

HOST HOTELS & RESORTS, INC.

Form 10-Q

May 03, 2010

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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 March 26, 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)

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Maryland
(State or other jurisdiction of
incorporation or organization)

53-0085950
(I.R.S. Employer
Identification No.)

6903 Rockledge Drive, Suite 1500, Bethesda,

Maryland
(Address of principal executive offices)

20817
(Zip Code)

(240) 744-1000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. 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 658,204,571 shares of its \$0.01 par value common stock outstanding as of April 29, 2010.

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March 26, 2010 and December 31, 2009

(in millions, except share and per share amounts)

	March 26, 2010 (unaudited)	December 31, 2009
ASSETS		
Property and equipment, net	\$ 10,144	\$ 10,231
Assets held for sale	3	8
Due from managers	41	29
Investments in affiliates	140	153
Deferred financing costs, net	46	49
Furniture, fixtures and equipment replacement fund	128	124
Other	279	266
Restricted cash	34	53
Cash and cash equivalents	1,245	1,642
Total assets	\$ 12,060	\$ 12,555
LIABILITIES, NON-CONTROLLING INTERESTS AND EQUITY		
Debt		
Senior notes, including \$1,132 million and \$1,123 million, respectively, net of discount, of Exchangeable Senior Debentures	\$ 4,199	\$ 4,534
Mortgage debt	1,098	1,217
Other	86	86
Total debt	5,383	5,837
Accounts payable and accrued expenses	164	174
Other	194	194
Total liabilities	5,741	6,205
Non-controlling interests - Host Hotels & Resorts, L.P.	160	139
Host Hotels & Resorts Inc. stockholders' equity:		
Cumulative redeemable preferred stock (liquidation preference \$100 million) 50 million shares authorized; 4 million shares issued and outstanding	97	97
Common stock, par value \$.01, 1,050 million shares authorized; 652.4 million shares and 646.3 million shares issued and outstanding, respectively	7	6
Additional paid-in capital	6,916	6,875
Accumulated other comprehensive income	9	12
Deficit	(894)	(801)
Total equity of Host Hotels & Resorts Inc. stockholders	6,135	6,189
Non-controlling interests - other consolidated partnerships	24	22
Total equity	6,159	6,211
Total liabilities, non-controlling interests and equity	\$ 12,060	\$ 12,555

See notes to condensed consolidated statements.

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	Quarter ended	
	March 26, 2010	March 27, 2009
REVENUES		
Rooms	\$ 484	\$ 500
Food and beverage	252	266
Other	57	69
Total hotel sales	793	835
Rental income	30	29
Total revenues	823	864
EXPENSES		
Rooms	140	134
Food and beverage	187	195
Other departmental and support expenses	222	230
Management fees	29	33
Other property-level expenses	86	81
Depreciation and amortization	136	155
Corporate and other expenses	25	16
Total operating costs and expenses	825	844
OPERATING PROFIT (LOSS)	(2)	20
Interest income	1	2
Interest expense	(96)	(87)
Net gains on property transactions and other		1
Losses on foreign currency transactions and derivatives	(2)	(1)
Equity in losses of affiliates	(5)	(3)
LOSS BEFORE INCOME TAXES	(104)	(68)
Benefit for income taxes	22	14
LOSS FROM CONTINUING OPERATIONS	(82)	(54)
Loss from discontinued operations, net of tax.	(2)	(6)
NET LOSS	(84)	(60)
Less: Net loss attributable to non-controlling interests		1
NET LOSS ATTRIBUTABLE TO HOST HOTELS & RESORTS, INC.	(84)	(59)
Less: Dividends on preferred stock	(2)	(2)
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	\$ (86)	\$ (61)
Basic and diluted loss per common share:		
Continuing operations	\$ (.13)	\$ (.11)

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Discontinued operations		(.01)
Basic and diluted loss per common share	\$ (.13)	\$ (.12)

See notes to condensed consolidated statements.

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	Quarter ended	
	March 26, 2010	March 27, 2009
OPERATING ACTIVITIES		
Net loss	\$ (84)	\$ (60)
Adjustments to reconcile to cash provided by operations:		
Discontinued operations:		
Gain on dispositions		(18)
Depreciation	1	24
Depreciation and amortization	136	155
Amortization of deferred financing costs	3	3
Amortization of debt premiums/discounts, net	9	7
Deferred income taxes	(21)	(15)
Net gains on property transactions and other		(1)
Loss on foreign currency transactions and derivatives	2	1
Non-cash loss (gain) on extinguishment of debt	2	(3)
Equity in losses of affiliates, net	5	3
Change in due from managers	(12)	3
Changes in other assets	15	7
Changes in other liabilities	(7)	14
Cash provided by operations	49	120
INVESTING ACTIVITIES		
Proceeds from sales of assets, net	9	108
Return of capital from investments in affiliates		39
Capital expenditures:		
Renewals and replacements	(27)	(49)
Repositionings and other investments	(23)	(59)
Change in furniture, fixtures and equipment (FF&E) replacement fund	(4)	(1)
Change in restricted cash designated for FF&E replacement fund	6	3
Cash provided by (used in) investing activities	(39)	41
FINANCING ACTIVITIES		
Financing costs		(3)
Issuances of debt		120
Repurchase/redemption of senior notes, including exchangeable debentures	(346)	(69)
Mortgage debt prepayments and scheduled maturities	(124)	(34)
Scheduled principal repayments	(2)	(3)
Common stock issuance	55	
Dividends on common stock	(1)	(27)
Dividends on preferred stock	(2)	(2)
Distributions to non-controlling interests		(1)
Change in restricted cash other than FF&E replacement fund	13	3
Cash used in financing activities	(407)	(16)

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INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(397)	145
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,642	508
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 1,245	\$ 653

See notes to condensed consolidated statements.