Risk Factors Comparison 2024-02-28 to 2023-02-22 Form: 10-K

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For an enterprise as large and complex as we are, a wide range of factors could materially affect future results and performance. The statements in this section describe the major risks to our business and should be considered carefully. In addition, these statements constitute our cautionary statements under the Private Securities Litigation Reform Act of 1995. Financial Risks and Risks of Operation Our revenues and the value of our hotels are subject to conditions affecting the lodging industry. The performance of the lodging industry traditionally has been affected by the strength of the general economy and, specifically, growth in gross domestic product. Because lodging industry demand typically follows the general economy, the lodging industry is highly cyclical, which contributes to potentially large fluctuations in our financial condition and our results of operations. Changes in travel patterns of both business and leisure travelers, particularly during periods of economic contraction or low levels of economic growth, may create difficulties for the industry over the long- term and adversely affect our results of operations. In addition, the majority of our hotels are classified as luxury or upper upscale and generally target business and high- end leisure travelers. In periods of economic difficulties, certain business and leisure travelers may seek to reduce travel costs by limiting travel or seeking to reduce the cost of their trips. Consequently, our hotels may be more susceptible to a decrease in revenues during an economic downturn, as compared to hotels in other categories that have lower room rates. Other circumstances affecting the lodging industry which may affect our performance and the forecasts we make include: • the effect on lodging demand of changes in national and local economic and business conditions, including concerns about U. S. economic growth and the potential for an economic recession in the United States **or globally** , the ~~current~~ **recent** high level of inflation, rising interest rates, global economic prospects, consumer confidence and the value of the U. S. dollar; • factors that may shape public perception of travel to a particular location, **including natural disasters,** such as ~~natural disasters~~ **the Maui wildfires in 2023** , weather events, ~~including~~ **such as** Hurricane Ian in 2022, pandemics and ~~outbreaks of contagious diseases~~ **other public health crises** , such as the COVID- 19 pandemic, and the occurrence or potential occurrence of terrorist attacks, all of which will affect occupancy rates at our hotels and the demand for hotel products and services; • risks that U. S. immigration policies and border closings **, travel restrictions or advisories, changes in energy prices or changes in foreign exchange rates** will suppress international travel to the United States generally or decrease the labor pool; • the impact of geopolitical developments outside the U. S., such as large- scale wars or international conflicts, slowing global growth, **or** trade tensions and tariffs between the United States and its trading partners such as China, all of which could affect global travel and lodging demand within the United States; • volatility in global financial and credit markets, ~~and the impact of budget deficits and pending and future U. S. governmental action to address such deficits through reductions in spending and similar austerity measures, as well as the impact of potential U. S. government shutdowns,~~ which could materially adversely affect U. S. and global economic conditions, business activity, **and lodging demand as well as negatively impact our ability to obtain financing and increase our borrowing costs; • future U. S. governmental action to address budget deficits through reductions in spending and similar austerity measures, as well as the impact of potential U. S. government shutdowns, all of which could materially adversely affect U. S. economic conditions, business activity,** credit availability ~~,~~ **and** borrowing costs ~~, and lodging demand~~ ; • operating risks associated with the hotel business, including the effect of labor stoppages or strikes, increasing operating or labor costs, including increased labor costs in the current inflationary environment, the ability of our managers to adequately staff our hotels as a result of shortages in labor, severance and furlough payments to hotel employees or changes in workplace rules that affect labor costs ~~, and risks relating to the continued response to the COVID- 19 pandemic by our hotel managers, such as increased hotel costs for cleaning protocols~~ ; • the ability of our hotels to compete effectively against other lodging businesses in the highly competitive markets in which we operate in areas such as access, location, quality of accommodations and room rate structures; • changes in the desirability of the geographic regions of the hotels in our portfolio or in the travel patterns of hotel customers; • changes in taxes and governmental regulations that influence or set wages, hotel employee health care costs, prices, interest rates or construction and maintenance procedures and costs; and • decreases in the frequency of business travel that may result from alternatives to in- person meetings, including virtual meetings hosted online or over private teleconferencing networks. In addition, the U. S. economy ~~is currently experiencing~~ **experienced** high rates of inflation **from 2021 to 2023** , which has increased our operating expenses due to higher wages and costs **, and rates of inflation may remain elevated in the future** . Moreover, our interest expense has increased due to higher interest rates on our variable rate debt. Although the short- term nature of hotel bookings generally allows our managers to compensate for inflationary effects by increasing room rates at our hotels, sustained inflation could have a negative impact on the demand for lodging. Moreover, **an** ~~the current~~ inflationary environment can increase the costs of hotel renovations and the purchasing power of our cash resources can decline, which can have an adverse impact on our business or financial results. We cannot assure you that adverse changes in the general economy or other circumstances that affect the lodging industry will not have an adverse effect on the hotel revenues or earnings at our hotels. Our efforts to mitigate the risks associated with these adverse changes may not be successful and our business and growth could be adversely affected. A reduction in our revenues or earnings because of the above risks may reduce our working capital, impact our long- term business strategy and impact the value of our assets and our ability to meet certain covenants in our existing debt agreements. In addition, we may incur impairment expense in the future, which expense will affect negatively our results of operations. We can provide no assurance that any impairment expense recognized will not be material to our results of operations. In addition to general economic conditions affecting the lodging industry, new hotel room supply is an important factor that can affect the lodging industry' s performance and overbuilding has the potential to further exacerbate the negative impact of an economic downturn. Room rates and occupancy, and thus RevPAR, tend to increase when demand growth exceeds supply growth. A reduction or slowdown in the growth of lodging demand or increased growth in lodging supply could result in returns that are substantially below expectations or result in losses which could materially and adversely affect our revenues and profitability as well as limit or slow our future growth. ~~The continuing effects from the COVID- 19 pandemic may materially and adversely impact our business, financial condition, results of operations, liquidity and cash flows. The COVID- 19 pandemic significantly adversely impacted U. S. and global economic activity, resulted in a global recession in 2020, and contributed to significant volatility in financial markets. While the initial restrictive measures put in place in jurisdictions where we own hotels have been lifted and operations have returned close to pre-pandemic levels, existing or future COVID- 19 variants may still have a material adverse effect on operations and future bookings. The rapid development and fluidity of the COVID- 19 pandemic makes it extremely difficult to assess the potential future adverse economic impact on our business, financial condition, results of operations, liquidity and cash flows.