HOST MARRIOTT CORP/
Form S-4
December 09, 2005
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As filed with the Securities and Exchange Commission on December 9, 2005

Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER THE SECURITIES ACT OF 1933

HOST MARRIOTT CORPORATION

(Exact name of registrant as specified in its charter)

Maryland	7011	53-0085950
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(IRS Employer Identification Number)

Elizabeth A. Abdoo

Executive Vice President and General Counsel

6903 Rockledge Drive, Suite 1500

Bethesda, Maryland 20817

(240) 744-1000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Scott C. Herlihy

Latham & Watkins LLP

555 11th Street, N.W., Suite 1000

Washington, D.C. 20004

(202) 637-2200

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee (3)
Common Stock, par value $.01 per share and Preferred Stock Purchase Rights (4)	145,294,118	N/A	$ 1,112,945,021	$ 119,085.18

(1) Represents the maximum number of shares of common stock, par value $.01 per share, of Host Marriott Corporation, or Host, estimated to be issuable upon the completion of the transactions described in this registration statement.

(2) There is no market for the Class A Exchangeable Preferred Shares of Starwood Hotels & Resorts, or Starwood Trust, which are not publicly traded, or the Class B shares of Starwood Trust, which trade only as a paired unit with the common stock of Starwood Hotels & Resorts Worldwide, Inc., or Starwood. Pursuant to Rule 457(f)(ii) under the Securities Act of 1933, as amended, and solely for purposes of calculating the registration fee, the proposed maximum aggregate offering price was calculated based on the book value, as of the latest practicable date, of the Class B shares and Class A Exchangeable Preferred Shares. The book value, $1,112,945,021, was determined by adjusting the pro forma equity of the acquired business as of August 31, 2005 to exclude (A) the portion of the acquired business not owned by Starwood Trust, which accordingly does not represent book value of the Class B shares or Class A Exchangeable Preferred Shares, and (B) indebtedness to be retained by Starwood. Solely for the purposes of calculating the registration fee, no book value was allocated to (i) Class A shares, the book value of which will depend on a number of factors including the number of Class B shares outstanding at closing or (ii) Class B Exchangeable Preferred Shares of Starwood Trust, which will be redeemed for cash prior to closing. Accordingly, the book value used for calculating the registration fee may overstate the book value of the securities exchanged for Host common stock in the transactions.

(3) Computed in accordance with Rule 457(f) under the Securities Act of 1933, as amended, by multiplying the proposed maximum aggregate offering price by $0.000107.

(4) This registration statement also includes the rights to acquire shares of Host s Series A Junior Participating Preferred Stock associated with the registrant s common stock. These preferred stock purchase rights are initially carried and traded with the common stock and the value of the rights, if any, is reflected in the value of the common stock.

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

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The information in this proxy statement/prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary proxy statement/prospectus is not an offer to sell and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Proxy Statement/Prospectus

Subject to Completion, Dated December 9, 2005

Host Marriott Corporation, or Host, Host Marriott, L.P., or Host LP, Starwood Hotels & Resorts Worldwide, Inc., or Starwood, and Starwood s majority-owned subsidiary, Starwood Hotels & Resorts, or Starwood Trust, have entered into a master agreement and plan of merger, pursuant to which Host will acquire 38 hotels from Starwood and certain Starwood subsidiaries in a series of transactions, including the merger of a direct, wholly owned subsidiary of Host LP with and into Starwood Trust.

If the transactions are completed in their entirety, Host will pay total consideration of approximately $4.037 billion to Starwood, holders of Starwood Trust s Class B shares and Class A Exchangeable Preferred Shares and holders of SLT Realty Limited Partnership s RP units and Class A RP units, consisting in the aggregate of approximately $2.27 billion of Host common stock (representing approximately 133.5 million shares of Host common stock at the exchange price of $17.00 per share), $1.063 billion in cash and the assumption by Host of approximately $704 million in indebtedness, subject to adjustments described in this proxy statement/prospectus. The portion of the consideration to be received from Host by holders of Class B shares or Class A Exchangeable Preferred Shares generally will consist of 0.6122 shares of Host common stock and $0.503 in cash for each share held immediately prior to the completion of the transactions. Holders of Class A Exchangeable Preferred Shares will separately receive from Starwood a cash amount representing the value of the shares of Starwood common stock into which their Class A Exchangeable Preferred Shares are exchangeable immediately prior to the completion of the transactions. Currently, each Class B share trades as a unit with a share of Starwood common stock. Holders of these paired shares will retain their shares of Starwood common stock, which will not be affected by the transactions, except that the shares of Starwood common stock and Class B shares will be de-paired and the shares of Starwood common stock will trade independently of the Class B shares.

Host s management estimates that immediately after the transactions, Starwood Trust shareholders will hold approximately 27% of the then-outstanding shares of Host common stock, based on the number of shares of Host common stock outstanding on December 5, 2005. Host stockholders will continue to own their existing shares, which will not be affected by the transactions.

Host common stock is currently traded on the New York Stock Exchange under the trading symbol HMT. On December 8, 2005, Host common stock closed at $18.48 per share as reported on the New York Stock Exchange Composite Transaction Tape. However, the value of the consideration to be received by Starwood Trust shareholders will depend upon the market price per share of Host common stock and, with respect to the cash consideration payable by Starwood, Starwood common stock, which prior to the de-pairing is derived from the market price of the paired shares of Starwood and Starwood Trust, at the time of the completion of the transactions. There can be no assurance as to the market price of those securities at any time prior to, at or after the completion of the transactions.

The transactions cannot be completed unless Host common stockholders approve the issuance of shares of Host common stock in the transactions. More information about Host, Starwood, Starwood Trust and the transactions is contained in this proxy statement/prospectus. **We encourage you to read carefully this proxy statement/prospectus, including the section entitled Risk Factors beginning on page 17.**

Based on its review, the board of directors of Host has determined that the master agreement and the transactions contemplated by the master agreement are advisable and in the best interests of Host and its stockholders and has unanimously approved the master agreement and the issuance of shares of Host common stock in the transactions. **Host s board of directors unanimously recommends that Host common stockholders vote FOR the proposal to approve the issuance of shares of Host common stock in the transactions.**

The vote of Host common stockholders is very important. Whether or not you plan to attend the Host special meeting, please take the time to vote by completing and mailing to us the enclosed proxy card or, by granting your proxy electronically over the Internet or by telephone. If your shares are held in street name, you must instruct your broker in order to vote.

The sole holder of Starwood Trust s Class A shares, a Starwood subsidiary, has already adopted the master agreement and approved the transactions and no other approval of Starwood Trust shareholders or Starwood stockholders is required. Accordingly, no vote of Starwood Trust shareholders or Starwood stockholders is being sought, and therefore no proxy is being requested, with respect to the transactions.

Sincerely,

Richard E. Marriott

Chairman of the Board

Host Marriott Corporation

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these transactions or the securities to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated , 2006, and is being mailed to stockholders of Host and shareholders of Starwood Trust on or about , 2006.

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ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates by reference important business and financial information about Host and Starwood Trust from documents that are not included in or delivered with this proxy statement/prospectus. For a more detailed description of the information incorporated by reference into this proxy statement/prospectus and how you may obtain it, see Additional Information Where You Can Find More Information beginning on page 142.

You can obtain any of the documents incorporated by reference into this proxy statement/prospectus from Host or Starwood Trust, as applicable, or from the Securities and Exchange Commission, which is referred to as the SEC, through the SEC s website at www.sec.gov. Documents incorporated by reference are available from Host and Starwood Trust, as applicable, without charge, excluding any exhibits to those documents, unless the exhibit is specifically incorporated by reference as an exhibit in this proxy statement/prospectus. Host stockholders and Starwood Trust shareholders may request a copy of such documents in writing or by telephone by contacting the applicable department at:

Host Marriott Corporation	Starwood Hotels & Resorts
6903 Rockledge Drive, Suite 1500	1111 Westchester Avenue
Bethesda, Maryland 20817-1109	White Plains, New York 10604
Attn: Investor Relations	Attn: General Counsel
Telephone: (240) 744-1000	Telephone: (914) 640-8100

In addition, you may obtain copies of the information relating to Host, without charge, by sending an e-mail to iiinfo@hostmarriott.com.

We are not incorporating the contents of the websites of the SEC, Host, Starwood Trust, Starwood or any other person into this document. We are only providing the information about how you can obtain certain documents that are incorporated by reference into this proxy statement/prospectus at these websites for your convenience.

In order for Host stockholders to receive timely delivery of the documents in advance of the Host special meeting, Host or Starwood Trust, as applicable, should receive your request no later than , 2006. While Starwood Trust shareholders are not entitled to vote at the Host special meeting, the transactions may be completed soon after that meeting, subject to the other conditions described in this proxy statement/prospectus. Accordingly, in order for Starwood Trust shareholders to receive timely delivery of the documents, Host or Starwood Trust, as applicable, should receive your request no later than , 2006.

For information about where to obtain copies of documents, see Additional Information Where You Can Find More Information beginning on page 142.

ABOUT THIS DOCUMENT

This document, which forms part of a registration statement on Form S-4 filed with the SEC by Host, constitutes a prospectus of Host under the Securities Act of 1933, as amended, which is referred to in this document as the Securities Act, with respect to the shares of Host common stock to be issued to the holders of Starwood Trust shares in connection with the transactions. This document also constitutes a proxy statement of Host under Section 14(a) of the Securities Exchange Act of 1934, as amended, which is referred to in this document as the Exchange Act, and the rules thereunder, and a notice of meeting with respect to the Host special meeting of stockholders, at which, among other things, the holders of Host common stock will consider and vote upon a proposal to approve the issuance of shares of Host common stock in the transactions.

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HOST MARRIOTT CORPORATION

6903 Rockledge Drive, Suite 1500

Bethesda, Maryland 20817-1109

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On , 2006

To the Stockholders of Host Marriott Corporation:

We will hold a special meeting of stockholders of Host at , on , 2006, at 10:00 a.m., local time, for the following purposes:

1. To consider and vote upon a proposal to approve the issuance of shares of Host common stock pursuant to the Master Agreement and Plan of Merger, dated as of November 14, 2005, among Host Marriott Corporation, Host Marriott, L.P., Horizon Supernova Merger Sub, L.L.C., Horizon SLT Merger Sub, L.P., Starwood Hotels & Resorts Worldwide, Inc., Starwood Hotels & Resorts, Sheraton Holding Corporation and SLT Realty Limited Partnership.

2. To transact any other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

These items of business are described in the attached proxy statement/prospectus. Only Host common stockholders of record at the close of business on , 2006, the record date for the special meeting, are entitled to notice of and to vote at the special meeting and any adjournments or postponements of the special meeting.

The board of directors of Host unanimously recommends that you vote FOR the proposal to approve the issuance of shares of Host common stock in the transactions.

Your vote is very important. It is important that your shares be represented and voted whether or not you plan to attend the special meeting in person. You may vote by completing and mailing the enclosed proxy card, or you may grant your proxy electronically via the Internet or by telephone. If your shares are held in street name, which means shares held of record by a broker, bank or other nominee, you should check the voting form used by that firm to determine whether you will be able to submit your proxy by telephone or on the Internet. Submitting a proxy over the Internet, by telephone or by mailing the enclosed proxy card will ensure your shares are represented at the special meeting. Please review the instructions in this proxy statement/prospectus and the enclosed proxy card or the information forwarded by your bank, broker or other holder of record regarding each of these options.

By Order of the Board of Directors,

ELIZABETH A. ABDOO

Corporate Secretary

Host Marriott Corporation

, 2006

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QUESTIONS AND ANSWERS ABOUT VOTING PROCEDURES FOR THE HOST SPECIAL MEETING

The sole holder of Starwood Trust s Class A shares, a Starwood subsidiary, has already adopted the master agreement and approved the transactions and no other approval of Starwood Trust shareholders or Starwood stockholders is required. Accordingly, no vote of Starwood Trust shareholders or Starwood stockholders is being sought with respect to the transactions. ***Accordingly, Starwood Trust shareholders may skip this section and proceed to the Summary section beginning on page 1.***

If you are a Host stockholder, the following questions and answers highlight only selected procedural information from this proxy statement/prospectus. They do not contain all of the information that may be important to you. You should read carefully this entire proxy statement/prospectus and the additional documents incorporated by reference into this proxy statement/prospectus to fully understand the voting procedures for the Host special meeting.

Q: Why are Host stockholders receiving this proxy statement/prospectus?

A: Host and Starwood have agreed to the transactions contemplated by the master agreement that is described in this proxy statement/prospectus.

Under the rules of the New York Stock Exchange, which is referred to throughout this proxy statement/prospectus as the NYSE, on which Host common stock is traded, in order to complete the transactions, holders of shares of Host common stock must vote to approve the issuance of shares of Host common stock in the transactions. Host will hold a special meeting of its stockholders to obtain this approval.

This proxy statement/prospectus contains important information about the transactions, the transaction agreements and the special meeting of the stockholders of Host, which you should read carefully. The enclosed voting materials allow you to vote your shares without attending the Host special meeting.

Your vote is very important. We encourage you to vote as soon as possible.

Q: Are Host stockholders entitled to appraisal rights?

A: Host stockholders are not entitled to dissenters or appraisal rights in connection with the issuance of shares of Host common stock in the transactions.

Q: What vote of Host stockholders is required to approve the issuance of shares of Host common stock in the transactions?

A: Under the rules of the NYSE, approval of the issuance of shares of Host common stock in the transactions requires the affirmative vote of the holders of a majority of shares of Host common stock cast on the proposal, in person or by proxy, provided that the total votes cast on the proposal represent over 50% of the outstanding shares of Host common stock entitled to vote on the proposal.

Q: How does the board of directors of Host recommend that holders of Host common stock vote?

A: Host s board of directors unanimously recommends that holders of Host common stock vote **FOR** the proposal to approve the issuance of shares of Host common stock in the transactions. Host s board of directors has determined that the master agreement and the transactions contemplated by the master agreement are advisable and in the best interests of Host and its stockholders, and has unanimously approved the master agreement and the issuance of shares of Host common stock in the transactions.

For a more complete description of the recommendation of the Host s board of directors, see The Transactions Recommendation of Host s Board of Directors and Its Reasons for the Transactions beginning on page 43.

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Q: When and where will the special meeting of Host stockholders be held?

A: The Host special meeting will take place at on , 2006 at 10:00 a.m., local time.

Q: Who can attend and vote at the Host special meeting?

A: All Host common stockholders of record as of the close of business on , 2006, the record date for the Host special meeting, are entitled to receive notice of and to vote at the Host special meeting.

Q: What should holders of Host common stock do now?

A: After carefully reading and considering this proxy statement/prospectus, Host common stockholders of record as of the record date for the Host special meeting may now vote by proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed postage paid envelope or by submitting a proxy over the Internet or by telephone by following the instructions on the enclosed proxy card. If you hold shares of Host common stock in street name, which means your shares are held of record by a broker, bank or nominee, you must provide the record holder of your shares with instructions on how to vote your shares. Please refer to the voting instruction card used by your broker, bank or nominee to see if you may submit voting instructions using the Internet or telephone.

Q: May holders of Host common stock vote at the Host special meeting?

A: Yes. You may also vote in person by attending the special meeting of Host stockholders. If you plan to attend the Host special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares are held in street name, and you wish to vote at the Host special meeting, you must bring a proxy from the record holder of the shares authorizing you to vote at the special meeting. Whether or not you plan to attend the Host special meeting, you should grant your proxy as described in this proxy statement/prospectus.

Q: What will happen if I abstain from voting or fail to vote?

A: An abstention by a Host stockholder, which occurs when a stockholder attends a meeting, either in person or by proxy, but abstains from voting, will have the same effect as voting against the issuance of shares of Host common stock in the transactions. Your failure to vote or to instruct your broker to vote if your shares are held in street name may have a negative effect on Host s ability to obtain the number of votes cast necessary for approval of the issuance of shares of Host common stock in the transactions in accordance with the listing requirements of the NYSE.

Q: May I change my vote after I have delivered my proxy?

A: Yes. If you are a holder of record, you can change your vote at any time before your proxy is voted at the Host special meeting by:

delivering a signed written notice of revocation to Host s transfer agent at:

Computershare Trust Company, N.A.

P.O. Box 8611

Edison, New Jersey 08818

signing and delivering a new, valid proxy bearing a later date; and if it is a written proxy, it must be signed and delivered to Host s transfer agent at the address listed above;

submitting another proxy by telephone or on the Internet (your latest telephone or Internet voting instructions are followed); or attending the Host special meeting and voting in person, although your attendance alone will not revoke your proxy.

If your shares are held in a street name account, you must contact your broker, bank or other nominee to change your vote.

Q: What should holders of Host common stock do if they receive more than one set of voting materials for the Host special meeting?

A: You may receive more than one set of voting materials for the Host special meeting, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive.

Q: Who can help answer my questions?

A: If you have any questions about the transactions or how to submit your proxy, or if you need additional copies of this proxy statement/prospectus, the enclosed proxy card, voting instructions or the election form, you should contact:

MacKenzie Partners, Inc.

105 Madison Avenue, 14th Floor

New York, New York 10016

Call toll-free: (800) 322-2885

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SUMMARY

The following is a summary that highlights information contained in this proxy statement/prospectus. This summary may not contain all of the information that may be important to you. For a more complete description of the master agreement and other transaction agreements and the transactions contemplated thereby, we encourage you to read carefully this entire proxy statement/prospectus, including the attached annexes. In addition, we encourage you to read the information incorporated by reference into this proxy statement/prospectus, which includes important business and financial information about Host and Starwood Trust that has been filed with the SEC. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in the section entitled Additional Information Where You Can Find More Information beginning on page 142.

The Companies

Host Marriott Corporation

6903 Rockledge Drive, Suite 1500

Bethesda, Maryland 20817-1109

(240)744-1000

Host Marriott Corporation, or Host, is a Maryland corporation and operates as a self-managed and self-administered real estate investment trust, or REIT. Host owns properties and conducts operations through Host Marriott, L.P., which is referred to throughout this proxy statement/prospectus as Host LP, a Delaware limited partnership of which Host is the sole general partner, and of which Host currently holds approximately 95% of the partnership interests. References throughout this proxy statement/prospectus to Host will include a reference to Host LP to the extent applicable. As of December 5, 2005, Host s lodging portfolio consisted of 107 upper-upscale and luxury full-service hotels containing approximately 55,000 rooms. Host s portfolio is geographically diverse with hotels in most of the major metropolitan areas in 26 states, Washington, D.C., Toronto and Calgary, Canada and Mexico City, Mexico. Host s locations include central business districts of major cities, near airports and resort/conference locations. Upon the completion of the transactions, Host intends to change its name to Host Hotels & Resorts, Inc.

Host was formed in 1998 as a Maryland corporation in connection with its reorganization to qualify as a REIT. Host common stock is currently traded on the NYSE under the symbol HMT. Upon the completion of the transactions, Host common stock will trade on the NYSE under the symbol HST.

Starwood Hotels & Resorts Worldwide, Inc.

Starwood Hotels & Resorts

1111 Westchester Avenue

White Plains, New York 10604

(914) 640-8100

Starwood Hotels & Resorts Worldwide, Inc., or Starwood, is one of the world s largest hotel and leisure companies. Starwood conducts its hotel and leisure business both directly and through its subsidiaries, including Starwood Hotels & Resorts, a Maryland real estate investment trust, which is referred to in this proxy statement/prospectus as Starwood Trust. At December 1, 2005, Starwood s hotel portfolio included owned, leased, managed and franchised hotels totaling approximately 850 hotels with approximately approximately 260,000 rooms in more than 95 countries, and is comprised of approximately 140 hotels that Starwood owns or leases or in which Starwood has a majority equity interest, approximately 400 hotels managed by Starwood on behalf of third-party owners (including entities in which Starwood has a minority equity interest) and approximately 330 hotels for which Starwood receives franchise fees. Starwood s brand names include St. Regis®, The Luxury

Collection®, Sheraton®, Westin®, Four Points® by Sheraton®, W®, Le Meridien® and aloft(SM). Starwood also owns Starwood Vacation Ownership, Inc., a developer and operator of high quality vacation interval ownership resorts.

Starwood Trust was organized in 1969, and Starwood was incorporated in 1980, both under the laws of Maryland. The shares of Starwood common stock and the Class B shares of Starwood Trust are paired and trade together as a unit on the NYSE under the symbol HOT.

The Transactions (see page 32)

Host and Starwood have agreed to engage in a series of transactions pursuant to which Host will acquire 38 hotels from Starwood and certain Starwood subsidiaries for total consideration of approximately $4.037 billion. The transactions include:

- the merger of a direct, wholly owned subsidiary of Host LP with and into Starwood Trust, resulting in Starwood Trust becoming a direct, wholly owned subsidiary of Host LP and SLT Realty Limited Partnership becoming an indirect, majority-owned subsidiary of Host LP;
- the acquisition by Host LP of the equity interests in Sheraton Holding Corporation;
- the merger of an indirect, wholly owned subsidiary of Host LP with and into SLT Realty Limited Partnership, resulting in the exchange of all outstanding RP units in SLT Realty Limited Partnership and, if the requisite consent of the holders of Class A RP units in SLT Realty Limited Partnership is obtained by Starwood, all outstanding Class A RP units in SLT Realty Limited Partnership into the right to receive cash, and, if such consent is obtained, resulting in SLT Realty Limited Partnership becoming an indirect wholly owned subsidiary of Host LP;
- the acquisition by Host LP of certain domestic hotels in a separate asset purchase structured to allow Host LP to complete like-kind exchange transactions for federal income tax purposes;
- the acquisition by Host LP (through certain subsidiary REITs and foreign subsidiaries formed for this transaction) of certain foreign hotels not owned by Starwood Trust, Sheraton Holding Corporation or SLT Realty Limited Partnership through the acquisition of the equity interests in various Starwood subsidiaries; and
- the acquisition by Host LP (or a designated taxable REIT subsidiary or other subsidiary of Host LP) of certain domestic improvements and working capital, as well as other ancillary assets from Starwood and SLC Operating Limited Partnership, a Starwood subsidiary.

We have attached the master agreement, indemnification agreement and tax sharing and indemnification agreement as *Annex A*, *Annex B* and *Annex C*, respectively, to this proxy statement/prospectus. We encourage you to carefully read the annexed transaction agreements as they are the principal legal documents that govern the transactions.

Consideration for the Transactions

The total consideration payable by Host in the transactions, if completed in their entirety, will be approximately $4.037 billion, consisting of approximately $1.063 billion in cash, the assumption by Host of approximately $704 million in indebtedness and approximately $2.27 billion of Host common stock (representing 133,529,412 shares of Host common stock at the exchange price of $17.00 per share), in each case subject to adjustments described herein.

See the table on page 36, in the section entitled The Transactions Summary of the Transactions Consideration for the Transactions , regarding the potential value of the consideration to Starwood Trust shareholders, depending on the market price of Host common stock at the time of closing.

The portion of the consideration to be received from Host LP by holders of Class B shares or Class A Exchangeable Preferred Shares of Starwood Trust generally consists of 0.6122 shares of Host common stock and

$0.503 in cash for each share held immediately prior to the completion of the transactions. Holders of Class A Exchangeable Preferred Shares of Starwood Trust will also separately receive from Starwood a cash amount representing the value of the shares of Starwood common stock into which their Class A Exchangeable Preferred Shares are exchangeable immediately prior to the completion of the transactions. Holders of these paired shares of Starwood and Starwood Trust will retain their shares of Starwood common stock, which will not be affected by the transactions, except that the shares of Starwood common stock and Class B shares of Starwood Trust will be de-paired prior to the date of the merger of the Host LP subsidiary with and into Starwood Trust, after which the shares of Starwood common stock will trade independently of the Class B shares of Starwood Trust.

Starwood and its subsidiaries will directly receive the consideration not payable in respect of Starwood Trust s Class B shares or Class A Exchangeable Preferred Shares or SLT Realty Limited Partnership s RP units or Class A RP units.

For a full description of the allocation of consideration among the transactions contemplated by the master agreement, in addition to certain adjustments that may affect the amount of consideration payable in the transactions, see Material Terms of the Principal Transaction Agreements Consideration beginning on page 64.

Ownership of Host After the Transactions

In connection with the transactions contemplated by the master agreement, Host expects to issue approximately 133.5 million shares of Host common stock, which will result in former Starwood Trust shareholders receiving in the transactions approximately 27% of the then-outstanding shares of Host common stock, based on the number of shares of Host common stock outstanding on December 5, 2005.

Recommendation of Host s Board of Directors (see page 3)

Host s board of directors has determined that the master agreement and the transactions contemplated by the master agreement are advisable and in the best interests of Host and its stockholders and has unanimously approved the master agreement and the issuance of shares of Host common stock in the transactions. Host s board of directors unanimously recommends that Host common stockholders vote **FOR** the proposal to approve of the issuance of shares of Host common stock in the transactions.

Opinion of Host Financial Advisor (see page 3)

Goldman, Sachs & Co., or Goldman Sachs, delivered its opinion to Host s board of directors to the effect that, as of November 14, 2005 and based upon and subject to the factors and assumptions set forth therein, the Consideration (as defined in such opinion) in the aggregate to be paid by Host and certain of its subsidiaries for the Assets and Interests (each as defined in such opinion) pursuant to the master agreement was fair from a financial point of view to Host.

