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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 18, 2010

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.
(Exact name of registrant as specified in its charter)

Maryland	**53-0085950**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
6903 Rockledge Drive, Suite 1500, Bethesda, Maryland	**20817**
(Address of principal executive offices)	**(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. ☒ 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The registrant had 658,357,736 shares of its $0.01 par value common stock outstanding as of July 22, 2010.

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CONDENSED CONSOLIDATED BALANCE SHEETS
June 18, 2010 and December 31, 2009
(in millions, except share and per share amounts)

	June 18, 2010 (unaudited)	December 31, 2009
ASSETS		
Property and equipment, net	$ 10,054	$ 10,231
Assets held for sale	—	8
Due from managers	54	29
Investments in affiliates	135	153
Deferred financing costs, net	43	49
Furniture, fixtures and equipment replacement fund	146	124
Other	311	266
Restricted cash	43	53
Cash and cash equivalents	1,171	1,642
Total assets	$ 11,957	$ 12,555
LIABILITIES, NON-CONTROLLING INTERESTS AND EQUITY		
Debt		
Senior notes, including $1,139 million and $1,123 million, respectively, net of discount, of Exchangeable Senior Debentures	$ 4,207	$ 4,534
Mortgage debt	1,102	1,217
Other	86	86
Total debt	5,395	5,837
Accounts payable and accrued expenses	153	174
Other	190	194
Total liabilities	5,738	6,205
Non-controlling interests - Host Hotels & Resorts, L.P.	169	139
Host Hotels & Resorts Inc. stockholders' equity:		
Cumulative redeemable preferred stock (liquidation preference $0 and $100 million, respectively) 50 million shares authorized; 0 and 4 million shares issued and outstanding, respectively	—	97
Common stock, par value $.01, 1,050 million shares authorized; 652.5 million shares and 646.3 million shares issued and outstanding, respectively	7	6
Additional paid-in capital	6,907	6,875
Accumulated other comprehensive income	2	12
Deficit	(887)	(801)
Total equity of Host Hotels & Resorts, Inc. stockholders	6,029	6,189
Non-controlling interests—other consolidated partnerships	21	22
Total equity	6,050	6,211
Total liabilities, non-controlling interests and equity	$ 11,957	$ 12,555

See notes to condensed consolidated statements.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Quarter and Year-to-date Ended June 18, 2010 and June 19, 2009
(unaudited, in millions, except per share amounts)

	Quarter ended		Year-to-date ended	
	June 18, 2010	June 19, 2009	June 18, 2010	June 19, 2009
REVENUES				
Rooms	$ 672	$ 622	$1,156	$1,122
Food and beverage	343	318	595	584
Other	72	86	129	155
Total hotel sales	1,087	1,026	1,880	1,861
Rental income	27	25	57	54
Total revenues	1,114	1,051	1,937	1,915
EXPENSES				
Rooms	178	164	319	298
Food and beverage	241	228	428	424
Other departmental and support expenses	279	265	501	496
Management fees	47	41	75	73
Other property-level expenses	96	95	181	176
Depreciation and amortization	139	137	275	292
Corporate and other expenses	24	17	49	32
Total operating costs and expenses	1,004	947	1,828	1,791
OPERATING PROFIT	110	104	109	124
Interest income	1	2	2	4
Interest expense	(82)	(82)	(179)	(169)
Net gains on property transactions and other	—	1	—	2
Gain (loss) on foreign currency transactions and derivatives	(3)	6	(5)	4
Equity in losses of affiliates	—	(32)	(5)	(34)
INCOME (LOSS) BEFORE INCOME TAXES	26	(1)	(78)	(69)
Benefit (provision) for income taxes	(6)	(10)	16	4
INCOME (LOSS) FROM CONTINUING OPERATIONS	20	(11)	(62)	(65)
Loss from discontinued operations, net of tax.	—	(58)	(2)	(64)
NET INCOME (LOSS)	20	(69)	(64)	(129)
Less: Net (income) loss attributable to non-controlling interests	(1)	1	(1)	2
NET INCOME (LOSS) ATTRIBUTABLE TO HOST HOTELS & RESORTS, INC.	19	(68)	(65)	(127)
Less: Dividends on preferred stock	(2)	(2)	(4)	(4)
Issuance costs of redeemed preferred stock	(4)	—	(4)	—
NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS	$ 13	$ (70)	$ (73)	$ (131)
Basic and diluted earnings (loss) per common share:				
Continuing operations	$ .02	$ (.02)	$ (.11)	$ (.12)
Discontinued operations	—	(.10)	—	(.12)
Basic and diluted earnings (loss) per common share	$ .02	$ (.12)	$ (.11)	$ (.24)

See notes to condensed consolidated statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Year-to-date Ended June 18, 2010 and June 19, 2009
(unaudited, in millions)

	Year-to-date ended	
	June 18, 2010	June 19, 2009
OPERATING ACTIVITIES		
Net loss	$ (64)	$ (129)
Adjustments to reconcile to cash provided by operations:		
Discontinued operations:		
(Gain) loss on dispositions	1	(18)
Depreciation	—	85
Depreciation and amortization	275	292
Amortization of deferred financing costs	6	6
Amortization of debt premiums/discounts, net	16	15
Deferred income taxes	(17)	(7)
Net gains on property transactions and other	—	(2)
(Gain) loss on foreign currency transactions and derivatives	5	(4)
Non-cash loss (gain) on extinguishment of debt	2	(3)
Equity in losses of affiliates, net	5	34
Distributions from equity investments	2	1
Change in due from managers	(25)	(19)
Changes in other assets	34	6
Changes in other liabilities	(21)	(2)
Cash provided by operations	219	255
INVESTING ACTIVITIES		
Proceeds from sales of assets, net	12	108
Return of capital from investments in affiliates	—	39
Note receivable	(53)	—
Capital expenditures:		
Renewals and replacements	(67)	(91)
Repositionings and other investments	(33)	(101)
Change in furniture, fixtures and equipment (FF&E) replacement fund	(22)	(2)
Change in FF&E replacement funds designated as restricted cash	5	(4)
Cash used in investing activities	(158)	(51)
FINANCING ACTIVITIES		
Financing costs	—	(10)
Issuances of debt	—	506
Repayment on credit facility	—	(200)
Repurchase/redemption of senior notes, including exchangeable debentures	(346)	(69)
Mortgage debt prepayments and scheduled maturities	(124)	(34)
Scheduled principal repayments	(5)	(7)
Common stock issuance	55	480
Redemption of preferred stock	(101)	—
Dividends on common stock	(7)	(26)
Dividends on preferred stock	(6)	(4)
Distributions to non-controlling interests	(3)	(3)
Change in restricted cash other than FF&E replacement fund	5	1
Cash provided by (used in) financing activities	(532)	634
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(471)	838
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,642	508
CASH AND CASH EQUIVALENTS, END OF PERIOD	$1,171	$1,346

See notes to condensed consolidated statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Year-to-date Ended June 18, 2010 and June 19, 2009
(unaudited)

Supplemental disclosure of cash flow information (in millions):

	Year-to-date ended	
	June 18, 2010	June 19, 2009
Interest paid	$ 163	$ 168
Income taxes paid	3	4

Supplemental disclosure of noncash investing and financing activities:

For the year-to-date periods ended June 18, 2010 and June 19, 2009, we issued approximately 1.0 million shares and 3.3 million shares, respectively, upon the conversion of operating partnership units, or OP Units, of Host Hotels & Resorts, L.P. (“Host LP”), held by non-controlling partners valued at approximately $12 million and $17 million, respectively.

See notes to condensed consolidated statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization

Host Hotels & Resorts, Inc., or Host, a Maryland corporation operating through an umbrella partnership structure, is the owner of hotel properties. We operate as a self-managed and self-administered real estate investment trust, or REIT, with our operations conducted solely through an operating partnership, Host Hotels & Resorts, L.P., or the operating partnership, or Host LP, and its subsidiaries. We are the sole general partner of the operating partnership and, as of June 18, 2010, own approximately 98% of the partnership interests of Host LP, which are referred to as OP units.

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 U.S. generally accepted accounting principles, or GAAP, in the accompanying unaudited condensed consolidated financial statements. We believe the disclosures made are adequate to prevent the information presented from being misleading. However, the unaudited condensed consolidated 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, 2009.

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 June 18, 2010 and the results of our operations for the quarterly and year-to-date periods ended June 18, 2010 and June 19, 2009 and cash flows for the year-to-date periods ended June 18, 2010 and June 19, 2009. Interim results are not necessarily indicative of full year performance because of the impact of seasonal and short-term variations.

Business Combinations

In conjunction with business combinations, we record the assets acquired, liabilities assumed and non-controlling interests at fair value as of the acquisition date, including contingent consideration. Furthermore, acquisition-related costs, such as due diligence, legal and accounting fees, are expensed in the period incurred and are not capitalized or applied in determining the fair value of the acquired assets.

Consolidation of Variable Interest Entities

We review all of our non-wholly owned entities to determine whether any of our interests constitute controlling financial interests in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has both of the following characteristics:

a. The power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance.

b. The obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity.

Additionally, an enterprise is required to assess whether it has an implicit financial responsibility to ensure that a variable interest entity operates as designed when determining whether it has the power to direct the activities of the variable interest entity that most significantly impact the entity's economic performance. We perform this analysis on at least a quarterly basis, or more frequently if changes occur in the structure or control of our partnerships. We have evaluated our interests in variable interest entities for the period ended June 18, 2010 and have determined that our non-wholly owned entities are reflected properly in the financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

3. Earnings per Common Share

Basic earnings (loss) per common share is computed by dividing net income (loss) available to common stockholders by the weighted average number of shares of common stock outstanding. Diluted earnings per common share is computed by dividing net income (loss) available to common stockholders as adjusted for potentially dilutive securities, by the weighted average number of shares of common stock outstanding plus potentially dilutive securities. Dilutive securities may include shares granted under comprehensive stock plans, OP units held by non-controlling partners and exchangeable debt securities. No effect is shown for securities that are anti-dilutive.

	Quarter ended		Year-to-date ended	
	June 18, 2010	June 19, 2009	June 18, 2010	June 19, 2009
	(in millions, except per share amounts)			
Net income (loss)	$ 20	$ (69)	$ (64)	$ (129)
Net (income) loss attributable to non-controlling interests	(1)	1	(1)	2
Dividends on preferred stock	(2)	(2)	(4)	(4)
Issuance costs of redeemed preferred stock (a)	(4)	—	(4)	—
Income (loss) available to common stockholders	13	(70)	(73)	(131)
Assuming deduction of gain recognized for the repurchase of 2004 Debentures (b)	—	—	—	(2)
Diluted income (loss) available to common stockholders	$ 13	$ (70)	$ (73)	$ (133)
Basic weighted average shares outstanding	652.5	575.0	650.3	550.3
Diluted weighted average shares outstanding	654.1	575.0	650.3	552.2
Basic and diluted earnings (loss) per share	$ .02	$ (.12)	$ (.11)	$ (.24)

(a) Represents the original issuance costs associated with the Class E preferred stock, which were redeemed during the second quarter 2010.

(b) During the first quarter of 2009, we repurchased $75 million face amount of our 3 1/4% Exchangeable Senior Debentures (the “2004 Debentures”) with a carrying value of $72 million for $69 million. The adjustments to dilutive earnings per common share include the $3 million gain, net of interest expense on the repurchased debentures.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

4. Property and Equipment

Property and equipment consists of the following as of:

	June 18, 2010	December 31, 2009
	(in millions)	
Land and land improvements	$ 1,571	$ 1,574
Buildings and leasehold improvements	11,561	11,502
Furniture and equipment	1,821	1,794
Construction in progress	87	104
	15,040	14,974
Less accumulated depreciation and amortization	(4,986)	(4,743)
	$10,054	$ 10,231

5. Debt

Exchangeable Senior Debentures. The initial put date for our 2004 Debentures was April 15, 2010. At that time, the holders had the right to require us to purchase the 2004 Debentures at a price equal to 100% of the principal amount outstanding plus accrued interest. None of the 2004 Debentures were validly tendered pursuant to the put option. Therefore, the $325 million aggregate principal amount of the 2004 Debentures remains outstanding. We currently may redeem for cash all, or part of, the 2004 Debentures upon a 30 day notice to the holders. If, at any time, we elect to redeem the 2004 Debentures and the exchange value exceeds the cash redemption price, we would expect the holders to elect to redeem the 2004 Debentures for stock rather than receive the cash redemption price. The next put option for holders of the 2004 Debentures is April 15, 2014.

6. Stockholder's Equity

Dividends. On June 18, 2010, our Board of Directors declared a dividend of $0.01 per share on our common stock. The dividend was paid on July 15, 2010 to stockholders of record as of June 30, 2010.

Preferred Stock Redemption. On June 18, 2010, we redeemed 4,034,300 shares of our 8 7/8% Class E cumulative redeemable preferred stock at a redemption price of $25.00 per share, plus accrued dividends. The original issuance costs for the Class E preferred stock are treated as a deemed dividend in the condensed consolidated statement of operations and have been reflected as a deduction to net income available to common stockholders for the purpose of calculating our basic and diluted earnings per share. As a result of the redemption, no classes of preferred stock are outstanding.

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

	Host Hotels & Resorts, Inc.	Non-redeemable non-controlling interests	Total equity	Redeemable non-controlling interests
Balance, December 31, 2009	$ 6,189	$ 22	$ 6,211	$ 139
Net income (loss)	(65)	2	(63)	(1)
Issuance of common stock	55	—	55	—
Redemption of preferred stock	(101)	—	(101)	—
Other changes in ownership	(39)	(3)	(42)	31
Other comprehensive income (loss) (note 8)	(10)	—	(10)	—
Balance, June 18, 2010	$ 6,029	$ 21	$ 6,050	$ 169

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

	Host Hotels & Resorts, Inc.	Non-redeemable non-controlling interests	Total equity	Redeemable non-controlling interests
Balance, December 31, 2008	$ 5,590	$ 24	$ 5,614	$ 158
Net income (loss)	(127)	1	(126)	(3)
Issuance of common stock	480	—	480	—
Other changes in ownership	44	(2)	42	(40)
Other comprehensive income (loss) (note 8)	(3)	—	(3)	—
Balance, June 19, 2009	$ 5,984	$ 23	$ 6,007	$ 115

7. Geographic Information

We consider each one 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 our leased hotels and office buildings) are immaterial and meet the aggregation criteria, and thus, we report one segment: hotel ownership. Our foreign operations consist of four properties located in Canada, two properties located in Chile and one property located in Mexico. There were no intercompany sales during the periods presented. The following table presents total revenues for each of the geographical areas in which we operate:

	Quarter ended		Year-to-date ended	
	June 18, 2010	June 19, 2009	June 18, 2010	June 19, 2009
	(in millions)			
United States	$1,074	$1,019	$1,869	$1,858
Canada	28	22	49	41
Chile	7	7	11	10
Mexico	5	3	8	6
Total revenue	$1,114	$1,051	$1,937	$1,915

8. Comprehensive Income

Other comprehensive income consists of unrealized gains and losses on foreign currency translation adjustments and hedging instruments.

The following table presents comprehensive income for all periods presented:

	Quarter ended		Year-to-date ended	
	June 18, 2010	June 19, 2009	June 18, 2010	June 19, 2009
	(in millions)			
Net income (loss)	$ 20	$ (69)	$ (64)	$ (129)
Other comprehensive loss	(7)	—	(10)	(3)
Comprehensive income (loss)	13	(69)	(74)	(132)
Comprehensive (income) loss attributable to the non-controlling interests	(1)	1	(1)	2
Comprehensive income (loss) attributable to Host Hotels & Resorts, Inc.	$ 12	$ (68)	$ (75)	$ (130)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

9. Dispositions

Dispositions. We have disposed of two hotels in 2010 for net proceeds of approximately $12 million. The following table summarizes the revenues, income (loss) before taxes, and the gain (loss) on dispositions, net of income tax, of the hotels which have been included in discontinued operations for all periods presented:

	Quarter ended		Year-to-date ended	
	June 18, 2010	June 19, 2009	June 18, 2010	June 19, 2009
	(in millions)			
Revenues	$ 3	$ 25	$ 5	$ 47
Income (loss) before income taxes	—	(57)	(2)	(81)
Gain (loss) on dispositions, net of tax	(1)	(1)	(1)	17

Net income attributable to Host Hotels & Resorts, Inc. is allocated between continuing and discontinued operations as follows:

	Quarter ended		Year-to-date ended	
	June 18, 2010	June 19, 2009	June 18, 2010	June 19, 2009
	(in millions)			
Income (loss) from continuing operations, net of tax	$ 19	$ (10)	$ (63)	$ (63)
Discontinued operations, net of tax	—	(58)	(2)	(64)
Net income (loss) attributable to Host Hotels & Resorts, Inc.	$ 19	$ (68)	$ (65)	$ (127)

10. Fair Value Measurements

We have adopted the provisions under GAAP for both recurring and non-recurring fair value measurements. Our recurring fair value measurements consist of the valuation of our derivative instruments, which may or may not be designated as accounting hedges.

In evaluating the fair value of both financial and non-financial assets and liabilities, GAAP outlines a valuation framework and creates a fair value hierarchy that distinguishes between market assumptions based on market data (observable inputs) and a reporting entity's own assumptions about market data (unobservable inputs). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability at the measurement date in an orderly transaction (an exit price).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The following table details the fair value of our financial assets and liabilities that are required to be measured at fair value on a recurring basis and the change in the fair value of the derivative instruments at June 18, 2010.

	Fair Value at Measurement Date Using			Change in the Fair Value for the year-to-date period ended June 18, 2010
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
		(in millions)		
Fair Value Measurements on a Recurring Basis:				
Interest rate swap derivatives (1)	$ —	$ 7.9	$ —	$ 8.9
Interest rate cap derivative	—	0.4	—	(1.4)
Forward currency purchase contracts (1)	—	12.2	—	10.5

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

Interest Rate Swap Derivatives. We have three interest rate swap agreements for an aggregate notional amount of $300 million. We entered into these derivative instruments in order to hedge changes in the fair value of the fixed-rate debt that occur as a result of changes in market interest rates. We have designated these derivatives as fair value hedges. The derivatives are valued based on the prevailing market yield curve on the date of measurement. We also evaluate counterparty credit risk in the calculation of the fair value of the swaps. As of June 18, 2010 and December 31, 2009, we recorded an asset of $7.9 million and a liability of $1 million, respectively, related to the fair value of the swaps. We record the change in the fair value of the underlying debt due to change in the LIBOR rate as an addition to the carrying amount of the debt. At June 18, 2010, such change was $9.7 million. The difference between the change in the fair value of the swap and the change in the fair value in the underlying debt is considered the ineffective portion of the hedging relationship. We recognized a loss of $0.5 million and $0.8 million related to the ineffective portion of the hedging relationship for the second quarter and year-to-date 2010, respectively.

Interest Rate Cap Derivative. We have one interest rate cap agreement related to variable rate mortgage debt. The interest rate cap is valued based on the prevailing market yield curve on the date of measurement. We recognized a loss of $0.6 million and $1.4 million based on the changes in the fair value of the derivative during the second quarter and year-to-date 2010, respectively. The fair value of the cap was $0.4 million and $1.8 million at June 18, 2010 and December 31, 2009, respectively. Changes in the fair value of these instruments are recorded in gain (loss) on foreign currency and derivatives.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Foreign Currency Forward Purchase Contracts. As of June 18, 2010, we had three foreign currency forward purchase contracts to hedge a portion of the foreign currency exposure resulting from the eventual repatriation of our net investment in the European joint venture. These derivatives are considered a hedge of the foreign currency exposure of a net investment in a foreign operation and are marked-to-market with changes in fair value recorded to accumulated other comprehensive income within equity. The forward purchase contracts are valued based on the forward yield curve of the Euro to U.S. Dollar forward exchange rate on the date of measurement. We also evaluate counterparty credit risk in the calculation of the fair value of the swaps. The following table summarizes our three foreign currency purchase contracts (in millions):

Transaction Date	Transaction Amount in Euros	Transaction Amount in Dollars	Forward Purchase Date	Fair Value at June 18, 2010	Fair Value at December 31, 2009	Change in Fair Value for the period ended June 18, 2010	Change in Fair Value for the period ended June 19, 2009
February 2008	€ 30	$ 43	August 2011	$ 5.4	$ (.1)	$ 5.5	$ (1.0)
February 2008	15	22	February 2013	3.1	.7	2.4	(.8)
May 2008	15	23	May 2014	3.7	1.1	2.6	(1.1)
Total	€ 60	$ 88		$ 12.2	$ 1.7	$ 10.5	$ (2.9)

On July 9, 2010, we entered into an additional €20 million ($26 million) forward purchase contract to hedge a portion of the foreign currency exposure resulting from the eventual repatriation of our net investment in the European joint venture. We will sell the Euro amount and receive the U.S. dollar amount on the forward purchase date of October 1, 2014. To date, we have hedged €80 million ($114 million) of our net investment in the European joint venture.

Fair Value of Other Financial Assets and Liabilities. We did not elect the fair measurement option for any of our other financial assets or liabilities. Notes receivable and other financial assets are valued based on the expected future cash flows discounted at risk-adjusted rates and are adjusted to reflect the effects of foreign currency translation. Valuations for secured debt and our credit facility are determined based on the expected future payments discounted at risk-adjusted rates. Senior notes and the Exchangeable Senior Debentures 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 assets and liabilities and other financial instruments are shown below:

	June 18, 2010		December 31, 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in millions)			
Financial assets				
Notes receivable	$ 56	$ 56	$ 11	$ 11
Financial liabilities				
Senior notes	3,068	3,105	3,411	3,473
Exchangeable Senior Debentures	1,139	1,352	1,123	1,246
Mortgage debt and other, net of capital leases	1,187	1,190	1,303	1,269

11. Non-controlling Interests

Host LP. We adjust the non-controlling interests of Host LP each period so that the amount presented equals the greater of its carrying value based on the 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 LP. The redemption value is based on the amount of cash or Host common stock, at our option, that would be paid to the non-controlling interests of the operating partnership if the partnership were terminated. Therefore, we have assumed that the redemption value is equivalent to the number of shares of Host common stock issuable upon conversion of the OP Units owned by non-controlling partners valued at the market price of Host common stock at the balance sheet date. Subsequent to a stock dividend issued in 2009, one OP unit may now be exchanged into 1.021494 shares of

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Host common stock. Non-controlling interests of Host LP are classified in the mezzanine section of the balance sheet 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:

	June 18, 2010	December 31, 2009
OP Units outstanding (millions)	10.7	11.7
Market price per Host common share	$ 15.51	$ 11.67
Shares issuable upon conversion of one OP Unit	1.021494	1.021494
Redemption value (millions)	$ 169	$ 139
Historical cost (millions)	$ 102	$ 113
Book value (millions) (1)	$ 169	$ 139

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

Net income (loss) is allocated to the non-controlling interests of Host LP based on their weighted average ownership percentage during the period.

Other Consolidated Partnerships. As of June 18, 2010, we consolidate three majority-owned partnerships with mandatorily redeemable non-controlling interests with finite lives ranging from 99 to 100 years that terminate between 2081 and 2095. Third party partnership interests that have finite lives are included in non-controlling interests-other consolidated partnerships in the consolidated balance sheets and totaled $21 million and $22 million as of June 18, 2010 and December 31, 2009, respectively. At June 18, 2010 and December 31, 2009, the fair values of the non-controlling interests in these partnerships were approximately $55 million and $44 million, respectively. As of June 18, 2010, none of our partnerships have infinite lives as defined by GAAP.

12. Note Receivable

On April 13, 2010, we acquired, at a discount, the two most junior tranches of a €427 million mortgage loan that is secured by six hotels located in Europe. The two junior tranches purchased by us have a face value of €64 million and are subordinate to €363 million of senior debt. Interest payments for the tranches are based on the 90-day EURIBOR plus 303 basis points, or approximately 3.8%, and the loan is performing. The loan matures in October of 2010 and there are two, one-year extension options, subject to debt service coverage requirements. The note is denominated in the Euro, which is the functional currency of the wholly-owned entity that holds the note, and is then translated to U.S. dollars on the accompanying balance sheet. The resulting translation adjustment is reflected in accumulated other comprehensive income.

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 condensed consolidated financial statements and related notes included elsewhere in this report. Host Hotels & Resorts, Inc. is a Maryland corporation and operates as a self-managed and self-administered real estate investment trust, or REIT. Host Hotels & Resorts, Inc. owns properties and conducts operations through Host Hotels & Resorts, L.P., a Delaware limited partnership, of which Host Hotels & Resorts, Inc. is the sole general partner and in which it holds approximately 98% of the partnership interests as of June 18, 2010. In this report, 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" to specifically refer to Host Hotels & Resorts, Inc. and the terms "operating partnership" or "Host LP" to refer to Host Hotels & Resorts, L.P. in cases where it is important to distinguish between Host and Host LP.

Forward-Looking Statements

In this report on Form 10-Q, we make some 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. Forward-looking statements are based on management's current expectations and assumptions and are not guarantees of future performance that 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:

- national and local economic and business conditions, including the changing economic environment as well as the potential for terrorist attacks, that will affect our results of operations, occupancy rates at our hotels and the demand for hotel products and services;
- operating risks associated with the hotel business;
- risks associated with the level of our indebtedness;
- risks associated with our ability to meet covenants in our debt agreements and to enter into derivative contracts in order to hedge risks associated with changes in interest rates and foreign currency exchange rates;
- relationships with property managers and joint venture partners;
- our ability to maintain our properties in a first-class manner, including meeting capital expenditure requirements;
- our ability to compete effectively in areas such as access, location, quality of accommodations and room rate structures;
- changes in travel patterns, taxes and government regulations, which influence or determine wages, prices, construction procedures and costs;
- our ability to complete acquisitions and dispositions;
- costs associated with litigation judgments or settlements;
- the ability of Host and each of the REIT entities acquired, established or to be established by Host, to continue to satisfy complex rules to qualify as REITs for federal income tax purposes, our ability to

satisfy the rules to maintain our status as a partnership for federal income tax purposes, the ability of certain of our subsidiaries to maintain their status as taxable REIT subsidiaries for federal income tax purposes and Host's ability and the ability of its subsidiaries, and similar entities to be acquired or established by Host, to operate effectively within the limitations imposed by these rules;

- our ability to acquire or develop additional properties and the risk that potential acquisitions or developments may not perform in accordance with exceptions;
- the valuation of our hotels and the possible incurrence of impairment charges;
- our degree of leverage, which may affect our ability to obtain financing in the future;
- the reduction in our operating flexibility and our ability to make distributions resulting from restrictive covenants contained in our debt agreements, including the risk of default that could occur;
- government approvals, actions and initiatives, including the need for compliance with environmental and safety requirements, and changes in laws and regulations or the interpretation thereof;
- the effects of tax legislative action;
- the effect of any rating agency downgrades on the cost and availability of new debt financings;
- the relatively fixed nature of our property-level operating costs and expenses; and
- our ability to recover fully under our existing insurance for terrorist acts, to maintain adequate or full replacement cost "all-risk" property insurance on our properties on commercially reasonable terms and to satisfy the insurance requirements of our lenders.

We undertake no obligation to publically 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, 2009 and in other filings with the SEC. Although we believe 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. Except as otherwise required by the federal securities laws, we disclaim any obligations or undertaking to publicly release updates to any forward-looking statement contained in this report in order to conform the statement to actual results or changes in our expectations.

Outlook

We currently own 109 hotel properties, which operate primarily in the luxury and upper upscale hotel sectors. For a general overview of our business and a discussion of our reporting periods, see our most recent Annual Report on Form 10-K.

Operating Outlook. The positive trends that we began to experience in the first quarter of 2010 continued to improve in the second quarter as RevPAR at our comparable hotels increased 8.1% for the quarter. The RevPAR growth was driven by an increase of 6 percentage points in occupancy for the quarter, which reflects strong transient demand and improvements in corporate group business. We also experienced an increase of 2.8% in the average rate for our transient business, the first such rate increase since the second quarter of 2008, though overall average room rates declined 0.7% for the quarter. The improvement in transient average rates during the quarter reflects our managers' ability to shift business away from the discounted leisure business to more profitable premium and corporate transient business as lodging fundamentals have improved. Meanwhile, while overall group demand and booking pace has improved, we continue to experience shorter booking windows than we have historically. Year-to-date, comparable hotel RevPAR is up 3.5%.

RevPAR changes that are driven predominately by occupancy have different implications on overall revenue levels, as well as incremental operating profit, than do changes that are driven predominately by average rate. For example, increases in occupancy would lead to increases in rooms revenues and ancillary revenues, such as food and beverage, as well as incremental costs (including housekeeping services, utilities and room amenity costs). RevPAR increases due to higher room rates, however, would not result in additional room-related costs. As a result, changes in RevPAR driven by increases or decreases in average room rates have a greater effect on profitability than changes in RevPAR caused by occupancy levels. Therefore, while we did have strong RevPAR growth for the quarter, we continue to experience pressure on operating margins as, to date, the RevPAR growth has been primarily driven by improvements in occupancy. We would not anticipate strong growth in operating margins until we experience sustained growth in average room rates at our properties. Additionally, margins continue to be affected by a decline in attrition and cancellation fees, which were $16 million higher in the second quarter of 2009.

While the operating performance thus far in 2010 has been promising, there are still several trends which make the full year 2010 lodging performance difficult to forecast. Optimism over projected increases in GDP and consumer spending is tempered by persistently high unemployment and uncertainty in the strength and duration of the general economic recovery, particularly as the European debt crisis unfolds and economic stimulus programs come to an end, all of which may inhibit GDP growth and, in turn, lodging demand. However, after taking into account the combination of the economic and lodging industry trends discussed above, we believe that comparable hotel RevPAR will increase 4% to 5.5% for 2010.

Investing activities outlook

Property acquisitions. Subsequent to quarter end, we have acquired, or reached an agreement to acquire, the following lodging properties in New York, Chicago and London:

- On July 14, 2010, we participated in a settlement agreement with the owner of the W New York – Union Square and the property's mezzanine lenders under which the hotel owner will be acquired by a venture led by us and in which Istithmar World will be a minority member. The hotel is located amongst several of New York's most prominent business and leisure destinations and has over 7,000 square feet of meeting space. Closing is anticipated in September of 2010 and is subject to bankruptcy court approval.
- On July 20, 2010, we reached an agreement to acquire the 424-room Westin Chicago River North for approximately $165 million. The hotel is located in Chicago's theater and financial district and has approximately 28,000 square feet of meeting space. We expect to complete this acquisition, which is subject to customary closing conditions, in August of 2010.
- On July 22, 2010, we acquired the Le Meridien Piccadilly in London, England at a purchase price of approximately £64 million ($98 million), including the assumption of a £33 million ($50 million) mortgage. The 266-room hotel is located in the West End district of London, with 12,000 square feet of meeting space as well as an extensive health club.

We may acquire properties through various structures, including transactions involving single assets, portfolios, joint ventures or acquisitions of all or substantially all of the securities or assets of other REITs or similar real estate entities. We anticipate that our acquisitions will be financed through available cash or a combination of cash and other sources, including proceeds from sales of properties, the incurrence of debt, advances under our credit facility, proceeds from equity offerings of Host or issuance of OP units by Host LP.

Other investments. On July 20, 2010, our joint venture in Asia, Asia Pacific Hospitality Venture Pte., Ltd. (the "Asian joint venture"), in which we are a 25% partner, reached an agreement with Accor and InterGlobe to develop seven properties totaling approximately 1,750 rooms for a total cost of approximately $325 million in three major cities in India; Bangalore, Chennai and Delhi (the "Indian joint venture"). The Asian joint venture will invest approximately $50 million to acquire approximately 36% of the interest in the Indian joint venture. The properties will be managed by Accor under the Pullman, Novotel and Ibis brands. Development of the properties is underway, and the first hotel is expected to open in the second quarter of 2011.

On April 13, 2010, we acquired at a discount the two most junior tranches of a €427 million mortgage loan that is secured by six hotels located in Europe. The two junior tranches have a face value of €64 million and are subordinate to €363 million of senior debt. The interest payments due on the note are based on the 90-day EURIBOR plus 303 basis points, or currently approximately 3.8%.

Capital expenditures. For 2010, we intend to renovate approximately 5,300 guest rooms, 181,000 square feet of ballroom and meeting space and 67,200 square feet of public space, including lobbies and restaurants. We will also develop a new 21,000 square foot ballroom at the Westin Kierland Resort & Spa. Our 2010 program includes the start of an extensive $190 million project at the 1,362-room San Diego Marriott Hotel & Marina, which will include a complete renovation of all guest rooms, the pool and fitness center, as well as the expansion and development of new meeting space and an exhibit hall. Year-to-date, we have spent $100 million on capital expenditures, including $33 million on repositioning and return on investment projects. We expect that capital expenditures will be between $300 million to $320 million during 2010.

Financing activities outlook

Debt transactions. We intend to continue to lower our debt to equity ratio as we believe lower overall leverage will reduce our cost of capital and earnings volatility and provide us with the necessary flexibility to take advantage of opportunities that have historically developed in periods of market duress, which we consider a key competitive advantage. We have repaid $470 million of debt thus far in 2010.

Equity transactions. On August 19, 2009, we entered into a Sales Agency Financing Agreement with BNY Mellon Capital Markets, LLC, through which we may issue and sell, from time to time, shares of common stock having an aggregate offering price of up to $400 million. The sales will be made in “at the market” offerings under SEC rules, including sales made directly on the New York Stock Exchange. Since the inception of the program, we have issued approximately 32.3 million shares at an average price of $10.69 per share for net proceeds of approximately $342 million. We did not issue additional shares during the second quarter of 2010. We may continue to sell shares of common stock under this program from time to time based on market conditions, although we are not under an obligation to sell any shares. We currently have approximately $54 million available for issuance under this program.

Results of Operations

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

	Quarter ended		
	June 18, 2010	June 19, 2009	% Increase (Decrease)
Revenues:			
Total hotel sales	$ 1,087	$ 1,026	5.9%
Operating costs and expenses:			
Property-level costs (1)	980	930	5.4
Corporate and other expenses	24	17	41.2
Operating profit	110	104	5.8
Interest expense	82	82	—
(Income) loss attributable to non-controlling interests	(1)	1	N/M*
Loss from discontinued operations	—	(58)	N/M
Net income (loss) attributable to Host Hotels & Resorts, Inc.	19	(68)	N/M
All hotel operating statistics (2):			
RevPAR	$129.01	$117.36	9.9%
Average room rate	$175.33	$175.24	0.1%
Average occupancy	73.6%	67.0%	6.6 pts.
Comparable hotel operating statistics (3):			
RevPAR	$129.44	$119.76	8.1%
Average room rate	$175.47	$176.64	(0.7)%
Average occupancy	73.8%	67.8%	6.0 pts.