~~ We depend on external sources of capital for future growth; therefore, any disruption to our ability to access capital at times, and on terms reasonably acceptable to us, may affect adversely our business and results of operations. Since we have elected REIT status, Host Inc. must finance its growth and fund debt repayments largely with external sources of capital because it is required to pay dividends to its stockholders in an amount equal to at least 90 % of its taxable income (other than net capital gain) each year to qualify as a REIT. Our ability to access external capital could be hampered by several factors, many of which are outside of our control, including: • price volatility, dislocations and liquidity disruptions in the U. S. and global equity and credit markets; • changes in market perception of our growth potential, including rating agency downgrades by Moody' s Investors Service, Standard & Poor' s Ratings Services or Fitch Ratings; if our credit ratings were to be downgraded, our access to capital and the cost of debt financing could be further negatively impacted, particularly if we were downgraded to below an investment grade rating; • decreases in our current or estimated future earnings or decreases or fluctuations in the market price of the common stock of Host Inc.; • increases in interest rates; and • the terms of our existing indebtedness, which ~~currently~~ **would** restrict our incurrence of additional debt ~~while~~ **if** we ~~are~~ **were to fall** below required covenant levels. The occurrence of any of the above factors, individually or in combination, could prevent us from being able to obtain the external capital we require on terms that are acceptable to us, or at all, which could have a material adverse effect on (i) our ability to finance our future growth and acquire hotels, (ii) our ability to meet our anticipated requirements for working capital, debt service and capital expenditures, and (iii) our results of operations and financial condition. Potential consequences of disruptions in U. S. and global equity and credit markets could include the need to seek alternative sources of capital with less attractive terms, such as more restrictive covenants, shorter maturity and higher costs which would have an adverse effect on our financial condition and liquidity. We operate in a highly competitive industry. The lodging industry is highly competitive. Our principal competitors are other owners and investors in upper upscale and luxury full- service hotels, including other lodging REITs. Our hotels face strong competition for individual guests, group reservations and conference business from major hospitality chains with well- established and recognized brands, as well as from other smaller hotel chains, independent and local hotel owners and operators. Our hotels compete for customers primarily based on brand name recognition and reputation, as well as location, room rates, property size and availability of rooms and conference space, quality of the accommodations, customer satisfaction, amenities and the ability to earn and redeem loyalty program points. New hotel construction adds to supply, creating new competitors, in some cases without corresponding increases in demand for hotel rooms. Our competitors may have similar or greater commercial and financial resources which allow them to improve their hotels in ways that affect our ability to compete for guests effectively and adversely affect our revenues and profitability as well as limit or slow our future growth. We also compete for hotel acquisitions with others that have similar investment objectives to ours. This competition could limit the number of investment opportunities that we find suitable for our business. It also may increase the bargaining power of hotel owners seeking to sell to us, making it more difficult for us to acquire new hotels on attractive terms or on the terms contemplated in our business plan. The growth of internet reservation channels also is a source of competition that could adversely affect our business. A significant percentage of hotel rooms for individual or " transient " customers are booked through internet travel intermediaries. Search engines and peer-to- peer inventory sources also provide online travel services that compete with our hotels. If bookings shift to higher cost distribution channels, including these internet travel intermediaries, it could materially impact our revenues and profitability. Additionally, as intermediary bookings increase, they may be able to obtain higher commissions, reduced room rates or other significant contract concessions from the brands and hotel management companies managing and operating our hotels. ~~Also, although internet~~ **Internet** travel intermediaries **may also target** ~~traditionally have competed to attract transient business rather than~~ group and convention business, **which** ~~in recent years they have expanded their business to include marketing to large group and convention business. If they are successful, it~~ could divert **such** ~~group and convention~~ business and materially adversely affect our revenues and profitability. There are inherent risks with investments in real estate, including their relative illiquidity. Investments in real estate are inherently illiquid and generally cannot be sold quickly. For this reason, we cannot predict whether we will be able to sell any hotel that we desire to sell for the price or on terms acceptable to us, or the length of time needed to find a willing purchaser and to close on the sale of a hotel. Therefore, we may not be able to vary the composition of our portfolio promptly in response to changing economic, financial and investment conditions or dispose of hotels at opportune times or on favorable terms, which may adversely affect our cash flows and our ability to pay dividends to stockholders. In addition, real estate ownership is subject to various risks, including: • government regulations relating to real estate ownership or operations, including tax, environmental, zoning and eminent domain laws; • loss in value of real estate due to changes in market conditions or the area in which it is located or losses in value due to changes in tax laws or increased property tax assessments; • potential civil liability for accidents or other occurrences on owned or leased properties; • the ongoing need for owner- funded capital improvements and expenditures in order to maintain or upgrade hotels; • periodic total or partial closures due to renovations and facility improvements; and • force majeure events, such as earthquakes, hurricanes, floods or other possibly uninsured losses. We have significant indebtedness and may incur additional indebtedness. As of December 31, ~~2022~~ **2023** , we and our subsidiaries had total indebtedness of approximately $ 4. 2 billion ~~. We significantly increased our indebtedness due to the pandemic and utilized the revolver portion of our credit facility in order to increase our cash position and to preserve financial flexibility in light of the impact resulting from COVID- 19, which borrowings were repaid in 2021 and 2022. Any future decline in operations may similarly result in an increase in our total indebtedness in order to provide working capital necessary to continue our business~~ . Our indebtedness requires us to commit a significant portion of our annual cash flow from operations to debt service payments, which reduces the availability of our cash flow to fund working capital, capital expenditures, expansion efforts, dividends and distributions and other general corporate needs. Additionally, our substantial indebtedness could: • make it more difficult for us to satisfy our obligations with respect to our indebtedness; • limit our ability in the future to undertake refinancings of our debt or to obtain financing for expenditures, acquisitions, development or other general corporate needs on terms and conditions acceptable to us, if at all; or • affect adversely our ability to compete effectively or operate successfully under adverse economic conditions. If our cash flow and working capital are not sufficient to fund our expenditures or service our indebtedness, we will be required to raise additional funds through sales of common or preferred OP units of Host L. P. or common or preferred stock of Host Inc., the incurrence of additional permitted indebtedness by Host L. P. or sales of our assets. We cannot make any assurances that any of these sources of funds will be available to us or, if available, will be on terms that we would find acceptable or in amounts sufficient to meet our obligations or fulfill our business plan. The terms of our indebtedness place restrictions on us and on our subsidiaries **,** and these restrictions reduce our operational flexibility and create default risks. We are, and may in the future become, party to agreements and instruments that place restrictions on us and on our subsidiaries. For instance, the covenants in the documents governing the terms of our senior notes and our credit facility restrict, among other things, our ability to: • incur additional indebtedness in excess of certain thresholds and without satisfying certain financial metrics; and • pay dividends on classes and series of Host Inc. capital stock and pay distributions on Host L. P.' s classes of units or make stock repurchases without satisfying certain financial metrics concerning leverage, fixed charge coverage and unsecured interest coverage. The restrictive covenants in our senior notes and credit facility may reduce our flexibility in conducting our operations and limit our ability to engage in activities that may be in our long- term best interest. Failure to comply with these restrictive covenants could result in an event of default that, if not cured or waived, could result in the acceleration of all or a substantial portion of our indebtedness. For a detailed description of the covenants and restrictions imposed by the documents governing our indebtedness, see Part II Item 7. " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Financial Condition. " Our expenses may not decrease if our revenues decrease. Many of the expenses