The full text of the written opinion of Goldman Sachs, dated November 14, 2005, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as *Annex D* to this proxy statement/prospectus. Goldman Sachs provided its opinion for the information and assistance of Host s board of directors in connection with its consideration of the master agreement and the transactions. The Goldman Sachs opinion is not a recommendation as to how any holder of shares of Host common stock should vote with respect to the transactions. Pursuant to an engagement letter between Host and Goldman Sachs, if the aggregate consideration is greater than $4 billion, but less than or equal to $5 billion, Host has agreed to pay Goldman Sachs upon completion of the transactions a transaction fee equal to 0.33% of the aggregate consideration (as defined in such engagement letter) not to exceed $15 million.

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Opinion of Starwood and Starwood Trust s Financial Advisor (see page 4)

Bear, Stearns & Co. Inc., or Bear Stearns, at the November 13, 2005 meeting of Starwood s board of directors and Starwood Trust s board of trustees, delivered its oral opinion, which was subsequently confirmed in writing, that, as of November 13, 2005, and based upon and subject to the assumptions, qualifications and limitations set forth in the written opinion, the aggregate consideration to be received by Starwood, Starwood Trust and their shareholders for the Starwood Portfolio, as defined in Bear Stearns written opinion, was fair, from a financial point of view, to Starwood and Starwood Trust.

The full text of Bear Stearns written opinion is attached as *Annex E* to this proxy statement/prospectus. Bear Stearns provided its opinion solely for the benefit and use of Starwood s board of directors and Starwood Trust s board of trustees and the opinion did not constitute a recommendation to either of the boards in connection with the transactions. The Bear Stearns opinion is not a recommendation to Host s board of directors or any shareholders of Host as to how to vote in connection with the transactions. Pursuant to the terms of Bear Stearns engagement letter, Starwood has agreed to pay Bear Stearns a customary transaction fee, which is payable upon consummation of the transaction contemplated by the master agreement.

Stockholders Entitled to Vote at the Host Special Meeting (see page 4)

You can vote at the Host special meeting if you owned Host common stock at the close of business on , 2006, which is referred to throughout this proxy statement/prospectus as the record date. On that date, there were shares of Host common stock outstanding and entitled to vote at the Host special meeting. You can cast one vote for each share of Host common stock that you owned on the record date.

Vote Required (see page 4)

The sole holder of Starwood Trust s Class A shares, Starwood Hotels & Resorts Holdings, Inc., a subsidiary of Starwood, has already adopted the master agreement and approved the transactions and no other approval of Starwood Trust shareholders or Starwood stockholders is required. Accordingly, no vote of Starwood Trust shareholders or Starwood stockholders is being sought, and therefore no proxy is being requested, with respect to the transactions.

In order to complete the transactions contemplated by the master agreement, holders of shares of Host common stock must approve the issuance of shares of Host common stock in the transactions. In accordance with the listing requirements of the NYSE, the issuance of shares of Host common stock in the transactions requires the affirmative vote of the holders of a majority of shares of Host common stock cast on the proposal, in person or by proxy, provided that the total votes cast on the proposal represent over 50% of the outstanding shares of Host common stock entitled to vote on the proposal.

Abstentions and broker non-votes, will be counted in determining whether a quorum is present at the Host special meeting for purposes of the vote of Host stockholders on the proposal to approve the issuance of shares of Host common stock in the transactions. An abstention, which occurs when a stockholder attends a meeting either in person or by proxy, but abstains from voting, will have the same effect as a vote against the proposal. A broker non-vote occurs when shares are held in street name by a broker or other nominee on behalf of a beneficial owner and the beneficial owner does not instruct the broker or nominee how to vote the shares for a proposal that is non-routine under the listing requirements of the NYSE. Broker non-votes could have a negative effect on Host s ability to obtain the necessary number of votes cast in accordance with the

NYSE s listing requirements for the proposal to approve the issuance of shares of Host common stock in the transactions because it is a non-routine proposal.

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Share Ownership of Directors and Executive Officers of Host

At the close of business on the record date, directors and executive officers of Host and their affiliates beneficially owned and were entitled to vote approximately shares of Host common stock, collectively representing approximately % of the shares of Host common stock outstanding on that date.

Conditions to Completion of the Transactions (see page 5)

A number of conditions must be satisfied before the transactions will be completed. These include, among others:

- the receipt of the approval by Host common stockholders of the issuance of shares of Host common stock in the transactions;
- the receipt of the approval for listing on the NYSE of shares of Host common stock to be issued in the transactions;
- the receipt of all required antitrust approvals in Canada, Italy and Poland;
- the absence of any legal restraints or prohibitions preventing the completion of the transactions;
- the representations and warranties of each party contained in the master agreement being true and correct, generally except to the extent that breaches of such representations and warranties would not reasonably be expected to result in a material adverse effect with respect to Host or the business of Starwood currently contemplated to be acquired by Host or result in a material default under certain operating agreements to be entered into between Host and Starwood at the closing;
- the performance by Host and Starwood in all material respects of their respective obligations under the master agreement;
- the absence of any events or developments since the date of the master agreement that would reasonably be expected to have a material adverse effect with respect to Host or the business of Starwood currently contemplated to be acquired by Host;
- the absence of any actual or proposed change in tax law or regulation with respect to consolidated tax return rules that would reasonably be expected to result in a material risk of Starwood incurring an economic cost of more than $200 million that Starwood did not expect to bear from the transactions; and
- the 20-trading day average closing price of a share of Host common stock being no less than $13.60 on the date on which the closing date is determined.

Each of Host and Starwood may, if legally permissible, waive the conditions to the performance of its obligations under the master agreement and complete the transactions even though one or more of these conditions has not been met. Neither Host nor Starwood can give any assurance that all of the conditions to the transactions will be either satisfied or waived or that the transactions will occur.

No Solicitation by Starwood (see page 5)

The master agreement contains restrictions on the ability of Starwood to solicit or engage in discussions or negotiations with a third party with respect to a proposal to acquire a significant interest in the hotels currently contemplated to be acquired by Host in the transactions. Notwithstanding these restrictions, the master agreement provides that, under specified circumstances and prior to February 12, 2006, if Starwood receives an unsolicited bona fide proposal from a third party to acquire a significant interest in the hotels currently contemplated to be acquired by Host that Starwood s board of directors or Starwood Trust s board of trustees determines in good faith would reasonably be expected to lead to a proposal that is superior to the transactions, Starwood may

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furnish nonpublic information to that third party and engage in negotiations regarding a takeover proposal with that third party.

Break-up Fee (see page 6)

If the master agreement is terminated, Starwood, in certain circumstances, will be required to pay a break-up fee of up to $100 million to Host and reimburse Host for up to $20 million of Host s transaction-related expenses, and Host, in certain circumstances, will be required to reimburse Starwood for up to $20 million of Starwood s transaction-related expenses.

Deferral of Hotels (see page 6).

Host and Starwood have agreed that, in certain circumstances including the failure to obtain required governmental or third party consents, one or both of them may elect to defer or temporarily (or, ultimately, permanently) exclude from the transactions one or more hotels or entities currently contemplated to be acquired by Host in the transactions (for a list of the circumstances that could permit Host or Starwood to make such an election, see Material Terms of the Principal Transaction Agreements Other Agreements Relating to the Period Prior to Closing Deferral of Hotels beginning on page 80). If a hotel or entity is deferred, the cash portion of the overall purchase price for the transactions will be reduced by the amount of the purchase price that was allocated to such hotel (or, in the case of a deferred entity, the hotels owned by such entity) in the master agreement.

Termination of the Master Agreement (see page 6)

Host and Starwood may mutually agree in writing, at any time before the completion of the transactions, to terminate the master agreement. Also, either Host or Starwood may terminate the master agreement in a number of circumstances, including if:

- the transactions are not completed by April 17, 2006;
- any governmental entity prohibits the transactions;
- Host common stockholders at the Host special meeting fail to approve the issuance of shares of Host common stock in the transactions;
- the 20-trading day average closing price of a share of Host common stock is less than $13.60 on the date on which the closing date is determined; or
- the breach or failure to perform of the other party s covenants, agreements, representations or warranties contained in the master agreement would result in the failure to satisfy one or more of the closing conditions, and such breach is not cured within 20 business days following notice of such breach.

Host may terminate the master agreement if:

- Starwood enters into a definitive agreement relating to, or consummates, a transaction resulting in a more than 50% change in the ownership of Starwood; or

- Host delivers to Starwood notice of actual or alleged breaches by Starwood of its representations and warranties and Starwood declines to agree that the cap on Host s indemnification will not apply for such identified breaches of representations and warranties (for more information on Starwood s indemnification obligations, see Material Terms of the Principal Transaction Agreements Indemnification Agreement beginning on page 86).

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Starwood may terminate the master agreement if:

- prior to February 12, 2006, Starwood accepts, in accordance with the terms of the master agreement, a superior proposal and pays Host the break-up fee described below under Break-up Fee ; or

- Starwood delivers to Host notice of actual or alleged breaches by Starwood of its representations and warranties and Host declines to limit to $50 million Starwood s total liability for Host s claims for such identified breaches or representations and warranties.

Listing of Host Common Stock (see page 79)

Application will be made to have the shares of Host common stock issued in the transactions approved for listing on the NYSE, where Host common stock is currently traded under the symbol HMT and, after the completion of the transactions, will be traded under the symbol HST.

Dissenters Rights of Appraisal (see page 66)

Under Maryland law, holders of Host common stock are not entitled to dissenters or appraisal rights in connection with the issuance of Host common stock in the transactions.

Except for the sole holder of the Class A shares of Starwood Trust, which waived its rights, no holder of shares of Starwood Trust, paired shares of Starwood and Starwood Trust or units of SLT Realty Limited Partnership is entitled to appraisal, dissenters or similar rights as a result of the consummation of the transactions.

Regulatory Matters (see page 61)

Neither Host nor Starwood is aware of any material federal or state regulatory requirements that must be complied with or approvals that must be obtained in connection with the transactions. However, there are certain antitrust approvals that must be obtained in Canada, Italy and Poland in connection with Host s acquisition of hotels located in these countries.

Material Federal Income Tax Consequences (see pages 98 and 101)

The parties intend that the REIT merger will be treated as a taxable purchase by Host LP of all of the outstanding shares of Starwood Trust in exchange for the REIT merger consideration. In evaluating the tax consequences of the transactions, including the ownership and disposition of Host common stock after the transactions, you should consider the matters discussed in the section entitled Material Federal Income Tax Consequences of the REIT Merger to Holders of Paired Shares of Starwood and Starwood Trust and Holders of Starwood Trust Class A Exchangeable Preferred Shares beginning on page 98, and the section entitled Material Federal Income Tax Consequences to Holders of Shares of Host Common Stock on page 101.

Accounting Treatment (see page 58)

In accordance with SFAS No. 141, Business Combinations, Host will account for the transactions as a business combination. Upon the consummation of the transactions, Host will record the cash consideration, the market value of Host common stock issued, the fair value of the assets and liabilities assumed, as well as the amount of direct transaction costs.

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Risks (see page 17)

In evaluating the transactions, the transaction agreements or the issuance of shares of Host common stock in the transactions, you should carefully read this proxy statement/prospectus and especially consider the factors discussed in the section entitled Risk Factors beginning on page 17.

Financing for the Transactions (see page 58).

Host expects to fund the $1.063 billion cash portion of the purchase price for the transactions through proceeds from a combination of asset sales, sale of joint venture interests related to the European assets to be acquired in the transactions and the issuance or other incurrence of indebtedness. Host also expects to assume approximately $704 million of indebtedness of the entities acquired in the transactions (including $600 million of Sheraton Holding Corporation indebtedness if certain bondholder consents are obtained). Host has also received commitments from Goldman Sachs Credit Partners, L.P. and Deutsche Bank AG Cayman Islands Branch for a bridge loan facility for the purpose of funding a portion of the cash consideration for the transactions, which would allow Host to consummate the transactions even if the consent with respect to the SHC indebtedness is not obtained (for a description of such required consent, see The Transactions Financing for the Transactions Summary of the Sheraton Holding Corporation Consent Solicitation beginning on page 59).

Material Differences in Rights of Host Stockholders and Starwood Trust Shareholders (see page 122)

Holders of Starwood Trust shares who will be receiving consideration in the form of shares of Host common stock will have different rights once they become Host stockholders due to differences between the governing documents of Host, on the one hand, and of Starwood and Starwood Trust, on the other hand. These differences are described in detail under Comparison of the Rights of Host Stockholders and Starwood Trust Shareholders beginning on page 122.

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Summary Selected Historical Financial Data

Host is providing the following information to aid you in your analysis of the financial aspects of the transactions.

Host Marriott Corporation

The following table presents certain selected historical financial data which has been derived from Host s audited consolidated financial statements for the five years ended December 31, 2004. The data presented for the year-to-date periods ended September 9, 2005 and September 10, 2004 are derived from Host s unaudited condensed consolidated financial statements and include, in the opinion of management, all adjustments necessary to present fairly the data for such periods. The results for year-to-date 2005 are not necessarily indicative of the results to be expected for the full year because of the effect of seasonal and short-term variations. The information is only a summary and should be read in conjunction with (i) the unaudited pro forma financial statements and accompanying notes included in this proxy statement/prospectus as described under Host Marriott Corporation Unaudited Pro Forma Financial Statements beginning on page 103, and (ii) the consolidated financial statements, accompanying notes and management s discussion and analysis of results of operations and financial condition of Host as of and for the periods presented, all of which can be found in publicly available documents, including those incorporated by reference into this proxy statement/prospectus. See Additional Information Where You Can Find More Information beginning on page 142.

	Year-to-date		Fiscal year				
	September 9, 2005	September 10, 2004	2004	2003	2002	2001	2000
	(in millions, except per share amounts)						
Income Statement Data:							
Revenues	$ 2,647	$ 2,452	$ 3,629	$ 3,278	$ 3,333	$ 3,362	$ 1,305
Income (loss) from continuing operations	79	(89)	(65)	(238)	(71)	7	103
Income from discontinued operations (1)	13	28	65	252	55	44	53
Net income (loss)	92	(61)		14	(16)	51	156
Net income (loss) available to common stockholders	67	(93)	(41)	(21)	(51)	19	141
Basic earnings (loss) per common share:							
Income (loss) from continuing operations	.15	(.36)	(.31)	(.97)	(.40)	(.10)	.40
Income from discontinued operations	.04	.08	.19	.90	.21	.18	.24
Net income (loss)	.19	(.28)	(.12)	(.07)	(.19)	.08	.64
Diluted earnings (loss) per common share:							
Income (loss) from continuing operations	.15	(.36)	(.31)	(.97)	(.40)	(.10)	.39
Income from discontinued operations	.04	.08	.19	.90	.21	.18	.24
Net income (loss)	.19	(.28)	(.12)	(.07)	(.19)	.08	.63
Cash dividends declared per common share	.29		.05			.78	.91
Balance Sheet Data:							
Total assets	$ 8,248	$ 8,384	$ 8,421	$ 8,592	$ 8,316	$ 8,338	$ 8,396
Debt (2)	5,501	5,564	5,523	5,486	5,638	5,602	5,322
Convertible Preferred Securities (2)				475	475	475	475
Preferred stock	241	337	337	339	339	339	196

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(1) Discontinued operations reflects the operations of properties classified as held for sale, the results of operations of properties sold and the gain or loss on those dispositions. Results in 2003 include the gain on disposition and business interruption proceeds of the New York Marriott World Trade Center hotel of approximately $212 million.

(2) Host adopted Financial Interpretation No. 46 Consolidation of Variable Interest Entities (FIN 46) in 2003. Under FIN 46, Host s limited purpose trust subsidiary that was formed to issue trust-preferred securities (the Convertible Preferred Securities) was accounted for on a consolidated basis as of December 31, 2003 since Host was the primary beneficiary under FIN 46.

In December 2003, the FASB issued a revision to FIN 46, referred to as FIN 46R. Under FIN 46R, Host is not the primary beneficiary and Host is required to deconsolidate the accounts of the Convertible Preferred Securities Trust (the Trust). Host adopted the provisions of FIN 46R on January 1, 2004. As a result, Host recorded the $492 million in debentures (the Convertible Subordinated Debentures) issued by the Trust and eliminated the $475 million of Convertible Preferred Securities that were previously classified in the mezzanine section of Host s consolidated balance sheet prior to January 1, 2004. The difference of $17 million is Host s investment in the Trust, which is included in Investments in affiliates on Host s consolidated balance sheet. The related dividend payment of approximately $32 million for 2004 is required to be classified as interest expense effective January 1, 2004. Host adopted FIN 46R prospectively and, therefore, did not restate prior periods. The adoption of FIN 46R had no effect on Host s net loss, loss per diluted share or the financial covenants under Host s senior notes indentures.

Starwood Hotels & Resorts (Starwood Trust)

The following table presents certain selected historical financial data which has been derived from Starwood Trust s audited consolidated financial statements for the five years ended December 31, 2004. The data presented for the year-to-date periods ended September 30, 2005 and September 30, 2004 are derived from Starwood Trust s unaudited condensed consolidated financial statements and include, in the opinion of management, all adjustments necessary to present fairly the data for such periods. The results for the nine months ended September 30, 2005 are not necessarily indicative of the results to be expected for the full year because of the effect of seasonal and short-term variations. The information is only a summary and should be read in conjunction with (i) the unaudited pro forma financial statements and accompanying notes included in this proxy statement/prospectus as described under Host Marriott Corporation Unaudited Pro Forma Financial Statements beginning on page 103, and (ii) the consolidated financial statements, accompanying notes and management s discussion and analysis of results of operations and financial condition of Starwood as of and for the periods presented, all of which can be found in publicly available documents, including those incorporated by reference into this proxy statement/prospectus. See Additional Information Where You Can Find More Information beginning on page 142.

	As of and for the						
	Nine Months Ended September 30,		Year Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(in millions, except per share data)						
Income Statement Data							
Revenues	$ 423	$ 398	$ 536	$ 526	$ 587	$ 633	$ 692
Operating income	$ 302	$ 279	$ 377	$ 358	$ 362	$ 418	$ 499
Income from continuing operations	$ 265	$ 256	$ 322	$ 133	$ 315	$ 376	$ 460
Operating Data							
Cash from continuing operations	$ 375	$ 418	$ 455	$ 43	$ 104	$ 602	$ 641
Cash from (used for) investing activities	$ 1	$ (47)	$ (61)	$ 336	$ (35)	$ (164)	$ (68)
Cash used for financing activities	$ (375)	$ (372)	$ (395)	$ (379)	$ (70)	$ (444)	$ (565)
Aggregate cash distributions paid	$ 176	$ 172	$ 172	$ 170	$ 40(1)	$ 156	$ 134
Cash distributions declared per share			$ 0.84	$ 0.84	$ 0.84	$ 0.80	$ 0.69
Balance Sheet Data							
Total assets	$ 6,807	$ 6,861	$ 6,925	$ 6,978	$ 7,230	$ 6,984	7,048
Long-term debt, net of current maturities and including exchangeable units and Class B preferred shares	$ 431	$ 438	$ 435	$ 475	$ 486	$ 495	$ 600

(1) This balance reflects the payment made in January 2002 for the dividends declared for the fourth quarter of 2001. As Starwood Trust now declares dividends annually, the 2002 annual dividend payment, which was made in January 2003, is reflected in the 2003 column.

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Selected Unaudited Pro Forma Financial Data

The following selected unaudited pro forma financial data has been prepared based upon the audited consolidated financial statements of Host and the audited combined financial statements of the acquired business, which is referred to as the Starwood portfolio, for the year ended December 31, 2004, the unaudited financial statements of Host and the Starwood portfolio for the three quarters ended September 9, 2005 and for the eight months ended August 31, 2005, respectively, and based upon certain assumptions, as set forth in the notes to the unaudited pro forma financial statements that Host believes are reasonable under the circumstances.

The selected unaudited pro forma statements of operations information of Host reflects the acquisition of the Starwood portfolio and other matters described in the section entitled Host Marriott Corporation Unaudited Pro Forma Financial Statements beginning on page 103 for the three quarters ended September 9, 2005 and the year ended December 31, 2004 as if the transactions and other matters had been completed at the beginning of each period. The selected unaudited pro forma balance sheet information of Host as of September 9, 2005 reflects the acquisition of the Starwood portfolio and, to the extent not already reflected in the unaudited historical balance sheet, other matters as if these items had been completed on September 9, 2005.

In accordance with SFAS No. 141, Business Combinations, Host will account for the acquisition of the Starwood portfolio as a business combination. Upon consummation of the acquisition, Host will record as the purchase price the cash consideration, the market value of the Host common stock issued, the fair value of the assets and liabilities assumed, as well as any direct transaction costs. For the purpose of the preparation of the selected unaudited pro forma financial data, based on the guidance set forth in Emerging Issues Task Force Issue No. 99-12, the market value of the Host common stock issued in the transactions, or $16.97, has been calculated based on the average of the closing prices of Host common stock during the range of trading days from two days before and after November 14, 2005, the announcement date.

For the purpose of the preparation of the selected unaudited pro forma financial data, Host has assumed that fair value is equivalent to historical cost except for the property and equipment which is recorded at the stepped-up basis and the debt assumed by Host which is recorded at fair value based on market rates as of September 9, 2005 for the senior notes and is based on expected future debt service payments discounted at risk adjusted rates for the mortgage debt. The pro forma adjustments and the purchase price allocation as presented are based on estimates and certain information that is currently available. Such pro forma adjustments will change as additional information becomes available, as estimates are refined or as additional events occur. Specifically, we are in the beginning stages of evaluating the fair value of the allocation of the purchase price among property and equipment items, other assets and liabilities, assumed agreements, including ground and retail space leases and other intangible assets. Host management does not anticipate that there will be material changes in the total purchase price allocation as presented in these unaudited pro forma financial statements. To the extent there is any excess to the purchase price over the fair value of the net assets acquired, it will be recorded as goodwill for accounting purposes. Host believes that this presentation provides investors with the best estimate of the financial condition and results of operations because the determination of fair value will be affected by, among other things, the timing of the closing, changes in interest rates and the allocation of the final purchase price among the various hotels.

The selected unaudited pro forma financial information is for illustrative purposes only and does not purport to be indicative of the financial position or results of operations that would actually have been achieved had the transactions occurred on the dates indicated or which may be achieved in the future. In the opinion of Host management, all material adjustments necessary to reflect the effects of the transactions that can be factually supported within the SEC regulations covering the preparation of the selected unaudited pro forma financial information have been made.

The selected unaudited pro forma financial information should be read in conjunction with the separate historical consolidated financial statements and accompanying notes of Host which are incorporated by reference

into this proxy statement/prospectus and the combined financial statements and accompanying notes of the Starwood portfolio to be acquired by Host in the transactions which are included elsewhere in this proxy statement/prospectus. The selected unaudited pro forma financial information also should be read in conjunction with the unaudited pro forma financial statements and accompanying notes included elsewhere in this proxy statement/prospectus. See Host Marriott Corporation Unaudited Pro Forma Financial Statements beginning on page 103.

	Year-to-date Ended September 9, 2005	Year Ended December 31, 2004
	(in millions, except per share amounts)	
Income Statement Data:		
Total revenues	$ 3,502	$ 4,944
Operating profit	431	546
Income from continuing operations	78	29
Basic and diluted earnings (loss) per share from continuing operations	.12	.01

	At September 9, 2005
	(in millions)
Balance Sheet Data:	
Total assets	$ 12,354
Debt	7,335
Stockholders equity	4,592

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Comparative Per Share Information

The following table presents, for the periods indicated, selected historical per share data for Host and Starwood Trust, as well as unaudited pro forma per share amounts, assuming the issuance of approximately $2.27 billion of Host common stock (representing 133,529,412 shares of Host common stock at the exchange price of $17.00 per share), the payment of approximately $1.063 billion in cash and the assumption of approximately $704 million in indebtedness in the transactions.

	Host (2)(3)	Host Pro Forma (1)(2)(3)(4)	Starwood Trust (5)	Starwood Trust Pro Forma (6)
	Year-to-date ended September 9, 2005	Year-to-date ended September 9, 2005	Year-to-date ended September 30, 2005	Year-to-date ended September 9, 2005
Per share data:				
Income from continuing operations:				
Basic	$ .15	$ .12	N/A	$ .07
Diluted	.15	.12	N/A	.07
Cash dividends declared	.29	N/A		N/A
Book value	6.57	9.43	N/A	5.77

	Host (2)(3)	Host Pro Forma (1)(2)(3)(4)	Starwood Trust (4)	Starwood Trust Pro Forma (6)
	Year ended December 31, 2004			
Per share data:				
Income (loss) from continuing operations:				
Basic	$ (.31)	$ .01	N/A	$ .01
Diluted	(.31)	.01	N/A	.01
Cash dividend declared	.05	N/A	$ .84	N/A
Book value	6.84	N/A	N/A	N/A

(1) Pro forma results reflect the effect on Host s financial statements of the transactions, along with several other transactions which occurred in 2004 and 2005, as if all transactions had occurred on the first day of the period presented.

(2) The table above presents Host s income (loss) from continuing operations for the fiscal year ended December 31, 2004 and for the year-to-date period ended September 9, 2005 divided by their respective weighted average number of outstanding shares and share equivalents. The pro forma results reflect the effect of the acquisition of the Starwood portfolio along with several other transactions which occurred in 2004 and 2005, divided by Host s weighted average number of common shares and common share equivalents outstanding, plus the 133.5 million shares of Host common stock expected to be issued in the transactions.