	Year-to-date ended		
	June 18, 2010	June 19, 2009	% Increase (Decrease)
Revenues:			
Total hotel sales	$ 1,880	$ 1,861	1.0%
Operating costs and expenses:			
Property-level costs (1)	1,779	1,759	1.1
Corporate and other expenses	49	32	53.1
Operating profit	109	124	(12.1)
Interest expense	179	169	5.9
(Income) loss attributable to non-controlling interests	(1)	2	N/M
Loss from discontinued operations	(2)	(64)	N/M
Net loss attributable to Host Hotels & Resorts, Inc.	(65)	(127)	(48.8)
All hotel operating statistics (2):			
RevPAR	$119.76	$114.01	5.1%
Average room rate	$171.55	$177.83	(3.5)%
Average occupancy	69.8%	64.1%	5.7 pts.
Comparable hotel operating statistics (3):			
RevPAR	$120.23	$116.19	3.5%
Average room rate	$171.69	$179.27	(4.2)%
Average occupancy	70.0%	64.8%	5.2 pts.

(1) Amount represents total operating costs and expenses per our condensed consolidated statements of operations less corporate expenses.

(2) Operating statistics are for all properties as of June 18, 2010 and June 19, 2009, and include the results of operations for disposed hotels prior to their disposition.
(3) Comparable hotel operating statistics for June 18, 2010 and June 19, 2009 are based on 109 comparable hotels as of June 18, 2010.
* N/M=Not meaningful.

2010 Compared to 2009

Hotel Sales Overview

	Quarter ended		
	June 18, 2010	June 19, 2009	% Increase (Decrease)
	(in millions)		
Revenues:			
Rooms	$ 672	$ 622	8.0%
Food and beverage	343	318	7.9
Other	72	86	(16.3)
Total hotel sales	$1,087	$1,026	5.9

	Year-to-date ended		
	June 18, 2010	June 19, 2009	% Increase (Decrease)
	(in millions)		
Revenues:			
Rooms	$1,156	$1,122	3.0%
Food and beverage	595	584	1.9
Other	129	155	(16.8)
Total hotel sales	$1,880	$1,861	1.0

Hotel sales grew 5.9% and 1.0% for the quarter and year-to-date, respectively, reflecting strong growth in RevPAR at our properties, as well as increases in rooms and food and beverage revenues, partially offset by a decline in other revenues as a result of a decline in attrition and cancellation fees. Revenues for properties sold in 2010 or 2009 have been reclassified to discontinued operations. See “Discontinued Operations” below.

We discuss operating results for our hotels on a comparable basis. Comparable hotels are those properties that we have owned for the entirety of the reporting periods being compared. Comparable hotels do not include the results of properties acquired or sold, or that incurred significant property damage or business interruption or large scale capital improvements during these periods. As of June 18, 2010, all of our 109 hotels have been classified as comparable hotels. See “Comparable Hotel Operating Statistics” for a complete description. We also discuss our operating results by property type (i.e. urban, suburban, resort/conference or airport), geographic region and mix of business (i.e. transient, group or contract).

For the quarter, comparable hotel sales increased 6.2% to approximately $1.1 billion and 1.7% to approximately $1.9 billion year-to-date. The revenue growth reflects the increase in comparable RevPAR of 8.1% for the quarter and 3.5% year-to-date, as well as increases in food and beverage sales, which were partially offset by a decline in other revenues, reflecting the decline in attrition and cancellation fees. The improvements in RevPAR were the result of an increase in occupancy of 6.0 percentage points for the quarter and 5.2 percentage points year-to-date, partially offset by a decrease in average room rates of 0.7% for the quarter and 4.2% year-to-date. We have adopted a reporting calendar that is closely aligned with the reporting calendar used by Marriott International, the manager of a majority of our properties, whose second quarter ended on June 18, 2010. As a result of the reporting calendar we adopted, for our non-Marriott managed hotels (covering approximately 40% of our hotels) we are unable to report June operations until the third quarter because our hotel managers using a monthly reporting period do not make mid-month results available to us. Based on a calendar quarter ending June 30, 2010 for all of our comparable hotels, RevPAR increased 9.8% and 4.3% for the quarter and year-to-date, respectively, when compared to the same period in 2009. For further discussion see “Reporting Periods” in our most recent Annual Report on Form 10-K.

Food and beverage revenues for our comparable hotels increased 8.6% for the quarter and 3.1% year-to-date. The increase in the quarter was driven by an increase in banquet and audio visual sales. Other revenues for our comparable hotels, which primarily represent spa, golf, parking, internet connectivity and attrition and cancellation fees, decreased 16.1% for the quarter and 16.2% year-to-date. The decline is due to a reduction in attrition and cancellation fees compared to 2009, when several large groups and business travelers cancelled their travel plans, which has disproportionately affected some of the larger hotels in the portfolio. Excluding the incremental attrition and cancellation fees in 2009 of $16 million and $28 million for the second quarter and year-to-date, respectively, other revenues would have increased by 2.2% and 1.7%, respectively. The decline in attrition and cancelation fees have had a negative effect on the 2010 operating profit margins in comparison to 2009.

Comparable Hotel Sales by Property Type

The following tables set forth performance information for our comparable hotels by property type as of June 18, 2010 and June 19, 2009:

Comparable Hotels by Property Type (a)

	As of June 18, 2010		Quarter ended June 18, 2010			Quarter ended June 19, 2009			
	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentages	RevPAR	Average Room Rate	Average Occupancy Percentages	RevPAR	Percent Change in RevPAR
Urban	53	34,482	$ 186.86	75.9%	$141.88	$ 184.73	69.9%	$129.12	9.9%
Suburban	29	10,964	140.44	67.3	94.53	143.38	60.3	86.42	9.4
Resort/ Conference	13	8,082	219.46	72.8	159.82	231.93	67.6	156.71	2.0
Airport	14	6,956	115.49	74.2	85.67	117.15	69.4	81.31	5.4
All Types	109	60,484	175.47	73.8	129.44	176.64	67.8	119.76	8.1

	As of June 18, 2010		Year-to-date ended June 18, 2010			Year-to-date ended June 19, 2009			
	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentages	RevPAR	Average Room Rate	Average Occupancy Percentages	RevPAR	Percent Change in RevPAR
Urban	53	34,482	$ 181.14	71.0%	$128.68	$ 186.13	65.9%	$122.63	4.9%
Suburban	29	10,964	138.48	65.4	90.53	146.76	59.4	87.13	3.9
Resort/ Conference	13	8,082	222.45	71.3	158.54	241.16	66.5	160.42	(1.2)
Airport	14	6,956	116.20	71.0	82.53	121.66	66.2	80.60	2.4
All Types	109	60,484	171.69	70.0	120.23	179.27	64.8	116.19	3.5

(a) The reporting period for our comparable operating statistics for the year-to-date periods ended June 18, 2010 and June 19, 2009 is from January 2, 2010 to June 18, 2010 and January 3, 2009 to June 19, 2009, respectively. For further discussion, see “Reporting Periods” in our most recent Annual Report on Form 10-K.

During the second quarter of 2010, RevPAR increased across all of our hotel property types. Our urban properties led the portfolio, with a 9.9% increase in RevPAR for the quarter. The continued improvement in demand, particularly in our major metropolitan markets in the east such as New York, Boston and Washington, D.C., has allowed our operators to begin to increase the average room rates at our urban properties, which improved 1.2% overall for the quarter. Our suburban properties also experienced a significant RevPAR increase in the second quarter driven by strength in the suburban Boston, Orange County, San Francisco and Denver markets. Our resort/conference hotels continued to lag the portfolio as a whole, as the 12.2% improvement in RevPAR at our resort/conference properties in our Florida region were partially offset by the RevPAR declines in the Hawaii and Phoenix markets. RevPAR at our Airport properties improved 5.4% for the quarter driven by strong demand growth in the Chicago, Newark and San Francisco airport markets.

Comparable Hotel Sales by Geographic Region

The following tables set forth performance information for our comparable hotels by geographic region as of June 18, 2010 and June 19, 2009:

Comparable Hotels by Region (a)

	As of June 18, 2010		Quarter ended June 18, 2010			Quarter ended June 19, 2009			
	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentages	RevPAR	Average Room Rate	Average Occupancy Percentages	RevPAR	Percent Change in RevPAR
Pacific	27	15,941	$ 162.80	72.8%	$118.45	$ 176.06	67.2%	$118.23	0.2%
Mid-Atlantic	10	8,328	217.46	85.1	185.01	208.67	77.3	161.33	14.7
North Central	13	5,897	133.26	68.2	90.84	133.51	62.3	83.22	9.2
South Central	9	5,687	150.15	69.8	104.87	148.89	65.0	96.79	8.3
Florida	9	5,677	196.28	74.3	145.78	197.36	66.9	132.11	10.3
DC Metro	12	5,416	204.93	83.6	171.23	199.43	81.3	162.22	5.6
Atlanta	8	4,252	149.39	62.3	93.12	154.70	58.5	90.55	2.8
New England	7	3,924	183.14	74.7	136.85	175.86	63.6	111.83	22.4
Mountain	7	2,889	157.64	69.4	109.41	174.89	62.3	108.88	0.5
International	7	2,473	163.71	65.2	106.66	137.37	60.9	83.69	27.5
All Regions	109	60,484	175.47	73.8	129.44	176.64	67.8	119.76	8.1

	As of June 18, 2010		Year-to-date ended June 18, 2010			Year-to-date ended June 19, 2009			
	No. of Properties	No. of Rooms	Average Room Rate	Average Occupancy Percentages	RevPAR	Average Room Rate	Average Occupancy Percentages	RevPAR	Percent Change in RevPAR
Pacific	27	15,941	$ 163.06	69.4%	$113.15	$ 180.89	64.8%	$117.21	(3.5)%
Mid-Atlantic	10	8,328	206.84	78.5	162.41	207.93	70.6	146.69	10.7
North Central	13	5,897	124.90	60.8	76.00	128.34	56.9	73.02	4.1
South Central	9	5,687	149.00	70.5	104.98	152.68	65.1	99.44	5.6
Florida	9	5,677	201.98	75.5	152.54	209.66	68.6	143.90	6.0
DC Metro	12	5,416	197.24	75.1	148.03	205.47	74.7	153.46	(3.5)
Atlanta	8	4,252	151.45	64.1	97.13	157.57	59.6	93.88	3.5
New England	7	3,924	168.24	64.2	108.05	165.36	55.9	92.42	16.9
Mountain	7	2,889	160.65	67.5	108.46	182.85	60.3	110.35	(1.7)
International	7	2,473	155.88	64.4	100.43	138.08	60.9	84.14	19.4
All Regions	109	60,484	171.69	70.0	120.23	179.27	64.8	116.19	3.5

(a) The reporting period for our comparable operating statistics for the year-to-date periods ended June 18, 2010 and June 19, 2009 is from January 2, 2010 to June 18, 2010 and January 3, 2009 to June 19, 2009, respectively. For further discussion, see “Reporting Periods” in our most recent Annual Report on Form 10-K.

For the second quarter of 2010, RevPAR improved across all of our geographic regions when compared to the second quarter of 2009. Our New England region was the top performing U.S. region with a RevPAR growth of 22.4%, which was driven by RevPAR growth of 23.8% in the Boston market. This increase was driven by strong transient demand coupled with in-house and city-wide group demand, as well as a business mix shift from the discounted business to higher-rated retail and special corporate business. The Boston market also benefited from easier comparisons for our Sheraton Boston and Boston Marriott Copley Place, which were under renovation in the second quarter of 2009.

RevPAR in our Mid-Atlantic region grew 14.7% for the quarter, driven by RevPAR growth at our New York properties of 19.1%. For our New York properties, occupancy grew 9.4 percentage points and rate improved 7%, reflecting significant improvements in both transient and group demand during the quarter. Our Florida region outperformed the portfolio as well, led by strong performance in the Miami/Ft. Lauderdale market. RevPAR increased 14.3% in this market, reflecting improved transient and group demand, as well as the effect of the late 2009 ballroom addition at the Harbor Beach Marriott Resort & Spa.

For the quarter, results in our South Central region were mixed as the significant 22.4% RevPAR increase at our New Orleans property was partially offset by lower growth in the Houston and San Antonio markets, which experienced RevPAR growth of 3.3% and 2.9%, respectively. The improvements in the New Orleans market reflect a 7.9 percentage point improvement in occupancy as well average room rate growth of 10.5%. The RevPAR increase in our North Central region was driven by our Chicago market as RevPAR increased 9.2% due to a significant increase in group and transient demand. The Swissôtel, Chicago, with its recent addition of 38,000 square feet of meeting space, substantially outperformed the market with a RevPAR increase of 20.6%.

Although the Pacific region had positive RevPAR growth, it underperformed our other regions. Results varied by market as the Orange County market, which was extremely hard hit by the weak housing market in 2009, had RevPAR growth of 13.3% and RevPAR in San Francisco increased 12.1%. RevPAR for our Phoenix and Hawaii hotels declined 3.9% and 2.7%, respectively, due to significant discounting of group rates which were only partially offset by improvements in occupancy. The San Diego market continued to struggle due to a substantial decline in city-wide and group demand and the absorption of new supply in 2009.

Year-to-date, our top performing regions were the International, Mid-Atlantic and New England regions. The RevPAR growth for the international region primarily reflects changes due to currency fluctuations. On a constant dollar basis, RevPAR in the International region declined .3% year-to-date. The growth in the New England and Mid-Atlantic regions reflects strong demand in our east coast urban markets. The year-to-date RevPAR declines in our Pacific region were driven by the RevPAR declines in our San Diego, Hawaii and Phoenix markets. The year-to-date decline in our DC Metro region reflects difficult comparisons to prior year, particularly during the first quarter, due to the 2009 presidential inauguration and other government-related activities.

Hotels Sales by Business Mix. The majority of our customers fall into three broad groups: transient, group and contract business. The information below is derived from business mix data for 102 of our hotels for which business mix data is available from our managers. For further detail on our business mix, see “Management’s Discussion and Analysis of Results of Operations and Financial Condition” in our most recent Annual Report on Form 10-K.

In the second quarter of 2010, overall transient RevPAR increased 11.1% when compared to 2009, reflecting an increase in total room nights of 8.1%, and an increase in average rates of 2.8%. The rate increase was driven primarily by increases in average rates of 8.7% and 4.2% in the premium and corporate transient business, respectively.

During the second quarter, group RevPAR increased approximately 4.8%, reflecting an increase in total room nights of 10.0%, partially offset by a decrease in average rates of 4.7%. Typically, recovery in the group segment will follow improvement in transient demand due to longer booking lead times; therefore, while we did experience improvements in group demand during the quarter, particularly in the higher-rated corporate segment, further improvements in group demand will be necessary for our operators to be able to increase average rates.

Property-level Operating Expenses

	Quarter ended		
	June 18, 2010	June 19, 2009	% Increase (Decrease)
	(in millions)		
Rooms	$ 178	$ 164	8.5%
Food and beverage	241	228	5.7
Other departmental and support expenses	279	265	5.3
Management fees	47	41	14.6
Other property-level expenses	96	95	1.1
Depreciation and amortization	139	137	1.5
Total property-level operating expenses	$ 980	$ 930	5.4

	Year-to-date ended		
	June 18, 2010	June 19, 2009	% Increase (Decrease)
	(in millions)		
Rooms	$ 319	$ 298	7.0%
Food and beverage	428	424	0.9
Other departmental and support expenses	501	496	1.0
Management fees	75	73	2.7
Other property-level expenses	181	176	2.8
Depreciation and amortization	275	292	(5.8)
Total property-level operating expenses	$1,779	$1,759	1.1

The overall increase in operating expenses is consistent with higher overall RevPAR at our properties and improvement in occupancy at our hotels. Our operating costs and expenses, which are both fixed and variable, are affected by changes in occupancy, inflationary increases and revenues (which affect management fees), though the effect on specific costs will differ. Also, wages and benefits account for 54% of the property-level operating expenses and increased 3.5% for the quarter, driven by a significant increase in the property-level bonus expense in the second quarter of 2010. Property-level operating expenses exclude the costs associated with hotels we have sold during the periods presented, which are included in discontinued operations.

Rooms. The increase in room expenses is consistent with the overall increase in occupancy as the costs per occupied room were essentially flat for the quarter.

Food and beverage. Food and beverage costs were also well controlled through a reduction in beverage costs as a percentage of revenues and staffing efficiencies. Additionally, beginning in the second quarter, the increase in food and beverage costs reflecting the increase in revenues was partially offset by the positive shift in the mix of business to more catering and audio visual revenues.

Other departmental and support expenses. The increase in these expenses reflects an increase in sales and marketing and general and administration expenses. The increase in revenues drove an increase in non-controllable expenses, such as credit card commissions, loyalty rewards program expenses and the national sales and marketing allocations from our managers.

Management fees. Our base management fees, which are generally calculated as a percentage of total revenues, increased 7.0% for the quarter and 2.2% year-to-date, which is consistent with the increase in revenues. The incentive management fees, which are based on the level of operating profit at each property after the owner has received a priority return on its investment, increased 53.2% and 10.1% during the quarter and year-to-date due to an increase in operating profit at certain properties that are expected to earn incentive management fees during 2010.

Other property-level expenses. These expenses generally do not vary significantly based on occupancy and include expenses such as property taxes and insurance. For the quarter and year-to-date 2010, the increase was primarily driven by increases in insurance and other property-level costs. Additionally, the year-to-date increase

reflects the increase in ground rent expense related to the New York Marriott Marquis during the first quarter. For the second half of the year, we expect property insurance costs to decline due to the reduction in premiums for our insurance program that runs from June 1, 2010 to May 31, 2011.

Depreciation and amortization. The year-to-date decline in depreciation expense is due to impairment charges recorded in 2009 of approximately $20 million. No impairment charges have been recorded in 2010.

Corporate and Other Expenses. Corporate and other expenses primarily consist of employee salaries and bonuses and other costs such as employee stock-based compensation expense, travel, corporate insurance, legal fees, acquisition pursuit costs, audit fees, building rent and systems costs. The $7 million and $17 million increase for the quarter and year-to-date, respectively, is primarily due to an increase in stock-based compensation expense and bonus accruals. The expense for our stock-based compensation awards is based on personal performance, as well as our year-to-date shareholder return relative to other REITs and to other lodging companies and will vary significantly due to fluctuations in our stock price. The increase reflects an improvement in our shareholder return relative to other REITs and other lodging companies, a 102% increase in our stock price since the second quarter of 2009 and the overall improvement in operations.

Interest Expense. For the second quarter, interest expense was unchanged from prior year. For the second quarter of 2009, interest expense was reduced by a $7 million gain related to the defeasance of a collateralized mortgage-backed security. The increase in interest expense for year-to-date 2010 includes costs associated with debt prepayments during the first quarter (including the acceleration of deferred financing costs) totaling $8 million compared to a decrease in interest expense during the first half of 2009 as a result of gains totaling $10 million related to the repurchase of our 2004 Debentures and the CMBS defeasance. The increase in interest expense was partially offset by a decrease in our overall debt balance and the fixed-to-floating interest rate swap that we entered into in the second half of 2009 for our $300 million mortgage on The Ritz-Carlton, Naples and Newport Beach Marriott Hotel & Spa. The swap transaction reduced interest expense by $1.5 million and $3.1 million for the quarter and year-to-date 2010, respectively.

Equity in Earnings (losses) of Affiliates. The improvement in losses of affiliate is a result of an impairment charge of $34 million recorded in the second quarter of 2009 related to our investment in the European joint venture.

Discontinued Operations. Discontinued operations consist of two hotels sold in 2010 and six hotels sold during 2009 and represent the results of operations and the gains (losses) on the disposition of these hotels during the periods. The losses for second quarter and year-to-date 2009 include $57 million and $77 million, respectively, of impairment charges that were recorded prior to the hotels' dispositions. The following table summarizes the revenues, income (loss) before taxes, and the gain (loss) on dispositions, net of tax, of the hotels which have been reclassified as discontinued operations in the condensed consolidated statements of operations for the periods presented:

	Quarter ended		Year-to-date ended	
	June 18, 2010	June 19, 2009	June 18, 2010	June 19, 2009
	(in millions)			
Revenue	$ 3	$ 25	$ 5	$ 47
Income (loss) before taxes	—	(57)	(2)	(81)
Gain (loss) on dispositions, net of tax	(1)	(1)	(1)	17

Liquidity and Capital Resources

Cash Requirements

We seek to maintain a capital structure and liquidity profile with an appropriate balance of cash, debt and equity in order to provide financial flexibility given the inherent volatility in the lodging industry. During the difficult economic period in 2008 and 2009, we worked to preserve capital, increase liquidity and extend debt maturities. We took advantage of our strong financial position to repay $470 million of debt and $101 million of

preferred stock during the first half of 2010. As of June 18, 2010, we have approximately $1.2 billion of cash and cash equivalents and $600 million available under our credit facility. We believe that, as a result of these efforts and the overall strength of our balance sheet, we have sufficient liquidity and access to the capital markets in order to pay our near-term debt maturities, fund our capital expenditure programs and take advantage of investment opportunities.

Host uses cash primarily for acquisitions, capital expenditures, debt payments and dividends to stockholders. As a REIT, Host is required to distribute to its stockholders at least 90% of its taxable income, excluding net capital gain, on an annual basis. Funds used by Host to make cash distributions are provided by Host LP.

Capital Resources. As a REIT, we depend primarily on external sources of capital to finance future growth, including acquisitions, and to fund our near-term debt maturities and increase our liquidity. If, at any time, we determine that market conditions are favorable, after taking into account our liquidity requirements, we may seek to issue and sell shares of Host common stock in registered public offerings, including through sales directly on the NYSE under our current "at the market" offering program discussed previously, or to issue and sell shares of Host preferred stock. We also may seek to cause Host LP to issue, in offerings exempt from registration under the securities laws, debentures exchangeable for shares of our common stock or senior notes. Because a portion of our debt matures every year, we will continue to redeem or refinance senior notes and mortgage debt over time, taking advantage of favorable market conditions when available. In February 2010, Host's Board of Directors authorized repurchases of up to $400 million of senior notes, exchangeable debentures and mortgage debt. 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, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. Any refinancing or retirement before the maturity date would affect earnings and FFO per diluted share, as defined below, as a result of the payment of any applicable call premiums and the acceleration of previously deferred financing costs. Accordingly, in light of our priorities in managing our capital structure and liquidity profile, and given the movement of prevailing conditions in the capital markets, we may, at any time, subject to applicable securities laws, be considering, or be in discussions with respect to, the purchase or sale of common stock, exchangeable debentures and/or senior notes. Any such transactions may, subject to applicable securities laws, occur contemporaneously.

On July 27, 2010 we gave notice that we will redeem $225 million principal amount of our Series 7 1/8% Series K senior notes effective as of August 25, 2010. There are $725 million principal amount of our Series K senior notes currently outstanding. The redemption will be pursuant to the Board authorization referred to above and will correspondingly reduce the amount available for other repurchases.

Equity Transactions. On June 18, 2010, we redeemed 4,034,300 shares of our 8 7/8% Class E cumulative redeemable preferred stock at a redemption price of $25.00 per share, plus accrued dividends. Due to the redemption of the preferred stock, the original issuance costs for the Class E preferred stock have been treated as a deemed dividend in the condensed consolidated statements of operations and have been reflected as a deduction to net income available to common stockholders for the purpose of calculating our basic and diluted earnings per share. As a result of the redemption, we currently have no preferred stock outstanding.

Acquisitions and Dispositions. Year-to-date, we have sold two properties for net proceeds of approximately $12 million and recorded a $1 million loss which primarily reflects working capital true-ups for previous dispositions. Subsequent to the quarter end, we acquired the Le Meridien, Piccadilly in London England for £64 million ($98 million), including the assumption of mortgage debt of £33 million ($50 million), which was funded with a draw under our credit facility. We also reached agreements for two additional acquisitions, which we expect to complete in August and September.

Capital Expenditures. Our capital expenditures generally fall into three broad categories: renewal and replacement expenditures, repositioning/return on investment, or ROI, projects and value enhancement projects. Repositioning/ROI capital expenditures are selective capital improvements outside the scope of the typical renewal and replacement capital expenditures.

For year-to-date 2010, total capital expenditures decreased by $92 million to $100 million. Our renewal and replacement capital expenditures for year-to-date 2010 were approximately $67 million, which reflects a decrease of approximately 26.4% from 2009 levels. We also spent approximately $10 million for the second quarter and $33 million for year-to-date 2010 on ROI projects.

Sources and Uses of Cash

Our principal sources of cash include operations, the sale of assets, and proceeds from debt and equity issuances and debt refinancings. Our principal uses of cash include acquisitions, debt repayments and repurchases, capital expenditures, operating costs, corporate expenses and distributions to equity holders.

Cash Provided by Operations. Cash provided by operations during 2010 decreased by $36 million to $219 million compared to 2009, due primarily to the year-to-date decline in operating profit at our hotels.

Cash Used in Investing Activities. Approximately $158 million of cash was used in investing activities during the first half of 2010. This included $100 million of capital expenditures and the investment in the two junior tranches of a mortgage loan in Europe.

The following table summarizes the significant investing activities and dispositions that have been completed as of July 26, 2010 (in millions):

Transaction date	Description of transaction	(Investment) sale price
Acquisitions		
July	Acquisition of the Le Meridien, Piccadilly (1)	$ 48
Investment activities		
April	Note receivable investment	$ (53)
Dispositions		
June	Disposition of The Ritz-Carlton, Dearborn	$ 3
February	Disposition of Sheraton Braintree	9
		$ 12

(1) This acquisition was for £64 million ($98 million) and is net of the assumption of a £33 million ($50 million) mortgage loan. The acquisition occurred subsequent to quarter end.

Cash Provided by Financing Activities. Approximately $532 million of cash was used in financing activities during the second quarter of 2010. The following table summarizes the significant debt and equity transactions as of July 26, 2010 (in millions):

Transaction date	Description of transaction	Transaction amount
Debt		
July	Draw on credit facility for acquisition of the Le Meridien, Piccadilly	$ 56
February	Repayment of the 7.4% mortgage loan secured by the Atlanta Marriott Marquis	(124)
January	Redemption of the $346 million face amount of 7% Series M senior notes	(352)
		$ 420
Equity		
June	Preferred stock redemption	$ (101)
March	Issuance of approximately 4.3 million common shares under our continuous equity offering program	55
		$ (46)

Debt

As of June 18, 2010, our total debt was $5.4 billion and 98 of our hotels are unencumbered by mortgage debt. Approximately 87% of our debt is a fixed interest with an overall average interest rate of 6.6% and an average maturity of 4.3 years.

Exchangeable Senior Debentures. We currently have three issuances of exchangeable senior debentures outstanding: $400 million, 2 1/2% debentures that were issued on December 22, 2009 (the "2009 Debentures"), $526 million, 2 5/8% debentures that were issued on March 23, 2007 (the "2007 Debentures") and $325 million, 3 1/4% debentures that were issued on March 16, 2004 (the "2004 Debentures"), collectively, the "Debentures." The Debentures are equal in right of payment with all of our other senior notes. We can redeem for cash all, or part of, any of the Debentures at any time subsequent to each of their respective redemption dates at a redemption price of 100% of the principal amount plus accrued interest. If, at any time, we elect to redeem the Debentures and the exchange value exceeds the cash redemption price, we would expect the holders to elect to exchange the Debentures at the respective exchange value for Host common stock (for the 2004 and 2009 Debentures) or for a combination of cash and Host common stock at an amount equal to the exchange value (for the 2007 Debentures) rather than receive the cash redemption price. The exchange value is equal to the applicable exchange rate multiplied by the price of our common shares. Currently, none of the Debentures are exchangeable by holders.

The following chart details our current outstanding Debentures:

	Maturity date	Next put option date	Redemption date	Outstanding principal amount	Current exchange rate for each $1,000 of principal	Current equivalent exchange price	Exchangeable share equivalents
				(in millions)	(in shares)		(in shares)
2009 Debentures	10/15/2029	10/15/2015	10/20/2015	$ 400	71.0101	$ 14.08	28.4 million
2007 Debentures	4/15/2027	4/15/2012	4/20/2012	526	32.0239	31.23	16.8 million
2004 Debentures	4/15/2024	4/15/2014	4/19/2009	325	65.3258	15.31	21.2 million
Total				$ 1,251			

We separately account for the liability and equity components of our Debentures to reflect the fair value of the liability component based on our non-convertible borrowing cost at the issuance date. Accordingly, we record the liability components of the Debentures at fair value as of the date of issuance and amortize the resulting discount as an increase to interest expense through the initial put option date of the Debentures, which is the expected life of the debt. However, there is no effect on our cash interest payments. The following chart details the initial allocations between the debt and equity components of the debentures, net of the original issue discount, based on the effective interest rate at the time of issuance, as well as the debt balances at June 18, 2010:

	Initial face amount	Initial debt value	Initial equity value	Face amount outstanding at 6/18/10	Debt carrying value at 6/18/10	Unamortized discount at 6/18/10
				(in millions)		
2009 Debentures	$ 400	$ 316	$ 82	$ 400	$ 322	$ 78
2007 Debentures	600	502	89	526	492	34
2004 Debentures	500	413	76	325	325	—
Total	$ 1,500	$ 1,231	$ 247	$ 1,251	$ 1,139	$ 112

Interest expense recorded for the Debentures for the periods presented consists of the following (in millions):

	Quarter ended		Year-to-date ended	
	June 18, 2010	June 19, 2009	June 18, 2010	June 19, 2009
Contractual interest expense (cash)	$ 8	$ 7	$ 16	$ 14
Non-cash interest expense due to discount amortization	7	6	15	13
Total interest expense	$ 15	$ 13	$ 31	$ 27

Mortgage Debt. Beginning on June 11, 2010, the interest rate on our $75 million loan for the Desert Springs, a JW Marriott Resort and Spa increased 200 basis points to 9.8%. All excess cash (as defined in the loan agreement) generated by the partnership that owns this property is now applied to principal. We have the option to repay the loan without a premium or penalty on any future payment date. Currently, the cash flow from this property is below the debt service requirements.

Credit Ratings. Currently, we have approximately $4.2 billion of senior notes outstanding that are rated BB+ by Standard & Poor's Ratings and Ba1 by Moody's Investors Service. On July 7, 2010, Moody's Investors Service revised their rating outlook for Host to stable from negative. Currently, both ratings services have a stable outlook for Host. If our operations decline, the ratings on our securities could be reduced. In such case, and if we are unable to improve our ratings, our cost to issue senior notes, either in a refinancing or otherwise, or preferred stock would likely increase. For a more detailed discussion of the effect of ratings of our securities on our liquidity and cost of funds, investors should refer to the discussion of our credit ratings in our annual report on Form 10-K.

Financial Covenants

Credit Facility Covenants. Our credit facility contains certain important financial covenants concerning allowable leverage, unsecured interest coverage and required fixed charge coverage. Due to the decline in operations, our unsecured interest coverage ratio and fixed charge coverage ratio have declined and our leverage ratio has increased over the prior two years. 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. To the extent no amounts are outstanding under the credit facility, breaching these covenants would not be an event of default thereunder.

We are in compliance with all of our financial covenants under the credit facility. The following table summarizes the financial tests contained in the credit facility as of June 18, 2010:

	Actual Ratio	Covenant Requirement		
			2010	2011
Leverage ratio	5.46x	Maximum ratio of:	7.25x	7.25x
Fixed charge coverage ratio	1.78x	Minimum ratio of:	1.10x	1.15x
Unsecured interest coverage ratio	2.72x	Minimum ratio of:	1.75x	1.75x

Senior Notes Indenture Covenants. Under the terms of our senior notes indenture, which includes our Debentures, our ability to incur indebtedness and pay dividends is subject to certain restrictions and the satisfaction of various financial conditions, including maintaining a certain EBITDA-to-interest coverage ratio and levels of indebtedness and secured indebtedness relative to adjusted total assets. As noted above, the decline in operations has caused a similar decline in our EBITDA-to-interest coverage ratio over the prior two years. Even if we are below the coverage levels otherwise required to incur debt and pay dividends, we are still permitted to incur certain types of debt, including (i) credit facility debt, (ii) refinancing debt, (iii) up to $300 million of mortgage debt whose proceeds would be used to repay debt under the credit facility (and permanently reduce our ability to borrow under the credit facility by such amount), and (iv) up to $100 million of other debt. We are still permitted to pay dividends in the amount of our estimated taxable income necessary to maintain REIT status.

In addition, our senior notes indenture also imposes a requirement to maintain unencumbered assets (as defined in the indenture based on undepreciated property costs) of not less than 125% of the aggregate amount of senior note debt plus other debt not secured by mortgages. This coverage must be maintained at all times and is distinct from the coverage requirements necessary to incur debt or to pay dividends as discussed above (whose consequences, where we fall below the coverage level, are limited to restricting our ability to incur new debt or to pay dividends, but which would not otherwise cause a default under our senior notes indenture).

We are in compliance with all of our financial covenants under the senior notes indenture. The following table summarizes the financial tests contained in the senior notes indenture as of June 18, 2010:

	Actual Ratio	Covenant Requirement
Unencumbered assets tests	327%	Minimum ratio of 125%
Total indebtedness to total assets	32%	Maximum ratio of 65%
Secured indebtedness to total assets	6%	Maximum ratio of 45%
EBITDA-to-interest coverage ratio	2.5x	Minimum ratio of 2.0x

For further detail on our credit facility and senior notes, see our 2009 Annual Report on Form 10-K.

Other Real Estate Investments

We own a leasehold interest in 53 Courtyard by Marriott properties and 18 Residence Inn by Marriott properties, which were sold to Hospitality Properties Trust (“HPT”) and leased back to us in 1995 and 1996. In conjunction with our conversion to a REIT, in 1999 we entered into subleases for these 71 properties with a third party. In late June, HPT sent notices of default because the subtenants failed to meet net worth covenants, which would have triggered an event of default by us under the master leases between us and HPT. As a result, we terminated the subleases effective July 6, 2010. Accordingly, beginning in the third quarter of 2010, we will report the revenues and expenses of the 71 properties in our statement of operations, as well as the associated rental expense due to HPT. We will continue to perform all obligations under the master leases. The subtenants remain obligated to us for outstanding rent payment obligations to the extent that operating cash generated by the hotels is less than rent that would have been paid under the terminated subleases. At the expiration of the master leases, HPT is obligated to pay us deferred proceeds related to the initial sale of the properties of approximately $67 million, subject to damages arising out of an event of default, if any, under the master leases, plus additional amounts of approximately $7.8 million. We gave notice to HPT that we will not extend the term of the master lease on the 18 Residence Inn properties which results in the termination and expiration of the master lease on those properties effective December 31, 2010, at which time we expect that $17 million of deferred proceeds will be paid to us by HPT. In 2010, we also intend to give notice that we will not extend the term of the master lease on the 53 Courtyard by Marriott properties, which will result in termination and expiration of the master lease on those properties effective December 31, 2012.