associated with owning and operating hotels, such as debt- service payments, property taxes, insurance, utilities, and employee wages and benefits, are relatively inflexible. They do not necessarily decrease directly with a reduction in revenues at the hotels and may be subject to increases that are not tied to the performance of our hotels or the increase in the rate of inflation generally. Additionally, certain costs, such as wages, benefits and insurance, may exceed the rate of inflation in any given period. In the event of a significant decrease in demand, our hotel managers may not be able to reduce the size of hotel work forces in order to decrease wages and benefits. Our managers also may be unable to offset any fixed or increased expenses with higher room rates. Any of our efforts to reduce operating costs also could adversely affect the future growth of our business and the value of our hotels. Our acquisition of hotels may have a significant effect on our business, liquidity, financial position and / or results of operations. We routinely are actively engaged in the process of identifying, analyzing and negotiating possible transactions for acquiring hotels. We cannot provide any assurances that we will be successful in consummating future acquisitions on favorable terms or that we will realize the benefits that we anticipate from such acquisitions. Our failure to realize the intended benefits from one or more acquisitions could have a significant adverse effect on our business, liquidity, financial position and / or results of operations. These adverse effects may occur because the performance of the hotel does not support the additional indebtedness and related interest expense that we incurred as a result of the acquisition. In addition, hotels and entities that we have acquired, or may in the future acquire, may be subject to unknown or contingent liabilities for which we may have no recourse, or only limited recourse, against the sellers. In general, the representations and warranties provided in the transaction agreements may not survive long enough for us to become aware of such liabilities and to seek recourse against our sellers **,** and indemnification covering representations and warranties often is limited and subject to various materiality thresholds, a significant deductible or an aggregate cap on losses. As a result, there is no guarantee that we will recover any amounts with respect to losses due to breaches by the sellers of their representations and warranties. We may not achieve the value we anticipate from new hotel developments or value enhancement projects at our existing hotels. We currently are, and in the future may be, involved in the development or redevelopment of hotels, timeshare units or other alternate uses of portions of our existing hotels, including the development of retail, office or apartments, and including through joint ventures. There are risks inherent in any new development, including: • We may not obtain the zoning, occupancy and other required governmental permits and authorizations necessary to complete the development. A delay in receiving these approvals could affect adversely the returns we expect to receive. • Any new construction involves the possibility of construction delays and cost overruns that may increase project costs **, including increased costs due to shortages of supplies as a result of supply chain disruptions** . • Defects in design or construction may result in delays and additional costs to remedy the defect or require a portion of a hotel to be closed during the period required to remedy the defect. • We may not be able to meet the loan covenants in any indebtedness obtained to fund the new development, creating default risks. • Risks related to change in economic and market conditions between development commencement and ~~hotel~~ **property** stabilization. Any of the above factors could affect adversely our ability to complete the developments on schedule and consistent with the scope that currently is contemplated, or to achieve the intended value of these projects **.** We do not control our hotel operations **,** and we are dependent on the managers of our hotels. To maintain our status as a REIT, we are not permitted to operate or manage any of our hotels. As a result, we, through our taxable REIT subsidiaries, have entered into management agreements with third- party managers to operate our hotels. For this reason, we are unable to directly implement strategic business decisions with respect to the daily operation and marketing of our hotels, such as decisions with respect to the setting of room rates, food and beverage pricing and certain similar matters. Although we consult with our hotel operators with respect to strategic business plans, the hotel operators are under no obligation to implement any of our recommendations with respect to these matters. While we monitor the hotel managers' performance, we have limited recourse under our management agreements if we believe that the hotel managers are not performing adequately. The cash flow from our hotels may be affected adversely if our managers fail to provide quality services and amenities or if they or their affiliates fail to maintain a quality brand name. Because our management agreements are long- term in nature, we also may not be able to terminate these agreements if we believe the manager is not performing adequately. From time to time, we have had, and continue to have, disputes with the managers of our hotels over their performance and compliance with the terms of our management agreements. If we are unable to reach **a** satisfactory ~~results~~ **resolution to these disputes** through discussions and negotiations, we may choose to litigate the dispute or submit the matter to third- party dispute resolution. Failure by our hotel managers to fully perform the duties agreed to in our management agreements or the failure of our managers to adequately manage the risks associated with hotel operations could affect adversely our results of operations. In addition, our hotel managers or their affiliates manage, and in some cases own, have invested in, or provided credit support or operating guarantees, to hotels that compete with our hotels, all of which may result in conflicts of interest. As a result, our 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 our best interest. Furthermore, our management agreements for our brand managed properties generally have provisions that can restrict our ability to sell, lease or otherwise transfer our hotels, unless the transferee is not a competitor of the manager and the transferee assumes the related management agreements and meets other specified conditions. Our ability to finance or sell our hotels, depending upon the structure of the transactions, may require the manager' s consent. Similarly, decisions with respect to the repositioning of a hotel, such as the outsourcing of food and beverage outlets, also may require the manager' s consent. The hotels managed by Marriott International account for most of our revenues and operating income. Adverse developments in Marriott' s business and affairs or financial condition could have a material adverse effect on us. Approximately ~~60~~ **62** % of our hotels (as measured by ~~2022~~ **2023** revenues) are managed or franchised by Marriott International. We rely on Marriott' s personnel, expertise, technical resources and information systems, proprietary information, good faith and judgment to manage and maintain our hotel operations efficiently, effectively, profitably and in compliance with the terms, responsibilities and duties of our management agreements and all applicable laws and regulations. Any adverse developments in Marriott' s business and affairs or financial condition could impair its ability to manage our hotels and could have a material adverse effect on us. We are subject to risks associated with the employment of hotel personnel, particularly with hotels that employ unionized labor. Our third- party managers are responsible for hiring, maintaining and managing the labor force at each of our hotels. We do not directly employ or manage employees at our consolidated hotels (other than employing, but not managing, directing or supervising, the employees at our three hotels in Brazil). However, we remain subject to many of the costs and risks generally associated with the hotel labor force, particularly at those hotels with unionized labor. From time to time, hotel operations may be disrupted because of strikes, lockouts, public demonstrations or other negative actions and publicity. In ~~2023~~ **2024** , collective bargaining agreements will expire at hotels in ~~New Jersey~~ **Seattle, San Francisco** and ~~Chicago~~ **Washington, D. C** . Those negotiations potentially could result in disruptions in operations and additional costs. We also may incur increased legal costs and indirect labor costs because of disputes involving our third- party managers and their labor force. The resolution of labor disputes or re- negotiated labor contracts could lead to increased labor costs, **which is** a significant component of our hotel operating costs, either by increases in wages or benefits or by changes in work rules that raise hotel operating costs. As we are not the employer nor bound by any collective bargaining agreement, we do not negotiate with any labor organization, and it is the responsibility of each