(3) The historical book value per share was computed by dividing Host s total unaudited stockholders equity as of September 9, 2005 and total audited stockholders equity as of December 31, 2004, by the number of shares outstanding as of those dates. The historical book value per share for the pro forma results was computed by dividing the pro forma stockholders equity as of September 9, 2005 by the pro forma shares outstanding. No pro forma book value per share is presented for the year ended December 31, 2004 as no pro forma balance sheet is prepared in accordance with Rule 210.11-01 of Regulation S-X.

(4) The pro forma financial statements have not been prepared on a tax basis which is required for Host as a REIT to determine the amount of dividends for the periods presented. Accordingly, no dividend amount is shown.

(5) Because Starwood Trust has multiple classes of securities outstanding with significantly different rights, per share data for Starwood Trust is not meaningful and therefore is not presented.

(6) The pro forma equivalents for Starwood Trust Class B per share amounts are calculated by multiplying the Host pro forma per share amounts by the exchange ratio of 0.6122.

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Comparative Per Share Market Price Data

Host common stock currently trades on the NYSE under the symbol HMT. There is no market for Starwood Trust shares trading independently from shares of Starwood common stock. Paired shares , consisting of one share of Starwood common stock and one Class B share of Starwood Trust, trade as a unit on the NYSE under the symbol HOT. Each Class A Exchangeable Preferred Share of Starwood Trust, which is not traded on any exchange, is exchangeable for one paired share. The table below sets forth, for the periods indicated, dividends and the range of high and low per share closing sales prices for Host common stock, and the high and low per share sales prices for paired shares of Starwood and Starwood Trust, in each case as reported on the NYSE. For current price information, you should consult publicly available sources.

	Host Common Stock			Paired Share of Starwood and Starwood Trust		
	High	Low	Dividends Declared	High	Low	Dividends Declared
2003						
First quarter	$ 9.07	$ 6.10	$	$ 26.95	$ 21.68	$
Second quarter	9.53	6.92		30.65	23.44	
Third quarter	10.27	8.67		36.55	28.31	
Fourth quarter	12.32	9.95		37.60	32.96	0.84
2004						
First quarter	$ 13.00	$ 11.95	$	$ 40.93	$ 34.81	$
Second quarter	12.91	11.37		45.04	38.15	
Third quarter	14.01	12.23		46.65	40.06	
Fourth quarter	17.30	13.50	0.05	59.90	46.20	0.84
2005						
First quarter	$ 17.24	$ 15.49	$ 0.08	$ 61.45	$ 55.00	$
Second quarter	17.57	16.22	0.10	61.04	51.50	
Third quarter	19.05	17.00	0.11	64.36	54.23	
Fourth quarter (through December 8, 2005)	18.48	16.19		64.16	55.09	

The following table presents:

the last reported sale price of a share of Host common stock, as reported on the NYSE; and

the last reported sale price of a paired share of Starwood and Starwood Trust, as reported on the NYSE;

in each case, on November 11, 2005, the last full trading day prior to the public announcement of the transactions, and on December 8, 2005, the last practicable trading day prior to the date of this proxy statement/prospectus.

Date	Host Common Stock	Paired Share of Starwood and Starwood Trust

November 11, 2005	$	17.44	$	59.26
December 8, 2005		18.48		64.03

The market value of the shares of Host common stock to be issued in the transactions at the closing will not be known at the time Host common stockholders vote on the proposal to approve the issuance of shares of Host common stock in the transactions because the transactions will not be completed at the time of the Host special meeting.

The above tables show only historical comparisons. Because the market prices of Host common stock and paired shares of Starwood and Starwood Trust will likely fluctuate prior to the completion of the transactions, and because each paired share includes a share of Starwood common stock that holders of paired shares will retain, these comparisons may not provide meaningful information to Host stockholders in determining whether to approve the issuance of shares of Host common stock in the transactions. Host stockholders are encouraged to obtain current market quotations for Host common stock and for paired shares of Starwood and Starwood Trust, and to review carefully the other information contained in this proxy statement/prospectus or incorporated by reference into this proxy statement/prospectus in considering whether to approve the respective proposals before them. See Additional Information Where You Can Find More Information beginning on page 142.

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RISK FACTORS

In addition to the other information included in this proxy statement/prospectus, including the matters addressed in Cautionary Statement Concerning Forward-Looking Statements, you should carefully consider the following risks, including, if you hold Host common stock, before deciding whether to vote for approval of the issuance of shares of Host common stock in the transactions. In addition, you should read and consider the risks associated with the business of Host because these risks will affect Host following consummation of the transactions. These risks can be found in Host s Annual Report on Form 10-K for the year ended December 31, 2004, which is filed with the SEC and incorporated by reference into this proxy statement/prospectus.

The market value of Host common stock that holders of Starwood Trust shares will receive depends on what the market price of Host common stock will be at the effective time of the transactions and will increase or decrease if the market value of Host common stock increases or decreases.

The market value of the Host common stock that holders of Starwood Trust shares will receive in the transactions depends on what the trading price of Host common stock will be at the effective time of the transactions. The 0.6122 exchange ratio that determines the number of shares of Host common stock that holders of Starwood Trust shares are entitled to receive in the transactions is fixed. This means that there is no price protection mechanism in the master agreement that would adjust the number of shares of Host common stock that holders of Starwood Trust shares may receive in the transactions as a result of increases or decreases in the trading price of Host common stock. If the price of a share of Host common stock increases or decreases, then the market value of the consideration payable to holders of Starwood Trust shares will also increase or decrease, respectively. Similarly, the cash consideration payable for each RP Unit of SLT Realty Limited Partnership in the SLT merger may be increased or decreased based on the market price of Host common stock at the effective time of the SLT merger. The market value of the shares of Host common stock that will be received in the transactions will continue to fluctuate after the completion of the transactions. For a detailed description of the REIT merger consideration and the SLT merger consideration, see the sections entitled Summary The Transactions Consideration for the Transactions , Material Terms of the Principal Transaction Agreements Consideration REIT Merger Consideration and Material Terms of the Principal Transaction Agreements Consideration SLT Merger Consideration beginning on pages 2, 65 and 68, respectively.

During the twelve-month period ending on December 8, 2005, the most recent practicable date prior to the date of this proxy statement/prospectus, the closing price of Host common stock varied from a low of $15.46 to a high of $19.08, and ended that period at $18.48. For historical and current market prices of Host common stock, please see Summary Comparative Per Share Market Data beginning on page 14.

The occurrence of certain developments, including the failure to obtain required consents, could lead to Host s acquisition of the affected hotels being delayed past the initial closing and, ultimately, abandoned, which could cause Host or Starwood, or both, not to realize all of the intended benefits of the transactions.

Host and Starwood have agreed that, in the circumstances described below, one or both of them may elect to defer or temporarily (or, ultimately, permanently) exclude from the transactions one or more hotels or entities to be acquired by Host in the transactions. While neither party will be required to close if the deferrals result in the failure of its applicable closing condition described in the section entitled Material Terms of the Principal Transaction Agreements Conditions to Completion of the Closing Transactions beginning on page [ ], each party may be forced to close despite significant changes to the portfolio, including the possibility that some, or all, of the foreign hotels to be acquired may be retained by Starwood.

The deferral or exclusion of hotels from the transactions could result in either Host or Starwood, or both, failing to realize all of the intended benefits of the transactions. While Host and Starwood have already agreed to specific amounts by which the cash portion of the purchase price would be reduced as a result of the deferral or exclusion of each hotel in the portfolio, this adjustment to the purchase price may not be adequate to offset the impact of such deferral or exclusion on either party s intended benefits.

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For example, as discussed in greater detail in the section entitled The Transactions Recommendation of Host s Board of Directors and Its Reasons for the Transactions beginning on page 43, when considering whether or not to approve the master agreement and the transactions, Host s board of directors considered as positive factors both the expansion of Host s geographic distribution into new markets outside the United States and Host s enhanced profile that would result from completing the transactions as currently structured. Due to the ability of the parties to defer or exclude hotels, the transactions could be completed without Host acquiring the desired international presence or the full benefit that would arise from acquiring all of the hotels in the transactions.

Even if a deferred hotel is ultimately acquired by Host after the closing, the delay in acquiring that hotel could result in Host not obtaining all of the intended benefits of that hotel contemplated by Host management and Host s board of directors when the master agreement was approved and signed.

Either Host or Starwood can defer any hotel or entity to be acquired by Host from the initial closing transactions without the other s consent upon the occurrence of any of the following deferral triggers related to such hotel or entity:

- after the date of the Host special meeting, failure to obtain any consent identified prior to signing the master agreement; or

- after the date of the Host special meeting, (1) required antitrust approvals are not obtained or (2) any temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction is issued or laws become effective that prevent the transactions or make them illegal.

In addition, Starwood can exclude any of the Canadian hotels to be acquired by Host from the initial closing transactions without Host s consent if Starwood does not succeed in obtaining the desired ruling from the Canadian tax authorities with respect to certain Canadian restructuring transactions related to the sale of the Canadian hotels to Host.

In addition, Host can defer any hotel or entity to be acquired by Host from the initial closing transactions without Starwood s consent upon the occurrence of any of the following deferral triggers related to such hotel or entity:

- casualty at a hotel currently contemplated to be acquired by Host that results in cost of repair (without taking into account insurance) in excess of 25% of the value of such hotel;

- condemnation of a hotel currently contemplated to be acquired by Host that results in an economic impact (without taking into account any condemnation award) in excess of 25% of the value of such hotel;

- after the date of the Host special meeting, one or more of the following that results in an economic impact (without taking into account any indemnification or insurance) in excess of 25% of the value of a hotel or entity currently contemplated to be acquired by Host:

  - breach of any of the following Starwood representations if the economic effect of such breach exceeds $500,000: absence of changes, litigation, real property (other than title), environmental matters, sufficiency of assets, title to personal property, compliance with laws and certain types of material contracts;

breach of any of the following Starwood representations: due organization, power, authorization, necessary governmental or third party consents, capitalization and title to real property; or

failure to obtain a required, but not previously identified, consent;

after the date of the Host special meeting, failure of Starwood to complete its restructuring in a manner that satisfies Host s restructuring conditions;

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after the date of the Host special meeting, the portion of the costs of lease structures attendant to the ownership of certain foreign hotels to be acquired by Host, including costs associated with consents of works councils, and certain indemnification liabilities, in each case payable by Host, would reasonably be expected to exceed a percentage of the EBITDA that would (but for such costs and liabilities) otherwise be received by Host with respect to such foreign hotels during the twelve months immediately following the closing; or

if Host s closing conditions are satisfied on the overall transactions, but a required consent has not been obtained (or there is another deferral trigger with respect to one of three primary European hotels (i.e., Westin Palace Madrid, Westin Palace Milan and the Westin Europa & Regina)), Host can elect to defer all acquired hotels located outside the United States, Canada and Poland.

Host and Starwood are working with the intention that Host will acquire at closing all of the hotels in the transactions and that no hotel has been deferred or excluded from the transactions as of the date of this proxy statement/prospectus. However, there is no guarantee that all of the deferral triggers will be satisfied or waived prior to closing. In particular, given the waiting period applicable to certain approvals that are required to be obtained from the municipality in which the Westin Europa & Regina (a hotel in Venice) is located, unless a waiver can be obtained, it is likely that the transfer of that hotel will not be capable of completion prior to the second quarter of 2006. As a result, if the required Host stockholder approval is obtained and all other conditions to the completion of the closing transactions have been satisfied prior to that time, it is likely that the acquisition of the Westin Europa & Regina (and, if Host so elects, all other hotels located outside the United States, Canada and Poland) would be deferred. In such an event, if the applicable approvals are not obtained prior to 90 days after the initial closing of the transactions (or, if Host elects to defer all hotels located outside the United States, Canada and Poland, prior to October 17, 2006), the deferred hotels could ultimately be permanently excluded from the transactions and retained by Starwood.

See the section entitled Material Terms of the Principal Transaction Agreements Other Agreements Relating to the Period Prior to Closing Deferral of Hotels beginning on page 80 for additional information regarding the applicable provisions of the master agreement.

The transactions are subject to a number of conditions that could have an adverse effect on Host or Starwood or could cause abandonment of the transactions.

The transactions are subject to a number of conditions beyond the control of Host or Starwood, or both, that may delay or otherwise materially adversely affect their completion. These conditions include required antitrust approvals in Canada, Poland and Italy and other governmental and third party approvals. In addition, the obligations of Host and Starwood to consummate the transactions are subject to the conditions that there must not have occurred (1) a material adverse effect with respect to the business of Starwood currently contemplated to be acquired by Host in the case of Host s obligations or with respect to Host in the case of Starwood s obligations or (2) any actual or proposed change in tax law or regulation with respect to consolidated tax return rules that would reasonably be expected to result in a material risk of Starwood incurring an economic cost of more than $200 million that Starwood did not expect to bear from the transactions. Further, the master agreement may be terminated for certain other reasons, including by either Host or Starwood in the event the initial closing of the transactions has not occurred by or on April 17, 2006 or, by Host, if Starwood consummates, or enters into any definitive agreement relating to, a transaction that has resulted or will result in a more than 50% change in the ownership of Starwood.

There can be no assurance that Host and Starwood will obtain the necessary consents, orders and approvals or satisfy the other conditions to closing prior to April 17, 2006, or at any time, which could result in the abandonment of the transactions or the modification of the transactions by Host and Starwood in a manner that is adverse to Host or Starwood. Finally, if the transactions are terminated, and Host or Starwood determines to seek other business combinations, there can be no assurance that either will be able to negotiate a transaction with another company on terms comparable to the terms of the transactions.

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Any delay in completing the transactions may reduce or eliminate the benefits expected.

As described in the preceding risk factor, the transactions may not be completed until the conditions to closing are satisfied or waived. Host and Starwood cannot predict whether or when these other conditions will be satisfied.

Any delay in completing the transactions may increase the likelihood that certain of these conditions will not be able to be fulfilled, resulting in either party s ability to terminate the master agreement and abandon the transactions. Further, the requirements for obtaining the required consents and antitrust approvals and satisfying the other conditions to closing could delay not only the initial closing of the transactions for a significant period of time but also result in the removal of certain hotels from the transactions as described more fully in the section entitled Material Terms of the Principal Transaction Agreements Other Agreements Relating to the Period Prior to Closing Deferral of Hotels beginning on page 80.

Any delay in completing the transactions could cause Host following the consummation of the transactions not to realize some or all of the benefits that Host expects to achieve if it successfully completes the transactions within its expected timeframe and integrates the business to be acquired from Starwood. See Material Terms of the Principal Transaction Agreements Conditions to Completion of the Closing Transactions beginning on page 69 for additional information regarding the applicable provisions of the master agreement.

Finally, because the master agreement restricts Host from issuing shares of its common stock during the period from the signing of the master agreement until 60 days after the closing of the transactions, except under specified circumstances as described under Material Terms of the Principal Transaction Agreements Covenants Regarding the Conduct of the Business Prior to Closing Additional Restrictions on Host s Activities beginning on page 75, any delay in completing the transactions will lengthen the amount of time that Host is restricted from accessing the capital markets for fundraising purposes.

The pendency of the transactions could materially adversely affect the future business and operations of Host and Starwood.

The pending transactions could result in the delay or deferral by the respective managements of Host and Starwood of important strategic decisions, which could negatively impact revenues, earnings and cash flows of Host and Starwood, as well as the market prices of shares of Host common stock and paired shares of Starwood and Starwood Trust, regardless of whether the transactions are completed. This risk is exacerbated by provisions in the master agreement that restrict or prevent Host and Starwood from taking or agreeing to take certain actions, including acquisition or disposition transactions, during the period between the signing of the master agreement and the closing of the transactions. See Material Terms of the Principal Transaction Agreements Covenants Regarding the Conduct of Business Prior to the Closing beginning on page 74 for additional information regarding the applicable provisions of the master agreement. In addition, in the event that the ratings agencies that provide securities ratings on Host s and Starwood s debts downgrade their ratings on such debts of one company or both companies in light of the pending transactions, such a downgrade could materially adversely affect the ability of Host and Starwood to finance their operations, including increasing the cost of obtaining financing.

Host and Starwood expect to incur significant costs and expenses in connection with the transactions, which could result in either or both not realizing some or all of the anticipated benefits of the transactions.

Host and Starwood are expected to incur significant costs in connection with the transactions, including, for Host, the financing of the cash consideration. These costs and expenses include investment banking expenses, specified taxes, severance, legal and accounting fees, printing expenses, defeasance costs and other related charges. There can be no assurance that the costs incurred by Host and Starwood in connection with the transactions will not be higher than expected. The master agreement generally provides that certain transaction costs borne by Host will generally be capped at $50 million. This cap does not apply to Host s investment banking, legal and accounting fees, printing expenses, financing costs or other similar costs and expenses directly incurred by Host. See Material Terms of the Principal Transaction Agreements Transfer Taxes and Transaction Costs beginning on page 85 for additional information.

Host also expects to incur costs related to the integration of the assets acquired from Starwood. While Host has assumed that a certain level of expenses would be incurred, there are a number of factors beyond its control that could affect the total amount or the timing of all of the expected integration expenses. There can be no assurance that Host will not incur additional unanticipated costs and expenses related to integration after the completion of the transactions, including in connection with the proposed structure pursuant to which Starwood will operate certain of the acquired European hotels for Host after the closing.

The allocation of REIT merger consideration to the holders of Class B shares of Starwood Trust does not reflect historical standalone trading of the shares.

The Class B shares of Starwood Trust have historically been paired with shares of Starwood common stock and have not traded on a standalone basis. The allocation of the REIT merger consideration between the Class A shares and the Class B shares of Starwood Trust was therefore made by Starwood based on certain assumptions, and certain analyses received, regarding the respective values of the two classes of shares. To the extent that the value of the Class B shares of Starwood Trust were to differ from the portion of the REIT merger consideration so allocated to such shares, the federal income tax consequences of the REIT merger to a holder of Class A Exchangeable Preferred Shares or Class B shares of Starwood Trust could differ (including potentially in an adverse matter including with respect to the character and amount of gain, other income or loss recognized by such holder) from the consequences described under Material Federal Income Tax Consequences of the REIT Merger to Holders of Paired Shares of Starwood and Starwood Trust and Holders of Starwood Trust Class A Exchangeable Preferred Shares beginning on page 98.

If Host is unable to finance the transactions as contemplated, including through borrowings under its anticipated bridge loan facility, the completion of the transactions will be jeopardized.

Host expects to fund the $1.063 billion cash portion of the purchase price (which could increase by $600 million if the required consent with respect to the SHC indebtedness is not obtained, see The Transactions Financing for the Transactions Summary of the Sheraton Holding Corporation Consent Solicitation beginning on page 59) for the transactions through proceeds from a combination of asset sales, sales of joint venture interests related to the European assets to be acquired and the issuance or other incurrence of additional indebtedness. There can be no assurance that Host will consummate one or more of these financing transactions prior to consummation of the transactions. To the extent that the contemplated financings are not completed prior to consummation of the transactions, Host has received financing commitments for a bridge loan facility in an aggregate principal amount of up to $1.67 billion from certain lenders (which would allow Host to consummate the acquisition even if the required consent with respect to the SHC indebtedness is not obtained). Funding of amounts under the bridge loan facility will be subject to a number of customary conditions. There can be no assurance that all such conditions will be satisfied at or prior to consummation of the transactions.

If Host is unable to finance the transactions, and other financings are not available on acceptable terms, in a timely manner or at all, then the completion of the transactions will be jeopardized and Host could be in breach of the master agreement.

Host will need to replace, at or before maturity, the bridge loan facility that will be used to finance a portion of the cash component of the transactions.

Host has received financing commitments for a bridge loan facility in an aggregate amount of up to $1.67 billion from Goldman Sachs Credit Partners, L.P. and Deutsche Bank AG Cayman Islands Branch. Host expects this facility to have an initial maturity date of twelve months, with two six-month extension options being available subject to the payment of extension fees and the satisfaction of certain other customary conditions. There can be no assurance that Host will be able to replace this facility with indebtedness on terms that are at least as beneficial to Host as the terms of this facility. For instance, Host may incur increased interest costs on indebtedness that replaces this facility due to higher interest costs of longer-term debt, which would adversely affect Host s operating results and financial condition. The interest rate on the replacement indebtedness will depend on prevailing conditions at the time.

The master agreement does not require that the financial advisors fairness opinions be updated as a condition to closing the transactions.

The master agreement does not require that the financial advisors fairness opinions be updated as a condition to closing the transactions and neither Host nor Starwood currently intends to request that those opinions be updated. As such, the fairness opinions do not reflect any changes in the relative values of Host, Starwood Trust or the hotels currently contemplated to be acquired by Host subsequent to November 14, 2005, the date of the master agreement. The market price of Host common stock and paired shares of Starwood and Starwood Trust at the closing of the transactions may vary significantly from the market prices as of the date of the master agreement, which is the same date as the fairness opinions of the financial advisors.

The termination fee may discourage other companies from trying to acquire the assets to be acquired by Host.

In the master agreement, Starwood has agreed to pay Host a termination fee of $100 million and to reimburse Host for up to $20 million of its transaction-related expenses if Starwood terminates the master agreement in order to accept a superior proposal from a third party to acquire the assets that would otherwise be acquired by Host. These provisions could discourage third parties from trying to purchase the assets to be acquired by Host in the transactions, even if those companies might be willing to offer a greater amount of consideration than Host has offered in the master agreement. In addition, payment of the termination fee could have a material adverse effect on Starwood s financial condition. See Material Terms of the Principal Transaction Agreements Termination of the Master Agreement Termination Fees and Expenses beginning on page 84.

Host may fail to realize the revenue enhancements and other benefits expected from the transactions, which could affect the value of Host common stock following consummation of the transactions.

The value of Host common stock following consummation of the transactions may be affected by the ability of Host to achieve the expected benefits. Achieving the benefits of the transactions will depend in part upon meeting the challenges inherent in successfully integrating the portfolio of hotels to be acquired and the possible diversion of management attention for an extended period of time. There can be no assurance that such challenges will be met and that such diversion will not negatively impact the operations of Host following the consummation of the transactions.

Delays encountered in this transition process could have a material adverse effect on the operating results and financial condition of Host following the transactions. Although Host expects significant benefits to result from the transactions, there can be no assurance that Host will realize any of these anticipated benefits. See The Transactions Recommendation of Host s Board of Directors and Its Reasons for the Transactions beginning on page 43.

Host may be subject to unknown or contingent liabilities related to the business to be acquired from Starwood.

Assets and entities that Host has agreed to acquire from Starwood in the transactions may be subject to unknown or contingent liabilities for which Host may have no recourse, or only limited recourse, against Starwood. In general, the representations and warranties provided by Starwood under the master agreement do not survive the closing of the transactions. While Starwood is required to indemnify Host with respect to breaches of certain representations and warranties that do survive the closing, such indemnification is limited and subject to various materiality thresholds, a significant deductible and an aggregate cap on losses. As a result, there is no guarantee that Host will recover any amounts with respect to losses due to breaches by Starwood of its representations and warranties. The total amount of costs and expenses that may be incurred with respect to liabilities associated with acquired hotels and entities may exceed Host s expectations, plus Host may experience other unanticipated adverse effects, all of which may adversely affect Host s revenues, expenses, operating results and financial condition.

Finally, the indemnification agreement provides that Starwood will retain certain specified liabilities relating to the assets and entities currently contemplated to be acquired by Host, including with respect to liabilities related to pre-closing taxes, certain pending litigation matters and contingent interests in the Fiji hotels and liabilities associated with the SLT merger and certain post-closing consequences thereof. While Starwood is contractually obligated to pay all losses and other expenses relating to such retained liabilities without regard to survival limitations, materiality thresholds, the deductible or cap on losses, there can be no guarantee that this arrangement will not require Host to incur losses or other expenses as well. See Material Terms of the Principal Transaction Agreements Indemnification Agreement beginning on page 86 for additional information regarding the applicable provisions of the indemnification agreement.

Host s ability to service debt incurred to finance the transactions will depend in part on the cash flow generated by the hotels acquired.

In order to complete the transactions, Host anticipates incurring up to $1.8 billion of indebtedness, including the assumption of approximately $704 million of debt and an approximate $1.1 billion draw on the bridge loan facility. Host s pro forma indebtedness as of September 9, 2005 (as described in Host Marriott Corporation Unaudited Pro Forma Financial Statements beginning on page 103), is approximately $7.3 billion. Host s ability to service its increased debt will depend in part on the cash flow generated by the properties acquired in the transactions. The cash flow production of the hotels acquired is subject to changes in the national, regional and local economic climate; changes in business and leisure travel patterns; local market conditions such as an oversupply of hotel rooms or a reduction in lodging demand; the attractiveness of such hotels to consumers relative to Host s competition; the performance of the managers of such hotels; changes in room rates and increases in operating costs due to inflation and other factors. There can be no assurance that the hotels acquired will meet Host s management s expectations with respect to cash flow production, or that they will produce cash flow sufficient to service Host s increased indebtedness. In addition, the increased levels of debt could, among other things:

- require Host to dedicate a substantial portion of its cash flow from operations to make payments on its debt, thereby reducing funds available for working capital, capital expenditures, dividends, acquisitions and other purposes;
- increase Host s vulnerability to, and limit flexibility in planning for, adverse economic and industry conditions;
- affect Host s credit rating;
- limit Host s ability to obtain additional financing to fund future working capital, capital expenditures, additional acquisitions and other general corporate requirements;
- create competitive disadvantages compared to other companies with less indebtedness; and
- limit Host s ability to apply proceeds from an offering or asset sale to purposes other than the repayment of debt.