European Joint Venture

We hold a 32.1% ownership interest in a joint venture based in Europe that owns 11 hotel properties located in six countries. The European joint venture has €711 million in mortgage debt, none of which is recourse to us, and all of which has had the potential to trigger covenant defaults, cash sweeps or non-payment defaults. During the second quarter, the European joint venture completed an agreement with the lender holding mortgages totaling €70.5 million on its portfolio of three hotels located in Brussels under which the lender waived breaches of any financial covenants. Additionally, subsequent to quarter end, the European joint venture negotiated an agreement with the lenders of mortgage loans totaling €342 million due in 2013 that had breached financial covenants. The lenders have agreed to amend these financial covenants for two years in exchange for a deposit of approximately €10 million by the European joint venture in an escrow to fund debt service or capital expenditures and commitments to fund planned incremental capital expenditures. These loans are secured by a portfolio of six hotels located in Spain, Italy, Poland and the United Kingdom. These mortgage loans are non-recourse to Host and our partners and a default under these loans does not trigger a default under any of Host’s debt.

During the quarter, the partners of the European joint venture amended and restated their partnership agreement. The amendments were (i) to extend the commitment period during which the European joint venture may make additional equity investments from May 2010 to May 2013, (ii) to reflect an internal restructuring of one of our joint venture partners, and (iii) to reflect changes as a result of the acquisition by the European joint venture of the equity interests of subsidiaries previously owned by a separate TRS joint venture with the same partners, which currently lease, as tenant, five of the hotels owned by the European joint venture. After the partnership agreement was amended the separate TRS joint venture was dissolved.

Dividend Policy

Host is required to distribute at least 90% of its annual taxable income, excluding net capital gains, 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 to pay dividends on its common stock are provided through distributions from Host LP. As of June 18, 2010, Host is the owner of approximately 98% of the common OP units. The remaining 2% of common OP units are held by various third party limited partners. Each OP unit may be redeemed for cash or, at the election of Host, Host common stock based on the conversion ratio. The current conversion ratio is 1.021494 shares of Host common stock for each OP unit.

Investors should take into account the 2% non-controlling interest in Host LP common OP units when analyzing common dividend payments by Host to its stockholders, as these holders share, on a pro rata basis, in cash amounts being distributed by Host LP to holders of its corresponding common units. For example, if Host paid a $1 per share dividend on its common stock, it would be based on payment of a $1.021494 per common unit distribution by Host LP to Host, as well as to other common OP unit holders.

Host's current policy on common dividends is generally to distribute, over time, 100% of its annual taxable income; however, Host intends to pay a quarterly common dividend of $0.01 per share with respect to its common stock in 2010, even if we do not generate taxable income. The amount of any dividends will be determined by Host's Board of Directors.

On June 18, 2010, our Board of Directors declared a dividend of $0.01 per share on our common stock. The dividend was paid on July 15, 2010 to stockholders of record as of June 30, 2010.

Critical Accounting Policies

Our consolidated financial statements have been prepared in conformity with GAAP, which requires management to make estimates and assumptions that affect the reported amount 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, including those related to the impairment of long-lived assets, on an ongoing basis. We base our estimates on experience and on various other assumptions that are believed 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.

Comparable Hotel Operating Statistics

We present certain operating statistics (i.e., RevPAR, average daily rate and average occupancy) and operating results (revenues, expenses and adjusted operating profit) for the periods included in this report on a comparable hotel basis. 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, whether as continuing operations or discontinued operations 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 during the reporting periods being compared.

All of the 109 hotels that we owned on June 18, 2010 have been classified as comparable hotels.

The operating results of the eight hotels we disposed of during the first half of 2010 and during 2009 are not included in comparable hotel results for the periods presented herein. Moreover, because these statistics and operating results are for our hotel properties, they exclude results for our non-hotel properties and other real estate investments.

Non-GAAP Financial Measures

We use certain “non-GAAP financial measures,” which are measures of our historical financial performance that are not calculated and presented in accordance with GAAP, within the meaning of applicable SEC rules. They are as follows: (i) Funds From Operations (FFO) and FFO per diluted share, and (ii) Comparable Hotel Operating Results. A complete discussion of these measures (including the reasons why we believe they are useful to investors, the additional purposes for which management uses these measures and their limitations) is included in our most recent Annual Report on Form 10–K.

FFO and FFO per Diluted Share

We present FFO and FFO per diluted share as non-GAAP measures of our performance in addition to our earnings per share (calculated in accordance with GAAP). We calculate FFO per diluted share for a given operating period as our FFO (defined as set forth below) for such period divided by the number of fully diluted shares outstanding during such period. The National Association of Real Estate Investment Trusts (NAREIT) defines FFO as net income (calculated in accordance with GAAP), excluding gains (or losses) from sales of real estate, the cumulative effect of changes in accounting principles, real estate-related depreciation and amortization and adjustments for unconsolidated partnerships and joint ventures. FFO is presented on a per share basis after making adjustments for the effects of dilutive securities, including the payment of preferred stock dividends, in accordance with NAREIT guidelines. We believe that FFO per diluted share is a useful supplemental measure of our operating performance and that presentation of FFO per diluted share, when combined with the primary GAAP presentation of earnings per share, provides beneficial information to investors. The following table provides a reconciliation of net income available to common stockholders to FFO per diluted share (in millions, except per share amounts):

Reconciliation of Net Income Available to Common Stockholders to Funds From Operations per Diluted Share

	Quarter ended		Year-to-date ended	
	June 18, 2010	June 19, 2009	June 18, 2010	June 19, 2009
Net income (loss)	$ 20	$ (69)	$ (64)	$ (129)
Less: Net (income) loss attributable to non-controlling interests	(1)	1	(1)	2
Dividends on preferred stock	(2)	(2)	(4)	(4)
Issuance costs of redeemed preferred stock	(4)	—	(4)	—
Net income (loss) available to common stockholders	13	(70)	(73)	(131)
Adjustments:				
(Gains) losses on dispositions, net of taxes	1	1	1	(17)
Amortization of deferred gains and other property transactions, net of taxes	—	(1)	—	(2)
Depreciation and amortization (a)	138	140	275	279
Partnership adjustments	2	—	1	—
FFO of non-controlling interests of Host LP	(3)	(2)	(4)	(3)
Funds From Operations	151	68	200	126
Adjustments for dilutive securities (b):				
Assuming deduction of gain recognized for the repurchase of the 2004 Debentures (c)	—	—	—	(2)
Assuming conversion of 2004 Debentures	3	—	—	—
Assuming conversion of 2009 Debentures	5	—	—	—
Diluted FFO (b)(d)	$ 159	$ 68	$ 200	$ 124
Diluted weighted average shares outstanding (b)(d)	703.7	575.8	651.6	552.8
Diluted FFO per share (b)(d)	$ .23	$ .12	$ .31	$ .22

(a) In accordance with the guidance on FFO per diluted share provided by the National Association of Real Estate Investment Trusts, we do not adjust net income for the non-cash impairment charges when determining our FFO per diluted share.

(b) FFO per diluted share in accordance with NAREIT is adjusted for the effects of dilutive securities. Dilutive securities may include shares granted under comprehensive stock plans, preferred OP Units held by non- controlling partners, exchangeable debt securities and other non-controlling interests that have the option to convert their limited partnership interest to common OP Units. No effect is shown for securities if they are anti-dilutive.

(c) During the first quarter of 2009, we repurchased $75 million of the 2004 Debentures with a carrying value of $72 million for $69 million. The adjustments to dilutive FFO related to the 2004 Debentures repurchased during the year include the $3 million gain on repurchase, net of interest expense on the repurchased exchangeable debentures.

(d) FFO per diluted share and earnings per diluted share were significantly affected by certain transactions, the effects of which are shown in the table below (in millions, except per share amounts):

	Quarter ended June 18, 2010		Quarter ended June 19, 2009	
	Net Income (Loss)	FFO	Net Income (Loss)	FFO
Gain (loss) on hotel dispositions, net of taxes	$ (1)	$ —	$ (1)	$ —
Non-cash impairment charges (1)	—	—	(91)	(91)
Dilutive effect of 2004 Debentures	—	—	—	(5)
Gain on CMBS (4)	—	—	7	7
Preferred stock redemption (5)	(4)	(4)	—	—
Loss attributable to non-controlling interests (6)	—	—	2	2
Total	$ (5)	$ (4)	$ (83)	$ (87)
Diluted shares	654.1	703.7	575.0	596.4
Per diluted share	$ (.01)	$ —	$ (.14)	$ (.14)

	Year-to-date ended June 18, 2010		Year-to-date ended June 19, 2009	
	Net Income (Loss)	FFO	Net Income (Loss)	FFO
Gain (loss) on hotel dispositions, net of taxes	$ (1)	$ —	$ 17	$ —
Non-cash impairment charges (1)	—	—	(131)	(131)
Costs associated with debt extinguishment (2)	(8)	(8)	—	—
Potential loss on litigation (3)	(4)	(4)	—	—
Gain on CMBS (4)	—	—	7	7
Preferred stock redemption (5)	(4)	(4)	—	—
Loss attributable to non-controlling interests (6)	1	1	3	3
Total	$ (16)	$ (15)	$ (104)	$ (121)
Diluted shares	650.3	651.6	552.2	552.8
Per diluted share	$ (.02)	$ (.02)	$ (.19)	$ (.22)

(1) During the second quarter and year-to-date 2009, we recorded non-cash impairment charges of $91 million and $131 million, respectively, based on the difference between the fair value and the carrying amount of certain properties.

(2) Includes the costs associated with the redemption of the Series M senior notes.

(3) Includes the accrual of a potential litigation loss in the first quarter of 2010.

(4) As prescribed by the sharing agreement with the successor borrower in connection with the 2007 defeasance of a $514 million collateralized mortgage-backed security, we received $7 million and recorded the gain as a reduction of interest expense in the second quarter 2009. The loan had an initial maturity date of September 15, 2009, and was prepayable beginning on May 1, 2009. We had been legally released from all obligations under the loan upon the defeasance in 2007.

(5) Represents the original issuance costs of the Class E preferred stock.
(6) Represents the portion of the significant items attributable to non-controlling partners of Host LP.

Comparable Hotel Operating Results

We present certain operating results for our hotels, such as hotel revenues, expenses and adjusted operating profit, on a comparable hotel, or "same store" basis as supplemental information for investors. We present these hotel operating results on a comparable hotel basis because we believe that doing so provides investors and management with useful information for evaluating the period-to-period performance of our hotels and facilitates comparisons with other hotel REITs and hotel owners. The following table presents certain operating results and statistics for our comparable hotels for the periods presented herein:

Comparable Hotel Results (a)
(in millions, except hotel statistics)

	Quarter ended		Year-to-date ended	
	June 18, 2010	June 19, 2009	June 18, 2010	June 19, 2009
Number of hotels	109	109	109	109
Number of rooms	60,484	60,484	60,484	60,484
Percent change in Comparable Hotel RevPAR	8.1%	—	3.5%	—
Comparable hotel sales				
Room	$ 681	$ 630	$ 1,175	$ 1,135
Food and beverage	351	323	610	592
Other (b)	74	88	133	159
Comparable hotel sales (c)	1,106	1,041	1,918	1,886
Comparable hotel expenses				
Room	180	165	321	300
Food and beverage	245	232	437	428
Other	41	40	71	72
Management fees, ground rent and other costs	367	347	657	641
Comparable hotel expenses (d)	833	784	1,486	1,441
Comparable hotel adjusted operating profit	273	257	432	445
Non-comparable hotel results, net (e)	—	—	—	3
Office buildings and limited service properties, net (f)	—	1	1	—
Depreciation and amortization, including impairment charges	(139)	(137)	(275)	(292)
Corporate and other expenses	(24)	(17)	(49)	(32)
Operating profit	$ 110	$ 104	$ 109	$ 124

(a) The reporting period for our comparable operating statistics for the second quarter of 2010 is from March 27, 2010 to June 18, 2010 and for the second quarter of 2009 is from March 28, 2009 to June 19, 2009. For further discussion, see "Reporting Periods" in our most recent Annual Report on Form 10–K.
(b) Other revenues for 2009 include incremental cancellation and attrition fees of $16 million and $28 million for the second quarter and year-to-date, respectively.

(c) The reconciliation of total revenues per the condensed consolidated statements of operations to the comparable hotel sales is as follows (in millions):

	Quarter ended		Year-to-date ended	
	June 18, 2010	June 19, 2009	June 18, 2010	June 19, 2009
Revenues per the consolidated statements of operations	$1,114	$1,051	$1,937	$1,915
Hotel sales for the property for which we record rental income, net	12	10	25	22
Rental income for office buildings and select service hotels	(20)	(20)	(39)	(39)
Adjustment for hotel sales for comparable hotels to reflect Marriott's fiscal year for Marriott-managed hotels	—	—	(5)	(12)
Comparable hotel sales	$1,106	$1,041	$1,918	$1,886

(d) The reconciliation of operating costs per the condensed consolidated statements of operations to the comparable hotel expenses is as follows (in millions):

	Quarter ended		Year-to-date ended	
	June 18, 2010	June 19, 2009	June 18, 2010	June 19, 2009
Operating costs and expenses per the consolidated statements of operations	$1,004	$ 947	$1,828	$1,791
Hotel expense for the property for which we record rental income	12	10	25	22
Rent expense for office buildings and select service hotels	(20)	(19)	(38)	(39)
Adjustment for hotel expenses for comparable hotels to reflect Marriott's fiscal year for Marriott-managed hotels	—	—	(5)	(9)
Depreciation and amortization, including impairment charges	(139)	(137)	(275)	(292)
Corporate and other expenses	(24)	(17)	(49)	(32)
Comparable hotel expenses	$ 833	$ 784	$1,486	$1,441

(e) Non-comparable hotel results, net includes the following items: (i) the results of operations of our non-comparable hotels whose operations are included in our consolidated statements of operations as continuing operations, and (ii) the difference between the number of days of operations reflected in the comparable hotel results and the number of days of operations reflected in the consolidated statements of operations. For further detail, see "Reporting Periods" in our most recent Annual Report on Form 10–K.

(f) Represents rental income less rental expense for select service properties and office buildings.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Sensitivity

As of June 18, 2010 and December 31, 2009, 87% and 88%, 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 that we enter into are strictly to hedge interest rate risk, and are not for trading purposes. The percentages above reflect the effect of any derivatives that we have entered into to manage interest rate risk. See Item 7A of our most recent Annual Report on Form 10–K and Note 10 – Fair Value Measurements.

Exchange Rate Sensitivity

As we have non-U.S. operations (specifically, the ownership of hotels in Canada, Mexico and Chile and investments in our European joint venture), currency exchange risks arise as a normal part of our business. To manage the currency exchange risk applicable to ownership in non-U.S. hotels, where possible, we may enter into forward or option contracts. On July 9, 2010, we entered into an additional €20 million ($26 million) forward purchase contract to hedge a portion of the foreign currency exposure resulting from the eventual repatriation of the net investment in the European joint venture. We will sell the Euro amount and receive the U.S. dollar amount on the forward purchase date of October 1, 2014. To date, we have hedged €80 million ($114 million) of our net investment in the European joint venture. The foreign currency exchange agreements that we have entered into are strictly to hedge foreign currency risk and not for trading purposes. See Item 7A of our most recent Annual Report on Form 10-K and Note 10 – Fair Value Measurements.

Item 4. Controls and Procedures

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 controls over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On February 8, 2010, we received an adverse jury verdict in a trial in the 166th Judicial District Court of Bexar County, Texas involving the sale of land encumbered by a ground lease for the San Antonio Marriott Rivercenter. The jury found that we tortiously interfered with the attempted sale by Keystone-Texas Property Holding Corporation of the land under the San Antonio Marriott Rivercenter and awarded Keystone $34.3 million in damages plus statutory interest. In addition, the jury found that we slandered Keystone's title to the property and awarded Keystone $39 million in damages plus statutory interest. Keystone will only be entitled to receive one of these damages awards. On February 12, 2010, the jury awarded Keystone $7.5 million in exemplary damages with respect to the second claim. Based on the range of possible outcomes, we have accrued a potential litigation loss of approximately $47 million consistent with generally accepted accounting principles.

On June 3, 2010, the trial court entered its final judgment, reciting and incorporating the jury's verdict awarding Keystone damages for tortious interference and slander of title. The trial court granted our motion for judgment notwithstanding the verdict on the jury's exemplary damages verdict; thus, the final judgment does not include exemplary damages. On July 2, 2010, we filed a motion to modify the judgment and motion for new trial.

We initiated the suit against Keystone on April 27, 2005, seeking a declaration that a provision of the ground lease for the property under the San Antonio Marriott Rivercenter was valid and claiming that Keystone had breached that lease provision. On October 18, 2006, Keystone filed an amended counterclaim and later, a third party claim, alleging that we had tortiously interfered with Keystone's attempted sale of the property and that we slandered Keystone's title to the property. We believe that a number of legal rulings decided by the trial court were in error and had an adverse effect on the jury's verdict. We have vigorously pursued these issues in post trial motions and will continue to do so, if necessary, on appeal.

We are also involved in various other legal proceedings in the normal course of business and are vigorously defending these claims; however, no assurances can be given as to the outcome of any pending legal proceedings. We believe, based on currently available information, that the results of such proceedings, in the aggregate, will not have a material adverse effect on our financial condition, but might be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

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

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)
March 27, 2010-April 26, 2010 Common Stock	1,721*	$ —	—	$ —
April 27, 2010- May 26, 2010 Common Stock	4,497**	$11.86	—	—
May 27, 2010- June 18, 2010 Common Stock	4,349*	—	—	—
Class E Preferred Stock	4,034,300***	$25.39	—	—
Total	4,044,867	$25.38	—	$ —

* Reflects shares of restricted stock forfeited for failure to meet vesting criteria.

** Reflects 1,892 shares of restricted common stock forfeited for failure to meet vesting criteria and 2,605 shares of restricted stock withheld and used for the purpose of paying taxes in connection with the release of restricted common stock to plan participants (the $11.86 purchase price is the average price of Host common stock on the dates of release for those 2,605 shares).

*** Reflects 4,034,300 Class E preferred shares redeemed from holders on June 18, 2010.

Item 6. Exhibits

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	
10.37*#	Second Amended and Restated Agreement of Limited Partnership of HHR EURO CV, dated as of May 27, 2010, by and among HST GP EURO B.V., HST LP EURO B.V., Stichting Pensioenfonds ABP, APG Strategic Real Estate Pool N.V. and Jasmine Hotels PTE Ltd.	
12.1*	Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividends.	
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
32†*	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.	
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.*
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 Income for the twenty-four weeks ended June 18, 2010 and June 19, 2009, respectively; (ii) the Condensed Consolidated Balance Sheets at June 18, 2010, and December 31, 2009; and (iii) the Condensed Consolidated Statement of Cash Flows for the twenty-four weeks ended June 18, 2010 and June 19, 2009, respectively. Users of this data are advised pursuant to Rule 406T of Regulation S-T that this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

Certain portions of this exhibit have been omitted by redacting a portion of the text (indicated by asterisks in the text). This exhibit has been filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment.

* 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.

July 27, 2010

/s/ Brian G. Macnamara

Brian G. Macnamara
Senior Vice President,
Corporate Controller

Exhibit 10.37

SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

of

HHR EURO C.V.

Dated as of May 27, 2010

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*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.**

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*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.**

SECOND AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
HHR EURO C.V.

SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP dated as of May 27, 2010 (this "**Agreement**") of HHR Euro C.V. (the "**Partnership**").

W I T N E S S E T H :

WHEREAS, the parties are party to that certain Agreement of Limited Partnership dated as of March 24, 2006, as amended by that certain First Amendment to Agreement of Limited Partnership dated as of July 21, 2006 and that certain Second Amendment to Agreement of Limited Partnership dated as of December 8, 2006 but effective July 21, 2006 (as so amended, the "**Original Partnership Agreement**");

WHEREAS, the parties amended and restated the Original Partnership Agreement pursuant to that certain Amended and Restated Agreement of Limited Partnership dated as of December 8, 2006, as amended by that certain Amendment to Amended and Restated Agreement of Limited Partnership dated as of July 28, 2008 and that certain Second Amendment to Amended and Restated Agreement of Limited Partnership dated as of May 3, 2009 (as so amended, the "**Existing Partnership Agreement**");

WHEREAS, HST GP TRS B.V. (the "**TRS GP**"), HST LP TRS B.V. ("**Host LP TRS**"), Stichting Pensioenfonds ABP, a Dutch foundation (*stichting*), and Jasmine Hotels Pte Ltd, a Singapore private company limited by shares ("**JHPL**") (collectively, the "**TRS Partners**") are parties to an Amended and Restated Agreement of Limited Partnership dated as of December 8, 2006, as amended by that certain Amendment to Amended and Restated Agreement of Limited Partnership dated as of May 3, 2009 (as so amended, the "**TRS C.V. Agreement**") pursuant to which the HHR TRS C.V. (the "**TRS C.V.**") was formed;

WHEREAS, in connection with the restructuring of the TRS C.V., the TRS GP, as general partner of the TRS C.V., sold 100% of its shares in HHR TRS B.V. to HHR Euro Cooperatief U.A. in exchange for the Coop Note (defined below) and assumption of all outstanding debts of the TRS C.V.;

WHEREAS, pursuant to the Consents and Waivers relating to the TRS C.V. Agreement executed by the TRS Partners and the other parties thereto dated the date hereof, the TRS Partners agreed to distribute to the TRS Partners the Coop Note and to dissolve and liquidate the TRS C.V. immediately thereafter;

WHEREAS, pursuant to the Distribution and Assignment of Coop Note among the TRS Partners and HHR Euro Cooperatief U.A. dated the date hereof, the Coop Note was distributed to the TRS Partners as set forth therein, and on the date hereof, the TRS C.V. was dissolved and liquidated;

WHEREAS, pursuant to the Deed of Sale, Transfer and Assignment of Coop Note among TRS GP, Host LP TRS, Host LP and HHR Euro Cooperatief U.A. dated the date hereof, TRS GP and Host LP TRS will transfer their respective interests in the Coop Note to Host LP;

WHEREAS, pursuant to the Consents and Waivers relating to the Existing Partnership Agreement executed by the Partners dated the date hereof, the Partners unanimously consented to the contribution by Stichting Pensioenfonds ABP, JHPL and Host LP of their respective interests in the Coop Note to the Partnership;

WHEREAS, pursuant to the Contribution Agreement among the Partners and HHR Euro Cooperatief U.A. dated the date hereof, Stichting Pensioenfonds ABP, JHPL and Host LP will contribute their respective interests in the Coop Note to the Partnership in exchange for increases of each such Partner's respective partnership interests;

WHEREAS, the parties to the Existing Partnership Agreement desire to amend the Existing Partnership Agreement to, among other things, reflect (i) such contribution of the Coop Note and the resulting Capital Commitment and Commitment Percentage of each Partner and (ii) the dissolution of the TRS C.V.;

WHEREAS, the Commitment Period has previously been extended for a one-year period and, as extended, terminated on May 3, 2010;

WHEREAS, the Partners desire to extend the Commitment Period and to require the unanimous consent of the Partners for the acquisition of Partnership Investments from and after May 3, 2010, in each case, as hereinafter set forth;

WHEREAS, pursuant to that certain Deed of Transfer and Assignment of Partnership Interest of a Limited Partner effective as of June 1, 2010 (the "**ABP Deed of Transfer**") among the GP, the Host LP, JHPL, Stichting Pensioenfonds ABP and APG Strategic Real Estate Pool N.V., a company organised under the laws of the Netherlands, whose corporate seat is at Amsterdam the Netherlands ("**APG**"), (x) Stichting Pensioenfonds ABP will transfer its interests in the Partnership and any related rights and ancillary documents to APG and APG will be admitted as a Substituted Limited Partner (collectively, the "**ABP Transfer**") and (y) the Partners (other than Stichting Pensioenfonds ABP) will consent to the ABP Transfer as required by Sections 10.02 and 10.05 of this Agreement; and

WHEREAS, HST GP Euro B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) with its corporate seat in Amsterdam, The Netherlands, is the general partner of the Partnership.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1
GENERAL PROVISIONS

Section 1.01. *Definitions; Interpretation.* (a) Capitalized terms used herein without definition have the meanings assigned to them in Appendix A hereto.

(b) In construing this Agreement, unless otherwise specified:

(i) references to sections, parties, schedules and recitals are to sections of, and the parties, schedules and recitals to, this Agreement;

(ii) use of any gender includes the other genders;

(iii) words denoting the singular include the plural and vice versa;

(iv) a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted;

(v) a reference to a date which is not a Business Day is to be construed as a reference to the next succeeding Business Day;

(vi) a reference to an agreement or other document is a reference to that agreement or document as supplemented, amended or novated from time to time;

(vii) headings and titles are for convenience only and do not affect the interpretation of this Agreement;

(viii) the rule known as the *ejusdem generis* rule shall not apply and accordingly general words introduced by the word “other” shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things;

(ix) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words (and accordingly “including” means including without limitation); and

(x) references to “writing” include fax transmission and, include email and similar electronic means of communication.

Section 1.02. *Partnership Name.* The name of the Partnership is HHR Euro C.V.

Section 1.03. *Seat.* (a) The seat of the Partnership will be located in Amsterdam, The Netherlands. To the extent necessary, the parties declare that when the Partnership was formed, the center of its external activities (*centrum van optreden naar buiten*) was located in the Netherlands.

(b) The address of the Partnership and of the General Partner shall be Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands, or such other place in The Netherlands as the General Partner shall determine in its discretion. If the General Partner shall determine to change its business address, it shall notify the Limited Partners in advance in writing.

Section 1.04. *Formation of the Partnership.* The parties hereby agree to continue the Partnership as a limited partnership (*commanditaire vennootschap*) under and pursuant to Dutch law. This Agreement amends and restates the Original Partnership Agreement, as amended by Amendment No. 1 and Amendment No. 2. Legal title to assets of the Partnership shall be formally held (*goederenrechtelijk*) by the General Partner for the benefit of all the Partners. All Partners are beneficially entitled to the assets. This Agreement is to be construed such that the Partnership does not qualify as an open limited partnership (*open commanditaire vennootschap*) as defined in article 2, paragraph 3, sub c of the General Tax Act (*Algemene wet inzake rijksbelastingen*). The Partnership is a closed limited partnership (*besloten commanditaire vennootschap*) for Dutch tax purposes.

Section 1.05. *Purposes of the Partnership.* The purposes of the Partnership are (a) to identify potential Partnership Investments, (b) to acquire, improve, maintain, hold, operate, manage, supervise, lease, finance, mortgage, pledge, exchange, divide, combine, sell, transfer, convey, assign, grant options with respect to, dispose of or otherwise deal in and transact business with respect to Partnership Investments, (c) pending utilization or disbursement of funds, to invest such funds in accordance with the terms of this Agreement, (d) to participate in and to otherwise acquire or maintain an interest in the management of other business enterprises that deal in and transact business with respect to Real Estate Assets, (e) to provide financing to affiliates and third parties in connection with Real Estate Assets, (f) to provide security, guaranty or otherwise undertake the obligations of third parties in connection with Real Estate Assets, and (g) to conduct all activities which are incidental to any of the foregoing. The Partnership shall have the power to do any and all acts necessary, appropriate, desirable, incidental or convenient to or for the furtherance of the purposes described in this Section 1.05, including any and all of the powers that may be

exercised on behalf of the Partnership by the General Partner pursuant to this Agreement.

Section 1.06. *Liability of the Partners Generally.* (a) The General Partner shall have unlimited liability to third parties for any and all liabilities of the Partnership as its general partner (*beherend vennoot*). All obligations of the Partnership to third parties shall be in the General Partner's name.

(b) Except as otherwise provided in this Agreement or under the C.V. Law, no Limited Partner (or former Limited Partner) shall be obligated to make any contribution to the Partnership or have any liability for the debts and obligations of the Partnership.

(c) The General Partner shall at all times act in good faith and in the best interests of the Partnership. In managing the affairs of the Partnership, subject to the rights of the Limited Partners, and in its dealing with the Limited Partners, the General Partner shall be subject to the standard of care a general partner is required to use with respect to a limited partnership and its limited partners under the C.V. Law, which standard of care shall include: (a) a duty of loyalty, which requires the General Partner to carry out its responsibilities with loyalty, honesty, good faith and fairness toward the Partnership and the Limited Partners and (b) a duty of care, which requires the General Partner to discharge its duties with the diligence, care and skill that a general partner would be required under the C.V. Law to exercise under similar circumstances, including actions with respect to the safekeeping of and use of all funds, assets and records of the Partnership. Unless expressly stated otherwise, the standard of performance applicable to the General Partner as set forth in this Section 1.06(c) shall be applicable to the General Partner in performing its obligations under each provision of this Agreement. The General Partner has not engaged and will not engage in any activities unrelated to the Partnership or the Partnership Investments.

Section 1.07. *Admission of Limited Partners; Additional Limited Partners; Increase of Capital Commitments.* (a) On the date of the Original Partnership Agreement, counterparts of the Original Partnership Agreement were executed and delivered by (or, pursuant to a power of attorney, on behalf of) each of HST LP Euro B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) with its corporate seat in Amsterdam, The Netherlands ("**Host LP**"), Stichting Pensioenfonds ABP, a Dutch foundation (*stichting*), and Jasmine Hotels Pte Ltd, a Singapore private company limited by shares, each such party's subscription for a limited partner interest in the Partnership was accepted by the General Partner and approved by the Limited Partners, and each such party became a Limited Partner (and was shown as such on the books and records of the Partnership).

(b) At any time, subject to the prior written unanimous consent of the Partners, the General Partner may cause the Partnership to admit additional

Limited Partners or to allow any existing Limited Partner to increase its original Capital Commitment, and in connection therewith, shall cause the value of the assets of the Partnership to be determined pursuant to Section 11.02. The General Partner shall deliver to each Limited Partner a notice (a "**NCP Notice**") setting forth (i) the value of the Partnership's assets giving effect to the admission of the New Commitment Partner or increase in Capital Commitment of an existing Limited Partner, minus the Partnership's liabilities (the "**Partnership Net Asset Value**"), (ii) the amount of the Capital Contribution to be made by the New Commitment Partner, and (iii) the resulting Capital Commitment, Investment Percentages, Commitment Percentages, Available Commitment Percentages, Capital Commitments and Capital Contributions taking into account the proposed admission of an additional Limited Partner (or an increase in any existing Limited Partner's Capital Commitment). The resulting Investment Percentage for the New Commitment Partner (defined below) is herein referred to as the "**NCP Investment Percentage**". **********
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**********. A Person shall become an additional Limited Partner (and shall be shown as such on the books and records of the Partnership) upon execution and delivery by (or, pursuant to a power of attorney, on behalf of) such Person and the General Partner of counterparts of this Agreement, subject to the terms of this Section 1.07.

(c) Any Limited Partner admitted to the Partnership pursuant to Section 1.07(b) on any Closing Date other than the First Closing Date (and, including, other than in the case of a pro rata increase by all Limited Partners in their Commitments, any Limited Partner so increasing its Capital Commitment to the extent of any increase in its Capital Commitment on any such subsequent Closing Date) (each such Limited Partner, a "**New Commitment Partner**") shall:

(i) make a Capital Contribution in the amount set forth in the NCP Notice;

(ii) make a Capital Contribution in an amount equal to the aggregate amount of Capital Contributions that would have been made by such New Commitment Partner pursuant to Section 4.02(a) in respect of

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Organizational Expenses had such New Commitment Partner been admitted to the Partnership on the First Closing Date *****
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(iii) make a Capital Commitment equal to the Capital Commitment set forth in the NCP Notice;

provided that, with respect to any New Commitment Partner that is a Limited Partner increasing its Capital Commitment on such Closing Date, the amount payable by such New Commitment Partner pursuant to Section 1.07(c)(i) or 1.07(c)(ii) shall be decreased by the aggregate amount of Capital Contributions theretofore made by such New Commitment Partner.

(d) The amount contributed by each New Commitment Partner pursuant to Section 1.07(c)(i) on any Closing Date other than the First Closing Date shall not be available for distribution to the Partners until the second anniversary of such subsequent Closing Date but shall be available to the General Partner for application to Partnership Expenses and investment in Partnership Investments.

(e) As promptly as practicable after any Closing Date after the First Closing Date, the Partnership shall distribute to the Limited Partners their pro rata share of the aggregate amounts contributed by the New Commitment Partners pursuant to Section 1.07(c)(ii) on such subsequent Closing Date.

Section 1.08. *Transparency*. Notwithstanding anything in this Agreement to the contrary, each Partner represents, as of the date hereof, that it is not an entity which is transparent for Dutch corporate income and dividend tax purposes and covenants that it will not transfer any interest to such an entity, it being agreed that no partner in this Partnership may be an entity which is transparent for Dutch corporate income and dividend tax purposes. Each Partner agrees that in the event that, if, as a result of any change in Dutch tax law or otherwise, it may become or becomes an entity that is transparent for Dutch corporate income and dividend tax purposes, it shall promptly take all necessary action to continue to be or become again non-transparent, including a transfer of its interest in the Partnership to a wholly-owned entity that is non-transparent from a Dutch tax perspective. Prior to such transfer, the Partner shall consult with the General Partner and external Dutch tax counsel to review and confirm that this transfer does not cause the Partnership to become non-transparent from a Dutch tax perspective, it being understood that such transfer is subject to the transfer restrictions set forth in this Agreement.

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ARTICLE 2
MANAGEMENT AND OPERATIONS OF THE PARTNERSHIP

Section 2.01. *Management Generally.* (a) The management and control of the Partnership shall be vested in the General Partner; however, the Limited Partners shall have certain rights with respect to certain matters of the Partnership as described in this Agreement. The Limited Partners shall have no authority or right to act on behalf of the Partnership in connection with any matter and shall not engage in any way in the day-to-day business of the Partnership.

(b) The General Partner shall have the right to delegate certain management and administrative responsibilities set forth in Section 2.02 to one or more of its Affiliates, which in no event shall be a Limited Partner. Any delegation of management and administrative responsibilities by the General Partner to a Person who is not an Affiliate of the General Partner shall be subject to the unanimous consent of the Limited Partners.