hotel' s manager to enter into such labor contracts. Our ability, if any, to have any meaningful impact on the outcome of these negotiations is restricted by and dependent on the management agreement covering a specific hotel and we may have little or no ability to control the outcome of these negotiations. Our hotels have an ongoing need for renovations and potentially significant capital expenditures in order to remain competitive in the marketplace, to maintain brand standards or to comply with applicable laws or regulations. The timing and costs of such renovations or improvements may result in reduced operating performance during construction and may not improve the return on these investments. We need to make capital expenditures to remain competitive with other hotels, to maintain the economic value of our hotels and to comply with applicable laws and regulations. We also are required by our hotel management agreements to make agreed upon capital expenditures to our hotels. The timing of these improvements can affect hotel performance, particularly if the improvements require closure of a significant number of rooms or other features of the hotels, such as ballrooms, meeting space and restaurants. These capital improvements reduce the availability of cash for other purposes and are subject to cost overruns and delays. In addition, because we depend on external sources of capital, we may not have the necessary funds to invest and, if we fail to maintain our hotels in accordance with brand standards set by our managers, they may terminate the management agreement. Moreover, we may not necessarily realize a significant, or any, improvement in the performance of the hotels at which we make these investments. A large proportion of our hotels are located in a limited number of large urban cities and, accordingly, we could be disproportionately harmed by adverse changes to these markets ~~, a natural disaster~~ or **events impacting** ~~the~~ **these markets** ~~threat of a terrorist attack~~ . Hotels in the following cities and states represented approximately ~~72~~ **69** % of our ~~2022~~ **2023** revenues: New York, Washington, D. C., San Diego, San Francisco, Florida, Hawaii, Los Angeles and Phoenix. An economic downturn, an increase in hotel supply in these cities and markets, ~~a~~ natural ~~disaster~~ **disasters** , ~~a~~ **weather events,** terrorist ~~attack~~ **attacks , health epidemics,** or similar ~~disaster~~ **events** in any one of these cities and markets likely would cause a decline in hotel demand and adversely affect occupancy rates, the financial performance of our hotels in these cities and markets and our overall results of operations. For example **, lodging demand in Maui, one of our largest markets by**

revenues, was significantly impacted by wildfires in 2023, and the effect on lodging demand is expected to continue in 2024. In addition , during the COVID- 19 pandemic, large urban markets with enhanced restrictions on social gatherings, such as New York and San Francisco where we have a significant number of hotel rooms, were disproportionately impacted by the decline in lodging demand. Additionally, in September 2017, our operations in Florida and Houston were impacted negatively by Hurricanes Irma and Harvey and in 2022, a majority of our hotels in Florida were affected by Hurricane Ian. The threat of terrorism also may negatively impact hotel occupancy and average daily rate, due to resulting disruptions in business and leisure travel patterns and concerns about travel safety. Hotels in major metropolitan areas, such as the major cities that represent our largest markets, may be particularly adversely affected due to concerns about travel safety. We may acquire or develop hotels in joint ventures with third parties that could result in conflicts. We have made investments in joint ventures **, such as our 2022 joint venture with Noble Investment Group, LLC,** and are exploring further investment or development opportunities. We may, from time to time, invest as a co- venturer in other entities owning hotels instead of purchasing them directly. We also may sell interests in existing hotels or existing entities to a third ~~-~~party as part of forming a joint venture with the third ~~-~~party. Investments in joint ventures may involve risks not present were a third ~~-~~party not involved, including the possibility that partners or co- venturers might become bankrupt or fail to fund their share of required capital contributions. Co- venturers may control or share control over the operations of a joint venture. Actions by a co- venturer also could subject the hotels to additional risks because our co- venturer might have economic or business interests or goals that are inconsistent with our interests or goals. Disputes between us and our partners or co- venturers may result in litigation that would increase our expenses and may negatively impact hotel operations. Some potential losses are not covered by insurance. We carry comprehensive insurance coverage for property, business interruption, terrorism **,** and other risks with respect to all our hotels and other properties. We also carry, or in certain instances cause our hotel managers to carry, general liability insurance with respect to all our hotels and other properties. Certain coverages related to hotel managers’ employer status, such as worker' s compensation, are insured under the hotel manager’ s policies. These policies offer coverage features and insured limits that we believe are customary for similar types of properties. Generally, our “ all- risk ” property policies provide coverage that is available on a per- occurrence basis and that, for each occurrence, has an overall limit, as well as various sub- limits, on the amount of insurance proceeds we can receive. Sub- limits exist for certain types of claims, such as service interruption, debris removal, expediting costs, landscaping replacement **,** and **certain** natural disasters such as earthquakes, floods and hurricanes, and may be subject to annual aggregate coverage limits. The dollar amounts of these sub- limits are significantly lower than the dollar amounts of the overall coverage limit. In this regard, hotels in certain of our markets, including California, Florida, Hawaii, Houston, New Orleans and Seattle, have in the past been and continue to be particularly susceptible to damage from natural disasters and the applicable sub- limits are significantly lower than the total value of the hotels we own in states where natural disasters are possible. Recovery under the applicable policies also is subject to substantial deductibles ~~and complex calculations~~ **, either fixed or as a percentage** of **total insured value, self- insurance retentions, or insurance issued by a" captive insurer" affiliated with** ~~lost~~ **Host Inc** ~~business income~~ . There is no assurance that this insurance, where maintained, will fully fund the re- building or restoration of a hotel that is impacted by an earthquake, hurricane, or other natural disaster, or a terrorism event, or will fully fund the income lost as a result of the damage. Our property insurance policies also provide that all of the claims from each of our properties resulting from a particular insurable occurrence must be combined for purposes of evaluating whether the aggregate limits and sub- limits provided in our policies have been exceeded. Therefore, if an insurable occurrence affects more than one of our hotels, the claims from each affected hotel will be added together to determine whether the aggregate limit or sub- limits, depending on the type of claim, have been reached. Each affected hotel may only receive a proportional share of the amount of insurance proceeds provided for under the policy if the total value of the loss exceeds the aggregate limits available. For example, if a hurricane were to cause widespread damage to Florida, claims from each of our hotels would be aggregated against the policy limit or sub- limit and ~~likely would~~ **could** exceed the applicable limit or sub- limit. We may incur losses in excess of insured limits, and we may be even less likely to receive complete coverage for risks that affect multiple properties, such as earthquakes, hurricanes, or certain types of terrorism. We are still evaluating the ~~property and~~ business interruption impact, including related insurance coverage, to our **Florida** hotels caused by Hurricane Ian in September 2022 **, as well as to our Maui hotels caused by the August 2023 wildfires** , as further discussed in" Item 8. Financial Statements and Supplementary Data – Note 17. Legal Proceedings, Guarantees and Contingencies. ” In addition, there are other risks relating to property insurance, such as certain environmental hazards, that may be deemed to fall completely outside the general coverage of our policies or may be uninsurable or too expensive to justify coverage. Also, insurance coverage for war, infectious disease, and nuclear, biological, chemical and radiological perils is extremely limited. We also may encounter challenges with an insurance provider regarding whether it will pay a particular claim that we believe to be covered under our policy **, which may require litigation** . Should a loss in excess of insured limits or an uninsured loss occur, or should we be unsuccessful in obtaining coverage from an insurance carrier, we could lose all or a part of the