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The consummation of the transactions will expand Host s business into new markets outside of the United States in which Host was not previously involved and expose Host to the general economic conditions of those markets.

Host may have difficulty managing its expansion into new geographic markets where Host may have limited knowledge and understanding of the local economy, an absence of business relationships in the area or unfamiliarity with local governmental and permitting procedures. Upon completion of the transactions, Host will own hotels in eight foreign countries, representing approximately 9% of its entire portfolio (by revenues) on a pro forma basis. There are risks inherent in conducting business internationally. These include:

- employment laws and practices in foreign countries;
- tax laws in foreign countries, which may provide for tax rates that exceed those of the U.S. and which may provide that Host s foreign earnings are subject to withholding requirements or other restrictions;
- the structure pursuant to which Starwood will operate certain of the acquired European hotels for Host after closing;
- unexpected changes in regulatory requirements or monetary policy; and
- other potentially adverse tax consequences.

Any of these factors could adversely affect our ability to obtain all of the intended benefits of the transactions.

If Host does not effectively manage its geographic expansion and successfully integrate the foreign hotels into its organization, Host s operating results and financial condition may be materially adversely effected and the value of Host common stock may decline.

Exchange rate fluctuations could adversely affect our financial results.

As a result of the expansion of Host s international operations, currency exchange rate fluctuations could affect its results of operations and financial position. Host expects to generate an increasing portion of its revenue and its expenses in such foreign currencies as the Euro, the British Pound, the Polish Zloty, the Chilean Peso and the Canadian and Fiji Dollar. Although Host may enter into foreign exchange agreements with financial institutions to reduce its exposure to fluctuations in the value of these and other foreign currencies relative to its debt or receivable obligations, these hedging transactions, if entered into, will not eliminate that risk entirely. In addition, to the extent that Host is unable to match revenue received in foreign currencies with costs paid in the same currency, exchange rate fluctuations could have a negative impact on Host s results of operations and financial condition. Additionally, because Host s consolidated financial results are reported in US Dollars, if Host generates revenues or earnings in other currencies the translation of those results into US Dollars can result in a significant increase or decrease in the amount of those revenues.

Host may acquire hotel properties through joint ventures with third parties that could result in conflicts.

Instead of purchasing hotel properties directly, Host may, from time to time, invest as a co-venturer in entities holding hotel properties. Indeed, Host is exploring the possibility of funding part of the cash portion of the purchase price for the transactions with proceeds from a joint venture related to the European assets to be acquired.

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Co-venturers often share control over the operation of a joint venture. Actions by a co-venturer could subject the assets to additional risk, including:

- Host s co-venturer in an investment might have economic or business interests or goals that are inconsistent with Host s, or the joint venture s, interests or goals;

- Host s co-venturer may be in a position to take action contrary to Host s instructions or requests or contrary to Host s policies or objectives; or

- Host s co-venturer could go bankrupt, leaving Host liable for such co-venturer s share of joint venture liabilities.

Although Host generally will seek to maintain sufficient control of any joint venture to permit Host s objectives to be achieved, it might not be able to take action without the approval of its joint venture partners. Because Host intends to enter into joint ventures with third parties in connection with certain European hotels to be acquired, these risks are particularly relevant to the transactions.

Host does not control its hotel operations and is dependent on the managers of its hotels.

Because federal income tax laws restrict REITs and their subsidiaries from operating a hotel, Host does not manage its hotels. Instead, Host leases substantially all of its full-service properties to subsidiaries which qualify as taxable REIT subsidiaries under applicable REIT laws, and Host s taxable REIT subsidiaries retain third-party managers to operate its hotels pursuant to management agreements. In the case of hotels to be acquired by Host from Starwood, operations-related services will be provided pursuant to an operating agreement as well as a license agreement (and any other related agreements) for each hotel. Host s income from the hotels may be adversely affected if its managers fail to provide quality services and amenities or if they or their affiliates fail to maintain a quality brand name. While Host s taxable REIT subsidiaries monitor the hotel managers performance, Host has limited specific recourse under its management agreements if Host believes that the hotel managers are not performing adequately. In addition, from time to time, Host has had, and continues to have, differences with the managers of its hotels over their performance and compliance with the terms of the management agreements. Host generally resolves issues with its managers through discussions and negotiations. However, if Host is unable to reach satisfactory results through discussions and negotiations, Host may choose to litigate the dispute or submit the matter to third-party dispute resolution. Failure by Host s hotel managers to fully perform the duties agreed to in its management agreements could adversely affect Host s revenues, expenses, operating results and financial condition. In addition, Host s hotel managers or their affiliates manage, and in some cases own or have invested in, hotels that compete with Host s hotels, which may result in conflicts of interest. As a result, Host s hotel managers have in the past made and may in the future make decisions regarding competing lodging facilities that are not or would not be in Host s best interests. Following the transactions, Starwood will manage or operate all of the hotels to be acquired by Host. As such, these risks that arise from Host not controlling its hotel operations are relevant to the transactions.

Host s management and license agreements could impair the sale or financing of its hotels.

Under the terms of Host s management agreements and, in the case of Starwood, the proposed license agreements, Host generally may not sell, lease or otherwise transfer its hotels unless the transferee is not a competitor of the manager and the transferee assumes the related management agreements and meets specified other conditions. Host s ability to finance or sell its properties, depending upon the structure of such transactions, may require the manager s consent. If, in these circumstances, the manager does not consent, Host may be precluded from taking actions in its best interest without breaching the applicable management agreement.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus and the other documents incorporated by reference into this proxy statement/prospectus contain or may contain forward-looking statements intended to qualify for the safe harbor from liability established by 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, estimate, expect, intend, may, plan, predict, project, will, continue and other similar terms and phrases, including statements about the expected scope and of the transactions and expectations as to timing, nature and terms of financing and other sources of funds. Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results to differ materially from those anticipated at the time the forward-looking statements are made. These risks include, but are not limited to:

- the completion of the transactions (either in whole or in part relating to the acquisition of certain hotels) is subject to numerous closing conditions, including but not limited to those listed in this proxy statement/prospectus, and there can be no assurances that the transactions as a whole, or portions of it, will be completed;
- national and local economic and business conditions and changes in travel patterns that will affect demand for hotel products and services, the level of room rates and occupancy that can be achieved by such properties and the availability and terms of financing and liquidity;
- changes in taxes and government regulations that influence or determine wages, prices, construction procedures and costs;
- operating risks associated with the hotel business;
- risks associated with the level of Host s indebtedness and Host s ability to meet covenants in its debt agreements;
- relationships with property managers;
- the ability of Host to maintain its respective properties in a first-class manner, including meeting capital expenditure requirements;
- the ability of Host to compete effectively in areas such as access, location, quality of accommodations and room rate;
- the ability of Host to complete pending acquisitions and dispositions and the risk that potential acquisitions may not perform in accordance with expectations;
- the effect of terror alerts and potential terrorist activity on travel and Host s ability, and prior to the completion of the transactions with respect to hotels to be acquired by Host, Starwood s ability, to recover fully under its existing insurance for terrorist acts and to maintain adequate or full replacement cost all-risk property insurance on its properties;
- 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 ability of Host and each of the REIT entities currently contemplated to be acquired or established by Host in the transactions to continue to satisfy complex rules in order for it to qualify as a REIT for federal income tax purposes, the ability of each of Host LP and SLT Realty Limited Partnership to satisfy the rules to maintain its status as a partnership for federal income tax purposes, the ability of certain of Host LP s 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 in the transactions, to operate effectively within the limitations imposed by these rules;

- the effect of any rating agency downgrades on the cost and availability of new debt financings;
- the relatively fixed nature of property-level operating costs and expenses for Host and the portfolio to be acquired by Host in the transactions; and
- other factors discussed under the heading Risk Factors beginning on page 17 and in other filings with the SEC.

Although Host believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, Host can give no assurance that the expectations will be attained or that any deviation will not be material. All information is as of the date of this filing and Host undertakes no obligation to update any forward-looking statement to conform the statement to actual results or changes in expectations, except as required by federal securities laws.

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THE HOST SPECIAL MEETING

General

This proxy statement/prospectus is being provided to Host stockholders as part of a solicitation of proxies by Host s board of directors for use at a special meeting of Host stockholders. This proxy statement/prospectus provides Host stockholders with the information they need to know to be able to vote or instruct their votes to be cast at the special meeting of Host stockholders.

Date, Time, Place and Purpose of the Host Special Meeting

The special meeting of Host stockholders will be held on , 2006 at 10:00 a.m., local time, at .

The special meeting is being held for the following purposes:

- to consider and vote upon a proposal to approve the issuance of shares of Host common stock pursuant to the Master Agreement and Plan of Merger, dated as of November 14, 2005, among Host Marriott Corporation, Host Marriott, L.P., Horizon Supernova Merger Sub, L.L.C., Horizon SLT Merger Sub, L.P., Starwood Hotels & Resorts Worldwide, Inc., Starwood Hotels & Resorts, Sheraton Holding Corporation and SLT Realty Limited Partnership; and

- to transact any other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

Recommendation of Host s Board of Directors

Host s board of directors has determined that the master agreement and the transactions contemplated by the master agreement are advisable and in the best interests of Host and its stockholders and has unanimously approved the master agreement and the issuance of shares of Host common stock in the transactions. **Host s board of directors unanimously recommends that Host common stockholders vote FOR the proposal to approve the issuance of shares of Host common stock in the transactions.**

Record Date; Outstanding Shares; Shares Entitled to Vote

Only holders of record of Host common stock at the close of business on the record date, , 2006, are entitled to notice of and to vote at the Host special meeting. As of the record date, there were shares of Host common stock outstanding and entitled to vote at the Host special meeting. Each holder of Host common stock is entitled to one vote for each share of common stock owned as of the record date.

Quorum and Vote Required; Abstentions and Broker Non-Votes

A quorum of Host common stockholders is necessary to hold a valid meeting. The required quorum for the transaction of business at the Host special meeting is the presence, in person or by proxy, of holders of a majority of the outstanding shares of Host common stock entitled to vote at the Host special meeting. Because there were shares of common stock outstanding at the close of business on , 2006, the presence of holders of shares of Host common stock is a quorum.

All shares of Host common stock represented at the Host special meeting, including abstentions and broker non-votes , will be counted as present at the Host special meeting for the purpose of determining whether a quorum is present at the special meeting. Abstentions occur when a stockholder attends a meeting in person or by proxy but abstains from voting. Broker non-votes occur when a nominee holding shares of Host common stock for a beneficial owner returns a properly executed proxy but has not received voting instructions from the beneficial owner and such nominee does not possess or does not choose to exercise discretionary authority with

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respect to such shares. Brokers are not allowed to exercise their voting discretion with respect to the approval of matters which the NYSE determines to be non-routine, such as approval of the issuance of shares of Host common stock in the transactions, without specific instructions from the beneficial owner. Accordingly, if your broker holds your shares of Host common stock in street name, your broker will vote your shares only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker with this proxy statement/prospectus.

In accordance with NYSE listing requirements, the approval of the issuance of shares of Host common stock in the transactions requires the affirmative vote of the holders of a majority of shares of Host common stock cast on the proposal, in person or by proxy, provided that the total votes cast on the proposal represent over 50% of the outstanding shares of Host common stock entitled to vote on the proposal. Votes for, votes against and abstentions count as votes cast, while broker non-votes do not count as votes cast. All outstanding shares of Host common stock as of the record date count as shares entitled to vote. Thus, the total sum of votes for, plus votes against, plus abstentions, which is referred to throughout this proxy statement/prospectus as the NYSE votes cast, must be greater than 50% of the total outstanding shares of Host common stock. Once satisfied, the number of votes for the proposal must be greater than 50% of NYSE votes cast. It is expected that brokers and other nominees will not have discretionary voting authority on this proposal and thus broker non-votes will result from this proposal to the extent that specific voting instructions are not provided to brokers or nominees by the beneficial holders of shares of Host common stock. Broker non-votes could have a negative effect on Host s ability to obtain the necessary number of NYSE votes cast but once such number has been cast, broker non-votes will have no effect on the vote. Abstentions will have the same effect as a vote against the proposal.

Voting by Host Directors and Executive Officers

As of the record date for the Host special meeting, the directors and executive officers of Host as a group beneficially owned and were entitled to vote approximately shares of Host common stock, or approximately % of the outstanding shares of Host common stock on that date.

Voting; Proxies; Revocation

You may vote by proxy or in person at the Host special meeting. Votes will be tabulated and certified by Host s transfer agent, Computershare Trust Company, N.A., or Computershare.

Voting in Person

If you plan to attend the Host special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares are held in street name, which means your shares are held of record by a broker, bank or other nominee, and you wish to vote at the Host special meeting, you must bring to the special meeting a proxy from the record holder of the shares authorizing you to vote at the Host special meeting.

Voting by Proxy

Your vote is very important. Accordingly, please complete, sign, date and return the enclosed proxy card whether or not you plan to attend the Host special meeting in person. You should vote your proxy even if you plan to attend the Host special meeting. You can always change your vote at the special meeting. Voting instructions are included on your proxy card. If you properly give your proxy and submit it to Host in time to vote, one of the individuals named as your proxy will vote your shares as you have directed. A proxy card is enclosed for your use.

The method of voting by proxy differs for shares held as a record holder and shares held in street name. If you hold your shares of Host common stock as a record holder, you may vote by completing, dating and signing the enclosed proxy card and promptly returning it in the enclosed, pre-addressed, postage-paid envelope or otherwise mailing it to Host, or by submitting a proxy over the Internet or by telephone by following the instructions on the enclosed proxy card. Internet and telephone voting is available twenty-four hours per day until 11:59 p.m., Eastern time, on , 2006. If you vote by telephone or the Internet, you do not need to return your proxy card.

If you hold your shares of Host common stock in street name , which means your shares are held of record by a broker, bank or nominee, you will receive instructions from your broker, bank or other nominee that you must follow in order to vote your shares. Your broker, bank or nominee may allow you to deliver your voting instructions over the Internet or by telephone. Please see the voting instructions from your broker, bank or nominee that accompany this proxy statement/prospectus.

All properly signed proxies that are received prior to the Host special meeting and that are not revoked will be voted at the Host special meeting according to the instructions indicated on the proxies or, if no direction is indicated, they will be voted **FOR** approval of the issuance of shares of Host common stock in the transactions.

Revocation of Proxy

You may revoke your proxy at any time before your proxy is voted at the Host special meeting by taking any of the following actions:

- delivering to Computershare a signed written notice of revocation, bearing a date later than the date of the proxy, stating that the proxy is revoked;
- signing and delivering a new proxy, relating to the same shares and bearing a later date;
- submitting another proxy by telephone or on the Internet (your latest telephone or Internet voting instructions are followed); or
- attending the Host special meeting and voting in person, although attendance at the special meeting will not, by itself, revoke a proxy.

If your shares are held in street name, you may change your vote by submitting new voting instructions to your broker, bank or other nominee. You must contact your broker, bank or other nominee to find out how to do so.

Written notices of revocation and other communications with respect to the revocation of Host proxies should be addressed to:

Computershare Trust Company, N.A.

P.O. Box 8611

Edison, New Jersey 08818

Proxy Solicitation

Host is soliciting proxies for the Host special meeting from the holders of Host common stock. Host will bear the entire cost of soliciting proxies from its stockholders. In addition to the solicitation of proxies by mail, Host will request that brokers, banks and other nominees send proxies and proxy materials to the beneficial owners of Host common stock held by them and secure their voting instructions, if necessary. Host will, upon request, reimburse those record holders for their reasonable expenses. Host has also made arrangements with MacKenzie Partners, Inc. to assist it in soliciting proxies, and has agreed to pay a fee of approximately $9,500 plus expenses for those services. Host also may use several of its regular employees, who will not be specially compensated, to solicit proxies from Host stockholders, either personally or by telephone, Internet, telegram, facsimile or special delivery letter.

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Other Business; Adjournments

Host does not expect that any matter other than the proposal presented in this proxy statement/prospectus will be brought before the Host special meeting. However, if other matters incident to the conduct of the Host special meeting are properly presented at the Host special meeting or any adjournment or postponement of the Host special meeting, the persons named as proxies will vote in accordance with their discretion with respect to those matters.

If a quorum is not present or if Host decides that more time is necessary for the solicitation of proxies, the Host special meeting may be adjourned, without further notice other than by an announcement made at the Host special meeting. This adjournment may be done with or without a stockholder vote. If there is a stockholder vote to adjourn, the named proxies will vote all shares of common stock for which they have voting authority in favor of the adjournment. Host does not currently intend to seek an adjournment of the Host special meeting.

Assistance

If you need assistance in completing your proxy card or have questions regarding the Host special meeting, please contact Host s Investor Relations department at (240) 744-1000 or iiinfo@hostmarriott.com or write to Host Marriott Corporation, 6903 Rockledge Drive, Suite 1500, Bethesda, Maryland 20817, Attn: Investor Relations, or contact MacKenzie Partners, Inc. toll-free at (800) 322-2885 or write to MacKenzie Partners, Inc., 105 Madison Avenue, 14th Floor, New York, New York 10016.

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THE TRANSACTIONS

The following is a description of the material aspects of the transactions. While we believe that the following description covers the material terms of the transactions, the description may not contain all of the information that is important to you. We encourage you to read carefully this entire proxy statement/prospectus, including the transaction agreements attached to this proxy statement/prospectus as Annex A, Annex B *and* Annex C, *respectively, for a more complete understanding of the transactions.*

Summary of the Transactions

Structure of the Transactions

On November 14, 2005, Host announced that it had entered into the master agreement and other transaction agreements described in more detail in the section entitled Material Terms of the Principal Transaction Agreements beginning on page 63, pertaining to its acquisition of the following 25 domestic and 13 foreign hotels from Starwood and certain Starwood subsidiaries:

Domestic Hotels

Hotel	City	State	Country	Rooms
Sheraton New York Hotel & Towers	New York	NY	USA	1,746
Sheraton Boston Hotel	Boston	MA	USA	1,216
Sheraton San Diego Hotel & Marina	San Diego	CA	USA	1,044
The Westin Seattle	Seattle	WA	USA	891
The Westin Los Angeles Airport	Los Angeles	CA	USA	740
W New York	New York	NY	USA	688
The Westin Indianapolis	Indianapolis	IN	USA	573
Sheraton Indianapolis Hotels and Suites	Indianapolis	IN	USA	560
The Westin Mission Hills Resort & Spa	Rancho Mirage	CA	USA	512
The Westin Cincinnati	Cincinnati	OH	USA	456
Sheraton Stamford Hotel	Stamford	CT	USA	448
The Westin Tabor Center	Denver	CO	USA	430
W Seattle	Seattle	WA	USA	426
The Westin South Coast Plaza	Costa Mesa	CA	USA	390
Sheraton Milwaukee Brookfield Hotel	Brookfield	WI	USA	389
Sheraton Braintree Hotel	Braintree	MA	USA	374
Sheraton Parsippany Hotel	Parsippany	NJ	USA	370
The Westin Waltham-Boston	Waltham	MA	USA	346
The Westin Grand, Washington, D.C.	Washington	DC	USA	263
Sheraton Suites Tampa Airport	Tampa	FL	USA	259
Sheraton Needham Hotel	Needham	MA	USA	247
St. Regis Hotel, Houston	Houston	TX	USA	232
Sheraton Tucson Hotel & Suites	Tucson	AZ	USA	216
Sheraton Providence Airport Hotel	Warwick	RI	USA	206
Capitol Hill Suites	Washington	DC	USA	152

Total Domestic Hotels	13,174

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International Hotels

Hotel	City	Province	Country	Rooms
Sheraton Centre Toronto Hotel	Toronto	Ontario	Canada	1,377
Le Centre Sheraton Montreal Hotel	Montreal	Quebec	Canada	825
Sheraton Roma Hotel & Conference Center	Rome		Italy	634
The Westin Palace, Madrid, a Luxury Collection Hotel	Madrid		Spain	468
Sheraton Santiago Hotel and Convention Center	Santiago		Chile	379
Sheraton Skyline Hotel & Conference Centre	Hayes		United Kingdom	350
Sheraton Warsaw Hotel & Towers	Warsaw		Poland	350
Sheraton Hamilton Hotel	Hamilton	Ontario	Canada	301
Sheraton Fiji Resort	Nadi		Fiji	281
Sheraton Royal Denarau Resort(1)	Nadi		Fiji	267
The Westin Palace, Milan, a Luxury Collection Hotel	Milan		Italy	228
The Westin Europa & Regina	Venice		Italy	185
San Cristobal Tower, a Luxury Collection Hotel	Santiago		Chile	139
Total International Hotels				5,784
Total				**18,958**

(1) This property is in the process of being converted to the Westin brand. The conversion is expected to be completed in the first quarter of 2006.

All of the transactions contemplated by the master agreement were unanimously approved on November 13, 2005 by Host s board of directors. Under the terms of the master agreement, Host will pay in connection with the transactions approximately $4.037 billion (based on the issuance of 133,529,412 shares of Host common stock at the exchange price of $17.00 per share), which amount includes the assumption of certain indebtedness and the issuance of Host common stock, and is subject to adjustments, including an increase in the cash consideration in the amount of the working capital acquired at closing, each as more fully described below under Consideration for the Transactions beginning on page 34. See also Summary The Transactions Consideration for the Transactions beginning on page 2.

Subject to the terms and conditions of the master agreement and the other transaction agreements, Host s acquisition of the above-listed 38 hotels from Starwood will occur in several transactions that will occur on the same day and in the following order:

the acquisition by Host LP of the equity interests in Starwood Trust, which at the time the transactions are consummated is expected to hold, directly or indirectly, 18 domestic hotels, pursuant to the merger of a direct, wholly owned subsidiary of Host LP with and into Starwood Trust, which is referred to throughout this proxy statement/prospectus as the REIT merger, resulting in Starwood Trust becoming a direct, wholly owned subsidiary of Host LP and SLT Realty Limited Partnership becoming an indirect, majority-owned subsidiary of Host LP;

the acquisition by Host LP of the equity interests in Sheraton Holding Corporation, which, at the time the transactions are consummated is expected to hold, directly or indirectly, three domestic and four foreign hotels;

the merger of an indirect, wholly owned subsidiary of Host LP with and into SLT Realty Limited Partnership, which is referred to throughout this proxy statement/prospectus as the SLT merger, resulting in the exchange of all outstanding RP units in SLT Realty Limited Partnership and, if the requisite consent of the holders of Class A RP units in SLT Realty Limited Partnership is obtained by Starwood, all outstanding Class A RP units in SLT Realty Limited Partnership into the right to receive cash, and, if such consent is obtained, resulting in SLT Realty Limited Partnership becoming an indirect wholly owned subsidiary of Host LP;

- the acquisition by Host LP of four domestic hotels in a separate asset purchase structured to allow Host LP to complete like-kind exchange transactions for federal income tax purposes;

- the acquisition by Host LP (through certain subsidiary REITs and foreign subsidiaries formed for this transaction) of nine foreign hotels not owned by Starwood Trust, Sheraton Holding Corporation or SLT Realty Limited Partnership through the acquisition of the equity interests in various Starwood subsidiaries; and

- the acquisition by Host LP (or a designated taxable REIT subsidiary or other subsidiary of Host LP) of certain domestic improvements and working capital and other ancillary assets from Starwood and SLC Operating Limited Partnership, a Starwood subsidiary.

In addition to the above-described transactions, the master agreement provides for, among other things:

- the preliminary internal restructuring of Starwood and its subsidiaries, including, among other things:

  - removing from the entities being acquired by Host and Host LP (including Starwood Trust), hotels, intellectual property (other than certain foreign hotel names being acquired by Host) and other assets, in each case not being acquired by Host and Host LP;

  - redeeming certain equity interests of Starwood and its affiliates and third parties in entities being acquired by Host;

  - distributing earnings and profits of certain entities being acquired by Host; and

  - de-pairing the paired shares (each of which consists of a share of Starwood common stock and a Class B share of Starwood Trust); and

- the internal restructuring of Host and its subsidiaries, including, among other things:

  - the pre-closing formation of foreign hotel holding structures; and

  - the post-closing structuring of private REITs and transfers of various assets among the entities being acquired by Host to satisfy REIT requirements under the Internal Revenue Code and debt requirements.

The transactions are subject to a number of terms and conditions that could delay or prevent the closing of the transactions, or result in modifications to the transactions, such as the exclusion of particular hotels from the transactions due to the failure to obtain required consents or certain other developments. For a detailed description of these terms and conditions, see Material Terms of the Principal Transaction Agreements beginning on page 63, especially Conditions to Completion of the Closing Transactions beginning on page 69 and Other Agreements Relating to the Period Prior to Closing Deferral of Hotels beginning on page 80.