Section 2.02. *Authority and Duties of the General Partner.* The General Partner shall have the power and, to the extent the following are necessary or advisable to further the purposes of the Partnership described in Section 1.05, the duty, on behalf of and in the name of the Partnership, subject to the limitations contained in this Agreement, to:

(a) identify, acquire, improve, maintain, renovate, rehabilitate, reposition, own, hold, operate, manage, lease, finance, mortgage, pledge, exchange, divide, combine, sell, transfer, convey, assign, grant options with respect to, dispose of or otherwise deal in and transact business with respect to Partnership Investments;

(b) borrow money, issue (or guarantee) evidences of recourse and non-recourse indebtedness and obtain lines of credit, loan commitments and letters of credit for the account of the Partnership, or any Person in which it has a direct or indirect ownership interest; *provided* the indebtedness incurred by the General Partner for the benefit of the Partnership, by any Portfolio Company or by any Partnership Investment Vehicle may be secured by pledges, mortgages or other liens on any and all of the assets (excluding a pledge by the General Partner of all or a portion of the aggregate Available Capital Commitments of the Limited Partners, other than in connection with a Credit Facility) held by the General Partner for the benefit of the Partners, by any Portfolio Company or by any Partnership Investment Vehicle, and may be supported by guarantees made by the General Partner for the benefit of the Partners, by any Portfolio Company or Partnership Investment Vehicle in accordance with this Agreement;

(c) prepay in whole or in part, refinance, recast, increase, modify or extend any existing liabilities affecting any Partnership Investment (or any underlying assets) and in connection therewith execute any extensions or renewals

of encumbrances on any or all of the Partnership Investments (or any underlying assets);

(d) negotiate, execute and take any action under any deed, lease, easement, mortgage, deed of trust, mortgage note, promissory note, bill of sale, contract, certificate or other instrument or undertaking in connection with the acquisition, holding, financing, management, maintenance, operation, lease, pledge, sale or other disposition of a Partnership Investment (or any underlying assets) or as the General Partner shall determine, in its discretion, to be necessary or desirable to further the purposes of the Partnership, including granting or refraining from granting any waivers, consents and approvals with respect to any of the foregoing and any matters incident thereto;

(e) subsequent to the Partnership's initial investment in any Partnership Investment, make additional investments in the assets comprising such Partnership Investment (including investments for capital improvements or other improvements or alterations to any property constituting a Partnership Investment or otherwise to protect the Partnership's investment in any Partnership Investment or to provide working capital for any Partnership Investment) (the "**Follow-On Investments**");

(f) hold Partnership Investments in its name for the benefit of the Partnership and its Partners;

(g) obtain representation in the management of Portfolio Companies (and otherwise, if applicable, in connection with other Partnership Investments), which may involve, without limitation, securing representation on boards of directors of Portfolio Companies, creditors' committees, management committees of partnerships, property owners' associations or other entities or other similar boards, committees or other governing bodies in respect of such companies or investments, or the employment on behalf of the Partnership of experts to render managerial assistance to such companies or investments;

(h) lend money or other assets of the Partnership upon such terms and with (or without) such security as the General Partner shall deem appropriate to any Portfolio Company or Partnership Investment Vehicle;

(i) use the services of any and all persons providing legal, accounting, engineering, brokerage, consulting, appraisal, investment advisory, financial advisory, property management, leasing brokers, artisan, construction, repair or custodian services to the Partnership, or such other Persons as the General Partner deems necessary or desirable for the management and operation of the Partnership and its Partnership Investments (and any underlying assets), including the General Partner and the Affiliates of the General Partner and Persons who are also otherwise employed or hired by any Affiliate of the General Partner; *provided*, however, this shall not include the power to employ or hire persons for or on behalf of the Partnership, *provided, further*, nothing herein shall preclude any

Portfolio Company from hiring employees, including as may be necessary or recommended in any jurisdiction in which a Hotel Property is located or such Portfolio Company is a resident, including in order to establish tax residency in a jurisdiction;

(j) incur and pay all expenses, fees and obligations incident to the operation and management of the Partnership, any Portfolio Company or Partnership Investment Vehicle or that may be applicable in connection with any transactions entered into by or on behalf of the Partnership, any Portfolio Company or Partnership Investment Vehicle, including the services referred to in clause (i), taxes, interest, travel, rent, insurance and supplies;

(k) make interim investments (which may be made through an agent) of cash reserves and other liquid assets of the Partnership as provided in Section 2.10 prior to their use for Partnership purposes or distribution to the Partners;

(l) acquire and enter into any contract of insurance necessary or desirable for the protection or conservation of the Partnership and its assets or otherwise in the interest of the Partnership as the General Partner shall determine, in respect of any liabilities for which the General Partner or any other Indemnified Person would be entitled to indemnification under this Agreement;

(m) open and close accounts and deposit, maintain and withdraw funds in the name of the Partnership, any Portfolio Company and any Partnership Investment Vehicle in banks, savings and loan associations, brokerage firms or other financial institutions and draw checks or other orders for the payment of monies;

(n) distribute funds to the General Partner and the Limited Partners by way of cash or otherwise, all in accordance with the provisions of this Agreement;

(o) bring and defend actions and proceedings at law or equity before any court or governmental, administrative or other regulatory agency, body or commission or otherwise;

(p) prepare and cause to be prepared reports, statements and other relevant information for distribution to the General Partner and the Limited Partners;

(q) prepare and file all necessary tax returns, elections and statements and pay all taxes, assessments and other impositions applicable to the assets of the Partnership and withhold amounts with respect thereto from funds otherwise distributable to the General Partner or any Limited Partner;

(r) effect a dissolution of the Partnership and carry out the liquidation of the Partnership following such dissolution;

(s) make all elections, investigations, evaluations and decisions, binding the Partnership thereby, that may, in the discretion of the General Partner, be necessary or desirable for the acquisition, management or disposition of investments by the Partnership;

(t) maintain records and accounts of all operations and expenditures of the Partnership;

(u) determine the accounting methods and conventions to be used in the preparation of any accounting or financial records of the Partnership, *provided* that such records shall be maintained in Euros and in accordance with international financial reporting standards ("**IFRS**");

(v) convene meetings of the Limited Partners for any purpose;

(w) form and structure Partnership Investments through Partnership Investment Vehicles pursuant to Section 3.03 and incorporate or form additional subsidiaries and transfer the shares or interests in any existing subsidiary or subsidiaries to such newly-formed subsidiaries, *provided* that without the prior written consent of the Limited Partners, no transfer of shares or interests in any existing subsidiary shall be made to any subsidiary that is not wholly owned (directly or indirectly) by the Partnership (or the General Partner on behalf of the Partners);

(x) enter into any hedging transaction for interest rate risk as the General Partner shall determine to be necessary or desirable to further the purposes of the Partnership;

(y) enter into any hedging transaction, including any forward contracts, for currency risk as is necessary or desirable to further the purposes of the Partnership;

(z) assume liabilities on behalf of the Partnership in respect of Real Estate Assets;

(aa) enforce the Asset Management Agreement on behalf of the Partners; and

(bb) acquire the Instalment Note entered into by HHR Euro Cooperatief U.A. and HST GP TRS B.V. dated as of the date hereof with a principal amount of €8,099,826 (the "**Coop Note**") pursuant to Section 5.01(h); and

(cc) act for and on behalf of the Partnership in all matters incidental to the foregoing.

Section 2.03. *Other Authority; Major Decisions, Etc.* (a) The General Partner agrees to use its commercially reasonable efforts to operate the Partnership in such a way that (i) the Partnership will not be an "investment

company" within the meaning of the Investment Company Act (except for purposes of Sections 12(d)(1)(A)(i) and (B)(i) thereunder), (ii) the General Partner will be in compliance with the Advisers Act, (iii) none of the Partnership's assets would be deemed "plan assets" for purposes of ERISA, and (iv) each of the Partnership and the General Partner will be in compliance with any applicable law, regulation or guideline, issued by a regulatory authority, government body or recognized securities exchange, in each case a violation of which would have a material adverse effect on the Partnership. The General Partner is hereby authorized to take any action it has determined to be necessary or desirable in order for (i) the Partnership not to be in violation of the Investment Company Act, (ii) the General Partner not to be in violation of the Advisers Act, (iii) the Partnership's assets not to be deemed "plan assets" for purposes of ERISA, or (iv) each of the Partnership and the General Partner not to be in violation of any applicable material law, regulation or guideline, issued by a regulatory authority, government body or recognized securities exchange, including (A) making structural, operating or other changes in the Partnership by amending this Agreement or otherwise, (B) requiring the sale in whole or in part of any Partnership Investment or other asset or (C) dissolving the Partnership (*provided* that any such amendment, sale or dissolution to cure any violation of such law, regulation or guideline of the Partnership may only be made if such amendment, sale or dissolution of the Partnership is necessary or advisable to cure the items described in clauses (i)-(iv) above and such amendment, sale or dissolution of the Partnership does not (x) increase or lead to violation of the obligations (including regulatory obligations) or liabilities (including with respect to tax exposure) of any Limited Partner, (y) adversely affect any Limited Partner's economic rights hereunder or (z) adversely affect its status as a tax-exempt entity or pension fund (if appropriate); *provided, further,* that the General Partner shall consult with the Limited Partners (other than any Host Limited Partner) to determine if the consequences described in the foregoing clauses (x)-(z) would result). The General Partner shall notify the Limited Partners of any action taken pursuant to this Section 2.03(a).

(b) In addition to any other matters for which the Partners are provided with voting rights under this Agreement, the following powers of the Partnership shall be exercised by the General Partner only with the required vote of the Partners:

(i) the following decisions, which decisions shall require the prior written unanimous consent of the Partners:

(A) the recapitalization of the Partnership;

(B) entering into a financing transaction that is either (1) a "cash-out" financing (i.e., the loan proceeds realized are in an aggregate amount in excess of the principal amount of the debt being refinanced) but is not entered into as part of the acquisition of a Real Estate Asset or contemplated by the relevant approved

Budget, or (2) as described in Section 3.02, with respect to any Real Estate Asset that is not incurred in connection with the acquisition of such Real Estate Asset and is not a refinancing of any such acquisition financing;

(C) causing the merger of the Partnership with or into another entity, or otherwise reorganizing or restructuring the Partnership;

(D) causing an initial public offering of interest in the Partnership;

(E) repositioning a Partnership Investment which will result in the closing of an entire Hotel Property (unless a Consolidation Event shall have occurred, in which case the vote of the Required Limited Partners shall be required);

(F) causing in one or more transactions a Disposition of all or substantially all of the Partnership Investments (including shares of any Portfolio Company or Partnership Investment Vehicle);

(G) the General Partner commencing (on its own behalf or on behalf of the Partnership) a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to the General Partner, the Partnership or debts of the General Partner or the Partnership under any bankruptcy, insolvency, reorganization or other similar law; or the appointment of a trustee, administrator, receiver or other entity for the purpose of disposing of the Partnership Investments for the benefit of creditors; or any other transfer of Partnership Investments, whether voluntary or involuntary, for the benefit of creditors;

(H) transfers of limited partnership interests as described in Section 5.03, Section 5.04, Section 10.01, Section 10.02 and Section 10.05 of this Agreement (it being understood that any admission or substitution, whether in full or in part, absolute or relative, of a limited partnership interest requires the prior written consent of all Partners (except for the consent of a Defaulting Limited Partner pursuant to Section 5.03), and transactions not compliant with this approval requirement are void);

(I) the admission of New Commitment Partners as described in Section 1.07(b) (it being understood that any such admission requires the prior written consent of all Partners (except

for the consent of a Defaulting Limited Partner pursuant to Section 5.03), and transactions not compliant with this approval requirement are void);

(J) the deviation from investment and/or leverage limitations and guidelines as described in Section 3.02;

(K) the acquisition of real property that is not a Real Estate Asset;

(L) confessing, consenting to or appealing against a judgment against the Partnership in connection with any threatened or pending Proceeding; or commencing or settling any Proceeding in the name of the Partnership or with respect to the Partnership Investments, in each case if the amount in dispute is in excess of **********;

(M) the extension of the Commitment Period as described in Section 5.01(d);

(N) any amendment or waiver of provisions in the Asset Management Agreement;

(O) the extension of the term of this Agreement as described in Section 9.01;

(P) any amendment of this Agreement, except as provided in Section 11.01(a);

(Q) the development of a Hotel Property;

(R) the payment of the early promote to the General Partner from capital contributions pursuant to Section 6.03(c)(i);

(S) other than in connection with a Credit Facility, any agreement pursuant to which all or a portion of the aggregate Available Capital Commitments of all Limited Partners is pledged, assigned or otherwise provided as security by the General Partner; and

(T) acquisition of any Partnership Investment (other than Follow-On Investments) by the General Partner on behalf of and in the name of the Partnership after May 3, 2010.

(ii) the following decisions, which decisions shall require the consent or approval of the Required Limited Partners:

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(A) provided no Consolidation Event shall have occurred, the acquisitions of Real Estate Assets;

(B) provided no Consolidation Event shall have occurred, as described in Section 3.02, entering into financing transactions related to the acquisition of Real Estate Assets and any refinancing thereof (except for financing transactions contemplated by Section 2.03(b)(i)(B));

(C) adoption of the Business Plan and the Budgets, in each case, as contemplated by Section 2.12;

(D) provided no Consolidation Event shall have occurred, Dispositions of Partnership Investments (except for Dispositions of all or substantially all of the Partnership Investments, in which case Section 2.03(b)(i)(F) shall control), *provided* that the General Partner shall be authorized to transfer the shares in HHR Euro Funding B.V. to a newly-formed private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) with its corporate seat in Amsterdam, The Netherlands, that is owned and continues to be owned by the General Partner;

(E) approval or disapproval of an Approved Accountant, Approved Appraiser, Approved Industry Consultant or Approved Investment Bank; and

(F) the dissolution of the Partnership as described in Section 9.02(a), *provided* if a Consolidation Event shall occur, the dissolution of the Partnership shall require the prior written unanimous consent of the Partners pursuant to clause (i) above; and

(G) any currency hedging transaction, other than as required by a third-party lender to (1) the Partnership, (2) any Portfolio Company or (3) any Partnership Investment Vehicle.

(c) In this Agreement, the words “approval” and “consent” shall mean the prior written consent or approval of the Partners having the right to consent or approve, which consent or approval shall not be, other than as provided in this Agreement, unreasonably withheld or delayed, unless in connection with any transfer of limited partnership interest, (relative or absolute) substitution of a limited partner, deemed capital contribution or forced sale of a limited partnership interest or admission of a New Commitment Partner or Substituted Limited Partner. It is understood that in determining whether to withhold or delay its consent or approval, a Limited Partner shall be entitled to consider its own interest as a partner in the Partnership.

(d) The General Partner shall cause the Manager to employ or cause its sub-asset manager to employ a managing director, or an individual in such capacity, **********. In the event the employment of the managing director ends or terminates, the General Partner shall cause the Manager to engage or cause its sub-asset manager to engage a replacement managing director within ninety (90) days of such time, *provided* without the prior written consent of the Limited Partners, no sub-asset manager shall be other than a wholly-owned subsidiary of the Manager.

(e) The Partners acknowledge that each of Host LP and the General Partner is or will be an indirect subsidiary or Affiliate of Host Euro Business Trust, Host Holding Corporation and Host Hotels & Resorts, Inc. (each, a "**Host REIT**"), each a "real estate investment trust" under the Code (a "**REIT**"). The Partnership will conduct its activities in a manner consistent with each Host REIT's status as a REIT and so as to permit such Host REIT (i) to maintain continuous compliance with the requirements of REIT status and (ii) to minimize any U.S. federal income or excise tax in respect of operations. Without limiting the generality of the foregoing, it is understood that the Partnership's hotel properties will generally be leased to separate entities that will constitute "taxable REIT subsidiaries" for purposes of the REIT requirements (each, a "**TRS**" and collectively, the "**TRS**") and will be operated in a manner consistent with those requirements.

(f) As between the General Partner, on the one hand, and the Partnership, on the other hand, the General Partner shall be solely responsible for and shall pay any and all expenses incurred by Host LP or by the General Partner (whether or not on behalf of the Partnership) to maintain the REIT status of any Host REIT.

(g) In the event of a change in law, regulation or other form of binding guidance with respect to REITs, issued by a regulatory authority or governmental body, the General Partner shall have the right to restructure the Partnership and any Partnership Investment consistent with the purposes of the Partnership described in Section 1.05, *provided* such restructuring does not (i) increase or lead to violation of the obligations (including regulatory obligations) or liabilities (including with respect to tax exposure) of any Limited Partner, (ii) adversely affect any Limited Partner's economic rights hereunder, (iii) adversely affect its status as a tax-exempt entity or pension fund (if appropriate), or (iv) lead to the involuntary substitution or removal of any Limited Partner. The Limited Partners agree to cooperate reasonably with the General Partner in effecting such a restructuring. The General Partner shall pay any expenses incurred by the Partnership or the Limited Partners in connection with such a restructuring. To the extent such restructuring entails the (absolute or relative) substitution of a Limited Partner or the admission of a New Commitment Partner or Substituted Limited Partner, the prior written unanimous consent of all Partners is required.

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Section 2.04. *Exclusivity. (a)* The General Partner shall devote such time and attention to the business or affairs of the Partnership as is necessary effectively to carry out the operations of the Partnership and perform its duties to the Partnership.

(b) The General Partner and each Limited Partner acknowledge and agree that:

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(ii) except in connection with the transactions contemplated by the Implementation Agreement, the Asset Management Agreement or in connection with the acquisition of the Initial Hotel Properties pursuant to the Master Agreement, without the unanimous consent of the Partners, the Partnership and the General Partner shall not purchase property or obtain services from, sell property or provide services to, or otherwise enter into any transaction, with the General Partner, any Affiliate of the General Partner, any Limited Partner, any Portfolio Company, or any Affiliate of any of the foregoing Persons.

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(c) Nothing contained in this Agreement shall be deemed to limit in any respect the ability of any Limited Partner (or Affiliate thereof), in its individual capacity, from making investments in any Portfolio Company or in any Person in which Investments are proposed to be made or in any Affiliate of any such Person or from providing financing thereto, in addition to such Limited Partner's Capital Contributions, if any, pursuant to this Agreement.

(d) Each of the parties to this Agreement shall use commercially reasonable efforts to advise each other on all potential transactions covered by Section 2.04(b)(i)(A), Section 2.04(b)(i)(C), Section 2.04(b)(i)(D), Section 2.04(b)(i)(E) and Section 2.04(b)(i)(F) subject to any confidentiality requirements then binding on such party.

Section 2.05. *Books and Records; Fiscal Year.* (a) The General Partner shall keep or cause to be kept at the address of the General Partner (or at such other place as the General Partner shall advise the other Partners in writing) the books and records of the Partnership. Each Limited Partner shall be shown as a limited partner of the Partnership on such books and records. Such books and records shall be available, upon five (5) Business Days' notice to the General Partner, for inspection at the offices of the General Partner (or such other location designated by the General Partner, in its reasonable discretion) at reasonable times during business hours on any Business Day by each Limited Partner for a purpose reasonably related to such Limited Partner's interest in the Partnership. Each Limited Partner agrees that such books and records contain confidential information relating to the Partnership and its affairs and the affairs of each Limited Partner.

(b) Unless otherwise required by law, the taxable year of the Partnership shall end on December 31st. Except as otherwise determined by the General Partner in its reasonable discretion, the fiscal year of the Partnership (the "**Fiscal Year**") for purposes of its financial statements shall be the same as the taxable year of the Partnership.

Section 2.06. *Partnership Tax Returns.* (a) The General Partner shall cause to be prepared and filed on a timely basis all tax returns required to be filed for the Partnership. The General Partner shall send such information as a Limited Partner may reasonably request for the filing of any required tax returns or reports in respect of such Limited Partner's interest in the Partnership and the Partnership Investments, including the French three percent (3%) annual tax imposed

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pursuant to Sections 990D et seq. of the French General Tax Code. As part of its investigation of any proposed Partnership Investment, the General Partner shall investigate with reasonable diligence any tax filing requirements imposed on the Partners solely as a result of investing in such proposed Partnership Investment and shall furnish to the Limited Partners any such information acquired.

(b) The Limited Partners agree to cooperate reasonably with the General Partner regarding the filing of forms (including, without limitation, Forms 8832 and 8875) and U.S. partnership returns with the Internal Revenue Service, *provided* that, in connection with the foregoing, (i) the General Partner shall bear all out-of-pocket costs of preparing and filing such documents and (ii) no Limited Partner will be required to disclose any proprietary information (*provided* that the Limited Partners' name, address, and other identifying information shall not be considered proprietary for purposes of this Section 2.06(b)).

(c) Each Partner shall cause to be prepared and filed on a timely basis all tax returns required by law to be filed by such Partner. Each Partner shall, to the fullest extent permitted by applicable law, indemnify and hold harmless the other Partners against any losses, claims, damages or liabilities arising from, related to or in connection with such Partner's failure to make such filings.

(d) The General Partner is hereby designated as the Partnership's "tax matters partner." The General Partner is specifically directed and authorized to take whatever steps the General Partner, in its discretion, deems necessary or desirable to perfect such designation, including filing any forms or documents and taking such other action as may from time to time be required under applicable tax law. Expenses of any administrative proceedings undertaken by the Tax Matters Partner shall be Partnership Expenses. Each Limited Partner who elects to participate in such proceedings shall be responsible for any expenses incurred by such Limited Partner in connection with such participation. The cost of any resulting audits or adjustments of a Limited Partner's tax return shall be borne solely by the affected Limited Partner. Notwithstanding the foregoing, the General Partner shall not bind any Limited Partner to an extension of such Limited Partner's statute of limitations or to a closing agreement or settlement agreement for tax purposes without such Limited Partner's prior written consent.

Section 2.07. *Confidentiality; Press Release.* (a) Each Partner agrees to keep confidential, and not to make any use of (other than for purposes reasonably related to its interest in the Partnership or for purposes of filing such Partner's tax returns or for other routine matters required by law) nor to disclose to or discuss with any Person (including any co-venturers or managers of other investments in real property but other than Affiliates of such Partner), any information or matter relating to the Partnership, the TRS C.V., the Partners and their affairs, or any information obtained in relation to the other Partners, and any information or matter related to any Partnership Investment, including, among other things, the estimated value or terms and conditions of any potential transaction which the Partnership is actively pursuing (other than disclosure to such Partner's

employees, agents, accountants, advisors (including financial advisors) or representatives responsible for matters relating to the Partnership (each such Person being hereinafter referred to as an "**Authorized Representative**")); *provided* that such Partner and its Authorized Representatives may make such disclosure to the extent that (i) the information being disclosed is publicly known at the time of proposed disclosure by such Partner or Authorized Representative, (ii) such disclosure is required by law or regulation or (iii) such disclosure is required by any regulatory authority or self-regulatory organization having jurisdiction over such Partner, including filings with the trade register at the Chamber of Commerce and Industry in Amsterdam, the Netherlands (the "**Chamber of Commerce**"). Prior to making any disclosure required by law, regulation, regulatory authority or self-regulatory organization, each Partner shall (to the extent permitted by applicable law) use its commercially reasonable efforts to promptly notify the General Partner (and the affected Partner, if any) of such disclosure. Prior to any disclosure to any Authorized Representative, each Partner shall advise such Authorized Representative of the obligations set forth in this Section 2.07. Each Partner shall be liable for any breach of such obligations by an Authorized Representative, unless such Authorized Representative has executed an agreement, for the benefit of the General Partner, to be bound by the terms of such obligations.

(b) Without obtaining the consent of the other Partners, a Partner will not issue any press release or make any public statement relating to any of the matters provided for or referred to in this Agreement or any ancillary matter, unless required by law or by any regulatory authority, government body or recognized securities exchange.

Section 2.08. *Meetings of the Partners.* (a) The General Partner shall meet with the Limited Partners at least twice annually on dates convenient to the Limited Partners. Each meeting shall take place in Amsterdam or such other place as unanimously agreed by the Partners. For any meeting of the Partners, the General Partner shall cause a written notice to be sent to the Partners at least ten (10) Business Days prior to the meeting. Such notice shall contain a detailed list of the items on the agenda. The General Partner shall cause to be delivered to the other Partners any materials material to the discussion of the items on the agenda at least five (5) Business Days prior to the meeting.

(b) Meetings of the Partners to vote upon any matters which the Partners are authorized to vote on under this Agreement may be called at any time by a Partner by delivering written notice to the General Partner. Within ten (10) days following receipt of such request, the General Partner shall cause a written notice of a meeting to be given to the Partners entitled to vote, such meeting to be held at a place and time fixed by the General Partner on a date convenient to the Limited Partners. This meeting shall take place in Amsterdam or such other place as unanimously agreed to by the Partners. Any Partner may participate in any meeting called in accordance with this Section 2.08(b) by telephone or other form of telephonic communication. A detailed statement of the proposed action,

including a verbatim statement of the wording of any resolution proposed for adoption by the Partners, shall be included with the notice of a meeting.

(c) In lieu of a meeting called in accordance with Section 2.08(b) to vote on any matter which the Partners are authorized to vote under this Agreement, the General Partner shall submit the proposed action in writing to each of the Partners entitled to vote. Each such Partner shall give its written response to the proposed action to the General Partner within fifteen (15) days of the date of the giving of the General Partner's notice to such Partner of such proposal. Any such notice shall specify the date upon which such fifteen (15)-day period for response ends. Any Partner failing to respond within such fifteen (15)-day period shall be deemed to have disapproved such proposed action.

Section 2.09. *Reliance by Third Parties.* Persons dealing with the Partnership are entitled to rely conclusively upon the power and authority of the General Partner as set forth in this Agreement and as a summary of such power and authority is registered with the trade register of the Chamber of Commerce.

Section 2.10. *Temporary Investment of Funds.* Subject to a determination by the General Partner in its discretion as to the amount of cash required in connection with the conduct of the Partnership's business, the General Partner shall invest all cash held by the Partnership in interest bearing instruments or accounts as contemplated by the Budget or as otherwise reasonably selected by the General Partner. Cash held by the Partnership includes all amounts being held by the Partnership for future investment in Partnership Investments, payment of Partnership Expenses or distribution to the Partners.

Section 2.11. *Removal of the General Partner.* (a) The Required Limited Partners (other than any Defaulting Limited Partner or any Limited Partner that is an Affiliate of the General Partner) may remove the General Partner if a final order of a court of competent jurisdiction has been entered determining that a Cause Event has occurred by delivering written notice to the General Partner of their election pursuant to this Section 2.11(a). The General Partner shall notify the Limited Partners of any removal notice it receives pursuant to this Section 2.11(a). In connection with the removal of the General Partner pursuant to this Section 2.11(a), the Required Limited Partners (other than any Defaulting Limited Partner or any Limited Partner that is an Affiliate of the General Partner) shall appoint a replacement general partner of the Partnership. Such replacement general partner shall be admitted as a general partner of the Partnership prior to the effective date of the removal of the General Partner upon its execution of a counterpart to this Agreement and shall continue the Partnership without dissolution.
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(b) In the event that the General Partner is removed pursuant to Section 2.11(a), the removed General Partner shall cease to have any rights, powers, obligations or duties provided to it under this Agreement (except for its rights,

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powers, obligations and duties under Article 8) and under applicable law after the effective date of such removal. In connection with the removal of the General Partner, the Limited Partners shall have the right to either (A) purchase the partnership interest of the General Partner at a price equal to ********** of the General Partner as of the effective date of such removal, such ********** and from and after the effective date of its removal as the General Partner and following the admission of the replacement general partner as described above, the General Partner shall no longer be a Partner in the Partnership, or (B) following the admission of the replacement general partner as described above, convert the General Partner's interest in the Partnership into a limited partner interest in the Partnership with a Capital Account equal to the value set forth in clause (A) above. It is understood that the unanimous written consent of the Partners is required in the event the purchase of the partnership interest of the General Partner causes a relative substitution among the Limited Partners. It is moreover understood that the unanimous written consent of the Partners is required in respect of the conversion of the general partner's interest into a limited partner interest and the admission of the general partner as a Limited Partner. Any amount paid to the General Partner pursuant to clause (A) above shall be paid in cash. In the event the General Partner's interest is converted into a limited partner interest, the General Partner shall be treated for all purposes as a Limited Partner from the date of conversion with respect to future distributions made by the Partnership and all other rights to which the Limited Partners are entitled under this Agreement.

Section 2.12. *Business Plan and Budgets*. (a) The General Partner shall submit the draft business plan for the operation of the Partnership Investments to the Limited Partners for approval no later than sixty (60) days after the First Closing Date. No later than December 15 of each Fiscal Year the General Partner shall submit to the Limited Partners for approval a revised and updated business plan for the period ending on the last day of the next succeeding Fiscal Year. The business plan shall include the following:

(i) **********

(ii) a report of potential acquisition and disposition transactions;

(iii) **********

(iv) **********

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********** (clauses (i)-(iv) collectively, the "**Business Plan**").

(b) The General Partner shall prepare and present to the Limited Partners for each Fiscal Year for their approval the following budgets: (i) a consolidated capital budget for the Partnership, any Partnership Investment Vehicle and any Portfolio Company, setting forth in reasonable detail the estimated Capital Expenses with respect to each Partnership Investment for such Fiscal Year (the "**Partnership Capital Budget**") and (ii) a consolidated operating budget for the Partnership, any Partnership Investment Vehicle and any Portfolio Company, setting forth in reasonable detail the estimated operating costs and expenses with respect to each Partnership Investment, including estimated Partnership Investment Expenses and Partnership Administrative Expenses (the "**Partnership Operating Budget**"; together with the Partnership Capital Budget, each a "**Budget**" and collectively, the "**Budgets**"). The draft of each Budget for the balance of the 2006 Fiscal Year Fiscal Year shall be presented to the Limited Partners for approval prior to sixty (60) days after the First Closing Date. Each Budget for each subsequent Fiscal Year shall be in the form of the Budget for the prior Fiscal Year. A first draft of each Budget for the subsequent years shall be presented to the Limited Partners prior to ********** of such Fiscal Year and a final draft shall be presented to the Limited Partners prior to February 15 of such Fiscal Year. Within twenty (20) days of its receipt of each of the initial draft and the final draft of a Budget, each Limited Partner shall deliver a notice to the General Partner approving or objecting to such Budget. Any notice objecting to a proposed Budget shall include a detailed explanation of the items to which such Limited Partner objects. If at any time the General Partner has not obtained the approval of the Required Limited Partners with respect to any proposed Budget, the parties shall meet and work in good faith to resolve such disagreement. If within thirty (30) days a resolution to such disagreement is not reached, the dispute shall be resolved by an Approved Industry Consultant in accordance with Section 11.02.

(c) The Partnership Capital Budget and the Partnership Operating Budget shall each be updated by the General Partner and presented to the Limited Partner for approval in accordance with the above provisions of Section 2.12(b) within ********** of the acquisition of a Partnership Investment.

(d) With respect to any Budget, if the General Partner determines at any time during a Fiscal Year that it is in the best interests of the Partnership to incur any discretionary cost or obligation with respect to an item of expense, contemplated by such Budget, in an amount in excess of *** above the budgeted item of expense, the General Partner shall, subject to Section 2.12(e), obtain the approval of the Required Limited Partners prior to incurring any such discretionary cost or obligation. In addition, the General Partner shall obtain the approval of the Required Limited Partners prior to incurring any discretionary

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costs or obligations if the aggregate of the expenses incurred is in an amount in excess of *** above the expenses contemplated by the Budget.

(e) Notwithstanding the foregoing, the General Partner shall be authorized to incur on behalf of the Partnership any non-discretionary item of expense, which shall include, without limitation, (i) an expense arising in the event of an emergency (life-threatening or otherwise) or is necessary to comply with legal requirements or to avoid criminal liability, civil liability or the imposition of a fine or other penalty, (ii) any expense required to be incurred pursuant to any Hotel Operating Agreement or lease with a third party for any Partnership Investment, other than in connection with any obligation to maintain "brand" standards (which the Partners agree will need to be approved by the Partners in a Budget or otherwise) and (iii) any expense required to be incurred pursuant to a budget included as part of an acquisition proposal approved by the Partners. For the purposes of this Section 2.12, an "item of expense" shall refer to each category of expense identified in the applicable Budget.

Section 2.13. *Credit Facility.* (a) The General Partner is authorized to enter into one or more credit facilities (each, a "**Credit Facility**") to pay expenses and fees, to finance the acquisition and ownership of Partnership Investments, including, without limitation, in lieu of, in advance of, or contemporaneously with, Capital Contributions and otherwise to carry out the business and activities permitted under this Agreement. Such Credit Facilities may be secured by an assignment and pledge by the General Partner of all or a portion of the aggregate Available Capital Commitments of all Limited Partners, including upon the continuance of an event of default (as defined in a Credit Facility), the right of the lender to deliver Drawdown Notices and enforce all remedies against any Limited Partner that fails to fund their respective Capital Commitments pursuant to Drawdown Notices and in accordance with the terms of this Agreement. In connection with any such Credit Facility, all such Capital Contributions shall be payable to the account designated by the lender.

(b) Each Limited Partner understands, acknowledges and agrees, in connection with any Credit Facility and for the benefit of any lender thereunder, (i) that the General Partner may from time to time request delivery, within ninety (90) days after the end of such Limited Partner's fiscal year, of a copy of such Limited Partner's annual report, if publicly available, or such Limited Partner's balance sheet as of the end of such fiscal year and the related statements of operations for such fiscal year, in each case to the extent publicly available, prepared or reviewed by independent public accountants in connection with such Limited Partner's annual reporting requirements; (ii) that the General Partner may from time to time request a certificate confirming (x) the remaining amount of such Limited Partner's Available Capital Commitment and/or (y) that the Limited Partner has not and will not pledge, collaterally assign, encumber or otherwise grant a security interest in its rights and obligations against the General Partner or the Partnership; and (iii) that such Limited Partner's obligation to fund its Available Capital Commitment is without defense, counterclaim or offset of any

kind, other than any rights or claims available to such Limited Partner under this Agreement. In addition, each Limited Partner agrees (A) to deliver to the lender under any Credit Facility an acknowledgement of such Limited Partner's Capital Commitment in such lender's customary form as may be negotiated between such lender and such Limited Partner, and (B) to deliver, upon the request of the General Partner or lender, an opinion of counsel to the effect that this Agreement is a valid and binding agreement of such Limited Partner (and/or an appropriate corporate or similar resolution authorizing such Limited Partner's investment in the Partnership).