capital we have invested in a hotel, as well as its anticipated future revenues. Cyber threats and the risk of data breaches or disruptions of our managers’ or our own information technology systems, or the information technology systems of third parties on which we or our managers rely, could materially adversely affect our business and results. Our third- party hotel managers are dependent on information technology networks and systems, including the internet, to access, process, transmit and store proprietary and customer information. These complex networks include reservation systems, vacation exchange systems, hotel management systems, customer databases, call centers, administrative systems, and third- party vendor systems. These systems require the collection and retention of large volumes of personally identifiable information of hotel guests, including credit card numbers and passport numbers. Our hotel managers may store and process such **customer information as well as** proprietary ~~and customer~~ information both on systems located at the hotels that we own and other hotels that they operate and manage, their corporate locations and at third- party owned facilities, including, for example, in a third- party hosted cloud environment. These information networks and systems **are** ~~have been and continue to be~~ vulnerable to **numerous and evolving cybersecurity risks that** ~~threats~~ **threaten the confidentiality, integrity and availability of systems and information** such as system, network or internet failures; computer hacking or ~~business~~ **operational** disruption (e. g., due to ransomware); cyber- terrorism; viruses, worms or other malicious software programs; social engineering (e. g., phishing); ~~and~~ employee error, negligence, malfeasance or fraud **; and misconfigurations," bugs" or other vulnerabilities in software and hardware** . These threats can be introduced in any number of ways, including through third parties accessing our hotel managers' information networks and systems or by exploiting vulnerabilities in third- party software, technologies, tools, services or systems. The risks from these cyber threats are significant. Marriott International, the manager of a majority of our hotels, experienced a material data security breach involving the unauthorized access to the Starwood guest reservation database between 2014 and 2018. The UK Information Commissioner' s Office has fined Marriott £ 18. 4 million, and Marriott remains subject to other lawsuits and investigations arising around the world. Marriott has also experienced other, lesser data breaches since 2018 as well. No assurances can be made as to the outcome of these data breach lawsuits or investigations. We rely on the security systems of our managers to **maintain hotel operations and to** protect proprietary and hotel customer information ~~from these threats~~ . Any compromise of our managers' **or their critical third- party** networks could result in a disruption to our managers' operations, such as the disruption in fulfilling guest reservations, delayed bookings or sales, ~~or~~ lost guest reservations **, or compromises to information** . Any of these events could, in turn, result in disruption of the operations of the hotels that we own that are managed by them, ~~in~~ increased costs (e. g., to comply with regulatory requirements or to remediate systems) **,** ~~and in~~ potential litigation **(including class actions)** , **and** regulatory enforcement and liability. All our major hotel management companies and a majority of our third- party operators maintain insurance against cyber threats. However, these policies provide varying limits and may be subject to sub- limits for certain types of claims, and it is not expected that these policies will provide a total recovery of all potential losses. In addition, public disclosure, or loss of customer or proprietary information, such as disclosed by Marriott in November 2018, may result in damage to the manager' s reputation and a loss of confidence among hotel guests and result in reputational harm for the hotels owned by us and managed by them, which may have a material adverse effect on our future business, financial condition and results of operations. In addition to the information technologies and systems of our managers used to operate our hotels, we have our own corporate technologies and systems that are used to access, store, transmit, and manage or support a variety of our business processes and **proprietary** information. There can be no assurance that the security measures we, our managers or third **-** party providers have taken to protect systems and information will **be fully implemented, complied with or effective in** ~~detect~~ **detecting** or ~~prevent~~ **preventing** failures, inadequacies or interruptions in system services or that system security will not be breached through physical or electronic break- ins, computer viruses, and attacks by hackers **or insiders** . This is particularly so because cyberattack methodologies change frequently or are often not recognized until launched. We, our managers and third- party providers may be unable to identify, investigate or remediate cyber events or incidents because attackers are increasingly using **sophisticated** techniques and tools ~~designed to~~ **(including artificial intelligence and machine learning) that can** avoid detection, ~~to~~ circumvent security controls, and ~~to~~ **even** remove or obfuscate forensic evidence **. Further, any adoption of artificial intelligence by us or by third parties may pose new security challenges** . Disruptions in service, system shutdowns and security breaches in the information technologies and systems we, our managers or third- party providers maintain, including unauthorized access to or disclosure of confidential information, could have a material adverse effect on our business or financial reporting, subject us to liability claims or regulatory penalties, which amounts could be significant as the White House, SEC, and other regulators have increased their focus on companies' cybersecurity vulnerabilities and risks, and increase the costs of compliance and remediation. We currently maintain cyber insurance, which includes coverage for third- party liability (damages and settlements to third parties) and first-party loss (costs incurred by us in response to a network security or privacy event). However, as with our operator' s coverage, our policy is subject to limits and sub- limits for certain types of claims and we do not expect that this policy will cover all the losses that we could experience from these exposures. In addition, data privacy and cybersecurity rules, regulations and industry standards are rapidly evolving. ~~New~~ **Evolving** U. S. privacy and security laws, such as the California Consumer Privacy Act and similar laws being enacted **or already in force** in other states, are ~~introducing~~ **imposing** significant ~~privacy rights~~ **requirements on companies** and, in the California Consumer Privacy Act' s case, **providing** a private right of action **with statutory damages available to plaintiffs** for certain types of data breaches. Failure to comply with current and future laws, industry standards and other legal obligations or any security incident resulting in **operational disruptions and / or** the unauthorized access to, or acquisition, release or transfer of personal information may result in governmental enforcement actions, litigation, fines and penalties ~~or~~ **and** adverse publicity and could cause a material adverse effect on both the managers of our hotels and our business and results of operations. We and our managers also may be required to invest significant resources to comply with regulatory requirements, to enhance our information security controls, and to investigate and remediate any security vulnerabilities. Applicable REIT laws may restrict certain business activities. As a REIT, each of Host Inc. and its subsidiary REIT is subject to various restrictions on the types of revenues it can earn, assets it can own and activities in which it can engage. Business activities that could be restricted by applicable REIT laws include, but are not limited to, developing alternative uses of real estate and the ownership of hotels that are not leased to a taxable REIT subsidiary (" TRS "), including the development and / or sale of timeshare or condominium units or the related land parcels. Due to these restrictions, we anticipate that we will continue to conduct certain business activities, including, but not limited to, those mentioned above, in one or more of our TRS. Our TRS are taxable as C corporations and are subject to federal, state, local, and, if applicable, foreign taxation on their taxable income. We face possible risks associated with natural disasters and the physical effects of climate change. We are subject to the risks associated with natural disasters and the physical effects of climate change, ~~which can include~~ **including** more frequent or severe storms, droughts, hurricanes, flooding **, earthquakes, wildfires, power shortages or outages** and extreme temperatures, any of which could have a material adverse effect on our hotels, operations and business including, but not limited to, by damaging properties, by increasing the costs associated with our properties, or by decreasing the attractiveness of certain