Consideration for the Transactions

The total consideration payable by Host for the 38 hotels will be approximately $4.037 billion, consisting of approximately $1.063 billion of cash, the assumption by Host of approximately $704 million of indebtedness and approximately $2.27 billion of Host common stock (representing 133,529,412 shares of Host common stock at the exchange price of $17.00 per share), in each case subject to adjustments described under Material Terms of the Principal Transaction Agreements Consideration Purchase Price Adjustments beginning on page 64, including adjustments in the cash consideration for the amount of working capital acquired at closing, the agreed value of any hotels that are removed from the transactions, the amount of certain capital expenditures made by Starwood and the amount of any uninsured cost to repair any casualty to a hotel being acquired by Host.

Of this total consideration, Starwood and its subsidiaries will directly receive amounts not payable in respect of Starwood Trust s Class B shares or Class A Exchangeable Preferred Shares, in the REIT merger, or SLT Realty Limited Partnership s RP units or Class A RP units, in the SLT merger. For a detailed description of the

REIT merger consideration and the SLT merger consideration, see the sections entitled Material Terms of the Principal Transaction Agreements Consideration REIT Merger Consideration and Material Terms of the Principal Transaction Agreements Consideration SLT Merger Consideration beginning on pages 65 and 68, respectively. Based on Starwood s estimate that 217,546,651 Class B shares of Starwood Trust (which represents the number of unrestricted Class B shares outstanding as of September 30, 2005) will be outstanding at the effective time of the REIT merger and that the amount of the SLT merger consideration will be approximately $12,801,426, Host management expects that all of the shares of Host common stock and $122,510,189 of the cash included in the total consideration will be payable directly to holders of Starwood Trust s Class B shares and Class A Exchangeable Preferred Shares and holders of SLT Realty Limited Partnership s RP units and Class A RP units. Consequently, the total consideration payable to Starwood and its subsidiaries is expected to be approximately $1,644,489,811, consisting of approximately $940,489,811 of cash and the assumption of approximately $704 million of indebtedness, subject to the adjustments described under Material Terms of the Principal Transaction Agreements Consideration Purchase Price Adjustments beginning on page 64.

Because the amount of the merger consideration payable in respect of each Class B share of Starwood Trust is fixed, if the number of Class B shares outstanding as of the effective time of the REIT merger is more or less than 217,546,651, the amount of the total consideration paid directly to Starwood in respect of its indirect ownership of Class A shares of Starwood Trust will be less or more, respectively. If there are less than 217,546,651 Class B shares of Starwood Trust outstanding, Starwood will receive additional consideration in the amount and form, including shares of Host common stock, that would have been payable to holders of such Class B shares. If there are more than 217,546,651 Class B shares of Starwood Trust outstanding, the amount of consideration currently contemplated to be paid to Starwood will be reduced to reflect the excess consideration payable to holders of such Class B shares. In such an event, as described under Material Terms of the Principal Transaction Agreements Consideration Purchase Price Adjustments beginning on page 64, the additional shares of Host common stock issued to holders of Class B shares of Starwood Trust would be valued at $17.00 per share (regardless of the then-market price of Host common stock) for the purpose of reducing the cash consideration payable to Starwood.

Although Starwood management currently believes that the number of Class B shares of Starwood Trust outstanding as of the date of the master agreement will not materially change before the effective time of the REIT merger, this number could fluctuate. Starwood has announced a share repurchase program for the paired shares, which could result in a decrease in the number of outstanding Class B shares. However, Starwood Trust has substantial flexibility under the master agreement to issue as many as 19,217,095 Class B shares in excess of the estimated number of 217,546,651 (which represents the number of unrestricted Class B shares outstanding as of September 30, 2005). Accordingly, issuances of Class B shares by Starwood Trust, including due to acquisitions by Starwood or exercises of paired share options, could cause the number of Class B shares to exceed the expected level at the REIT merger effective time. If the number of Class B shares outstanding at the effective time is 206,669,318, or 5% less than the number expected by Starwood, the consideration to be received by Starwood, as opposed to holders of Class B shares and Class A Exchangeable Preferred Shares, would increase to reflect the lower amount of aggregate consideration required to be paid to holders of Class B shares. In that case, the additional consideration to Starwood would include approximately $5.5 million of the cash and approximately 6.6 million of the shares of Host common stock to be paid or issued by Host in the transactions. If, instead, the outstanding number of Class B shares at the effective time of the REIT merger is 236,763,746, the maximum allowed under the master agreement without Host s consent, the cash payable to Starwood would decrease by approximately $210 million to reflect the value of the additional aggregate consideration required to be paid in respect of Class B shares.

Currently, each Class A Exchangeable Preferred Share of Starwood Trust is exchangeable for a paired share of Starwood and Starwood Trust. Therefore, in addition to the consideration payable by Host in the transactions, holders of Class A Exchangeable Preferred Shares of Starwood Trust will receive, in respect of each such share, an amount of cash in the REIT merger representing the value of a share of Starwood common stock, based on the average closing price of a paired share of Starwood and Starwood Trust for the 20 consecutive trading days

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immediately preceding the closing date (net of the value of consideration received by holders of Class B shares of Starwood Trust in the REIT merger). This cash amount will be in addition to the consideration described above and will be payable solely by Starwood. See the section entitled Material Terms of the Principal Transaction Agreements Consideration REIT Merger Consideration beginning on pages 65 for additional information.

The value of the consideration to be received by holders of Class B Shares of Starwood Trust and Class A Exchangeable Preferred Shares of Starwood Trust will vary depending on the market price of Host common stock at the time of the closing. The following table reflects the amount of cash and total per share value of the consideration payable to such holders (other than the cash consideration payable by Starwood to holders of Class A Exchangeable Preferred Shares), together with the total transaction value (rounded to the nearest million), based upon certain market prices of Host common stock:

Market Price of Host Common Stock	Value of Host Common Stock Received in REIT Merger	Amount of Cash Received in REIT Merger	Total Per Share Value of Consideration	Total Consideration Value (1)
$14.00	$ 8.571	$ 0.503	$ 9.071	$ 3,636,000,000
$15.00	$ 9.183	$ 0.503	$ 9.683	$ 3,770,000,000
$16.00	$ 9.795	$ 0.503	$ 10.295	$ 3,903,000,000
$17.00	$ 10.407	$ 0.503	$ 10.907	$ 4,037,000,000
$18.00	$ 11.020	$ 0.503	$ 11.520	$ 4,171,000,000
$18.48 (2)	$ 11.313	$ 0.503	$ 11.813	$ 4,234,000,000
$19.00	$ 11.632	$ 0.503	$ 12.132	$ 4,304,000,000

(1) The calculation of the Total Consideration Value column is based on the following assumptions: (i) there will be outstanding as of the effective time of the transactions (A) 217,546,651 Class B shares of Starwood Trust and (B) 562,222 Class A Exchangeable Preferred Shares of Starwood Trust; (ii) the total cash consideration payable by Host in the transactions will be $1.063 billion and (iii) the total amount of indebtedness assumed by Host in the transactions will be $704 million.

(2) Closing sale price of Host common stock on December 8, 2005.

Background of the Transactions

The management and board of directors of Host continually consider and evaluate strategic opportunities, including acquisitions and joint ventures involving single assets and portfolio transactions. Since the capital markets strengthened late in 2003, Host has acquired five properties for approximately $1.1 billion.

Over the past several years, the management of Starwood and the board of directors of Starwood have considered a number of possible alternatives for restructuring the operations of Starwood including, among other things, disposing of certain hotels owned by Starwood s subsidiaries and de-pairing the shares of Starwood common stock and the Class B shares of Starwood Trust.

Over the past several years, Christopher J. Nassetta, the President and Chief Executive Officer of Host, had occasional conversations with Barry S. Sternlicht, then-Chairman and Chief Executive Officer of Starwood. These conversations were preliminary in nature and generally related to the possibility of transactions between the companies.

In June 2004, Messrs. Nassetta and Sternlicht met at a conference and discussed the prospect of Host becoming an owner of Starwood hotel assets. As a result of that meeting, the companies exchanged preliminary comments on the type of agreement that would establish the relationship between the companies as owner and operator. Such discussions did not lead to any further negotiations.

On August 4 and 5, 2004, at a regular meeting of Starwood s board of directors and Starwood Trust s board of trustees, Starwood management and its financial advisors made presentations to the boards regarding certain strategic opportunities with respect to certain real estate owned by Starwood subsidiaries.

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On November 3 and December 3, 2004, at meetings of Starwood s board of directors and Starwood Trust s board of trustees, Starwood management updated the boards regarding the status of a possible sale of a portfolio of hotels as well as other strategic alternatives with respect to certain real estate owned by Starwood s subsidiaries that were being considered.

In early December 2004, Host and Starwood renewed discussions on the form of agreement in a meeting among Mr. Nassetta, members of Host s management team, Mr. Sternlicht, then-Executive Chairman of Starwood, and Stephen J. Heyer, Starwood s Chief Executive Officer, and members of Starwood s management team. On December 21, 2004, at the request of Messrs. Sternlicht and Heyer, senior management of Host, including Mr. Nassetta, met with Messrs. Sternlicht and Heyer and senior management of Starwood to discuss the form of the model license and operating agreements, including the term, economics, capital expenditures and other provisions thereof.

On January 3, 2005, to facilitate ongoing discussions, Host and Starwood entered into a letter agreement providing for the confidential treatment of nonpublic information provided between the parties, as well as mutual standstill obligations. In addition, discussions and negotiations continued among members of senior management on the license and operating agreements.

On February 3, 2005, at a regularly scheduled meeting of Starwood s board of directors and Starwood Trust s board of trustees, Starwood management updated the boards regarding its discussions with Host s management regarding the status of a possible sale of a portfolio of hotels.

On February 4, 2005, at a regular meeting of Host s board of directors, Host management updated Host s board of directors on Host s pursuit of potential acquisitions and other strategic opportunities, including a portfolio of hotels owned by Starwood.

On February 16, 2005, senior management of Host, including Mr. Nassetta, met with senior management of Starwood, including Mr. Heyer, and Starwood presented Host with an overview of a potential transaction and preliminary list of hotels. In addition, senior management of Host and Starwood continued discussions on key terms of the operating and license agreements that Host would execute with Starwood in connection with the proposed transactions, as well as the potential terms of a growth alliance with respect to new development and conversions of existing hotels and a preliminary timeline for a transaction.

On February 23, 2005, Starwood communicated to Host a more detailed summary of the proposed structure of the transactions and the restructuring to be completed by Starwood prior to completing the transactions.

Host subsequently retained Goldman, Sachs & Co. to act as its financial advisor, Latham & Watkins LLP to act as its legal advisor and Hogan & Hartson LLP to act as its legal advisor with respect to certain tax and international matters in connection with the proposed transactions.

On March 18, senior management of Host, including Mr. Nassetta, and Goldman Sachs met with senior management of Starwood, including Mr. Heyer, and Bear Stearns in Bethesda, Maryland to discuss a proposed term sheet for the transactions, including the potential portfolio of hotels that would be included in the proposed transactions, as well as the potential pricing and structure of such transactions. In addition, Host and its financial and legal advisors commenced preliminary due diligence of nonpublic information regarding the proposed portfolio made available by Starwood. The parties met again on March 31, 2005 with their financial advisors to negotiate the preliminary term sheet.

In early April 2005, management of Host and Starwood agreed to a preliminary, non-binding term sheet outlining the basic terms of transactions on which the parties were willing to proceed with negotiations and due diligence. The term sheet contemplated the acquisition by Host (including through entity acquisitions) of 47 hotels for $4.5 billion including $2.53 billion of stock based on a trailing 20 business days average of Host s

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stock price at that time, subject to a minimum and maximum boundary, with the remainder of the consideration consisting of cash and assumption of debt.

On April 20, 2005, representatives of Host, as well as Host s financial and legal advisors, met with representatives of Starwood, and Starwood s financial and legal advisors, at Starwood s White Plains offices to discuss the potential transaction structure proposed by Starwood, including the restructuring required to be completed by Starwood prior to completing the proposed transactions. Representatives of Host and Starwood and their respective advisors continued to discuss the potential transaction structure on calls and at meetings over the following month.

In May 2005, at several meetings of Starwood s board of directors and Starwood Trust s board of trustees, Starwood management and its financial advisors updated the boards regarding the proposed terms and conditions of the term sheet that management had negotiated with Host as well as other strategic alternatives available to the boards with respect to certain hotels owned by Starwood subsidiaries.

At a special meeting on May 2, 2005, Host s board of directors, together with members of Host s management and Host s financial and legal advisors, discussed the terms and conditions of the term sheet and the proposed transactions. Prior to this meeting, Host s board of directors was provided with information relating to the proposed transactions and portfolio, including an investment overview and a copy of the term sheet. Discussion at the meeting included:

- Mr. Nassetta and other members of Host management provided an overview of the proposed transactions and portfolio and discussed the status of negotiations and strategic rationale for the transactions;
- a representative of Goldman Sachs made a financial presentation with respect to the then proposed transactions; and
- the board, along with Host s management and legal and financial advisors, discussed the proposed transactions.

On May 10, 2005, representatives of Host and Starwood and their respective financial advisors met to discuss a number of issues with respect to the transactions, including potential changes to the composition of the hotel portfolio and the percentage decline in the trading price of Host common stock after signing of definitive documentation that would allow Starwood to terminate the agreement.

On May 18, 2005, Mr. Heyer attended a dinner with Host s board of directors and delivered a presentation on Starwood s brand strategy. At the Host board s regular meeting on May 19, 2005, Host s board of directors, together with members of Host s management and Host s financial and legal advisors, discussed developments in due diligence and negotiations of the proposed transactions. At the meeting:

- Host management reviewed results of preliminary due diligence, details of the proposed transaction structure and the potential timetable for the transactions;
- a representative of Latham & Watkins LLP discussed with Host s board of directors its fiduciary duties under Maryland law; and
- the board, along with Host s management and legal and financial advisors, discussed the proposed transactions.

On May 31, 2005, Mr. Nassetta attended a meeting of Starwood s board of directors and discussed with the Starwood board Host s business, its strategy and its rationale for the proposed transactions.

On June 8, 2005, Host and Starwood suspended diligence efforts and negotiations due to the failure of Host and Starwood to agree to the hotels to be included in the transactions and the percentage by which Host common

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stock s price would have to fall after signing before Starwood could terminate the definitive agreement. However, informal discussions between representatives of Host and Starwood occurred over the following weeks in an effort to establish a framework for transactions that Host and Starwood would be willing to consider.

On June 13 and June 28, 2005, at meetings of Starwood s board of directors and Starwood Trust s board of trustees, Starwood management updated the boards regarding the negotiations with Host.

On June 28, 2005, Host and Starwood agreed to exclude four hotels from the portfolio and replace them with three new hotels. In addition, they agreed that a decline in Host s common stock price of 20% or less after signing would not be grounds for termination by Host or Starwood. Accordingly, Host and its advisors resumed due diligence efforts. In addition, representatives of Host and Starwood and their respective legal advisors resumed discussions regarding the potential transactions.

On June 29, 2005, Latham & Watkins LLP, Host s legal advisor, delivered to Starwood and Sidley Austin Brown & Wood LLP, Starwood s legal advisor, proposed forms of a master agreement and plan of merger and an indemnification agreement, in order to negotiate more completely the terms of the proposed transactions. Over the following month, representatives of Host and Starwood and their respective financial and legal advisors met on multiple occasions to discuss the terms of the master agreement and indemnification agreement.

On July 14, 2005, Host s board of directors held a regular meeting at which it was briefed by management on the status of discussions between Host and Starwood and reviewed the proposed transactions. Prior to the meeting, the board was provided with materials regarding the proposed transactions, including information relating to the hotels included in the portfolio and the potential financing for the transactions.

Beginning on July 21, 2005, representatives of Host and Starwood and their respective legal advisors circulated drafts, and began to negotiate, additional transaction agreements and documents, including the tax sharing and indemnification agreement, the right of first offer agreement and the exhibits to the draft master agreement addressing Starwood s internal restructuring.

On July 27 and 28, 2005, at a regular meeting of Starwood s board of directors and Starwood Trust s board of trustees, Starwood management briefed the boards on the status of discussions between Host and Starwood. In addition, representatives of Bear Stearns made a presentation regarding the proposed transactions.

On August 4, 2005, representatives of Host and Starwood and their respective legal advisors met to discuss the draft master agreement and indemnification agreement.

Following this meeting and subsequent discussions over the weekend, Latham & Watkins LLP delivered revised drafts of the master agreement and indemnification agreement on August 9, 2005 and August 10, 2005, respectively. On August 11, 2005, representatives of Host and Starwood and their respective legal advisors met to discuss the revised drafts of the master agreement and indemnification agreement.

During the remainder of August 2005, representatives of Latham & Watkins LLP and Sidley Austin Brown & Wood LLP discussed remaining issues in the draft master agreement and indemnification agreement, including those identified in proposed revisions circulated by Sidley Austin Brown & Wood LLP on August 18, 2005. In addition, during this time, representatives of Host and Starwood and their respective legal advisors continued to draft and negotiate a number of ancillary transaction agreements and arrangements, including the hotel operating and license agreements, the tax sharing and indemnification agreement and registration rights agreement to apply to any shares of Host common stock issued to Starwood and its subsidiaries in the transactions. In addition Host and its legal representatives continued their extensive due diligence with respect to the acquired hotels and entities.

On September 8, 2005 and September 9, 2005, representatives of Host and Starwood and their respective legal advisors met to discuss issues with respect to the draft transaction agreements. At the meeting, Host representatives identified issues with including certain of the hotels proposed to be included in the transactions and the parties discussed removing these hotels from the proposed transactions.

On September 12 and September 23, 2005, at meetings of Starwood s board of directors and Starwood Trust s board of trustees, Starwood management updated the boards regarding the status of discussions with Host as well as certain other strategic alternatives available to Starwood with respect to certain real estate owned by Starwood s subsidiaries.

On Tuesday, September 13, 2005, Messrs. Nassetta and Heyer spoke by telephone to discuss the current state of the negotiations, including the terms of the transactions. Messrs. Nassetta and Heyer agreed that they would meet in person after the next round of negotiations between the parties.

Over the remainder of the week, Starwood responded to the issues discussed in the prior week s meetings. On September 15, 2005, representatives of Host and Starwood spoke by telephone to continue negotiations of these issues.

On September 21, 2005, representatives of Host, including Mr. Nassetta, met with representatives of Starwood, including Mr. Heyer, at Host s Bethesda offices to negotiate the remaining deal issues. At the meeting, Host presented Starwood with a proposal to resolve the remaining issues. Host s proposal included the exclusion of seven hotels from the transactions and pricing of Host common stock to be issued in the transactions. Starwood informed Host that it would have to consider Host s proposal and would respond to Host as soon as possible.

On September 22, 2005, management of Host was informed that Starwood had determined not to proceed with the transactions as described in Host s proposal and had instructed its advisors to suspend all work on the transactions.

On September 28, 2005, Mr. Heyer provided Mr. Nassetta with a revised proposal for the terms of the transactions. This proposal related to the 39 hotels remaining in the original transaction after excluding the seven properties Host proposed be excluded in the September 21 meeting. Mr. Heyer also presented a proposal for an alternative transaction with respect to only seven of the domestic hotels.

On October 3, 2005, Mr. Nassetta responded with a proposal for the 39-hotel portfolio that contemplated a minimum $17.00 valuation for Host common stock and potential increases to pricing. With the removal of the seven hotels and the consequent reduction in the purchase price to $4.097 billion, Host and Starwood agreed to reduce the equity portion of the consideration to $2.3 billion. Over the next week, representatives of Host and Starwood further discussed the structure, pricing and other terms of a proposal on which both parties would be willing to proceed.

During early to mid October 2005, Starwood entered into confidentiality agreements with several third parties and provided nonpublic information to these third parties regarding certain hotels owned by Starwood s subsidiaries, including certain hotels proposed to be included in the Host portfolio.

On October 11 and October 27, 2005, at meetings of Starwood s board of directors and Starwood Trust s board of trustees, Starwood management updated the boards regarding the status of discussions with Host as well as certain other strategic alternatives available to Starwood that management was exploring with respect to certain owned real estate.

On October 12, 2005, Host and Starwood agreed to proceed with negotiating the draft transaction agreements and Latham & Watkins LLP delivered a revised draft of the master agreement, followed by a revised draft of the indemnification agreement on October 13, 2005. Starwood also resumed its cooperation with the continuing due diligence efforts of Host and its advisors, and Host and Starwood and their respective legal advisors continued to negotiate the terms of the ancillary agreements.

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On October 17, 2005, Sidley Austin delivered proposed revisions to the draft master agreement and indemnification agreement. Host and Starwood and their respective legal advisors met on October 17, 2005 and October 18, 2005 to negotiate the draft master agreement, indemnification agreement and other ancillary agreements. On October 20, 2005, Latham & Watkins LLP delivered revised drafts of the master agreement and indemnification agreement. On October 20, 2005 and October 21, 2005, representatives of Latham & Watkins LLP and Sidley Austin further negotiated the terms of the draft master agreement and indemnification agreement.

On October 23, 2005, Host s board of directors met, together with members of Host s management and financial and legal advisors, to discuss the status of negotiations and due diligence with respect to the proposed transactions. Prior to this meeting, the board was provided with materials including an updated investment overview by Host s management and drafts of the primary transaction agreements, together with a summary by Latham & Watkins LLP of the material terms of those drafts. At the meeting:

- Host management made presentations and responded to questions concerning the status of negotiations, the financial terms of the investment, the due diligence findings with respect to the portfolio, the terms, financing and structure of the transactions and the continuing strategic rationale for the transactions;

- representatives of Hogan & Hartson LLP reviewed with Host s board of directors additional due diligence relating to tax matters and legal matters concerning hotels located outside the United States;

- a representative of Latham & Watkins LLP reviewed with Host s board of directors its fiduciary duties under Maryland law;

- a representative of Goldman Sachs discussed its financial analyses;

- Host management and representatives of Latham & Watkins LLP reviewed with the board, and responded to questions concerning, the material terms of the draft transaction agreements; and

- Host s board of directors, together with Host s management and legal and financial advisors, discussed the proposed transactions.

At the conclusion of the meeting, and after extensive discussion, Host s board of directors authorized management to continue negotiations with Starwood and attempt to resolve the remaining outstanding issues.

On October 23, 2005, Sidley Austin Brown & Wood LLP delivered proposed revisions to the draft master agreement and, on October 24, 2005, Sidley Austin Brown & Wood LLP delivered proposed revisions to the draft indemnification agreement. Representatives of Latham & Watkins LLP and Sidley Austin Brown & Wood LLP discussed remaining issues with these drafts on October 25, 2005. On October 26, 2005, Latham & Watkins LLP delivered revised drafts of these agreements.

On Friday, October 28, 2005, Latham & Watkins LLP delivered revised drafts of the master agreement and indemnification agreement to reflect discussions between representatives of Host and Starwood. Over the following week, representatives of Host, Latham & Watkins LLP and Sidley Austin Brown & Wood LLP continued to negotiate the open issues in the transaction agreements.

On November 4, 2005, at meetings of Starwood s board of directors and Starwood Trust s board of trustees, Starwood management updated the boards regarding the status of discussions with Host as well as certain other strategic alternatives involving selected owned real estate that management was considering.

At a board meeting on November 8, 2005, Host s board of directors, together with Host s management and financial and legal advisors, discussed recent developments in negotiations regarding the proposed transactions and draft transaction agreements. Prior to this meeting, the board was provided with materials including a summary by Latham & Watkins LLP of the material terms of the drafts of the primary transaction agreements and changes made to those drafts since the last board meeting. At the meeting:

Host management made presentations and responded to questions concerning the transactions;

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representatives of Goldman Sachs provided an overview of the financial analyses that it expected to perform in connection with the transactions; and

Host management and representatives of Latham & Watkins LLP reviewed with the board, and responded to questions concerning, the material terms of the draft transaction agreements.

At the conclusion of the meeting, and after extensive discussion, Host s board of directors authorized management to continue negotiations with Starwood and attempt to resolve the remaining outstanding issues.

On November 10, 2005, representatives of Host and Starwood and their respective legal advisors held a conference call to negotiate remaining issues in the draft transaction agreements and discussed issues with respect to one of the hotels to be included in the transactions. As a result of those discussions, one hotel was removed from the transactions, resulting in a remaining portfolio of 38 hotels for aggregate consideration of $4.037 billion, including $2.27 billion of Host common stock. Following this discussion, Latham & Watkins LLP delivered a revised draft of the master agreement.

Throughout the day on November 13, 2005, and into the morning of November 14, 2005, Latham & Watkins LLP and Sidley Austin Brown & Wood LLP exchanged revised drafts of the master agreement and indemnification agreement and representatives of Host and Starwood and their respective legal advisors negotiated resolution to the final remaining issues, including the value to be allocated to each of the hotels in the portfolio, and finalized the forms of the master agreement, indemnification agreement and ancillary agreements.