ARTICLE 3
INVESTMENTS

Section 3.01. *Partnership Investments Generally; Initial Hotel Properties.* (a) Subject to Section 3.02 and Article 6, the General Partner may cause the Partnership to invest, directly or indirectly, in such Partnership Investments as the General Partner shall identify based on an objective that at the termination of the Commitment Period, the Partnership shall not have invested ****
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(b) The Limited Partners acknowledge and agree that an Affiliate of the General Partner has entered into an agreement to acquire certain hotel properties, including those properties identified on Schedule B (the "**Initial Hotel Properties**"), and that such properties are suitable Partnership Investments for the Partnership and acceptable to the Limited Partners notwithstanding any investment limitations or parameters set forth in this Agreement. The General Partner shall have the right to, or cause its Affiliate or a third-party seller (as applicable) to, transfer the Initial Hotel Properties to the General Partner for the benefit of the Partners at the respective prices set forth in Schedule B (each such price, the "**Initial Hotel Property Price**"); *provided* that the Poland Hotel Property shall be contributed to the Partnership pursuant to Section 5.01(b).

Section 3.02. *Investment and Leverage Limitations.* (a) With the approval of the Required Limited Partners, the Partnership or any Partnership Investment Vehicle or any Portfolio Company may incur debt in connection with and in order to finance the acquisition of Partnership Investments (as well as to refinance such debt), *provided* the approval of the Partners is not required for the assumption of debt by the Partnership, any Partnership Investment Vehicle or any Portfolio Company to the extent all associated rights to receive payment in respect of such debt is held by the Partnership, any Partnership Investment Vehicle or any Portfolio Company (as applicable). With the unanimous consent of the Partners,

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the Partnership, any Partnership Investment Vehicle or any Portfolio Company may incur any other debt with respect to Partnership Investments.

(b) Without the unanimous consent of the Limited Partners, the aggregate amount of debt incurred by the Partnership, any Partnership Investment Vehicle and any Portfolio Company attributable to a single Investment shall not exceed 75% of the fair market value on the date of such Partnership Investment based on an appraisal by an independent third party; *provided* the intent of the Partners is that the amount of debt incurred by the Partnership, any Partnership Investment Vehicle and any Portfolio Company to finance, operate or own Partnership Investments shall not exceed, as of the last day of the Commitment Period and thereafter, 65% of the aggregate fair market value of the Partnership Investments taken as a whole (without deduction for any debt to which such Investments are subject) based on the last annual appraisal; *provided further*, if such 65% limit is exceeded, the Partners shall confer and agree on the course of action with respect to such debt.

(c) Unless otherwise agreed to by the unanimous consent of the Limited Partners, with respect to a Partnership Investment in a single asset, the minimum gross asset value of such Partnership Investment shall not be less than ********** Unless otherwise agreed to by the unanimous consent of the Partners, with respect to a Partnership Investment consisting of a portfolio of assets, the minimum gross asset value of such portfolio shall not be less than ********** (with no minimum gross asset value required for any single asset within such portfolio).

(d) Without the unanimous consent of the Limited Partners, the Partnership shall not invest in Real Estate Assets with (i) a projected stabilized Yield of less than *** per annum or (ii) a projected IRR of less than **********
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********** in each case as reasonably projected by the General Partner. For the purpose of this Section 3.02(d), a Hotel Property shall be considered operating on a “stabilized” basis when the cash flow from operations (on a pro forma basis) is projected to increase at an annual rate that is not materially greater than the applicable rate of inflation. **********
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Section 3.03. *Structuring of Investments Generally*. Except as expressly provided otherwise in this Agreement, any Partnership Investment under this Agreement pursuant to any investment opportunity shall be made by the Partnership directly or through one or more Partnership Investment Vehicles.

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Section 3.04. *Parallel Investments Generally.* With the unanimous consent of the Limited Partners, the General Partner may structure an investment outside the Partnership as a parallel or co-investment either directly or indirectly through any entity formed for such purpose (a "**Parallel Investment Vehicle**"). The specific terms applicable to each parallel investment shall be set forth in an agreement or agreements among the Partnership, the General Partner and any investors participating in such parallel investment.

ARTICLE 4
EXPENSES

Section 4.01. *Definition and Payment of General Partner Expenses.* As between the General Partner, on the one hand, and the Partnership, on the other hand, the General Partner shall be solely responsible for and shall pay all General Partner Expenses pursuant to this Agreement. As used herein, the term "**General Partner Expenses**" means:

(a) all Organizational Expenses and Partnership Investment Expenses in excess of the amount payable by the Partnership pursuant to Sections 4.02(a)(i) and 4.02(a)(ii), respectively;

(b) all salaries and employee benefit expenses of employees caused by the General Partner to be hired by the Manager and related overhead expenses (including rent, utilities, office equipment, necessary administrative and clerical functions and other similar overhead expenses, including internal costs associated with the preparation of reports required hereunder) and travel expenses (excluding travel expenses described in Section 4.02(b)(i)) resulting from the activities of such employees on behalf of the Partnership or in connection with this Agreement;

(c) costs payable by the General Partner pursuant to Section 7.02(b);

(d) any expenses to be paid by the General Partner pursuant to Section 2.03(f), Section 2.03(g) and Section 2.06(b);

(e) with respect to any contemplated financing, to the extent required by a lender to the Partnership, any Partnership Investment Vehicle or any Portfolio Company, any currency hedging costs in connection with any hedge relating to the currency exchange risk due to the fact that such loan would be denominated in Euros but the cash to be received from hotel operations will be in the currency of the country in which such Hotel Property is located; and

(f) Partnership Investment Expenses to the extent directly attributable to the Initial Hotel Properties and incurred by the General Partner or any Affiliate of the General Partner prior to the date hereof.

Section 4.02. *Definition and Payment of Partnership Expenses.* (a) The Partnership shall be responsible for and shall pay all Partnership Expenses. As used herein, the term "**Partnership Expenses**" means all expenses or obligations of the Partnership or otherwise reasonably incurred by the General Partner in connection with this Agreement (other than General Partner Expenses and the obligation of the Partnership to pay the purchase price for any Partnership Investment), including:

(i) all expenses of organizing, registering, qualifying, exempting and otherwise in connection with the Partnership, the General Partner, and any Partnership Investment Vehicle and any Portfolio Company related to the acquisition of the Initial Properties (the "**Organizational Expenses**"), not to exceed **********;

(ii) all expenses directly attributable to, and reasonably incurred in respect of, (A) any Partnership Investment and (B) any proposed Partnership Investment that is ultimately not made by the Partnership, including, in each case, all expenses incurred in connection with the making (including sales commissions, brokerage fees and legal and diligence costs), structuring, holding, managing, financing, refinancing, pledging, hedging, sale or other disposition or proposed financing, refinancing, pledging, hedging, sale or other disposition of all or any portion of such Partnership Investment, and any Borrowing Costs, Partnership Investment Vehicle Expenses, and Indemnification Obligations arising with respect to such Partnership Investment (collectively, "**Partnership Investment Expenses**"), not to exceed **********
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(iii) all other expenses of the Partnership reasonably incurred in connection with the ongoing operation and administration of the Partnership (collectively, "**Partnership Administrative Expenses**"), including (A) expenses reasonably incurred in connection with the maintenance of the Partnership's books and records; the preparation and delivery to the Limited Partners of financial reports and other information pursuant to this Agreement; and the holding of annual meetings of the Partnership, (B) expenses reasonably incurred in connection with the dissolution and liquidation of the Partnership, (C) any Indemnification Obligation arising other than with respect to any Partnership Investment, (D) the Management Fee, (E) Borrowing Costs that do not constitute Partnership Investment Expenses, (F) amounts of principal and other amounts, if any, due and owing under any loan to the Partnership, any Portfolio Company or any Partnership Investment Vehicle, including under a Credit Facility, (G) subject to approval by the Required Limited

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Partners any extraordinary expenses that would not otherwise be Partnership Investment Expenses, (H) expenses consisting of salaries of employees of any Portfolio Company as may be necessary or recommended pursuant to the applicable laws of any jurisdiction in which such Portfolio Company is a resident, as approved by the Required Limited Partners or as contemplated in the Budgets, and (I) any expense identified as a Partnership Expense in a Budget approved by the Limited Partners in accordance with Section 2.12; and

(iv) any costs payable by the Partnership pursuant to Section 7.02(b).

(b) The parties agree that all of the following constitute Partnership Expenses, and are some, but not necessarily all, of the types of expenses that may constitute Partnership Investment Expenses, Partnership Administrative Expenses or Organizational Expenses, depending upon the context in which such expenses are incurred:

(i) reasonable travel expenses directly attributable to (A) any Partnership Investment and (B) any proposed Partnership Investment that is ultimately not made by the Partnership, it **********
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(ii) expenses reasonably incurred in connection with obtaining legal, tax, and accounting advice and the advice of other consultants and experts on behalf of the Partnership;

(iii) out-of-pocket expenses reasonably incurred in connection with the collection of amounts due to the Partnership from any Person;

(iv) expenses reasonably incurred in connection with the preparation of amendments or waivers to this Agreement;

(v) any taxes imposed on the Partnership, excluding the taxes described in Section 6.02(c), but including any taxes imposed on the Partnership or the General Partner in the capacity of withholding agent with respect to a Limited Partner (and any interest, penalties or expenses relating to any such taxes), but only to the extent such Limited Partner has not paid such amounts pursuant to Section 8.01 and the General Partner has been unable to withhold such amounts pursuant to Section 6.05(c) and any expenses incurred in connection with tax proceedings that are not characterized as General Partner Expenses pursuant to Section 2.06(b);

(vi) expenses reasonably incurred in connection with any Proceeding involving the Partnership (including the cost of any investigation and preparation) and the amount of any judgment or

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settlement paid in connection therewith; *provided* that any such expenses which, if incurred by any Indemnified Person, would not be indemnifiable under Article 8, shall not constitute Partnership Expenses;

(vii) any Indemnification Obligation and any other indemnity, contribution, or reimbursement obligations of the Partnership with respect to any Person, whether payable in connection with a Proceeding involving the Partnership or otherwise, unless such Indemnification Obligation arises as a result of the willful misconduct or gross negligence of any Indemnified Person or as a result of an Uncured Breach or an Uncured Material Violation of Law by any Indemnified Person;

(viii) **********
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**********; and

(ix) any post-closing working capital adjustment amount required to be paid in connection with any Partnership Investment, including with respect to the Initial Hotel Properties.

(c) If an audit is conducted pursuant to Section 7.02 and such audit determines that there has been an overcharge and/or overallocation of costs to the Partnership, the General Partner shall pay or cause to be paid such overcharge and/or overallocation in accordance with Section 7.02(c). If such audit determines that there has been an undercharge and/or underallocation of costs to the Partnership, each Limited Partner shall pay to the General Partner or its designee its pro rata share of such undercharge and/or underallocation in accordance with Section 7.02(c).

Section 4.03. *Responsibility for Partnership Expenses Among the Partners.* The Partners agree that, as among the Partners, responsibility for Partnership Expenses shall be determined as set forth in this Section 4.03 and shall be paid out of the funds set forth in Section 4.04 at such time after such Partnership Expenses arise as the General Partner determines in its discretion:

(a) *General Rule for Funding of Partnership Expenses.* Except as set forth in Section 4.03(b), any Partnership Expense shall be funded by the Partners *pro rata* in accordance with their respective Commitment Percentages.

(b) *Exceptions to the General Rule for Funding of Partnership Expenses.* Notwithstanding Section 4.03(a):

(i) [intentionally omitted];

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(ii) in the event that any Limited Partner initiates any Proceeding against the Partnership or any Indemnified Person and a judgment or order not subject to further appeal or discretionary review is rendered in respect of such Proceeding in favor of the Partnership or such Indemnified Person, as the case may be, such Limited Partner shall be solely liable for all reasonable legal fees and expenses of the Partnership or such Indemnified Person, as the case may be, attributable thereto;

(iii) subject to clause (iv), the Partners' respective shares of Partnership Expenses shall be adjusted to reflect the share of Partnership Expenses of any New Commitment Partner pursuant to Section 1.07(c); and

(iv) with the unanimous consent of the Limited Partners, the Limited Partners may agree that any Partnership Expense shall be funded by the Partners on a basis other than that set forth in the foregoing provisions of this Section 4.03.

Section 4.04. *Sources of Funds for Funding by the Partners of Partnership Expenses.* The Partners acknowledge that Partnership Expenses shall be funded by or for the account of the Partners, to the extent provided in Section 4.03, through any one or more of the following sources of funds of the Partnership, determined by the General Partner in its discretion:

(i) Capital Contributions by the Partners in accordance with Article 5;

(ii) the withholding, pursuant to Section 6.05(c), of amounts (whether realized through the sale of Partnership assets or otherwise) distributable to the Partners;

(iii) reserves set aside pursuant to Section 6.05(e); and

(iv) amount borrowed by the General Partner for the benefit of the Partners pursuant to a Credit Facility in accordance with Section 2.13.

ARTICLE 5
CAPITAL COMMITMENTS AND CAPITAL CONTRIBUTIONS

Section 5.01. *Capital Commitments.* (a) Each Limited Partner hereby agrees to make Capital Contributions required to be made in respect of (i) any Partnership Investment acquired by the General Partner with the prior written unanimous consent of the Partners pursuant to Section 2.03(b)(i)(T) and (ii) Partnership Expenses from time to time as hereinafter set forth in this Article 5, provided that the applicable Drawdown Notice with respect to any Capital Contribution by a Limited Partner in respect of such Partnership Investment is

delivered to such Limited Partner prior to the termination of the Commitment Period, except that such Drawdown Notice may be delivered to such Limited Partner after the termination of the Commitment Period if such Drawdown Notice (A) relates to a Partnership Investment that the Partnership committed to make prior to the termination of the Commitment Period as evidenced by a letter of intent, agreement in principle or definitive agreement to invest and unanimously approved by the Partners pursuant to Section 2.03(b)(i)(T), or (B) relates to Follow-On Investments to the extent such Follow-On Investments have been disclosed to and approved by the Limited Partners prior to the last day of the Commitment Period.

(b) Host contributed to the Partnership (x) all of its interest in and to the Poland Hotel Property, which contribution was effected through a transfer of the beneficial interest in HHR Warsaw B.V., and (y) the Poland Hotel Property Note, and in exchange therefore, Host received a limited partner interest with a Capital Account equal to the Initial Hotel Property Price for the Poland Hotel Property plus the net asset value of HHR Warsaw B.V. equal to €18,151. Each of the General Partner and each Limited Partner hereby consents to the admission of Host as Limited Partner.

(c) Notwithstanding anything contained in this Agreement, no Limited Partner shall be required to make any Capital Contribution if, at the time such Capital Contribution is to be made, such Capital Contribution exceeds such Limited Partner's then Available Capital Commitment.

(d) **********
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(e) The General Partner shall contribute to the Partnership the economic ownership of all shares or ownership interests in the capital of any subsidiaries formed by it and receive credit for such contribution (as a deemed capital contribution) in an amount equal to the paid-up capital of each such direct subsidiary as well as the paid-up capital of any indirect subsidiaries. Without limiting the generality of the foregoing, in connection with the financing of the Initial Hotel Properties, the Limited Partners acknowledge that the General Partner (A) formed HHR Euro Funding B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) with a corporate seat in Amsterdam, the Netherlands (the "**Original Dutch Subsidiary Shares**"), (B) incorporated an additional subsidiary, HHR Euro Holding B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) with its corporate seat in Amsterdam, The Netherlands ("**HHR Holding**"), (C) contributed to the Partnership the economic ownership of all shares in the share capital of HHR Holding, and (D) transferred the Original Dutch Subsidiary Shares to HHR Holding. For the avoidance of doubt, the General Partner shall be deemed to have contributed to the Partnership the nominal issued and paid-up capital of HHR Euro Funding B.V., HHR Holding and of the following subsidiaries of HHR Euro Funding B.V.: HHR Italy B.V.,

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HHR U.K. B.V. and HHR Spain B.V. For the avoidance of doubt, the foregoing shall not mean that the Original Dutch Subsidiary Shares, the shares in HHR Holding after the transfers referred to above, or the shares or interests in any other direct or indirect subsidiary will be legally owned by the Limited Partners. The Capital Commitment of the General Partner at any time shall be equal to 0.100556% of the aggregate amount of the Capital Commitments of the Partners at such time. The Capital Commitment of the General Partner is set forth on Schedule A.

(f) The Capital Commitment of each Partner is set forth on Schedule A.

(g) Host shall be permitted to reduce its initial Capital Commitment in accordance with Section 5.04.

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Section 5.02. *Drawdown Procedures.* (a) *Generally*. Each Limited Partner shall make Capital Contributions in such amounts and at such times as the General Partner shall specify in notices (“**Drawdown Notices**”) delivered from time to time to such Limited Partner. All Capital Contributions shall be paid to the Partnership in immediately available funds in Euros (and/or U.S. Dollars with respect to the Initial Hotel Properties, as specifically set forth in Schedule A) by noon (Amsterdam time) on the date specified in the applicable Drawdown Notice (the “**Drawdown Date**”) which date shall be at least ten (10) Business Days from and including the date of delivery of the Drawdown Notice. If any Limited Partner fails to pay by the Drawdown Date the required Capital Contribution to be made by such Limited Partner, the General Partner shall provide notice of such failure to such Limited Partner on the Drawdown Date. Capital Contributions may include amounts that the General Partner determines, in its reasonable discretion, are necessary or desirable to establish reserves in respect of Partnership Investments or Partnership Expenses. To the extent a Capital Contribution made under this Article 5 will cause a relative change (relative substitution) in the amount credited on the Limited Partners’ Capital Accounts, the prior written unanimous consent of all Partners is required.

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The Partners acknowledge and agree that their respective initial Capital Commitments as set forth on Schedule A are denominated in U.S. Dollars and will be funded to the General Partner in U.S. Dollars, *provided* that ABP may, at its option elect to contribute its cash contribution in Euros notwithstanding that all or a portion of ABP's Capital Commitment is denominated in U.S. Dollars (any such actual contribution of Euros, being referred to as an "**ABP Euro Exchanged Contribution**"). With respect to any ABP Euro Exchanged Contribution, ABP agrees that it shall contribute an amount of Euros sufficient for the General Partner to immediately exchange on such Drawdown Date for U.S. Dollars in the amount of the Drawdown for ABP (the "**U.S. Dollar Equivalent Contribution Amount**") . To the extent any Drawdown Notice requires a Drawdown of a portion of a Limited Partner's Available Capital Commitment that is denominated in U.S. Dollars, the Capital Contribution of U.S. Dollars by any Partner other than ABP and the U.S. Dollar Equivalent Contribution Amount for ABP shall be deemed converted to Euros upon contribution to the Partnership using the exchange rate quoted on www.bloomberg.com as of the close of trading in New York on the closing date of the contribution to the Partnership or the acquisition by the Partnership (as applicable) of the relevant Real Estate Asset (ie., May 3, 2006 for the contribution of the Poland Hotel Property and for the acquisition by the Partnership of Sheraton Skyline, Sheraton Roma, Westin Palace Madrid and Westin Palace Milan and June 13, 2006 for the acquisition of Westin Europa & Regina), *provided* that, for purposes of determining the contributing Partner's Available Capital Commitment, such contribution shall be deemed converted to Euros upon contribution to the Partnership using the exchange rate of €1.00 to U.S. $1.195.

For the avoidance of doubt, the Partners acknowledge that only the initial Capital Commitments (set forth in the first column of Schedule A) were denominated in U.S. Dollars and that as of the date of this Agreement, all remaining Capital Commitments are denominated solely in Euros.

The General Partner shall make Capital Contributions in such amounts as hereinafter set forth in this Article 5 and at the same times and in the same manner as the Limited Partner who are required to make related Capital Contributions.

(b) *Regular Drawdowns*.

(i) *Drawdown Notices*. Except as otherwise provided in Section 5.02(c), each Drawdown Notice for a Drawdown shall specify:

(A) the manner in which, and the expected date on which, such Drawdown is to be applied;

(B) if all or any portion of such Drawdown is to be applied to make one or more Partnership Investments, with respect to each proposed Partnership Investment, (w) the name and business description of the Person (if any) that is, directly or

indirectly, the subject of such proposed Partnership Investment, (x) the Investment Drawdown Amount in respect of such Partnership Investment, and, as provided in Section 5.02(a), whether such Capital Contribution shall be made in U.S. Dollars or Euros, (y) a description of the Real Estate Assets that are the subject of such Investment and (z) the purpose of such Drawdown;

(C) if all or any portion of such Drawdown is to be applied in respect of any Partnership Expenses, the Expenses Drawdown Amount;

(D) the required Capital Contribution to be made by such Limited Partner;

(E) the Drawdown Date; and

(F) the Person and the account to which such Capital Contribution shall be paid.

(ii) *Amount of Required Capital Contribution in Respect of Partnership Investments*.

(A) As of the later to occur of the General Partner contributing to the Partnership the economic ownership of the shares in its subsidiaries as described in Section 5.01(e) and Host contributing to the Partnership its interest in the Poland Hotel Property and the Poland Hotel Property Note pursuant to Section 5.01(b), the combined Investment Percentage for the General Partner and Host was greater than 32.100556% (the "**Host Optimal Investment Percentage**"), however, as a result of subsequent Capital Contributions of the Limited Partners other than Host, subject to Section 5.02(c), Host's Investment Percentage has been reduced to equal the Host Optimal Investment Percentage. Subject to the immediately preceding sentence and Section 5.02(c), with respect to each Partnership Investment covered by any Drawdown, the General Partner and each Limited Partner shall be required to make a Capital Contribution equal to the product of (x) such Person's Available Commitment Percentage and (y) the Investment Drawdown Amount.

(B) With respect to each Follow-On Investment covered by any Drawdown, each Partner in the original Partnership Investment to which such Follow-On Investment relates shall be required to make a Capital Contribution equal to the product of (x) such Partner's Commitment Percentage in

respect of such original Partnership Investment *and* (y) the Investment Drawdown Amount in respect of such Follow-On Investment.

(iii) *Amount of Required Capital Contributions in Respect of Expenses*. With respect to the portion of the Expenses Drawdown Amount to be applied to pay Partnership Expenses, each Partner (including the General Partner) shall be required to make a Capital Contribution equal to the amount of such Partnership Expenses payable by such Partner as determined pursuant to Section 4.03.

(iv) *Limitation on Drawdowns*. **********
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(c) *Intentionally Omitted.*

(d) *Special Drawdowns*. If, in connection with the making of any Partnership Investment or the payment of any Partnership Investment Expense in respect of which a Drawdown Notice has been delivered, the General Partner shall determine, in its discretion, that it is necessary or desirable to increase the required Capital Contribution to be made by any Limited Partner in connection therewith, the General Partner shall deliver an additional Drawdown Notice to such Limited Partner amending the original Drawdown Notice and specifying:

(i) the amount of any increase in any Investment Drawdown Amount or in the Expenses Drawdown Amount, as the case may be;

(ii) the amount of the increase in the required Capital Contribution to be made by such Limited Partner;

(iii) the Drawdown Date with respect to the amount of the increase in the required Capital Contribution if different from the Drawdown Date specified in the original Drawdown Notice; *provided* that the Drawdown Date with respect to the amount of such increase shall be at least ten Business Days after delivery of such additional Drawdown Notice; and

(iv) the reason for such increase.

For the avoidance of doubt, the Partners agree that a Limited Partner shall never be required to make Capital Contributions pursuant to this Section 5.02(c) in excess of its then Available Capital Commitment. Any increase in the required

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Capital Contribution of any Limited Partner pursuant to Section 5.03 shall be calculated in the manner set forth therein. Any increase in the required Capital Contribution of the General Partner and each Limited Partner due to an increase in any Investment Drawdown Amount or the Expenses Drawdown Amount, as the case may be, specified in the original Drawdown Notice shall be calculated in accordance with Section 5.02(b)(ii) and Section 5.02(b)(iii) (after giving effect to Section 5.03, as appropriate) with respect to the amount of such increase.

Section 5.03. *Default by Limited Partners.* (a) Each of the General Partner and each Limited Partner agrees that time is of the essence as to the payment of its required Capital Contributions, that any Default by any Limited Partner would cause injury to the Partnership and to the General Partner and the Limited Partners and that the amount of damages caused by any such injury would be extremely difficult to calculate. Accordingly, the amount of such Default (the "**Default Amount**") shall accrue interest commencing on the Drawdown Date at the Default Rate and ending on the date paid or contributed as a Default Contribution or loaned as a Total Drawdown Default Loan or Default Loan. Upon the occurrence of any Default, the General Partner shall promptly notify the Limited Partner who has committed such Default (the "**Defaulting Limited Partner**") of the occurrence of such Default. Upon the occurrence of any Event of Default, the General Partner shall promptly notify all Limited Partners other than the Defaulting Limited Partner (the "**Non-Defaulting Limited Partners**") of the occurrence of such Event of Default and of the course or courses of action it is electing to take as provided below.

(b) Upon the occurrence of an Event of Default, the General Partner, in its sole discretion, may elect to exercise one or more of the following remedies:

(i) cause the Defaulting Limited Partner to forfeit all or any portion of distributions from the Partnership made or to be made after such Event of Default that relate to any Partnership Investments in respect of which such Limited Partner made Capital Contributions prior to such Event of Default;

(ii) request the Non-Defaulting Limited Partners to provide a loan to the Partnership (each, a "**Total Drawdown Default Loan**") in the aggregate amount of the Drawdown required in the applicable Drawdown Notice (the "**Total Drawdown Amount**"), and which shall bear interest from the date the sum is paid into the Partnership until the date it is repaid at the Default Rate (or such lower rate as is the maximum rate permitted by law); *provided* that notwithstanding Article 6, Proceeds shall be utilized first to pay any outstanding Total Drawdown Default Loans (and any accrued interest thereon) and there shall be no distributions to the Partners pursuant to Article 6 until the principal of and interest on all outstanding Total Drawdown Default Loans have been paid in full by the Partnership; *provided further*, to the extent a Non-Defaulting Limited Partner has made a Capital Contribution prior to making a Total

Drawdown Default Loan, subject to such Non-Defaulting Limited Partner's consent, such Capital Contribution shall be deemed to be its pro rata share of funding such Total Drawdown Default Loan. For the avoidance of doubt, the Partners agree that a Limited Partner shall never be required to make a loan to the Partnership;

(iii) request the Non-Defaulting Limited Partners to provide a loan to the Partnership in the amount of the Default Amount (the "**Default Loan**") and which shall bear interest from the date the sum is paid into the Partnership until the date it is repaid at the Default Rate (or such lower rate as is the maximum rate permitted by law); *provided* that:

(A) subject to the prior written unanimous consent of the Partners (other than the Defaulting Limited Partner), such Non-Defaulting Limited Partners shall be deemed to have purchased for their respective accounts (as provided in Section 5.03(d)), a percentage of the Defaulting Limited Partner's partnership interest equal to the percentage derived by dividing an amount equal to ********** (and any unpaid interest thereon accrued to the date of such deemed purchase) by the aggregate ********** made by the Defaulting Limited Partner as of such date plus the **********; *provided* that in no instance shall the Defaulting Limited Partner be deemed to have sold more than all of its partnership interest. For illustrative purposes only, **********
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**********, *provided* that in the event that there are more than one Non-Defaulting Limited Partners making Default Loans, the purchased

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Commitment Percentage shall be allocated among such Limited Partners in proportion to loans made by such Limited Partners as further described below in Section 5.03(d);

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(C) notwithstanding Article 6, Proceeds shall be utilized first to pay any outstanding Default Loans (and any accrued interest thereon) and there shall be no distributions to the Partners pursuant to Article 6 until the principal of and interest on all outstanding Default Loans have been paid in full by the Partnership;

For the avoidance of doubt, the Partners agree that a Limited Partner shall never be required to make a Default Loan;

(iv) request additional contributions of capital from the Non-Defaulting Limited Partners (pro rata based on their respective Commitment Percentages) in an amount equal to the ********** (the "**Default Contribution**"), in which event, subject to Section 10.02 and the prior written unanimous consent of all Partners (other than the Defaulting Limited Partner), the Defaulting Limited Partner shall be deemed to have sold, and the contributing Non-Defaulting Limited Partners shall be deemed to have purchased for their respective accounts (as provided in Section 5.03(d)), a percentage of the Defaulting Limited Partner's
partnership interest equal to the percentage derived by dividing an amount equal to **********
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(v) cause distributions that would otherwise be made to the Defaulting Limited Partner to be credited against the Default Amount, as applicable (and any interest accruing thereon) pursuant to Section 6.05(c);

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(vi) cause the Defaulting Limited Partner to forfeit its right to participate in any Partnership Investments made after such Event of Default;

(vii) in the event Non-Defaulting Limited Partners are not willing to make Default Contributions, Total Drawdown Default Loans or Default Loans in an aggregate amount equal to the Default Amount or Total Drawdown Amount (as applicable), with respect to any Defaulting Limited Partner, subject to the prior written unanimous consent of all the Partners (other than the Defaulting Limited Partner), cause a forced sale of the Defaulting Limited Partner's interest in the Partnership to any Person, at such price as the General Partner, in its sole discretion, shall determine to be fair and reasonable under the circumstances; and

(viii) institute proceedings to recover the Defaulting Limited Partner's share of the Total Drawdown Amount or Default Amount, as applicable (and any interest accruing thereon).

A transfer of the Defaulting Limited Partner's interest (including, for the avoidance of doubt, all rights and obligations of such Defaulting Limited Partner under this Agreement) pursuant to a forced sale shall be effectuated by way of assumption of contract (*contractsoverneming*) within the meaning of Section 6:159 of the Dutch Civil Code. The Defaulting Limited Partner hereby gives its cooperation in advance to such assumption of contract and agrees that its cooperation cannot be revoked.

(c) The General Partner may take either or both of the following actions in respect of the Available Capital Commitment of any Defaulting Limited Partner:

(i) seek commitments of capital from existing Limited Partners up to the amount of the Defaulting Limited Partner's Available Capital Commitment and, if existing Limited Partners do not increase their Capital Commitments up to the full amount of the Defaulting Limited Partner's Available Capital Commitment, from additional investors. If any such commitment is received from any existing Limited Partner, subject to the prior written unanimous consent of the Partners (other than the Defaulting Limited Partner), such Limited Partner's Capital Commitment and Available Capital Commitment shall be increased accordingly. If any such commitment is received from an investor that is not an existing Limited Partner, such investor shall, after executing such instruments and delivering such opinions and other documents as are in form and substance satisfactory to the General Partner and subject to the prior written unanimous consent of the Partners (other than the Defaulting Limited Partner), be admitted to the Partnership as a Substituted Limited Partner and shown as such on the books and records of the Partnership and shall be deemed to have a Capital Commitment and an Available Capital

Commitment equal to the commitment for which such investor has subscribed. After the appropriate adjustment of the Capital Commitment and the Available Capital Commitment of the Limited Partner or admission of the Substituted Limited Partner, the Capital Commitment and Available Capital Commitment of the Defaulting Limited Partner shall be decreased accordingly; and

(ii) subject to the prior written unanimous consent of the Partners (other than the Defaulting Limited Partner), reduce or cancel the Available Capital Commitment of the Defaulting Limited Partner on such terms as the General Partner determines in its discretion (which may include leaving such Defaulting Limited Partner obligated to make Capital Contributions with respect to Partnership Expenses).

(d) If the aggregate amount of the Total Drawdown Default Loan, Default Loan or Default Contribution, as the case may be (and any accrued interest thereon), committed by the Non-Defaulting Limited Partners pursuant to the Default notice is: (i) equal to or less than one hundred percent (100%) of the Total Drawdown Amount or Default Amount, as applicable (and any accrued interest thereon), then each such Non-Defaulting Limited Partners shall make a Total Drawdown Default Loan, Default Loan or Default Contribution (as the case may be) in an amount committed to in its Default Election Notice, or (ii) in excess of one hundred percent (100%) of the Total Drawdown Amount or Default Amount, as applicable, then, subject to the prior written unanimous consent of the Partners (other than the Defaulting Limited Partner), each such Non-Defaulting Limited Partner shall make a Total Drawdown Default Loan, Default Loan or Default Contribution (as the case may be) in an amount equal to the sum of (A) the lesser of (y) the amount committed in the Default Election Notice or (z) the product of the Total Drawdown Amount or Default Amount, as applicable (and any accrued interest thereon) and the Commitment Percentage of each electing Non-Defaulting Limited Partner, plus (B) the Total Drawdown Amount or Default Amount, as applicable (and any accrued interest thereon) not lent or contributed under clause (A) above multiplied by a fraction, the numerator of which is the amount requested in the Default Election Notice by each Non-Defaulting Limited Partner that such Limited Partner did not loan or contributed under clause (A) above, and the denominator of which is the aggregate amounts requested in the Default Election Notices by all Non-Defaulting Limited Partners that such Limited Partners did not loan or contribute under clause (A) above. The amount of any Default Contribution shall reduce the Commitment of a Defaulting Limited Partner and shall not reduce the Commitment of the contributing Non Defaulting Limited Partners. In no event shall a Total Drawdown Default Loan, Default Loan or Default Contribution release the Defaulting Limited Partner from its obligations to fund the remainder of its Commitment.

(e) The rights and remedies referred to in this Section 5.03 shall be in addition to, and not in limitation of, any other rights available to the General Partner or the Partnership under this Agreement or at law or in equity. An Event

of Default by any Limited Partner in respect of any Capital Contribution shall not relieve any other Limited Partner of its obligation to make Capital Contributions under this Agreement. In addition, unless the Available Capital Commitment of any Defaulting Limited Partner is decreased to zero pursuant to Section 5.03(c), an Event of Default by such Defaulting Limited Partner shall not relieve such Limited Partner of its obligation to make Capital Contributions subsequent to such Event of Default.

(f) Any Non-Defaulting Limited Partner who has or is deemed to have acquired any or all of the partnership interest of a Defaulting Partner pursuant to this Section 5.03 shall be deemed a Substituted Limited Partner with respect to such acquired interest.

Section 5.04. **********.
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Section 5.05. *Extraordinary* Loans. (a) At any time either (i) after the Commitment Period or (ii) that a Drawdown would exceed the aggregate Available Capital Commitment of the Limited Partners, and in either case, the General Partner has determined in its good faith judgment that additional funds are necessary in connection with operating shortfalls or emergency repairs, the General Partner may deliver to the Limited Partners a notice (an "**Extraordinary Drawdown Notice**") setting forth the information generally required to be included in a Drawdown Notice, including the aggregate amount of the operating or capital shortfall (the "**Total Extraordinary Drawdown Amount**") and requesting that each Limited Partner make a loan with interest at a rate per annum equal to ********** as approved unanimously by the Limited Partners, but absent such approval, ********** (an "**Extraordinary Loan**") to the Partnership. Each Limited Partner shall deliver a notice (the "**Extraordinary LP Response**") to the General Partner within ten (10) days of its receipt of the Extraordinary Drawdown Notice indicating whether it will elect to make such Extraordinary Loan and, if applicable, the amount of the Extraordinary Loan to be committed. For the avoidance of doubt, no Limited Partner shall be obligated to make any Extraordinary Loans and nothing in this Section 5.05 is intended to detract from the limitations set forth in the proviso in Section 5.01(a) and Section 5.01(c). Proceeds shall be utilized first to pay any outstanding Extraordinary Loans (after the repayment of any outstanding Default Loans or Total Drawdown Default Loans) (and any accrued interest thereon) and there shall be no distributions to the Partners pursuant to Article 6 until the principal of and interest on all outstanding Extraordinary Loans have been paid in full by the Partnership.