locations. ~~A~~ **For example, lodging demand in Maui, one of our largest markets by revenues, was significantly impacted by wildfires in 2023, and a** majority of our hotels in Florida were affected by Hurricane Ian, which made landfall on September 28, 2022, with the most significant damage occurring at The Ritz- Carlton, Naples and the Hyatt Regency Coconut Point Resort and Spa. While the Hyatt Regency Coconut Point Resort and Spa ~~has since~~ re- opened **to hotel guests in November 2022, as part of a phased reopening**, the Ritz Carlton, Naples ~~remains~~ **remained** closed **until July 2023**. That hotel sustained significant damage due to storm surge, which breached the beach dune and flooded the lowest level of the hotel. Over time, our coastal markets also are expected **to continue** to experience increases in storm intensity and rising sea levels causing damage to our hotels. As a result, we could become subject to significant losses and / or repair costs that may or may not be fully covered by insurance. Other markets such as Arizona may experience prolonged variations in temperature or precipitation that may limit access to the water needed to operate our hotels or significantly increase energy costs, which may subject those hotels to additional regulatory burdens, such as limitations on water usage or stricter energy efficiency standards. Climate change also may affect our business by increasing the cost of (or making unavailable) property insurance on terms we find acceptable in areas most vulnerable to such events, increasing operating costs at our hotels, such as the cost of water or energy, and requiring us to expend funds as we seek to repair and protect our hotels against such risks. In addition, changes in government legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our properties. There can be no assurance that climate change will not have a material adverse effect on our hotels, operations or business. Risks of Ownership of Host Inc.' s Common Stock There are limitations on the acquisition of Host Inc. common stock and changes in control. Host Inc.' s charter and ~~by- laws~~ **bylaws**, the partnership agreement of Host L. P., and the Maryland General Corporation Law (the " MGCL ") contain a number of provisions, the exercise or existence of which could delay, defer or prevent a transaction or a change in control that might involve a premium price for Host Inc.' s stockholders or Host L. P.' s unitholders, including the following: • Restrictions on transfer and ownership of Host Inc.' s stock. To assist in maintaining Host Inc.' s qualification as a REIT for federal income tax purposes, Host Inc.' s charter prohibits ownership, directly or by attribution, by any person or persons acting as a group, of more than 9. 8 % in value or number, whichever is more restrictive, of shares of Host Inc.' s outstanding common stock, preferred stock or any other class or series of stock, each considered as a separate class or series for this purpose. Together, these limitations are referred to as the " ownership limit. " Stock acquired or held in violation of the ownership limit will be transferred automatically to a trust for the benefit of a designated charitable beneficiary, and the intended acquirer of the stock in violation of the ownership limit will not be entitled to vote those shares of stock or to receive the economic benefits of owning shares of Host Inc.' s stock in excess of the ownership limit. A transfer of shares of Host Inc.' s stock to a person who, as a result of the transfer, violates the ownership limit also may be void under certain circumstances. • Removal of members of the Board of Directors. Host Inc.' s charter provides that, except for any directors who may be elected by holders of a class or series of ~~shares of~~ capital stock other than common stock, directors may be removed only for cause and **only** by the affirmative vote of stockholders holding at least two- thirds of all the votes entitled to be cast ~~in~~ **for** the election of directors. Any vacancy resulting from the removal of a director by the stockholders may be filled by the affirmative vote of holders of at least two- thirds of the votes entitled to be cast ~~in~~ **for** the election of directors. • Preferred shares; classification or reclassification of unissued shares of capital stock without stockholder approval. Host Inc.' s Board of Directors has the authority, without a vote of stockholders, to classify or reclassify any unissued shares of stock into other classes or series of stock, and to establish the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms or conditions of redemption for each class or series. Host Inc.' s Board of Directors may give the holders of any class or series of stock terms, preferences, powers and rights, including voting rights, senior to the rights of holders of existing stock. • Certain provisions of Maryland law may limit the ability of a third ~~–~~party to acquire control of Host Inc. Certain provisions of the MGCL may have the effect of inhibiting a third ~~-~~ party from acquiring Host Inc., including: ~~•~~ **◦** " business combination " provisions that, subject to limitations, prohibit certain business combinations between a corporation and an " interested stockholder " (defined generally as any person who beneficially owns 10 % or more of the voting power of the corporation' s then outstanding shares of voting stock) or an affiliate of any interested stockholder for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes two super- majority stockholder voting requirements on these combinations; and ~~•~~ **◦** " control share " provisions ~~that provide~~ **providing** that holders of " control shares " of a corporation (defined as voting shares of stock that, if aggregated with all other shares of stock owned or controlled by the acquirer, would entitle the acquirer to exercise one of three increasing ranges of voting power in electing directors) acquired in a " control share acquisition " have no voting rights except to the extent approved by the stockholders by the affirmative vote of at least two- thirds of all of the votes entitled to be cast on the matter, excluding all interested shares. Host Inc. is subject to the Maryland business combination statute. Our bylaws contain a provision exempting us from the control share provisions of the MGCL. There can be no assurance that this bylaw provision exempting us from the control share provisions will not be amended or eliminated at any time in the future. • Certain charter amendments. Host Inc.' s charter contains provisions relating to restrictions on transfer and ownership of Host Inc.' s stock, fixing the size of the Board of Directors within the range set forth in the charter, removal of directors, the filling of vacancies, exculpation and indemnification of directors, calling special stockholder meetings and **certain** other provisions, all of which may be amended only by a resolution adopted by the Board of Directors and approved by Host Inc.' s stockholders holding two- thirds of the votes entitled to be cast on the matter. These provisions may make it more difficult to amend Host Inc.' s charter to alter the provisions described herein that could delay, defer or prevent a transaction or a change in control or the acquisition of Host Inc. common stock, without the approval of the Board of Directors. Federal Income Tax Risks Adverse tax consequences would occur if Host Inc. or its subsidiary REIT fails to qualify as a REIT. We believe that each of Host Inc. and its subsidiary REIT has been organized and has operated in such a manner as to qualify as a REIT under the Code, commencing with its taxable year beginning January 1, 1999, and April 11, 2006, respectively, and both currently intend to continue to operate and qualify as a REIT during future years. As the requirements for qualification and taxation as a REIT are extremely complex and interpretations of the federal income tax laws governing qualification and taxation as a REIT are limited, no assurance can be provided that Host Inc. currently qualifies as a REIT or will continue to qualify as a REIT or that Host Inc.' s subsidiary REIT qualifies as a REIT or will continue to qualify as a REIT. If our subsidiary REIT were to fail to qualify as a REIT, it is possible that Host Inc. would fail to qualify as a REIT unless it (or the subsidiary REIT) could avail itself of certain relief provisions. If Host Inc. or its subsidiary REIT were to fail to qualify as a REIT, and any available relief provisions do not apply, the non- qualifying REIT would not be allowed to take a deduction for dividends paid to its stockholders in computing its taxable income, and it would be subject to federal and state corporate income tax on its taxable income. Any such corporate income tax liability could be substantial and would reduce the non- qualifying REIT' s cash available for, among other things, operations and dividends to its stockholders. In addition, if Host Inc. were to fail to qualify as a REIT, it would not be required to pay dividends to its stockholders. Moreover, unless entitled to statutory relief, the non-qualifying REIT could not qualify as a REIT for the four taxable years following the year during which REIT qualification was lost. To qualify as a REIT, each of Host Inc. and our subsidiary REIT is required to satisfy the requirements of several asset and gross income tests. Our ability to satisfy