HOST
HOTELS & RESORTS®

March 1, 2013

Mr. Christopher Thorne
Technical Director
International Valuation Standards Council
41 Moorgate
London EC2R 6PP, United Kingdom

CommentLetters@ivsc.org
Delivered Electronically

Subject: Discussion Paper – *Investment Property*

Dear Mr. Thorne:

We welcome this opportunity to respond to the request for comments from the International Valuation Standards Council (IVSC or the Council) on the Discussion Paper with respect to the valuation of investment property.

About Host Hotels & Resorts, Inc.

Host Hotels & Resorts, Inc. is an S&P 500 and Fortune 500 company and is the largest U.S. lodging real estate investment trust (REIT) and one of the largest owners of luxury and upper-upscale hotels. We are also a member of the National Association of Real Estate Investment Trusts (NAREIT). The Company currently owns 103 properties in the U.S. and 15 properties internationally totaling approximately 62,500 rooms. We also hold non-controlling interests in a joint venture in Europe that owns 19 hotels with approximately 6,100 rooms and a joint venture in Asia that owns one hotel in Australia and a minority interest in two hotels in India and five hotels that are in various stages of development in India. Guided by a disciplined approach to capital allocation and aggressive asset management, the Company partners with premium brands such as Marriott®, Ritz-Carlton®, Westin®, Sheraton®, W®, St. Regis®, Le Meridien®, The Luxury Collection®, Hyatt®, Fairmont®, Four Seasons®, Hilton®, Swissotel®, ibis®, Pullman®, and Novotel® in the operation of properties in over 50 major markets worldwide. For additional information, please visit our website at www.hosthotels.com.

Comments and Recommendations

Similar to the views of NAREIT and the European Public Real Estate Association (EPRA), we support the Council's efforts to continue to improve the transparency in property valuations and to promote consistency between valuation standards and the fair value measurement guidance required under international and U.S. accounting standards.

Project Scope

We recommend that the Council amend the definition of investment property in IVS 233 to include the properties of lodging REITs so that our properties would be valued under the same standards as those properties that currently meet the IAS 40 definition in our industry. We encourage the IVSC to modify the definition to include any income-producing real estate asset that is capable of being measured reliably at fair value.

Assets to be Included

We believe that the IVSC should provide guidance on the assets to be included or excluded in property valuations to ensure consistency. While we suggest that the IVSC should not make it a requirement to include items such as goodwill, intangibles and inventory in the value of the property, certain intangibles such as the value of a hotel brand are inherent in the property value.

In obtaining an outside appraisal for our properties, we have not encountered valuations that explicitly refer to intangible assets associated with the operations of the properties. In this respect, as a REIT, we are precluded from directly operating or managing our hotels. We engage third-party managers, such as Accor, Marriott or Starwood, to operate our properties under their various brands. We believe that the value of the brand is not independent from the cash flows generated by the property and, therefore, any allocation could be viewed as arbitrary. Therefore, the example in section 1.2.2 of the Discussion Paper fails to apply to us because our hotels are *managed* and not *leased* by a third-party operator.

Additionally, if the IVSC would expand the investment property definition to include our hotels, we believe that the total value of the property should encompass ancillary services such as spa, retail and food and beverage outlets. Generally, many of these features are considered required "brand standards" and, therefore, we believe that they should not be valued apart from the hotel.

Taxes and Costs

We recommend that the IVSC require taxes to be excluded from property valuations, since the tax planning strategy of an individual buyer or seller is unique and may vary depending on the transaction. The exclusion of taxes would help to eliminate inconsistencies in property valuations, especially when taxes can be reduced or deferred, for example, through structuring of the acquisition entity such as a special purpose company.

Disclosures

We agree that the inputs used in a valuation of investment property that fall within the hierarchy under international and U.S. accounting standards should be provided as part of the valuation report. However, we do not believe that the appraiser should state the level of the hierarchy that the valuation should be placed, since this determination should be made by the company and disclosed in its financial statements as required under accounting standards.

If you would like to discuss our comments, please contact Brian Macnamara, Senior Vice President and Corporate Controller, at (240) 744-5423 or brian.macnamara@hosthotels.com.

Respectfully submitted,

/s/ Brian Macnamara

Brian Macnamara
Senior Vice President and Corporate Controller
Host Hotels & Resorts, Inc.