(b) If the aggregate amount of the Extraordinary Loan, as the case may be (and any accrued interest thereon), committed by the Limited Partners pursuant to their Extraordinary LP Responses is: (i) equal to or less than one hundred percent (100%) of the Total Extraordinary Drawdown Amount (and any accrued interest thereon), then each such electing Limited Partners shall make an Extraordinary Loan in an amount committed to in its Extraordinary LP Response, or (ii) in excess of one hundred percent (100%) of the Total Extraordinary Drawdown Amount, then, each such electing Limited Partner shall make an Extraordinary Loan (as the case may be) in an amount equal to the sum of (A) the lesser of (y) the amount committed in the Extraordinary LP Response or (z) the product of the Total Extraordinary Drawdown Amount (and any accrued interest thereon) and the Commitment Percentage of each electing Limited Partner, plus (B) the Total Extraordinary Drawdown Amount (and any accrued interest thereon) not lent or contributed under clause (A) above multiplied by a fraction, the numerator of which is the amount requested in the Extraordinary Drawdown Notice that such Limited Partner did not loan under clause (A) above, and the

denominator of which is the aggregate amounts requested in the Extraordinary Drawdown Notices that such Limited Partners did not loan under clause (A) above.

ARTICLE 6
DISTRIBUTIONS; ALLOCATIONS; CAPITAL ACCOUNTS

Section 6.01. *Distributions Generally.* (a) Subject to the provisions of Sections 5.03, Section 5.05 and 9.04, distributions of Proceeds shall be made in accordance with this Article 6.

Section 6.02. *Distributions of Proceeds of Partnership Investments.* (a) Subject to Sections 5.03(b)(iii)(C), Section 5.05, 6.03 and Section 6.05(c), the Investment Percentage of any Proceeds from any Partnership Investment attributable to any Limited Partner shall be distributed as follows:

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For purposes of the foregoing determinations, and of allocations to the General Partner pursuant to Section 6.07, distributions pursuant to Section 9.04 shall be deemed to be made under the applicable clauses of this Section 6.02(a). Any value-added tax incurred by the Partnership with respect to Carried Interest shall be credited against distributions of Carried Interest that the General Partner would otherwise have received pursuant to this Section 6.02(a).

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(b) *Intentionally Omitted.*

(c) Subject to Sections 6.03 and 6.05, the Investment Percentage of such Proceeds attributable to the General Partner shall be distributed 100% to the General Partner. The General Partner may, at its discretion, cause the Partnership to retain any such amount or any other amount otherwise distributable to the General Partner under this Agreement for distribution at such later date as the General Partner shall determine, *provided* that (i) all income received as a result of the investment of such retained amounts and all taxes on that income shall be for the account of the General Partner, (ii) the Partnership shall make such special allocations and distributions as necessary to give effect to this proviso, and (iii) such retained amounts shall be considered to have been received by the General Partner for purposes of Section 6.07.

Section 6.03. *Early Promote.* (a) **********
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Section 6.04. *Other Distributions.* All distributable amounts that are not distributed pursuant to any other provision of this Article 6 shall be distributed to the Partners *pro rata* in accordance with their Commitment Percentages.

Section 6.05. *Other General Principles of Distribution.* (a) *Distributions of Cash*. Subject to Section 9.04 and the remaining provisions of this Section 6.05, (i) distributions of Proceeds from Disposition of Partnership Investments shall be made as soon as reasonably practicable after their receipt by the Partnership, and (ii) distributions of Proceeds received by the Partnership, other than from Dispositions of Partnership Investments, and distributions of income earned pursuant to Section 2.10 shall be distributed as deemed appropriate by the General Partner to Partners. All distributions pursuant to this Section 6.05(a) shall be made in immediately available funds in Euros.

(b) *Distributions in Kind*. (i) The General Partner shall not make any distribution in kind to any Limited Partner (other than any Host Limited Partner) without the written consent of such Limited Partner. Upon the request of the General Partner or a Host Limited Partner, the Limited Partners shall cooperate with the General Partner to effect a distribution in kind to the General Partner or such Host Limited Partner.

(ii) For purposes of this Article 6, the amount of any distribution in kind shall be the fair market value of such distribution as determined by the appraisal procedure set forth in Section 11.02, and for purposes of determining Net Income or Net Loss, such property shall be deemed to have been sold by the Partnership for such fair market value.

(iii) If there is a distribution in kind to a Limited Partner, such Limited Partner may designate any other Person to receive such distribution.

(c) *Withholding of Certain Amounts*. Notwithstanding anything else contained in this Agreement, prior to making a distribution pursuant to Section 6.02, the General Partner may, in its discretion, withhold from any such

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distribution of cash or property in kind to any Limited Partner pursuant to this Agreement, the following amounts:

(i) any amounts due from such Limited Partner to the Partnership or the General Partner pursuant to this Agreement to the extent not otherwise paid (including any Total Drawdown Amount, Default Amount or Total Extraordinary Drawdown Amount, as applicable, plus any accrued interest thereon);

(ii) any amounts required to pay or to reimburse (on a net after-tax basis) any Indemnified Person for the payment of any taxes and related expenses that the General Partner in good faith determines to be properly attributable to such Limited Partner; and

(iii) Partnership Expenses.

Any amounts so withheld pursuant to this Section 6.05(c) shall be applied by the General Partner to discharge the obligation in respect of which such amounts were withheld.

(d) *Treatment of Certain Amounts Withheld*. Notwithstanding anything else in this Agreement, all amounts withheld by the General Partner pursuant to Section 6.05(c) and all amounts that the General Partner determines in good faith to be properly withheld or otherwise paid by any Person on behalf of any Partner pursuant to any provision of applicable law, shall be treated as if such amounts were realized and recognized by the Partnership and distributed to such Partner pursuant to Section 6.02.

(e) *Amounts Held in Reserve*. In addition to the rights set forth in Section 6.05(c), the General Partner shall have the right, in its discretion, to establish or modify the amount of any reserves prior to making any distributions to the Partners by withholding amounts otherwise distributable by the Partnership to the Partners in order to maintain the Partnership in a sound financial and cash position and to make such provision as the General Partner in its discretion deems necessary or advisable for any and all liabilities and obligations, contingent or otherwise, of the Partnership (including in respect of any anticipated capital requirements in accordance with the Budget).

(f) *Reinvestment*. Notwithstanding the foregoing provisions of this Article 6, during the Commitment Period, the General Partner, in its sole discretion, may cause the Partnership to retain (and not to distribute to Limited Partners and, accordingly, such amounts shall continue to be considered unreturned capital until distributed) or recall all or any portion of any Proceeds constituting a return of the amounts of any Capital Contributions made by the Limited Partner, and to reinvest such Proceeds in accordance with this Agreement. After the Commitment Period, subject to the restrictions provided herein, any such retained Proceeds may only be (i) reinvested by the General

Partner, in its discretion, in a Partnership Investment that the Partnership committed to make prior to the termination of the Commitment Period as evidenced by a letter of intent, agreement in principle or definitive agreement to invest and (ii) used to pay Partnership Expenses.

(g) *C.V. Law*. Notwithstanding anything in this Agreement to the contrary, the Partnership shall not make any distributions except to the extent permitted under the C.V. Law.

(h) *Loans and Withdrawal of Capital*. No Partner shall be permitted to borrow, or to make an early withdrawal of, any portion of its Capital Account.

(i) *Tax Payments*. Each Partner covenants for itself and its successors, assigns, heirs and personal representatives that such Person will, to the fullest extent permitted by law, at any time prior to or after dissolution of the Partnership, whether before or after such Person's withdrawal from the Partnership, pay to the Partnership or the General Partner on demand any amount that the Partnership or the General Partner, as the case may be, pays in respect of taxes (including withholding taxes) imposed upon income of, or distributions in respect of Partnership Investments made to, such Partner.

Section 6.06. *Capital Accounts.* (a) In general, there shall be established for each Partner on the books and records of the Partnership a capital account (a "**Capital Account**"), which shall initially be zero. The Capital Account of each Partner shall be:

(i) credited with any Capital Contributions made by such Partner;

(ii) credited with any allocations of income, profit or gain of the Partnership to such Partner;

(iii) debited by the amount of cash (or the fair market value of other property as determined by the General Partner pursuant to Section 6.05(b)) distributed by the Partnership to such Partner; and

(iv) debited by any allocations of expense (other than any expense that should properly be included in the basis of any asset of the Partnership), deduction or loss of the Partnership to such Partner.

(b) The provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with applicable Regulations under Code Section 704 and to provide for allocations that have "substantial economic effect" within the meaning of those Regulations or, in the case of allocations attributable to nonrecourse indebtedness, that are deemed pursuant to those Regulations to be in accordance with the "partners' interests in the partnership". The provisions of this Agreement shall be interpreted and applied in a manner consistent with this

intention. Moreover, in determining the amount of any liability for purposes hereof, Code Section 752 and the Regulations thereunder shall be applied insofar as relevant. In the event the General Partner shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto, are computed in order to comply with such Regulations, the General Partner may make such modification, *provided* that no such modification that has a material adverse effect upon any Partner shall be made without that Partner's consent. Without limiting the generality of the foregoing, in accordance with Regulations Section 1.704-1(b)(2)(iv)(f) the Partnership may adjust the Capital Accounts to reflect a revaluation of its properties in connection with any of the events specified in Regulations Section 1.704-1(b)(2)(iv)(f)(5).

Section 6.07. *Allocations of Income and Loss.* (a) *In General*. The Investment Percentage of Net Income and Net Loss for each Fiscal Year attributable to the General Partner shall be allocated 100% to the General Partner. Each Limited Partner's Investment Percentage of Net Income and Net Loss shall be allocated 100% to such Limited Partner to the extent that the General Partner has not received distributions of Carried Interest pursuant to Section 6.02(a) with respect to such Limited Partner. Thereafter, allocations of such Net Income and Net Loss, and, to the extent necessary, allocations of items of gross income, gain, loss, deduction and expense, shall be made between such Limited Partner and the General Partner in such a manner that if, immediately after such allocation, the Partnership liquidated pursuant to Article 9 (assuming all of its assets are sold and its liabilities are settled at their book value), distributions pursuant to Section 9.04(a) would, as nearly as possible, be equal to the distributions that would be made pursuant to this Article 6. To the extent that the allocation provisions of this Article 6 would fail to produce such final Capital Account balances, items of Net Income and Net Loss of the Partnership for prior open Fiscal Years (or income, expense, gain and loss of the Partnership comprising Net Income or Net Loss of the Partnership for such Fiscal Years) shall be reallocated by the General Partner among the Partners to the extent it is not possible to achieve such result with allocations of items of Net Income and Net Loss of the Partnership for the current Fiscal Year or future Fiscal Years (or income, expense, gain and loss of the Partnership comprising Net Income or Net Loss of the Partnership for such Fiscal Years); *provided* that such allocations for prior open Fiscal Years that result in any additional items of income or gain being allocated to the General Partner or the Host Limited Partner shall be made only at the sole discretion of the General Partner.

(b) *Other Items*. (i) Interest expense with respect to any Default Loans shall be allocated pursuant to Section 5.03(b)(iii)(B).

(ii) Any expense incurred by the Partnership for value-added taxes with respect to Carried Interest shall be allocated to the General Partner.

(iii) All items of income, gain, loss and expense of the Partnership that are not allocated pursuant to the foregoing provisions of this Section 6.07 shall be allocated to the Partners *pro rata* in accordance with their Commitment Percentages.

(c) *Regulatory Allocations*. The following special allocations shall be made in the following order:

(i) Notwithstanding any other provision of Article 6 if there is a net decrease in "partnership minimum gain" or "partner nonrecourse debt minimum gain" (as defined in applicable Regulations under Code Section 704) for any Fiscal Year, then items of Partnership income and gain for such year (and, if necessary, subsequent years) shall be specially allocated among the Partners in accordance with requirements of Regulations Section 1.704-2(f) and (i). This Section 6.07(c)(i) is intended to comply with the "minimum gain chargeback" requirements of such Regulations and shall be interpreted consistently therewith.

(ii) If any Partner unexpectedly receives any adjustments, allocations or distributions described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Partnership income and gain shall be specially allocated to such Partner in accordance with the requirements of Regulation Section 1.704-1(b)(2)(ii)(d). This Section 6.07(c)(ii) is intended to comply with the "qualified income offset" provision of such Regulations and shall be interpreted consistent therewith.

(iii) If and to the extent that the allocation of any "nonrecourse deductions" (within the meaning of Regulations Section 1.704-2(b)(1)) with respect to a Partnership Investment for any Fiscal Year would not otherwise satisfy the requirements of Regulations Section 1.704-2(e), then such nonrecourse deductions shall be specially allocated to the Partners in proportion to their respective Capital Contributions in respect of such Investment or as otherwise required by Regulations under Code Section 704.

(d) *Reversal of Regulatory Allocations.* The allocations required pursuant to Section 6.07(c) ("**Regulatory Allocations**") shall be taken into account in allocating other items of income, gain, loss, deduction and credit for the same year and/or subsequent years among the Partners so that, to the extent possible without violating the statutory or regulatory requirements that gave rise to the Regulatory Allocations, the cumulative net amount of such allocations of other items and the Regulatory Allocations to each Partner shall be equal to the net amount that would have been allocated to each such Partner if such Regulatory Allocations had not occurred.

(e) *Section 706*. If additional Partners are admitted to the Partnership on different dates during any Fiscal Year (in accordance with the provisions of

this Agreement), the Net Income (or Net Loss) shall be allocated to the Partners with respect to the interests each held from time to time during such Fiscal Year in accordance with Code Section 706, using any convention permitted by law as determined by the General Partner in its discretion.

(f) *Section 704(c) Value of Assets.* To the extent required by Code Section 704 and the Regulations thereunder, Net Income and Net Loss shall be adjusted as follows:

(A) In the event that the 704(c) Value of any asset is adjusted, the amount of such adjustment shall be treated as gain or loss from the Disposition of such asset for purposes of computing Net Income or Net Loss;

(B) Gain or loss resulting from any Disposition of any asset with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the 704(c) Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from such Value; and

(C) In lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year, computed as defined herein.

As used in this Section 6.07(f), the following terms have the following meaning:

"**Depreciation**" means, for each Fiscal Year, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the 704(c) Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount which bears the same ratio to such beginning 704(c) Value as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis.

"**704(c)Value**" means, with respect to any Partnership asset, the adjusted basis for federal income tax purposes of such asset, adjusted as of the following times to equal its gross fair market value (as determined by the General Partner in its discretion): (a) the acquisition of an additional Interest by any new or existing Partner in exchange for more than a *de minimis* (as that term is used in Regulations Section 1.704-1(b)(2)(iv)(f)) Capital Contribution; (b) the distribution by the Partnership

to a Partner of more than a *de minimis* amount of Partnership property or money if the General Partner determines in its discretion that such adjustment is necessary or appropriate to reflect the economic interests of the Partners in the Partnership; and (c) the liquidation of the Partnership for federal income tax purposes within the meaning of Regulations Section 1.704-1(b)(2)(ii). If the 704(c) Value of an asset has been determined or adjusted pursuant hereto, such 704(c) Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes for computing Net Income and Net Loss.

(g) Distributions during the course of any Fiscal Year shall be on account of the Net Income for that Fiscal Year to the extent of such Net Income.

(h) *Tax Expenses*. Items of tax expense in respect of taxes imposed on the Partnership or withheld on income payable, directly or indirectly, to the Partnership (including any withholding taxes imposed on payments of interest or dividends by any Portfolio Company or Partnership Investment Vehicle) shall be included in the computation of Net Income and Net Loss and allocated pursuant to this Section 6.07; *provided* that where an item of tax expense payable by the Partnership or where a direct or indirect withholding tax on income or payments to the Partnership is calculated, under applicable law, at different rates or on a different basis with respect to income allocable to some (but not all) of the Partners, such tax expense or withholding tax shall be allocated to, and such expense or withholding tax shall reduce the amount distributable to, the Partners pursuant to Section 6.02 as reasonably determined by the General Partner, in a manner which reflects the rate or basis of taxation which is applicable to each such Partner (and the amount withheld shall be treated as having been received by such Partner for purposes of Section 6.02, but shall not be deemed to be a Capital Contribution by such Partner or otherwise reduce such Partner's unfunded Capital Commitment).

Section 6.08. *Tax Allocations.* (a) For income tax purposes, each item of income, gain, loss, deduction and credit of the Partnership shall be allocated among the Partners as nearly as possible in the same manner as the corresponding item of income, expense, gain or loss is allocated pursuant to the other provisions of this Article 6. Allocations pursuant to this Section 6.08 are solely for purposes of income taxes and shall not affect, or in any way be taken into account in computing, any Partner's Capital Account or share of Net Income or Net Loss, distributions or other Partnership items pursuant to any provision of this Agreement.

(b) All items of income, gain, loss and deduction with respect to any Partnership asset that has a book value that differs from its adjusted tax basis for U.S. federal income tax purposes shall be allocated so as to take into account the variation between the book value and the adjusted tax basis in accordance with the principles of Section 704(c) of the Code and the Regulations thereunder. Any elections or other decisions relating to such allocation shall be made by the General Partner in its reasonable discretion.

Section 6.09. *U.S. Taxation of Limited Partners.* The General Partner agrees not to cause the Partnership to make any investments or take any other action that (i) would cause the Partnership or any Limited Partner to realize "effectively connected income" within the meaning of the Code or any other income subject to U.S. federal income tax (including withholding tax), or (ii) would cause any Limited Partner to be required to file U.S. federal income tax returns solely by reason of being a Partner in the Partnership.

ARTICLE 7
REPORTS TO LIMITED PARTNERS; OPERATIONAL AUDIT

Section 7.01. *Reports.* (a) The books of account and records of the Partnership shall be audited as of the end of each Fiscal Year by the Partnership's Approved Accountant. All reports provided to the Limited Partners pursuant to this Section 7.01 shall be prepared in accordance with IFRS.

(b) Not later than forty-five (45) days after the end of each fiscal quarter (other than the fourth quarter), the General Partner shall prepare and mail to each Person who was a Partner during such fiscal quarter an unaudited written report setting forth as of the end of such fiscal quarter:

(i) a combined consolidated balance sheet of the Partnership, any Partnership Investment Vehicles or Portfolio Companies and their respective assets as of the end of such fiscal quarter;

(ii) a combined consolidated statement of cash flow for the Partnership, any Partnership Investment Vehicles or Portfolio Companies; and

(iii) a combined consolidated profit and loss statement of the Partnership, any Partnership Investment Vehicles or Portfolio Companies for such fiscal quarter.

Any unaudited financial statements shall be certified by the General Partner as being accurate to the best of the General Partner's knowledge and belief in all material respects.

(c) Not later than ninety (90) days after the end of each Fiscal Year, the General Partner shall cause the Approved Accountant to prepare, and shall mail to each Partner who was a Partner during such fiscal year, an audited written report signed by the Approved Accountant setting forth as of the end of such Fiscal Year:

(i) a combined consolidated balance sheet of the Partnership, any Partnership Investment Vehicles or Portfolio Companies and their assets as of the end of such Fiscal Year;

(ii) a combined consolidated statement of Partnership cash flow for the Partnership, any Partnership Investment Vehicles or Portfolio Companies for such Fiscal Year; and

(iii) a combined consolidated income statement of the Partnership, any Partnership Investment Vehicles or Portfolio Companies for such Fiscal Year.

(d) Not later than ********** prior to the end of each fiscal quarter, the General Partner shall prepare and mail to each Person who was a Partner during such fiscal quarter the following as of the end of such fiscal quarter (except for the fourth quarter, which shall be on a consolidated annual basis, if applicable):

(i) a written report setting forth an unaudited estimate of the ********** of the Partnership as of the end of such fiscal quarter and a description of the valuation method used;

(ii) a description of the status of the implementation of the General Partner's strategy and major projects as set out in the Business Plan;

(iii) a summary of new acquisitions and dispositions of Partnership Investments for such fiscal quarter;

(iv) an overview of all Capital Contributions, all distributions and the Available Capital Commitment for each Limited Partner; and

(v) a forecast of cash flow for the Partnership, any Partnership Investment Vehicle or any Portfolio Company for the next fiscal quarter.

(e) Not later than **********, the General Partner shall prepare and mail to each Person who was a Partner during such month an unaudited written report setting forth an estimate of each of the anticipated amounts of Drawdowns and the distributions of Proceeds for the next three (3) months.

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(f) The General Partner shall provide the Limited Partners with all other relevant information in the General Partner's possession and reasonably requested by any Limited Partner, including any such information with respect to JHPL's fiscal year end reporting requirements.

(g) The General Partner agrees to reasonably cooperate with ABP with respect to the delivery of any reports described in this Section 7.01 after the dates set forth in the same.

Section 7.02. *Operational Audit.* (a) Upon prior written notice to the General Partner, the Required Limited Partners (other than any Limited Partner that is an Affiliate of Host) may elect to have an audit of the operations of the Partnership made by such independent certified public accountant as such Limited Partners determine to select, including, in particular, but without limitation, an audit as to the costs and expenses charged or otherwise allocated to the Partnership by the General Partner or any of its Affiliates. Any such election may be made no more than once annually.

(b) The costs of any such audit shall be borne by the Partnership unless such audit determines that the Partnership has been overcharged and/or overallocated costs and expenses by the General Partner and/or its Affiliates by an aggregate amount equal to at least ** on an annual basis, in which event the costs of such audit shall be borne by the General Partner.

(c) If such audit determines that there has been an overcharge and/or overallocation to the Partnership, then the General Partner shall, within ********** days after the delivery of any such audit repay or cause to be repaid to the Partnership any such overcharge and/or overallocation. If such audit determines that there has been an undercharge and/or underallocation to the Partnership, then each Limited Partner shall, within ********** days after the delivery of any such audit pay or cause to be paid to the General Partner its pro rata share of any such undercharge and/or underallocation.

ARTICLE 8
INDEMNIFICATION

Section 8.01. *Indemnification.* (a) No Indemnified Person shall be liable to the Partnership or to the Partners for any losses, claims, damages or liabilities arising from, related to, or in connection with this Agreement or the Partnership's business or affairs (including any act or omission by any Indemnified Person and any activity of the type or character disclosed or contemplated in Section 2.04, and no such activity will in and of itself constitute a breach of any duty owed by any Indemnified Person to any Limited Partner or the Partnership hereunder or under applicable law), except, as to Indemnified Parties, for any such losses, claims, damages or liabilities resulting from such Indemnified Person's gross

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negligence or willful misconduct or from the occurrence of an Uncured Breach or Uncured Material Violation of Law.

(b) The Partnership shall, to the fullest extent permitted by applicable law, indemnify and hold harmless each Indemnified Person against any losses, claims, damages or liabilities arising from, related to or in connection with this Agreement or the Partnership's business or affairs (including any act or omission by any Indemnified Person and any activity of the type or character disclosed or contemplated in Section 2.04, and no such activity will in and of itself constitute a breach of any duty owed by any Indemnified Person to any Limited Partner or to the Partnership hereunder or under applicable law), except for any such losses, claims, damages or liabilities resulting from such Indemnified Person's gross negligence or willful misconduct or from the occurrence of an Uncured Breach or Uncured Material Violation of Law. Subject to the immediately succeeding sentence, the Partnership will periodically reimburse each Indemnified Person for all expenses (including reasonable fees and expenses of counsel) as such expenses are incurred in connection with investigating, preparing, pursuing or defending any Proceeding related to, arising from or in connection with this Agreement or the Partnership's business or affairs whether or not pending or threatened and whether or not any Indemnified Person is a party thereto. If for any reason (other than the gross negligence or willful misconduct or from the occurrence of an Uncured Breach or Uncured Material Violation of Law of such Indemnified Person), the foregoing indemnification is unavailable to any Indemnified Person, or insufficient to hold it harmless, then the Partnership shall contribute to the amount paid or payable by such Indemnified Person as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative benefits received by the Partnership, on the one hand, and such Indemnified Person, on the other hand, or, if such allocation is not permitted by applicable law, to reflect not only the relative benefits referred to above but also any other relevant equitable considerations.

(c) The General Partner shall use commercially reasonable efforts to obtain the funds needed to satisfy the Partnership's indemnification obligations under Section 8.01 from Persons other than the Partners or the Partnership (for example, pursuant to insurance policies that provide primary coverage or Portfolio Company indemnification arrangements) before causing the Partnership to make payments pursuant to Section 8.01.

(d) Notwithstanding anything else contained in this Agreement, the reimbursement, indemnity and contribution obligations of the Partnership under Section 8.01 (the "**Indemnification Obligations**") shall:

(i) with respect to taxes imposed on a Partner, be in addition to any liability which the Partnership may otherwise have;

(ii) be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of each Indemnified Person; and

(iii) be limited to the sum of (x) the assets of the Partnership, plus (y) prior to the completion of the winding up of the Partnership pursuant to Article 9, the amount of all Partners' aggregate Available Capital Commitments, *provided* that if such sum is insufficient to fulfill the Partnership's obligations under this Article 8, the General Partner may, in its discretion, seek to satisfy such obligation out of the assets of a Partnership Investment.

(e) To the extent that, at law or in equity, any Indemnified Person has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or to any Partner, the General Partner and any other Indemnified Person acting in connection with the Partnership's affairs shall not be liable to the Partnership or to any Partner for its good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict or eliminate the duties and liabilities or rights and powers of any Indemnified Person otherwise existing at law or in equity, are agreed by the Partners to replace such other duties, liabilities, rights and powers of such Indemnified Person.

(f) To the fullest extent permitted by law and notwithstanding any other provision of this Agreement, or in any agreement contemplated herein or applicable provisions of law or equity or otherwise, whenever in this Agreement a Limited Partner is permitted or required to make a determination or decision in its "discretion," or under a grant of similar authority or latitude, a Limited Partner shall be entitled to consider, including its own interests, only such interests and factors as it desires to consider and shall have no duty or obligation to give any consideration to any interest of or factors affecting any other Limited Partner, the General Partner or the Partnership. Any determination or decision made pursuant to this Agreement by the General Partner shall be final, binding and conclusive for all purposes and binding upon all Partners and their respective successors, assigns, heirs and personal representatives.

(g) The Partnership shall acquire and maintain adequate liability insurance at the Partnership's expense with customary limits and deductibles covering the General Partner and its Affiliates. The Partnership shall not incur the cost of that portion of any insurance which insures any party against any liability the indemnification of which is prohibited pursuant to this Article 8. Any Person entitled to indemnification from the Partnership pursuant to this Article 8 shall first use its reasonable best efforts to seek recovery under any other indemnity or any insurance policies by which such Person is indemnified or covered, but if such recovery or advancement is not promptly forthcoming, the Partnership shall provide the indemnification and shall be subrogated to the right of the Indemnified Party to recover from such other sources.

ARTICLE 9
DURATION AND DISSOLUTION OF THE PARTNERSHIP

Section 9.01. *Duration.* The term of the Partnership shall continue in existence until the earlier of (x) the tenth anniversary of the First Closing Date and (y) the conclusion of the liquidation of all Partnership Investments (the "**Initial Term**"), unless the Partnership is sooner dissolved pursuant to Section 9.02; *provided* that, subject to Section 9.02, the General Partner, with the unanimous consent of the Limited Partners, may extend the term of the Partnership for up to two additional successive one-year terms following the expiration of the Initial Term or for the period determined pursuant to Section 6.03(c).

Section 9.02. *Dissolution.* (a) The Partners agree that Section 7A:1683 Dutch Civil Code shall not apply and that the Partnership shall be dissolved and its affairs shall be wound up upon the earliest of:

(i) the expiration of the term of the Partnership provided in Section 9.01;

(ii) a decision made by the General Partner, after consultation with counsel, to dissolve the Partnership following its good faith determination that (A) changes in any applicable law or regulation would have a material adverse effect on the continuation of the Partnership or (B) such action is necessary or desirable as provided in Section 2.03(a);

(iii) an event of withdrawal of the General Partner under Dutch law unless, if there is no remaining general partner of the Partnership, the Required Limited Partners agree in writing within 90 days of such event of withdrawal to continue the business of the Partnership and to the appointment of a successor general partner of the Partnership, effective as of the date of such event;

(iv) the entry of a decree of judicial dissolution under Dutch law, including for serious cause pursuant to Article 7A:1684 Dutch Civil Code (*gewichtige redenen*);

(v) at any time there are no limited partners of the Partnership, unless the business of the Partnership is continued in accordance with Dutch law; and

(vi) consent by the Required Limited Partners, to dissolve the Partnership in the event that no transactions are completed within **** months of the commencement of the Commitment Period; or

(vii) the Disposition of all Partnership Investments pursuant to Section 5.04(g), Section 6.03(b) and Section 10.03(h).

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Notwithstanding the foregoing and any other provisions in this Agreement, the Limited Partners (other than the Host Limited Partner) can at any time and for any reason dissolve the Partnership by an affirmative vote of a simple majority of the Limited Partners (other than the Host Limited Partner).

(b) Except as otherwise provided in this Agreement, the death, dissolution and winding-up, bankruptcy or insolvency, or the appointment of a guardian over a Partner shall not, in and of itself, cause the Partnership to be dissolved except with respect to the Partner involved, *provided* that the Partnership continues to have at least two Partners, including at least one general partner.

Section 9.03. *Liquidation of Partnership.* Upon dissolution, the Partnership's business shall be liquidated in an orderly manner. Except as provided in the immediately succeeding sentence, the General Partner shall be the liquidator to wind up the affairs of the Partnership pursuant to this Agreement. If there shall be no General Partner or if the Partnership shall be dissolved pursuant to Section 9.02(a)(iii), the Limited Partners, upon the approval of the Required Limited Partners, may approve one or more liquidators to act as the liquidator in carrying out such liquidation. In performing its duties, subject to applicable law, the liquidator is authorized to sell, distribute, exchange or otherwise dispose of the assets of the Partnership in any reasonable manner that the liquidator shall determine to be in the best interest of the Partners.

Section 9.04. *Distribution Upon Dissolution of the Partnership.* (a) Upon dissolution of the Partnership, the liquidator winding up the affairs of the Partnership shall determine in its discretion which assets of the Partnership shall be sold and which assets of the Partnership shall be retained for distribution in kind to the Partners in accordance with Section 6.05(b). Subject to Section 6.05(b), assets to be distributed in kind shall be valued by the liquidator in its discretion. Subject to Dutch law, after all liabilities of the Partnership have been satisfied or duly provided for, the remaining assets of the Partnership shall be distributed to the Partners in accordance with their positive Capital Account balances to the extent thereof, and thereafter in accordance with Section 6.02.

(b) In the reasonable discretion of the liquidator, and subject to Dutch law, a portion of the distributions that would otherwise be made to the General Partner and the Limited Partners pursuant to Section 9.04(a) may be distributed to a trust established for the benefit of the Partners for purposes of liquidating Partnership assets, collecting amounts owed to the Partnership, and paying any liabilities or obligations of the Partnership or the General Partner arising out of, or in connection with, this Agreement or the Partnership's affairs.

The assets of any trust established in connection with the foregoing paragraph shall be distributed to the Partners from time to time, in the discretion of the liquidator, in the same proportions as the amount distributed to such trust

by the Partnership would otherwise have been distributed to the Partners pursuant to this Agreement.

(c) Each Partner shall look solely to the assets of the Partnership for the return of such Partner's aggregate Capital Contributions, and no Partner shall have priority over any other Partner as to the return of such Capital Contributions.

ARTICLE 10
TRANSFERABILITY OF A PARTNER'S INTEREST; WITHDRAWAL BY A PARTNER

Section 10.01. *Transferability of General Partner's Interest.* (a) Except as otherwise provided herein, the General Partner may not, directly or indirectly, sell, exchange, transfer, assign, pledge, hypothecate or otherwise dispose of all or any portion of its interest in the Partnership (any such direct or indirect sale, exchange, transfer, assignment, pledge, hypothecation, swap or other disposition being herein collectively called "**Transfers**") to any Person without the prior unanimous written consent of the Partners at such time. If the General Partner so determines, and any such prior consent of the Limited Partners under this Article 10 so provides, the General Partner may admit any Person to whom the General Partner proposes to make such a Transfer as a substitute general partner of the Partnership, and such transferee shall be deemed admitted to the Partnership as a general partner of the Partnership immediately prior to such Transfer and shall continue the business of the Partnership without dissolution.

(b) A transfer of the General Partner's interest (including, for the avoidance of doubt, all rights and obligations of the General Partner under this Agreement) pursuant to Section 2.11 or this Section 10.01 shall be effectuated by way of assumption of contract (*contractsoverneming*) within the meaning of Section 6:159 of the Dutch Civil Code. The Partners hereby give their cooperation in advance to such assumption of contract and agree that this cooperation cannot be revoked.

(c) Except as otherwise provided in Section 10.01(a), the General Partner shall not assign any of its rights or duties hereunder except with such approval of the Required Limited Partners.

(d) Except as otherwise provided in Article 2 or this Article 10, the General Partner may not withdraw from the Partnership or be removed as general partner of the Partnership.

Section 10.02. *Transferability of a Limited Partner's Interest.* (a) Subject to Section 10.07 and Section 10.08, other than as expressly set forth in Section 5.03, no Transfer of all or any part of a Limited Partner's interest in the Partnership (including to an Affiliate of such Limited Partner) may be made without (x) the prior written unanimous consent of the Partners, and (y) satisfying the provisions of Sections 10.02(b), 10.03(j) and 10.05.

(b) Notwithstanding the provisions of Section 10.07, in no event may a Limited Partner Transfer any portion of its interest in the Partnership nor may a Substituted Limited Partner be admitted to the Partnership if such Transfer or such admission would, in the judgment of the General Partner, cause the Partnership's assets to be deemed "plan assets" for purposes of ERISA or cause the Partnership or the General Partner to be in violation of the Securities Law or any other applicable law or regulation.