the asset tests depends upon our analysis of the characterization and fair market values of our assets, some of which assets are not susceptible to a precise determination of fair market value, and for which we will not obtain independent appraisals. Our compliance with the REIT asset and gross income tests requirements also depends upon our ability to successfully manage the composition of our gross income and assets on an ongoing basis. Accordingly, there can be no assurance that the U. S. Internal Revenue Service (the " IRS ") will not contend that our hotel leases, interests in subsidiaries, or interests in the securities of other issuers will not cause a violation of the REIT gross income and asset tests requirements. Any determination that Host Inc. or its subsidiary REIT does not qualify as a REIT will have a material adverse effect on our results of operations and could reduce materially the value of Host Inc.' s common stock. The additional corporate income tax liability of Host Inc. or the subsidiary REIT for the year, or years, in which it does not qualify as a REIT would reduce its cash flow available for investment, debt service or dividends to its stockholders. Furthermore, the entity not qualifying as a REIT no longer would be required to pay dividends to its stockholders as a condition to REIT qualification, and any dividends paid to stockholders would be taxable as C corporation dividends to the extent of its current and accumulated earnings and profits. This means that, if Host Inc. were to fail to qualify as a REIT, Host Inc.' s stockholders currently taxed as individuals would be taxed on dividends at capital gain tax rates and Host Inc.' s corporate stockholders generally would be entitled to the dividends received deduction with respect to such dividends, subject in each case to applicable limitations under the Code. Host Inc.' s failure to qualify as a REIT also would cause an event of default under Host L. P.' s credit facility, which default could lead to an acceleration of the amounts due thereunder, which, in turn, would constitute an event of default under Host L. P.' s outstanding debt securities. If our hotel managers do not qualify as " eligible independent contractors, " or if our hotels are not " qualified lodging facilities, " each of Host Inc. and our subsidiary REIT will fail to qualify as a REIT. Each hotel with respect to which our TRS pays rent must be a " qualified lodging facility. " A " qualified lodging facility " is a hotel, motel, or other establishment more than one- half of the dwelling units in which are used on a transient basis, including customary amenities and facilities, provided that no wagering activities are conducted at or in connection with such facility by any person who is engaged in the business of accepting wagers and who legally is authorized to engage in such business at or in connection with such facility. We believe that all the hotels leased to our TRS are qualified lodging facilities. However, the REIT provisions of the Code provide only limited guidance for making determinations of whether a leased hotel is considered a qualified lodging facility, and there can be no assurance that our leased hotels will be so considered in all cases. If our hotel managers do not qualify as " eligible independent contractors, " Host Inc. and our subsidiary REIT likely will fail to qualify as a REIT for federal income tax purposes. Each of the hotel management companies that enters into a management contract with our TRS must qualify as an " eligible independent contractor " under the REIT rules in order for the rent paid to Host Inc. and its subsidiary REIT by our TRS to be qualifying gross income for the REIT gross income tests requirements. Among other requirements, in order to qualify as an eligible independent contractor, a hotel manager cannot own more than 35 % of our outstanding shares (by value) and no person or group of persons can own more than 35 % of our outstanding shares and the ownership interests of the hotel manager, taking into account only owners of more than 5 % of our shares and, with respect to ownership interests in such hotel managers that are publicly traded, only owners of more than 5 % of such ownership interests. Complex ownership attribution rules apply for purposes of these 35 % ownership thresholds. Although we monitor ownership of our shares by our hotel managers and their owners, and certain provisions of our charter are designed to prevent ownership of our shares in violation of these rules, there can be no assurance that these ownership limits will not be exceeded. The size of our TRS is limited and our transactions with our TRS will cause us to be subject to a 100 % excise tax on certain income or deductions if such transactions are not conducted on arm' s- length terms. A REIT may own up to 100 % of the equity interests of an entity that is a regular C corporation for federal income tax purposes if the entity is a TRS. A TRS may own assets and earn gross income that would not be considered as qualifying assets or as qualifying gross income if owned or earned directly by a REIT, including revenues from hotel operations. Both the REIT and its C corporation subsidiary must jointly elect to treat such C corporation subsidiary as a TRS. A C corporation of which a TRS directly or indirectly owns more than 35 % of the voting power or value of its stock or securities automatically will be treated as a TRS. **No** ~~For taxable years beginning after December 31, 2017, no~~ more than 20 % of the total value of a REIT' s assets may consist of stock or securities of one or more TRS. Our TRS will pay federal corporate income tax and applicable state and local corporate income tax and, if applicable, foreign corporate income tax on its taxable income. The after- tax net income of our TRS will be available for distribution to us as a taxable dividend to the extent of its current and accumulated earnings and profits, but it is not required to be so distributed. We believe that the aggregate value of the stock and securities of our TRS has been and will continue to be less than 20 % of the total value of our assets (including our TRS stock and securities). Furthermore, we monitor the value of our investments in our TRS for the purpose of ensuring compliance with this 20 % requirement. There can be no assurance, however, that we will be able to comply with the 20 % value limitation discussed above. Rent paid to Host Inc. and its subsidiary REIT by our TRS cannot be based on its net income or profits for such rents to qualify as " rents from real property. " We receive " percentage rent " from our TRS that is calculated based on the gross revenues of the hotels subject to leases- not based on net income or profits of such hotels. If the IRS determines that the rent paid pursuant to our leases with our TRS are excessive, the deductibility thereof by the TRS may be challenged, and we could be subject to a 100 % excise tax on " re- determined rent " or " re- determined deductions " to the extent that such rent exceeds an arm' s- length amount. We believe that our rent and other transactions between our REITs and their TRS are based on arm' s- length amounts and reflect normal business practices, but there can be no assurance that the IRS will agree with our belief. Despite the REIT status of each of Host Inc. and its subsidiary REIT, we remain subject to various taxes. Notwithstanding Host Inc.' s status as a REIT, Host Inc. and certain of its subsidiaries (including our subsidiary REIT) are subject to federal, state, local and foreign corporate taxes on their net income, gross receipts, net worth, and property, in certain cases. Host L. P. is obligated under its partnership agreement to pay all such taxes (and any related interest and penalties) incurred by Host Inc. Legislative or other actions affecting REITs could have a negative effect on us. New legislation, treasury regulations, administrative interpretations or court decisions could change significantly the tax laws with respect to an entity' s qualification as a REIT or the federal income tax consequences of its REIT qualification. If Host Inc. or its subsidiary REIT were to fail to qualify as a REIT, and any available relief provisions do not apply, the non- qualifying REIT would not be allowed to take a deduction for dividends paid to its stockholders in computing its taxable income, and it would be subject to federal and state corporate income tax on its taxable income at C corporation income tax rates. Moreover, unless entitled to statutory relief, the non- qualifying REIT could not qualify as a REIT for the four taxable years following the year during which REIT qualification was lost. Risks Relating to Redemption of OP Units A holder who offers its OP units for redemption may have adverse tax consequences. A limited partner who elects to redeem its OP units will be treated for federal and state income tax purposes as having sold the OP units, resulting in a taxable event to such limited partner. The gain or loss recognized by the limited partner is measured by the difference between the amount realized and the tax basis of the OP units redeemed (which tax basis includes the amount of the qualified nonrecourse liabilities of Host L. P. allocated to the redeemed OP units). It is possible that the amount of gain and / or the tax liability related thereto that the limited partner recognizes and pays could exceed the value of