Certification</u>

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

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

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2017 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Dated: November 2, 2017

/s/ JAMES F. RISOLEO

James F. Risoleo
Chief Executive Officer

/s/ GREGORY J. LARSON

Gregory J. Larson
Chief Financial Officer

Section 906 Certification

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

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

(i) the accompanying Quarterly Report on Form 10-Q of Host Hotels & Resorts, L.P. for the period ended September 30, 2017 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

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

Dated: November 2, 2017

/s/ JAMES F. RISOLEO

James F. Risoleo
Chief Executive Officer of Host Hotels & Resorts, Inc.

/s/ GREGORY J. LARSON

Gregory J. Larson
Chief Financial Officer of Host Hotels & Resorts, Inc.