In the afternoon of November 13, 2005, Host s board of directors held a special telephonic meeting, together with Host s management and financial and legal advisors, to review and discuss the terms and conditions of the proposed transactions and draft transaction agreements, including developments in negotiations since the last board meeting. Prior to this meeting, the board was provided with materials including financial analyses of Goldman Sachs and drafts of the primary transaction agreements, together with a summary by Latham & Watkins LLP of the material terms of those drafts and changes made to those drafts since the last board meeting. At the meeting:

Host management made presentations and responded to questions concerning changes in the terms of the transactions;

Goldman Sachs reviewed with Host s board of directors its financial analyses of the consideration to be paid by Host in the transactions, and delivered to Host s board of directors an oral opinion, which opinion was confirmed by delivery of a written opinion dated November 14, 2005, to the effect that, as of the date of the opinion and based on and subject to the factors and assumptions stated in such opinion, the Consideration (as defined in such opinion) in the aggregate to be paid by Host and certain of its subsidiaries for the Assets and Interests (each as defined in such opinion) pursuant to the master agreement was fair, from a financial point of view, to Host; and

after further deliberations, Host s board of directors then unanimously adopted resolutions declaring that the master agreement and the proposed transactions are advisable and in the best interests of Host and its operating partnership and their respective stockholders and partners, approving and adopting the master agreement, directing that the approval of the issuance of Host common stock in the transactions be submitted to a vote at a special meeting of holders of Host common stock, and recommending that the holders of Host common stock approve the issuance of Host common stock in the transactions.

In the afternoon of November 13, 2005, at meetings of Starwood s board of directors and Starwood Trust s board of trustees, Starwood management made presentations regarding the transactions. In addition, Bear Stearns delivered a presentation to the boards regarding its financial analyses of the consideration to be paid in the transactions, and delivered to the Starwood board of directors and the Starwood Trust board of trustees an oral opinion, which was subsequently confirmed in writing, that, as of November 13, 2005, and based upon and subject to the assumptions, qualifications and limitations set forth in the written opinion, the aggregate

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consideration to be received by Starwood, Starwood Trust and their shareholders for the Starwood Portfolio, as defined in Bear Stearns written opinion, was fair, from a financial point of view, to Starwood and Starwood Trust. After further deliberations, the board of directors of Starwood and the board of trustees of Starwood Trust unanimously adopted resolutions declaring that the master agreement and the proposed transactions are advisable and in the best interests of the stockholders of Starwood and the shareholders of Starwood Trust and approving and adopting the master agreement.

On November 14, 2005, the parties executed the master agreement and certain of the ancillary transaction agreements and Host and Starwood issued separate press releases announcing the transactions.

Recommendation of Host s Board of Directors and Its Reasons for the Transactions

At its meeting on November 13, 2005, Host s board of directors determined that the master agreement and the transactions contemplated by the master agreement are advisable and in the best interests of Host and its stockholders and unanimously approved the master agreement and the transactions contemplated by the master agreement, including the issuance of shares of Host common stock in the transactions. Host s board of directors unanimously recommends that Host common stockholders vote FOR approval of the issuance of Host common stock in the transactions.

In determining whether to approve the master agreement and the proposed transactions, Host s board of directors consulted with Host s senior management, as well as its legal counsel, Latham & Watkins LLP, and its financial advisor, Goldman Sachs, and considered a number of factors, including, among others, the following material factors.

Strength of Portfolio. Host s board of directors considered the strength of the portfolio included in the transactions. In particular, Host s board of directors considered that:

- the portfolio assets are high-quality, luxury and upper upscale hotels with an average size of approximately 500 rooms and an expected revenue per available room of $117 for 2005;
- approximately 80% of the portfolio revenues are from properties in urban, convention or resort locations, six of which are city-center hotels with over 750 rooms;
- the portfolio is geographically diverse, including in Europe and key domestic markets such as New York, Boston, San Diego and Seattle; and
- most portfolio assets are located in markets with strong growth profiles and limited near-term supply.

Enhanced Growth Potential and Brand Diversification. Host s board of directors considered the benefits of brand diversification and the growth potential arising from the transactions, including:

that the transactions create an important relationship with Starwood, thereby diversifying Host s brand representation, particularly with respect to Westin®, an upper-upscale brand that continues to gain market share, Sheraton®, a brand that Host believes has significant growth potential driven by recently implemented improvements in its product and service and W Hotels®, a brand that is emerging as the top hotel choice among young professionals and gen-Xers;

that the new relationship with Starwood provides a platform for additional growth;

the opportunity to benefit from improving market share among Starwood s brands; and

the opportunity to work with Starwood to add value to the portfolio through aggressive asset management.

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International Platform. Host s board of directors considered the fact that the transactions expand Host s geographic distribution into new markets outside of the United States, including that:

- six hotels representing 15% of the portfolio (by revenues) are located in Europe;
- three hotels representing 10% of the portfolio (by revenues) are in Canada;
- four additional hotels are located in Fiji and Chile; and
- Host management believes many of these international markets are in the early stages of lodging recovery, offering the opportunity for additional growth outside of the domestic lodging cycle.

Enhanced Company Profile. Host s board of directors considered the increase in Host s size and market float due to the transactions and the potential increased liquidity for Host stockholders and reduction in Host s cost of capital as a result of such increased size and float. Upon completion of the transactions, Host expects:

- to have a total enterprise value of approximately $16 billion, based on the issuance of 133,529,412 shares of Host common stock at the exchange price of $17.00 per share, a fully diluted share count (including minority holders of operating partnership interests in Host LP) of approximately 570 million shares and net debt of approximately $6.4 billion; and
- to be the largest lodging company in the U.S. and the sixth-largest public REIT.

Financial Considerations. Host s board of directors considered the attractive financial terms of the transactions, including:

- Host management s expectation that the transactions will be accretive to Host s Funds From Operations (FFO) per diluted share in 2006 and modestly improve Host s leverage and coverage ratios;
- the attractive multiple of purchase price to forecasted 2006 EBITDA for the portfolio;
- the fact that the purchase price for the portfolio represents a substantial discount to replacement cost;
- the fact that Host s projected internal rate of return for the portfolio exceeds Host s weighted average cost of capital;
- the fact that the exchange ratio is fixed and will not be adjusted for any decline in the trading price of Host common stock (subject to Starwood s termination right if the trading price falls below $13.60, as described in more detail in Material Terms of the Principal Transaction Agreements Termination of the Master Agreement Termination by Host or Starwood beginning on page 83); and

the fact that Starwood will pay up to $50 million of Host s share of transaction expenses if the portfolio s 2005 EBITDA fails to meet Starwood s projections (see Material Terms of the Principal Transaction Agreements Transfer Taxes and Transaction Costs beginning on page 85).

Opinion of Host s Financial Advisor. Host s board of directors considered the financial presentation of Goldman Sachs, including its opinion, dated November 14, 2005, to Host s board of directors to the effect that as of the date of the opinion, and subject to the factors and assumptions stated in such opinion, the Consideration (as defined in such opinion) in the aggregate to be paid by Host and certain of its subsidiaries for the Assets and Interests (each as defined in such opinion) pursuant to the master agreement was fair from a financial point of view to Host.

Additional Considerations. Host s board of directors considered the following additional factors as generally supporting its decision:

the terms and conditions of the master agreement and related forms of indemnification agreements, including:

the representations and covenants of Starwood;

the conditions to Host s obligations to complete the transactions;

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- the ability of Host to defer closing with respect to particular assets (and, ultimately remove them from the transactions) due to certain adverse developments or circumstances, as described in more detail in Material Terms of the Principal Transaction Agreements Conditions to Completion of the Closing Transactions beginning on page 69 and Material Terms of the Principal Transaction Agreements Other Agreements Relating to the Period Prior to Closing Deferral of Hotels beginning on page 80;

- terms relating to third party offers, including (1) limitations on the ability of Starwood to solicit competing proposals for the portfolio and (2) the ability of Host to receive a termination fee and an expense reimbursement under certain circumstances; and

- Starwood s indemnification of Host for, among other things, retained liabilities relating to pre-closing taxes, pre-closing claims by holders of debt or equity interests in Starwood or hotels and other assets or businesses excluded from the transactions;

the commitment of Goldman Sachs and Deutsche Bank, described in Financing for the Transactions beginning on page 58, to provide acquisition financing for the cash portion of the purchase price; and

the expectation that the transactions could be completed within a reasonable timeframe.

Host s board of directors also considered a number of potentially negative factors in its deliberations concerning the master agreement and the transactions, including:

the risk that the transactions may not be completed due to the failure to satisfy covenants or closing conditions, including due to Starwood s condition with respect to potential changes in tax law or regulation described in more detail in Material Terms of the Principal Transaction Agreements Conditions to Completion of the Closing Transactions Additional Conditions to the Obligations of Starwood to Effect the Closing Transactions beginning on page 70, and the resulting disruption to Host s business;

the risk that, because the exchange ratio is fixed and would not be adjusted for changes in the trading price of Host common stock, the value of consideration payable by Host could be significantly more than the value of the consideration immediately prior to the announcement of the transactions;

the risk that the transactions may not receive all required consents and approvals, including the risk that, as described in more detail in Material Terms of the Principal Transaction Agreements Conditions to Completion of the Closing Transactions beginning on page 69 and Material Terms of the Principal Transaction Agreements Other Agreements Relating to the Period Prior to Closing Deferral of Hotels beginning on page 80, Starwood could require Host to close without certain assets;

the risk that Host may not realize the accretion to per share funds from operations, or FFO, and other benefits that Host expects from the transactions;

the diversion of management focus and resources from other strategic alternatives and from operational matters while working to implement the merger;

the expected costs of implementing the transactions;

the restrictions on Host s business and financing activities during the period between signing of the master agreement and completion of the transactions; and various other applicable risks associated with the transactions, including those described in   Risk Factors   beginning on page 17.

The above discussion of the factors considered by Host s board of directors is not intended to be exhaustive, but does set forth the principal positive and negative factors considered by the board. In view of the wide variety of factors considered by Host s board of directors with its evaluation of the master agreement and the transactions and the complexity of these matters, Host s board of directors did not consider it practical and did not attempt to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision. In considering the factors discussed above, directors considered all of these factors as a whole and individual directors may have given different weights to different factors. Host s board of directors realized that there can be no assurance about future results, including results expected or considered in the factors discussed above. However, Host s board of directors concluded that the potential benefits outweighed the potential risks of entering into the master agreement and consummating the transactions.

Starwood s Reasons for the Transactions

In reaching their decisions to approve the master agreement and the transactions contemplated by the master agreement, the board of directors of Starwood and the board of trustees of Starwood Trust, which are collectively referred to throughout this proxy statement/prospectus as the Starwood boards, consulted with Starwood s senior management, financial advisors and legal counsel for the transactions. The Starwood boards considered both the short-term and long-term interests of Starwood and Starwood Trust, as well as those of the holders of paired shares of Starwood and Starwood Trust. In unanimously approving the master agreement and the transactions contemplated by the master agreement, the Starwood boards considered, among other things, the factors discussed below.

Positive Factors Considered by the Starwood Boards

The Starwood boards identified and considered in their deliberations a number of potentially positive factors relating to the REIT merger and the other transactions contemplated by the master agreement, including the following:

- The opportunity for Starwood and Host to enter into long-term operating agreements pursuant to which Starwood will continue to manage each of the acquired hotels.

- The quality and experience of Host s management team, and Host s commitment to collaboratively work with Starwood to add maximum value to the acquired hotels and to pursue additional growth opportunities.

- The opportunity for Starwood to increase its focus on its hotel management, franchise, vacation ownership and related businesses, reduce Starwood s capital requirements for owned real estate and moderate Starwood s exposure to the cyclical nature of the real estate market.

- The expectation that the transaction will result in increased cash flows to Starwood which will enable Starwood to pursue its growth strategy and to buy back stock.

- The ability of Starwood Trust shareholders both to maintain an equity interest in the divested Starwood properties (and participate in their potential growth) through their ownership of Host common stock following the REIT merger and to realize cash for a portion of their Class B shares.

- The terms and conditions of the master agreement and the other documents to be executed in connection with the transaction.

The alternatives for Starwood to a negotiated merger with Host, including the possibility of business combination transactions with other REITs and financial buyers, the possibility of Starwood selling certain hotels, and the possibility of the Starwood Trust de-pairing from Starwood and continuing to operate as an independent company.

The opportunity for Starwood and its shareholders to receive consideration for the portfolio of acquired hotels that Starwood believed represented a fair price.

The provisions of the master agreement that permit the Starwood boards to respond to and engage in discussions or negotiations regarding an unsolicited third party acquisition proposal under specified circumstances if either board concludes in good faith that the proposal is reasonably likely to lead to a superior proposal and, under specified circumstances, to terminate the master agreement and enter into an agreement with respect to the superior proposal.

The absence of any financing condition in the master agreement.

The financial ability and willingness of Host to complete the transaction.

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The opinion of Bear Stearns to Starwood s board of directors and Starwood Trust s board of trustees, which was subsequently confirmed in writing, that, as of November 13, 2005 the date of the written opinion, and based upon and subject to the assumptions, qualifications and limitations set forth in the written opinion, the aggregate consideration to be received by Starwood, Starwood Trust and their shareholders for the Starwood Portfolio, as defined in the written opinion, was fair, from a financial point of view, to Starwood and Starwood Trust, and the related financial presentation to Starwood s board of directors and Starwood Trust s board of trustees in connection therewith.

Historical information concerning Host s and Starwood s respective businesses, financial performance and condition, operations, competitive positions and management, including historical market prices, volatility and trading information with respect to Host common stock.

Current industry, market and economic conditions, including current financial and real estate market conditions and the prospects for further increases in interest rates.

The expectation that Starwood s financial condition would improve following the consummation of the transaction through the reduction of a significant portion of indebtedness, which could lead to an improved credit rating.

Starwood management s view of Host s and Starwood s respective businesses, financial condition and results of operations before and after giving effect to the REIT merger.

Presentations from, and discussions with, Starwood s management, financial advisors and legal counsel regarding the results of the due diligence investigations of Host conducted by Starwood s management and its financial advisors and legal counsel.

Negative Factors Considered by the Starwood Boards

The Starwood boards also identified and considered in their deliberations a number of potentially negative factors relating to the REIT merger and the other transactions contemplated by the master agreement, including the following:

The fact that a significant portion of the consideration that Starwood Trust shareholders will receive in the REIT merger consists of shares of Host common stock, such that if there is a decrease in the trading price of Host common stock prior to the closing of the REIT merger, the value of the stock portion of the merger consideration to be received by Starwood Trust shareholders will be reduced as described above under Risk Factors The market value of Host common stock that holders of Starwood Trust shares will receive depends on what the market price of Host common stock will be at the effective time of the transactions and will increase or decrease if the market value of Host common stock increases or decreases beginning on page 17.

The possibility that some provisions of the master agreement could have the effect of discouraging alternative proposals for transactions involving Starwood or the hotels to be acquired by Host, including the nonsolicitation provision and the provision requiring that Starwood pay to Host a termination fee of $100 million and reimburse Host for up to $20 million of its expenses if the master agreement is terminated under certain circumstances, as described below under Material Terms of the Principal Transaction Agreements Termination of the Master Agreement Termination Fees and Expenses beginning on page 84.

The fact that the consideration paid for Starwood Trust s Class B shares will be taxable to Starwood Trust shareholders, as described below under Material Federal Income Tax Consequences of the REIT Merger to Holders of Paired Shares of Starwood and Starwood Trust and Holders of Starwood Trust Class A Exchangeable Preferred Shares beginning on page 98.

The need to obtain Host stockholder approval.

The risk that the transactions might not be consummated and the potential adverse effect of the public announcement of the transactions on the share price and operations of Starwood and Host.

The significant cost involved in connection with completing the transaction, including Starwood management s time and effort and the related disruption to Starwood s operations.

Other applicable risks described above under Risk Factors beginning on page 17.

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The Starwood boards concluded that the potentially negative factors they considered were outweighed by the positive factors to be gained by the completion of the transactions contemplated by the master agreement.

The above discussion of the material factors considered by the Starwood boards is not intended to be exhaustive, but does set forth the principal factors considered by the Starwood boards. The Starwood boards collectively reached their unanimous decision to approve the master agreement and the transactions contemplated by the master agreement in light of the various factors described above and other factors that each board member felt was appropriate. In view of the wide variety of factors considered by the Starwood boards in connection with their evaluation of the proposed transaction and the complexity of these matters, the boards did not consider it practical, and did not attempt, to quantify, rank or otherwise assign relative weights to the specific factors they considered in reaching their decision. Rather, the Starwood boards made their decision to approve the master agreement and the transactions contemplated by the master agreement based on the totality of information presented to and the investigation conducted by them. In considering the factors discussed above and other factors that each director and trustee deemed appropriate, individual board members likely gave different weights to different factors.

Opinion of Host Financial Advisor

Goldman Sachs rendered its opinion to Host s board of directors to the effect that, as of November 14, 2005 and based upon and subject to the factors and assumptions set forth therein, the Consideration (as defined in such opinion) in the aggregate to be paid by Host and certain of its subsidiaries for the Assets and Interests (each as defined in such opinion) pursuant to the master agreement was fair from a financial point of view to Host.

The full text of the written opinion of Goldman Sachs, dated November 14, 2005, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as *Annex D* to this proxy statement/prospectus. Goldman Sachs provided its opinion for the information and assistance of Host s board of directors in connection with its consideration of the master agreement and the transactions. The Goldman Sachs opinion is not a recommendation as to how any holder of Host common stock should vote with respect to the transactions.

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

- the master agreement;
- annual reports to stockholders of Host, holders of units of limited partnership interests of Host LP and holders of beneficial interests of Starwood Trust;
- annual reports on Form 10-K of Host, Host LP, Starwood and Starwood Trust for the five fiscal years ended December 31, 2004;
- certain interim reports to stockholders of Host, holders of units of limited partnership interests of Host LP and holders of beneficial interests of Starwood Trust, respectively;

quarterly reports on Form 10-Q of Host, Host LP and Starwood Trust;

certain other communications from Host to its stockholders, Host LP to the holders of its units of limited partnership interests and Starwood Trust to the holders of shares of beneficial interest of Starwood Trust;

financial information of the business of the hotels to be acquired by Host in the transactions, which is referred to throughout this proxy statement/prospectus as the Acquired Business, for the three fiscal years ended December 31, 2004 and for the eight months ending August 31, 2005;

certain internal financial analyses and forecasts for the Acquired Business prepared by Starwood s management;

certain internal financial analyses and forecasts for Host prepared by its management; and

certain financial analyses and forecasts for the Acquired Business prepared by the management of Host, which is referred to throughout this proxy statement/prospectus as the Forecasts.

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Goldman Sachs also held discussions with members of the senior management of Host regarding their assessment of the strategic rationale for, and the potential benefits of, the transactions and with members of the senior managements of Host and Starwood regarding the past and current business operations, financial condition, and future prospects of Host, Host LP and the Acquired Business, as the case may be. In addition, Goldman Sachs reviewed the reported price and trading activity for the shares of Host common stock, compared certain financial and stock market information for Host and certain financial information for the Acquired Business with similar financial and stock market information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations involving the hotel industry specifically and in other industries generally and performed such other studies and analyses, and considered such other factors, as Goldman Sachs considered appropriate.

Goldman Sachs relied upon the accuracy and completeness of all of the financial, accounting, legal, tax and other information discussed with or reviewed by Goldman Sachs and assumed such accuracy and completeness for purposes of rendering the opinion described above. In that regard, Goldman Sachs assumed, with Host s consent, that the Forecasts have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of Host. Goldman Sachs also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the transactions will be obtained without any adverse effect on Host, Host LP or the Acquired Business or on the expected benefits of the transactions in any way meaningful to Goldman Sachs analysis and Goldman Sachs assumed that all of the conditions to the obligations of Host and Host LP under the master agreement will be satisfied without any waiver of those conditions. Goldman Sachs opinion does not address the value or price of any particular property being acquired by Host or its subsidiaries. In addition, Goldman Sachs made no independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of Host, Host LP, the Acquired Business or Starwood Trust or any of their respective subsidiaries and was not furnished with any such evaluation or appraisal. Goldman Sachs opinion did not address the underlying business decision of Host to engage in the transactions, nor does Goldman Sachs express any opinion as to the prices at which shares of Host common stock will trade at any time. In rendering its opinion, Goldman Sachs did not express any view regarding the fairness from a financial point of view of the transactions to Host LP or the holders of Host LP units. The opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Goldman Sachs as of, the date of the opinion.

The following is a summary of the material financial analyses delivered by Goldman Sachs to Host s board of directors in connection with rendering the opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs, nor does the order of analyses described represent relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before November 13, 2005 and is not necessarily indicative of current market conditions.

Selected Companies Analysis. Goldman Sachs reviewed and compared certain financial information for Host to corresponding financial information, ratios and public market multiples for the following publicly traded corporations in the upper upscale lodging industry:

LaSalle Hotel Properties

Strategic Hotel Capital, Inc.

MeriStar Hospitality Corporation

Sunstone Hotel Investors, Inc.

FelCor Lodging Limited Partnership

Hospitality Properties Trust

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Although none of the selected companies is directly comparable to Host, the companies included were chosen because they are publicly traded companies with operations that for purposes of analysis may be considered similar to certain operations of Host.

The multiples and ratios for Host were based on Host s share price as of November 11, 2005 and on estimates from Host s management of earnings before interest, taxes, depreciation and amortization (EBITDA) and funds from operations (FFO) and for the comparable companies were based on their share prices as of November 11, 2005, publicly available information filed with the SEC and the most recent Institutional Broker Estimate Services (IBES) estimates available on November 13, 2005. With respect to Host and the comparable companies, Goldman Sachs calculated and compared:

- enterprise value (meaning the market value of common equity plus the book value of debt less cash) as a multiple of estimated 2005 and 2006 EBITDA; and

- current share price as a multiple of 2005E and 2006E FFO.

The following table presents the range and median results of this analysis:

	Range	Median
EV/2005E EBITDA	11.9x-14.9x	12.4x
EV/2006E EBITDA	8.6x-12.7x	11.3x
P/2005E FFO	11.6x-16.1x	12.1x
P/2006E FFO	9.1x-13.5x	10.3x

Goldman Sachs compared these amounts to the multiples for Host of enterprise value to EBITDA for Host of 13.5x and of price to FFO for Host of 15.0x, in each case based on Host s management s estimates for 2005.

Discounted Cash Flow Analysis. Goldman Sachs performed a discounted cash flow analysis on the portfolio using Host s management s estimates of the unlevered free cash flows from the portfolio for the years 2006 through 2015, including a sale of the properties in 2015 using terminal values in the year 2015 based on multiples ranging from 9.0x EBITDA to 11.0x EBITDA. Goldman Sachs then calculated the implied net present enterprise values of the portfolio using discount rates ranging from 7.70% to 8.70%, which represented a potential range of weighted average cost of capital for Host based on information provided by Host s management. Based on the assumptions set forth above, Goldman Sachs calculated a range of implied enterprise values for the portfolio of $4.465 billion to $5.335 billion.

Selected Transactions Analysis. Goldman Sachs analyzed certain information relating to selected transactions in the upper upscale lodging industry since October 2003.

For each of the selected transactions, Goldman Sachs calculated and compared (where available) the price per room and the twelve month forward EBITDA multiple based on research reports around the time of the announcement of those transactions and press releases relating to these transactions.

The following table presents the results of this analysis:

	Price Per Room	Forward EBITDA Multiple
High	$ 396,015	14.4x
Mean	$ 244,980	12.4x
Median	$ 244,813	12.4x
Low	$ 140,329	10.6x

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Goldman Sachs then compared these amounts and multiples to amounts and multiples for Host based on estimates from Host s management, and for the properties being acquired based on the price being paid in the transactions and the allocations from the master agreement and estimates from Host s management:

Company	Enterprise Value Multiples		Price per Room
	2005E	2006E	
Host	13.55x	11.85x	$220,167
Portfolio Purchase Price	12.97x	11.43x	$215,965

Earnings Accretion/Dilution Analysis. Goldman Sachs prepared an accretion/dilution analysis for 2006E FFO based on estimates provided by Host s management s for its expected case , which assumes that a portion of the cash for the transactions is funded with $353,000,000 of proceeds from the sale of two Host hotels and the conservative case, which assumes no asset sale proceeds financed the transactions. Such analysis indicated FFO accretion in 2006 of 3.5% in the expected case and 3.0% in the conservative case.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to Host or the contemplated transaction.

Goldman Sachs prepared these analyses for purposes of Goldman Sachs providing its opinion to Host s board of directors as to the fairness from a financial point of view of the Consideration in the aggregate to be paid by Host and certain of its subsidiaries for the Assets and Interests pursuant to the master agreement. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Host, Starwood, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecast.

The Consideration was determined through arms -length negotiations between Host and Starwood and was approved by Host s board of directors. Goldman Sachs provided advice to Host during these negotiations. Goldman Sachs did not, however, recommend any specific amount of consideration to Host or its board of directors or that any specific amount of consideration constituted the only appropriate consideration for the transactions.

As described above, Goldman Sachs opinion to Host s board of directors was one of many factors taken into consideration by Host s board of directors in making its determination to approve the master agreement. The foregoing summary does not purport to be a complete description of the analyses performed by Goldman Sachs in connection with the fairness opinion and is qualified in its entirety by reference to the written opinion of Goldman Sachs attached as *Annex D* to this proxy statement/prospectus.