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Section 10.04. *Expenses of Transfer; Indemnification.* All expenses, including attorneys' fees and expenses, incurred by the General Partner or the Partnership in connection with any Transfer (whether or not such Transfer is consummated) shall, unless otherwise determined by the General Partner, acting

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in good faith, be borne by the transferring Limited Partner or such Limited Partner's transferee (any such transferee, when admitted and shown as such on the books and records of the Partnership, a "**Substituted Limited Partner**"). In addition, the transferring Limited Partner or the Substituted Limited Partner shall indemnify the Partnership and the General Partner in a manner satisfactory to the General Partner against any losses, claims, damages or liabilities to which the Partnership or the General Partner may become subject arising out of, related to or in connection with any false representation or warranty made by, or breach or failure to comply with any covenant or agreement of, such transferring Limited Partner or such Substituted Limited Partner.

Section 10.05. *Recognition of Transfer; Substituted Limited Partners.* (a) No purchaser, assignee, or other recipient of all or any portion of a Limited Partner's interest in the Partnership may be admitted to the Partnership or increase its limited partner interest (as applicable) as a Substituted Limited Partner without the prior unanimous written consent of the Partners. Such Person, as a condition to its admission as a Limited Partner or increase of its limited partner interest (as applicable), shall execute and acknowledge such instruments (including a counterpart of this Agreement), in form and substance satisfactory to the General Partner, as the General Partner reasonably deems necessary or desirable to effectuate such admission and to confirm the agreement of such Person to be bound by all the terms and provisions of this Agreement with respect to the interest in the Partnership acquired by such Person.

(b) The Partnership shall not (subject to Section 10.08) recognize for any purpose any purported Transfer of all or any part of a Limited Partner's interest in the Partnership and no purchaser, assignee, transferee or other recipient of all or any part of such interest shall become a Substituted Limited Partner hereunder unless:

(i) the provisions of Sections 10.01(e), Section 10.04 and 10.05(a) shall have been complied with;

(ii) the General Partner shall have been furnished with the documents effecting such Transfer (including an assumption of contract (*contractsoverneming*) within the meaning of Section 6:159 of the Dutch Civil Code), in form reasonably satisfactory to the General Partner, executed and acknowledged by both the seller, assignor or transferor and the purchaser, assignee, transferee or other recipient;

(iii) such purchaser, assignee, transferee or other recipient shall have represented that such Transfer was made in accordance with all applicable laws and regulations;

(iv) all necessary governmental consents shall have been obtained in respect of such Transfer;

(v) the books and records of the Partnership shall have been changed (which change shall be made as promptly as practicable) to reflect the admission of such Substituted Limited Partner; and

(vi) all necessary instruments reflecting such admission shall have been filed in each jurisdiction in which such filing is necessary in order to qualify the Partnership to conduct business or to preserve the limited liability of the Limited Partners.

Upon the satisfaction of the conditions set forth in this Section 10.05, any such purchaser, assignee, or other recipient shall become a Substituted Limited Partner. The Partners hereby give their cooperation in advance to the assumption of contract described in this Section 10.05(b)(ii) and agree that this cooperation cannot be revoked.

Section 10.06. *Transfers During a Fiscal Year.* If any Transfer of a Partner's interest in the Partnership shall occur at any time other than the last day of the Partnership's Fiscal Year, the distributive shares of the various items of Partnership income, gain, loss, and expense as computed for tax purposes and the related cash distributions shall be allocated between the transferor and the transferee in accordance with the applicable requirements of Code Section 706.

Section 10.07. *Withdrawal of a Limited Partner.* Except as otherwise provided in this Agreement, a Limited Partner may not withdraw from the Partnership prior to its dissolution and winding up. Upon the death, dissolution and winding up, bankruptcy or insolvency or the appointment of a guardian over a Limited Partner (the "**Withdrawing Limited Partner**"), the other Partners shall continue the business of the Partnership under the same name and for the account of such Partners and the beneficial interest corresponding to such partners' interest in all assets that are legally owned by the General Partner for the benefit of the Partnership shall be deemed to be allotted to such other Partners; *provided* that at the time there is at least one remaining general partner of the Partnership. The Partnership shall not be obligated to make any payments or distributions to a Withdrawing Limited Partner. Except as expressly provided in this Agreement, no other event affecting a Limited Partner shall, in and of itself, affect its obligations under this Agreement or affect the Partnership.

Section 10.08. *Transfer and Admission Restrictions.* Notwithstanding anything to the contrary herein, the interests in the Partnership are not and may not be offered in the Netherlands, unless one or several of the following apply:

(a) the offer is made only to qualified investors within the meaning of the Dutch Financial Markets Supervision Act (the "**FMSA**") (*Wet op het financieel toezicht*); or

(b) the offer is made to fewer than 100 persons, not being qualified investors within the meaning of the FMSA; or

(c) the interests in the Partnership have a nominal value of at least EUR 50,000 each; or

(d) the interests in the Partnership can only be acquired for a total consideration of at least EUR 50,000 per investor.

Pursuant to the FMSA, the Partnership and its General Partner do not require a license with respect to the offering and they are not supervised by the Dutch Authority for the Financial Markets with respect thereto.

ARTICLE 11
MISCELLANEOUS

Section 11.01. *Amendments; Waivers*. (a) Except as otherwise provided in Section 11.01, any provision of this Agreement may be amended or waived with the unanimous consent of all the Partners (other than any Defaulting Limited Partners).

(b) The General Partner may, without the approval of any Limited Partner, amend or waive any provision of this Agreement (i) to cure any ambiguity, (ii) to correct or supplement any provision of this Agreement, (iii) to make any other provision with respect to matters or questions arising under this Agreement that are not inconsistent with the provisions of this Agreement or (iv) to ensure that the Partnership remains a closed limited partnership (*besloten commanditaire vennootschap*) for Dutch tax purposes; *provided* that such amendment or waiver does not increase the obligations or liabilities of any Limited Partner or adversely affect any Limited Partner's economic rights hereunder. The General Partner shall give prompt notice to each Limited Partner of any amendment of this Agreement pursuant to the preceding sentence.

Section 11.02. *Appraisal; Appraisal Procedure; Arbitration Procedure.* (a) The General Partner shall cause any Partnership Investment to be appraised ********** by an Approved Appraiser.

(b) With respect to any provision of this Agreement requiring that the assets of the Partnership be valued, the following procedure shall be utilized. The Partners agree to meet and confer in order to agree on such value. If the parties are not able to agree on the value of the assets, ********** and, if applicable, such Deemed Carry Distribution shall be determined by an Approved Investment Bank, an Approved Appraiser or combination thereof, *provided* that in the event an appraisal was performed within the previous **********, such value be used to determine the value of the assets of the Partnership, and if applicable, the Deemed Carried Distribution.

(c) Unless the General Partner and the Required Limited Partners agree upon each Budget as contemplated by Section 2.12, such Budget for any Fiscal

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Year shall be established by an Approved Industry Consultant selected by the General Partner (such Approved Industry Consultant being instructed to use as a starting point the Budget for the immediately preceding Fiscal Year and to take into account any improvements and refurbishments contemplated by the business plan).

(d) The Limited Partners hereby approve the accountants listed in Appendix B, the appraisal firms listed in Appendix C, the industry consultants listed in Appendix D and the investment banks listed in Appendix E.

Section 11.03. *Successors; Counterparts; Beneficiaries.* This Agreement (i) shall be binding as to the executors, administrators, estates, heirs and legal successors of the Partners and (ii) may be executed in several counterparts with the same effect as if the parties executing the several counterparts had all executed one counterpart. Except as otherwise set forth in Section 8.01(a), no provision of this Agreement is intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

Section 11.04. *Governing Law; Severability; Jurisdiction; Jury Trial.* (a) **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE NETHERLANDS**. If it shall be determined by a court of competent jurisdiction that any provision or wording of this Agreement shall be invalid or unenforceable under Dutch law, such invalidity or unenforceability shall not invalidate the entire Agreement, in which case this Agreement shall be construed so as to limit any term or provision so as to make it enforceable or valid within the requirements of applicable law, and, in the event such term or provision cannot be so limited, this Agreement shall be construed to omit such invalid or unenforceable provisions.

(b) Each of the parties hereto irrevocably agrees that the courts of The Netherlands shall have non-exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes which may arise out of or in connection with this Agreement and, for such purposes, irrevocably submits to the jurisdiction of such courts. Each of the parties irrevocably waives any objection which it might now or hereafter have to the courts of The Netherlands being nominated as the forum to hear and determine any such suit, action or proceedings and to settle any such disputes and agrees not to claim that any such court is not a convenient or appropriate forum.

(c) Nothing contained in this clause shall affect the right of the Partners to serve process in any manner permitted by law or to bring proceedings in any other jurisdiction for the purpose of the enforcement of any judgment or settlement.

(d) EACH PARTNER HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING

ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 11.05. *Certain Matters Relating to Partners.* (a) Each Partner represents and warrants that (i) such Partner has been duly formed, and is validly existing under the laws of its jurisdiction of organization, (ii) the execution and performance by such Partner of this Agreement and the consummation of the transactions contemplated hereby are within such Partner's powers and have been duly authorized by all necessary action on the part of such Partner, (iii) this Agreement constitutes a valid and binding agreement of such Partner, (iv) the execution and performance by such Partner of this Agreement require no action by or in respect of, or filing with, any governmental authority, (v) the execution and performance by such Partner of this Agreement will not violate the organizational documents of such Partner or violate applicable law.

(b) Each Limited Partner represents and warrants that the statements set forth in Appendix F are true as of the date hereof.

(c) Each Limited Partner shall have delivered an investor questionnaire in the form attached hereto as Appendix G.

Section 11.06. *Further Assurance.* Each Limited Partner, upon the request of the General Partner, agrees to perform all further acts and to execute, acknowledge and deliver any documents that may reasonably be necessary to carry out the provisions of this Agreement.

Section 11.07. *Power of Attorney.* (a) Each Limited Partner does hereby irrevocably constitute and appoint the General Partner and its officers as its true and lawful representative and attorney-in-fact, in its name, place and stead to make, execute, sign, deliver and file all such other instruments, documents and certificates which may from time to time be required by the laws of the Netherlands and any other jurisdiction, to effectuate, implement and continue the valid and subsisting existence of the Partnership or to dissolve the Partnership as contemplated in this Agreement. Such representatives and attorneys-in-fact shall not have any right, power or authority to amend or modify this Agreement or consent to any matters requiring consent pursuant to this Agreement including as contemplated by Section 10.02 when acting in such capacities.

(b) Section 3:68 of the Dutch Civil Code does not apply.

(c) The power of attorney granted pursuant to this Section 11.07 is coupled with an interest and shall (i) survive and not be affected by the subsequent dissolution or termination of the Limited Partner granting such power of attorney or the transfer of all or any portion of such Limited Partner's interest in the Partnership, and (ii) extend to such Limited Partner's successors, assigns and legal representatives.

Section 11.08. *Goodwill.* No value shall be placed on the name or goodwill of the Partnership.

Section 11.09. *Notices.* All notices, requests and other communications to any party hereunder shall be in writing and shall be given to such party at its address (including electronic address or facsimile number) set forth in Schedule C or such other address (including electronic address or facsimile number) as such party may hereafter specify for the purpose by notice in like manner to the General Partner (if such party is a Limited Partner) or to all the Limited Partners (if such party is the General Partner). Each such notice, request or other communication shall be effective (i) if given by facsimile, when such facsimile is transmitted to the facsimile number specified pursuant to this Section 11.09 and the appropriate confirmation is received or (ii) if given by other means, when delivered at the address specified pursuant to this Section 11.09.

Section 11.10. *Headings.* Section and other headings contained in this Agreement are for reference only and are not intended to describe, interpret, define or limit the scope or intent of this Agreement or any provision hereof.

Section 11.11. *Tax Election.* The Partners agree that neither the Partnership nor the General Partner shall take any action pursuant to Regulations under Code Section 7701 or otherwise that is inconsistent with the treatment of the Partnership as a partnership for U.S. federal income tax purposes. No Limited Partner shall be authorized to make any election pursuant to Regulations under Code Section 7701.

Section 11.12. *Interest.* Unless explicitly provided otherwise, any interest accruing on amounts due to the Partnership under this Agreement shall accrue at the EURIBOR and shall compound quarterly.

Section 11.13. *Liquidation Value Safe Harbor Election.* Each Partner, by executing this Agreement, agrees that:

(i) When and if Proposed Treasury Regulations Section 1.83-3(1) and the proposed revenue procedure contained in Notice 2005-43, 2005-24 I.R.B. 1, (together, the "**Proposed Guidance**") or any substantially similar successor rules become effective, the Partnership is authorized and directed to elect the safe harbor described therein, under which the fair market value of any interest in the Partnership that is transferred in connection with the performance of services will be treated as being equal to the liquidation value of that interest (the "**Safe Harbor**");

(ii) While the election described in clause (i) remains effective, the Partnership and each of the Partners (including any Person to whom an interest in the Partnership is transferred in connection with the performance of services) shall use reasonable efforts to comply with all

requirements of the Safe Harbor described in the Proposed Guidance (or any substantially similar successor rules) with respect to all interests in the Partnership that are transferred in connection with the performance of services.

Section 11.14. *Follow-on Ventures*. The General Partner shall offer to the Limited Partners, the right to participate in any follow-on venture to be formed by the General Partner for the purpose of investing in Real Estate Assets consistent with the Partnership's investment strategy and objectives set forth in this Agreement, provided that nothing shall preclude the General Partner from simultaneously offering such opportunity to third-party investors.

[*Signature Page Follows.*]

IN WITNESS WHEREOF, the undersigned have hereto set their hands as of the day and year first above written.

HST GP EURO B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) with its corporate seat in Amsterdam, The Netherlands, as General Partner

Managing Director "A":

By: /s/ Larry K. Harvey
Name: Larry K. Harvey
Title: Managing Director A

Managing Director "B":

By: /s/ Y.M. Theuns
Name: Y.M. Theuns
Title: Managing Director B

HST LP EURO B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) with its corporate seat in Amsterdam, The Netherlands, as a Limited Partner

Managing Director "A":

By: /s/ Larry K. Harvey
Name: Larry K. Harvey
Title: Managing Director A

Managing Director "B":

By: /s/ Y.M. Theuns
Name: Y.M. Theuns
Title: Managing Director B

STICHTING PENSIOENFONDS ABP, a Dutch foundation (*stichting*), as withdrawing/assigning Limited Partner

By: /s/ G.J. Dijkstra
Name: G.J. Dijkstra
Title: Authorized Signatory

By: /s/ R.J. Douma
Name: R.J. Douma
Title: Authorized Signatory

APG STRATEGIC REAL ESTATE POOL N.V.,
a company organized under the laws of the Netherlands, as a Substituted Limited Partner

By: /s/ P. Kanters
Name: P. Kanters
Title: Authorized Signatory

By: /s/ T.B.M. Steenkamp
Name: T.B.M Steenkamp
Title: Authorized Signatory

JASMINE HOTELS PTE LTD, a Singapore private company limited by shares, as a Limited Partner

By: /s/ Denise Grant
Name: Denise Grant
Title:

DEFINITIONS

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*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.**

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*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.**

"**ABP**" means, prior to the effective date of the ABP Deed of Transfer, Stichting Pensioenfonds ABP, a Dutch foundation (*stichting*), and on and after the effective date of the ABP Deed of Transfer, APG.

"**ABP Deed of Transfer**" has the meaning set forth in the Recitals.

"**ABP Euro Exchanged Contribution**" has the meaning set forth in Section 5.02(a).

"**ABP Transfer**" has the meaning set forth in the Recitals.

"**APG**" has the meaning set forth in the Recitals.

"Adjusted Capital Contributions" means, with respect to any Partner, amounts corresponding to the amount of each Capital Contributions made by such Partner, *provided* that the amount of any Adjusted Capital Contribution corresponding to a Capital Contribution of U.S. Dollars (or of the U.S. Dollar Equivalent Contribution Amount by ABP) shall be determined as if the amount of U.S. Dollars contributed (or the U.S. Dollar Equivalent Contribution Amount) had been converted to Euros upon contribution to the Partnership using the exchange rate of €1.00 to U.S. $1.195.

"**Advisers Act**" means the United States Investment Advisers Act of 1940, as amended from time to time.

"**Affiliate**" of any Person means any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Person. The term "**control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"**Agreement**" has the meaning set forth in the Recitals.

"**Approved Accountant**" means an accounting firm listed on Appendix B, or such other accounting firm as the Required Limited Partners may approve from time to time.

"**Approved Appraiser**" means an appraisal firm listed on Appendix C, or such other appraisal firm as the Required Limited Partners may approve from time to time.

"**Approved Industry Consultant**" means a consultant listed on Appendix D, or such other consultant as the Required Limited Partners may approve from time to time.

"**Approved Investment Bank**" means an investment bank listed on Appendix E, or such other investment bank as the Required Limited Partners may approve from time to time.

"**Asset Management Agreement**" means the Second Amended and Restated Asset Management Agreement dated as of the date of this Agreement among the Partnership, Rockledge Hotel Properties Inc. and the Manager (amending and restating the Amended and Restated Asset Management Agreement dated as of December 8, 2006, as amended by the First Amendment to Amended and Restated Asset Management Agreement dated as of May 3, 2009), and as may be further amended, modified and supplemented and in effect from time to time.

"**Authorized Representative**" has the meaning set forth in Section 2.07.

"**Available Capital Commitment**" means, with respect to the General Partner or any Limited Partner at any time, the excess, if any, of (i) such Person's Capital Commitment at such time *over* (ii) the aggregate Capital Contributions made by such Person prior to such time, subject to adjustment as provided in this Agreement. For purposes of this definition, any Person's aggregate Capital Contributions at any time shall be reduced by the aggregate amount theretofore repaid (as a distribution or otherwise) to such Person as a return during the Commitment Period of Capital Contributions previously made by such Limited Partner, pursuant to Section 6.02(a)(i) or otherwise.

"**Available Commitment Percentage**" means, with respect to the General Partner or any Limited Partner at any time, the percentage derived by *dividing* such Person's Available Capital Commitment at such time *by* the aggregate amount of the Available Capital Commitments of the General Partner and all Limited Partners (except as otherwise provided in this Agreement) at such time.

"**Base Amount**" has the meaning set forth in Section 6.02(a)(i).

"**Borrowing Costs**" means, with respect to any borrowing, any interest, fees or other expenses attributable to such borrowing, but shall not include any repayment of the principal amount of such borrowing.

"**Budget**" and "**Budgets**" has the meaning set forth in Section 2.12(b).

"**Business Day**" means any day except a Saturday, Sunday or other day on which commercial banks in Amsterdam are authorized by law to close.

"**Business Plan**" has the meaning set forth in Section 2.12(a).

"**Capital Account**" has the meaning set forth in Section 6.06.

"**Capital Commitment**" means, with respect to any Partner at any time, the amount specified as such Partner's capital commitment at the time such Partner was admitted to the Partnership (as adjusted as provided in the Agreement), which amount shall be set forth on the books and records of the Partnership and is set forth on Schedule A.

"**Capital Contribution**" means with respect to any Partner, (i) a cash contribution, and/or, in the case of Host, a contribution of property, in respect of any Partnership Investment or Partnership Expenses made by such Partner to the Partnership pursuant to Article 5, (ii) a contribution to the Partnership by the General Partner of shares of subsidiaries, (iii) a cash contribution made by a Limited Partner pursuant to Section 1.07(c)(i) or Section 1.07(c)(ii) or (iv) the contribution of the Coop Note pursuant to Section 5.01(h). For the avoidance of doubt, it is understood that all funds contributed by a Limited Partner to the Partnership in accordance with Article 5 shall be deemed to be a Capital Contribution (other than interest paid on any Default Amount).

"**Capital Expenses**" means any cost or expense incurred by the Partnership in the improvement of any Partnership Investment (including, extraordinary repairs, additions, alterations, modifications or restoration of such Partnership Investment).

"**Carried Interest**" means, as the context requires, either (x) distributions to the General Partner pursuant to Section 6.02(a)(iii) through Section 6.02(a)(v) (inclusive), or (to the extent attributable to Section 6.02(a)(iii) through Section 6.02(a)(v) (inclusive)) Section 9.04 or (y) income allocations to the General Partner pursuant to Section 6.07.

"**Cause Event**" means an event that shall be deemed to have occurred if: (i) the General Partner, or if at such time the Manager is an Affiliate of the General Partner, the Manager, shall have committed fraud or willful misconduct, and the General Partner or Manager fails to cure or remedy such acts within twenty (20) Business Days of receipt of a written notice to do so, (ii) the General Partner, or if at such time the Manager is an Affiliate of the General Partner, the Manager, shall have been convicted of a felony, *provided* that a settlement without admission of liability on the part of such Person shall not constitute a Cause Event if such settlement is approved by a court of competent jurisdiction and does not involve any other component of a Cause Event, (iii) *** ********** ********** Any curative actions taken by the General Partner or an Affiliate of the General Partner in respect of the Cause Event referred to in such clause shall be taken into account in determining whether such Cause Event has been cured.

"**Chamber of Commerce**" has the meaning set forth in Section 2.07.

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“**Closing Date**” means any date established by the General Partner for the admission to the Partnership of a Limited Partner (other than a Substituted Limited Partner) or the increase of a Limited Partner’s Capital Commitment pursuant to Section 1.07.

“**Code**” means the United States Internal Revenue Code of 1986, as amended from time to time.

“**Commitment Percentage**” means, with respect to any Partner at any time, the percentage derived by *dividing* such Partner’s Capital Commitment at such time *by* the aggregate Capital Commitments of all Partners at such time.

“**Commitment Period**” means the period commencing on the First Closing Date and ending on May 3, 2013.

“**Consolidation Event**” means that for accounting purposes, the assets, liabilities and results of operations of the Partnership and its subsidiaries are required by applicable law or accounting principles to be shown on the financial statements and results of the Host Hotels & Resorts, Inc.

“**Coop Note**” has the meaning set forth in Section 2.02(bb).

“**Credit Facility**” has the meaning set forth in Section 2.13.

“**C.V. Law**” means such law, including statutes, regulations and case law of The Netherlands generally applicable to the *commanditaire vennootschap* (C.V.).

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“**Deemed Liquidation**” means a hypothetical series of transactions in which the Partnership would (i) sell all of its Investments and other assets for cash Proceeds equal to *********************** as determined pursuant to the appraisal procedure under Section 11.02(a) (it being understood that such ***************** shall take into account the matters described in Section 6.03(d)(i) and (ii)), (ii) utilize all or a portion of such Proceeds to satisfy any liabilities of the Partnership (to the extent such Proceeds are subject to such liabilities), and (iii) distribute all of such net Proceeds pursuant to Section 6.02.

“**Default**” means, except as otherwise provided in Section 2.04, any failure of a Limited Partner to make all or a portion of its required Capital Contribution no later than ******** Business Days following the applicable

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Drawdown Date, unless such Limited Partner is excused from making such Capital Contribution.

"**Default Amount**" has the meaning set forth in Section 5.03(a).

"**Default Contribution**" has the meaning set forth in Section 5.03(a).

"**Default Loan**" has the meaning set forth in Section 5.03(a).

"**Default Rate**" means a rate per annum equal to the lesser of (i) ********** and (ii) the maximum rate permitted by applicable law.

"**Defaulting Limited Partner**" has the meaning set forth in Section 5.03(a).

"**Disposition**" means any sale, exchange, transfer or other disposition of all or any portion of any Partnership Investment, including a distribution in kind to the General Partner and Limited Partners pursuant to Section 6.05.

"**Disposition Notice**" has the meaning set forth in Section 10.03(c).

"**Drawdown**" means a drawdown of cash contributions from one or more Limited Partners pursuant to a Drawdown Notice in accordance with Article 5.

"**Drawdown Date**" has the meaning set forth in Section 5.02(a).

"**Drawdown Notice**" has the meaning set forth in Section 5.02(a).

"**Early Promote**" means **********

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"**Election Notice**" has the meaning set forth in Section 10.03(d).

"**ERISA**" means the United States Employee Retirement Income Security Act of 1974, as amended from time to time.

"**EURIBOR**" means the percentage rate per annum equal to the offered quotation which appears on the page of the Telerate screen which displays an average rate of the Banking Federation of the European Union for three month Euro (currently being page 248) at or about 11.00 a.m. (London time) on the relevant date or, if such page or such service ceases to be available, such other page or such other service for the purpose of displaying an average rate of the Banking Federation of the European Union as the General Partner will reasonably select.

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"**Euro**" or "**€**" means the Euro, the single currency of the participating member states of the European Union.

"**European Union**" means member states of the European Union.

"**Event of Default**" means any Default that shall not have been (i) cured by the Limited Partner who committed such Default within *** Business Days after the occurrence of such Default or (ii) waived by the General Partner on such terms as determined by the General Partner in good faith before such Default has otherwise become an Event of Default pursuant to clause (i) hereof.

"**Existing Partnership Agreement**" has the meaning set forth in the Recitals.

"**Expenses Drawdown Amount**" means the aggregate Capital Contributions to be made by the Limited Partners with respect to Partnership Expenses in connection with any Drawdown pursuant to Article 5.

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"**Extraordinary Drawdown Notice**" has the meaning set forth in Section 5.05(a).

"**Extraordinary Loan**" has the meaning set forth in Section 5.05(a).

"**Extraordinary LP Response**" has the meaning set forth in Section 5.05(a).

"**First Closing Date**" means May 3, 2006.

"**Fiscal Year**" has the meaning set forth in Section 2.05(b).

"**FMSA**" has the meaning set forth in Section 10.08.

"**Follow-On Investment**" has meaning set forth in Section 2.02(e).

"**Full Investment Date**" means the date on which the sum of the aggregate amount of Capital Contributions and the aggregate amount of capital contributions of the partners of the Partnership theretofore made, together with the sum of the aggregate amount of Available Capital Commitments of the Partners reserved for future Investments (other than Follow-On Investments) and, are at least equal to *** of the Capital Commitments at such time.

"**General Partner**" means HST GP Euro B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) with its corporate seat in Amsterdam, The Netherlands, in its capacity as general partner of the Partnership.

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"**General Partner Expenses**" has the meaning set forth in Section 4.01.

"**HHR Holding**" is defined in Section 5.01(e).

"**Host Limited Partner**" means each of Host LP and any other Limited Partner that is an Affiliate of Host.

"**Host LP**" has the meaning set forth in Section 1.07(a).

"**Host LP TRS**" has the meaning set forth in the Recitals.

"Host Optimal Percentage" is defined in Section 5.02(b)(ii)(A).

"**Host REIT**" has the meaning set forth in Section 2.03(e).

"**Hotel Property**" means a full service hotel or resort, or other lodging related real estate properties or assets, located in Europe (********** ********** ********** ********** **********), subject to a participating lease or management agreement, of a Permitted Brand and "**Hotel Properties**" means, collectively, such hotels, resorts and properties or assets.

"**IFRS**" has the meaning set forth in Section 2.02(s).

"**Implementation Agreement**" means the Implementation Agreement dated as of the date of the Original Partnership Agreement among Host Marriott Corporation (now known as Host Hotels & Resorts, Inc.), Host Marriott, L.P. (now known as Host Hotels & Resorts, L.P.), the General Partner, Host LP, Host GP TRS, Host LP TRS, ABP and JHPL, as amended by First Amendment to Implementation Agreement dated as of May 2, 2006.

"**Indemnification Obligations**" has the meaning set forth in Section 8.01(d).

"**Indemnified Person**" means each of the General Partner, any Affiliate of the General Partner, and any director, officer, stockholder, partner, employee or member of the General Partner or any such Affiliate.

"**Initial Hotel Properties**" has the meaning set forth in Section 3.01(b).

"**Initial Hotel Property Price**" has the meaning set forth in Section 3.01(b).

"**Initial Term**" has the meaning set forth in Section 9.01.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended from time to time.

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"**Investment Drawdown Amount**" means, with respect to any Partnership Investment covered by a Drawdown, the aggregate Capital Contributions to be made by all of the Limited Partners in respect of such Partnership Investment in connection with such Drawdown pursuant to Article 5.

"**Investment Percentage**" of any Partner at any time means the percentage derived by dividing the aggregate amount of such Partner's Capital Contributions by the aggregate amount of all Partners' Capital Contributions (except as otherwise provided in this Agreement).

"**IRR**" means the annualized discount rate which when applied to a series of cash flows on a daily basis produces an aggregate net present value of the cash flows as at the date of the first such cash flow equal to zero, which is expressed algebraically as:

IRR equals x when:

$$\sum_{i=0}^{n} Pi/(1+x)^{(i/365)} = 0$$

and:

"Pi" is the amount of a payment or receipt treating payments as positive and receipts as negative on day i;

"n" is the number of days between the date of the first payment or receipt and the date of the last payment or receipt;

"i" is the arithmetical number attributable to a day, the number 0 being attributed to the date of the first payment or receipt, the number 1 being attributed to the following day and so forth until i = n;

"/" means divided by;

"^" means raised to the power of; and

$\sum_{i=0}^{n}$ means the sum of the items which follow from day 0 to day n.

"**JHPL**" has the meaning set forth in the Recitals.

"**Limited Partner**" means, at any time, any Person who is at such time a limited partner of the Partnership and shown as such on the books and records of the Partnership, in such Person's capacity as a limited partner of the Partnership.

"**LP Units**" has the meaning set forth in Section 10.03(a).

"**Management Fee**" means the fee paid pursuant to the Asset Management Agreement.

"**Manager**" means the asset manager under the Asset Management Agreement.

"**Master Agreement**" means the Master Agreement and Plan of Merger dated November 14, 2005 among Starwood Hotels & Resorts Worldwide, Inc., Starwood Hotels & Resorts, Sheraton Holding Corporation (now known as Host Holding Corporation) and other parties thereto.

"**NCP Investment Percentage**" has the meaning set forth in Section 1.07(b).

"**NCP Notice**" has the meaning set forth in Section 1.07(b).

"**Net Income**" means, with respect to any Partnership Investment for any Fiscal Year, the net income of the Partnership for such Fiscal Year attributable to such Partnership Investment (if any), determined by disregarding all items of income, gain, loss and expense that are specially allocated pursuant to Sections 6.07(b) and (c).

"**Net Loss**" means, with respect to any Partnership Investment, for any Fiscal Year, the net loss of the Partnership for such Fiscal Year attributable to such Partnership Investment (if any), determined by disregarding all items of income, gain, loss and expense that are specially allocated pursuant to Sections 6.07(b) and (c).

"**New Commitment Partner**" has the meaning set forth in Section 1.07(c).

"**Non-Defaulting Limited Partner**" has the meaning set forth in Section 5.03(a).

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"**Organizational Expenses**" has the meaning set forth in Section 4.02(a)(i).

"**Original Dutch Subsidiary Shares**" is defined in Section 5.01(e).

"**Original Partnership Agreement**" has the meaning set forth in the Recitals.

"**Parallel Investment Vehicle**" has the meaning set forth in Section 3.04.

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.**

"**Partners**" means the General Partner and the Limited Partners, and "**Partner**" means any Limited Partner or the General Partner.

"**Partnership**" has the meaning set forth in the recitals.

"**Partnership Administrative Expenses**" has the meaning set forth in Section 4.02(a)(iii).

"**Partnership Capital Budget**" has the meaning set forth in Section 2.12(a).

"**Partnership Expenses**" has the meaning set forth in Section 4.02(a).

"**Partnership Investment**" means an investment by the Partnership in any Real Estate Assets (whether in the form of debt or equity), made either directly or through any corporation, partnership, trust, limited liability company or other entity, or a group of assets purchased in a single transaction or group of related transactions including Follow-On Investments (whether such acquisition or investment is made directly or indirectly through a Partnership Investment Vehicle).

"**Partnership Investment Expenses**" has the meaning set forth in Section 4.02(a)(ii).

"**Partnership Investment Vehicle**" means any Person formed for the purpose of making any Partnership Investment in accordance with Section 3.03.

"**Partnership Investment Vehicle Expenses**" means all expenses with respect to the formation, operation or administration of any Partnership Investment Vehicle.

"**Partnership Net Asset Value**" has the meaning set forth in Section 1.07(b).

"**Partnership Operating Budget**" has the meaning set forth in Section 2.12(a).

"**Permitted Brand**" means each of the branded full-service hotel chains owned by ********** ********** ********** and other branded full-service hotel chains of similar service quality and reputation ********** **********

"**Person**" means any individual, firm, partnership (whether or not having separate legal personality), corporation, limited liability company, trust, government, state or agency of a state of any association, or other entity.

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.**

"**Poland Hotel Property**" means the Hotel Property located in Warsaw, Poland and described on Schedule B.

"**Poland Hotel Property Note**" means the loan agreement dated July 12, 2001 of Sheraton Warsaw Hotel Sp. z.o.o. to Starwood Finance Europe Limited, as assigned pursuant to the Assignment and Acceptance on April 10, 2006 by Starwood Finance Europe Limited to Host Hotels & Resorts, L.P., as further assigned pursuant to the Assignment and Acceptance on May 1, 2006 by Host Hotels & Resorts, L.P. to Sheraton Warsaw Corporation ("**SWC**"), as contributed by SWC to Host Euro Business Trust ("**HEBT**") pursuant to a Contribution Agreement dated as of May 1, 2006 between SWC and HEBT, as sold by HEBT to HST EBT Holdings B.V. ("**HST EBT**") pursuant to the Assignment and Acceptance dated as of May 1, 2006 between HEBT and HST EBT, as further sold by HST EBT to Host pursuant to the Assignment and Acceptance dated as of May 1, 2006 between HST EBT and Host, in the remaining aggregate principal amount of 6.8 million Euros.

"**Portfolio Company**" means, with respect to any Partnership Investment in an entity, any Person that is the issuer of any equity securities or equity-related securities (including preferred equity, subordinated debt or similar securities) or debt securities that are the subject of such Investment.

"**Proceeding**" means any action, claim, suit, investigation or proceeding by or before any court, arbitrator, governmental body or other agency.

"**Proceeds**" means, with respect to any Partnership Investment, the cash and non-cash proceeds received by the Partnership from any Disposition of or cash flow from such Partnership Investment, or any dividends, interest or other distributions, or other income or any other payment received in connection with such Partnership Investment, *less* any expenses incurred by or appropriate reserves established for liabilities of the Partnership in connection with such receipt.

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"**Quarterly Period**" means (i) the short period commencing on the First Closing Date and ending on the last day of the calendar quarter that includes the First Closing Date, (ii) each calendar quarter thereafter prior to the calendar quarter that includes the day on which the final liquidating distribution is made pursuant to Section 9.04 and (iii) the short period, if any, commencing on the first day of the calendar quarter immediately following the last such full calendar quarter and ending on the day on which the final liquidating distribution is made pursuant to Section 9.04.