the common stock or cash received from the redemption of its OP units. General Risk Factors Shares of Host Inc.' s common stock that are or become available for sale could affect the share price of Host Inc.' s common stock. We have in the past issued and may in the future issue additional shares of common stock to raise the capital necessary to finance hotel acquisitions, fund capital expenditures, refinance debt or for other corporate purposes. Sales of a substantial number of shares of Host Inc.' s common stock, or the perception that sales could occur, could affect adversely prevailing market prices for Host Inc.' s common stock. In addition, limited partners of Host L. P. who redeem their OP units and receive, at Host Inc.' s election, shares of Host Inc. common stock will be able to sell those shares freely. As of December 31, ~~2022~~ **2023** , there are approximately ~~10~~ **9** . ~~0~~ **5** million Host L. P. OP units outstanding that are owned by third parties and that are redeemable, which represents approximately 1 % of all outstanding OP units. Further, shares of Host Inc.' s common stock have been and will be issued or reserved for issuance from time to time under our employee benefit plans. We currently maintain two stock- based compensation plans: (i) the comprehensive stock and cash incentive plan, and (ii) an employee stock purchase plan. At December 31, ~~2022~~ **2023** , there were approximately ~~six~~ **three** million shares of Host Inc.' s common stock reserved and available for issuance under the comprehensive stock plan and employee stock purchase plan. An increase in interest rates would increase the interest costs on our credit facility and on our floating rate indebtedness and could impact adversely our ability to refinance existing indebtedness or to sell assets. Interest payments for borrowings on our credit facility and the mortgages on certain properties are based on floating rates. As a result, an increase in interest rates will reduce our cash flow available for other corporate purposes, including investments in our portfolio. As of December 31, ~~2022~~ **2023** , approximately 24 % of our debt is subject to floating interest rates. Rising interest rates also could limit our ability to refinance existing indebtedness when it matures and increase interest costs on any indebtedness that is refinanced. We may from time to time enter into agreements such as floating- to- fixed interest rate swaps, caps, floors and other hedging contracts in order to fully or partially hedge against the cash flow effects of changes in interest rates for floating rate debt. These agreements expose us to the risk that other parties to the agreements will not perform or that the agreements will be unenforceable. In addition, an increase in interest rates could decrease the amount third parties are willing to pay for our hotels, thereby limiting our ability to dispose of them as part of our business strategy. Compliance with the Americans with Disabilities Act and other government regulations can be costly. Our hotels are subject to various other forms of regulation, including Title III of the Americans with Disabilities Act (" ADA "), building codes and regulations pertaining to fire and life safety. Under the ADA, all public accommodations are required to meet certain federal rules related to access and use by disabled persons and we incur capital expenditures to make our hotels accessible. In addition, we have committed to provide, and certain local laws and contracts between our hotel managers and hotel workers' unions require our hotels to provide, our managers' employees with safety devices, sometimes known as " panic buttons. " We fund the capital necessary to ensure that employees at our hotels will be equipped with these safety devices. These and other laws and regulations may be changed from time- to- time, or new regulations adopted, resulting in additional costs of compliance, including potential litigation. A determination that we are not in compliance with these laws and regulations could result in a court order to bring the hotel into compliance, imposition of civil penalties in cases brought by the Justice Department, or an award of attorneys' fees to private litigants. Compliance with these laws and regulations could require substantial capital expenditures. Any increased costs could have a material adverse effect on our business, financial condition or results of operations. In addition, the operations of our foreign hotels are subject to a variety of United States and international laws and regulations, including the United States Foreign Corrupt Practices Act and other anti- corruption laws, but we cannot assure that we will continue to be found to be operating in compliance with, or be able to detect violations of, any such laws or regulations. Litigation judgments or settlements could have a significant adverse effect on our financial condition. We are involved in various legal proceedings in the ordinary course of business and are defending these claims vigorously; however, no assurances can be given as to the outcome of any pending legal proceedings. We believe, based on currently available information, that the results of current proceedings, in the aggregate, will not have a material adverse effect on our financial condition, but might be material to our operating results for any period, depending, in part, upon the quantum of our operating results for such period. We also could become the subject of future claims by the operators of our hotels, individuals or companies who use our hotels, our investors, our joint venture partners or regulating entities and these claims could have a significant adverse effect on our financial condition and results of operations. Environmental liabilities are possible and can be costly. Our hotels are subject to requirements and potential liabilities under various foreign and U. S. federal, state and local environmental laws, ordinances and regulations. Unidentified environmental liabilities could arise and have a material adverse effect on our financial condition and performance. Additionally, even after we have sold a hotel, we may be liable for environmental liabilities attributable to events that occurred during our ownership. Federal, state and local laws and regulations relating to the protection of the environment may require a current or previous owner or operator of real estate to investigate and remediate hazardous or toxic substances or petroleum product releases at the property. The owner or operator may be required to pay a governmental entity or third parties for property damage, and for investigation and remediation costs incurred by the parties in connection with the contamination. These laws typically impose clean- up responsibility and liability without regard to whether the owner or operator knew of or caused the presence of the contaminants. Even if more than one person may have been responsible for the contamination, each person covered by the environmental laws may be held responsible for all the clean- up costs incurred. In addition, third parties may sue the owner or operator of a site for damages and costs resulting from environmental contamination emanating from that site. Environmental laws also govern the presence, maintenance and removal of toxic or hazardous substances. These laws require that owners or operators of buildings properly manage and maintain these substances and notify and train those who may come into contact with them and undertake special precautions. These laws may impose fines and penalties on building owners or operators who fail to comply with these requirements and may allow third parties to seek recovery from owners or operators for personal injury associated with exposure to toxic or hazardous materials. **An increased focus on metrics and reporting related to corporate responsibility, specifically related to environmental, social and governance (" ESG") factors, may impose additional costs and expose us to new risks. ESG evaluations, including ESG scores and ratings, are important to some investors and other stakeholders and may impact the price of our securities and business practices. Investors may focus on, and consider a company' s ESG- related business practices, scores and reporting when choosing to allocate their capital in making investment decisions, including if they invest in our securities. Further, the criteria used in these ratings systems change frequently, and we cannot guarantee that we will be able to score well as criteria change. Failure to participate in certain of the third- party ratings systems, failure to score well in those ratings systems or failure to provide certain ESG disclosures could result in reputational harm when investors or others compare us against similar companies in our industry and could cause certain investors to be unwilling to invest in our stock which could adversely impact our ability to raise capital. In addition, the adoption of increased government regulations and changes in investor preference related to ESG and similar matters may result in changes to our business practices, including increasing expenses or capital expenditures. Other impacts related to ESG matters may include the costs of compliance with new or existing regulations, standards or reporting requirements regarding the environmental impacts of our business, such as the SEC' s proposed climate change disclosure rule.**