Goldman Sachs and its affiliates, as part of their investment banking business, are continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and other transactions as well as for estate, corporate and other purposes. Goldman Sachs has acted as financial advisor to Host in connection with, and has participated in certain of the negotiations leading to, the transactions. Goldman Sachs is acting as joint lead arranger and joint bookrunner in connection

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with Host LP s proposed bridge loan facility (aggregate principal amount of up to $1.67 billion) in connection with the transactions, as well as in a lead role with respect to any indebtedness that may be issued to replace such bridge loan facility. In addition, Goldman Sachs has provided certain investment banking services to Host from time to time, including having acted as co-lead underwriter in the public offering of 27.5 million shares of Host common stock in August 2003, co-manager in the placement of Host s 7 1/8% Notes due 2013 (aggregate principal amount $725 million) in October 2003, sole bookrunner in the placement of the Host s 3.25% Exchangeable Senior Debentures due 2024 (aggregate principal amount $375 million) in March 2004, co-manager in the placement of Host s 7% Series L Senior Notes due 2012 (aggregate principal amount $350 million) in July 2004, a lender in Host s revolving credit facility in September 2004, bookrunner and co-lead manager in the placement of Host s 6.375% Notes due March 2015 (aggregate principal amount $650 million) in March 2005 and Host s financial advisor in its tender for its 8 3/8% Series E Senior Notes due 2006 (aggregate principal amount $280 million) in April 2005. Goldman Sachs expects to receive fees for its services in connection with the transactions, all of which are contingent upon consummation of the transactions. Goldman Sachs also has provided certain investment banking services to Starwood and its affiliates from time to time. Goldman Sachs may also provide investment banking services to Host, Host LP, and their respective affiliates in the future. In connection with the above-described services Goldman Sachs has received, and may receive, compensation.

Goldman Sachs is a full service securities firm engaged, either directly or through its affiliates, in securities trading, investment management, financial planning and benefits counseling, risk management, hedging, financing and brokerage activities for both companies and individuals. In the ordinary course of these activities, Goldman Sachs and its affiliates may provide such services to Host, Host LP, Starwood, Starwood Trust and their respective affiliates, may actively trade the debt and equity securities, or related derivative securities, of Host, Host LP, Starwood and Starwood Trust for their own account and for the accounts of their customers and may at any time hold long and short positions of such securities.

Host s board of directors selected Goldman Sachs as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the transactions. Pursuant to a letter agreement dated March 3, 2005, Host engaged Goldman Sachs to act as its financial advisor in connection with a possible transaction with Starwood and Starwood Trust. Pursuant to the terms of this letter, if the aggregate consideration is greater than $4 billion, but less than or equal to $5 billion, Host has agreed to pay Goldman Sachs upon completion of the transactions a transaction fee equal to 0.33% of the aggregate Consideration not to exceed $15 million. In addition, Host has agreed to reimburse Goldman Sachs for its expenses, including attorneys fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities, including certain liabilities under the federal securities laws.

Opinion of Starwood and Starwood Trust s Financial Advisor

Starwood s board of directors and Starwood Trust s board of trustees retained Bear Stearns to act as their financial advisor with respect to a possible transaction with Host and Host LP. In selecting Bear Stearns, Starwood s board of directors and Starwood Trust s board of trustees considered the fact that Bear Stearns is an internationally recognized investment banking firm with substantial experience advising companies in the lodging industry as well as substantial experience providing strategic advisory services. Bear Stearns, as part of its investment banking business, is continuously engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

At the November 13, 2005 meeting of Starwood s board of directors and Starwood Trust s board of trustees, Bear Stearns delivered its oral opinion, which was subsequently confirmed in writing, that, as of November 13, 2005, and based upon and subject to the assumptions, qualifications and limitations set forth in the written opinion, the aggregate consideration to be received by Starwood, Starwood Trust and their shareholders for the Starwood Portfolio, as defined in the Bear Stearns written opinion, was fair, from a financial point of view, to Starwood and Starwood Trust.

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The full text of Bear Stearns written opinion is attached as Annex E to this proxy statement/prospectus and you should read the opinion carefully and in its entirety. The opinion sets forth the assumptions made, some of the matters considered and qualifications and limitations of the review undertaken by Bear Stearns. The Bear Stearns opinion is subject to the assumptions and conditions contained therein and is necessarily based on economic, market and other conditions and the information made available to Bear Stearns as of the date of the Bear Stearns opinion. In reading the discussion of the fairness opinion set forth below, you should be aware that Bear Stearns opinion:

- was provided to Starwood and Starwood Trust s board of directors solely for their benefit and use;
- did not constitute a recommendation to either of the boards in connection with the transactions;
- does not constitute a recommendation to the board of directors of Host or any shareholder of Host as to how to vote in connection with the transactions; and
- did not address Starwood or Starwood Trust s underlying business decision to pursue the transactions, the relative merits of the transactions as compared to any alternative business strategies that might exist for Starwood or Starwood Trust, the distribution of the aggregate consideration to be received or the effects of any other transaction in which Starwood or Starwood Trust might engage.

Although Bear Stearns evaluated the fairness of the aggregate consideration to be received, from a financial point of view, to Starwood and Starwood Trust, the aggregate consideration itself was determined by Starwood and Host through arm s-length negotiations. Starwood did not provide specific instructions to, or place any limitations on, Bear Stearns with respect to the procedures to be followed or factors to be considered by it in performing its analyses or providing its opinion.

In connection with rendering its opinion, Bear Stearns:

- reviewed the master agreement in substantially final form;
- reviewed Starwood s Annual Reports to Shareholders and Starwood s and Starwood Trust s Annual Reports on Form 10-K for the years ended December 31, 2002, 2003 and 2004, their Quarterly Reports on Form 10-Q for the periods ended March 31, 2005 and June 30, 2005 and their Current Reports on Form 8-K for the three years ended the date hereof;
- reviewed certain operating and financial information, including estimates (the Estimates) for 2005 and 2006 for the Starwood Portfolio, relating to Starwood s, Starwood Trust s and the Starwood Portfolio s businesses and prospects, all as prepared and provided to Bear Stearns by Starwood s and Starwood Trust s management;
- met with certain members of Starwood s and Starwood Trust s senior management to discuss Starwood s, Starwood Trust s and the Starwood Portfolio s businesses, operations, historical and estimated financial results and future prospects;
- reviewed Host s Annual Reports to Shareholders and Annual Reports on Form 10-K for the years ended December 31, 2002, 2003 and 2004, its Quarterly Reports on Form 10-Q for the periods ended March 25, 2005, June 17, 2005 and September 9, 2005 and its Current Reports on Form 8-K for the three years ended the date hereof;

reviewed certain operating and financial information relating to Host s business and prospects, all as prepared and provided to Bear Stearns by Host s management;

met with certain members of Host s senior management to discuss Host s business, operations, historical and estimated financial results and future prospects;

reviewed the historical prices, trading multiples and trading volumes of the paired shares of Starwood and the common stock of Host;

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reviewed publicly available financial data, stock market performance data and trading multiples of companies which Bear Stearns deemed generally comparable to Starwood, Host and the Starwood Portfolio;

reviewed the terms of recent mergers and acquisitions involving companies and portfolios of lodging assets which Bear Stearns deemed generally comparable to Starwood and the Starwood Portfolio;

reviewed the pro forma financial results, financial condition and capitalization of Starwood and Host giving effect to the transactions; and

conducted such other studies, analyses, inquiries and investigations as Bear Stearns deemed appropriate.

Bear Stearns relied upon and assumed, without independent verification, the accuracy and completeness of the financial and other information provided to it by Starwood, Starwood Trust and Host, including, without limitation, the Estimates, or which was available to it from public sources. With respect to Starwood s, Starwood Trust s and Host s estimated financial results, Bear Stearns relied on representations that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the senior managements of Starwood and Host as to the expected future performance of Starwood, Starwood Trust, the Starwood Portfolio and Host, respectively. Bear Stearns did not assume any responsibility for the independent verification of any such information or of the estimates provided to it, and Bear Stearns further relied upon the assurances of the senior managements of Starwood and Host that they are unaware of any facts that would make the information and estimates provided to it incomplete or misleading.

In arriving at its opinion, Bear Stearns did not perform or obtain any independent appraisal of the assets or liabilities (contingent or otherwise) of Starwood, Starwood Trust, the Starwood Portfolio or Host, nor was Bear Stearns furnished with any such appraisals. During the course of Bear Stearns engagement, Bear Stearns was informed by the board of directors of Starwood, the board of trustees of Starwood Trust and management of Starwood of interest from various third parties regarding a transaction with Starwood and Starwood Trust, and Bear Stearns considered the results of such inquiries in rendering its opinion. Bear Stearns assumed that the transactions contemplated by the master agreement will be consummated in a timely manner and in accordance with the terms of the master agreement without any limitations, restrictions, conditions, amendments or modifications, regulatory or otherwise, that collectively would have a material effect on Starwood, Starwood Trust or Host. Bear Stearns assumed that Starwood will not have the right to terminate the master agreement pursuant to Section 9.1(g) of the master agreement. Bear Stearns understands from Starwood that, for U.S. federal income tax purposes, the consideration paid to the holders of the Class B Shares of Starwood Trust is expected to be paid in a taxable transaction.

Bear Stearns did not express any opinion as to the price or range of prices at which the shares of common stock of Host or the paired shares of Starwood may trade subsequent to the announcement or consummation of the transactions contemplated by the master agreement.

Summary of Analyses

The following is a brief summary of the material financial analyses performed by Bear Stearns and presented to Starwood s board of directors in connection with rendering its fairness opinion.

Some of the financial analyses summarized below include summary data and information presented in tabular format. In order to understand fully the financial analyses, the summary data and tables must be read together with the full text of the analyses. Considering the summary data and tables alone could create a misleading or incomplete view of Bear Stearns financial analyses.

Calculation of the Enterprise Value of the Starwood Portfolio. For purposes of analyzing the aggregate consideration to be received by Starwood, Starwood Trust and the shareholders of Starwood Trust, Bear Stearns calculated the enterprise value, referred to in this summary as *Enterprise Value* of the Starwood Portfolio by

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adding the equity value of the Host common stock consideration of $2.33 billion, cash of $1.06 billion and Starwood debt of $0.70 billion to be assumed by Host pursuant to the master agreement. The Host common stock consideration was calculated by multiplying 133,529,412 shares of Host common stock to be issued by $17.44, Host s closing share price on November 11, 2005, the last full trading day prior to the meetings of Starwood s board of directors and Starwood Trust s board of trustees on November 13, 2005 at which Bear Stearns delivered its opinion. Bear Stearns did not include any estimate of value for the management contracts between Starwood and Host which will encumber the properties within the Starwood Portfolio on an ongoing basis.

Bear Stearns calculated multiples of the Starwood Portfolio s Enterprise Value to the Starwood Portfolio s earnings before interest, taxes, depreciation and amortization, referred to in this summary as *EBITDA*, for the estimated fiscal years ending December 2005 and 2006, which resulted in multiples of 13.0x and 11.5x, respectively.

Comparable Company Analysis. Bear Stearns analyzed selected historical and 2005 and 2006 estimated operating information related to the Starwood Portfolio provided by management of Starwood and compared this data to that of seven publicly traded lodging real estate investment trusts (*REITS*) deemed by Bear Stearns to be generally comparable to the Starwood Portfolio. No company or transaction used in the analyses described below is directly comparable to the Starwood Portfolio or the contemplated transactions. The analyses performed by Bear Stearns are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Bear Stearns used the earnings forecasts for these companies from publicly available data, First Call and selected Wall Street equity research reports. In conducting its analysis, Bear Stearns analyzed the multiples of the following comparable companies:

Host Marriott Corporation

Felcor Lodging Trust

Highland Hospitality Corporation

MeriStar Hospitality Corporation

LaSalle Hotel Properties

Strategic Hotel Capital, Inc.

Sunstone Hotel Investors, Inc.

Bear Stearns reviewed, among other things, the comparable companies multiples of Enterprise Value to fiscal year 2005 and 2006 estimated (2005E and 2006E) EBITDA. The multiples are based on closing stock prices of the companies on November 11, 2005. The following table summarizes the analysis:

ENTERPRISE VALUE/EBITDA

	2005E	**2006E**
Host Marriott Corporation	13.5x	11.8x

Felcor Lodging Trust	11.9	11.0
Highland Hospitality Corporation	16.9	10.0
MeriStar Hospitality Corporation	13.1	13.4
LaSalle Hotel Properties	17.8	13.5
Strategic Hotel Capital, Inc.	13.0	10.3
Sunstone Hotel Investors, Inc.	16.1	11.9
Harmonic Mean	14.5	11.3

The harmonic mean gives equal weight to equal dollar investments in the securities whose ratios are being averaged. The harmonic mean presented above excluded MeriStar Hospitality Corporation due to news at the time that it was potentially in discussions to be sold.

Bear Stearns compared the multiples above to the implied multiple of 13.0x Enterprise Value to 2005E EBITDA and 11.5x Enterprise Value to 2006E EBITDA for the Starwood Portfolio. Bear Stearns also noted that

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several of the publicly traded lodging REITs have engaged in significant transactions during 2005, making their 2005E EBITDA multiples less comparable. Bear Stearns used a reference range of 12.0x to 13.5x and 10.0x to 12.0x 2005E and 2006E EBITDA, respectively, to calculated a range of implied enterprise values for the Starwood Portfolio. The results of Bear Stearns analysis indicated a range of implied enterprise values for the Starwood Portfolio of approximately $3.78 billion to $4.25 billion and $3.58 billion to $4.29 billion, using the reference ranges above for 2005 and 2006, respectively.

Comparable Precedent Transactions Analysis. Bear Stearns analyzed publicly available financial information relating to nine merger and acquisition transactions involving companies in the lodging industry which Bear Stearns deemed generally comparable to the Starwood Portfolio and the transactions contemplated by the master agreement. Four of these precedent transactions involved strategic acquisitions by a lodging company and five of the precedent transactions involved acquisitions by a financial sponsor. No company or transaction used in the analyses described below is directly comparable to the Starwood Portfolio or the contemplated transactions. The analyses performed by Bear Stearns are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses.

Bear Stearns reviewed, among other things, the ratio of the comparable companies Enterprise Value implied in the respective transactions to their current year expected EBITDA, referred to in this summary as *CYE EBITDA*.

The precedent transactions in the Bear Stearns analysis were (Target/Acquiror):

Strategic Transactions:

AmeriSuites/Hyatt Hotels and Resorts

Baymont Inns & Suites/La Quinta Corporation

KSL Recreation Corporation/CNL Hospitality Properties, Inc.

RFS Hotel Investors, Inc./CNL Hospitality Properties, Inc.

Financial Sponsor Transactions:

La Quinta Corporation/The Blackstone Group

Wyndham International, Inc./The Blackstone Group

Boca Resorts/The Blackstone Group

Prime Hospitality Corporation/The Blackstone Group

Extended Stay America, Inc./The Blackstone Group

The following table summarizes the analysis:

ENTERPRISE VALUE/CYE EBITDA

	CYE
Strategic Transactions:	
High	11.9x
Mean	11.1
Median	11.0
Low	10.4
Financial Sponsor Transactions:	
High	13.8x
Mean	12.9
Median	12.8
Low	12.2

Bear Stearns compared the current year expected mean and median multiples above to the implied multiple of 13.0x current year expected EBITDA for the Starwood Portfolio. Further, Bear Stearns considered how the multiples have varied over time and some of the factors involved in some of the transactions. Bear Stearns used a reference range of 11.0x to 13.0x current fiscal year EBITDA to calculate a range of implied enterprise values for the Starwood Portfolio. The results of Bear Stearns analysis indicated a range of implied enterprise values for the Starwood Portfolio of approximately $3.47 to $4.10 billion.

Comparison of Host Common Stock Consideration to Historical Host Trading Ranges. Bear Stearns observed the volume of Host common stock traded at various prices per share for the periods six months and one year preceding November 11, 2005 (the last full trading day prior to the meetings of Starwood s board of directors and Starwood Trust s board of trustees on November 13, 2005 at which Bear Stearns delivered its opinion). Bear Stearns noted that approximately 62.4% and 38.7%, respectively, of Host s trading volume occurred at prices above $17.00 (the share price used to derive the 133,529,412 shares of Host common stock to be issued to the holders of the Class B Shares pursuant to the master agreement). Bear Stearns further noted that none of Host s common stock traded at prices equal to or below $13.60 (the Host common stock price at which Starwood may terminate the master agreement pursuant to Section 9.1(g) of the master agreement) during the twelve months preceding November 11, 2005.

The preparation of a fairness opinion is a complex process and involves various judgments and determinations as to the most appropriate and relevant assumptions and financial analyses and the application of those methods to the particular circumstances involved. Such an opinion is therefore not readily susceptible to partial analysis or summary description, and taking portions of the analyses set out above, without considering the analysis as a whole, would in the view of Bear Stearns, create an incomplete and misleading picture of the processes underlying the analyses considered in rendering the Bear Stearns opinion. Bear Stearns did not form an opinion as to whether any individual analysis or factor, whether positive or negative, considered in isolation, supported or failed to support the Bear Stearns opinion. In arriving at its opinion, Bear Stearns considered the results of all its analyses and did not attribute any particular weight to any one analysis or factor. Bear Stearns arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole and believes that the totality of the factors considered and analyses performed by Bear Stearns in connection with its opinion operated collectively to support its determination as to the fairness of the aggregate consideration to be received by Starwood, Starwood Trust and the holders of Class B Shares. The analyses performed by Bear Stearns, particularly those based on estimates and projections, are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by such analyses. With respect to the analysis of comparable companies and the analysis of precedent transactions summarized above, no public company utilized as a comparison is identical to the Starwood Portfolio. Accordingly, an analysis of publicly traded comparable companies and comparable precedent transactions is not mathematical; rather it involves complex considerations and judgments concerning the differences in financial and operating characteristics of the companies and precedent transactions and other factors that could affect the value of the Starwood Portfolio and the public trading values of the companies and precedent transactions to which they were compared. The analyses do not purport to be appraisals or to reflect the prices at which any securities may trade at the present time or at any time in the future. In addition, the Bear Stearns opinion was just one of the many factors taken into consideration by Starwood s board of directors. Consequently, Bear Stearns analysis should not be viewed as determinative of the decision of Starwood s board of directors with respect to the fairness of the aggregate consideration to be received, from a financial point of view, by Starwood, Starwood Trust and their shareholders.

Starwood s board of directors engaged Bear Stearns to act as its financial advisor with respect to a possible transaction with Host and Host LP. Pursuant to the terms of Bear Stearns engagement letter, Starwood has agreed to pay Bear Stearns a customary transaction fee, the principal portion of which is payable upon consummation of the transaction contemplated by the master agreement. In addition, Starwood has agreed to reimburse Bear Stearns for reasonable out-of-pocket expenses incurred by Bear Stearns in connection with its engagement and the transactions contemplated by the master agreement, including reasonable fees and disbursements of its legal counsel. Also, Starwood has agreed to indemnify Bear Stearns against certain liabilities relating to or arising out of Bear Stearns engagement.

Bear Stearns has acted as financial advisor to Starwood in connection with, and has participated in certain of the negotiations leading to, the transactions contemplated by the master agreement. Bear Stearns and/or its affiliates have also previously provided various investment banking services to Starwood, Host and their respective affiliates.

In the ordinary course of business, Bear Stearns and its affiliates may actively trade the equity and debt securities and/or bank debt of Starwood, Starwood Trust, Host and their respective affiliates for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities or bank debt.

Accounting Treatment

In accordance with SFAS No. 141, Business Combinations, Host will account for the transactions as a business combination. Upon the consummation of the transactions, Host will record the cash consideration, the market value of Host common stock issued in the transactions, the fair value of the assets and liabilities assumed, as well as the amount of direct transaction costs associated with the transactions. Based on the guidance set forth in Emerging Issues Task Force Issue No. 99-12, the market value of the Host common stock issued in the transactions will be determined based on the average of the closing prices of a share of Host common stock for a range of trading days from two days prior to two days subsequent to November 14, 2005, the announcement date, or $16.97. Any excess of the estimated purchase price over the fair value of net assets acquired will be accounted for as goodwill.

Financing for the Transactions

Permanent Financing

Host expects to fund the $1.063 billion cash portion of the purchase price for the transactions through proceeds from a combination of asset sales, a joint venture related to the European assets to be acquired in the transactions and the issuance or other incurrence of indebtedness. Host also expects to assume approximately $704 million of indebtedness of the entities to be acquired in the transactions as described below under Assumed Indebtedness beginning on page 60.

To the extent the contemplated financings for the transactions are not completed prior to consummation of the transactions, Host LP has received financing commitments for a bridge loan facility, which is referred to throughout this proxy statement/prospectus as the bridge loan facility commitments, in an aggregate principal amount of up to $1.67 billion from certain lenders.

Bridge Loan Facility

On November 14, 2005, Host LP received the commitments from Goldman Sachs Credit Partners, L.P. and Deutsche Bank AG Cayman Islands Branch for the bridge loan facility for the purpose of funding a portion of the cash consideration for the transactions. The bridge loan facility commitments will expire on May 14, 2006 if the transactions have not occurred by this date. To the extent not fully drawn on the initial transaction closing date, the bridge loan facility commitments may be drawn up to 180 days thereafter to fund the closing of any assets deferred from the transactions. See Material Terms of the Principal Transaction Agreements Other Agreements Relating to the Period Prior to Closing Deferral of Hotels beginning on page 80 for a description of deferral triggers and deferral rights.

The facility is subject to customary conditions, including, among other things, (1) the existence of no default under Host LP s revolving credit agreement, senior notes, certain indebtedness assumed or incurred in connection with the transactions or any other indebtedness in an aggregate principal amount in excess of $50 million, (2) the execution of an amendment to Host LP s revolving credit facility permitting the loans related to the bridge loan facility commitments to share in the collateral securing such agreement, (3) consummation of the transactions in accordance with the terms of the master agreement and (4) Host LP not incurring new debt that matures prior to the maturity of the bridge loan facility or otherwise incurring debt that would cause total debt to exceed certain projections by more than $400 million, unless the bridge loan facility commitments are reduced by the amount of such debt in excess of $400 million. Any loans incurred related to the bridge loan facility commitments are expected to have an initial 12 month maturity from the date of the initial borrowing, subject to two six-month extension options being available at Host LP s option subject to the satisfaction of certain customary conditions and the payment of extension fees.

The financing under the bridge loan facility commitments is subject to the negotiation and execution of definitive loan documentation, which is expected to include covenants, representations and events of default that are substantially similar to those contained in Host LP s current revolving credit facility. In addition to including a mandatory prepayment event similar to Host LP s current revolving facility with respect to asset sales, such loan documentation is also expected to include mandatory prepayment events associated with the receipt of casualty insurance proceeds, equity issuance proceeds and debt incurrence proceeds, in each case subject to certain exceptions. The loan documentation is also expected to limit Host LP s acquisitions to $500 million in the aggregate so long as the sum of the outstanding loans and unused commitments under the bridge loan facility commitments equals or exceeds $835 million, with such limit thereafter increasing to $750 million. Financial covenants under the loan documents are expected to be substantially the same as the financial covenants applicable to tranche A borrowings under Host LP s current revolving facility, including covenants for leverage, fixed charge coverage and unsecured interest coverage.

Host LP will pay interest on any loans incurred related to the bridge loan facility commitments at floating interest rates plus a margin (which, in the case of LIBOR-based borrowings, ranges from 2.00% to 4.25%) that is set with reference to the weighted average margin payable under Host LP s current revolving credit facility. Such margin will be increased by 0.5% with respect to any loans pursuant to the bridge loan facility commitments that remain outstanding after the expiration of the first extension term. Also, to the extent that amounts under the bridge loan facility commitments remain unused and such commitments remain outstanding, Host LP will pay a quarterly commitment fee on the average undrawn portion of the bridge loan facility commitments.

The loans related to the bridge loan facility commitments will be guaranteed by certain of Host LP s currently existing and to be acquired subsidiaries and secured by pledges of equity interests in certain of Host LP s currently existing and to be acquired subsidiaries. Such guarantees and pledges would also ratably benefit Host LP s revolving credit facility, notes outstanding under Host LP s senior note indenture and certain indebtedness that may be assumed in connection with the transactions.

Summary of the Sheraton Holding Corporation Consent Solicitation

In connection with the transactions, Host will acquire all of the equity interests in Sheraton Holding Corporation, which at the time the transactions are consummated will hold, directly or indirectly, three domestic and four foreign hotels. The master agreement provides for the preliminary internal restructuring of Sheraton Holding Corporation prior to Host s acquisition of it. The restructuring will include, among other things, removing from Sheraton Holding Corporation hotels, intellectual property (other than certain foreign hotel names being acquired by Host) and other assets, in each case not being acquired by Host. In connection with the transactions, the parties intend that the 7 $^{3}/8\%$ debentures due November 15, 2015 and the 7 $^{3}/4\%$ debentures due November 15, 2025 of Sheraton Holding Corporation, which are referred to throughout this proxy statement/prospectus as the SHC indebtedness, will remain outstanding and be an obligation of a subsidiary of Host. Host and certain of Host s subsidiaries are offering to fully and unconditionally guarantee the SHC indebtedness subject to, among other things, Sheraton Holding Corporation s receipt of the consents of the holders of the SHC indebtedness necessary to effectuate certain proposed amendments to the indentures governing both series of SHC indebtedness, the consummation of the transactions and the execution and delivery of a supplemental indenture containing such amendments and guarantee. Starwood is a guarantor under the SHC indebtedness and under the terms of such guarantee provide that upon a sale of Sheraton Holding Corporation, Starwood s

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guarantee will terminate. Such offering together with the solicitation of the consents of the holders of the SHC indebtedness by Sheraton Holding Corporation are part of a plan to integrate Sheraton Holding Corporation into Host s operating structure and to simplify the credit structure of Sheraton Holding Corporation and Host such that the financial risks associated with investing in the indebtedness of either of the companies is similar to investing in the indebtedness of the other of the companies. If the required consent is not obtained from holders of the SHC indebtedness, Starwood intends to assume all of Sheraton Holding Corporation s obligations under the SHC indebtedness and the applicable indenture and, thereafter, Sheraton Holding Corporation will be released from all of its liabilities and obligations under the indenture and the SHC indebtedness and neither Host nor any of its subsidiaries will guarantee the SHC indebtedness. Starwood has informed Host that, in the event that Starwood assumes the SHC indebtedness, Starwood s management believes it will likely decide to redeem the 7 3/4% debentures due November 15, 2025, which debentures are currently redeemable at a redemption price equal to 103.186% of the principal amount of such debentures.