"**Real Estate Assets**" means (i) equity securities or equity-related securities (including preferred equity, subordinated debt or similar securities) or

debt securities, in real estate holding corporations, real estate investment trusts, real estate operating companies, service companies ancillary to the real estate industry or other entities, in each case involved in the ownership, operation, management or development of existing Hotel Properties or in such other related businesses; (ii) fee interests, leasehold interests or other interests, direct or indirect, in single or multiple Hotel Properties (including, for all purposes hereunder, land, buildings and other improvements and related personal or intangible property); (iii) interests in pools or portfolios of Hotel Properties; partial interests or rights in Hotel Properties; and (iv) options, rights of refusal, rights of offer and similar rights in respect Hotel Properties or portions thereof.

"**Realized Investment**" as of any date means any Partnership Investment that has been subject to a complete Disposition prior to such date.

"**Reduction Purchaser Partner**" has the meaning set forth in Section 5.04(d).

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"**Regulations**" means Treasury Regulations promulgated under the Code.

"**REIT**" has the meaning set forth in Section 2.03(e).

"**Required Limited Partners**" means, at any time, Limited Partners (excluding any Limited Partner recused pursuant to Section 2.04(b)(i)) representing at least a majority of the aggregate Capital Commitments of all Limited Partners at such time.

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"**Securities Law**" means the FMSA, the Exemption Regulation pursuant to the FMSA (*Vrijstellingsregeling Wet op het financieel toezicht*) and all statutes, regulations, decrees and case law related thereto, as amended and in force from time to time.

"**Substituted Limited Partner**" has the meaning set forth in Section 10.04.

"Total Drawdown Amount" has the meaning set forth in Section 5.03(a).

"Total Drawdown Default Loan" has the meaning set forth in Section 5.03(b)(ii).

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.**

"**Total Extraordinary Drawdown Amount**" has the meaning set forth in Section 5.05(a).

"**Transfer**" has the meaning set forth in Section 10.01(a).

"**TRS C.V.**" has the meaning set forth in the Recitals.

"**TRS C.V. Agreement**" has the meaning set forth in the Recitals.

"**TRS GP**" has the meaning set forth in the Recitals.

"**TRS Partners**" has the meaning set forth in the Recitals.

"**Uncured Breach**" means if all of the following shall have occurred: (i) the Indemnified Person breaches a covenant or obligation expressly set forth in this Agreement, (ii) the breach has had, or is likely to have, with the passage of time alone, caused an adverse effect on the Limited Partners, (iii) such Limited Partners notify the Indemnified Person of such breach in writing, describing it with reasonable specificity, and (iv) if capable of being cured, the Indemnified Person fails to cure such breach within 30 days following receipt of such notice.

"**Uncured Material Breach**" means if all of the following shall have occurred: (i) the General Partner breaches a material covenant or obligation expressly set forth in this Agreement, (ii) the breach has had, or is likely to have, with the passage of time alone, caused a material adverse effect on the Limited Partners, (iii) such Limited Partners notify the General Partner of such breach in writing, describing it with reasonable specificity, and (iv) if capable of being cured, the General Partner fails to cure such breach within 30 days following receipt of such notice.

"**Uncured Material Violation of Law**" means if all of the following shall have occurred: (i) the General Partner violates any law or regulation applicable to the Partnership, (ii) the violation has, or will have, with the passage of time alone, caused a material adverse effect on the Partnership, (iii) the Limited Partners notify the General Partner of such violation in writing, describing it with reasonable specificity, and (iv) if capable of being cured, the General Partner fails to cure such violation within 30 days following receipt of such notice.

"**Unrealized Investment**" as of any date means all or any portion of any Partnership Investment that is not a Realized Investment as of such date.

"**U.S. Dollar Equivalent Contribution Amount**" has the meaning set forth in Section 5.02(a).

"**Withdrawing Limited Partner**" has the meaning set forth in Section 10.07.

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APPENDIX B

APPROVED ACCOUNTANTS

Deloitte & Touche
Ernst & Young
KPMG
Price Waterhouse Coopers

Affiliates of the above-listed firms

APPENDIX C

APPROVED APPRAISERS

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APPENDIX D

APPROVED INDUSTRY CONSULTANTS

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APPROVED INVESTMENT BANKS

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CERTAIN REPRESENTATIONS AND WARRANTIES

Each Limited Partner (hereinafter referred to as the "**Investor**") represents and warrants as of the date hereof, and covenants and agrees, as follows:

1. Either (a) the Investor's partnership interests are being acquired solely for its own account, own risk and own beneficial interest, (2) the Investor is not acting as an agent, representative, intermediary, nominee or in a similar capacity for any other Person, nominee account or beneficial owner, whether a natural person or Entity (as defined below) (each an "**Underlying Beneficial Owner**") and no Underlying Beneficial Owner will have a beneficial or economic interest in the partnership interests being purchased by the Investor (whether directly or indirectly, including without limitation through any option, swap, forward or any other hedging or derivative transaction) and (3) the Investor does not have the intention or obligation to sell, pledge, distribute, assign or transfer all or a portion of the partnership interests to any Underlying Beneficial Owner or any other Person; or

(b) the Investor's partnership interests are being acquired as a record owner and the Investor will not have a beneficial ownership interest in the partnership interests, (2) the Investor is acting as an agent, representative, intermediary, nominee or in a similar capacity for one or more Underlying Beneficial Owners, and understands and acknowledges that the representations, warranties and agreements made herein are made by the Investor with respect to both the Investor and the Underlying Beneficial Owner(s), (3) the Investor has all requisite power and authority from the Underlying Beneficial Owner(s) to execute and perform the obligations under Agreement of Limited Partnership of HHR Euro C.V. (the "**Partnership Agreement**"), (4) the Investor has carried out thorough due diligence as to and established the identities of all Underlying Beneficial Owners (and, if an Underlying Beneficial Owner is not a natural person, the identities of such Underlying Beneficial Owner's Related Persons (to the extent applicable)), holds the evidence of such identities, will maintain all such evidence for at least five years from the date of the Investor's complete redemption from HHR Euro C.V. (the "**Partnership**") and will make such information available to the Partnership upon its reasonable request, and (5) the Investor does not have the intention or obligation to sell, pledge, distribute, assign or transfer all or a portion of the partnership interests to any Person other than the Underlying Beneficial Owner(s).

A "**Related Person**" means, with respect to any Entity, any Investor, director, senior officer, trustee, beneficiary or grantor of such Entity; *provided* that in the case of an Entity that is a Publicly Traded Company (as defined below) or a Qualified Plan (as defined below), the term "Related Person" shall exclude the investors and beneficiaries of such Publicly Traded Company or such Qualified Plan.

A "**Publicly Traded Company**" is an Entity whose securities are listed on a national securities exchange or quoted on an automated quotation system in the United States of America or in Europe or a wholly-owned subsidiary of such an Entity.

A "**Qualified Plan**" means a tax qualified pension or retirement plan in which at least 100 employees participate that is maintained by an employer that is organized in the United States of America or in Europe, or is a U.S. Governmental Entity (as defined below).

A "**Governmental Entity**" is any government or any state, department or other political subdivision thereof, or any governmental body, agency, authority or instrumentality in any jurisdiction exercising executive, legislative, regulatory or administrative functions of or pertaining to government.

2. The Investor represents and warrants that it is not (i) an "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") subject to Title I of ERISA, (ii) a "governmental plan" as defined in Section 3(32) of ERISA, (iii) a "plan" as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended ("**IRC**") that is subject to Section 4975 of the IRC, or (iv) an entity whose underlying assets include the assets of such a plan by reason of the plan's investment in the Investor under 29 CFR § 2510.3-101.

3. The Investor hereby represents and warrants that the proposed investment by the Investor in the Partnership that is being made on its own behalf or, if applicable, on behalf of any Underlying Beneficial Owners does not directly or indirectly contravene United States federal, state, international or other laws or regulations, including anti-money laundering laws (a "**Prohibited Investment**"). The Investor further represents and warrants that the funds invested by the Investor in the Partnership are not derived from illegal or illegitimate activities.

4. Federal regulations and Executive Orders administered by the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**") prohibit U.S. persons from, among other things, engaging in transactions with or providing services to certain foreign countries, entities and individuals. The identities of OFAC-prohibited countries, territories and Persons ("**Sanctioned Countries and Persons**") can be found at 31 CFR Chapter V and on the OFAC website at <www.treas.gov/ofac>. The Investor hereby represents and warrants that none of the Investor or any of its Affiliates, or, if applicable, any Underlying Beneficial Owner or Related Person, is a Sanctioned Country or Person, or a resident of a Sanctioned Country, nor is the Investor or any of its Affiliates, or, if applicable, any Underlying Beneficial Owner or Related Person, a natural person or Entity with whom dealings by U.S. persons are, unless licensed, prohibited under any Executive Orders or regulations administered by OFAC.

5. The Investor hereby represents and warrants that neither the Investor nor, if applicable, any Underlying Beneficial Owner or Related Person, is a foreign bank without a physical presence in any country other than a foreign bank that (A) is an affiliate of a depositary institution, credit union or foreign bank that maintains a physical presence in the United States or a foreign country, as applicable and (B) is subject to supervision by a banking authority in the country regulating such affiliated depositary institution, credit union, or foreign bank. A foreign bank described in the preceding clauses (A) and (B) is referred to herein as a "**Regulated Affiliate**", and a foreign bank without a physical presence in any country that is not a Regulated Affiliate is referred to herein as a "**Foreign Shell Bank**".

6. The Investor hereby represents and warrants that, except as otherwise disclosed to the Partnership in writing: (A) neither the Investor nor, if applicable, any Underlying Beneficial Owner or Related Person, is resident in, or organized or chartered under the laws of, (1) a jurisdiction that has been designated by the U.S. Secretary of the Treasury under Section 311 or 312 of the USA PATRIOT Act of 2001 (the "**PATRIOT Act**") as warranting special measures due to money laundering concerns or (2) any foreign country that has been designated as non-cooperative with international anti-money laundering principles or procedures by an

intergovernmental group or organization, such as the Financial Action Task Force on Money Laundering, of which the United States is a member and with which designation the United States representative to the group or organization continues to concur (a "**Non-Cooperative Jurisdiction**"); (B) the subscription funds of the Investor and, if applicable, any Underlying Beneficial Owner or Related Person, do not originate from, nor will they be routed through, an account maintained at (1) a Foreign Shell Bank, (2) a foreign bank (other than a Regulated Affiliate) that is barred, pursuant to its banking license, from conducting banking activities with the citizens of, or with the local currency of, the country that issued the license or (3) a bank organized or chartered under the laws of a Non-Cooperative Jurisdiction.

7. The Investor acknowledges and agrees that any distributions paid to it will be paid to the same account from which its investment in the Partnership was originally remitted, unless the General Partner, in its sole discretion, agrees otherwise.

8. The Investor agrees to provide any information, other than non-public information, requested by the General Partner which the General Partner reasonably believes will enable the Partnership to comply with all applicable anti-money laundering statutes, rules, regulations and policies, including any applicable to an investment held or proposed to be held by the Partnership. The Investor understands and agrees that the General Partner may, after prior consultation with the relevant Investor, release confidential information about the Investor and, if applicable, any Underlying Beneficial Owner or Related Person, to any Person, if the General Partner, in its sole discretion, determines that such disclosure is required by applicable law, including the relevant rules and regulations concerning Prohibited Investments, but only in so far and to the extent that disclosure is actually required by such laws or regulations.

9. The foregoing representations, warranties and agreements shall survive the date hereof.

APPENDIX G

FORM OF INVESTOR QUESTIONNAIRE

General Information

1. The Investor

Name: _____

_____

Mailing Address: _____
(Number and Street)

_____

_____
(City) (State) (Zip Code) (Country)

Telephone Number: _____

Facsimile Number: _____

U.S. state or other jurisdiction in which incorporated or formed: _____

Date of incorporation or formation: _____

U.S. state or foreign country of residence: _____

IRS taxpayer identification number (if any): _____

Fiscal and tax year end: _____

Net assets as of December 31, 2005 were in excess of: $_____

Please check here if net assets were calculated on a consolidated basis: _____

2. Account Information for Wire Transfers to Investor

Name of Bank: _____

Address of Bank: _____
(Number and Street)

_____

_____
(City) (State) (Zip Code) (Country)

ABA Number: _____

Sub Account (if any): _____

Sub A/C No. (if any): _____

SWIFT Code:[1] _____

For Further Credit (FFC) to:

Account Name: _____

Account Number: _____

Name of Banking Officer: _____

Telephone Number: _____

Facsimile Number: _____

3. Account Information for Wire Transfers from Investor[2]

☐ Same as Question 2 (if so, proceed to Question 4)

Name of Bank: _____

City and Country: _____

Account Name: _____

Account Number: _____

Name of Banking Officer: _____

Telephone Number: _____

Facsimile Number: _____

4. Organization and Authorization Documents

Please attach copies of:

(i) all organization documents of the entity (such as charter and bylaws, partnership agreement, limited liability company agreement or declaration of trust);

[1] Required for U.S. wire transfers to non-U.S. banks. Please contact your bank for more information.

[2] ***IMPORTANT NOTICE:*** Due to international banking regulations, if your subscription is being wired from a non-U.S. account, your bank MUST send a SWIFT MT100 message and complete the field 50 ("**Ordering Customer**") and field 52D ("**Ordering Institution**") on subscription wires. **Your transaction may be delayed or rejected if this information is not provided.**

(ii) all documents authorizing the entity to acquire a partnership interest and execute the partnership agreement and the investor questionnaire (such as board resolutions); and

(iii) evidence of the authority of signatories to execute the documents listed in (ii).

Investor Accreditation for Securities Act Purposes

Interests will be sold only to investors who are "accredited investors" (as defined in Regulation D promulgated by the U.S. Securities and Exchange Commission pursuant to the Securities Act). Please indicate the basis of "accredited investor" status of the Investor by checking the applicable statement or statements.

☐ The Investor has total assets in excess of $5,000,000, was not formed for the purpose of investing in the Partnership and is one of the following (check the applicable box below):

- ☐ a corporation
- ☐ a partnership
- ☐ a limited liability company
- ☐ a business trust
- ☐ a tax-exempt organization described in Section 501(c)(3) of the IRC

☐ The Investor is a personal (non-business) trust, other than an employee benefit trust, with total assets in excess of $5,000,000 which was not formed for the purpose of investing in the Partnership and whose decision to invest in the Partnership has been directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the investment.

☐ The Investor is a bank, as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution, as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity, or an insurance company as defined in Section 2(13) of the Securities Act.

☐ The Investor is registered with the Securities and Exchange Commission as a broker or dealer or an investment company, or has elected to be treated or qualifies as a "business development company" (within the meaning of Section 2(a)(48) of the Investment Company Act or Section 202(a)(22) of the Advisers Act), or is a Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958.

☐ The Investor is an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended

(including an Individual Retirement Plan), which satisfies at least one of the following conditions (check the applicable box or boxes below):

☐ it has total assets in excess of $5,000,000; or

☐ the investment decision is being made by a plan fiduciary which is a bank, savings and loan association, insurance company or registered investment adviser; or

☐ it is a self-directed plan (*i.e.*, a tax-qualified defined contribution plan in which a participant may exercise control over the investment of assets credited to his or her account) and the decision to invest is made by those participants investing, and each such participant qualifies as an "accredited investor".

☐ The Investor is an employee benefit plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions, which has total assets in excess of $5,000,000.

☐ The Investor is a trust of which each and every grantor is an individual who is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act, or an entity that is an "accredited investor," in each case who can amend or revoke the trust at any time.

NOTE: If the Investor's accreditation is based upon this item, each grantor of the Investor must complete a copy of this questionnaire as if such person were directly purchasing a partnership interest.

☐ The Investor is an entity in which each and every one of the equity owners is an individual who, or an entity which, is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act, or an entity that is an "accredited investor".

Qualified Purchaser for Investment Company Act Purposes

Each Investor must indicate whether it qualifies as a "qualified purchaser" for purposes of Section 3(c)(7) of the Investment Company Act. Please indicate the basis of the Investor's status by checking the box or boxes below which are next to the categories under which the Investor qualifies as a "qualified purchaser". In order to complete the following information, the Investor must read Annex A to this Questionnaire for the definition of "investments".

The general rule for determining the value of investments in order to ascertain whether an Investor is a qualified purchaser is that the value of the aggregate amount of investments owned and invested on a discretionary basis by the Investor shall be their fair market value on the most recent practicable date or

their cost.[3] *In each case, there shall be deducted from the amount of investments owned by the Investor the amount of any outstanding indebtedness incurred to acquire the investments owned by the Investor.*

☐ (a) A natural person (including any person who holds a joint, community property or other similar shared ownership interest in the Partnership with that person's qualified purchaser spouse) who owns not less than $5,000,000 in "investments".

☐ (b) A company (including a partnership, trust, limited liability company or corporation) that owns not less than $5,000,000 in "investments" and that is owned directly or indirectly by or for two or more natural persons who are related as siblings or spouse (including former spouses), or direct lineal descendants by birth or adoption, spouses of such persons, the estates of such persons, or foundations, charitable organizations or trusts established by or for the benefit of such persons (a "Family Company").

NOTE: If the Investor selects this item and the Family Company is a trust that can be amended or revoked by the grantors at any time, each grantor must complete a copy of this Questionnaire (insofar as is necessary to determine that such grantor is itself a "qualified purchaser").

☐ (c) A personal (non-business) trust that is not covered by (b) above which was not formed for the purpose of investing in the Partnership as to which the trustee or other person authorized to make decisions with respect to the trust, and each settlor or other person who has contributed assets to the trust, is a person described in clause (a), (b), (d), or (e) hereof.

NOTE: If the Investor selects this item, the trustee and each settlor or other person who has contributed assets to the trust must complete a copy of this questionnaire (insofar as is necessary to determine that such person is itself a "qualified purchaser").

☐ (d) A natural person or company (including a partnership, trust, limited liability company or corporation), acting for its own account or the accounts of other qualified purchasers, who in the aggregate owns and invests on a discretionary basis not less than $25,000,000 in "investments".

[3] This general rule is subject to the following provisos: (1) in the case of Commodity Interests (as defined in Annex A), the amount of investments shall be the value of the initial margin or option premium deposited in connection with such Commodity Interests; and (2) a Family Company shall have deducted from the value of such Family Company's investments any outstanding indebtedness incurred by an owner of the Family Company to acquire such investments.

NOTE: If the Investor selects this item and the company is a trust that can be amended or revoked by the grantors at any time, each grantor must complete a copy of this questionnaire (insofar as is necessary to determine that such grantor is itself a "qualified purchaser").

☐ (e) A "qualified institutional buyer" as defined in paragraph (a) of Rule 144A under the 1933 Act, acting for its own account, the account of another "qualified institutional buyer", or the account of a "qualified purchaser", provided that (i) a dealer described in paragraph (a)(1)(ii) of Rule 144A must own and invest on a discretionary basis at least $25 million in securities of issuers that are not affiliated persons of the dealer and (ii) a plan referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A, or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of such a plan, will not be deemed to be acting for its own account if investment decisions with respect to the plan are made by the beneficiaries of the plan, except with respect to investment decisions made solely by the fiduciary, trustee or sponsor of such plan.

☐ (f) A company (including a partnership, limited liability company or corporation), each beneficial owner of the securities of which is a "qualified purchaser".

NOTE: If the Investor selects this item, each beneficial owner of the Investor must complete a copy of this questionnaire (insofar as is necessary to determine that such grantor is itself a "qualified purchaser").

ERISA

Is the Investor:

(a) a "governmental plan" as defined in Section 3(32) of ERISA, or a "church plan" as defined in Section 3(33) of ERISA or a plan maintained outside the United States primarily for the benefit of persons substantially all of whom are nonresident aliens of the United States?

_____Yes
_____No

(b) an entity whose underlying assets include "plan assets" by reason of a plan's investment in the entity and such plan investors include only pension benefit plans, welfare benefit plans or similar plans not governed by ERISA or Section 4975 of the IRC (including by reason of 25% or more of any class of equity interests in the entity being held by such plans)?

_____Yes
_____No

NOTE: The partnership interests in the Partnership may be purchased by plans, funds, accounts or programs established or maintained by an employer or employee organization for the purpose of providing pension, welfare or similar benefits to employees or an investment fund or similar commingled investment vehicle that contains benefit plan investors, *provided that* such plans, funds, accounts, programs or investment vehicles are not subject to ERISA or Section 4975 of the IRC.

SIGNATURE PAGE

To be signed by prospective Investor: (Please sign both copies of the Signature Page)

This page constitutes the signature page for the Investor Questionnaire which relates to the offering of partnership interests in the Partnership. Execution of this Signature Page constitutes execution by the undersigned of the Investor Questionnaire.

IN WITNESS WHEREOF, the undersigned has executed this Signature Page this day of March 2006.

INVESTOR:

_____
Print Name of Limited Partner

By: _____
Signature of Authorized Signatory

_____
Print Name of Authorized Signatory

_____
Print Title of Authorized Signatory

To be signed by the General Partner:

The above-named Investor's subscription for a partnership interest in, and admission as a limited partner to, the Partnership are accepted and agreed as of March , 2006.

HST GP EURO B.V.,
as General Partner of HHR Euro C.V.

By: _____
Name:
Title:

By: _____
Name:
Title:

SIGNATURE PAGE

To be signed by prospective Investor: (Please sign both copies of the Signature Page)

This page constitutes the signature page for the Investor Questionnaire which relates to the offering of partnership interests in the Partnership. Execution of this Signature Page constitutes execution by the undersigned of the Investor Questionnaire.

IN WITNESS WHEREOF, the undersigned has executed this Signature Page this day of March 2006.

INVESTOR:

_____
Print Name of Limited Partner

By: _____
Signature of Authorized Signatory

_____
Print Name of Authorized Signatory

_____
Print Title of Authorized Signatory

To be signed by the General Partner:

The above-named Investor's subscription for a partnership interest in, and admission as a limited partner to, the Partnership are accepted and agreed as of March , 2006.

HST GP EURO B.V.,
as General Partner of HHR Euro C.V.

By: _____
Name:
Title:

By: _____
Name:
Title:

ANNEX A

DEFINITION OF "INVESTMENTS"

The term "investments" means:

(1) Securities, other than securities of an issuer that controls, is controlled by, or is under common control with, the Investor that owns such securities; provided that securities issued by any of the following are considered to be "investments" for this purpose:

an investment company or a company that would be an investment company but for the exclusions provided by Sections 3(c)(1) through 3(c)(9) of the Investment Company Act or the exemptions provided by Rule 3a-6 or 3a-7 promulgated under the Investment Company Act, or a commodity pool; or

a Public Company (as defined below); or

a company with shareholders' equity of not less than $50 million (determined in accordance with generally accepted accounting principles) as reflected on the company's most recent (and in any event not more than 16 months old) financial statements;

(2) Real estate held for investment purposes;

(3) Commodity Interests (as defined below) held for investment purposes;

(4) Physical Commodities (as defined below) held for investment purposes;

(5) To the extent not securities, Financial Contracts (as defined below) entered into for investment purposes;

(6) In the case of an Investor that is a company that would be an investment company but for the exclusions provided by Section 3(c)(1) or 3(c)(7) of the Investment Company Act, or a commodity pool, any amounts payable to such Investor pursuant to a firm agreement or similar binding commitment pursuant to which a person has agreed to acquire an interest in, or make capital contributions to, the Investor upon the demand of the Investor; and

(7) Cash and cash equivalents held for investment purposes.

Interpretive Guidance:

1. *Real Estate*. Real estate held for investment purposes excludes the following types of real estate used by the Investor or a Related Person (as defined below): (i) for personal purposes, (ii) as a place of business, or (iii) in connection with a trade or business (unless the Investor is engaged primarily in the business

of investing, trading or developing real estate and the real estate in question is part of such business). Residential real estate may be considered "held for investment" if deductions on the property are not disallowed by Section 280A of the IRC.

2. *Commodity Interests, Physical Commodities and Financial Contracts*. A Commodity Interest or Physical Commodity owned, or a Financial Contract entered into, by an Investor who is engaged primarily in the business of investing, reinvesting, or trading in Commodity Interests, Physical Commodities or Financial Contracts in connection with such business may be deemed to be held for investment purposes.

3. *Consolidation of Subsidiaries*. For purposes of determining the amount of investments owned by an Investor that is a company, there may be included investments owned by majority-owned subsidiaries of the Investor and investments owned by a company ("**Parent Company**") of which the Investor is a majority-owned subsidiary, or by a majority-owned subsidiary of the Investor and other majority-owned subsidiaries of the Parent Company.

4. *Joint Investments*. In determining whether a natural person is a "qualified purchaser", there may be included in the amount of such person's investments any investment held jointly with such person's spouse, or investments in which such person shares with such person's spouse a community property or similar shared ownership interest. In determining whether spouses who are making a joint investment in the Partnership are "qualified purchasers", there may be included in the amount of each spouse's investments any investments owned by the other spouse (whether or not such investments are held jointly). There shall be deducted from the amount of any such investments the amount of any outstanding indebtedness incurred by such spouse to acquire such investments.

5. *Certain Retirement Plan*s. In determining whether a natural person is a "qualified purchaser", there may be included in the amount of such person's investments any investments held in an individual retirement account or similar account the investments of which are directed by and held for the benefit of such person.

Additional Definitions

"**Commodity Interests**" means commodity futures contracts, options on commodity futures contracts, and options on physical commodities traded on or subject to the rules of:

(i) any contract market designated for trading such transactions under the Commodity Exchange Act and the rules thereunder; or

(ii) any board of trade or exchange outside the United States, as contemplated in Part 30 of the rules under the Commodity Exchange Act.

"**Financial Contract**" means any arrangement that:

(i) takes the form of an individually negotiated contract, agreement, or option to buy, sell, lend, swap, or repurchase, or other similar individually negotiated transaction commonly entered into by participants in the financial markets;

(ii) is in respect of securities, commodities, currencies, interest or other rates, other measures of value, or any other financial or economic interest similar in purpose or function to any of the foregoing; and

(iii) is entered into in response to a request from a counter party for a quotation, or is otherwise entered into and structured to accommodate the objectives of the counterparty to such arrangement.

"**Physical Commodities**" means any physical commodity with respect to which a Commodity Interest is traded on a market specified in the definition of Commodity Interests above.

"**Public Company**" means a company that:

(i) files reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended; or

(ii) has a class of securities that are listed on a Designated Offshore Securities Market, as defined by Regulation S of the Securities Act.

"**Related Person**" means a person who is related to the Investor as a sibling, spouse or former spouse, or is a direct lineal descendant or ancestor by birth or adoption of the Investor, or is a spouse of such descendant or ancestor; *provided* that, in the case of a Family Company, a Related Person includes any owner of the Family Company and any person who is a Related Person of such an owner

SCHEDULE A

CAPITAL COMMITMENTS OF LIMITED PARTNERS[1]

	Commitment as of March 24, 2006 (in U.S. Dollars and Euros)[2]		Total Commitment (in Euros)	Commitment Percentage
ABP	U.S.$	44,322,484	€ 107,532,615	19.902%
	€	37,089,944		
JHPL	U.S. $	105,905,187	€ 259,343,478	47.998%
	€	88,623,587		
Host	U.S.$	70,800,071[3]	€ 172,912,995	32.002%
	€	59,246,922		

CAPITAL COMMITMENT OF GENERAL PARTNER

	Commitment as of March 24, 2006 (in U.S. Dollars and Euros)		Total Commitment (in Euros)	Commitment Percentage
General Partner	U.S.$	222,481	€ 529,222	0.098%
	€	186,177		

[1] ABP, JHPL and Host will contribute to the Partnership the Coop Note. Because such contribution shall be a Capital Contribution, a portion of each such Partner's Commitment shall increase accordingly as follows: €2,101,494 with respect to ABP, €7,423,871 with respect to JHPL, €4,498,900 with respect to Host. Each Partner's Total Commitment and Commitment Percentage are as set forth in this Schedule A after giving effect to such contribution of the Coop Note.

[2] The value in Euros of U.S. Dollar-denominated Capital Commitments of any Partner is calculated using an exchange rate of €1 to U.S. $1.195 pursuant to Section 5.02(a).

[3] This amount includes the contribution on May 1, 2006 of (x) Sheraton Warsaw Hotel & Towers (through a contribution of the shares of HHR Warsaw B.V.) and (y) the loan agreement dated July 12, 2001 of Sheraton Warsaw Hotel Sp. Z.o.o. to Starwood Finance Europe Limited in the remaining aggregate principal amount of €6,800,000, in exchange for a capital account equal to the value listed in Schedule B for such hotel, plus the net asset value of HHR Warsaw B.V. deemed to be €18,151 or U.S. $21,690 (based on a foreign currency exchange rate of €1 to U.S. $1.195).

SCHEDULE B

INITIAL HOTEL PROPERTIES

	**********[1]
Sheraton Roma Hotel & Conference Center, Rome, Italy	******
The Westin Palace, Madrid, Spain	******
Sheraton Skyline Hotel and Conference Centre, Hayes, UK	******
Sheraton Warsaw Hotel & Towers, Warsaw, Poland	******[2]
The Westin Palace, Milan, Italy	******
The Westin Europa & Regina, Venice, Italy	******

[1] Price to be converted to Euros on the date the Initial Hotel Properties are transferred or contributed (as applicable) to the Partnership.

[2] For purposes of Section 5.01(b), (x) the Initial Purchase Price for the Poland Hotel Property will be $********** minus the amount of the Poland Hotel Property Note which is as of the date hereof €6,800,000, and (y) the value of the Poland Hotel Property Note shall be deemed to equal €6,800,000.

*** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.**

SCHEDULE C

ADDRESSES FOR NOTICES

General Partner:

HST GP EURO B.V.
Prins Bernhardplein 200
1097 JB Amsterdam
The Netherlands
Attn.: Mrs. Y.M. Wimmers-Theuns and/or Mrs. L.F.M. Heine
Tel.: +31 20 521 46 91 and/or +31 20 521 47 14
Fax: +31 20 521 48 21
E-mail: Yvonne.theuns@intertrustgroup.com and/or
liselotte.heine@intertrustgroup.com

With a copy to:

HST GP EURO B.V.
c/o Host Hotels & Resorts, Inc.
6903 Rockledge Drive, Suite 1500
Bethesda, MD 20817
Attn: General Counsel
Tel: 240-744-5150
Fax: 240-744-5155
Email: elizabeth.abdoo@hosthotels.com

With a copy to:

HST GP EURO B.V.
c/o Host Hotels Ltd
Elsinore House, Unit 1B/1C
77 Fulham Palace Road
London W6 8JA
United Kingdom
Attn: Ms. Carmen Hui
Tel: +44 20 8846 3118
Fax: +44 203 002 2683
Email: carmen.hui@hosthotels.com

Limited Partners:

Host LP:

HST LP EURO B.V.
Prins Bernhardplein 200
1097 JB Amsterdam

The Netherlands
Attn.: Mrs. Y.M. Wimmers-Theuns and/or Mrs. L.F.M. Heine
Tel.: +31 20 521 46 91 and/or +31 20 521 47 14
Fax: +31 20 521 48 21
E-mail: Yvonne.theuns@intertrustgroup.com and/or
liselotte.heine@intertrustgroup.com

With a copy to:

HST LP Euro B.V.
c/o Host Hotels & Resorts, Inc.
6903 Rockledge Drive, Suite 1500
Bethesda, MD 20817
Attn: General Counsel
Tel: 240-744-5150
Fax: 240-744-5155
Email: elizabeth.abdoo@hosthotels.com

With a copy to:

HST LP Euro B.V.
c/o Host Hotels Ltd
Elsinore House, Unit 1B/1C
77 Fulham Palace Road
London W6 8JA
United Kingdom
Attn: Ms. Carmen Hui
Tel: +44 20 8846 3118
Fax: +44 203 002 2683
Email: carmen.hui@hosthotels.com

ABP:

APG STRATEGIC REAL ESTATE POOL N.V.
c/o APG Investments
PO Box 2889
6401 DJ Heerlen
The Netherlands
Attn: Operations / Financial Analysis / Real Estate
Tel: +31 45 579 3908 (Angelique Ligtvoet); 31 45 579 3908 (Ronald Wildering); +31 45 579 2003 (Pascal Bessems)
Fax: +31 45 579 3400
Email: srebo@apg-am.nl

With a copy to
APG Asset Management

P.O. Box 75283
1070 AG Amsterdam
The Netherlands
Attn: Robert-Jan Foortse
Tel: +31 20 604 8255
Fax: +31 20 405 9801
Email: robertjan.foortse@apg-am.nl

JHPL:

JASMINE HOTELS PTE LTD
c/o GIC Real Estate International Pte Ltd
168 Robinson Road
#37-01 Capital Tower
Singapore 068912
Attn: Company Secretary
Tel: 65 6889 8888
Fax: 65 6889 6878
Email: limyokepeng@gic.com.sg

With a copy to

JASMINE HOTELS PTE LTD
c/o GIC Real Estate International Pte Ltd, London Office
1st Floor, York House
Seymour Street
London W1H 7LX
United Kingdom
Attn: Ms. Denise Grant
Tel: 44 20 7725 3632
Fax: 44 20 7725 3508
Email: denisegrant@gic.com.sg

Exhibit 12.1

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
AND PREFERRED STOCK DIVIDENDS
(in millions, except ratio amounts)

	Quarter ended	
	June 18, 2010	June 19, 2009
Loss from continuing operations before income taxes	$ (78)	$ (69)
Add (deduct):		
Fixed charges	210	202
Capitalized interest	(1)	(5)
Amortization of capitalized interest	3	3
Equity in (earnings)/losses related to certain 50% or less owned affiliates	5	34
Distributions from equity investments	6	1
Dividends on preferred stock	(4)	(4)
Issuance costs of redeemed preferred stock	(4)	—
Adjusted earnings	$ 137	$ 162
Fixed charges:		
Interest on indebtedness and amortization of deferred financing costs	$ 179	$ 169
Capitalized interest	1	5
Dividends on preferred stock	4	4
Issuance costs of redeemed preferred stock	4	—
Portion of rents representative of the interest factor	22	24
Total fixed charges and preferred stock dividends	$ 210	$ 202
Deficiency of earnings to fixed charges and preferred stock dividends	$ (73)	$ (40)

Exhibit 31.1

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

I, W. Edward Walter, 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 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 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: July 27, 2010

/s/ W. Edward Walter

W. Edward Walter
President, Chief Executive Officer

Exhibit 31.2

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

I, Larry K. Harvey, 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 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 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: July 27, 2010

/s/ Larry K. Harvey

Larry K. Harvey
Executive Vice President, Chief Financial Officer

Exhibit 32

Section 906 Certification

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

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

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the period ended June 18, 2010 (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: July 27, 2010

/s/ W. Edward Walter
W. Edward Walter
Chief Executive Officer

/s/ Larry K. Harvey
Larry K. Harvey
Chief Financial Officer