Assumed Indebtedness

Host intends to acquire in the transactions certain assets and entities that are subject to approximately $704 million of indebtedness, including the SHC indebtedness (see Summary of the Sheraton Holding Corporation Consent Solicitation above) and certain mortgage indebtedness. In the event Starwood assumes the SHC indebtedness, Host and its subsidiaries will not be responsible for such indebtedness and the cash consideration payable by Host in the transactions will increase by the amount of the SHC indebtedness assumed by Starwood. The following table summarizes the outstanding indebtedness to be acquired by Host and scheduled amortization and maturities related to such indebtedness as of August 31, 2005 (in millions):

	Balance as of August 31, 2005	2005	2006	2007	2008	2009	Thereafter
Mortgage Debt							
Nomura Loan, 9.214%, due March 11, 2022 (1)	$ 37	$	$ 1	$ 1	$ 1	$ 1	$ 33
Nomura Loan, 8.505%, due December 11, 2023 (2)	41		1	1	1	1	37
Westpac Loan, 4.300%, due December 31, 2009 (3)	26					26	
Total mortgage debt	104		2	2	2	28	70
SHC Indebtedness							
Sheraton Holding Corporation bonds, 7 3/8%, due November 15, 2015	450						450
Sheraton Holding Corporation bonds, 7 3/4%, due November 15, 2025	150						150
Total SHC Indebtedness	600						600
Total mortgage debt and SHC indebtedness (4)	$ 704	$	$ 2	$ 2	$ 2	$ 28	$ 670

(1) This mortgage debt is secured by the Westin Indianapolis and has certain restrictive covenants. Beginning in 2009, the interest rate on this loan increases at least 500 basis points and all excess cash (as defined in the loan agreement) at the hotel is applied to principal. The amortization shown does not assume any additional principal payments based on cash flow.

(2) This mortgage debt is secured by the Westin Tabor Center and has certain restrictive covenants. Beginning in 2013, the interest rate on this loan increases at least 500 basis points and all excess cash flow (as defined in the loan agreement) at the hotel is applied to principal. The

amortization shown does not assume any additional principal payments based on cash flow.

(3) This mortgage debt is secured by the Sheraton Fiji Resort and the Sheraton Royal Denarau Resort and has certain restrictive covenants. The interest rate on this mortgage debt is not fixed and is currently set at 4.300%.

(4) Host will record the debt assumed at fair value. On a pro forma basis as of September 9, 2005, the SHC indebtedness has bonds have a fair value of $654 million and the mortgage debt has a fair value of $116 million.

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No Dissenters Rights of Appraisal

Under Maryland law, Host stockholders are not entitled to dissenters or appraisal rights in connection with the issuance of Host common stock in the transactions.

Except for the sole holder of the Class A shares of Starwood Trust, which waived any appraisal, dissenters or similar rights to which it is entitled with respect to such shares pursuant to its approval of the REIT merger, no holder of shares of Starwood Trust, paired shares of Starwood and Starwood Trust or units of SLT Realty Limited Partnership is entitled under applicable law or the organizational documents of Starwood Trust, Starwood or SLT Realty Limited Partnership to appraisal, dissenters or similar rights as a result of the consummation of the transactions.

Regulatory Matters

Neither Host nor Starwood is aware of any material federal or state regulatory requirements that must be complied with or approvals that must be obtained in connection with the transactions. However, there are foreign antitrust approvals that must be obtained in Canada, Italy and Poland in connection with Host s acquisition of hotels located in these countries. In the event such antitrust approvals are not obtained, either Host or Starwood can defer any affected hotel or entity currently contemplated to be acquired by Host in the transactions from the initial closing of the transactions without the other s consent, and, if neither party elects to defer the affected hotels and entities, neither party will be required to complete the transactions until such approvals are obtained. In addition, if one of the affected hotels is the Westin Palace Madrid, the Westin Palace Milan or the Westin Europa & Regina, Host can elect to defer all acquired hotels located outside the United States, Canada and Poland. See Risk Factors beginning on page 17 and Material Terms of the Principal Transaction Agreements Other Agreements Relating to the Period Prior to Closing Deferral of Hotels beginning on page 80 for a detailed description of the exclusion of particular hotels from the transactions due to the failure to obtain required approvals or certain other developments.

Stock Exchange Listing and Related Matters

Host will use reasonable best efforts to cause the shares of Host common stock to be issued in connection with the transactions to be approved for listing on the NYSE, subject to official notice of issuance, prior to the closing of the transactions.

Prior to the date the REIT merger is completed, the paired shares of Starwood and Starwood Trust will be de-paired. After the REIT merger is completed, Starwood Trust s Class B shares will be delisted from the NYSE and deregistered under the Exchange Act, and Starwood Trust will no longer file periodic reports with the SEC. Pursuant to the de-pairing, the shares of Starwood common stock will continue to be listed on the NYSE and will trade independently of the Class B shares of Starwood Trust.

Restrictions on Sales of Shares of Host Common Stock Received in the Transactions

Affiliates

The shares of Host common stock to be issued in connection with the transactions will be registered under the Securities Act and will be freely transferable, except for shares of Host common stock issued to any person who is deemed to be an affiliate of Starwood Trust under the Securities Act prior to the completion of the transactions. Persons who may be deemed to be affiliates of Starwood Trust prior to the completion of the transactions include individuals or entities that control, are controlled by or are under common control with, Starwood Trust prior to the consummation of the transactions, and may include officers and directors, as well as significant stockholders of Starwood Trust prior to the consummation of the transactions. Affiliates of Starwood Trust prior to the consummation of the transactions may not sell any of the shares of Host common stock received by them in connection with the transactions except pursuant to:

- an effective registration statement under the Securities Act covering the resale of those shares;

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- an exemption under paragraph (d) of Rule 145 under the Securities Act; or

- any other applicable exemption under the Securities Act.

Host s registration statement on Form S-4, of which this proxy statement/prospectus is a part, does not cover the resale of shares of Host common stock to be received by affiliates of Starwood Trust in the transactions.

Registration Rights of Starwood

Based on Starwood s belief that the number of Class B shares of Starwood Trust outstanding as of the date of the master agreement will not materially change before the effective time of the REIT merger, Host management expects that all of the shares of Host common stock included in the total consideration will be payable directly to holders of Starwood Trust s Class B shares and Class A Exchangeable Preferred Shares. However, in the event the number of outstanding Class B shares of Starwood Trust at the effective time of the REIT merger is sufficiently less than Starwood s estimate, Starwood may receive shares of Host common stock in the transactions as more fully described above under Summary of the Transactions Consideration for the Transactions beginning on page 34. Host and Starwood have agreed to enter into a registration rights agreement addressing the sale by Starwood of any shares of Host common stock it receives in the transactions. In the event that Starwood receives shares of Host common stock with a value in excess of $150 million (based on the value of such shares at closing), then Starwood will be restricted from selling such excess shares for a period of 30 days.

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MATERIAL TERMS OF THE PRINCIPAL TRANSACTION AGREEMENTS

General

The following is a summary of the material terms of the principal transaction agreements but does not describe each of the provisions of the transaction agreements. This summary is qualified in its entirety by reference to the complete text of:

- the master agreement, a copy of which is attached to this proxy statement/prospectus as *Annex A* and is incorporated herein by reference;
- the indemnification agreement, a copy of which is attached to this proxy statement/prospectus as *Annex B* and is incorporated herein by reference; and
- the tax sharing and indemnification agreement, a copy of which is attached to this proxy statement/prospectus as *Annex C* and is incorporated herein by reference.

You should read each of the transaction agreements annexed hereto carefully and in its entirety because this summary may not contain all of the information about these agreements that is important to you.

The master agreement contains representations, warranties, covenants and other agreements, each as of specific dates. These representations, warranties, covenants and other agreements are qualified by information contained in confidential disclosure letters and schedules that Host and Starwood have exchanged in connection with signing the master agreement. These disclosure letters and schedules contain information that has been included in prior public disclosures of Host, Starwood or Starwood Trust, as well as potential additional non-public information. While neither Host, on the one hand, nor Starwood or Starwood Trust, on the other hand, believes that they contain information securities laws require to be publicly disclosed, the disclosure letters and schedules do contain information that modifies, qualifies and creates exceptions to the representations, warranties, covenants and other agreements set forth in the attached master agreement. Moreover, certain of these representations, warranties, covenants and/or agreements may not be accurate or complete as of a specific date because they are subject to a contractual standard of materiality that may be different from the standard generally applied under the securities laws and/or were used for the purpose of allocating risk between Host and Starwood rather than establishing matters as facts. Finally, information concerning the subject matter of these representations, warranties, covenants and other agreements may have changed since the date of the master agreement, which may or may not be fully reflected in public disclosures of Host, Starwood or Starwood Trust. Accordingly, you should not rely on these representations, warranties, covenants or agreements as characterizations of the actual state of facts.

Structure of the Closing Transactions

The master agreement provides for, among other things, (1) the internal restructuring of Host and Starwood and their respective subsidiaries, including the de-pairing of the paired shares of Starwood and Starwood Trust prior to the date of the REIT merger, (2) the REIT merger, (3) the acquisition by Host LP of the equity interests in Sheraton Holding Corporation, (4) the SLT merger, (5) the acquisition by Host LP of selected domestic hotels in a separate asset purchase structured to facilitate like-kind exchange transactions for federal income tax purposes and (6) the acquisition by Host LP of certain foreign hotels and other assets not owned by Starwood Trust, Sheraton Holding Corporation or SLT Realty Limited Partnership through the acquisition of equity interests, assets or other rights. The transactions contemplated by the master agreement to occur at closing, including those described in clauses (2)-(6) above, are referred to throughout this proxy statement/prospectus as the closing transactions.

Completion of the Closing Transactions

The completion of the closing transactions, or the closing, will take place on a Monday to be mutually agreed upon by Host and Starwood within two business days after the conditions to completion of the closing transactions are satisfied or waived. In the event Host and Starwood are unable to mutually agree upon such date, Host will, within four business days of the satisfaction or waiver of the closing conditions, deliver a closing notice to Starwood setting the closing for the first Monday that is at least three business days from the date of Host s closing notice. The REIT merger will become effective upon the acceptance of the articles of merger for record by the State Department of Assessments and Taxation of Maryland. The SLT merger will become effective upon the acceptance of the certificate of merger for record by the Secretary of State of the State of Delaware.

Host and Starwood are working to complete the closing transactions as soon as practicable. However, because completion of the closing transactions is subject to governmental approvals and other conditions, Host and Starwood cannot predict the actual timing. See the section entitled Conditions to Completion of the Closing Transactions beginning on page 69.

Consideration

General

The total consideration payable by Host in the closing transactions is expected to be approximately $4.037 billion, consisting of approximately $1.063 billion of cash, the assumption by Host of approximately $704 million in indebtedness and approximately $2.27 billion of Host common stock (representing 133,529,412 shares of Host common stock based on the exchange price of $17.00 per share), in each case subject to adjustments described below under Purchase Price Adjustments .

Of this total consideration, Starwood and its subsidiaries will directly receive amounts not payable in respect of Starwood Trust s Class B shares or Class A Exchangeable Preferred Shares, in the REIT merger, or SLT Realty Limited Partnership s RP units or Class A RP units, in the SLT merger. For a detailed description of the REIT merger consideration and the SLT merger consideration, see the sections entitled REIT Merger Consideration and SLT Merger Consideration beginning on pages 65 and 68, respectively. As described in more detail below and in The Transactions Summary of the Transactions beginning on page 32, based on Starwood s estimate that 217,546,651 Class B shares of Starwood Trust (which represents the number of unrestricted Class B shares outstanding as of September 30, 2005) will be outstanding at the effective time of the REIT merger and that the amount of the SLT merger consideration will be approximately $12,801,426, Host management expects that all of the shares of Host common stock and $122,510,189 of the cash included in the total consideration will be payable directly to holders of Starwood Trust s Class B shares and Class A Exchangeable Preferred Shares and holders of SLT Realty Limited Partnership s RP units and Class A RP units. Consequently, the total consideration payable to Starwood and its subsidiaries is expected to be approximately $1,644,489,811, consisting of approximately $940,489,811 in cash and the assumption of approximately $704 million in indebtedness, subject to the adjustments described below under Purchase Price Adjustments .

In addition, holders of Class A Exchangeable Preferred Shares of Starwood Trust will receive, in respect of each such share, an amount of cash in the REIT merger representing the value of a share of Starwood common stock, based on the average closing price of a paired share of Starwood and Starwood Trust for the 20 consecutive trading days immediately preceding the closing date (net of the value of consideration received by holders of Class B shares of Starwood Trust in the REIT merger). This cash amount will be in addition to the consideration described above and will be payable solely by Starwood.

See Transfer Taxes and Transaction Costs beginning on page 85 for a description of the allocation of certain expenses between Host and Starwood, including potential adjustments to that allocation arising from any shortfall in the projected aggregate amount of hotel EBITDA for 2005 for all hotels being acquired by Host.

Purchase Price Adjustments

The amount and form of consideration payable by Host in the closing transactions is subject to a number of potential adjustments.

The amount of cash consideration payable by Host will be increased by (1) the amount of net working capital at closing, if positive, (2) any amount by which assumed indebtedness at closing is less than $704 million, (3) the amount of any capital expenditures made by Starwood with respect to 2006 capital projects at the hotels being acquired by Host in excess of the sum of any unspent amount from the 2005 capital budget and 5% of 2006 revenues of such hotels and (4) with respect to each share of Host common stock issued in the closing transactions, any amount by which Host s quarterly dividend prior to closing exceeds $0.15 per share. Except with respect to the cash payment due to excess dividends, described in clause (4) (which will be payable to holders of Starwood Trust s Class A shares, Class B shares and Class A Exchangeable Preferred Shares), all increases in the cash consideration will be payable to Starwood and its subsidiaries.

The amount of cash consideration payable by Host will be decreased by (1) any amount by which the assumed indebtedness at closing exceeds $704 million, (2) the amount of any uninsured cost to repair any casualty (except to the extent the total cost of repair exceeds the agreed value of the applicable hotel), (3) any amount by which the sum of any unspent amount from the 2005 capital budget and 5% of 2006 revenues of the hotels being acquired by Host exceeds the amount of capital expenditures made by Starwood with respect to 2006 capital projects at such hotels, (4) the amount of net working capital at closing, if negative and (5) the agreed value of any hotels that are removed from the closing transactions as described in more detail under Other Agreements Relating to the Period Prior to Closing Deferral of Hotels beginning on page 80 All decreases in the cash consideration described above will reduce the amount payable to Starwood and its subsidiaries.

In addition, in the event the number of shares of Host common stock payable in the closing transactions exceeds 133,529,412, which could occur if the number of Class B shares of Starwood Trust outstanding at closing exceeds Starwood s estimate, the cash consideration payable to Starwood and its subsidiaries will be reduced by $17.00 for each excess share. Unless Host consents otherwise, Starwood is required to ensure that the number of shares of Host common stock issued in the closing transactions does not exceed 145,294,118 shares, or $2.47 billion based on the exchange price of $17.00 per share.

REIT Merger Consideration

At the effective time and as a result of the REIT merger, without any further action:

- each Class B share of Starwood Trust outstanding immediately prior to the effective time of the REIT merger will be converted into and become exchangeable for 0.6122 shares of Host common stock and $0.503 of cash from Host, plus 61.22% of any excess dividends paid on Host common stock described above under Purchase Price Adjustments beginning on page 64;

- each Class A Exchangeable Preferred Share of Starwood Trust outstanding immediately prior to the effective time of the REIT merger will be converted into and become exchangeable for (1) from Host, 0.6122 shares of Host common stock and $0.503 of cash, plus 61.22% of any excess dividends paid on Host common stock described above under Purchase Price Adjustments beginning on page 64 and (2) from Starwood, an amount of cash representing the value of a share of Starwood common stock, based on the average closing price of a paired share of Starwood and Starwood Trust for the 20 consecutive trading days immediately preceding the closing date (net of the value of consideration received by holders of Class B shares of Starwood Trust in the REIT merger);

- the Class A shares of Starwood Trust outstanding immediately prior to the effective time of the REIT merger, all of which will be held by a direct, wholly owned subsidiary of Starwood, will be converted into and become exchangeable for, in the aggregate, (1) the amount of cash payable to Starwood and its subsidiaries allocated to the REIT merger and (2) in the event 133,529,412 exceeds the number of shares of Host common stock that are either issued to holders of Starwood Trust s Class B Shares and Class A Exchangeable Preferred Shares in the REIT merger or issued to Starwood and allocated to other closing transactions, such excess number of shares of Host common stock, plus 61.22% of any excess dividends paid on Host common stock described above under Purchase Price Adjustments

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beginning on page 64; in each case stock and cash consideration payable to Starwood and its subsidiaries will be allocated among the closing transactions based upon, among other things, the relative value, as of the closing, of the hotels being acquired by Host which are held by Starwood Trust and the other hotels being acquired by Host;

each share of Starwood Trust held by (1) Host or any wholly owned subsidiary of Host or (2) Starwood Trust or any wholly owned subsidiary of Starwood Trust (except, in each case, for shares of Starwood Trust held on behalf of third parties) immediately prior to the effective time of the REIT merger will be automatically cancelled and extinguished, and none of Host, Starwood Trust or any of their respective wholly owned subsidiaries will receive any securities of Host or Starwood or other consideration in exchange for those shares; and

each outstanding membership interest of the REIT merger subsidiary will be automatically converted into and exchanged for one validly issued, fully paid and non-assessable Class A share of Starwood Trust, and these shares will, collectively, represent all of the outstanding shares of Starwood Trust.

The exchange ratio in the REIT merger and the cash consideration will be appropriately adjusted to reflect the effect of any reclassification, recapitalization, stock split, split-up, combination or exchange of shares, or stock dividend or other like change with respect to Host common stock, Starwood common stock or Starwood Trust shares having a record date on or after November 14, 2005 and prior to completion of the REIT merger.

Fractional Shares

Host will not issue fractional shares of Host common stock in the REIT merger. As a result, each holder of shares of Starwood Trust who would otherwise be entitled to receive fractional shares of Host common stock in the REIT merger will be entitled to an amount of cash, without interest, rounded to the nearest cent, equal to the product of (1) the amount of the fractional share interest in a share of Host common stock to which that shareholder would otherwise be entitled to receive and (2) an amount equal to the average of the closing price of a share of Host common stock on the NYSE for the 20 consecutive trading days immediately preceding the closing date.

Appraisal Rights

Except for the sole holder of the Class A shares of Starwood Trust, which waived its rights, no holder of shares of Starwood Trust is entitled under applicable law or the organizational documents of Starwood Trust to appraisal, dissenters or similar rights as a result of the REIT merger.

Exchange of Certificates

Host and Starwood will use commercially reasonable efforts to cause American Stock Transfer & Trust Company, the exchange agent for the REIT merger, no later than the fifth business day after the closing date of the transactions, to mail a letter of transmittal to each holder of certificates previously representing issued and outstanding Class A Exchangeable Preferred Shares of Starwood Trust or paired shares of Starwood and Starwood Trust. The letter of transmittal will contain instructions with respect to the surrender of such certificates in exchange for the applicable REIT merger consideration and a new certificate representing the number of shares of Starwood common stock equal to the number of shares of Starwood common stock represented by such certificate prior to the effective time of the REIT merger, together with any dividends and other distributions to which such holder is entitled and cash, if any, payable in lieu of fractional shares.

Commencing immediately after the effective time of the REIT merger, if a holder of certificates that previously represented issued and outstanding Class A Exchangeable Preferred Shares of Starwood Trust or paired shares of Starwood and Starwood Trust surrenders such certificates for cancellation in accordance with the instructions in the letter of transmittal, together with a properly completed and signed letter of transmittal, to the exchange agent, the holder of those certificates will receive the applicable REIT merger consideration and a new certificate representing the number of shares of Starwood common stock equal to the number of shares of

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Starwood common stock represented by such certificate prior to the effective time of the REIT merger, together with any dividends and other distributions to which such holder is entitled and cash, if any, payable in lieu of fractional shares. The surrendered certificates will be cancelled.

After the effective time of the REIT merger, each certificate that previously represented Class A Exchangeable Preferred Shares of Starwood Trust or paired shares of Starwood and Starwood Trust will represent only the right to receive upon surrender of that certificate the applicable REIT merger consideration and, with respect to the paired shares of Starwood and Starwood Trust, a new certificate representing the number of shares of Starwood common stock equal to the number of shares of Starwood common stock represented by such certificate prior to the effective time of the REIT merger, together with any dividends and other distributions to which such holder is entitled and cash, if any, payable in lieu of fractional shares.

Starwood Trust s share transfer books will be closed at the effective time of the REIT merger and, thereafter, there will be no further registration of transfers on the share transfer books nor will there be any further issuances of shares of Starwood Trust.

Dividends and Distributions

A holder of certificates that previously represented Class A Exchangeable Preferred Shares of Starwood Trust or paired shares of Starwood and Starwood Trust will receive any accumulated dividends and other distributions, without interest, payable on Host common stock or Starwood common stock, as applicable, after and with respect to a record date following the effective time of the REIT merger upon such holder surrendering those certificates to the exchange agent.

Lost Certificates

If any certificate that previously represented Class A Exchangeable Preferred Shares of Starwood Trust or paired shares of Starwood and Starwood Trust is lost, stolen or destroyed, the holder thereof must make an affidavit of that fact to the exchange agent in order to receive the applicable REIT merger consideration and a new certificate representing the number of shares of Starwood common stock equal to the number of shares of Starwood common stock represented by such certificate prior to the effective time of the REIT merger, together with any dividends and other distributions to which the holder of such certificate is entitled and cash, if any, payable in lieu of fractional shares, in respect of such lost, stolen or destroyed certificate. In addition, Host, Starwood or the exchange agent may require the holder of such certificate to post a bond as indemnity against any claim that may be made against any of them with respect to the lost, stolen, or destroyed certificate.

Tax Withholding

The exchange agent will deduct and withhold from the consideration otherwise payable to a holder of certificates that previously represented Class A Exchangeable Preferred Shares of Starwood Trust or paired shares of Starwood and Starwood Trust such amounts as are required to be deducted and withheld under the Internal Revenue Code or under any provision of tax law.

Termination of Exchange Fund; No Liability

On the first anniversary of the effective time of the REIT merger, the exchange agent will, upon Starwood s request, deliver to Starwood any portion of (1) the cash payable by Starwood to holders of Class A Exchangeable Preferred Shares of Starwood Trust in the REIT merger and (2) the shares of Starwood common stock (and certain dividends and other distributions thereon) that remain undistributed to the former holders of Starwood Trust shares. In addition, on that date, the exchange agent will, upon Host s request, deliver to Host any other portion of the REIT merger consideration (and certain dividends or other distributions thereon) that remains undistributed to the former holders of Starwood Trust shares. After that date, any former holders of Starwood

Trust shares who have not already exchanged their certificates for the applicable REIT merger consideration and new certificates representing the number of shares of Starwood common stock equal to the number of shares of Starwood common stock represented by such certificates prior to the effective time of the REIT merger, together with any dividends and other distributions to which the holders of such certificates are entitled and cash, if any, payable in lieu of fractional shares, will have no recourse against the exchange agent and will look only to (1) Starwood for (A) if applicable, the cash payable by Starwood to holders of Class A Exchangeable Preferred Shares of Starwood Trust in the REIT merger and (B) the shares of Starwood common stock and (2) Host for the other applicable REIT merger consideration (in each case, including dividends and other distributions thereon), to which they are entitled. None of Host, Starwood, Starwood Trust or the exchange agent will be liable to any person in respect of any of the REIT merger consideration, shares of Starwood common stock, cash payable in lieu of fractional shares or dividends or other distributions delivered to a public official pursuant to any applicable abandoned property, escheat or similar laws.

Transfers of Ownership

The exchange agent will only issue REIT merger consideration, shares of Starwood common stock, cash in lieu of fractional shares and any dividends or other distributions that may be applicable in a name other than the name in which a surrendered certificate that previously represented Class A Exchangeable Preferred Shares of Starwood Trust or paired shares of Starwood and Starwood Trust is registered if the certificate is properly endorsed or otherwise in proper form for transfer and any applicable stock transfer taxes have been paid.

Equity Awards

Prior to the effective time of the REIT merger, Starwood will cause all options, rights to receive restricted shares and other equity awards with respect to shares in Starwood Trust to be converted into rights to receive Starwood common stock only. In addition, immediately prior to the effective time of the REIT merger, each Class B share of Starwood Trust subject to vesting and/or transfer restrictions will be converted into an award with respect to Starwood common stock only, in acco